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QuickBooks[®]

Mac 2011

The Official eBook

Maria Langer

Mc
Graw
Hill

QuickBooks® 2011 for Mac The Official eBook

Maria Langer

QuickBooks® 2011 for Mac: The Official eBook

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*To small business owners everywhere,
with best wishes for achieving your goals.*

About the Author

Maria Langer is a freelance writer and commercial helicopter pilot based in Arizona. She uses QuickBooks to manage the finances of her helicopter charter operation, Flying M Air. Visit her online at www.marialanger.com.

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Introduction

QuickBooks Accounting for Mac 2011 is the latest version of Intuit Inc.'s powerful double-entry accounting software for Macintosh users. Designed primarily for small and medium-sized businesses, QuickBooks can handle sales, cash receipts, invoicing and accounts receivable, purchase orders and accounts payable, and inventory management. Its intuitive, forms-based interface is customizable and easy to use. It's no wonder that QuickBooks is the top-selling Mac OS accounting software.

This book will help you make the most of QuickBooks by explaining how to use its features. On these pages, you'll learn how to customize QuickBooks with the accounts and other lists you'll need to enter transactions. You'll also learn how to enter the transactions you complete each day in your business, keep track of outstanding receivables and payables, and generate reports that help you run your business.

Throughout this book, you'll find plenty of color screen shots, tips, and notes to help you learn QuickBooks quickly and easily. The topical chapters are also indexed, making it easy to find the information you need. Whether you're a current QuickBooks user or are just installing QuickBooks for the first time, this book will get you up and running quickly so you can spend less time taking care of accounting chores and more time making your business grow.

This introduction tells you a little about the book, so you know what to expect in the chapters to come.

Assumptions

In writing this book, I had to make a few assumptions about your knowledge of your computer, Mac OS, QuickBooks, and bookkeeping and accounting principles. These assumptions give me a starting point, making it possible for me to skip over the things that I assume you already know.

What You Should Know about Your Computer and Mac OS

To use this book (or QuickBooks Accounting for Mac 2011, for that matter), you should have a general understanding of how to use your computer and Mac OS X. You don't need to be an expert. As you'll see, QuickBooks uses many standard and intuitive interface elements, making it easy to use—even if you're a complete computer novice.

At a bare minimum, you should know how to turn your computer on and off and how to use your mouse. You should also know how to perform basic Mac OS tasks, such as opening and quitting programs, using menus and dialog boxes (called just *dialogs* in this book), and entering and editing text.

If you're not sure how to do these things, check the manual that came with your computer or Mac OS X Help. These two resources can provide all the information you need to get started.

What You Should Know about QuickBooks and Accounting Principles

You should have a basic understanding of bookkeeping and accounting principles to use QuickBooks. That doesn't mean you need to be a CPA! It just means that you should know what terms like *asset*, *liability*, *expense*, and *payable* mean.

If you think you're already in over your head, don't panic! Appendix A, at the end of the book, provides a solid introduction to many accounting terms. You can also learn more by having a chat with your accountant.

Organization

This book is logically organized into eight parts, each with at least two chapters that cover a specific aspect of using QuickBooks and handling your business's finances. Since each chapter contains instructions that are based on other topics in other chapters, you'll find lots of cross-references. While this may seem daunting as you first begin to learn QuickBooks, you'll soon see how various QuickBooks features work together, and get a feel for how the book's organization makes sense.

I want to stress one point here: It is not necessary to read this book from beginning to end. Skip around as much as you like. Although the book is organized for cover-to-cover reading, not all of its information may apply to you. For example, if you're not the least bit interested in tracking inventory, skip the information about creating inventory items, as well as the entire inventory chapter. It's as simple as that. When you're ready for the information that you skipped, it'll be waiting for you.

Now here's a brief summary of the book's organization and contents.

Part I: Getting Started with QuickBooks 2011

This part of the book introduces the QuickBooks interface and features and helps you set up QuickBooks for managing your company's finances. If you're brand-new to QuickBooks, I highly recommend reading at least the first two chapters in this part of the book.

Part I has three chapters:

- **Chapter 1:** Installing QuickBooks
- **Chapter 2:** Setting Up Your Company File
- **Chapter 3:** Entering Historical Transactions

Part II: Working with Lists

As you'll learn throughout this book, QuickBooks makes extensive use of customizable lists of information. This part of the book explains how to set up and use the lists that you'll access every time you use QuickBooks.

There are three chapters in Part II:

- **Chapter 4:** Understanding Lists
- **Chapter 5:** Building Your Chart of Accounts
- **Chapter 6:** Setting Up Items

Part III: Managing Sales, Inventory, and Receivables

The main goal of your business is probably to sell products, services, or both. This part of the book covers QuickBooks' invoicing and sales features, as well as the two related features they affect: inventory tracking and accounts receivable.

There are five chapters in Part III:

- **Chapter 7:** Tracking Sales
- **Chapter 8:** Managing Inventory
- **Chapter 9:** Receiving and Depositing Payments
- **Chapter 10:** Tracking and Paying Sales Tax
- **Chapter 11:** Managing Accounts Receivable

Part IV: Working with Bills and Payables

As you run your business, you purchase products and services. In many cases, this leads to bills and debt. This part of the book concentrates on bills, accounts payable, and the purchase orders you may use to buy items.

There are three chapters in Part IV:

- **Chapter 12:** Recording and Paying Bills
- **Chapter 13:** Managing Accounts Payable
- **Chapter 14:** Working with Purchase Orders

Part V: Working with Banking Features

All companies have at least one bank account. You'll use it to write checks to pay bills and make other purchases, as well as accept deposits for payments from your customers. This part of the book explains how to work with QuickBooks' banking features, including bank and credit card accounts, transaction downloads, and reconciliations.

There are three chapters in Part V:

- **Chapter 15:** Managing Check and Credit Card Transactions
- **Chapter 16:** Importing Online Bank and Credit Card Transactions
- **Chapter 17:** Reconciling Bank and Credit Card Accounts

Part VI: Handling Basic Accounting Tasks

This part of the book explains how to handle the basic accounting tasks that aren't for a specific sales or expense function of your business. In it, you'll learn how to work with account registers, manage assets and liabilities, track employee time, and generate reports and graphs.

Part VI has four chapters:

- **Chapter 18:** Working with Account Registers
- **Chapter 19:** Tracking Assets, Liabilities, and Equity
- **Chapter 20:** Recording Time and Processing Payroll
- **Chapter 21:** Reports and Graphs

Part VII: Customizing QuickBooks and Maintaining Data

This part of the book covers the QuickBooks features you'll use to customize QuickBooks for your own needs and maintain and protect your QuickBooks company file.

Part VII has two chapters:

- **Chapter 22:** Customizing Preferences
- **Chapter 23:** Maintaining Your Data

Part VIII: Appendixes

If 23 chapters of information aren't enough for you, four appendixes offer additional information you might find useful when working with QuickBooks:

- **Appendix A:** Accounting Basics
- **Appendix B:** Using Multiuser Features
- **Appendix C:** Sharing QuickBooks Data Between Mac and Windows
- **Appendix D:** For Quicken Users

Conventions

All how-to books—especially computer books—have certain conventions for communicating information. Here’s a brief summary of the conventions I use throughout this book.

Menu Commands

QuickBooks, like most other Mac OS programs, makes commands accessible on the menu bar at the top of the screen. Throughout this book, I tell you which menu commands to choose to open a window or dialog or to complete a task. I use the following format to indicate menu commands: Menu | Submenu (if applicable) | Command.

Keystrokes

Keystrokes are the keys you must press to complete a task. There are two kinds of keystrokes.

Keyboard Shortcuts Keyboard shortcuts are combinations of keys you press to complete a task more quickly. For example, the shortcut for “clicking” a Cancel button may be to press the ESC key. When instructing you to press a key, I provide the name of the key in small caps, like this: ESC. If you must press two or more keys simultaneously, I separate them with a hyphen, like this: COMMAND-P.

Literal Text When you need to type something exactly as I’ve written it, that text appears in italics.

Icons

I use icons to flag two specific types of information.



New in QuickBooks 2011 In addition to interface changes, the folks at Intuit made changes to the QuickBooks feature set. The New in QuickBooks 2011 icon identifies many new features.



Tip or Note Throughout this book, you’ll find tips and notes. These are additional pieces of information that you don’t need to know when using QuickBooks, but you might find useful.

Searching the eBook

To find a particular topic in *QuickBooks® 2011 for Mac: The Official eBook*, use either the Find or Search features in Adobe Acrobat.

Using the Find Toolbar

For a simple search:

- 1 Make sure the eBook is open to the first page. (If you're on another page, the search will begin on that page and go forward.)
- 2 To open the Find toolbar, choose Edit | Find or press COMMAND-F.
- 3 Type the desired search word or phrase in the field.
- 4 Click the down arrow to the right of the box and check Include Bookmarks to include titles in the Bookmarks pane, as well as the actual pages. Bookmarks include chapter titles and the first two levels of section headings.
- 5 As an optional step, choose one or both of the following to limit your search:
 - **Whole Words Only** searches only the exact word(s) you enter, ignoring any instances of the word(s) that is part of another word.
 - **Case-Sensitive** matches capitalization of the word(s) exactly as typed.
- 6 Click the Find Next button, or press ENTER, to be taken to the first instance of the search term, which appears highlighted in the text. If you want to go back to an instance, click the Find Previous button.
- 7 You'll be taken to search results found in the Bookmarks pane first. Click the highlighted bookmark to go to that chapter or section. If you want to continue searching the document from beginning to end, go back to the first page.

Using the Search Feature

Another method of searching the eBook is to use the Search window.

- 1 To open the Search window, choose Edit | Search or press SHIFT-COMMAND-F.
- 2 Type the desired search word or phrase in the field. Choose the options In the Current PDF Document and Include Bookmarks. The Whole Words Only and Case-Sensitive options are available as described above.
- 3 Click Search. You'll see the results of your search listed in the Results pane. The top of the list shows instances found in the Bookmarks pane. These listings will have a small icon with a green checkmark to their left. The listings indicating a result found on a page will have a different icon with a gold burst.

The total number of instances found in the search is shown at the top of the window. If the number is high, you may want to narrow your search. If you want more search options, click Use Advanced Search Options at the bottom of the Search window. To restore the basic options, click Use Basic Search Options.

- 4 Click on a result to be taken to that particular instance, or go to Edit | Search Results | Next Result or Previous Result to navigate the eBook.
- 5 When you have finished, close the window or click New Search at the top of the window to start a new search.

Part I

Getting Started with QuickBooks 2011

Before you can use QuickBooks 2011 for Mac to manage the finances of your business, you need to install it on your computer and configure it for your company. This part of the book explains how you can get started. Its three chapters are:

Chapter 1: Installing QuickBooks

Chapter 2: Setting Up Your Company File

Chapter 3: Entering Historical Transactions

Installing QuickBooks

In this chapter:

- System and feature requirements
- Installing and starting QuickBooks
- Upgrading from an older version of QuickBooks for Mac
- Using QuickBooks on a network or shared computer
- What's new in this version of QuickBooks
- Getting help

Before you can use QuickBooks 2011 for Mac, you'll need to install it on your computer. That's what this chapter is all about. It starts by telling you what you need to run QuickBooks and make the most of its features, then explains how to install the software. If you're upgrading from a previous version, plan to use QuickBooks over a network, or want to use the new multiuser features, you'll find some helpful information to get started. Finally, this chapter gives you a brief look at the QuickBooks interface, lists some new QuickBooks features, and tells you how you can get help while you're working with QuickBooks.

Ready to get started? Let's go!

System and Feature Requirements

At a minimum, your computer system should meet the following requirements:

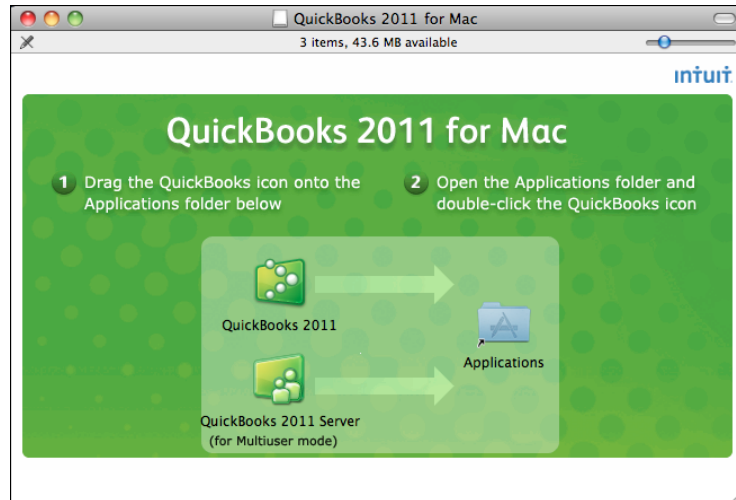
- Macintosh computer with Intel processor. (Macintosh with Intel Core 2 Duo or higher processor is required to run the server.)
- 1GB RAM
- CD-ROM drive for installation (unless downloaded)
- 120MB of available disk space
- Mac OS X 10.6 or later
- Export report data requires Microsoft Excel 2004 or 2008 or Apple Numbers '09.
- E-mail requires Apple Mail or Microsoft Entourage 2004 or 2008 for Mac
- Back up to MobileMe requires paid MobileMe account available separately from Apple, Inc.
- iCal, iChat, and AddressBook are included in Mac OS X

Installing and Starting QuickBooks

Installing QuickBooks is as easy as inserting a CD-ROM disc or opening a disk image file and copying a file. Once it's installed, you open QuickBooks by double-clicking its application icon.

To Install QuickBooks

- 1 Insert the QuickBooks CD in your computer's optical drive or, if you downloaded QuickBooks, double-click the QuickBooks_2011.dmg file icon. The QuickBooks 2011 window, which is shown next, appears.



- 2 Drag the QuickBooks 2011 application icon onto the Applications folder alias in the same window and release it. Wait while QuickBooks is copied to your computer's Applications folder.
- 3 If you plan on taking advantage of QuickBooks' new multiuser features, drag the QuickBooks 2011 Server application icon onto the Application folder alias icon in the same window and release it. Wait while QuickBooks server is copied to your computer's Applications folder. (This step is not necessary if you do not plan on using the multiuser features.)
- 4 When you're finished installing QuickBooks from CD, eject the disc and put it in a safe place in case you need to reinstall it in the future. If you installed from a downloaded disk image file, you can click the eject button beside the disk's icon in a Finder window sidebar to unmount it. Save the original disk image file in case you need to reinstall QuickBooks in the future.

To Open QuickBooks by Opening Its Application Icon

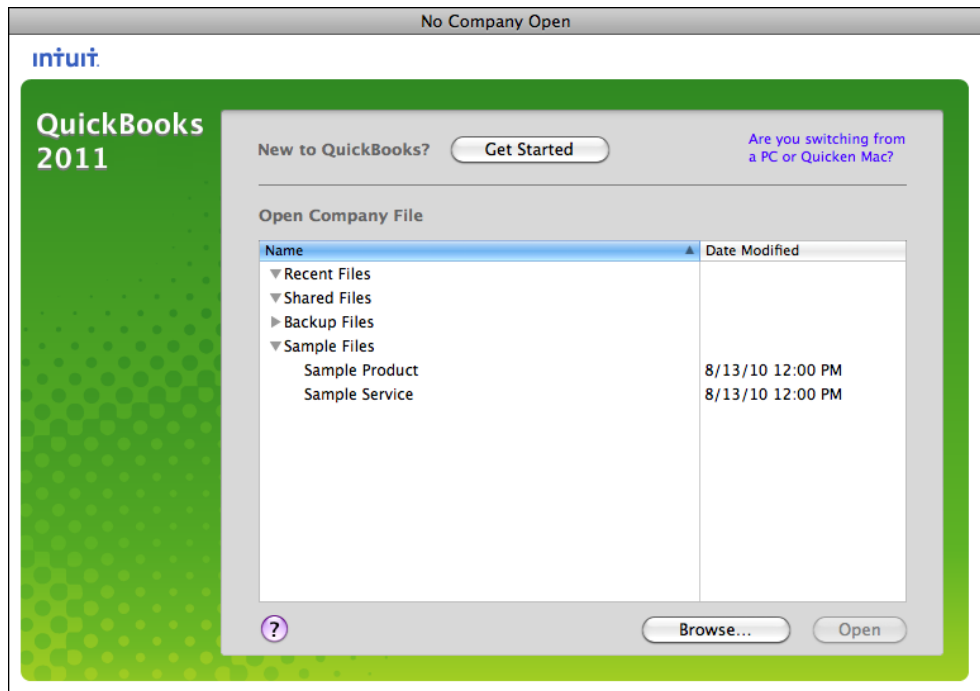
One way to open QuickBooks is to open its application icon. This gives you an opportunity to choose the company file you want to work with.

- 1 Open the Applications folder on your computer.
- 2 Locate and double-click the QuickBooks 2011 application icon.

- 3 If you've installed QuickBooks from a downloaded disk image file, a dialog like the one shown next may appear. Click Open.



- 4 If this is the first time you're opening QuickBooks, a license agreement window appears. Read the End User License Agreement and click Agree. (If you don't click Agree, you won't be able to use QuickBooks.)
- 5 If your computer is connected to the Internet, QuickBooks connects to Intuit's update server and checks for software updates. If an update is available, a Software Update dialog appears with information about the update. To install the update, which is recommended, click Install Update. Then wait while the update is downloaded. Click the Install And Relaunch button and follow any other instructions that appear to complete the update and reopen QuickBooks.
- 6 A Product Registration window should appear next. If you decide to register immediately, click the Register Now button and follow the instructions in the section titled "To Register QuickBooks" later in this chapter to complete the registration process. When you're finished, you can resume following these instructions. Otherwise, you can click Remind Me Later to skip registration (for now).
- 7 If you have not yet opened a company file, the No Company Open window, which is shown next, appears. Choose an option:



- To create a new company file, click the Get Started button. Then follow the instructions in Chapter 2 to set up a new company file.
- To open a file listed in the window, select the file and click Open. You can click the disclosure triangle beside a category of file to display Recent, Shared, Backup, or Sample Files on your computer. The list includes sample files for a product-based business and for a service-based business.
- To open an existing company file that does not appear in the list, click the Browse button. Then use the Open dialog that appears to locate, select, and open the company file you want.

QuickBooks displays the Home Page for the company file that was last opened while using QuickBooks, or the company file you selected and opened in the No Company Open screen. It might look something like what you see in Figure 1-1.



TIP: The sample company files included with QuickBooks make it easy to explore QuickBooks features with existing data from a fictional company. Use a sample file to try your hand at entering data, creating reports, and working with other QuickBooks features.

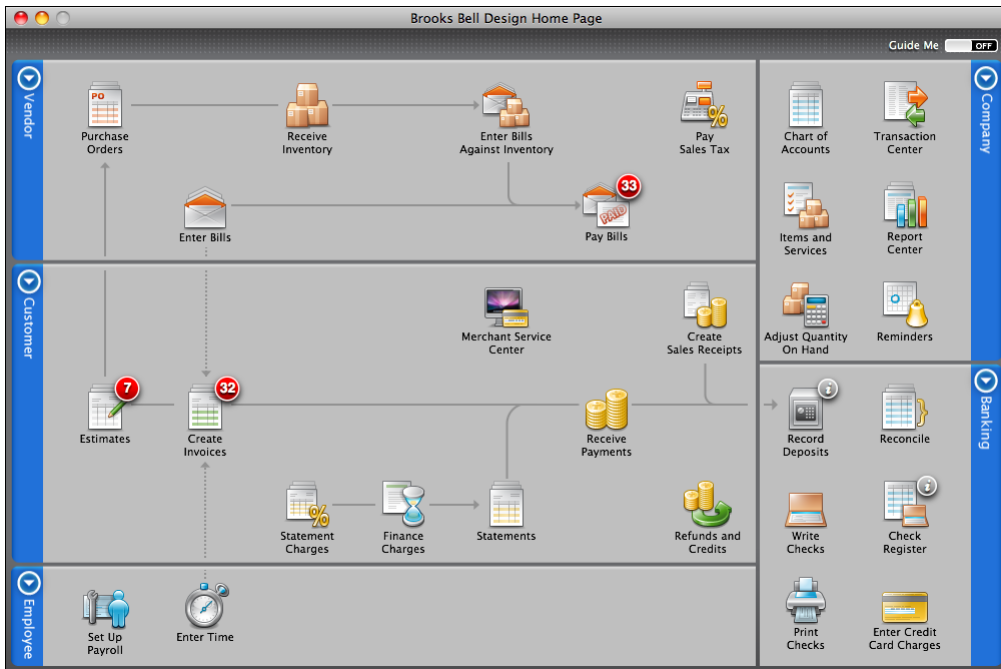


FIGURE 1-1 The QuickBooks Home Page organizes tasks and clearly shows how they're related.

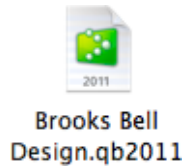
WARNING: Don't use a sample file for your company's data. Not only do the sample files include a lot of sample data that you probably wouldn't want to mingle with your real data, but when you use a sample file, QuickBooks automatically sets the QuickBooks date to December 15, 2013 so certain date-dependent features work with the data.

NOTE: When you open QuickBooks for the first time, a QuickBooks folder is automatically created in your Documents folder. This is the default location for new company files, backup files, sample company files, and any other files QuickBooks needs.

To Open QuickBooks by Opening a QuickBooks Company File Icon

You can also open QuickBooks by opening the icon for a specific company file in the Finder.

- 1 Locate the icon for the company file you want to open. It might look something like the icon here:



- 2 Double-click the icon. QuickBooks launches and opens the company file for the icon you selected.

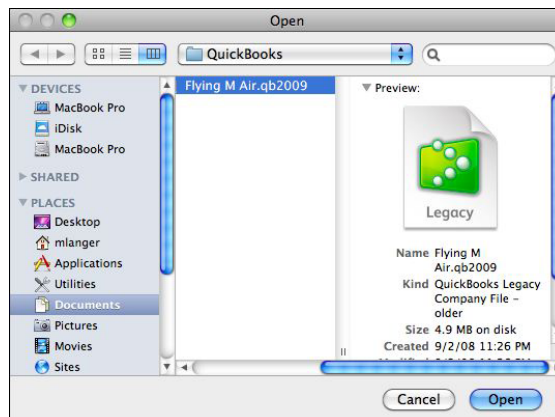
Special Considerations

You may want to use QuickBooks 2011 with a company file created with an earlier version of QuickBooks or use QuickBooks over a network. If so, here are some additional instructions just for you.

To Upgrade from an Older Version of QuickBooks for Mac

If you've been using a previous version of QuickBooks, you'll need to update your QuickBooks data file to use it with QuickBooks 2011. Doing so is easy:

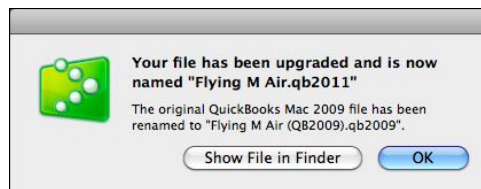
- 1 Quit any previous versions of QuickBooks that are running.
- 2 Open QuickBooks 2011 for Mac.
- 3 In the No Company Open screen shown earlier, click the Browse button or, if that screen does not appear, choose File | Open Company or press COMMAND-O.
- 4 In the Open dialog that appears (shown next), select the company file you want to update and click Open.



- 5 A dialog like the one shown next appears, asking if you want to upgrade your company file. Click Upgrade.



- 6 Wait while QuickBooks creates a backup copy of the original file, renames it, and updates it for use with QuickBooks 2011.
- 7 When QuickBooks is finished updating the file, it displays a dialog like the one shown next. Click a button:



- **Show File In Finder** displays the newly converted file in the Finder. You can then switch back to QuickBooks, where the dialog is still open.
- **OK** dismisses the dialog and opens the newly converted file in QuickBooks.

TIP: Keep the backup copy of your data in the earlier format, in case you need to open the data with your previous version of QuickBooks. For extra security, use the Finder's Get Info command to lock your backup data file.

TIP: You can also convert company files or data files created with many different versions of Intuit products—including Windows products—for use with QuickBooks 2011. You can learn how in Appendixes B and C.

NOTE: QuickBooks 2011 for Mac can update company files created with QuickBooks Pro for Mac 4.0 (M12), 5.0, 6.0, 2005, 2006, 2007, 2009, and 2010.



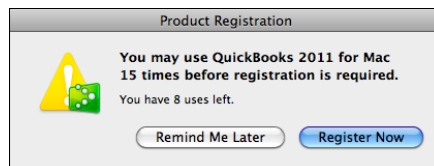
QuickBooks Multiuser Mode

QuickBooks now supports multiple simultaneous users through the use of the QuickBooks server application. To take advantage of this feature, you must launch and run QuickBooks Server on a computer accessible to network users. Each user

can then use their copy of QuickBooks to access data on the server. You can learn more about setting up multiple user accounts in Chapter 22 and configuring QuickBooks Server in Appendix B.

Registering and Updating QuickBooks

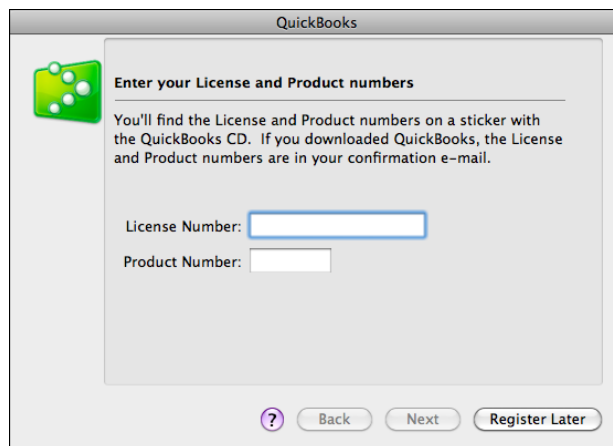
You can use QuickBooks 15 times before you must register it. Each time you launch QuickBooks, a dialog like the one shown next appears, counting down the number of uses you have left. When you're ready to register, you can click the Register Now button and go through the registration process. Then, periodically as you use QuickBooks, you may want to use your Internet connection to check for and install software updates that can improve QuickBooks performance.



To Register QuickBooks

You can register QuickBooks by phone or online. If you register online, you'll need an Internet connection.

- 1 If you haven't already begun the registration process by clicking the Register Now button in a Product Registration dialog like the one shown earlier, choose QuickBooks | Register QuickBooks.
- 2 A dialog like the one shown next appears. Enter the license and product numbers that were included with your QuickBooks software in the appropriate fields and then click Next.



- 3 The next screen offers two options to complete the registration process:
 - **Register By Phone** enables you to complete the registration process by calling Intuit Customer Service by phone. When you click Next, a screen with your license and product numbers appears, along with telephone numbers to contact Customer Service. Call in and provide the information requested. At the end of the registration process, you'll get a validation code; enter it in the appropriate field of the onscreen form and click Next. Then follow the onscreen instructions to complete the process.
 - **Register Online** uses your Internet connection to complete the registration process. When you click Next, your computer connects to the Internet and displays a series of forms. Complete the forms with information about your business and primary contact, clicking Continue to move from form to form. At the completion of the process, click the Begin Using QuickBooks button. A validation code is automatically entered into QuickBooks and registration is complete. Click Finish to dismiss the final dialog.



NOTE: Registering your copy of QuickBooks entitles you to automatic upgrade notifications and other special offers.

To Check for QuickBooks Software Updates

Intuit periodically releases maintenance updates to the QuickBooks software. If you have an Internet connection, you can manually check for updates. If an update is available, you can download and install it.

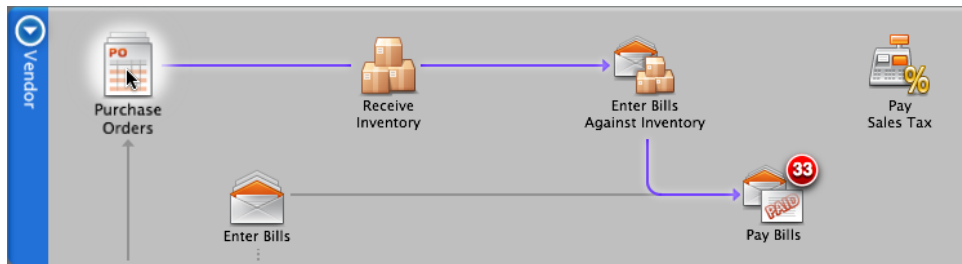
- 1 Choose QuickBooks | Check For QuickBooks Updates.
- 2 Wait while QuickBooks checks for updates on the Intuit server. It displays a dialog as it works.
- 3 If an update is available, a Software Update dialog appears with information about the update. You have three choices:
 - **Install Update** (recommended) downloads the update from the Internet while displaying a status dialog. Click the Install And Relaunch button in the dialog that appears next, and follow any other instructions that appear to complete the update and reopen QuickBooks.
 - **Remind Me Later** does not download the update immediately, but instructs QuickBooks to remind you later, in another QuickBooks session.
 - **Skip This Version** skips the current update and does not remind you about it in the future.

Exploring the QuickBooks Interface

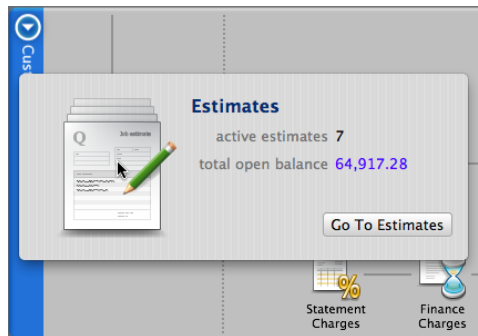
The QuickBooks user interface combines standard Mac OS X interface elements such as menus, dialogs, and scrolling lists with elements that are specific to QuickBooks. Let's take a look at some of the QuickBooks-specific elements you'll use regularly when working with QuickBooks.

The Home Page

The QuickBooks Home Page (refer to Figure 1-1) organizes tasks in a way that makes it easy to see and understand how they are related to one another. Each task is a button. As shown next, you point to a task button to highlight the flow of one task to the others that depend upon it.



Tasks with numbers in red circles are those that have open items. When you point to one, a pop-up window tells you more about the task and its open items:



You can also click a task button to perform the related task. For example, clicking the Purchase Orders button displays a form you can use to create a purchase order.

TIP: If the Home Page is not displaying, you can show it by choosing Company | Home Page or clicking the Home button in the toolbar.

Company Snapshot

The Company Snapshot (refer to Figure 1-2) provides a wealth of information about your company's finances, all in one place. The Snapshot is interactive, so double-clicking virtually any item within the Snapshot window opens a window with more information about that item. For example, double-clicking an account in the Account Balances list opens the account register for that account.

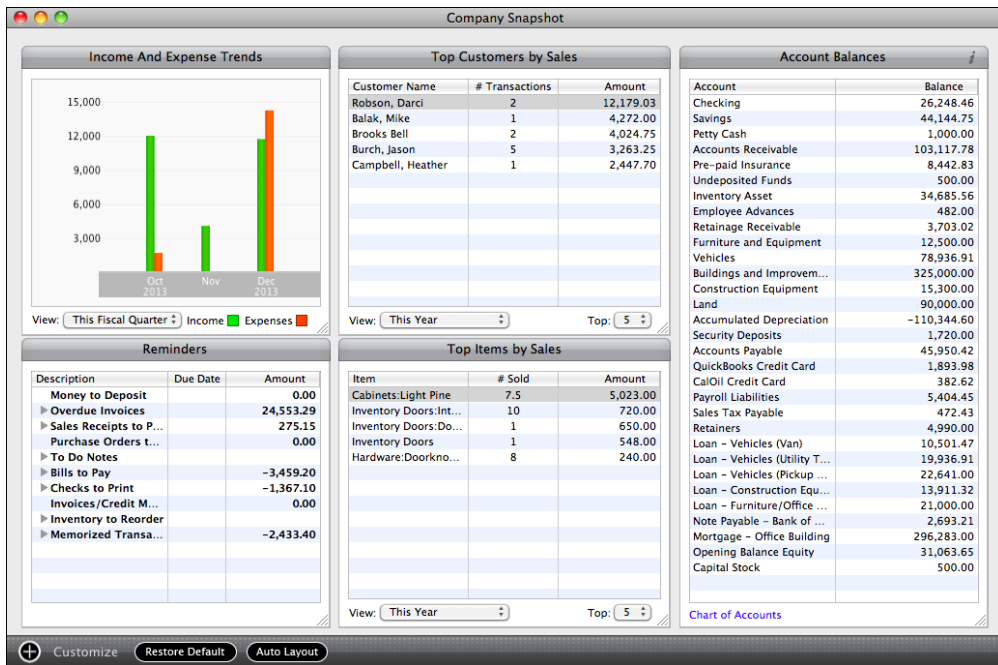


FIGURE 1-2 The Company Snapshot tells you at a glance how your company is doing and gives you easy access to the tools you need to handle transactions and tasks.

TIP: If the Company Snapshot is not displaying, you can show it by choosing Company | Company Snapshot or by clicking the Snapshot button in the toolbar.

The Company Snapshot is customizable, so you can show the snapshot items you want in the order you want them to appear. Consult Chapter 22 for details.

Center Windows

Center windows, such as the Customer Center (refer to Figure 1-3), the Vendor Center, the Transaction Center, and the Report Center, centralize related information and options. You can use a familiar Spotlight search box to search a center, use filters along the bottom of the window to change what's viewed, and click disclosure triangles to display subitems. In the Customer and Vendor centers, an item's primary information and list of transactions appear when you select it in the column on the left.

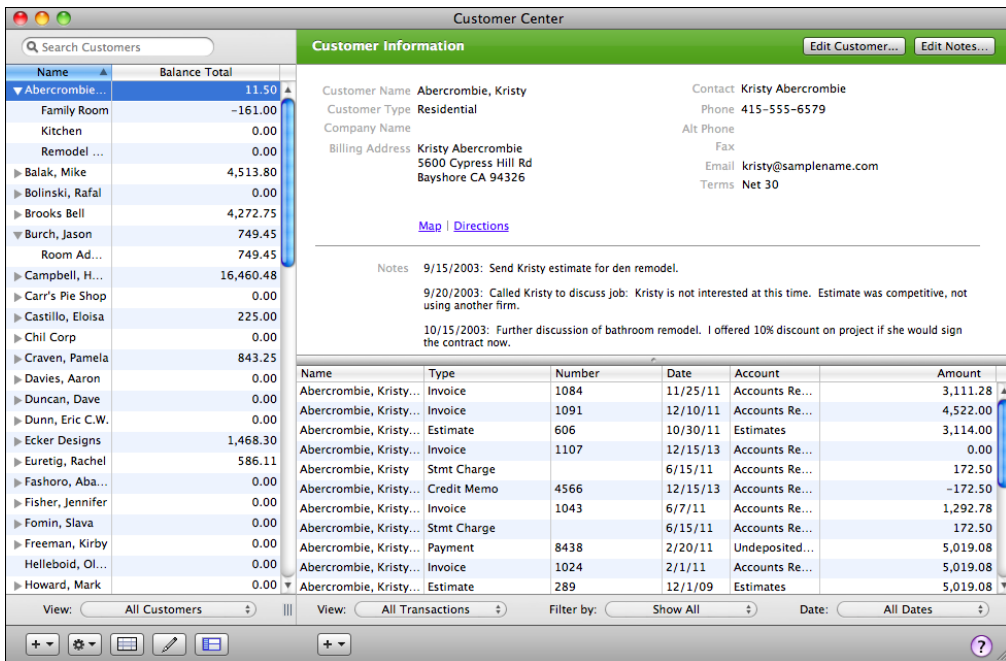


FIGURE 1-3 The Customer Center is one of four Center windows that centralize related information.

Getting Help

In addition to the User's Guide, which you can obtain at any time by choosing Help | User's Guide, QuickBooks offers several features to help you learn how to use and get the most of QuickBooks. Here's a quick rundown of the most useful features.

To Open and Use QuickBooks Help

QuickBooks includes extensive onscreen help. To open the QuickBooks 2011 Help window, which is shown in Figure 1-4, do one of the following:

- Choose Help | QuickBooks Help.
- Press COMMAND-/.
- Click the Help button in the toolbar.

You can click links in the QuickBooks 2011 Help window to browse for information about using QuickBooks. You can also use the Spotlight search field at the top of the window to search for information about a specific topic.

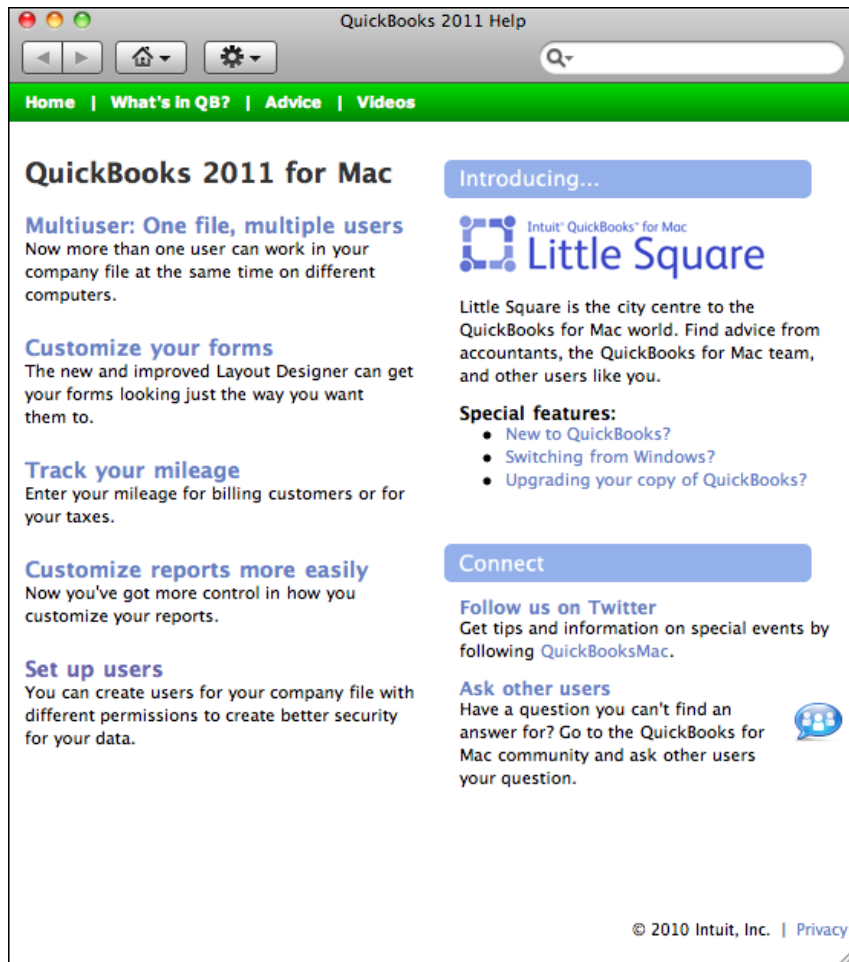


FIGURE 1-4 The QuickBooks 2011 Help window is your first stop for additional information about using QuickBooks.



To Access Little Square

Intuit QuickBooks for Mac Little Square is a new online resource you can access to find articles about using QuickBooks and get advice from accountants, the QuickBooks for Mac team, and other QuickBooks users. You can access Little Square by clicking the Advice link at the top of the QuickBooks 2011 Help window or pointing your Web browser to www.qblittlesquare.com.

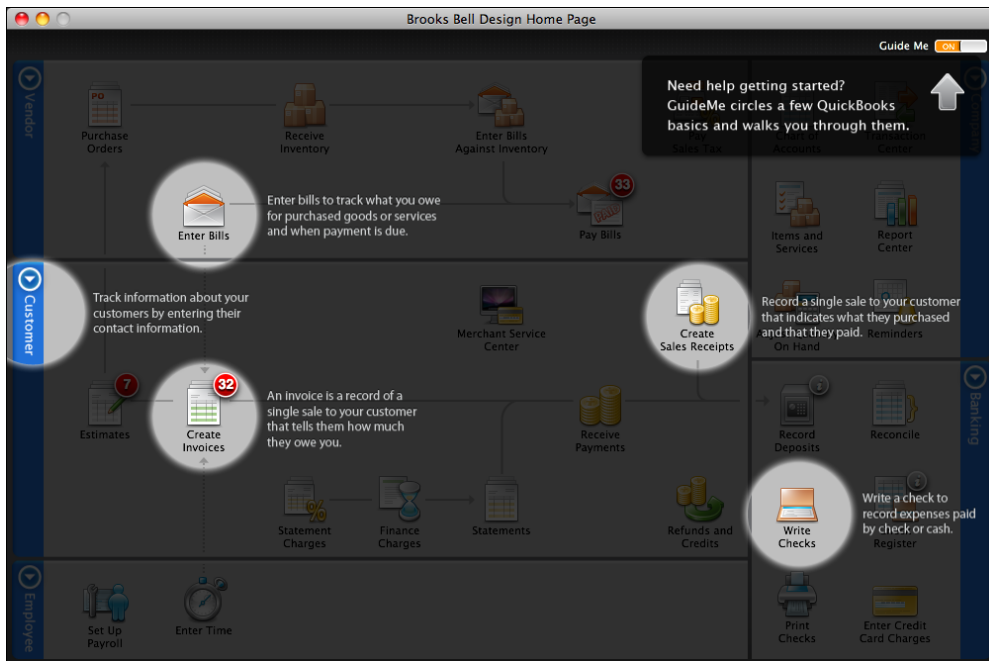


FIGURE 1-5 Here's what the QuickBooks Home Page looks like with the Guide Me feature enabled.

Guide Me

The Guide Me feature of QuickBooks offers onscreen help as you work. To enable this feature, click the Guide Me button in the Home Page window (refer to Figure 1-5) or choose Help | Guide Me to display a check mark beside the command.

Guide Me works by displaying additional information about tasks when you display various QuickBooks windows or dialogs. Figure 1-6 shows an example. If you're brand new to QuickBooks, you may want to keep Guide Me turned on as you learn to use it. You can also turn Guide Me on whenever you like to get additional information about specific features that are puzzling you.

Entering Data Quickly

QuickBooks has several features to make data entry quick and easy.

Toolbar

The toolbar (shown next) has buttons you can click as shortcuts to forms and activities.



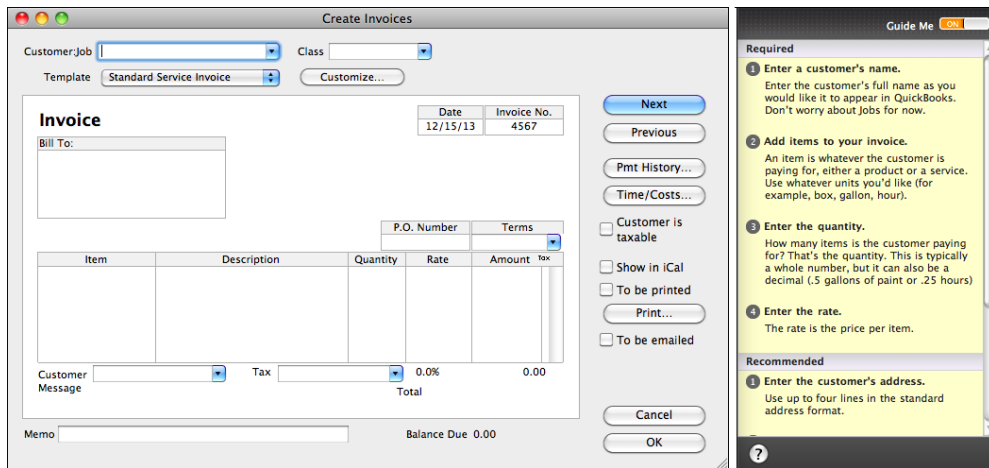


FIGURE 1-6 Guide Me displays a window with numbered steps when you display the Create Invoices window.



TIP: You can customize the toolbar. Consult Chapter 22 for details.

Keyboard Shortcuts

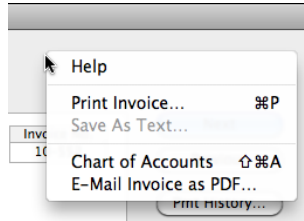
Keyboard shortcuts make it possible to access commands and perform tasks by pressing key combinations on your keyboard. A menu command's keyboard shortcut appears beside it on the right side of the menu; the Lists menu shown here includes several examples. In most instances, you'll press one or two modifier keys—COMMAND, SHIFT, CONTROL, or OPTION—in addition to a letter or number key to invoke a command.

Lists	
Chart of Accounts	⇧⌘A
Items	⇧⌘I
Classes	
Customer:Jobs	⇧⌘J
Vendors	⇧⌘V
Employees	⇧⌘E
Other Names	
Customer & Vendor Profile	▶
Vehicles	
Memorized Transactions	⇧⌘M

Shortcut Menus

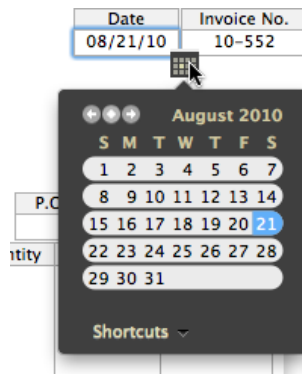
Shortcut or contextual menus are also available throughout QuickBooks. To display a shortcut menu, hold the CONTROL key while clicking on any window, or click

your right mouse button, if you have one. As shown next, from the shortcut menu, you can access a number of useful commands related to the window you clicked on.



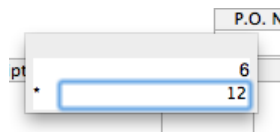
Date Picker

When entering a date into a date field, you click the tiny calendar icon to display a calendar like the one shown next. Click buttons to scroll through months if necessary. When you click a date, that date is entered into the field and the calendar disappears. Clicking the Shortcuts button at the bottom of the calendar displays a menu of shortcuts you can access by choosing a menu command or pressing a keyboard key. For example, you can increment the date by one day by pressing + and decrement it by one day by pressing –.



QuickMath

You can use the QuickBooks QuickMath feature to make simple calculations in a transaction. Simply position the insertion point in any field designed to accept numerical input and type a calculation. For example, the illustration that appears next calculates $6 * 12$. Pressing RETURN or ENTER inserts the results of the calculation in the field.



Setting Up Your Company File

In this chapter:

- Creating your company file
- Choosing a start date
- Gathering information
- Entering opening balances
- Entering optional adjustments

All of the information you enter into QuickBooks is stored in a QuickBooks *company file*. This chapter helps you create your QuickBooks company file by guiding you through the completion of onscreen forms in the Create New Company dialog. As you'll see, the process is quick and easy to do.



NOTE: This chapter uses common accounting terms such as *balance sheet* and *chart of accounts*. If you're not familiar with these terms or would just like to review them, brush up in Appendix A.

Creating a Company File

If you're new to QuickBooks or you want to start using it for another company's finances, you need to create a company file. This is a two- or three-step process, depending on how much detail you want to provide. When you're finished, you'll have entered the basic information QuickBooks needs to create a framework for your company's financial records.

You create a company file with the Create New Company dialog. This dialog displays a series of screens you can use to enter information about your company. Once you've provided all the information QuickBooks needs, you click a Finish button and QuickBooks creates the file. You then customize your company file by adding information about your customers, vendors, and the products you sell or the services you offer.

Opening the Create New Company Dialog

There are at least three ways to open the Create New Company dialog:

- In the No Company Open dialog (shown in Chapter 1) that appears automatically when no company file is open, click the Get Started button.
- Choose File | New Company.
- Press SHIFT-COMMAND-N.

The first screen of the Create New Company dialog appears. Figure 2-1 shows what it might look like with some information for a company already entered.

Entering Your Address and Tax Information

The first screen of the Create New Company dialog (refer to Figure 2-1) prompts you to enter basic name, address, and tax information for your company. Fields marked with an asterisk are required and cannot be left blank. Let's take a look at what's requested.

QuickBooks 2011

Create New Company

Enter your address and tax information Step 1 of 2

* Company Name: Flying M Air

Legal Name: Flying M Air, LLC

Address: 1313 Mockingbird Lane
Suite 1776
Phoenix, AZ 85016

Country: United States

* Company Start Date: 1/1/10

* Income Tax Form Used: Form 1040 (Sole Proprietor)

Federal ID: 12-3456789

* required

Next

FIGURE 2-1 Here's the first screen of the Create New Company dialog, filled in for a company.

Company Name and Legal Name

QuickBooks prompts you to enter the name of your company two ways:

- **Company Name** is the informal name of your company. What you enter in this field will be used to name your company file and refer to your company throughout QuickBooks.
- **Legal Name** is the legal name of your company. This is the way your company is registered with the state and local government and tax agencies. QuickBooks uses this name in official documents it generates.

Keep in mind that the Company Name and Legal Name fields can contain the same name. It doesn't really matter what you use in the Company Name field, as long as the Legal Name field contains the complete legal name of your company.

Address and Country

Use the Address field to enter the mailing address for your company. Include any office or suite numbers. Then choose a country from the Country field. QuickBooks uses the country to create certain accounts you'll need to file taxes or do business in that country. It directly supports companies based in the United States and Canada.

Company Start Date

Your QuickBooks “start date” is the date for which you give QuickBooks a financial snapshot of your company. After you complete the initial setup process, you’ll enter all transactions from your start date through today to bring your QuickBooks company file up to date.

To choose the best start date for your company file, consider the following questions:

- When does your company’s fiscal year start?
- How close is today to the end of your fiscal year?
- Do you have an accurate balance sheet for your current fiscal year?
- Do you have an accurate profit and loss statement for your current fiscal year?
- How far back in time are you willing to enter historical transactions?


If your business generates many invoices, bills, or checks, you probably don’t want to enter more than a few months of historical transactions.

On the other hand, if your business has few historical transactions, you may be willing to enter more than a few months of transactions so that QuickBooks will have full detail for the entire fiscal year.

If it’s almost the end of the fiscal year, consider finishing the year with your current method of bookkeeping. Then set up your company in QuickBooks with a start date of your fiscal year end so you can use QuickBooks for the new fiscal year.

If your fiscal year began some time ago, decide which is more important to you:


- Do you want to have full detail in QuickBooks for the current fiscal year?
- Do you want to spend less time entering fewer historical transactions?

 **TIP:** Although you can change your start date at a later time, your start date determines much of your setup. It’s easier to decide on the best start date now, rather than to change it later.

Tax Information

QuickBooks prompts you for two pieces of tax-related information:

- **Income Tax Form Used** is the form you use to file your company income taxes.

 **TIP:** QuickBooks uses this information to set tax-related options for your company, so it’s important to choose the right form. If you’re not sure, ask your tax preparer.

- **Federal ID** is the nine-digit number you use on your company’s federal tax returns. If you don’t have this number available, you can skip it for now and enter it later. QuickBooks will enter this number on any forms it generates that require it.

Choosing Your Industry and Chart of Accounts

Clicking Next displays the Choose Your Industry And Chart Of Accounts screen, which is shown in Figure 2-2. It helps you build a chart of accounts based on industry standards.

Industry

Choose your company's industry from the pop-up menu. The list is quite exhaustive, but you may not find an exact match. If not, pick one that's similar to your company. You can always choose one of the General options at the bottom of the list.

Accounts

The industry you chose determines which accounts are checked off in the Accounts list for inclusion in your company file's chart of accounts. Scroll through the list and toggle check boxes to include or exclude accounts. You might want to have your company's current chart of accounts handy (if one exists) to guide you. If you make changes to what's checked and decide you want to revert to what was originally checked, click the Default button.

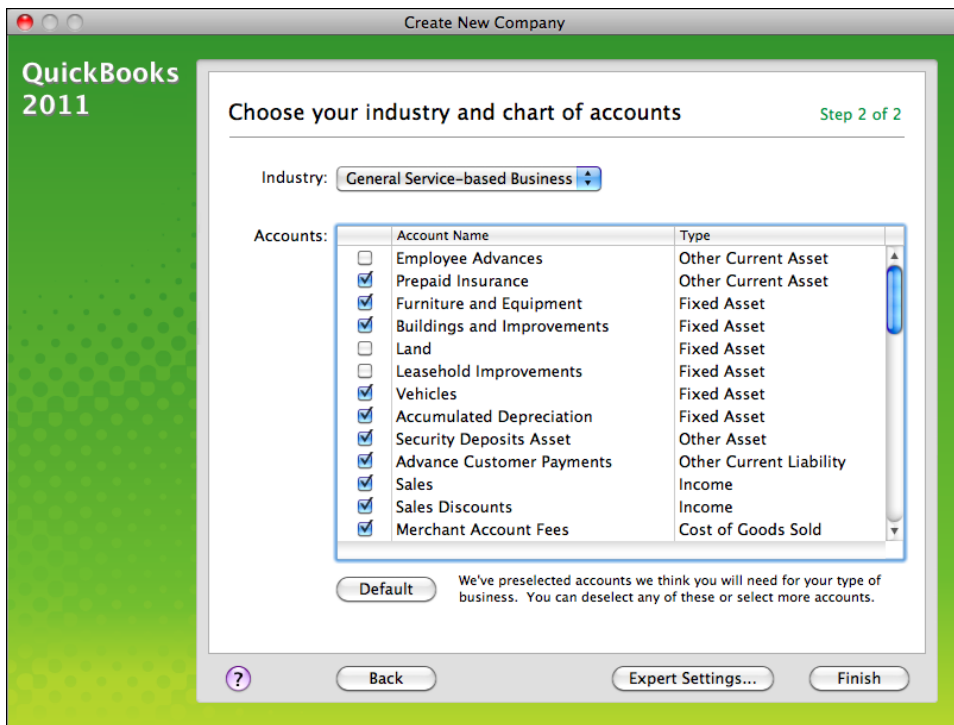



FIGURE 2-2 Use this screen to choose your company's industry and select accounts to include in your chart of accounts.

 **TIP:** Although you can always add or delete accounts later, it's faster to choose them here, before you start using QuickBooks.

Setting “Expert” Options

If you'd like to set additional, more advanced options, you can click the Expert Settings button to access a third setup screen like the one in Figure 2-3. You can then set the following options:

- **Summary Reports Basis** enables you to specify whether you use accrual- or cash-based accounting. Accrual accounting means you account for income when earned and expenses when due. Cash accounting means you account for income when received and expenses when paid. You can learn more about accrual- and cash-basis accounting in Appendix A.
- **First Month In Tax Year** is your annual starting month for tax purposes.
- **First Month In Fiscal Year** is your annual starting month for accounting purposes.

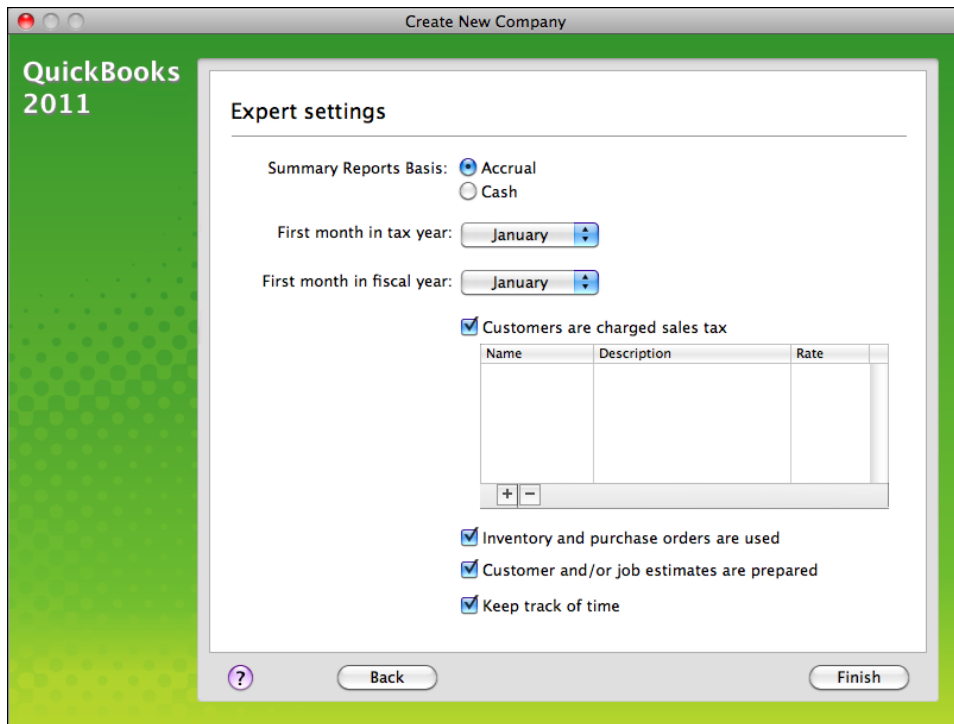


FIGURE 2-3 You can set additional options in the Expert Settings screen.

- **Customers Are Charged Sales Tax** tells QuickBooks that you collect and pay sales tax. If you enable this option, you can use the + and - buttons on the table below it to set up tax items for the various tax entities you collect taxes for. You can learn more about setting up, tracking, and paying sales tax in Chapter 11.
- **Inventory And Purchase Orders Are Used** tells QuickBooks to enable inventory tracking and related purchase order features. You can learn more about tracking inventory in Chapter 8.
- **Customer And/Or Job Estimates Are Prepared** tells QuickBooks to enable the estimate creation and tracking features. You can learn more about creating and tracking estimates in Chapter 7.
- **Keep Track Of Time** tells QuickBooks to enable the time-tracking features. You can learn more about tracking time in Chapter 20.

Finishing the Setup Process

When you click Finish in either the Choose Your Industry And Chart Of Accounts screen (refer to Figure 2-2) or the Expert Settings screen (refer to Figure 2-3), QuickBooks displays a screen like the one in Figure 2-4. It confirms that your

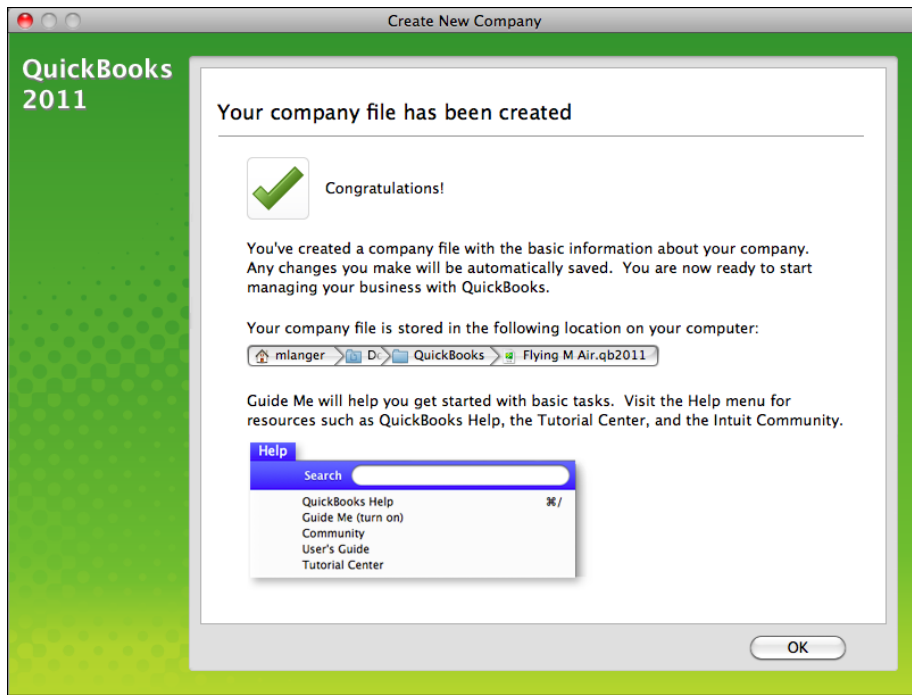


FIGURE 2-4 QuickBooks confirms that your company file has been created and tells you where you can find it on disk.

company file has been created and shows you the path to the file on your computer's hard disk. Normally, it'll be in a QuickBooks folder created in your Home folder's Document's folder. Click OK.

QuickBooks displays your company's Home Page with its Guide Me feature enabled. This spotlights certain icons, as you see in Figure 2-5, in an effort to guide you on your next steps. You can leave the Guide Me featured turned on as you work with QuickBooks, but it will be turned off in all subsequent screenshots for this book. To turn off the Guide Me feature, click the Guide Me button in the top right corner of the Home page.

You are now ready to work with QuickBooks.

Building Lists

The QuickBooks setup process creates a bare-bones company file with accounts only. It does not include the additional information you need to keep track of customers, create invoices, or pay bills. To complete the setup process, you'll need to build the following lists:

- **Customer:Job** tracks your customers and, if needed, individual jobs for customers. As you enter information about your customers, be sure to include any outstanding balances on their accounts. This will automatically create and

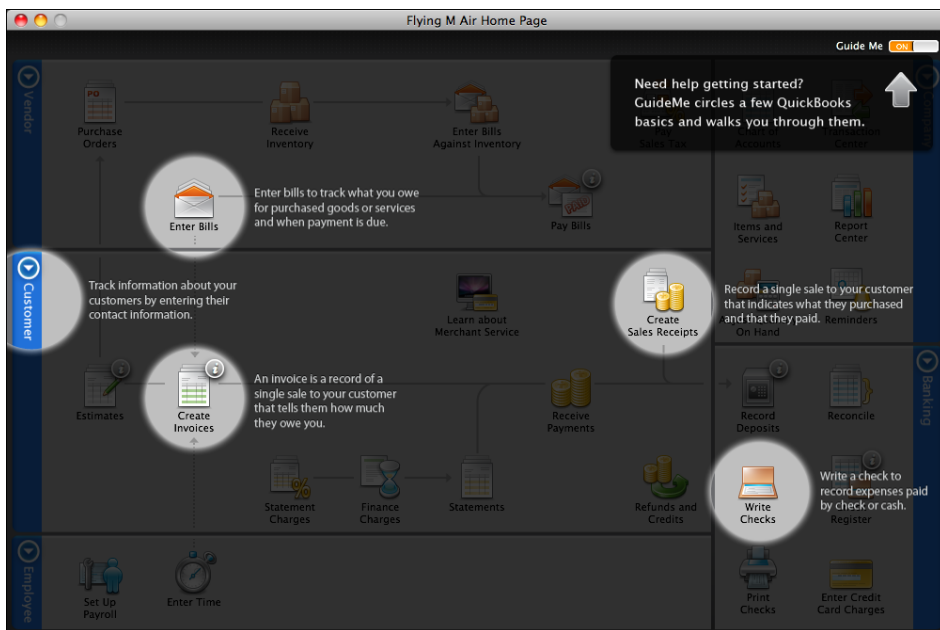


FIGURE 2-5 The first time QuickBooks displays your Home Page, the Guide Me feature is enabled.

adjust the Accounts Receivable account. Chapters 4 and 10 provide more information about the Customer:Jobs list and accounts receivable.

- **Items** tracks the products and services you sell. As you enter information about inventory items you sell, be sure to include information about quantities on hand. This will automatically create and adjust an Inventory Asset account. Chapter 6 explains how to set up items, and Chapter 8 covers inventory management.
- **Vendors** tracks the individuals and organizations that sell to you or provide you with services. As you enter information about vendors, be sure to include any outstanding amounts you owe them. This will automatically create and adjust an Accounts Payable account. Chapters 4 and 13 tell you more about setting up vendors and tracking accounts payable.
- **Employees** are the people who work for you. Chapters 4 and 20 explain how to set up employees, track time, and use QuickBooks payroll features.

You can build these lists up front as part of the setup process or over time as you work with QuickBooks. Until this information is in place, however, you will not be able to enter complete balances as of your start date or transactions from your start date through the day you begin working with QuickBooks.

Entering Opening Balances and Historical Transactions

Although the Create New Company dialog makes setting up a company file quick and easy, it does not enter any opening balances or transactions for any accounts. This is something you'll need to do on your own.

Gathering Information

Before you begin to enter balances and transactions, take some time to gather information about your existing accounting system, bank account balances, asset values, and so on, as of your company file start date. You can use Table 2-1 as a checklist and to better understand how various information affects your QuickBooks setup.

Entering Opening Balances

It's important to enter an accurate opening balance for each balance sheet account as of your start date. Doing so benefits you at least two ways:

- An accurate opening balance gives you an accurate balance sheet and, therefore, a true picture of your company's finances—how much it owes and how much it owns.

Information You Need	What It Affects in QuickBooks
Bank account balances as of your start date	Balance sheet Ability to reconcile your bank statements with QuickBooks
Value of assets, including inventory on hand as of your start date	Balance sheet
How much each customer owes you as of your start date	Balance sheet Accuracy of your accounts receivable records
How much you owe each vendor as of your start date	Balance sheet Accuracy of your accounts payable records
How much sales tax you owe as of your start date	Balance sheet Accuracy of your sales tax records
How much of each payroll tax you owe	Balance sheet Accuracy of your payroll records
Income and expenses (profit and loss statement) for the current fiscal year through the start date (for mid-year setup)	Accurate profit and loss statement for entire fiscal year
Names, addresses, and other information about regular customers	Customer:Job list Information prefilled on sales forms
Names, addresses, and other information about regular vendors	Vendor list Information prefilled on checks, bills, and purchase orders
Names, addresses, and other information about employees	Employee list
Complete chart of accounts	Chart of accounts
Description, price or rate, taxability of goods and services you sell	Item list Information prefilled on sales forms or purchase forms
Rate and tax agency for every sales tax you collect	Item list Ability to track sales tax owed

TABLE 2-1 Information Needed for a QuickBooks Setup and How Each Piece of Information Is Used by QuickBooks

- Starting with correct balances makes it possible to reconcile your QuickBooks bank accounts with your bank statements as of a specific date. You won't risk bouncing checks because your QuickBooks checking account will reflect the amount of money actually in the bank.

If possible, start from an accountant's balance sheet. It's easier to determine your opening balances if you have a balance sheet as of your start date. Use it as a source for entering asset and liability account balances into QuickBooks.

If you don't have a balance sheet, calculate your opening balances. As you calculate opening balances for each of your company's balance sheet accounts, write them down to use later when you enter the balances.

You can adjust opening balances for any account, even after you've been using the account for a while. If you're eager to get started using QuickBooks, you can start using an account now with an approximate balance. Just don't forget to correct the account balances in the future! When you're ready to correct an opening balance, see "Editing Opening Balances for Accounts in Use," later in this chapter.

Determining Amounts for Account Opening Balances

Table 2-2 lists the types of balance sheet accounts in QuickBooks and explains how to determine the opening balance for each type.

Type of Account	How to Determine the Opening Balance
Bank Examples: <ul style="list-style-type: none"> • Checking • Savings • Money market fund 	<p>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:</p> <ul style="list-style-type: none"> • <i>Use your bank statement.</i> You can use the ending balance on the last bank statement before your start date. At some point, you will need to enter any transactions that occurred before your start date and do not appear on the statement you're using or on any statement before that. So, for example, if your start date is January 1, you might use your December 23 bank statement balance. You'd then have to adjust for any transactions that affected your bank balance between December 23 and December 31; that information would likely appear on your January bank statement. • <i>Use a balance sheet.</i> You can also use your bank account balance from a financial statement (ordinarily a balance sheet) prepared by your accountant or generated by your previous accounting system. Ideally, this would be a balance sheet prepared as of the end of a fiscal period, when your start date is that same date. For example, if your start date is January 1, a balance sheet dated December 31 or January 1 would be best. <p>Working with bank accounts is covered in Chapters 15 through 17.</p>
Accounts Receivable (A/R)	<p>After you enter the unpaid balance for each customer or job as of your start date, the opening balance of your QuickBooks Accounts Receivable account equals the sum of the customer balances. Accounts Receivable is covered in Chapter 11.</p>

TABLE 2-2 How to Determine Opening Balances for Balance Sheet Accounts

Type of Account	How to Determine the Opening Balance
Other Current Asset Fixed Asset Other Asset	<p>For an asset account, the opening balance is the value of the asset as of your start date.</p> <p>If you track depreciation, create two subaccounts called Cost and Accumulated Depreciation for each fixed asset account. The opening balance of the Cost account is the purchase price of the asset; the opening balance of the Accumulated Depreciation account is the total depreciation taken (a negative number), as of your start date. You can learn more about tracking asset values and accounting for depreciation in Chapter 19.</p> <p>For an asset account that tracks inventory of items you purchase for resale, the opening balance of the account equals the total of the values of inventory items in your Item List. Inventory is covered in detail in Chapter 8.</p>
Accounts Payable (A/P)	<p>After you enter the unpaid balance for each vendor as of your start date, the opening balance of your QuickBooks Accounts Payable account equals the total of the vendor balances. You can learn more about tracking bills and accounts payable in Chapters 12 and 13.</p>
Credit Card	<p>The opening balance for a credit card account is the dollar amount you owed on the card as of your start date. Use the ending balance on the last statement before your start date. This works just like a bank account, which is described above. Working with credit cards is covered in Chapters 15 through 17.</p>
Other Current Liability Long-Term Liability	<p>For a sales tax payable account, the opening balance is the amount you owed as of your start date. Sales tax is covered in detail in Chapter 10.</p> <p>For a long-term or short-term loan, the opening balance is the loan balance as of your QuickBooks start date. Liabilities, including loans, is discussed in Chapter 19.</p> <p>Don't include a minus sign when you enter opening balances for liabilities. QuickBooks automatically recognizes that the balance represents money owed.</p>
Equity	<p>The equity in your business includes money you put into the company (your capital investment) plus the sum of the retained earnings (the net profit or loss) for each year the company has been in business.</p> <p>When you enter your first opening balance, QuickBooks creates an equity account called "Opening Balance Equity." This account ensures that you get a balanced balance sheet even before you have entered all of your company's assets and liabilities.</p> <p>Intuit recommends that users regard the Opening Balance Equity account as a tool for getting started. It's best to add one or more additional equity accounts to track your owner's investment and draws. QuickBooks creates a retained earnings account for you automatically. Distribute earnings (or losses) from before your QuickBooks start date to the retained earnings account.</p>

TABLE 2-2

How to Determine Opening Balances for Balance Sheet Accounts (*continued*)

Adding Accounts

Although QuickBooks creates accounts as part of the setup process, it might not create all the accounts you need to record opening balances and transactions for your company. Before you begin entering opening balances, you might want to compare QuickBooks' chart of account to any preexisting chart of accounts you might have.

To open the QuickBooks chart of accounts, choose Lists | Chart Of Accounts, press SHIFT-COMMAND-A, or click the Accounts button in the toolbar. Figure 2-6 shows an example of what it might look like.


If an account you need is not included on the chart of accounts, you can add it. Chapter 5 explains how.

Entering or Editing Opening Balances for Unused Accounts

You can easily enter an opening balance for an account as long as you have not yet used the account in QuickBooks to enter a transaction.

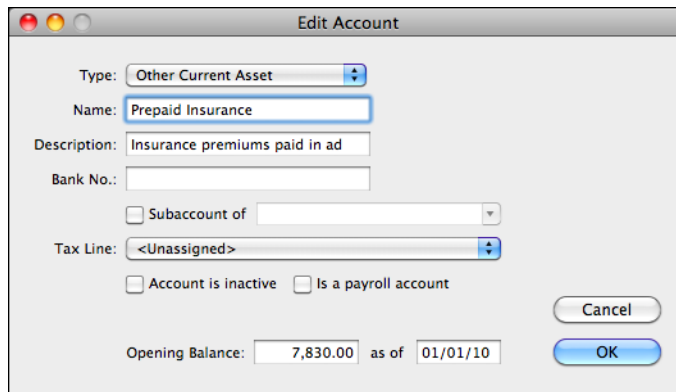
Name	Type	Balance
Inventory Asset	Other Current Asset	0.00
Prepaid Insurance	Other Current Asset	0.00
Buildings and Improvements	Fixed Asset	0.00
Accumulated Depreciation	Fixed Asset	0.00
Vehicles	Fixed Asset	0.00
Furniture and Equipment	Fixed Asset	0.00
Security Deposits Asset	Other Asset	0.00
Advance Customer Payments	Other Current Liability	0.00
Payroll Liabilities	Other Current Liability	0.00
Owners Draw	Equity	0.00
Owners Equity	Equity	
Opening Balance Equity	Equity	0.00
Sales Discounts	Income	
Sales	Income	
Cost of Goods Sold	Cost of Goods Sold	
Merchant Account Fees	Cost of Goods Sold	
Interest Expense	Expense	
Printing and Reproduction	Expense	
Miscellaneous Expense	Expense	
Charitable Contributions	Expense	
Bank Service Charges	Expense	
Dues and Subscriptions	Expense	

FIGURE 2-6 Here's an example of a brand-new chart of accounts for a service company that also sells inventory items.

 **NOTE:** If the opening balance of an account is 0.00 as of your start date, you don't have to enter any more information for that account.

To enter an opening balance for an unused balance sheet account:

- 1 Choose Lists | Chart Of Accounts to display the Chart Of Accounts window (refer to Figure 2-6).
- 2 Select the unused account you want to edit.
- 3 Choose Edit | Edit Account, or press COMMAND-E to display the Edit Account dialog:



The screenshot shows the 'Edit Account' dialog box with the following fields and values:

- Type: Other Current Asset
- Name: Prepaid Insurance
- Description: Insurance premiums paid in ad
- Bank No.: (empty)
- Subaccount of: (empty)
- Tax Line: <Unassigned>
- Account is inactive:
- Is a payroll account:
- Opening Balance: 7,830.00 as of 01/01/10

- 4 Enter the Opening Balance amount and As Of date at the bottom of the dialog.

NOTE: The Opening Balance and As Of date fields only appear in the Edit Account dialog if that account has not been used. Once the account is used, all adjustments must be made in the account register window, as discussed next and in Chapter 18.

- 5 Click OK to save your changes. The amount you entered appears in the Balance column of the chart of accounts.

Editing Opening Balances for Accounts in Use

Once you've entered an opening balance, you can change the balance and the start date at any time.

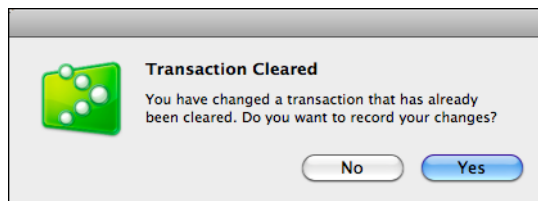
- 1 Choose Lists | Chart Of Accounts to display the Chart Of Accounts window (refer to Figure 2-6).

- 2 Double-click the account you want to edit. The account's register appears:

Prepaid Insurance							
Date	Ref	Payee		Decrease	✓	Increase	Balance
	Type	Account	Memo				
01/01/10					✓	7,830.00	7,830.00
	DEP	Opening Balance Equity	Account Opening Balance				
01/01/10		Insurance Expense		1,650.00			6,180.00
	GENJRN	Insurance Expense	Monthly proration				
02/01/10		Insurance Expense		1,650.00			4,530.00
	GENJRN	Insurance Expense	Monthly proration				
03/01/10		Insurance Expense		1,650.00			2,880.00
	GENJRN	Insurance Expense	Monthly proration				
07/30/10	Ref	Payee		Decrease		Increase	
		Account	Memo				
Ending balance							2,880.00


Record Restore Splits 1-Line Sort by Date, Type, N...

- 3 Find the Account Opening Balance transaction. It's likely to be the first or nearly the first transaction in the register.
- 4 If you are also changing your start date, change the date of the transaction to your new start date.
- 5 Change the amount to the correct opening balance:
- In a bank account, change the amount in the Deposit column.
 - In an asset, liability, or equity account, change the amount in the Increase column or other appropriate column.
 - In a credit card account, change the amount in the Charge column.
- 6 Click Record.
- 7 QuickBooks may display a Transaction Cleared dialog like the one shown next. Click Yes. QuickBooks adjusts the account balance from the start date forward.



Opening Balances for Income and Expense Accounts

If you know your income and expenses for the year to date through your start date, enter them in the General Journal Entry window. See "Adjusting for Mid-Year Setup," later in this chapter.

 **NOTE:** If your start date is the beginning of your fiscal year, there is no need to enter any income and expenses.

The net income for the year is company earnings. QuickBooks creates an equity account called Opening Balance Equity that has all your company equity, whether it's from investments or earnings. You can move equity and earnings to other equity accounts; consult Chapter 18 for details.

Finishing Up

If your start date is earlier than today, you need to enter all the transactions that have occurred after your start date. Your balances in QuickBooks will not be up to date until you enter them. Chapter 3 provides more information.

When you've entered your opening balances as of your start date, you're ready to record regular transactions such as invoices, bills, and payments as they occur.

Take a few moments to look at your chart of accounts to make sure it is set up in a useful way. Although you can edit the chart of accounts—or any other list—at any time, it's easier to make changes when you've recorded only a few transactions.

Entering Optional Adjustments


There are a number of additional adjustments you may want to make to your company file to complete the setup process before using QuickBooks.

Adjusting for Accrual Basis

When you enter unpaid balances for customers, QuickBooks assigns the income to an income account called Uncategorized Income. Similarly, when you enter unpaid balances for vendors, QuickBooks assigns the expenses to an expense account called Uncategorized Expenses.

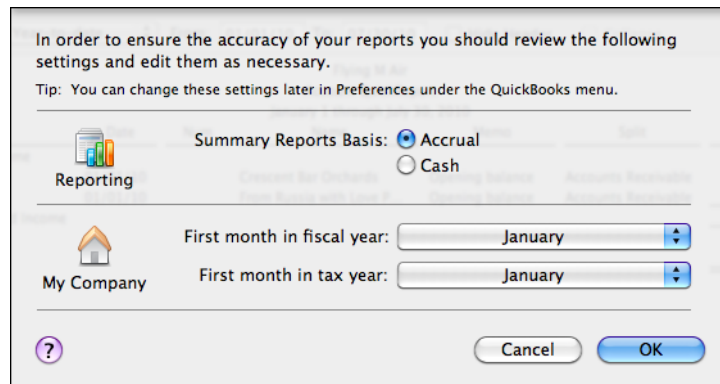
If you keep your books on a cash basis (that is, you recognize income when you receive payment), QuickBooks does not show these two accounts on your profit and loss statement until payment occurs. This is normal; you do not need to make any adjustments.

However, if you keep your books on an accrual basis (that is, you recognize income when you make the sale), QuickBooks shows these two accounts on a profit and loss statement as of your start date. You may want to make adjustments so that the income from all invoices and the expenses from all bills before the start date are treated the same way, regardless of whether payment has occurred. Here's how to make these adjustments.

 **NOTE:** These adjustments are optional.

To Adjust for Uncategorized Income

- 1 Choose Lists | Chart Of Accounts to display the Chart Of Accounts window (refer to Figure 2-6).
- 2 Select the income account called Uncategorized Income.
- 3 Choose Reports | QuickReport or simply double-click the account in the Chart Of Accounts window.
- 4 The first time you open this QuickReport, a dialog like the one shown next may appear. Make changes if necessary and click OK.



- 5 A QuickReport window like the one in Figure 2-7 appears. If the report doesn't list any amounts, choose All from the Dates pop-up menu.
- 6 Write down the total that appears at the bottom of the report.
- 7 Return to the Chart Of Accounts window.

Type	Date	Num	Name	Memo	Split	Amount
Uncategorized Income						
Invoice	01/01/10		Crescent Bar Orchards	Opening balance	Accounts Receivable	1,600.00
Invoice	01/01/10		From Russia 1 through Love P...	Opening balance	Accounts Receivable	2,490.00
Total Uncategorized Income						4,090.00
TOTAL						4,090.00

FIGURE 2-7 A QuickReport summarizes all the activity in an account.

- 8 Double-click the account called Opening Balance Equity to display its account register:

Date	Number	Payee	Increase	Decrease	Balance
01/01/10			11,550.00		11,550.00
	DEP	Prepaid Insurance			
		Account Opening Balance			


01/01/10	Number	Payee	Increase	Decrease
		Account		

Ending balance 11,550.00
Sort by Date, Type, N...

- 9 In the empty transaction at the bottom of the register, enter a transaction with the following details:
 - Enter your start date.
 - In the Account field, choose Uncategorized Income.
 - In the Increase field, enter the total amount from the Uncategorized Income QuickReport.
 - Click Record.

To Adjust for Uncategorized Expenses

- 1 Choose Lists | Chart Of Accounts to display the Chart Of Accounts window (refer to Figure 2-6).
- 2 Select the expense account called Uncategorized Expenses.
- 3 Choose Reports | QuickReport to display a QuickReport window of account activity.
- 4 If the report doesn't list any amounts, choose All from the Dates pop-up menu.
- 5 Write down the total that appears at the bottom of the report.
- 6 Return to the Chart Of Accounts window.
- 7 Double-click the account called Opening Balance Equity to display its account register.
- 8 In the empty transaction at the bottom of the register, enter a transaction with the following details:
 - Enter your start date.
 - In the Account field, choose Uncategorized Expenses.
 - In the Decrease field, enter the total amount from the Uncategorized Expenses QuickReport.
- 9 Click Record.

 **TIP:** You can learn more about working with an account register and equity accounts in Chapters 18 and 19.

Adjusting for Mid-Year Setup


If you are setting up with a mid-year start date (a date not at the end of your fiscal year) and you know what your income and expenses are for the period from the beginning of the fiscal year through the start date, you can enter an adjustment for them. Then you'll have an accurate profit and loss statement from the beginning of the fiscal year and to any date after your start date.

If you do not make this adjustment for the current fiscal year, you will have to add the income from your old records, covering the period up through the start date, to the income in QuickBooks for the period beginning with the day after the start date. Similarly, you will have to add the expenses from the old records to the expenses in QuickBooks.

To make this adjustment, you'll need to have a year-to-date profit and loss statement (also called an income statement) for the current fiscal year through your start date. If the names of the income and expense accounts don't match those in your QuickBooks chart of accounts, be sure you know which old account names correspond to QuickBooks account names.

To Adjust Income and Expenses for Mid-Year Setup

- 1 Choose Banking | Make General Journal Entries to display the General Journal Entry form.
- 2 Enter your start date in the Date field.
- 3 In the first line of the Account field, enter **Opening Balance Equity**. In the Debit field, enter your net year-to-date profit from the statement.

 **NOTE:** If the amount is a loss, enter it in the Credit field instead. Do not enter a minus sign. Your net year-to-date profit equals the sum of all your year-to-date income minus the sum of all your year-to-date expenses.

- 4 Begin a new line.
- 5 In the Account field, enter the name of a QuickBooks income account.
- 6 In the Credit field, enter the year-to-date amount for that income account.
- 7 Repeat steps 4 through 6 for each income account.
- 8 Begin a new line.
- 9 In the Account field, enter the name of a QuickBooks expense account.

Account	Debit	Credit	Memo	Name	
Opening Balance E	35,987.56				
Sales		64,786.98			
Interest Income		435.98			
Cost of Goods Sold	1,879.76				
Insurance Expense	8,400.00				
Rent Expense	2,400.00				
Utilities	1,490.92				
Postage and Delivery	294.93				
Automobile Expense	1,539.45				
Repairs and	5,903.09				
Taxes - Property	1,283.98				
Meals and	1,439.45				
Business Licenses	350.00				
Depreciation Expense	4,253.82				

FIGURE 2-8 An example of the General Journal Entry form for a midyear start date adjustment.

- 10 In the Debit field, enter the year-to-date amount for that expense account.
- 11 Repeat steps 8 through 10 for each expense account.
- 12 When you're finished, total debits should equal total credits. The General Journal Entry form might look something like what's shown in Figure 2-8. Click OK to record the entry and make the adjustment.

Distributing Earnings and Equity from Before Your Start Date

After you have entered all of your opening balances and made other adjustments, you may want to move the amount in Opening Balance Equity to your other equity accounts. This is an optional adjustment if you want to identify retained earnings or the equity of several owners. For steps to transfer money out of Opening Balance Equity, consult Chapter 19.

Creating Reports to Check Your Adjustments

After you've made your adjustments, create a profit and loss statement and a balance sheet to check that QuickBooks has the right numbers. For each report, the date range of the report should match the fiscal year to date that ends with your start date.

- To create a profit and loss statement, choose Reports | Company & Financial | Profit & Loss Standard.
- To create a balance sheet, choose Reports | Company & Financial | Balance Sheet Standard.

	<p>Reports</p> <p>Report Center...</p> <p>Favorites ▶</p> <p>Memorized ▶</p> <p>Recent ▶</p> <p>Suggested ▶</p>
<p>Profit and Loss Standard</p> <p>Profit and Loss Detail</p> <p>Profit and Loss YTD Comparison</p> <p>Profit and Loss Prev Year Comparison</p> <p>Profit and Loss by Job</p> <p>Profit and Loss by Class</p>	<p>Company & Financial ▶</p> <p>Sales ▶</p> <p>Customers & Receivables ▶</p> <p>Jobs, Time & Mileage ▶</p> <p>Vendors & Payables ▶</p> <p>Purchases ▶</p> <p>Inventory ▶</p> <p>Banking ▶</p> <p>Accountant & Taxes ▶</p> <p>Budgets ▶</p> <p>List ▶</p>
<p>Income by Customer Summary</p> <p>Income by Customer Detail</p> <p>Expenses by Vendor Summary</p> <p>Expenses by Vendor Detail</p> <p>Income and Expense Graph</p>	<p>Custom Summary Report</p> <p>Custom Transaction Detail Report</p>
<p>Balance Sheet Standard</p> <p>Balance Sheet Detail</p> <p>Balance Sheet Summary</p> <p>Balance Sheet Prev Year Comparison</p> <p>Net Worth Graph</p>	<p>QuickReport</p> <p>Transaction History</p> <p>Transaction Journal ⌘T</p>
<p>Statement of Cash Flows</p> <p>Cash Flow Forecast</p>	

Entering Historical Transactions

In this chapter:

- Historical transactions overview
- Entering purchase and sales transactions
- Entering bank and other transactions
- Changing your start date

When you create your QuickBooks company file, you enter a start date for keeping track of transactions with QuickBooks. If you've decided on a start date from the past, you'll need to enter all historical transactions from your start date through today. This chapter explains what you need to know before entering historical transactions, then tells you what to do and where to get more information in this book if you need help.

Historical Transactions Overview

Entering historical information ensures accuracy in your QuickBooks company file. After you enter your transactions from your start date up to today, you will have:

- Accurate balances in your bank accounts and all other accounts
- The ability to reconcile your bank and credit card statements with your QuickBooks bank and credit card accounts
- Accurate, up-to-date records of what customers owe you and what you owe vendors
- An accurate year-to-date profit and loss statement
- Accurate sales tax reports for any period after your start date

You Must Enter Transactions in a Specific Order

There are two important guidelines to keep in mind as you enter historical transactions:

- You must enter transactions in your bank accounts last. This is because your accounts payable and accounts receivable affect your bank accounts. The only transactions you'll have to enter in your bank account are those that are still missing after you finish entering transactions for accounts payable, accounts receivable, and payroll.
- You must enter bills from vendors before you enter your payments of those bills. This is so you can tell QuickBooks which bills you're paying. Similarly, if you have received payments from customers for invoices, you must enter the invoices before the payments so you can tell QuickBooks which invoices have been paid.

Following these two rules for entering historical transactions ensures that QuickBooks knows which invoices and bills are paid in full, which are partially paid, and which are not paid at all. As you record your outgoing payments and your customers' incoming payments, you'll be updating your bank balance. Then you can fill in any other transactions not previously recorded.

Entering Current and Historical Transactions Simultaneously

You can enter historical transactions at any time. You don't have to enter all your past transactions before you start using QuickBooks for your current transactions. Start now with current transactions as they occur, so you don't get behind. Then catch up with historical transactions when you can. Remember, though, that your account balances will be off until you've entered *all* the past transactions.

Keep in mind that if a current transaction is related to an earlier, unrecorded transaction, you'll need enter the earlier transaction first. For example, if you receive a payment today for an invoice you have not yet entered, enter the invoice first and then use QuickBooks to record the payment receipt. That way, QuickBooks links your transactions correctly to each other, and your records will be more useful.

Entering Purchase and Sales Transactions

Start by entering all transactions for purchases and sales. This will record bills, accounts payable, payments, invoices, accounts receivable, cash sales, and receipts. As you enter any transaction that involves a payment made or received, QuickBooks updates your bank balance.

Although you can technically enter these transactions in any order, it's best to enter purchase transactions first, especially if you bill customers for reimbursable expenses. You cannot write an invoice for a reimbursable expense unless the expense has been recorded; do purchase transactions first, and you won't have to worry about it.

Entering Purchase Transactions

Purchase transactions include the following:

- Purchase Orders
- Inventory Receipts
- Bills
- Payments Made

If you access QuickBooks features using the Home Page interface (refer to Figure 3-1), you'll see that these transactions are all grouped in the Vendor area.

After you've entered purchase transactions from your start date to today, the following data will be accurate:

- Records of items ordered from vendors during the period
- Records of items purchased during the period
- Records of billed expenses during the period
- Vendor balances as of today
- Records of outstanding (unpaid) bills as of today

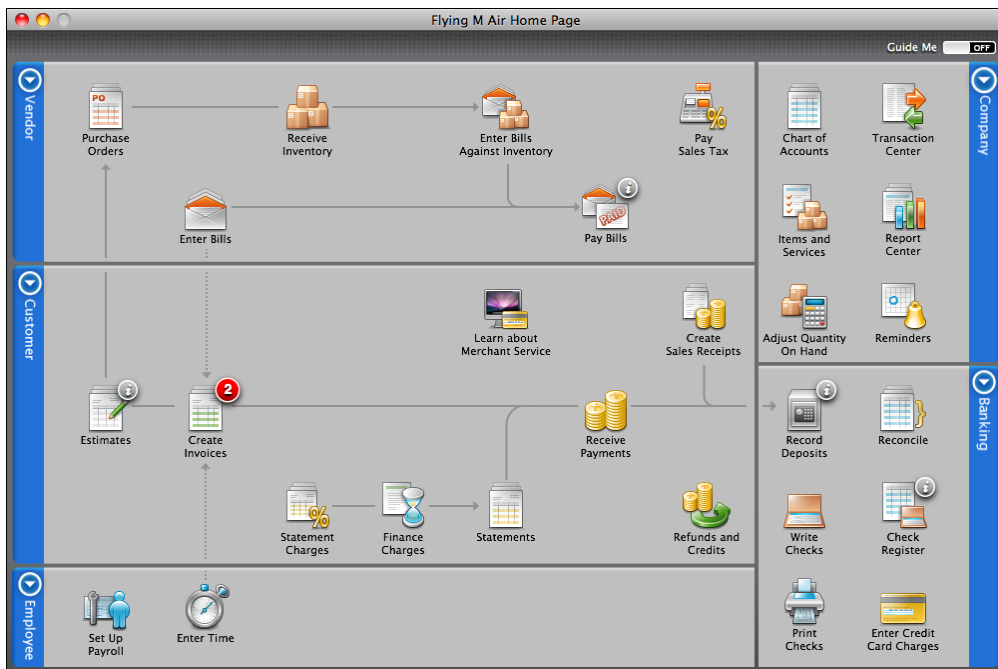


FIGURE 3-1 The Home Page interface is a good way to understand how transactions work together.

Gathering Information for A/P Transactions

To enter purchase transactions, you'll need the following information from your start date to today:

- Details of purchase orders submitted to vendors (if you use purchase orders)
- Details of inventory items received
- Details of bills received
- Records of bill payments you made

Entering Transactions

As you enter transactions, you may have to add items to QuickBooks lists, including the Vendor list and Item list. You can add these as you need to.

Enter purchase transactions in the following order, being sure to enter the correct transaction date:

Purchase Orders If you use purchase orders, use the Create Purchase Order window to enter the ones you issued between your start date and today. These transactions will form the basis of subsequent entries for items or bills received. You can learn more about purchase orders in Chapter 8.

Bills and Item Receipts In the Enter Bills window, enter information for each bill received between your start date and today. Be sure to assign amounts to the correct expense accounts or track the quantities and costs of items received. If you received items but did not receive a bill for them, you can use the Create Item Receipts window to enter them. You can learn more about bills in Chapter 12 and item receipts in Chapter 8.

Credits from Vendors In the Enter Bills window, enter any credits received between your start date and today. Be sure to select the Credit option at the top of the window. Consult Chapter 12 for more information about entering credits.

Payments In the Pay Bills window, record each bill payment you made between your start date and today. Be sure the Payment Date field shows the actual payment date and that you select the correct bank account for the payment. Consult Chapter 12 for more information about paying bills.

Entering Sales Transactions

Sales transactions include the following:

- Estimates
- Invoices
- Sales Receipts
- Refunds and credit memos
- Payments Received

If you access QuickBooks features using the Home Page interface (refer to Figure 3-1), you'll see that these transactions are all grouped in the Customer area.

After you've entered sales transactions from your start date to today, the following data will be accurate:

- Details of estimates submitted to customers (if you use estimates)
- Records of what you sold during the period
- Customer balances as of today
- Records of outstanding (unpaid) invoices as of today

Gathering Information for Sales Transactions

If your business invoices customers and receives payment later, you will need the following information for the period between your start date and today:

- Details of invoices written
- Details of credit memos written
- Record of payments received and refunds made
- Record of deposits of customer payments made
- Record of sales tax payments made

If your business receives payment at the time of sale, you will need the following information for the period between your start date and today:

- Details of what you sold, preferably grouped to correspond with deposits of sales income
- Record of deposits of sales receipts made

Entering Transactions

As you enter transactions, you may have to add items to QuickBooks lists, including the Customer:Jobs list and Item list. You can add these as you need to.



TIP: If you are recording sales of inventory items, don't worry if QuickBooks displays messages saying you do not have enough items in stock. When you enter purchases of inventory, QuickBooks will automatically adjust the quantities.

Enter sales transactions in the following order, being sure to enter the correct transaction date:

Estimates If you use estimates, use the Create Estimates window to enter them first. The information you enter will form the basis of other sales transactions you enter. It is not necessary to enter estimates for jobs or sales you know you did not get unless you want a record of them in QuickBooks. Chapter 7 provides more information about using estimates.

Invoices In the Create Invoices window, enter a copy of each invoice written between your start date and today. Enter items in the Item field so QuickBooks can track your sales income in the correct accounts. Consult Chapter 7 for details.

Cash Sales In the Enter Sales Receipt window, enter the quantities of each item you sold and received payment for at the time of sale. You may enter multiple sales on one sales receipt form if you don't track sales by customer. If possible, group them so that the money received from cash sales matches actual bank deposits. That'll make it easier to record deposits. Consult Chapter 7 for details about recording cash sales.

Refunds and Credit Memos In the Create Credit Memos/Refunds window, enter returns for previously recorded sales. Consult Chapter 9 for more information.

Payments In the Receive Payments window, record each payment received from a customer for an outstanding invoice. Be sure that you apply the payment to the appropriate invoice and that the Date field shows the payment date. If the payment was for all or part of the customer's open balance as of the start date, you'll see a QuickBooks invoice for that balance. Chapter 9 provides more information.

Deposits Record each deposit of payments received. In the Payments To Deposit window, select all customer payments (whether for invoices or sales receipts) deposited on one date. In the Make Deposits window, be sure the Date field shows the deposit date. Consult Chapter 9 for more details.

Payments of Sales Tax In the Pay Sales Tax window, record each payment you made of sales tax you collected. Be sure that you enter the amounts you actually paid the sales tax agencies and that the Date field shows the payment date.

Entering Correct Check Numbers

After you record checks to pay bills, sales tax, or other amounts due display your checking account register. Record the correct number of each check in the Number field. Consult Chapter 18 for information about account registers.

Entering Bank and Other Transactions

When you enter purchase and sales transactions, QuickBooks automatically records the following checking transactions:

- Checks you wrote to vendors to pay bills
- Checks you wrote to pay sales tax
- Deposits of customer invoice payments
- Deposits of cash sales receipts

To see what QuickBooks has already entered in your bank account, look in your QuickBooks bank account register. You can learn more about working with account registers in Chapter 18.



TIP: Don't enter any checks or deposits "from scratch" unless you are sure they are not among the transactions QuickBooks entered automatically. Otherwise, you'll end up with double payments or deposits.

After you've entered the remaining checks, deposits, fees, and other bank transactions from your start date to today, you'll be able to reconcile your bank statements against your QuickBooks bank account, and the following data will be accurate:

- Balance in your QuickBooks bank accounts
- Profit and loss statement for the current year-to-date

Gathering Information for Bank and Other Transactions

To enter bank and other transactions, you will need the following information for transactions between your start date and today:

- Record of checks written
- Record of deposits you made
- Bank statements showing fees, interest earned, and transfers
- Credit card statements showing charges and payments made

Entering Bank Transactions

Enter unrecorded bank transactions between your start date and today using the actual transaction date rather than the current date. It doesn't matter what order you enter these transactions in:

Checks In the Write Checks window, enter all miscellaneous checks. Do not duplicate bill payments that have already been entered. Enter the actual check number in the No. field, and clear the To Be Printed check box. You can learn more about entering a check with the Write Checks window in Chapter 15.

If the check is for an expense, enter the expense account in the Account field in the detail area. If it is a payment for a liability you track (for example, a loan), enter the liability account in the Account field in the detail area. If the check is for the purchase of items on your items list, enter the item name in the Item field of the Items pane.

If you want to be able to reconcile your account, and your bank account opening balance is from the statement prior to your start date, you probably have checks and deposits for the period between that statement date and your start date. Be sure to enter them so that your bank account balance will be correct.

Deposits Use the Make Deposits window to enter deposits. Do not duplicate deposits already entered into QuickBooks. For more information about making deposits, consult Chapter 15.

Fees and Transfers In the bank account's register window, enter any other fees, charges, or interest earned from your bank statement. Be sure to enter amounts in the correct column: Increase or Decrease. Also enter any transfers between bank accounts. You can learn more about editing transactions in a register in Chapter 18.

Entering Credit Card Transactions

How you enter historical credit card transactions depends on whether you pay your balance in full each month.

If you pay your balance in full each month, you can simply record a check for each payment. Here are two things to keep in mind:

- If you entered a balance for your credit card account as of your start date, the first check should pay off that balance. In the Account field of the check, enter the name of the credit card account.
- For checks written to cover credit card charges made between your start date and today, split the amount of the payment among the various expense accounts it covers.
- If you don't record individual credit card charges using the Enter Credit Card Charges window, you won't have detailed records of charges.

If you don't pay in full each month, or if you know of charges that have not yet appeared on your statement, use the Enter Credit Card Charges window to enter individual charges. Entering credit card charges manually or through a bank download is covered in Chapters 15 and 16 respectively.

When you write a check to cover charges already entered in your credit card account (or for the opening balance of that account), enter the name of the credit card account in the Account field of the check. Don't enter the expense accounts, because you are already tracking expenses in the Enter Credit Card Charges window.

You can enter interest and other fees directly in the credit card account register. You can learn more about using account registers in Chapter 18.

Reconciling Your Bank Account

QuickBooks' reconcile feature enables you to track which checks have cleared your bank.

After you've entered your checking transactions, it's a good idea to reconcile your QuickBooks register with each statement, one at a time, from the first statement after your start date to your last statement. Then you'll know that QuickBooks and your bank are in agreement. See Chapter 17 for more information about reconciling accounts.

Changing Your Start Date

It is possible to change your start date after you have entered account balances and historical transactions. For example, you can change your start date to a later date so you don't have to enter so many "catch-up" historical transactions. Or perhaps you want to change to an earlier date so you can have a detailed record of transactions within QuickBooks for an earlier period.

The following sections explain how you can change your start date. As you'll see, making the change is possible, but it's *not* simple. It's a good idea to choose the correct start date and stick to it when you first set up QuickBooks.

Changing Your Start Date to a Later Date

If you decide to change your start date to a later date:

- 1 For a balance sheet account that is missing historical transactions and does not have the correct balance as of today, edit the opening balance transaction in the register for that account to change the date to the new start date and enter the opening balance as of that date. Chapter 2 explains how.
- 2 For a balance sheet account, delete all transactions in the register that are earlier than the new start date. Do not delete any payroll transactions if you have already entered them correctly. You may need to enter a balance adjustment to offset such payroll transactions so that the account balance is correct as of your start date.
- 3 If you have not yet entered historical payroll transactions, edit your payroll year-to-date setup amounts to be correct for your new start date in QuickBooks and in QuickBooks Payroll for Mac if you are using it. For more information, consult Chapter 20.
- 4 Although you don't have to, you can adjust your year-to-date income and expenses for the beginning of your fiscal year up through the start date. Chapter 18 explains how.

Changing Your Start Date to an Earlier Date

If you decide to change your start date to an earlier date:

- 1 Edit the opening balance transaction in the register for each balance sheet account. Consult Chapter 2 for details.
- 2 If you have payroll, edit your payroll year-to-date setup amounts to be correct for your new start date. Consult Chapter 20 for details.
- 3 Enter all missing historical transactions between your new start date and your old start date.
- 4 Although you don't have to, you can adjust your year-to-date income and expenses for the beginning of your fiscal year up through the start date. Chapter 18 explains how. If you previously entered such an adjustment and are moving back to the end of last fiscal year, delete the old adjustment.

Part II

Working with Lists

QuickBooks makes extensive use of lists to manage your company's information. You can create lists of customers and vendors, lists of items and services you sell, lists of job types, and lists of payment terms. Even your company's chart of accounts is a list.

This part of the book tells you everything you need to know to work with QuickBooks lists. Its three chapters are:

Chapter 4: Understanding Lists

Chapter 5: Building Your Chart of Accounts

Chapter 6: Setting Up Items

Understanding Lists

In this chapter:

- Types of lists
- Editing and deleting list items
- Speeding up data entry with lists
- Adding custom fields to lists
- Keeping your lists organized
- Printing, saving, or e-mailing a list
- Synchronizing your contacts with Address Book

In QuickBooks, you use lists to keep track of the information on which other documents you create with QuickBooks are based. For example, when you create an invoice for a customer, the invoice form uses information from the Customer:Job, Terms, Item, and Customer Message lists. A General Journal Entry form uses information from your chart of accounts and could use information from the Name and Class lists.

This chapter tells you more about lists and explains how you can create and modify them with the information you need to use QuickBooks. It starts by introducing you to the types of lists in QuickBooks and then explaining how to build the lists you'll access each time you use QuickBooks. It also provides some useful information for sharing your lists with others and synchronizing them with Address Book.

Types of Lists

QuickBooks has several types of lists. Let's take a minute to look at each one.

Chart of Accounts

Your company's chart of accounts tracks who owes you money, how much money you owe, what you've earned, and what you've spent.

You selected a number of accounts to include in your chart of accounts when you set up your QuickBooks company, as discussed in Chapter 2. As you work with QuickBooks, you may discover that you need to add accounts to the chart or edit accounts on the chart. Chapter 5 goes into detail about how to manage your chart of accounts.

Items

Your Item List includes the products and services you buy and sell. It includes the following information about each item:


- Name of the item
- Description
- Cost per unit or rate per hour, if applicable
- The income or expense account to which you want to assign income from the sale of the item or the expense of purchases of the item
- Quantity on hand for inventory items (if you have the inventory feature turned on)

Your Item List also contains special calculating items that calculate subtotals and discounts as well as apply specific sales tax rates.

For more information, see Chapter 6, which covers the Item List in detail.

Classes

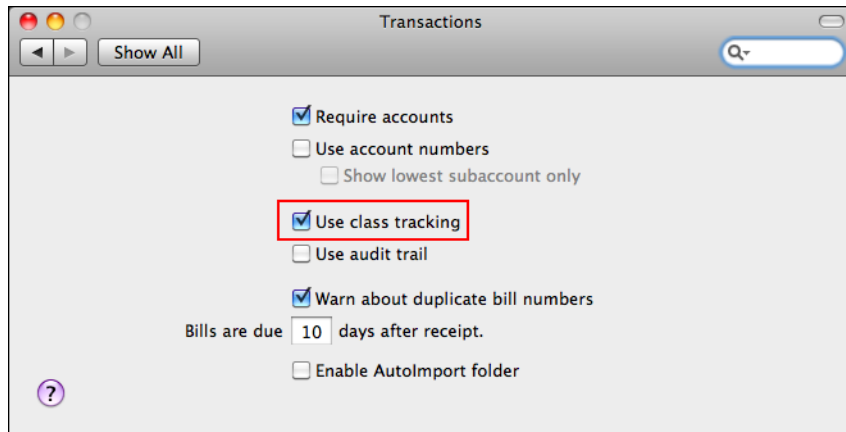
Use classes to track your income and expenses by any criteria you like. For example, a contractor might classify income and expenses as either “residential” or “commercial” work. If more detail were desired, the contractor could then create subclasses of “remodels,” “repairs,” and “new construction” under each of the two main classes. At the end of a period, you can create a class report to show all income and expenses for each of your classes.

 **TIP:** You can also use jobs to track income and expenses; see the section titled “Customers and Jobs” later in this chapter for more information.

To Enable or Disable Class Tracking

To use class tracking, the class tracking feature must be enabled.

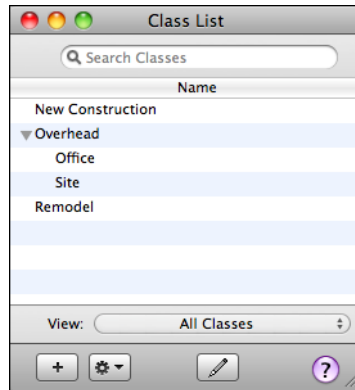
- 1 Choose QuickBooks | Preferences or press COMMAND-, (comma) to display the Preferences window.
- 2 Click the Transactions button under Workflow to display Transactions settings:



- 3 Turn on the Use Class Tracking check box.
- 4 Click the Close button to dismiss the Preferences window.

To View the Class List

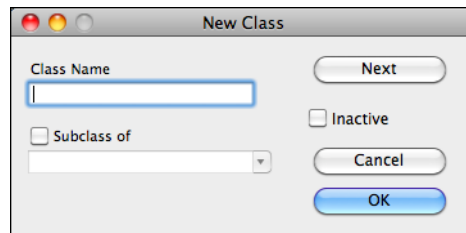
Like most lists, the Class List can be opened from the Lists menu. Choose Lists | Classes. Here's what the Class List window might look like with several classes and subclasses already created:



To Add a Class

Adding a class is as easy as filling in a form.

- 1 If necessary, display and activate the Class List window.
- 2 Choose Edit | New Class, press COMMAND-N, or click the + button at the bottom of the Class List window to display the New Class dialog:



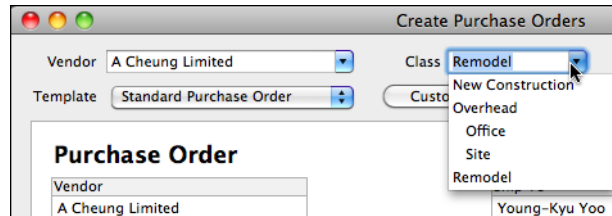
- 3 Enter a name for the class in the Class Name field.
- 4 If this is a subclass of another class, turn on the Subclass Of check box and choose the higher-level, or *parent*, class from the drop-down list.
- 5 Click Next to save the class and create another new class, or click OK to simply save the new class.

To Assign a Class to a Transaction

When class tracking is turned on, QuickBooks adds a Class field to the windows where you enter sales, checks, bills, credit card charges, splits, and other

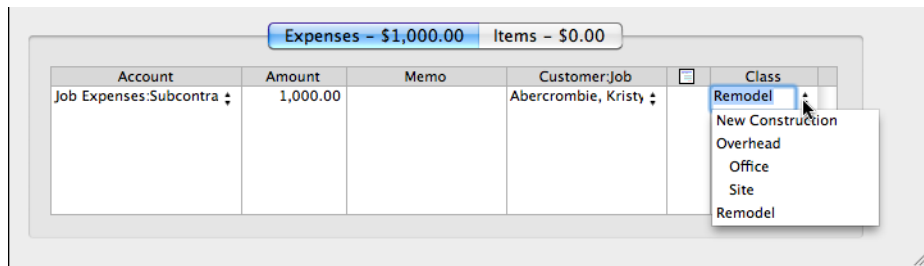
transactions, as well as to A/R and customer registers. To assign a class to a transaction, simply enter the class in the appropriate field. Here are some examples:

- At the top of a sales or purchase order form (shown next), choose the class you want to assign from the Class drop-down list at the top of the form:

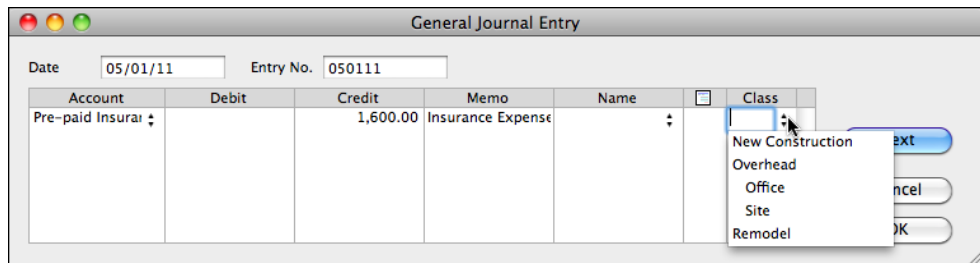


TIP: You can customize certain forms to add a class field for each line on the form, thus making it possible to assign a different class to each line item. You can learn more about customizing forms in Chapter 7.

- In the bottom of the Write Checks window (shown next), choose the class you want to assign for a line item from the Class drop-down list for that line.



- In a General Journal Entry form (shown next), choose the class you want to assign for a line item from the Class drop-down list for that line.



To See the Class Associated with a Transaction in an Account Register

The class for the components of a transaction appears in the split detail of the account register for that transaction.

- 1 Open the account register where the transaction is recorded.
- 2 Select the transaction you want to view or change the split for.
- 3 Click the Splits button at the bottom of the register window. The split pane for the transaction appears, as shown next. You can view (or change) the information in the Class column for each line of the transaction.

Date	Number	Payee	Payment	✓	Deposit	Balance
12/15/11	515	Vu Contracting	1,000.00		Deposit	55,747.18
	CHK	Job Expenses:Subcontr...				

Account	Amount	Memo	Customer:Job	Class
Job Expenses:Subcontr	1,000.00		Abercrombie, Kristy	Remodel

Buttons: Close, Clear, Recalc

Date	Number	Payee	Payment	Ending balance
12/15/11	516	State Board of Equalization	1,629.27	45,734.54
	TAXPMT	-split-	ABCD 11-234567	

Record Restore Splits 1-Line Sort by Date, Type, N...

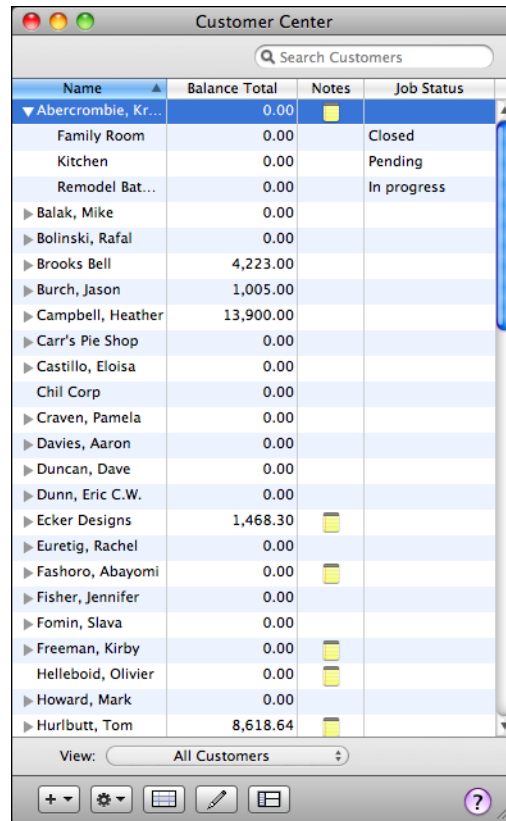
TIP: You can learn more about working with account registers and splits in Chapter 18.

Customers and Jobs

Customers and jobs are displayed together on one list in the Customer Center window. Each job is associated with a particular customer. You can use jobs to keep track of income and expenses for various jobs you do for one customer, as well as income and expenses for each customer.

The Customer Center window has two appearances, depending on whether details are displayed. The smaller version of this window, which is shown next, lists just basic information about each customer and its jobs. The full-sized version of

this window, which is shown in Figure 4-1, displays detailed information about a selected customer or job, including a list of transactions. It also includes buttons you can use to edit the customer's information or notes related to its record. You can toggle from one view to another by clicking a button at the bottom window.



Both windows offer Spotlight searching to find a specific customer or job in the list and a pop-up filter to narrow down list results.

As you can see in this illustration, at a minimum, the Customer Center window displays the following information:

- Customer and job names
- Current balance owed by each customer for each of its jobs
- Icon indicating that one or more notes exist for the customer or job
- Job status

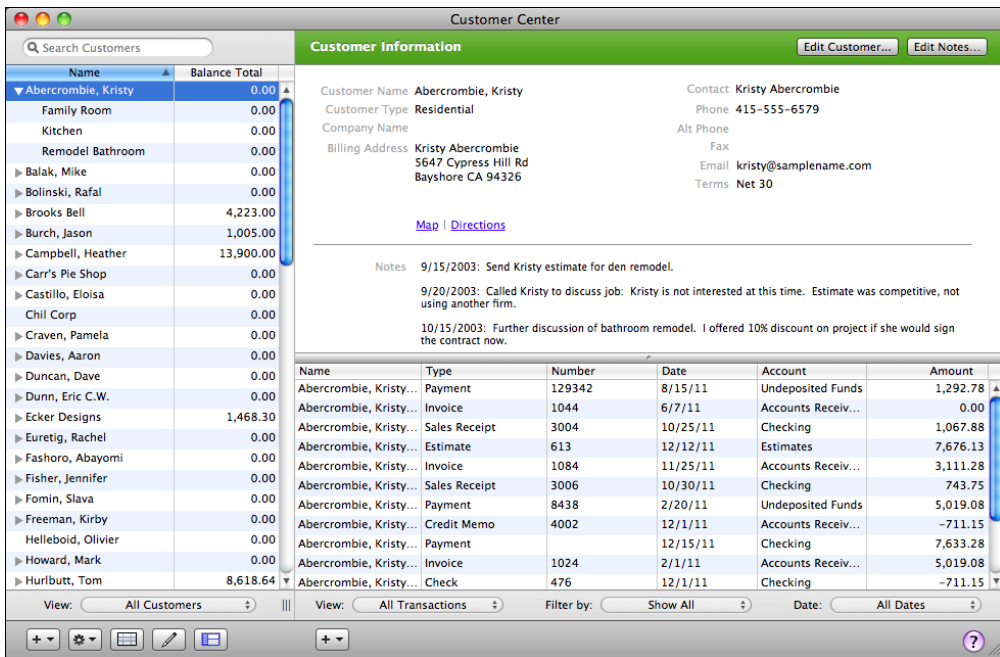


FIGURE 4-1 The Customer Center window can provide details about selected customers or jobs. Clicking a button at the bottom of the window collapses the view to hide details.

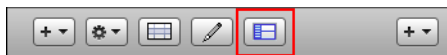
TIP: The Customer Center window is a useful tool for getting a quick idea of your current status with each of your customers.

To View the Customer Center Window

Choose Lists | Customer:Jobs, or press SHIFT-COMMAND-J. A version of the Customer Center window appears, as shown earlier in Figure 4-1.

To Toggle Between Short and Detailed Views

Click the Show button at the bottom of the window:



To Add a New Customer

You add new customers to the Customer Center with the New Customer dialog. It includes several different panes for entering information about the customer.

- 1 If necessary, display and activate the Customer Center window (refer to Figure 4-1).
- 2 Choose Edit | New Customer or press COMMAND-N. The Address Info pane of the New Customer window appears (refer to Figure 4-2).
- 3 Enter the customer's name in the Customer field. This is your internal name for the customer, and it appears in the Name column of the Customer Center's customer list; it doesn't print on invoices, checks, or other forms and is not exported for mail merge. You can enter the company name if the customer is a company or a person's name if the customer is an individual. Enter the last name first for individuals if you'd like your list to be sorted alphabetically by last name.

The screenshot shows the 'New Customer' dialog box with the following data:

- Customer:** Chil Corp
- Customer is inactive
- Address Info Pane:**
 - Company Name:** Chil Corp
 - Mr./Ms./...:** Mr.
 - First Name:** Michael
 - Last Name:** Chilingierian
 - Contact:** Michael Chilingierian
 - Phone:** 602-000-0000
 - Fax:** 602-000-0000
 - Email:** mike@chilcorp.com
- Bill To:** Michael Chilingierian, Chil Corp, 12345 Main Street, Phoenix, AZ 85016
- Ship To:** Joe Smith, Chil Corp Receiving Department, 2012 West Wickenburg Way, Wickenburg, AZ 85390

FIGURE 4-2 Use the Address Info pane of the New Customer dialog to enter basic contact information for a customer.

- 4 Complete the Address Info screen. The information required in each of these fields is pretty self-explanatory. You can leave any field blank if it does not apply. The name and address in the Bill To and Ship To blocks print on invoices, checks, and other forms. If you click the Address Details button under either address block, a dialog like the one shown next appears so you can enter address components separately in fields. This helps ensure that a complete, mail merge-compatible address is entered. You can use the check box to ensure that this dialog appears automatically anytime QuickBooks isn't sure how the address should be parsed.

Address: Michael Chilingirian
Chil Corp
12345 Main Street

City: Phoenix

State/Province: AZ

ZIP Code/Postal Code: 85016

Country/Region:

Note:

Show this window again when address is incomplete or unclear

? Cancel OK

- 5 Click the Additional Info button and complete the Additional Info screen. As shown in Figure 4-3, this screen prompts you for mostly billing-related information. Fields that are drop-down lists refer to other lists; choose an option from the list to complete the field. You can leave any field blank if it does not apply. If the customer has an outstanding balance as of your start date, be sure to enter the balance amount and start date in the Opening Balance area. Doing so creates an opening balance invoice, which you'll need to record payments as they are received.

TIP: You can use the Define Fields button in the Additional Info screen to define custom fields. Learn how later in this chapter, in the section titled “Adding Custom Fields to Lists.”

- 6 To enter information about the job you're doing for the customer, click the Job Info button. You can then enter job details in the Job Info screen (refer to Figure 4-4). Again, these fields are mostly self-explanatory. You can leave this screen empty if you do only one job for the customer and don't want to enter details about it.

The screenshot shows the 'New Customer' dialog box with the following details:

- Customer:** Chil Corp
- Customer is inactive:**
- Tabs:** Address Info, **Additional Info**, Job Info, Notes
- Categorizing and Defaults:**
 - Customer Type: Commercial
 - Terms: 2% 10 Net 30
 - Rep: GOS
 - Credit Limit: \$ 15,000.00
- Sales Tax Information:**
 - Customer is taxable
 - Tax Item: Out of State
 - Resale Number: (empty)
- Opening Balance:**
 - Balance: \$ 0.00
 - As of: 01/15/10
- Buttons:** ? (help), Next, Cancel, OK

FIGURE 4-3 You can enter billing-related information in the Additional Info pane of the New Customer dialog.

- 7 Click Next to save the customer and enter another new customer, or click OK to simply save the new customer.

To Add a Job

If you do multiple jobs for some or all of your customers, you can use the QuickBooks job-tracking features to keep track of individual jobs for each customer. This enables you to separate revenue and expenses by job so you can better understand profitability. To take advantage of this feature, you must create individual jobs for each customer.

- 1 If necessary, display and activate the Customer Center window.
- 2 Select the customer you want to add a job to.
- 3 Choose Add Job from the first + pop-up menu at the bottom of the Customer Center window.

The screenshot shows a window titled "New Customer" with a tabbed interface. The "Customer" field contains "Chil Corp" and there is a checkbox for "Customer is inactive". The "Job Info" tab is selected, showing fields for "Sales Tax Information", "Job Status" (set to "Awarded"), "Start Date" (07/15/10), "Projected End" (12/31/10), "End Date", "Job Description" (Remodel main office), and "Job Type" (Remodel). At the bottom, there are buttons for "?", "Next", "Cancel", and "OK".

FIGURE 4-4 You enter information about a customer’s job in the Job Info screen of the New Customer dialog.

- 4 If the customer has only one job that’s included on the Job pane of the customer record, a dialog like the one shown next may appear, telling you that that job will be named “Job 1” and a new job will be created. Click OK to add a second job.

The dialog box contains the following text: "You have job information for this customer. QuickBooks will change this existing job information into a job named 'Job 1.' You can rename the job by selecting it and clicking Edit." Below this, it says "Click OK to set up a second job." and "Click Cancel if you don't want to create any jobs for this customer." At the bottom are "Cancel" and "OK" buttons.

- 5 The Address Info screen of the New Job dialog appears. As shown in Figure 4-5, it looks very much like the Address Info screen of the New Customer dialog shown in Figure 4-2. Enter a name for the job in the Job box; this is what appears in the Customer Center window’s customer list to identify the job.

The screenshot shows a 'New Job' dialog box with the following fields and values:

- Job: Wickenburg Warehouse
- Job is inactive:
- Customer: Chil Corp
- Company Name: Chil Corp
- Mr./Ms./...: Mr.
- First Name: Michael
- M.I.:
- Last Name: Chilingierian
- Contact: Michael Chilingierian
- Phone: 602-000-0000
- Fax: 602-000-0000
- Alternate Phone:
- Alternate Contact:
- Email: mike@chilcorp.com
- Bill To: Michael Chilingierian, Chil Corp, 12345 Main Street, Phoenix, AZ 85016
- Ship To: Joe Smith, Chil Corp Receiving Department, 2012 West Wickenburg Way, Wickenburg, AZ 85390

Buttons at the bottom: Next, Cancel, OK.

Job information is not synchronized with applications that use Sync Services.

FIGURE 4-5 The Address Info screen of the New Job dialog enables you to specify different contact information for a job.

- 6 If necessary, change any address information for the customer that's specific to this job.
- 7 Click the Additional Info button to enter or modify options in the Additional Info screen (refer to Figure 4-6).
- 8 Click the Job Info button to enter job-specific information in the Job Info screen. The options in this screen are identical to those in the Job Info screen shown in Figure 4-4.
- 9 Click Next to save the job and enter another new job, or click OK to simply save the new job.

To Enter Notes for a Customer or Job

You can use notes to help track important dates and information for a customer or job. You can have different notes about each job or customer.

- 1 If necessary, display and activate the Customer Center window.
- 2 If you're looking at the Customer Center's list view, double-click in the Notes column beside the customer or job you want to add notes for.

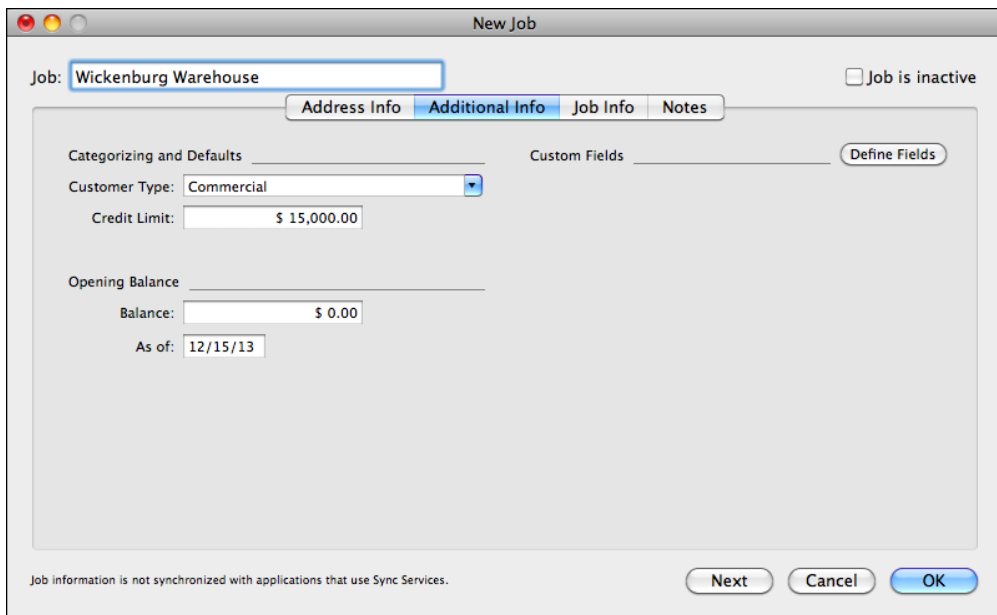


FIGURE 4-6 The Additional Info screen of the New Job dialog offers a handful of options.

or

If you're looking at the Customer Center's detail view (refer to Figure 4-1), select the customer or job you want to add notes for and then click the Edit Notes button in the upper-right corner of the window.

The Notes screen of the customer or job window appears. It includes a big notepad for entering notes and other comments. Figure 4-7 shows what it looks like for a customer with a note already added.

- 3 To automatically insert the date for a note, click the Date Stamp button.
- 4 Enter notes about the customer or job. As you can imagine, all standard text entry and editing techniques apply.
- 5 If desired, click New To Do to add a note to the To Do List. (You can learn more about the To Do notes feature and its integration with iCal later in this chapter.)
- 6 To print the notes, click Print Notes and use the standard Print dialog that appears to set print options and print.
- 7 To save the notes, click OK.

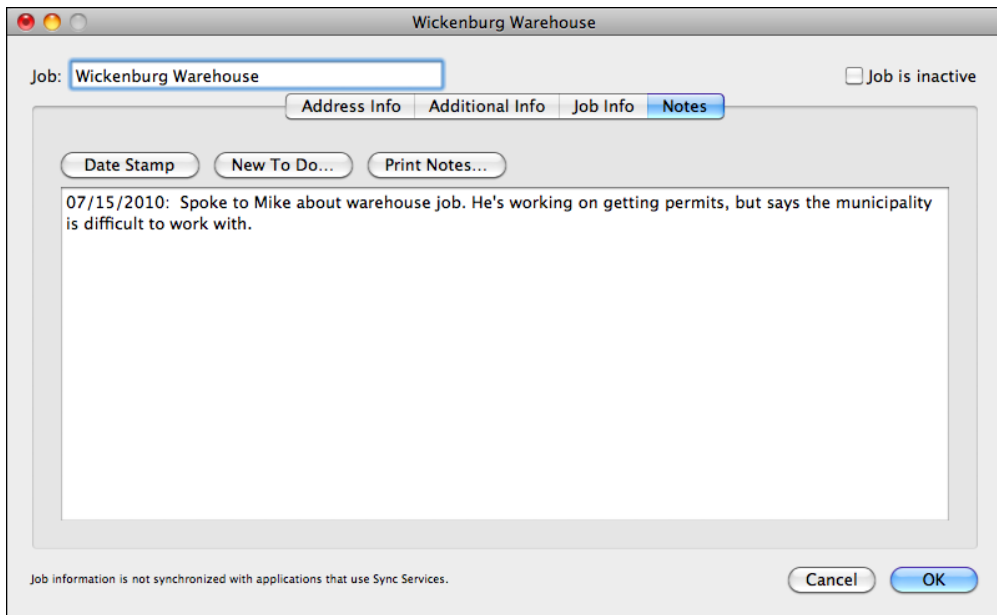


FIGURE 4-7 You can enter and view notes for a customer or job in a screen like this one.

NOTE: After you enter notes for a customer or job, QuickBooks displays a notepad icon in the Notes column of the Customer Center’s list view, or it displays the actual note when the customer or job is selected in the Customer Center’s detail view (refer to Figure 4-1).

TIP: You can also enter a note for a job or customer from an invoice or payment in the A/R register. With the transaction selected or active, choose Edit | Notepad to display the notepad (refer to Figure 4-7) and enter the note. When you click OK, the note is saved with the others for that customer or job.

Customer Types

The windows you use to create and edit customers and jobs have a Customer Type field on the Additional Info pane (refer to Figures 4-3 and 4-6 for examples). Use this field to categorize each customer in a way that is meaningful and useful for your business. Then you can create reports about the different types of customers you serve.

For example, you could keep track of the industries your company serves, so you could send special mailings to customers with special interests. Or perhaps you’d like to keep your customer base diversified. This field can help you see what kind of customer does the most business with you.

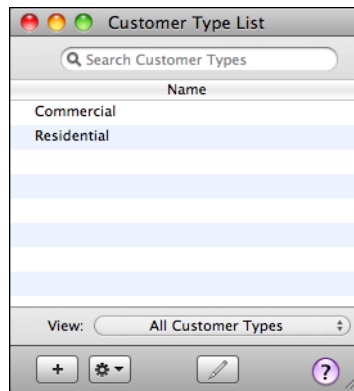
You can print mailing labels and statements by customer type. For example, a photography business could send advertisements (or statements) to all high schools for which graduation pictures were taken.

You can further classify your customers by adding “subtypes.” For example, if you currently use the Type field to record what industry your customers represent, you could add a subtype indicating their geographical location.

These are just suggestions. You can probably come up with your own uses for this information based on your specific needs.

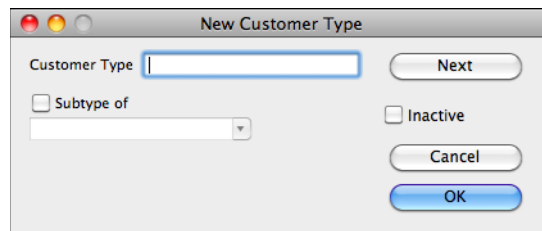
To View the Customer Type List

The Customer Type List is accessible from a submenu under the Lists menu. Choose Lists | Customer & Vendor Profile | Customer Types. The Customer Type List, which is shown here, appears.



To Add a Customer Type

- 1 If necessary, display and activate the Customer Type List window.
- 2 Choose Edit | New Customer Type, or press COMMAND-N, to display the New Customer Type dialog, which is shown next.



- 3 Enter the customer type in the Customer Type field.

- 4 If this is a subtype of another customer type, turn on the Subtype Of check box and choose the parent type from the drop-down list.
- 5 To save this customer type and add another, click Next. Otherwise, to simply save the customer type without adding another, click OK.

Job Types

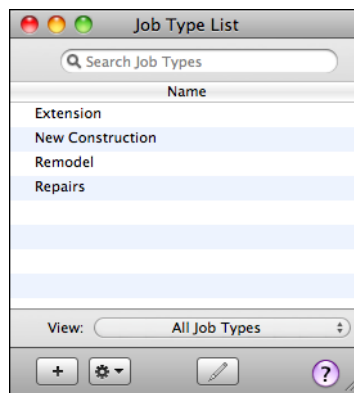
Job types are useful for grouping and totaling information on reports. Use job types for classifying factors that are different from customer types. For example:

- A construction contractor may want to compare profits for job types such as kitchen remodels, bath remodels, and decks. The contractor may classify customers as residential or commercial.
- A freelance writer may want to compare income from job types such as writing business plans and writing brochures. The writer may classify customers as corporate, startup, retail, or nonprofit.
- A helicopter charter operator might want to compare income from job types such as aerial photography, package tours, and surveys. The operator may classify customers as agent, outfitter, resort, or passenger.

When you have jobs classified by job type in the Job Info screen (refer to Figure 4-4), you can create reports that include all jobs of a specific type.

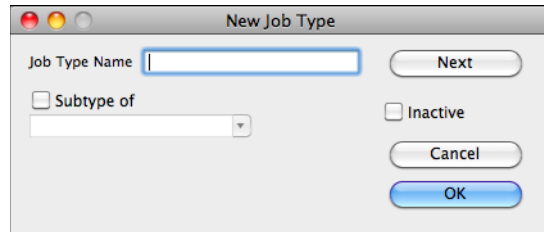
To View the Job Type List

The Job Type List is accessible from a submenu under the Lists menu. Choose Lists | Customer & Vendor Profile | Job Types. The Job Type List, which is shown here, appears.



To Add a Job Type

- 1 If necessary, display and activate the Job Type List window.
- 2 Choose Edit | New Job Type, or press `COMMAND-N`, to display the New Job Type dialog, which is shown next.



- 3 Enter a name for the job type in the Job Type Name box.
- 4 If the job type is a subtype of another job type, turn on the Subtype Of check box and choose a parent job type from the drop-down list.
- 5 To save the job type and create another one, click Next. Otherwise, to save the job type without creating another one, click OK.

Vendors

Use the Vendor List to record information about people or companies from whom you buy goods and services. You select a vendor from the list when you create purchase orders, enter bills you've received, pay bills, or record purchases you've made using a credit card. When you write a check, the payee list also includes these vendors.

The Vendor Center window has two appearances, depending on whether details are displayed. The smaller version of this window, which is shown next, lists just basic information about each vendor. The full-sized version of this window, which is shown in Figure 4-8, displays detailed information about a selected vendor,

including a list of transactions. It also includes buttons you can use to edit the vendor's information or notes related to its record.



Name	Balance Total	Notes
A Cheung Limited	0.00	
Bank of Anycity	0.00	
Bayshore CalOil Service	0.00	
Bayshore Water	0.00	
Bruce's Office Machines	0.00	
C.U. Electric	750.00	
Cal Gas & Electric	122.68	
Cal Telephone	91.94	
CalOil Company	0.00	
City of Bayshore	0.00	
City of East Bayshore	0.29	
City of Middlefield	0.00	
Custom Kitchens of Bayshore	0.00	
East Bayshore Auto Mall	0.00	
East Bayshore Tool & Supply	0.00	
Employment Development De...	0.00	
Express Delivery Service	0.00	
Federal Treasury	0.00	
Flying M Air	0.00	
Funds Transfer	0.00	
Great Statewide Bank	0.00	
Holly Heating and Electric	0.00	
Hopkins Construction Rentals	700.00	
Jon's Auto Shop	0.00	
Karpas Metal	670.00	
Keswick Insulation	0.00	
Khosla Computer Services	0.00	

View: All Vendors

Both windows offer Spotlight searching to find a specific customer or job in the list and a pop-up filter to narrow down list results.

As you can see in this illustration, at a minimum, the Vendor Center window displays the following information:

- Vendor names
- Current balance owed to each vendor
- Icon indicating that one or more notes exist for the vendor

TIP: The Vendor Center window is a useful tool for getting a quick idea of your current status with each of your vendors.

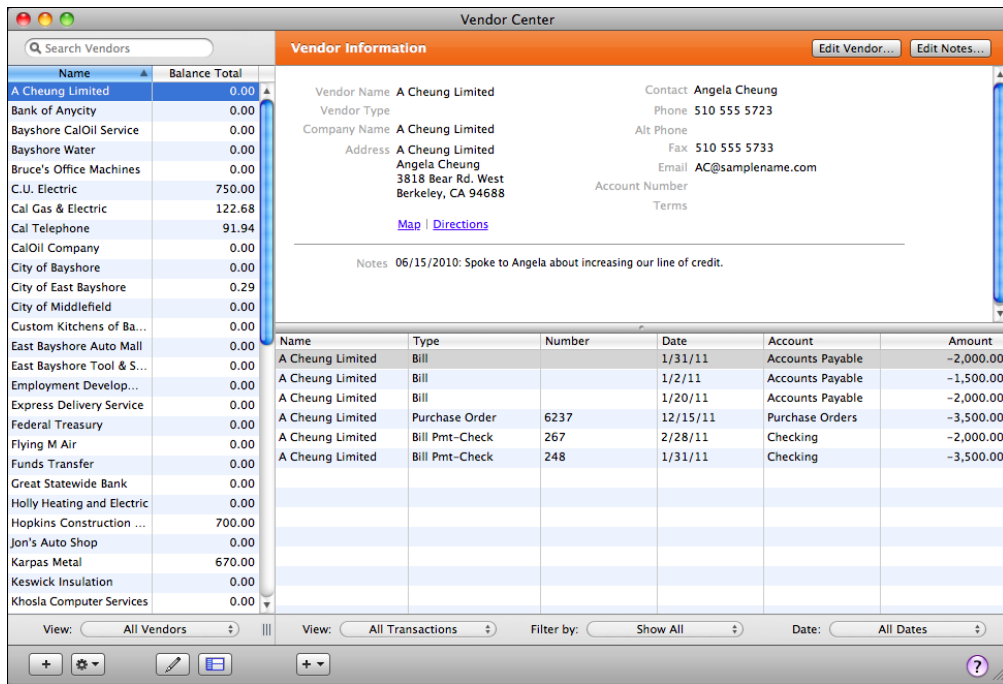


FIGURE 4-8 The Vendor Center window provides detailed information about a selected vendor.

To View the Vendor Center Window

Choose Lists | Vendors, or press SHIFT-COMMAND-V. The smaller version of the Vendor Center window appears, as shown earlier.

To Toggle Between Short and Detailed Views

Click the Show button at the bottom of the window, shown here:



To Add a New Vendor

To record transactions for a vendor, it must be in the Vendor Center's list. You add a vendor with the New Vendor dialog.

- 1 If necessary, display and activate the Vendor Center window.
- 2 Choose Edit | New Vendor, or press COMMAND-N. The Address Info screen of the New Vendor dialog, which is shown in Figure 4-9, appears.

The screenshot shows a 'New Vendor' dialog box with the following fields and values:

- Vendor:** Big Sky Helicopters
- Vendor is inactive
- Address Info Tab:**
 - Company Name:** Big Sky Helicopters
 - Mr./Ms./...:** Mr.
 - First Name:** Jim
 - M.I.:** (blank)
 - Last Name:** Van Sky
 - Address:** Big Sky Helicopters
Attn: Jim Van Sky
12345 River Road
Coeur D'Alene, ID 83815
 - Contact:** Jim Van Sky
 - Phone:** 208-000-0000
 - Fax:** 208-000-0000
 - Alternate Phone:** (blank)
 - Alternate Contact:** (blank)
 - Email:** Jim@bigsky.com
 - Print on check as:** Big Sky Helicopters
- Buttons:** Address Details, Next, Cancel, OK

FIGURE 4-9 Enter contact information for a vendor in the Address Info screen of the New Vendor window.

- 3 Enter the vendor's name in the Vendor field. This is your internal name for the vendor, and it appears in the Name column of the Vendor Center's vendor list; it doesn't print on purchase orders, checks, or other forms and is not exported for mail merge. You can enter the company name if the vendor is a company, or a person's name if the vendor is an individual. Enter the last name first for individuals if you'd like your list to be sorted alphabetically by last name.
- 4 Complete the Address Info screen. The information required in each of these fields is pretty self-explanatory. You can leave any field blank if it does not apply. The name and address in the Address block print on purchase orders, checks, and other forms. If you click the Address Details button under the Address block, a dialog like the one shown in the section titled "To Add a New Customer" earlier in this chapter appears so you can enter address components separately in fields. This helps ensure that a complete, mail merge-compatible address is entered. You can use the check box to ensure that this dialog opens automatically whenever QuickBooks has trouble understanding an address.
- 5 Click the Additional Info button and complete the Additional Info screen. As shown in Figure 4-10, this screen prompts you for mostly billing-related information. The Account No. field is your company's account number on the vendor's records. Fields that are drop-down lists refer to other lists; choose an option from the list to complete the field. You can leave any field blank if it does not apply.

FIGURE 4-10 You can enter billing-related information in the Additional Info pane of the New Vendor dialog.

TIP: You can use the Define Fields button in the Additional Info screen to define custom fields. Learn how later in this chapter, in the section titled “Adding Custom Fields to Lists.”

- 6 Click Next to save the vendor and enter another new vendor, or click OK to simply save the new vendor.

To Check Vendor Addresses for 1099-MISC Forms

If you file 1099-MISC forms, the information you enter on the Address Info pane for a vendor is printed on the form. You may need to change how you have entered an address so that it prints correctly on the form. Make sure that you have entered the vendor address in the following way:

- Individual’s Name and the Company Name in the fields are the same as the Individual’s Name and Company Name in the block address.
- State is a two-letter abbreviation.
- ZIP code is included.

QuickBooks warns you if the address you enter for a vendor is too long to fit in the 1099-MISC form’s address field.

To Enter Notes about a Vendor

You can use notes to help track important information about a vendor. You can have different notes about each vendor.

- 1 If necessary, display and activate the Vendor Center window.
- 2 If you're looking at the Vendor Center's list view, double-click in the Notes column beside the vendor you want to add notes for.

or

If you're looking at the Vendor Center's detail view (refer to Figure 4-8), select the vendor you want to add notes for and then click the Edit Notes button in the upper-right corner of the window.

The Notes screen of the vendor window appears. It includes a big notepad for entering notes and other comments. Each notepad holds roughly ten windows' worth of text. Figure 4-11 shows what it looks like for a vendor with a note already added.

- 3 Enter notes about the vendor. All standard text entry and editing techniques apply.
- 4 To save the notes, click OK.

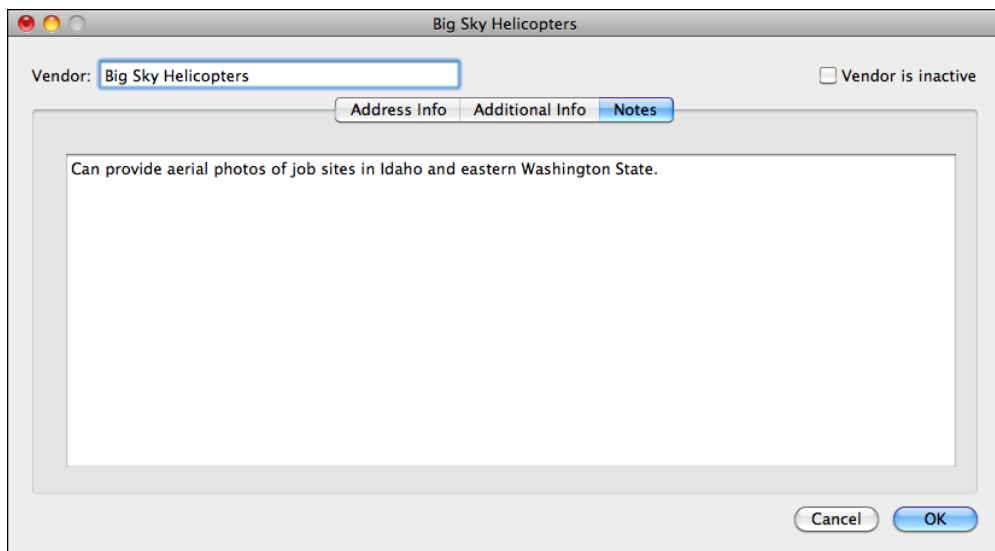


FIGURE 4-11 You can enter and view notes for a vendor in a screen like this one.

NOTE: After you enter notes for a vendor, QuickBooks displays a notepad icon in the Notes column of the Vendor Center's list view, or it displays the actual note when the vendor is selected in the Vendor Center's detail view (refer to Figure 4-8).

TIP: You can also enter a note for a vendor from a bill. With the vendor's name shown in the Enter Bills window, choose Edit | Notepad to display the Notes screen (refer to Figure 4-11) and enter the note. When you click OK, the note is saved with the others for that vendor.

Vendor Types

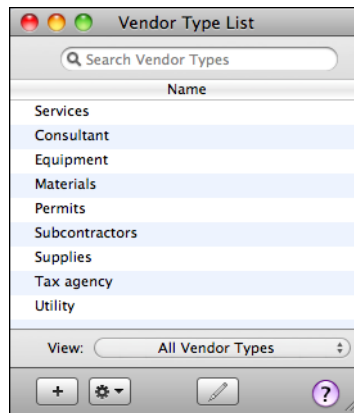
The Additional Info screen for a vendor has a Type field (refer to Figure 4-10). Use this field to classify your vendors by the type of service they perform or items they sell.

For instance, if you own a construction company, you might want to keep track of where your subcontractors are located so that you can use the closest ones to each job. You could create a report for each geographical area. You can further classify your vendors by adding subtypes.

You can also create reports or print mailing labels by vendor type.

To View the Vendor Type List

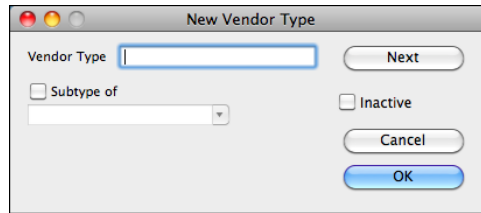
The Vendor Type List is accessible from a submenu under the Lists menu. Choose Lists | Customer & Vendor Profile | Vendor Types. The Vendor Type List, which is shown here, appears.



To Add a Vendor Type

- 1 If necessary, display and activate the Vendor Type List.

- Choose Edit | New Vendor Type, or press COMMAND-N. The New Vendor Type dialog, which is shown next, appears.



- Enter the vendor type in the Vendor Type field.
- If this is a subtype of another vendor type, turn on the Subtype Of check box and choose a parent type from the pop-up menu.
- Click Next to save the vendor type and enter another new vendor type, or click OK to simply save the new vendor type.

Employees

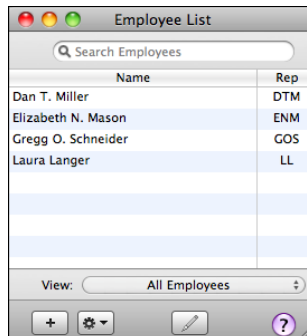
Use the Employee List to store information about your employees, including each employee's name, social security number, address, and phone number.

- \$ NOTE:** If you use QuickBooks Payroll for Mac, be sure the employee name is spelled exactly the same (first name, middle initial, and last name) in both places. Employee names in paycheck data imported from QuickBooks Payroll for Mac must match your QuickBooks Employee List. For more information about QuickBooks Payroll for Mac, consult Chapter 20.

To View the Employee List

The Employee List is accessible from the Lists menu.

Choose Lists | Employees, or press SHIFT-COMMAND-E. The Employee List, which is shown here, appears.



To Add an Employee

You add employees with the New Employee form. It prompts you for information about the employee, including his or her name, contact information, and hire information.

- 1 If necessary, display and activate the Employee List window.
- 2 Choose Edit | New Employee, or press COMMAND-N. The Address Info screen of the New Employee dialog, which is shown in Figure 4-12, appears.
- 3 Complete the Address Info screen. The information required in each field is pretty self-explanatory. You can leave a field blank if it does not apply. The Initials field is used in the Rep drop-down list that appears on some sales forms. The name and address in the Address block print on checks and other forms. If you click the Address Details button under the Address block, a dialog like the one shown in the section titled “To Add a New Customer” earlier in this chapter appears so you can enter address components separately in fields. This helps ensure that a complete, mail merge-compatible address is entered.
- 4 Click Next to save the employee and enter another new employee, or click OK to simply save the new employee.

The screenshot shows a window titled "New Employee" with a tabbed interface. The "Address Info" tab is selected. The form contains the following fields and values:

- Information for: John A Aabbott
- Employee is inactive:
- Mr./Ms./...: Mr.
- Phone: 602-000-0000
- First Name: John M.I.: A
- Alternate Phone: (empty)
- Last Name: Aabbott
- Social Security Number: 123-45-6789
- Initials: JAA
- Hired: 04/01/01
- Released: (empty)
- Address: John A Aabbott, 2020 Vision Street, Phoenix, AZ 85016
- Email Address: john@gmail.com
- Buttons: Address Details, Next, Cancel, OK

FIGURE 4-12 Use the Address Info screen of the New Employee dialog to enter basic information about an employee.

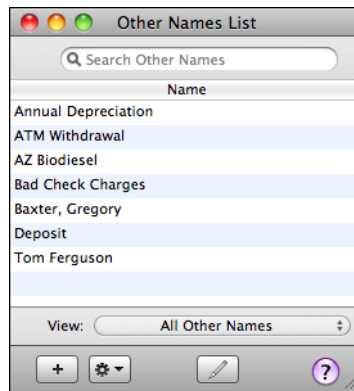
Other Names

When you enter a name in a field such as the Received From field of the Make Deposits window or the Purchased From field of the Enter Credit Card Charges window, QuickBooks requires that the name be on a list. You'll probably want to reserve the Customer Center's customer list for customers you invoice, the Vendor List for vendors you track in A/P, and the Employee List for company employees. Use the Other Names List for any other names or names you rarely use.

NOTE: When you enter an unlisted name in the Write Checks or Enter Credit Card Charges window, you have the choice of adding the name to your Other Names List, your Vendor List, your Customer List, or your Employee List.

To View the Other Names List

The Other Names List is accessible from the Lists menu. Choose Lists | Other Names. The Other Names List, which is shown here, appears.



To Add a Name

You add names with the New Name form. It prompts you for information about the name, including its contact information.

- 1 If necessary, display and activate the Other Names List window.
- 2 Choose Edit | New Other Names, or press COMMAND-N. The Address Info screen of the New Name dialog, which is shown in Figure 4-13, appears.
- 3 Complete the Address Info screen. The information required in each field is pretty self-explanatory. You can leave a field blank if it does not apply. The name and address in the Address block print on forms as necessary. If you click the Address Details button under the Address block, a dialog like the one shown in the section titled “To Add a New Customer” earlier in this chapter

The screenshot shows a 'New Name' dialog box with the following fields and values:

- Name: KwikWash
- Company Name: KwikWash
- Mr./Ms./...: (empty)
- First Name: Joe
- M.I.: (empty)
- Last Name: (empty)
- Contact: Joe
- Phone: 928-000-0000
- Fax: (empty)
- Alternate Phone: (empty)
- Alternate Contact: (empty)
- Email: (empty)
- Address: KwikWash, 123 Main Street, Wickenburg, AZ 85390

Buttons at the bottom: Next, Cancel, OK. A 'Name is inactive' checkbox is present in the top right.

FIGURE 4-13 You can set up a name with the New Name dialog.

appears so you can enter address components separately in fields. This helps ensure that a complete, mail merge-compatible address is entered.

- 4 Click Next to save the name and enter another new name, or click OK to simply save the new name.

To Change an Other Name to a Different Name Type

You can move a name from the Other Names List to the Vendor, Customer, or Employee List. Here's how.

- 1 If necessary, display and activate the Other Names List.
- 2 Double-click the name whose type you want to change. The Address Info screen for the name appears.
- 3 Click the Change Type button at the bottom of the window. A dialog like the one shown here appears.

Select the name type. Once this name's type has been changed it cannot be undone.

- Vendor
- Customer
- Employee
- Other

Buttons: Cancel, OK

- 4 Select the name type you want and click OK.
- 5 Click OK in the Address Info screen to save your changes. The name is moved to its new list.



NOTE: Once an Other Name has been changed to a different type, the name cannot be changed back to an Other Name or to any other type.

Terms

Payment terms indicate when you expect to receive payment from a customer or when your vendors expect payment from you. Terms also indicate whether you or your vendors give a discount for early payment.

QuickBooks accepts two types of terms:

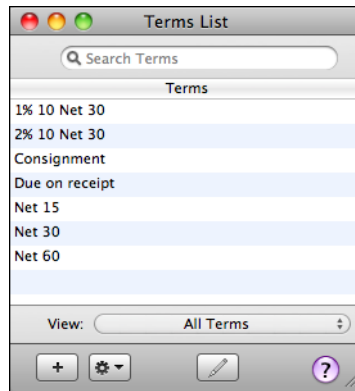
- **Standard terms**, which are defined by the number of days until a discount is earned and payment is due. For example, if you expect payment from a customer within 30 days, and you give a discount of 2 percent if you receive the payment within 10 days, the terms are 2% 10 Net 30.
- **Date-driven terms**, which are defined by payments due on a specific day of the month, with a discount if paid by a certain date. For example, you can set up payments to be due by the 15th day of the month, with a discount if you are paid by the 1st.

Select terms from the pop-up menu when you are creating an invoice or entering a bill. If your customer has earned a discount, or if you've earned a discount from your vendor, QuickBooks calculates the discount based on the terms of the bill or invoice. When you receive payments or pay bills, you can click the Discount Info button to see and apply any discounts earned.

To further speed up invoicing and bill entry, you can specify the payment terms for each customer in the New/Edit Customer window and each vendor in the New/Edit Vendor window. Then QuickBooks automatically enters terms for you in invoices and bills.

To View the Terms List

The Terms List is accessible from a submenu under the Lists menu. Choose Lists | Customer & Vendor Profile | Terms. The Terms List, which is shown here, appears.



\$ NOTE: The Terms List is preconfigured with commonly used terms: 1% 10 Net 30, 2% 10 Net 30, Consignment, Due on Receipt, Net 15, Net 30, and Net 60. You can use these terms as is, add your own, or delete them.

To Add Terms

You add terms with the New Terms dialog. It prompts you for all of the information QuickBooks needs to calculate due dates and available discounts.

- 1 If necessary, display and activate the Terms List window.
- 2 Choose Edit | New Terms, or press COMMAND-N. The New Terms dialog, which is shown next, appears.

- 3 Enter a name for the terms in the Terms field. Make sure it's descriptive, so you don't choose the wrong terms by mistake.
- 4 Select one of the two options: Standard or Date Driven.
- 5 Fill in the fields for the type of terms you selected in step 4. The fields are pretty self-explanatory.
- 6 Click Next to save the terms and enter another new term, or click OK to simply save the new terms.

Payment Methods

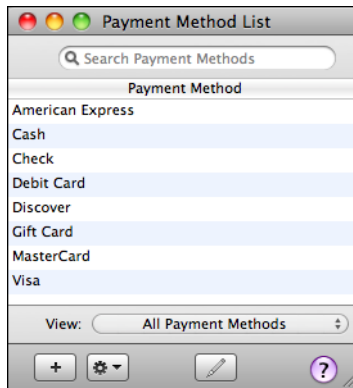
When you receive a payment from a customer, you can select a payment method from the pop-up menu. You can use payment method information later to sort deposits by payment method to match the way your bank sorts deposits on its statements. When your QuickBooks deposits match the deposits on your bank statement exactly, reconciling your bank account with your statement is much easier.

TIP: You can learn more about working with deposits in Chapter 9.

NOTE: If you do not separate deposits by payment method, you probably do not need to set up payment methods.

To View the Payment Method List

The Payment Method List is accessible from a submenu under the Lists menu. Choose Lists | Customer & Vendor Profile | Payment Methods to display the Payment Method List window:

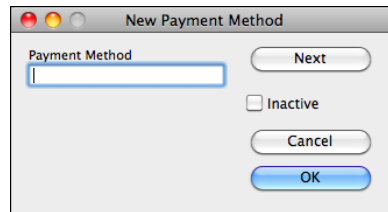


NOTE: The Payment Method List is preconfigured with commonly used payment methods such as American Express, Cash, Check, Debit Card, Discover, Gift Card, MasterCard, and Visa. You can use these payment methods as is, add your own, or delete them.

To Add Payment Methods

You add payment methods with the New Payment Method dialog.

- 1 If necessary, display and activate the Payment Method List window.
- 2 Choose Edit | New Payment Method, or press COMMAND-N to display the New Payment Method dialog:



- 3 Enter a payment method in the Payment Method field.
- 4 Click Next to save the payment method and enter another new payment method, or click OK to simply save the new payment method.

Ship Via

The Ship Via List contains shipping methods that your company uses when shipping products or receiving items. Select a shipping method from this list when you are entering a sale.

To View the Ship Via List

The Ship Via List is accessible from a submenu under the Lists menu. Choose Lists | Customer & Vendor Profile | Ship Via to display the Ship Via List window:

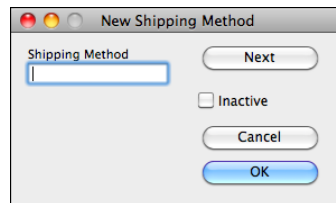


NOTE: The Ship Via List is preconfigured with commonly used shipping methods: DHL, Federal Express, UPS, and US Mail. You can use these shipping methods as is, add your own, or delete them.

To Add Ship Via List Items

You add shipping methods with the New Shipping Method dialog.

- 1 If necessary, display and activate the Ship Via List window.
- 2 Choose Edit | New Shipping Method, or press COMMAND-N to display the New Shipping Method dialog.



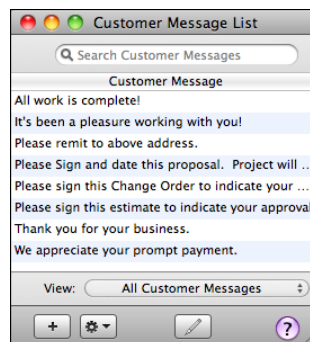
- 3 Enter a shipping method in the Shipping Method field.
- 4 Click Next to save the shipping method and enter another new shipping method, or click OK to simply save the new shipping method.

Customer Messages

Use the customer messages on this list to inform or remind your customers. Select a message from the Customer Message drop-down list at the bottom of an invoice, cash sale receipt, or credit memo that you print for a customer.

To View the Customer Message List

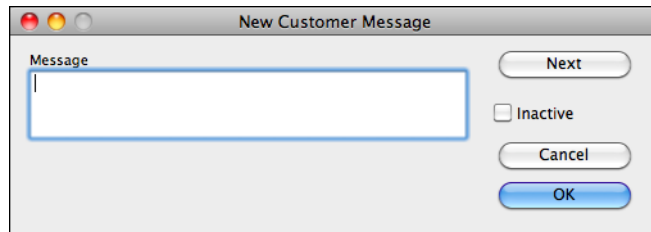
The Customer Message List is accessible from a submenu under the Lists menu. Choose Lists | Customer & Vendor Profile | Customer Messages. The Customer Message List, which is shown here, appears.



To Add Customer Messages

You add customer messages with the New Customer Message dialog.

- 1 If necessary, display and activate the Customer Message List window.
- 2 Choose Edit | New Customer Message, or press COMMAND-N to display the New Customer Message dialog:




- 3 Enter the text you want to appear in the Message field.
- 4 Click Next to save the message and enter another new message, or click OK to simply save the new message.

Purchase Orders

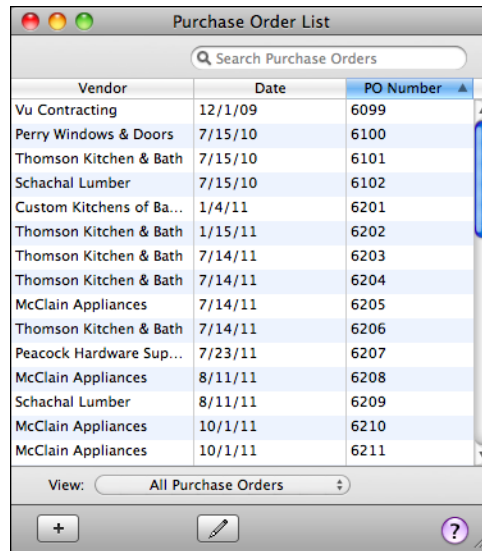
The Purchase Orders List shows all purchase orders you've created, in chronological order, including the vendor, date, and PO number. Each time you create a new purchase order, it is automatically added to the list.

You can learn how to create purchase orders in Chapter 14.

-  **NOTE:** Purchase order menu commands and options only appear if the purchase order feature has been enabled in QuickBooks preferences. Using purchase orders is discussed in detail in Chapter 14.

To View the Purchase Order List

Choose Vendors | Purchase Order List. The Purchase Order List window, which is shown next, appears.



Vendor	Date	PO Number
Vu Contracting	12/1/09	6099
Perry Windows & Doors	7/15/10	6100
Thomson Kitchen & Bath	7/15/10	6101
Schachal Lumber	7/15/10	6102
Custom Kitchens of Ba...	1/4/11	6201
Thomson Kitchen & Bath	1/15/11	6202
Thomson Kitchen & Bath	7/14/11	6203
Thomson Kitchen & Bath	7/14/11	6204
McClain Appliances	7/14/11	6205
Thomson Kitchen & Bath	7/14/11	6206
Peacock Hardware Sup...	7/23/11	6207
McClain Appliances	8/11/11	6208
Schachal Lumber	8/11/11	6209
McClain Appliances	10/1/11	6210
McClain Appliances	10/1/11	6211

To See Only Open Purchase Orders

Choose Open Purchase Orders from the View pop-up menu at the bottom of the Purchase Order List window.

Vehicles List



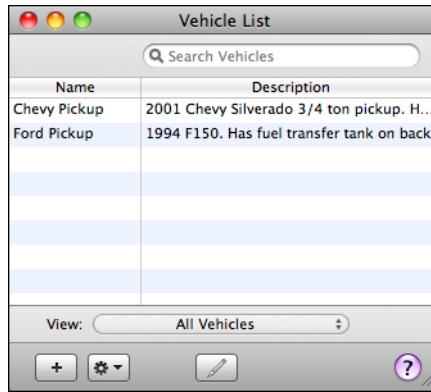
The new mileage tracking feature in QuickBooks 2011 uses a Vehicle list to keep track of the vehicles your business owns. If you plan to take advantage of this feature, you should add your vehicles to the list.



TIP: Learn how to track vehicle mileage in Chapter 20.

To View the Vehicle List

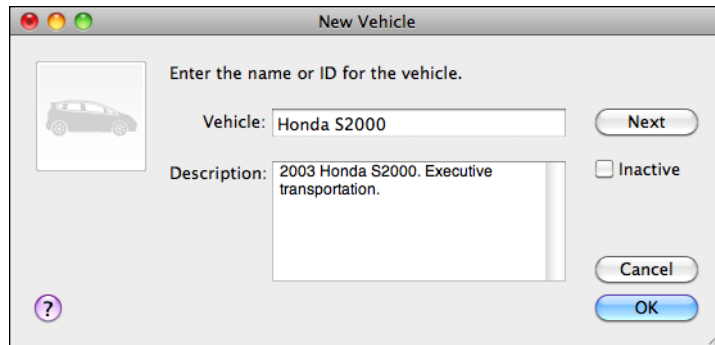
Choose Lists | Vehicles to display the Vehicle List window:



To Add a Vehicle

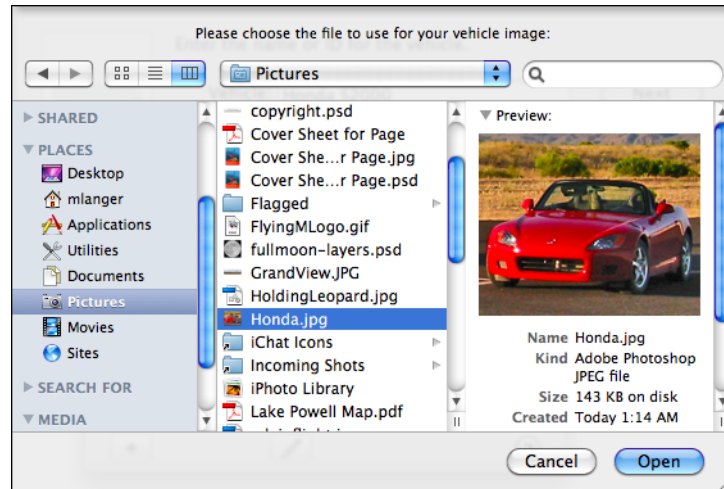
You add vehicles with the New Vehicle dialog.

- 1 If necessary, display and activate the Vehicle List window.
- 2 Choose Edit | New Vehicle, or press COMMAND-N to display the New Vehicle dialog:



- 3 Enter a name for the vehicle in the Vehicle box. The name should be descriptive and unique; it will display in lists and pop-up menus.
- 4 Enter a description for the vehicle in the Description box.
- 5 To include a photo of the vehicle, double-click the image well in the top left corner of the dialog and use the standard Open dialog that appears (shown

next) to locate, select, and open the image you want to use. The image appears in the well.



- 6 Click Next to save the vehicle and create another new vehicle, or click OK to simply save the new vehicle.

TIP: If you prefer, you can add a vehicle image in step 5 by dragging an image file's icon from a Finder window to the image well.

Transaction Center

The Transaction Center displays all QuickBooks transactions in one place. As shown in Figure 4-14, its left column lists transaction types under Customers, Vendors, and Other. You click a transaction type and a list of those transactions appears in the Transaction Center window. Type-specific data fields are listed as column headings, giving you quite a bit of information at a glance. You can even use a Spotlight search box at the top of the window to search for a specific transaction based on any of its listed fields.

To Display the Transaction Center

Choose Company | Transaction Center. The Transaction Center window appears (refer to Figure 4-14).

To View a Listed Transaction

You can quickly view the details for any transaction in the Transaction Center.

- 1 If necessary, display the Transaction Center window.
- 2 In the left column, click the type of transaction you want to view.

	Name	Number	Date	Amount
CUSTOMERS				
Checks	Freeman, Kirby:Remodel Bathroom	504	11/27/10	5,660.19
Credit Memos	Poole, Russell:Garage	502	9/16/10	2,513.45
Estimates	Robson, Darci:Robson Clinic	611	11/24/11	12,865.98
Invoices	Hurlbutt, Tom:Dental office	607	11/5/11	16,281.99
Received Payments	Abercrombie, Kristy:Kitchen	289	12/1/09	5,019.08
Sales Receipts	Kanitz, Marion:Bay Window	295	12/10/09	6,278.80
Statement Charges	Rusoff, Jason:Kitchen	604	10/11/11	8,941.69
	Abercrombie, Kristy:Remodel Bathroom	606	10/30/11	3,114.00
VENDORS				
Bill Credits	Fashoro, Abayomi:Kitchen	614	12/13/11	14,595.25
Bill Payments	Jacobsen, Doug:Poolhouse	293	12/8/09	6,103.00
Bills	Rusoff, Jason:Kitchen	610	11/17/11	4,225.41
Checks	Jacobsen, Doug:Poolhouse	294	12/9/09	7,688.65
Credit Card Charges	Craven, Pamela:Duct Work	602	5/21/11	602.40
Credit Card Credits	Bolinski, Rafal:2nd story addition	503	10/2/10	10,158.96
Items Receipts	Abercrombie, Kristy:Remodel Bathroom	613	12/12/11	7,676.13
Purchase Orders	Rusoff, Jason:2nd story addition	605	10/11/11	22,427.44
Sales Tax Payments	Morgenthaler, Jenny:Room Addition	601	2/3/11	6,134.17
	Ecker Designs:Office Repairs	609	11/16/11	5,828.80
OTHER				
Deposits	Jacobsen, Doug:Poolhouse	612	12/5/11	6,255.66
Inventory Adjustments	Ruff, Bryan:Sun Room	501	7/12/10	5,607.89
Journal Entries	Vasquez, Anabel:Basement Remodel	267	11/15/09	24,563.06
Transfer Funds	Nguyen, Tuan:Garage	603	8/14/11	6,819.00
Pending	Pretell Real Estate:75 Sunset Rd.	608	11/12/11	18,409.93
				207,770.93

FIGURE 4-14 The Transaction Center makes it easy to find any transaction quickly.

- 3 Locate the transaction you want to view in the list.
- 4 Double-click the transaction you want to view. It appears in the appropriate transaction detail window.

Memorized Transactions

You can memorize many QuickBooks transactions that reoccur, such as a monthly lease payment or a quarterly tax deposit. Once you memorize a transaction, you can recall it from the Memorized Transaction List, which includes the name you've given the transaction, the type of transaction (for example, check, invoice, or bill), the amount, and how often you want to be reminded to use the transaction (if at all). You can even have QuickBooks automatically enter the transaction for you at intervals you specify.



NOTE: You cannot memorize the following kinds of transactions: receipt or deposit of payments, bill payments, time records, and sales tax payments.

To Memorize a Transaction

To memorize a transaction, you must first create it.

- 1 Create a transaction, such as a check, bill, invoice, statement charge, or credit card charge. The example shown here is a general journal entry to record monthly prepaid insurance expenses.

Account	Debit	Credit	Memo	Name	<input type="checkbox"/>	Class
Pre-paid Insurance:Liability	894.00	1,253.00				
Insurance:Prope	359.00			⌵		⌵

- 2 If you create a check, bill, invoice, credit card charge, or general journal entry, do not click OK. If you create a statement charge, click Record and then, if necessary, select the transaction.
- 3 Choose Edit | Memorize *Transaction Type*, or press COMMAND-+. In our example, the menu command would be Memorize General Journal. A dialog like the one shown next appears.

- 4 Enter a name for the transaction in the Name field.
- 5 Select an option to specify how you want QuickBooks to treat the transaction:
 - **Remind Me** tells QuickBooks to remind you about this transaction. Select how often you want to be reminded, and enter the next date on which you want QuickBooks to remind you.
 - **Don't Remind Me** tells QuickBooks not to remind you of this transaction. Use this option for infrequently used transactions that you want to manually recall and enter.
 - **Automatically Enter** tells QuickBooks to automatically enter this transaction for you. Indicate how often you want the transaction to be entered, the next date on which you want QuickBooks to enter the transaction, the number of transactions that are remaining to be entered,

and how many days in advance of the next date you want QuickBooks to enter the transaction. If you leave the Number Remaining field blank, QuickBooks continues to enter the transaction until you tell it to stop.

- **With Transactions In Group** tells QuickBooks to remind you of this transaction with others in the group that you specify. This option is only available if you have set up transaction groups, as discussed later in this chapter.
- 6 To add a reminder to iCal, select the Show In iCal check box. (You can learn more about integrating To Do items with iCal later in this chapter.)
 - 7 Click OK. QuickBooks adds the transaction to the Memorized Transaction List.



NOTE: QuickBooks does not memorize the date or printing status for memorized transactions.

To Use a Memorized Transaction

When you're ready to use a memorized transaction, you can recall it and use it to create a new transaction.

- 1 Choose Lists | Memorized Transactions or press SHIFT-COMMAND-M to display the Memorized Transaction List window:

Transaction Name	Type	Source Account	Amount	Frequency	Auto	Next Date
Reyes Properties	Check	Checking	1,200.00	Monthly	✓	8/1/10
Monthly Insurance Expense	General Jnl	Pre-paid Insurance	1,253.00	Monthly	✓	8/1/10
Recurring Depr Entry - M...	General Jnl	Job Expenses:Less Disc...	19.60	Monthly	✓	1/31/12

- 2 Select the transaction you want to use.
- 3 Choose Use from the Actions pop-up menu at the bottom of the window.
- 4 QuickBooks opens the appropriate transaction window and enters the memorized information. Make changes or additions to the transaction as necessary.
- 5 Click OK to save the new transaction. QuickBooks automatically fills in the current date and increments the number (if necessary) based on the last transaction you entered of this type.

To Change an Existing Memorized Transaction

You can change a memorized transaction's settings.

- 1 If necessary, display and activate the Memorized Transaction List window.
- 2 Double-click the transaction you want to change. The Schedule Memorized Transaction dialog appears:

- 3 Make the changes you want to make to the settings in the dialog.
- 4 Click OK to save your changes.

Memorized Transaction Groups

You can group several memorized transactions together if you usually record several transactions on the same day. Here are two examples:

Example 1 You memorize your rent payment check, your vehicle insurance payment check, and an invoice for a monthly standing order from a customer. Each of these transactions occurs monthly just a couple of days before the end of the month. You could group them together in a group called “End of Month” and have QuickBooks remind you to recall the memorized transactions on the same day each month, or have QuickBooks enter the transactions automatically.

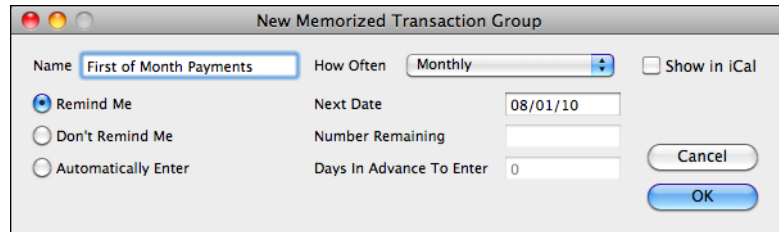
Example 2 You own a health club. Twice a year, you send an invoice to every member of your club for membership dues. You could memorize each person's invoice and then group them all together on your Memorized Transaction List. You can set up the group so that QuickBooks reminds you when it's time to recall and print the invoices.

To Create a Memorized Transaction Group

To use the memorized transaction group feature, you need to create a group. You can then add memorized transactions to the group as you create them, or drag memorized transactions in the Memorized Transaction List window onto the group to add them to the group. (Creating memorized transactions is discussed earlier in this chapter, in the section titled “To Memorize a Transaction.”)

- 1 Choose Lists | Memorized Transactions to display the Memorized Transactions List window.

- Choose Edit | New Memorized Transaction Group or press COMMAND-N to display the New Memorized Transaction Group dialog:



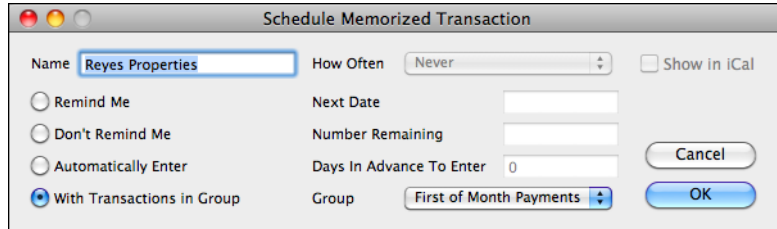
- Enter a name for the group in the Name field.
- Select how you want QuickBooks to treat the transaction group:
 - Remind Me** tells QuickBooks to remind you about this transaction group. Select how often you want to be reminded, and enter the next date on which you want QuickBooks to remind you.
 - Don't Remind Me** tells QuickBooks not to remind you about this transaction group.
 - Automatically Enter** tells QuickBooks to automatically enter this transaction group for you. Indicate how often you want the transaction group to be entered, the next date on which you want QuickBooks to enter the transaction group, the number of transactions that are remaining to be entered, and how many days in advance you want QuickBooks to enter the transaction group. If you leave the Number Remaining field blank, QuickBooks continues to enter the transaction until you tell it to stop.
- Click OK.

To Add Transactions to a Memorized Transaction Group with the Schedule Memorized Transaction Dialog

You can add a memorized transaction to a transaction group in the Schedule Memorized Transaction dialog.

- If necessary, open and activate the Memorized Transaction List window.
- If the transaction does not already exist, follow steps 1 through 4 in the section titled “To Memorize a Transaction” earlier in this chapter. If the transaction does already exist, double-click it in the Memorized Transaction List window.

- 3 In the dialog that appears (shown next), select the With Transactions In Group option and then choose the name of the group you want to use from the Group pop-up menu.



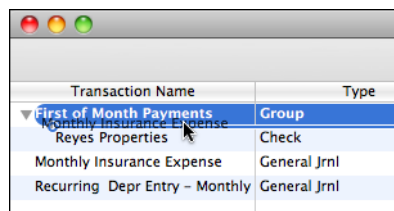
- 4 Click OK. The transaction appears indented in the list beneath the name of the group:

Transaction Name	Type	Source Account	Amount	Frequency	Auto	Next Date
▼ First of Month Payments	Group			Monthly		1/8/10
Reyes Properties	Check	Checking	1,200.00	Monthly		1/8/10
Monthly Insurance Expense	General Jnl	Pre-paid Insurance	1,253.00	Monthly	✓	8/1/10
Recurring Depr Entry - Monthly	General Jnl	Job Expenses:Less Disc...	19.60	Monthly	✓	1/31/12

To Add Transactions to a Memorized Transaction Group by Dragging

If Enable Custom Ordering is enabled (check the Action menu), you can add a memorized transaction to a transaction group by dragging the transaction onto the group.

- 1 If necessary, open and activate the Memorized Transaction List window.
- 2 Use your mouse to drag a transaction onto the name of the group you want to add it to:

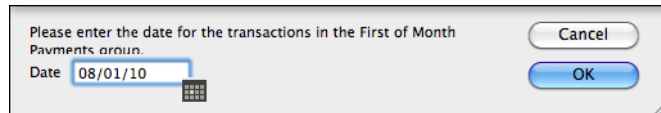


- 3 When the group name becomes highlighted as shown above, release the mouse button. The transaction appears indented in the list beneath the name of the group.

To Use a Memorized Transaction Group

When you're ready to use a memorized transaction group, you can recall it and use it to create new transactions.

- 1 Choose Lists | Memorized Transactions or press SHIFT-COMMAND-M to display the Memorized Transaction List window.
- 2 Select the transaction group you want to use.
- 3 Choose Use from the Actions pop-up menu at the bottom of the window.
- 4 In the dialog that appears (shown next) enter the date for the transactions and click OK.



- 5 QuickBooks records the transactions and displays a dialog telling you what it did. Click OK.



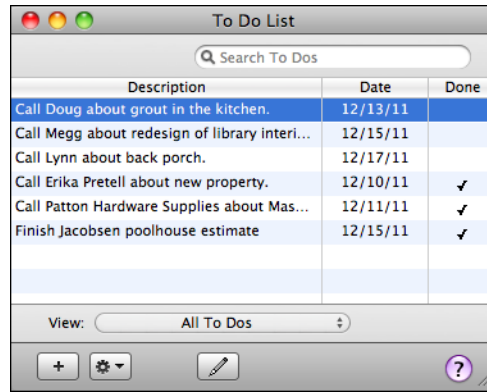
NOTE: When you enter transactions using a memorized transaction group, you will not have an opportunity to modify the transaction before it's entered. To modify a memorized transaction, either enter it without being part of a group or edit it after it has been entered.

To Do Notes

You can enter notes to remind yourself about tasks you need to complete by a certain date, or about upcoming events, such as a lease expiration. View the To Do List at any time, or use the Reminders List window (which is discussed in the section titled "Reminders" later in this chapter) to see which notes are currently due when you start QuickBooks.

To View the To Do List

Choose Company | To Do List. The To Do List window appears:

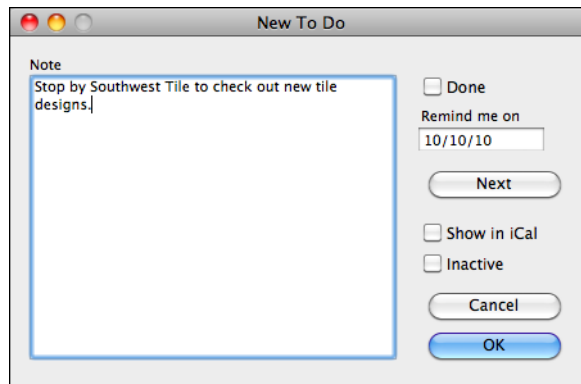


As you can see, QuickBooks sorts the current and past due To Do notes by date, and lists completed To Do notes at the bottom of the list.

To Add a Note to the To Do List

You can add notes to the To Do List, and even set up those notes to appear in iCal.

- 1 If necessary, display and activate the To Do List window.
- 2 Choose Edit | New, or press COMMAND-N, to display the New To Do dialog, which is shown next.

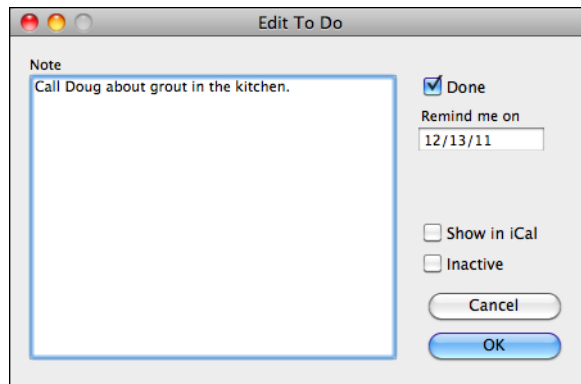


- 3 Enter the note and the reminder date in the appropriate fields of the dialog.
- 4 To display the reminder in iCal, turn on the Show In iCal check box.
- 5 To save the note and create another note, click Next; otherwise, to save the note without creating another note, click OK.

To Mark a To Do List Item as Done

When you've completed a To Do List item, you can mark it as done. This places a check mark in the Done column of the To Do List window and automatically sorts it with other completed items at the bottom of the To Do List window.

- 1 If necessary, display and activate the To Do List window.
- 2 Double-click the item you want to mark as done.
- 3 In the Edit To Do item dialog that appears (shown next), turn on the Done check box.



- 4 Click OK.

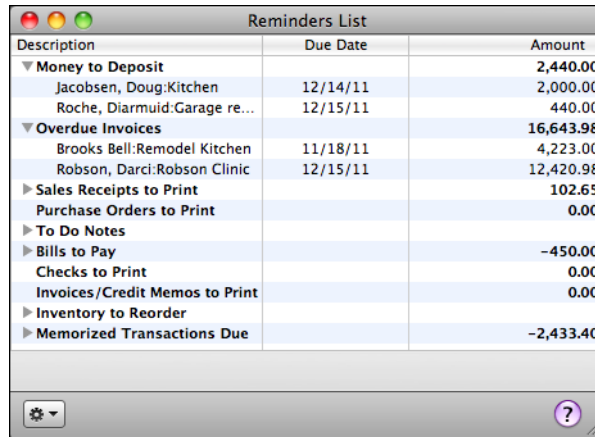
Reminders

QuickBooks automatically maintains a Reminders List window to remind you when it's time to perform a wide variety of tasks in QuickBooks. One of the great things about the Reminders List window is that items are automatically removed from it when they are completed.

TIP: You can customize the Reminders List window to include just the items you want to see and set options to automatically display the list. Learn how in Chapter 22.

To View the Reminders Window

Choose Company | Reminders. The Reminders List window appears:



Description	Due Date	Amount
▼ Money to Deposit		2,440.00
Jacobsen, Doug:Kitchen	12/14/11	2,000.00
Roche, Diarmuid:Garage re...	12/15/11	440.00
▼ Overdue Invoices		16,643.98
Brooks Bell:Remodel Kitchen	11/18/11	4,223.00
Robson, Darci:Robson Clinic	12/15/11	12,420.98
▶ Sales Receipts to Print		102.65
▶ Purchase Orders to Print		0.00
▶ To Do Notes		
▶ Bills to Pay		-450.00
▶ Checks to Print		0.00
▶ Invoices/Credit Memos to Print		0.00
▶ Inventory to Reorder		
▶ Memorized Transactions Due		-2,433.40

To Show or Hide Individual List Items

Toggle the disclosure triangle to the left of a reminder category to display or hide items within that category.

Maximum Number of Items

Each list in QuickBooks has a maximum number of items it can contain. Table 4-1 lists many of the types of lists, along with the maximum number of items each can include. Use this for reference when your QuickBooks company file gets *very* large.

Making Changes to List Items

There are a number of ways you can make changes to list items:

- You can edit a list item to change its name or other information.
- If you find that you don't use a list item, you can delete it or, if it has been used in the past, make it inactive.
- If you find that you're using two different list items for the same thing, you can merge those items to use just one.

In this part of the chapter, we'll explore these kinds of changes.

Editing List Items

You can modify list items at any time. How QuickBooks uses those changes depends on the type of change you make.

List Type	Item Limit
Chart Of Accounts	14,500
Classes	10,000
Terms	10,000
Payment Methods	10,000
Customer Types	10,000
Vendor Types	10,000
Job Types	10,000
Customer Messages	10,000
Vehicles	10,000
Items (including up to 8,000 inventory items)	14,500
Total Names (Customer:Jobs, Vendors, Employees, and Other Names Lists combined)	14,500
Memorized Transactions	10,000

TABLE 4-1 Maximum Number of Items per List

For example, you can change contact information for a customer or vendor. When you do so, QuickBooks uses the revised information in new and existing open transactions from that point forward.

You can also, for example, convert a class into a subclass or rename a list item. When you make a change like this, QuickBooks modifies the occurrences of the item in all existing transactions that contain the item.



TIP: If you don't want to change existing transactions, add a new item instead of renaming an existing one.

To Edit or Rename a List Item

You edit or rename a list item in an edit dialog that looks a lot like the New dialog you used to create the item. You can refer to illustrations and figures throughout the first half of this chapter to get a better idea of what this dialog might look like.


- 1 If necessary, display the list containing the item you want to modify.
- 2 Double-click the item you want to modify to display its edit dialog. This dialog should look very similar to the one you used to create the item, but it will be titled with the item name and will not include a Next button.
- 3 Make changes as desired.
- 4 Click OK to save your changes.

Dealing with Unused List Items

If you have a list item that you simply don't use, you can delete it—but only if it does not have subitems and has not been used in any transactions.

If an item you want to delete is being used in transactions, you can use the Find command to locate those transactions and modify those transactions so they no longer reference the item you want to delete. (Chapter 18 explains how to search for transactions.) As discussed earlier in this chapter, the Customer Center and Vendor Center windows make it easy to see how customers, jobs, and vendors are used in transactions by listing them right in the Center window (refer to Figures 4-1 and 4-8).

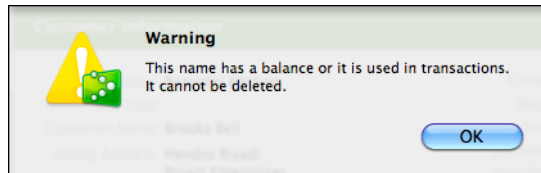
If you don't want to change existing transactions to remove references to an item you no longer use, you can mark the item as inactive. You can then use filtering features within QuickBooks to hide inactive items from view.

 **TIP:** Unused items can be removed when you condense your QuickBooks data. See Chapter 23 for details.

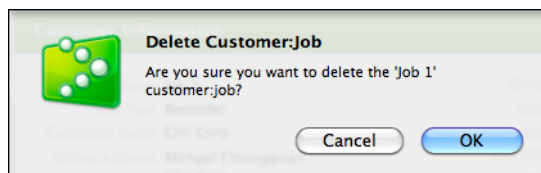
To Delete a List Item

You delete items with the Edit menu's Delete command. The exact name of this command varies depending on the type of item you're trying to delete.

- 1 If necessary, display the list containing the item you want to delete.
- 2 Select the item you want to delete.
- 3 Choose Edit | Delete *Item Type* or press COMMAND-D.
- 4 If the item cannot be deleted, a dialog like the one shown next appears. Click OK. You'll have to either remove the item from transactions that reference it or not delete it.



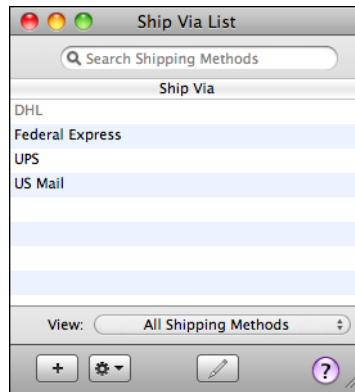
- 5 If the item can be deleted, a confirmation dialog like the one shown next appears. Click OK to delete the item.



To Mark a List Item as Inactive

Marking an item as inactive is as easy as choosing a menu command.

- 1 If necessary, display and activate the list containing the item you want to mark as inactive.
- 2 Select the item you want to mark as inactive.
- 3 Choose Edit | Make *Item Type* Inactive. The item turns gray in the list. Here's an example with one inactive shipping method:




TIP: You can also set an item as inactive by turning on a check box in the item's edit dialog. Figure 4-2 shows an example.

Here are a few things to remember when marking items as inactive:

- When you mark a list item as inactive, it is hidden in any windows that use that list. For example, an inactive item from the Customer Center's customer list will be hidden in the Customer:Job drop-down list in the Create Invoices window.
- Inactive list items still appear in reports and transactions.
- When you mark an item as inactive, its subitems are also marked inactive.
- You can hide inactive items from lists by choosing an option from the View pop-up menu at the bottom of a list window that excludes inactive items—for example, Active Customers on the Customer Center window.
- To make an inactive item active again, make sure it's displayed in its list, select it, and then choose Edit | Make Active.

Merging List Items

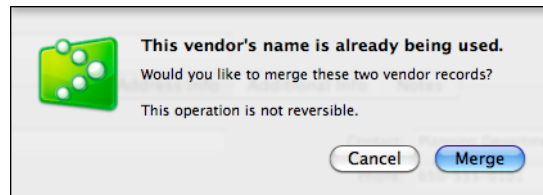
In most lists, you can combine two list items into one. For example, you may find that you've been using two vendors (because of different spellings) when you really need only one on your Vendor List.

 **NOTE:** Merging list items is irreversible. Do not merge two items on a list unless you are absolutely certain you want to do so.

To Merge Two List Items

Merging two list items may not be very intuitive, but it is easy.

- 1 If necessary, display and activate the list containing the items you want to merge.
- 2 Double-click the list item whose name you don't want to use to open its edit window.
- 3 Change the item's name to be the same as the item you want to merge it with.
- 4 Click OK.
- 5 A dialog like the one shown next appears, telling you that the name is already in use. Click Merge.



Working with Lists

Most of the list windows within QuickBooks share the same basic interface elements: a Spotlight search box at the top of the list, a View pop-up menu at the bottom of the list, and a series of buttons along the bottom of the list window. You can use these elements—as well as interface elements within the list windows—to work with lists.

QuickBooks also offers several ways to keep your lists organized. Table 4-2 summarizes them; they're discussed in various places throughout this chapter.

Filtering List Items

If a list is very long, you might have trouble finding a specific item on it. That's where the two filtering features come in. The Spotlight search feature enables you to filter the list by item name. The View pop-up menu enables you to filter the list by status or other criteria.

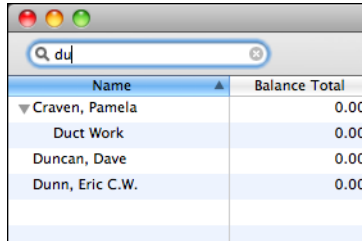
To Find List Items with Spotlight

Spotlight, a feature of Mac OS X, is also available within QuickBooks. Use it to find items in a list based on characters you enter. Just click in the Spotlight search box at

List Type	Arrange Manually	Sort By Column	Mark Item as Inactive	Levels of Subitems	Merge Items
Lists Chart Of Accounts	Yes	Yes	Yes	4	Yes
Lists Items	Yes	Yes	Yes	4	Yes
Lists Classes	Yes	Yes	Yes	4	No
Lists Customer:Jobs	Yes	Yes	Yes	4	Yes
Lists Vendors	No	Yes	Yes	0	Yes
Lists Employees	No	Yes	Yes	0	Yes
Lists Other Names	No	Yes	Yes	0	Yes
Lists Customer & Vendor Profile Customer Types	Yes	Yes	Yes	4	No
Lists Customer & Vendor Profile Vendor Types	Yes	Yes	Yes	4	No
Lists Customer & Vendor Profile Job Types	Yes	Yes	Yes	4	No
Lists Customer & Vendor Profile Terms	No	Yes	Yes	0	No
Lists Customer & Vendor Profile Customer Messages	No	Yes	Yes	0	No
Lists Customer & Vendor Profile Payment Methods	No	Yes	Yes	0	No
Lists Customer & Vendor Profile Ship Via	No	Yes	Yes	0	No
Lists Vehicles	No	Yes	Yes	0	No
Lists Memorized Transactions	Yes	Yes	No	1	No
Company To Do List	No	Yes	Yes	0	No
Company Reminders	No	No	No	0	No
Vendors Purchase Order List	No	Yes	No	0	No
Company Transaction Center	No	Yes	n/a	n/a	n/a

TABLE 4-2 Summary of List Organization Features

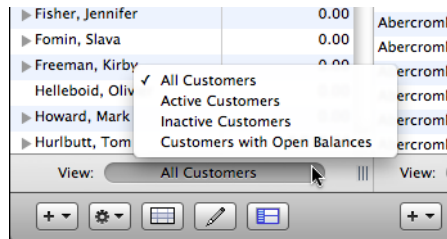
the top of the list and start typing characters you want to match. The list displays only the items that match the characters you type:



To view the entire list again, click the X button at the right end of the Spotlight search box to clear its contents.

To Filter List Items with the Show Menu

The View menu at the bottom of a list enables you to show items based on their status. Select an option from the pop-up menu, which is shown next. The list is filtered accordingly. The options that appear on the list vary depending on the list you're viewing.

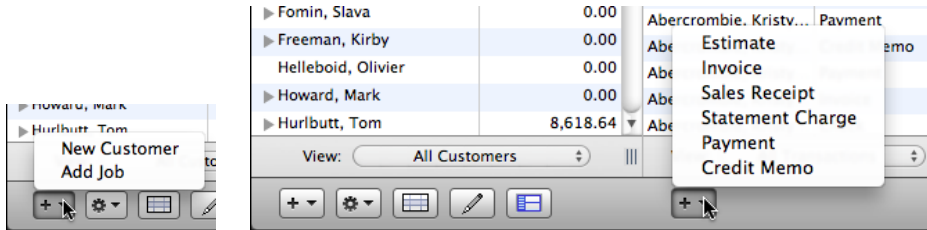


Using List Buttons and Menus

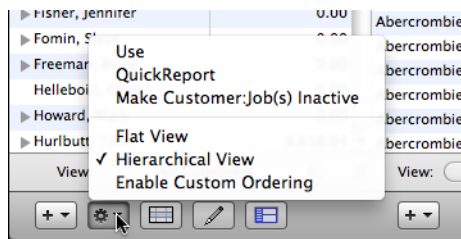
The buttons and menus that appear at the bottom of list windows (refer to figures and illustrations throughout the first half of this chapter) offer additional options for working with lists. Here's a quick rundown of the kinds of buttons and menus you might find:

- + buttons or menus enable you to add a new item. In instances where the + button is a menu, you'll have a choice of what to add. For example, in the

Customer Center window, the first + menu enables you to add a new customer or job while the second + menu enables you to add a transaction:



- The Action pop-up menu offers commands that you can use with a selected item in the list. Here's an example from the Customer Center window:



- The Edit button, which looks like a pencil, enables you to modify the selected item.

Changing the Order of List Items

One of the most basic ways to organize a list is to change the order in which list items appear. This section explores some options.

To Manually Arrange a List

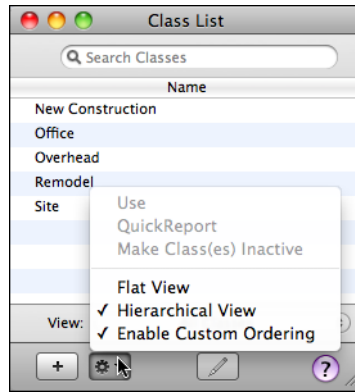
QuickBooks enables you to manually arrange list items in many different kinds of lists. This makes it possible to completely customize list order.

- \$ TIP:** When you manually arrange a list, the list appears in that custom order in any window that uses it; for example, if you manually arrange the Customer Center's customer:job list, the Customer:Job pop-up menu on the Create Invoices menu will appear in the same order.

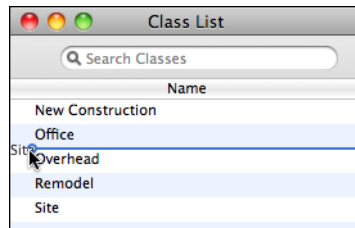
Manually arranging a list is as easy as dragging list items up or down in the list.

- 1 Display the list you want to reorganize.

- 2 If necessary, make sure Hierarchical View and Enable Custom Ordering are checked on the Action pop-up menu at the bottom of the list:



- 3 Position the mouse pointer on the list item you want to move.
- 4 Press the mouse button and begin to drag up or down. As shown next, a blue line appears where the item you are dragging will be moved in the list.



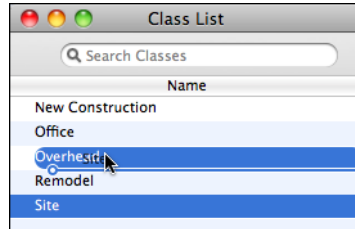
- 5 Release the mouse button. The item moves.

To Make an Item a Subitem of Another Item

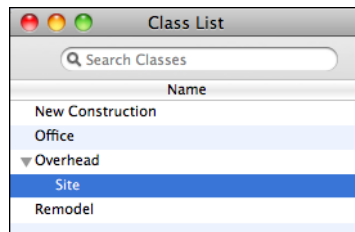
You can drag to turn a main item into a subitem.

- 1 Display the list you want to reorganize.
- 2 If necessary, make sure Hierarchical View and Enable Custom Ordering are checked on the Action pop-up menu at the bottom of the list (shown above).
- 3 Position the mouse pointer on the main item you want to turn into a subitem.

- Press the mouse button and begin to drag left or right. As the mouse pointer moves over another item on the list, an oval appears around the item as it's selected:



- Release the mouse button. The item becomes a subitem of the selected item:



To Turn a Subitem into a Main Item

You can also drag to turn a subitem into a main item.

- Display the list you want to reorganize.
- If necessary, make sure Hierarchical View and Enable Custom Ordering are checked on the Action pop-up menu at the bottom of the list (shown earlier).
- Position the mouse pointer on the list subitem you want to turn into a main item.
- Drag up or down out of the subitem, and to the left.
- When you release the mouse button, the subitem becomes a main item.

To Sort by a Column

Click any column header:

- One click sorts in ascending order by that column. Here's an example of a Customer Center customer list sorted in ascending order by Name:

Customer Center

Search Customers

Name	Balance Total	Notes	Job Status
▼ Abercrombie, Kr...	0.00		
Family Room	0.00		Closed
Kitchen	0.00		Pending
Remodel Bat...	0.00		In progress
▶ Balak, Mike	0.00		
▶ Bolinski, Rafal	0.00		
▶ Brooks Bell	4,223.00		
▶ Burch, Jason	1,005.00		
▶ Campbell, Heather	13,900.00		
▶ Carr's Pie Shop	0.00		
▶ Castillo, Eloisa	0.00		
▶ Chil Corp	0.00		
▶ Craven, Pamela	0.00		
▶ Davies, Aaron	0.00		
▶ Duncan, Dave	0.00		
▶ Dunn, Eric C.W.	0.00		
▶ Ecker Designs	1,468.30		
▶ Euretig, Rachel	0.00		
▶ Fashoro, Abayomi	0.00		

View: All Customers

- Two clicks sorts in descending order by that column. Here's an example of a Customer Center customer list sorted in descending order by Balance Total:

Customer Center

Search Customers

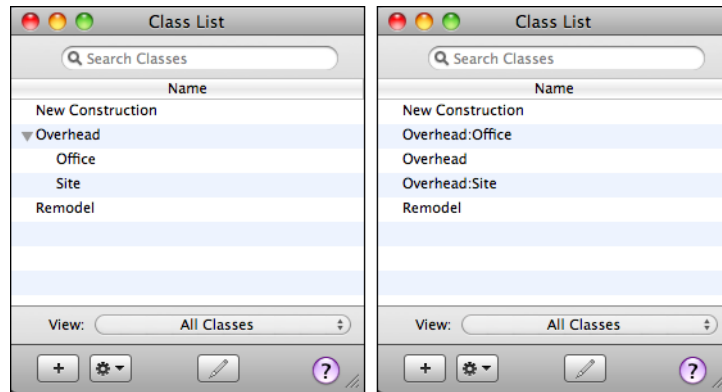
Name	Balance Total	Notes	Job Status
▶ Wu, Eddy	14,510.00		
▶ Campbell, Heather	13,900.00		
▶ Mackey's Nurser...	13,900.00		
▶ Robson, Darci	12,420.98		
▶ Rusoff, Jason	9,397.33		
▶ Hurlbutt, Tom	8,618.64		
▶ Pretell Real Estate	5,026.50		
▶ Violette, Mike	4,732.23		
▶ Brooks Bell	4,223.00		
▶ Jacobsen, Doug	2,320.00		
▶ Ecker Designs	1,468.30		
▶ Burch, Jason	1,005.00		
▶ Vitton, David	700.00		
▶ Lynes, William	565.95		
▶ Low Plumbing - C	220.00		
▼ Abercrombie, Kr...	0.00		
Family Room	0.00		Closed
Kitchen	0.00		Pending
Remodel Bat...	0.00		In progress

View: All Customers

NOTE: Sorting a list automatically disables custom ordering.

To Display a List in Flat or Hierarchical View

By default, all lists are displayed in hierarchical view—that is, subitems are indented and listed directly below their corresponding “parent” item. But you can also display lists in flat view, which displays items without indentation. You can see the difference in these two views of the same Class List window:



From the Action pop-up menu at the bottom of a list window (shown earlier), choose either Flat View or Hierarchical View.

To Toggle Between a Manually Rearranged and Column-Sorted List

In hierarchical view, you can switch between manually arranged and column-sorted list views. This gives you maximum flexibility in organizing your lists.

From the Action pop-up menu at the bottom of a list window (shown earlier), choose Enable Custom Ordering. Each time you select this command, QuickBooks toggles the view between manually arranged and column-sorted views.

Reverting Lists to Their Default Sort Order

QuickBooks also has a default sort order for lists. You can revert to that order any time you like.

- 1 If necessary, display and activate the list you want to revert to the default sort order.
- 2 Choose Edit | Re-sort List.
- 3 A dialog may appear, asking you to confirm that you really do want to return the list to its original order. Click OK.

The list reverts back to its default sort order and enables custom ordering.

Speeding Up Data Entry with Lists

Lists perform two functions within QuickBooks:

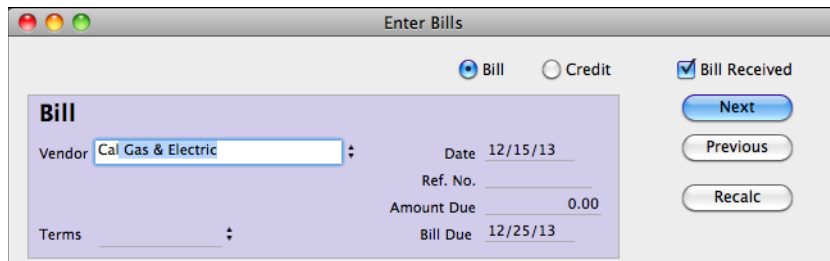
- Lists ensure that data is consistently entered by only allowing you to enter items that appear on a list.
- Lists speed up data entry by giving you tools for quickly entering a list item in a QuickBooks form.

This part of the chapter takes a quick look at the data entry benefits of using lists.

QuickFill

When you click in a field where you'll use a list item (for example, the Vendor field in the Enter Bills window) and start typing the item's name, the QuickFill feature of QuickBooks completes the entire item as you type the beginning letters.

The following illustration shows how this works. In this example, the letters *Cal* were typed into the Vendor field of an Enter Bills form. QuickBooks automatically searched its list and found the vendor *Cal Gas & Electric* and entered it into the field:



The screenshot shows the 'Enter Bills' window. At the top, there are radio buttons for 'Bill' (selected) and 'Credit', and a checked checkbox for 'Bill Received'. Below this, the 'Vendor' field contains 'Cal Gas & Electric'. To the right of the Vendor field, there are fields for 'Date' (12/15/13), 'Ref. No.', 'Amount Due' (0.00), and 'Bill Due' (12/25/13). On the right side of the window, there are three buttons: 'Next', 'Previous', and 'Recalc'.

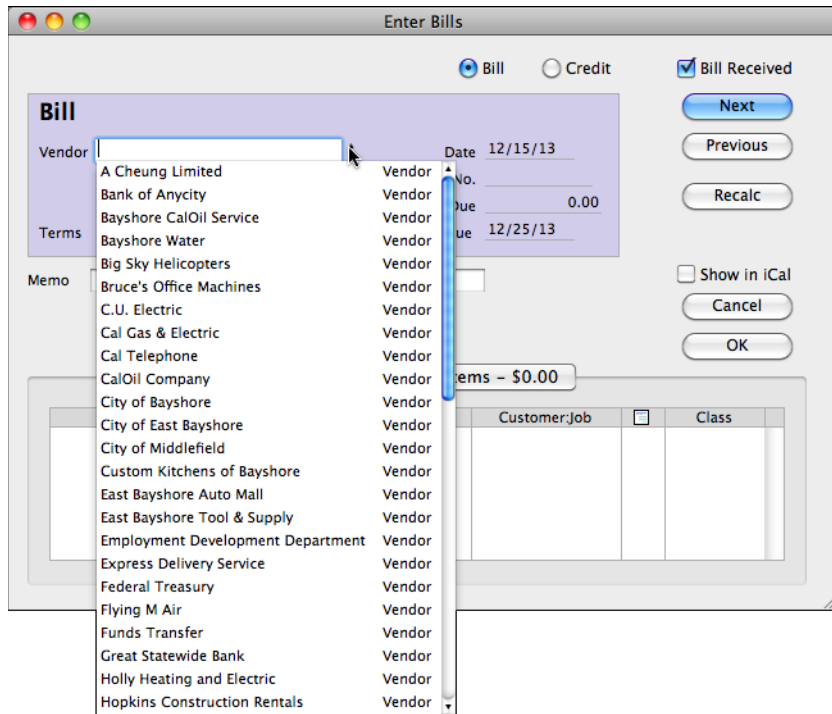
Keep in mind that you may need to type more than just two or three letters to narrow down the list of possible matches if your list is long. And you can always enter an item that is not on the list; if you do, QuickBooks will prompt you to set it up or quickly add it to the appropriate list by displaying a dialog like the one shown next. If you don't want to add the item you've typed, simply click Cancel to return to the form and enter something else.



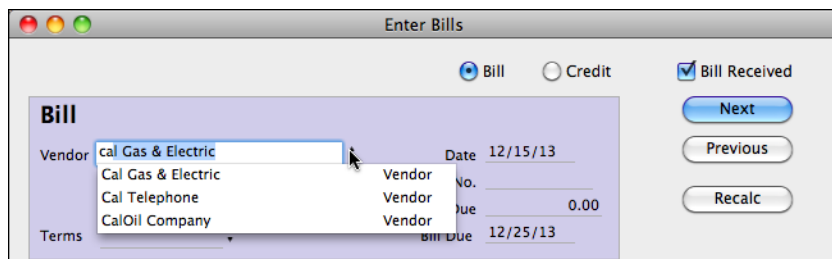
The dialog box has a green icon with white dots on the left. The text reads: 'Vendor Not Found' followed by 'Jim the Carpenter is not in the Vendor list.' At the bottom, there are three buttons: 'Set Up', 'Cancel', and 'Quick Add'.

Drop-Down Lists and Pop-Up Menus

Every field that can be filled with a list item has an arrow button next to it. Click the arrow (or press CTRL-DOWN ARROW) to see the list (as shown next), and then click the item you want to fill in the field.



You can also start typing letters in the field to filter the list. Here's what the list in the previous illustration might look like with the letters *Ca* typed to narrow down the list:



Using a Command or Keystroke to Display Lists

You can also display a list window for any field that can be filled with a list item. With the insertion point in the field, choose Edit | Show List, or press `COMMAND-L`, to display the appropriate list.

Once the list is displayed, you can select the item you want to use in the list by using the arrow keys, the mouse, or by typing the first letters of the item. Then choose Use from the Actions pop-up menu at the bottom of the list to insert it in the form field.

Custom Fields

Custom fields let you associate information specific to your business with customers, jobs, vendors, employees, and items. For example, you can add fields such as the following:

- Pager number, cell phone number, or web site (for vendors and employees)
- Birthday or e-mail address (for customers)
- Unit of measurement (for items)
- Color (for items)

You can record the information just for your use, or you can make it appear on your QuickBooks sales forms, estimates, or purchase orders. For example, a doctor's office may want to add a field to the top of your invoices for a patient's health insurance plan, or a designer may want to add a column to invoices or purchase orders for an item's color.

QuickBooks remembers the information you entered in custom fields when you import and export, and when you memorize transactions.

If you change a custom field later, QuickBooks remembers the data you entered in that field. For example, if you are using a custom field for customers called Region that contains information such as Northeast and South, and you decide to rename the field State and enter new information (for example, Maine and Georgia), QuickBooks still has a record of the information you originally entered in the field. QuickBooks also retains the data you entered in a field, even if you turn off the field.

Adding Custom Fields to Lists

You can add custom fields to the customer, job vendor, employee, and item setup windows. Then when you add to (or edit) any of these lists, you can fill in the information for the custom fields.



NOTE: You can add fields for all customers, vendors, and employees at the same time. You must add fields for individual items separately.

To Add Custom Fields for Customers, Jobs, Vendors, and Employees

You use the edit dialog for any list item to add a custom field for all items in that list. Here's how to add custom fields for customers, vendors, and employees:

- 1 If necessary, display the list you want to add fields for: Customer Center, Vendor Center, or Employee List.
- 2 Double-click any customer, job, vendor, or employee on the list.
- 3 Click the Additional Info button to display the Additional Info screen. (Refer to Figures 4-3, 4-6, and 4-10.)
- 4 Click Define Fields. The Custom Fields dialog, which is shown in Figure 4-15, appears.
- 5 Double-click in an empty line in the Label column to display an insertion point.
- 6 Enter a field name for the custom field.
- 7 Turn on the check boxes in the same line for the list(s) you want the field to appear on.
- 8 Repeat steps 5 through 7 for each custom field you want to add.
- 9 Click OK. A dialog may appear, explaining that you have activated custom fields. Click OK.

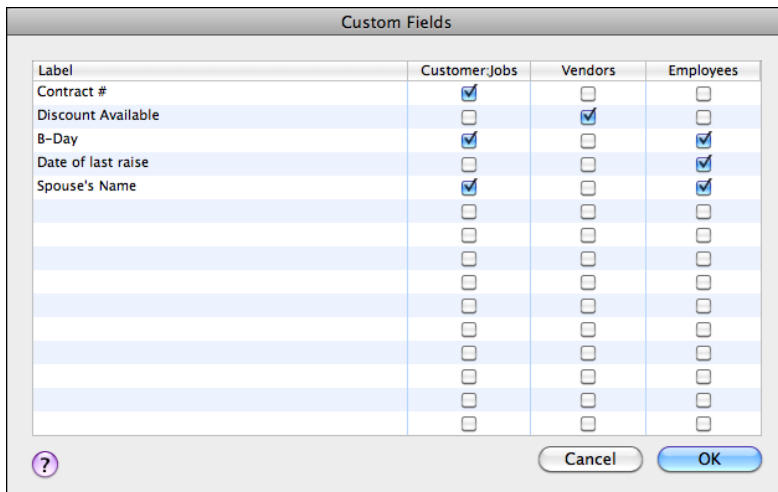


FIGURE 4-15 Here's the Custom Fields dialog with a few custom fields added.

- 10 The custom fields you created appear in the Additional Info screen for the item you selected in step 2, as shown next. If desired, you can enter data into the field for that item.

The screenshot shows a window titled 'Abercrombie, Kristy'. At the top, the customer name is entered in a text field. To the right is a checkbox labeled 'Customer is inactive'. Below this are three tabs: 'Address Info', 'Additional Info' (which is selected), and 'Notes'. Under the 'Additional Info' tab, there are two columns of fields. The left column, under 'Categorizing and Defaults', includes 'Customer Type' (Residential), 'Terms' (Net 30), 'Rep.' (a dropdown), and 'Credit Limit'. The right column, under 'Custom Fields', includes 'Contract #' (10-1348), 'B-Day' (1/1/65), and 'Spouse's Name' (Tim). A 'Define Fields' button is located at the top right of the custom fields section.

- 11 Click OK to save your entry and dismiss the edit dialog.

Here are a few things to remember when adding custom fields:

- You can add up to seven fields each for customers, vendors, and employees, including fields that overlap. For example, if you add a custom Birthday field for Customers:Jobs, Vendors, and Employees, QuickBooks counts it as one field used for each.
- You cannot add more than 15 fields altogether for all three lists.
- Once a field has been added to a list, you can manually fill in that field for each item in the list.

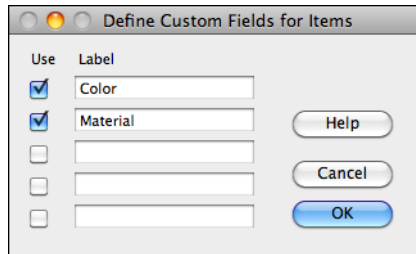
To Add Custom Fields for Items

You can also add custom fields for items. Although items are discussed in detail in Chapter 6, here are the instructions for adding custom fields:

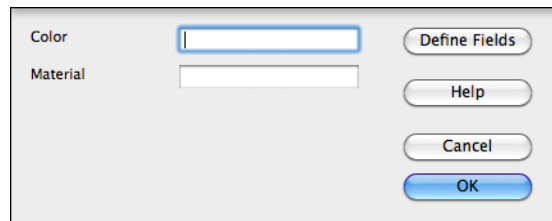
- 1 Choose Lists | Items or press SHIFT-COMMAND-I to display the Items List.
- 2 Double-click the name of the item you want to add custom fields for. The Edit Item dialog appears. It might look something like this:

The screenshot shows an 'Edit Item' dialog box. At the top, 'Type' is set to 'Inventory Part' and 'Item Name/Number' is 'Brass hinges'. There is a checked checkbox for 'Subitem of' with 'Hardware' selected in the dropdown. Below this are two main sections: 'Purchase Information' and 'Sales Information'. 'Purchase Information' includes 'Description on Purchase Transactions' (standard interior brass hinge), 'Cost' (3.00), 'COGS Account' (Cost of Goods Sold), and 'Preferred Vendor' (Perry Windows & Doors). 'Sales Information' includes 'Description on Sales Transactions' (standard interior brass hinge), 'Sales Price' (0.00), a checked 'Taxable' checkbox, and 'Income Account' (Construction Income:M). At the bottom, there is an 'Inventory Information' section with 'Asset Account' (Inventory Asset), 'Reorder Point', 'Qty on Hand' (246), 'Avg. Cost' (3.00), and 'Qty on Order' (0). Buttons for 'Custom Fields', 'Cancel', and 'OK' are visible.

- 3 Click the Custom Fields button.
- 4 A dialog may appear, telling you that there are no custom fields defined for items. Click OK.
- 5 A dialog listing any existing custom fields appears. Click Define Fields.
- 6 In the Define Custom Fields for Items dialog, turn on the Use check box and enter a label for each of the custom fields you want to use. Here's an example with two fields created:



- 7 Click OK. If an Information dialog appears, telling you that you have activated custom fields, click OK.
- 8 The custom fields you added appear in the dialog listing the item's custom fields, as shown next. If desired, you can enter data into the field for that item.




- 9 Click OK to save your changes for the item and return to the Edit Item dialog.
- 10 Click OK to dismiss the Edit Item dialog.

Here are two things to keep in mind when adding custom fields to items:

- You can add up to five custom fields for each of the service, inventory part, non-inventory part, and other charge items on your Item List.
- Once a field has been added, you can manually fill in that field for that item in the list.

Using Custom Fields

After you add custom fields, you can customize your forms to include these fields. You can add customer:job fields to the top of sales forms and estimates, vendor fields to the top of purchase orders, and item fields as columns to sales forms. This makes it possible to include more information on these forms.

 **TIP:** You can learn more about customizing forms to add custom fields in Chapters 7 and 14.

QuickBooks prefills custom fields on a form with information you've already entered for the customer:job, vendor, or item. If you change the name of a custom field, the name also changes on the sales forms, estimates, or purchase orders where you have used the field.

Removing Custom Fields

To remove a custom field you have already added to sales forms, estimates, or purchase orders, first remove the custom field from the forms. Then display the window where you added the field (consult the illustrations earlier in this part of the chapter) and clear the check box for it. You can leave the name.

Printing, Saving, or E-mailing a List

You can print, save, or e-mail a list. This makes it possible to have hard copy for documentation purposes or share the list with a coworker or your accountant.

To Print a List

Printing a list gives you something to consult when you're not working with QuickBooks.

- 1 If necessary, display and activate the list you want to print.
- 2 Choose File | Print *List Name* List or press COMMAND-P.
- 3 Use the Standard Print dialog that appears to send the list to your printer.

To Save a List as a PDF

Saving a list as a PDF puts the list in a format that's easy to store on your computer or share with others via file sharing or e-mail.

- 1 If necessary, display and activate the list you want to save as a PDF.
- 2 Choose File | Print *List Name* List.
- 3 In the Standard Print dialog that appears, choose Save As PDF from the PDF pop-up menu.
- 4 Enter a name for the file, set other options in the Save dialog that appears, and click Save.

To E-mail a List as a PDF

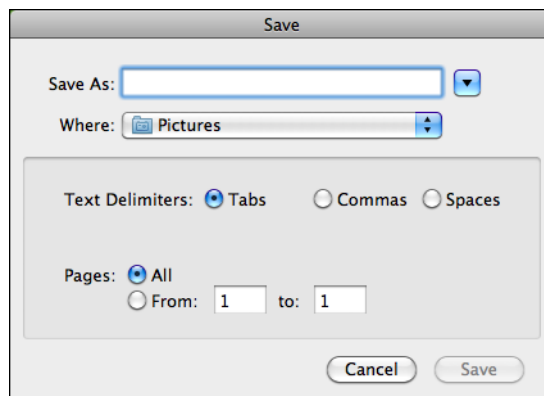
You can also e-mail a PDF of a list right from within QuickBooks.

- 1 If necessary, display and activate the list you want to e-mail as a PDF.
- 2 Choose File | Email *List Name* as PDF.
- 3 Your computer launches your default e-mail application with a new message form prepared. A PDF of the list is attached to the message. Enter a message recipient and subject and then send the message.

To Save a List as Text


If you want the list in a format you can manipulate (for formatting or editing) on a computer, try saving it as text. (Remember, any changes you make to a list saved as a text file will not be reflected in QuickBooks.)

- 1 If necessary, display and activate the list you want to save as text.
- 2 Choose File | Save *List Name* As Text.
- 3 Set options in the Save dialog that appears (shown next), and click Save.



Synchronizing Your Contacts with Address Book

You can carry your QuickBooks contact lists (customers, vendors, employees, and other names) with you wherever you go by synchronizing your QuickBooks contacts with your Mac OS X Address Book.

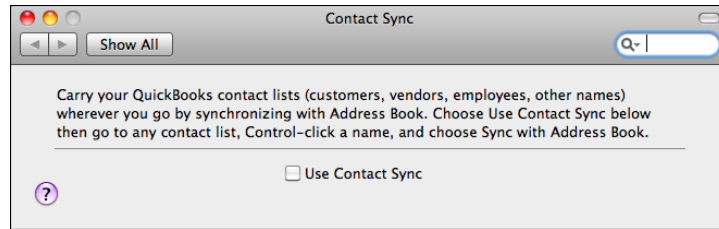
-  **NOTE:** The contact synchronization feature of QuickBooks requires that you have a paid subscription to Apple's MobileMe service, have an Internet connection, and are logged onto MobileMe (in System Preferences).

Enabling Contact Sync

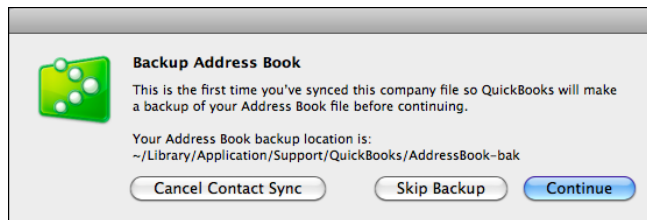
To use the contact sync feature of QuickBooks, you must turn it on. Here's how.

To Turn On Contact Sync

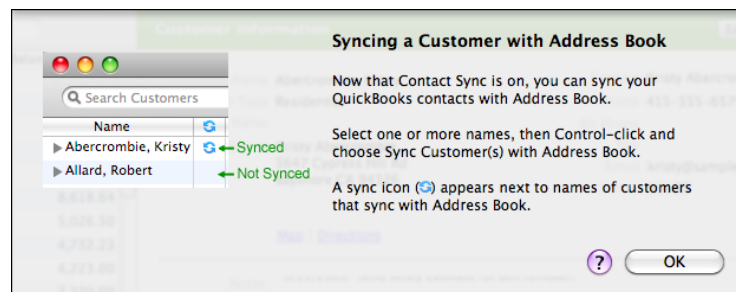
- 1 Choose Company | Contact Sync Settings. The Sync screen of the QuickBooks Preferences dialog appears:



- 2 Turn on the Use Contact Sync check box.
- 3 A dialog like the one shown next may appear, offering to back up your Address Book file. Click Continue.

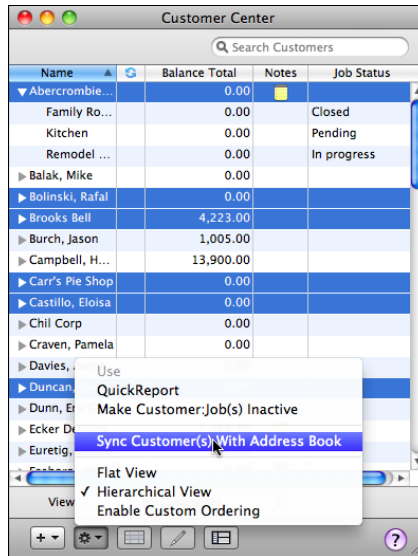


- 4 The Customer Center window and an instruction dialog sheet like the one shown next appears. It explains how to choose the customers you want to sync and start the sync. Click OK.

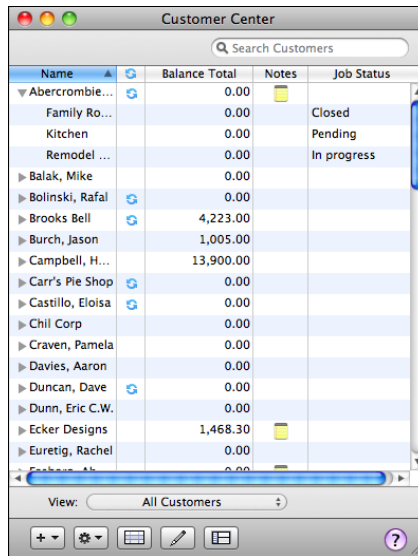


- 5 In the Customer List, hold down the COMMAND key and click on each contact you want to synchronize to select it.

- 6 Choose Sync Customer(s) With Address Book from the Action pop-up menu at the bottom of the window:



As shown next, sync icons appear in the Sync column beside each name that is synchronized.



- 7 Repeat steps 5 and 6 as desired for the Vendor List window and Employee List window.

Contact synchronization begins automatically and transparently in the background. If your contact lists are long, the first synchronization may take a few minutes.

From now on, whenever you add or change a synched contact in either QuickBooks or Address Book, synchronization automatically happens without any further action from you. There are two exceptions:

- Inactive QuickBooks contacts are not added to Address Book.
- Deleting a contact in Address Book does not delete it in QuickBooks.

To Turn Off Contact Sync

- 1 Choose Company | Contact Sync Settings. The Contact Sync screen of the QuickBooks Preferences dialog appears.
- 2 Turn off the Use Contact Sync check box.
- 3 Close the Preferences dialog.

To See Which QuickBooks Fields Are Synchronized

You can see which fields are synchronized by looking at a list item in any list you synchronized.

- 1 If necessary, open a list you have synchronized with Address Book.
- 2 Double-click any item in the list to open its edit dialog. As shown in Figure 4-16, fields that are synchronized are shaded pale yellow. (If you don't see any shaded fields, make sure that contact sync is turned on, as explained in the previous section.)

How Address Book Handles QuickBooks Contacts

This is what happens when QuickBooks contacts are moved into Address Book:

- QuickBooks creates a group in Address Book named QuickBooks:Company Name. For example, if your company file is named Brooks Bell Design, a group is created in Address Book called "QuickBooks:Brooks Bell Design," as shown in Figure 4-17.
- Contacts in Address Book are sorted according to your Address Book preferences; to change them, open Address Book, choose Address Book | Preferences, and then click the General button. (By default, Address Book sorts contacts by Last Name and displays contacts by First Name Last Name.)
- When you make changes to the QuickBooks groups in Address Book, those changes are automatically updated in QuickBooks. For example, you can change contact info or drag existing contacts into the appropriate QuickBooks group within Address Book to modify the same information in QuickBooks.

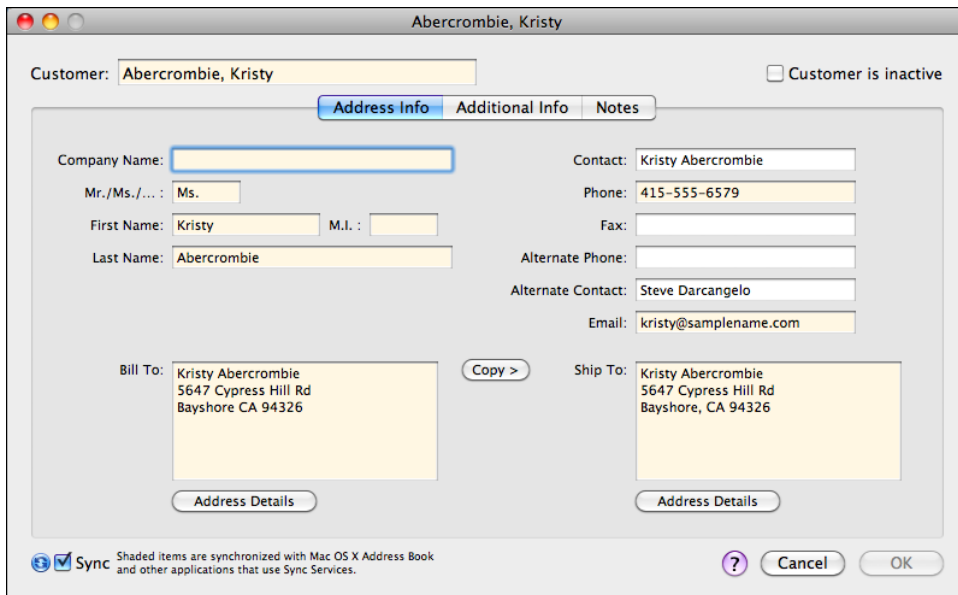


FIGURE 4-16 You can see which fields are synchronized by looking at the edit dialog for any item in a synchronized list.

TIP: You can synchronize QuickBooks contacts with any application that is compatible with Mac OS X sync services. Just follow the instructions to sync your device with your MobileMe content; QuickBooks contacts will automatically be synced along with it.

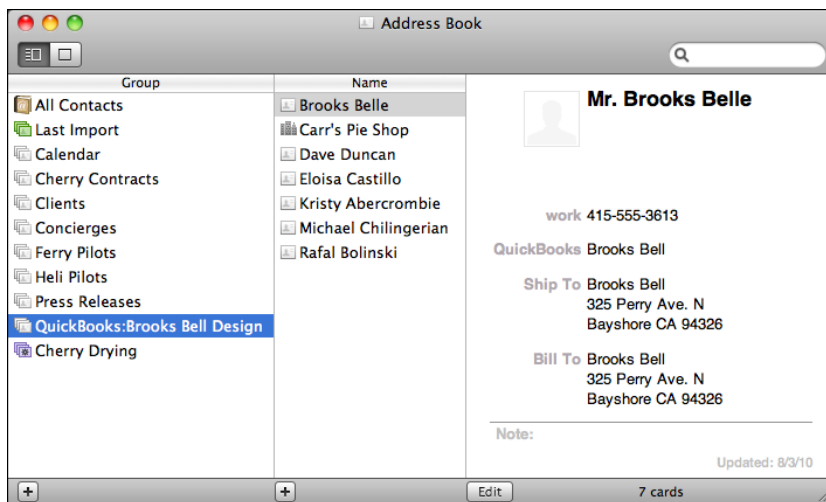


FIGURE 4-17 QuickBooks adds its contacts to your Address Book file, grouping them by list.

Building Your Chart of Accounts

In this chapter:

- Chart of accounts overview
- Adding new accounts
- Editing opening balances
- Editing account information
- Deleting an account
- Keeping your chart of accounts organized
- Changing an account's color
- Merging existing accounts

Like any other double-entry bookkeeping system, QuickBooks records the results of all transactions—no matter how they are entered—in *accounts*. These accounts are listed in your company's chart of accounts.

This chapter tells you more about how a chart of accounts works. It also explains how to work with your chart of accounts to fine-tune it so it meets your needs.



TIP: The chart of accounts is one of QuickBooks' lists. You can learn more about working with lists in Chapter 4.

Chart of Accounts Overview

QuickBooks accounts are highly flexible and easy to use. You can name accounts anything you like and arrange them in any order that is useful for your company.



NOTE: When you set up your company as discussed in Chapter 2, QuickBooks automatically customized the chart of accounts for your industry.

Every chart of accounts has two kinds of accounts:

- Balance sheet accounts
- Income and expense accounts

Understanding Balance Sheet Accounts

Balance sheet accounts include assets, liabilities, and equity:

- **Assets** are money and things you own.
- **Liabilities** are your debts: money you owe.
- **Equity** is the worth of your company.

Assets include furniture or equipment your company owns, money it has in the bank, and money it is owed by customers (accounts receivable, or A/R). Liabilities include amounts your company owes to others.

A balance sheet report shows how much your business is worth by subtracting all of the money your company owes (liabilities) from everything it owns (assets). The result is what your company is worth: your business's equity.

Balance sheet account balances—for example, a checking account balance—are not viewed over a period of time because they can increase or decrease day to day. Their balances are always referred to as of a specific day.

In QuickBooks, each balance sheet account has its own register, just like your check register. The register shows every transaction for that account, as well as the account balance. For example, the register for accounts payable (A/P) shows every bill and every payment, as well as the total amount outstanding.

QuickBooks Account Type	Use to Track
Bank	Transactions in checking, savings, and money market accounts. Add one bank account for each account your business has at a bank or other financial institution. You can also use this type of account for petty cash.
Accounts Receivable (A/R)	Transactions between you and your customers, including invoices, statement charges, payments from customers, deposits of customer payments, refunds, and credit memos. QuickBooks automatically creates an A/R account when you first create an invoice or statement charge.
Other Current Asset	Assets that are likely to be converted to cash or used up within one year, such as petty cash, the value of your inventory on hand, notes receivable due within a year, prepaid expenses, and security deposits.
Fixed Asset	Depreciable assets your business owns that aren't liquid (not likely to be converted into cash within a year), such as equipment, furniture, or a building.
Other Asset	Any asset that is neither a current asset nor a fixed asset, such as long-term notes receivable.
Accounts Payable (A/P)	Your business's outstanding bills. When you first enter a bill, QuickBooks automatically creates an A/P account.
Credit Card	Credit card transactions.
Other Current Liability	Liabilities that are scheduled to be paid within one year, such as sales tax, payroll taxes, accrued or deferred salaries, and short-term loans. Some businesses include the current portion of long-term liabilities in this kind of account.
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, draws, and retained earnings. When you create a new company, QuickBooks creates two equity accounts: Owners Equity and Owners Draw. When you enter balance sheet accounts, QuickBooks adds an equity account called Opening Balance Equity to help balance your books as you set up. You may want to add your own equity accounts.

TABLE 5-1 Types of Balance Sheet Accounts

Table 5-1 lists various types of QuickBooks balance sheet accounts and explains what each is used to track.

The Chart Of Accounts window (see Figure 5-1) shows a balance for each balance sheet account (except for the special equity account, Retained Earnings). The balance is the ending balance after all transactions that affect the account are included.

Name	Type	Balance
Checking	Bank	18,334.54
Savings	Bank	44,144.75
Petty Cash	Bank	500.00
Accounts Receivable	Accounts Receivable	93,007.93
Pre-paid Insurance	Other Current Asset	8,442.83
Undeposited Funds	Other Current Asset	2,440.00
Inventory Asset	Other Current Asset	30,121.33
Employee Advances	Other Current Asset	832.00
Retainage Receivable	Other Current Asset	3,703.02
Furniture and Equipment	Fixed Asset	34,326.00
► Vehicles	Fixed Asset	78,936.91
Buildings and Improvements	Fixed Asset	325,000.00
Construction Equipment	Fixed Asset	15,300.00
Land	Fixed Asset	90,000.00
Accumulated Depreciation	Fixed Asset	-110,344.60
Security Deposits	Other Asset	1,720.00
Accounts Payable	Accounts Payable	18,986.92
QuickBooks Credit Card	Credit Card	94.20
CalOil Credit Card	Credit Card	382.62

FIGURE 5-1 A chart of accounts includes balance sheet accounts and income and expense accounts.

To Print the Chart of Accounts

A printed chart of accounts is one way to get balance sheet account balances on paper.

- 1 If necessary, display and activate the Chart Of Accounts window.
- 2 Choose File | Print Accounts List, or press COMMAND-P.
- 3 Use the standard Print dialog that appears to set options and send the list to your printer.


To See an Account Register

An account register shows all transactions that affect the balance of a particular account.

- 1 If necessary, display and activate the Chart Of Accounts window.

- 2 Double-click the name of the balance sheet account you want to see the account register for. The account register window for that account appears. The following illustration shows an example of the Accounts Receivable account register.

Date	Number	Customer	Item	Qty	Rate	Amt Chrg	Amt Paid
12/14/11	1096	Fashoro, Abayomi:...				2,824.03	
	INV						Paid
12/15/11		Roche, Diarmuid:Ga...					440.00
	PMT						
12/15/11		Abercrombie, Kristy...					7,633.28
	PMT						
12/15/11	42000	Fashoro, Abayomi:...					13,560.39
	PMT						
12/15/11	1097	Robson, Darci:Robs...				12,420.98	
	INV						12/15/11
12/15/11	1098	Rusoff, Jason:Kitchen				1,636.69	
	INV						01/14/12
						Ending balance	93,007.93

 **TIP:** You can learn more about working with account registers in Chapter 18.

To See a Report That Shows All Balance Sheet Accounts with Balances

A Balance Sheet Standard report shows all your balance sheet accounts with their balances. To display this report, choose Reports | Company & Financial | Balance Sheet Standard. The report appears in a report window (refer to Figure 5-2).

Understanding Income and Expense Accounts

Income and expense accounts track the sources of your income and the purpose of each expense. When you record transactions in one of your balance sheet accounts, you usually assign the amount of the transaction to one or more income or expense accounts. For example, when you record money taken out of your checking account, you keep track of what you spent the money on: utilities, advertising, office supplies, etc.

Income and expense account balances accumulate over one year. At the beginning of a fiscal year, reports show income and expense account balances starting again at zero. You can use a Profit and Loss report to compare how much you make and spend on specific items this year to how much you made and spent on those items last year.

QuickBooks does not display a balance for income and expense accounts in the chart of accounts. Instead, you can see totals for accounts in reports.

Balance Sheet Standard

Options Filters Format Header/Footer Favorite Memorize Export Print Customize Help

Dates: This Fiscal Year-to-date As of: 12/15/11 Columns: Total only Hide Header Collapse

12/16/11

Brooks Bell Design
Balance Sheet Standard
 As of December 15, 2011

Dec 15, '11

ASSETS	
Current Assets	
Checking/Savings	
Checking	18,334.54
Savings	44,144.75
Petty Cash	<u>500.00</u>
Total Checking/Savings	62,979.29
Accounts Receivable	
Accounts Receivable	<u>93,007.93</u>
Total Accounts Receivable	93,007.93
Other Current Assets	
Pre-paid Insurance	8,442.83
Undeposited Funds	2,440.00
Inventory Asset	30,121.33
Employee Advances	832.00
Retainage Receivable	<u>3,703.02</u>
Total Other Current Assets	<u>45,539.18</u>
Total Current Assets	201,526.40
Fixed Assets	
Furniture and Equipment	34,326.00

FIGURE 5-2 A Balance Sheet Standard report shows the balances in all balance sheet accounts, with standard accounting organization.

To See Detail for an Income or Expense Account

The quickest way to see transactions for an income or expense account is to create an account QuickReport.

- 1 If necessary, display and activate the Chart Of Accounts window.
- 2 Double-click the income or expense account for which you want to see account activity. An Account QuickReport window for that account appears; you can see an example in Figure 5-3.

Type	Date	Num	Name	Memo	Split	Amount
Job Expenses						
Equipment Rental						
Bill	11/07/11		Abercrombie, Kristy:Rem...	Equipment Rental	Accounts Payable	300.00
Bill	12/01/11		Robson, Darci:Robson Clinic	Equipment Rental	Accounts Payable	400.00
Bill	12/01/11		Robson, Darci:Robson Clinic	Equipment Rental	Accounts Payable	450.00
Bill	12/05/11		Hurlbutt, Tom:Dental office	Equipment Rental	Accounts Payable	550.00
Bill	12/08/11		Violette, Mike:Workshop	Equipment Rental	Accounts Payable	150.00
Total Equipment Rental						<u>1,850.00</u>
Total Job Expenses						<u>1,850.00</u>
TOTAL						<u><u>1,850.00</u></u>

FIGURE 5-3 A QuickReport can list transactions for an income or expense report in a Report window.

To See a Profit and Loss Report

A Profit and Loss report totals income and expense account activity for the period you specify. To display this report, Choose Reports | Company & Financial | Profit & Loss Standard. Figure 5-4 shows an example with year-to-date results.

Cost of Goods Sold Accounts

The *cost of goods sold* (or COGS or cost of sales) account is usually grouped with income and expense accounts, even though it is a separate account type. Many businesses have one cost of goods sold account, which is similar to an expense account.

COGS contains all expenses that are direct costs of your sales, such as materials for a job or inventory. When you use inventory items to track purchases and sales of inventory, QuickBooks automatically calculates the COGS every time you sell an item.

In reports, your COGS accounts always appear after income accounts and before any other expense accounts, so you can see what your net income is before subtracting your business's indirect expenses, such as utilities or office supplies.

The screenshot shows a software window titled "Profit and Loss Standard" for "Brooks Bell Design". The report covers the period from "01/01/11" to "12/15/11". The report is titled "Brooks Bell Design Profit and Loss Standard January 1 through December 15, 2011" and is dated "12/16/11". The report shows a summary of income and expenses, with a total income of 449,657.14 and a cost of goods sold of 15,328.24.

Brooks Bell Design	
Profit and Loss Standard	
January 1 through December 15, 2011	
Jan 1 - Dec 15, '11	
Ordinary Income/Expense	
Income	
Construction Income	
Design Income	36,729.25
Labor Income	208,225.42
Materials Income	119,920.67
Subcontracted Labor Income	82,710.35
Less Discounts given	-48.35
Construction Income - Other	0.00
Total Construction Income	447,537.34
Reimbursement Income	
Permit Reimbursement Income	1,223.75
Reimbursed Freight & Delivery	896.05
Total Reimbursement Income	2,119.80
Total Income	449,657.14
Cost of Goods Sold	
Cost of Goods Sold	15,328.24
Job Expenses	
Equipment Rental	1,850.00
Job Materials	98,935.90
Permits and Licenses	700.00

FIGURE 5-4

You can display a Profit and Loss Standard report for any period of time.

Automatically Created Accounts

During your work with QuickBooks, the program creates certain accounts automatically when you need them. Table 5-2 lists the automatically created accounts and the situations in which they're created.

Name	Account Type	This Account Is Automatically Created When
Sales Tax Payable	Other Current Liability	When creating a company, you indicate customers are charged sales tax. Otherwise, QuickBooks creates this account later if you ever use sales tax on an invoice.
Undeposited Funds	Other Current Asset	You first receive an invoice payment or cash from a cash sale. Undeposited Funds holds money you've collected until you deposit it in a bank account.
Accounts Receivable	Accounts Receivable	You create an invoice for the first time.
Accounts Payable	Accounts Payable	You first enter a bill.
Purchase Orders Estimates	Non-Posting	You first create a purchase order or estimate. These accounts do not affect your balance sheet or income statement.
Opening Balance Equity	Equity	You first enter balance sheet account opening balances. This account is used by QuickBooks to help set up your accounts correctly.
Owners Equity	Equity	You set up a new QuickBooks company.
Owners Draw	Equity	You set up a new QuickBooks company.
Uncategorized Income	Income	You enter opening balances for customers.
Uncategorized Expense	Expense	You enter opening balances for vendors.
Inventory Asset	Other Current Asset	You first add an inventory item.
Cost of Goods Sold	Cost of Goods Sold	You first add an inventory item.

TABLE 5-2 Automatically Created Accounts and When Creation Is Triggered

Adding New Accounts

You can add to your Chart Of Accounts list at any time. As you become more familiar with your company's finances, you may decide you need to add more accounts or divide an account into subaccounts to track specific income and expenses. You may also need to add a balance sheet account if you open a new bank account or get a new credit card.



TIP: To learn more about the various types of accounts in QuickBooks, consult Appendix A.

To Add a New Account

You add accounts with the New Account dialog. This dialog enables you to set up any type of account.

- 1 If necessary, display and activate the Chart Of Accounts window.
- 2 Choose Edit | New Account, or press COMMAND-N, to display the New Account dialog, shown next.

- 3 Set options in the dialog for the account.

TIP: Be sure to select the correct account type from the Type pop-up menu at the top of the dialog before entering information; some entry options change depending on account type.

- 4 To save the account and create another new account, click Next. Otherwise, to save the account without creating another new account, click OK.

Special Uses for Subaccounts

You can use subaccounts when arranging income and expense accounts. When you set up subaccounts for an account, each subaccount becomes part of the original account. This is especially useful for some balance sheet accounts, such as joint checking accounts and fixed asset accounts.

To Set Up a Joint Checking Account

When you use subaccounts to set up a joint checking account, each account user's activity is combined in the main checking account.

- 1 Follow the instructions in the section titled “To Add a New Account” to add the main checking account to your chart of accounts. Do not enter an opening balance.
- 2 Add a subaccount for each person who uses the checking account. You might call the subaccounts something like “John-checking” and “Sue-checking.” Enter each person's opening balance as of the start date.

Once the account and subaccounts have been created, record the transactions for each person in his or her subaccount. For example, enter Sue's activity in her subaccount and John's activity in his. In the main account's register, QuickBooks combines the information from each subaccount. When you look at a register for the main account, you see the checks Sue wrote and the checks John wrote. All the transactions are shown in date order.

To Use Subaccounts for Fixed Assets

You can track fixed assets and their depreciation by using subaccounts. You can see how much each asset is worth, how much depreciation you've recorded to date, and how much all the related assets are worth as a group. You can learn more about working with fixed assets in Chapter 19.

Working with Accounts

Once you've created an account, you can make changes to it. Enter or edit opening balances, change account description information, or even delete it. This part of the chapter explains how to do all of these things.

Entering Opening Balances for Existing Accounts

Normally, when you create a balance sheet account, you'll enter a starting balance for it. But there are times when you might either skip this step or find a need to change that balance.

To Enter an Opening Balance for an Account with No Transactions

You can easily enter an opening balance for an unused balance sheet account in your chart of accounts.

- 1 If necessary, display and activate the Chart Of Accounts window.
- 2 Select the account for which you want to enter an opening balance.
- 3 Choose Edit | Edit Account, or press COMMAND-E, to display the Edit Account dialog. Figure 5-5 shows what it might look like.

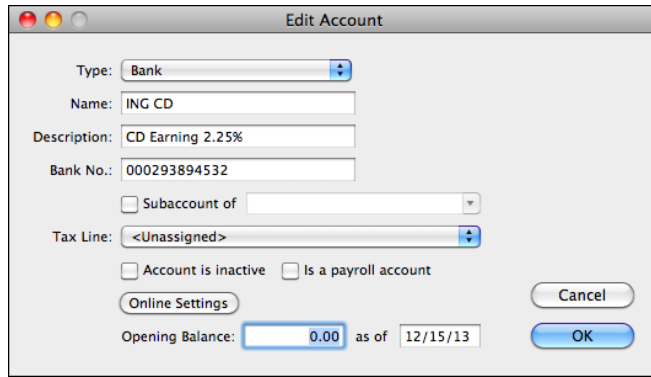


FIGURE 5-5 The Edit Account dialog for an account enables you to change its settings.

- 4 Fill in the Opening Balance and As Of fields.
- 5 Click OK to save your changes.



TIP: For detailed information about determining an existing account’s opening balance, consult Chapter 2.

To Enter an Opening Balance for an Account with Transactions

If you’ve already used the account in one or more transactions, you’ll need to create an opening balance transaction.

- 1 If necessary, display and activate the Chart Of Accounts window.
- 2 Double-click the account for which you want to enter an opening balance. The account’s register opens. Here’s an example of an asset account with a bunch of transactions:

Furniture and Equipment								
Date	Ref	Payee		Decrease	✓	Increase	Balance	
	Type	Account	Memo					
12/20/09	99	Pretzer Business Associates				2,100.00	2,100.00	
	CHK	Checking	Desks (7)					
05/01/11		Khosla Computer Services				5,000.00	7,100.00	
	CC	CalOil Credit Card	Desktop PC (2)					
05/01/11		Khosla Computer Services				6,500.00	13,600.00	
	BILL	Accounts Payable	Server					
	Ref	Payee	:	Decrease		Increase		
		Account	:	Memo				
							Ending balance	13,600.00
							Sort by	Date, Type, N...


- 3 If necessary, click the blank entry at the end of the register to activate it.
- 4 In the Date field, enter the date as of which you want to record the opening balance. QuickBooks automatically fills in the Date field with the current date, but you should enter your QuickBooks start date.
- 5 In the Payee field, enter a description of the transaction, such as “Opening Balance.” If a Name Not Found dialog appears, click the Quick Add button, select Other in the Select Name Type dialog that appears, and click OK.
- 6 Enter the opening balance amount:
 - In a bank account, enter the amount in the Deposit column.
 - In an asset, liability, or equity account, enter the amount in the Increase column.
 - In a credit card account, enter the amount in the Charge column.
- 7 In the Account field, choose Opening Balance Equity from the pop-up menu.
- 8 If desired, enter a note in the memo field. When you’re finished with the entry, it might look something like this:

07/01/09		Opening Balance				12,500.00	
	GENJRNL	Opening Balance Equity	Adjust Opening Balance				

- 9 Click Record. The transaction is sorted to the beginning of the account register, and the current balance is adjusted accordingly.

To Change an Existing Opening Balance for an Account

After you’ve started to use an account, you may need to correct your original opening balance or change your start date. For example, if you originally decided to use the end of last fiscal year as your start date, but now you want to use the end of last quarter, you will need to change both the opening balance and the start date.

 **NOTE:** Remember that if you change your start date, you’ll need to recalculate all your balance sheet opening balances as of the new date and edit the existing opening balances.

- 1 If necessary, display and activate the Chart Of Accounts window.
- 2 Double-click the account for which you want to modify the opening balance. The account’s register opens.
- 3 Find the Account Opening Balance transaction in the register. It’s likely to be the first one in the register because the register sorts transactions by date.
- 4 If you are changing your start date, change the date of the transaction to your new start date.
- 5 Change the amount to the correct opening balance.

- 6 Click Record.
- 7 QuickBooks may display a dialog telling you that you are changing a transaction that has already been cleared. Click Yes. QuickBooks adjusts the account balance from the start date forward.

Editing Account Information

If you need to, you can modify information about an account, such as its name or type. You can also change an account into a subaccount—or promote it from a subaccount to a regular account. Here's how.

To Edit Account Information

You edit an account in the Edit Account dialog.

- 1 If necessary, display and activate the Chart Of Accounts window.
- 2 Select the account you want to edit.
- 3 Choose Edit | Edit Account, or press COMMAND-E. The Edit Account dialog for the account opens. Figure 5-5 shows what it might look like.
- 4 Make changes as desired in the dialog.
- 5 Click OK to save your changes.

Deleting an Account

QuickBooks only allows you to delete unused accounts. You cannot delete an account if it:

- Has subaccounts
- Has items assigned to it
- Is used in transactions
- Is included in memorized transactions

To delete an account you've used, you'll need to go to each transaction where you've used the account and associate it with a different account, until the account you want to delete is unused.

To Find Transactions That Use an Account

Use one of the following techniques:

- For balance sheet accounts only, double-click the account in the chart of accounts to display its account register.
- For income and expense accounts only, double-click the account in the chart of accounts to display its QuickReport (refer to Figure 5-3).
- For all accounts, create a Transaction Detail by Account report by choosing Reports | Accountant & Taxes | Transaction Detail By Account.



TIP: When using reports to find transactions, choose All Dates from the Dates pop-up menu near the top of the window. This ensures that the report includes all transactions in which the account may be used.

To Delete an Unused Account

If an account has no activity, you can delete it.

- 1 If necessary, display and activate the Chart Of Accounts window.
- 2 Select the account you want to delete.
- 3 Choose Edit | Delete Account, or press COMMAND-D.
- 4 Click OK in the confirmation dialog that appears. The account is deleted.

Other Account Management Tasks

Here are a few additional tasks that might interest you when working with your chart of accounts.

Keeping Your Chart of Accounts Organized

QuickBooks initially arranges your chart of accounts in alphabetical order within account type. You can, however, move accounts around within the list to create an order that is more useful for you. Consult Chapter 4 for details on organizing lists; that information applies to your chart of accounts too.

Changing an Account's Color

When you change an account's color, your change affects the account's register and associated data entry forms. For example, if you make your checking account blue, both the register and the Write Checks window for that account will be blue.

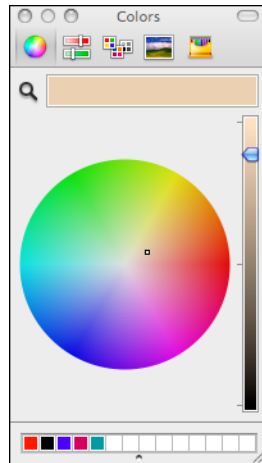
Changing an account's color is useful if you have several accounts of the same type, such as two or three checking accounts. You may want to make each account a different color to avoid mistakenly writing checks from the wrong account.

To Change an Account's Color

To change an account's color, start by opening its register or one of its data entry forms.

- 1 Open the register or data entry form for the account for which you want to change the color.

- 2 Choose Edit | Change Account Color to display a standard color palette like the one shown here:



- 3 Click to select the color you prefer. The register or form changes color immediately.
- 4 Click the color palette's close button to dismiss it.

Merging Existing Accounts

You can merge two accounts of the same type into one. This is discussed in detail in Chapter 4.

Setting Up Items

In this chapter:

- Items overview
- Creating items
- Tips for businesses that invoice for costs
- Using subitems
- Reports about items
- Editing item information
- Deleting items
- Changing prices

In QuickBooks, *items* are the things—products or services—that you sell. You maintain a list of items and use that list when you create sales forms and purchase orders. You can also generate reports based on your Item List. And if you track inventory with QuickBooks, the Item List can provide inventory balance and reorder point information.

This chapter looks at the Item List in detail. It tells you about the different types of items and explains how to create and modify items and subitems. It also explains how using items makes it easier to create the forms you need to run your business.

Items Overview

Items are primarily services or products that you buy, sell, or resell in your business. In QuickBooks, however, you can also create items that represent a discount, calculate a subtotal, or represent a sales tax.

Whether you record a sale or a purchase, 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, and then calculates the amount.

QuickBooks uses information you've recorded about each item to assign the sale or purchase to the right income or expense accounts. Reports and graphs can then give you valuable information to help you manage your business, such as details about your greatest sources of income or which items you sell most.

Using Items, Saving Time

When you fill out a sales form, you list each service or product you're selling on its own line of the invoice or cash sale, along with the amount the customer owes for that item. Similarly, when you write a purchase order or receive a bill, each service or product is listed on its own line.

Because information about individual items is listed on separate lines, the items are called *line items*. In QuickBooks, you enter line items by using the Item List so you don't have to type and retype lines for services or products you sell frequently. Instead, just choose from the drop-down list in the Item field of a sales or purchase form. You can see examples of line items in the invoice form shown in Figure 6-1.

Each item on the Item List can contain all the information you need to fill in one line. You can always change information, such as the description and rate, as you're filling in a sales form. When you enter a quantity, QuickBooks calculates the amount for you.

As you create sales, you'll have separate items not only for each service rendered and each product sold, but also for discounts, markups, sales taxes, and subtotals. If the customer makes a partial payment at the time of the sale, you can add a line item for the payment.

Create Invoices

Customer:Job **Rusoff, Jason:Kitchen** Class **Remodel**

Template **Standard Service Invoice** Customize...

Invoice

Date: 12/15/11 Invoice No.: 1098

Bill To:
 Brian Cook
 345 Cherry Lane
 Middlefield CA 94482

P.O. Number: Terms: Net 30

Item	Description	Quantity	Rate	Amount	Tax
Appliance	Gas Rangetop		247.50	247.50	
Appliance	Double oven		350.00	350.00	
Appliance	Dishwasher		450.00	450.00	
Customer Tax: San Domingo 7.5%				114.19	
Total				1,636.69	

Customer Message: Tax: San Domingo 7.5% 114.19

Memo: Balance Due 1,636.69

Buttons: Next, Previous, Pmt History..., Time/Costs..., Customer is taxable (checked), Show in iCal, To be printed, Print..., To be emailed, Cancel, OK

FIGURE 6-1 You create invoices by adding line items to an invoice form like this one.


Types of Items

There are ten different types of QuickBooks items. They're all listed and described in Table 6-1. You can find details about creating and working with these items throughout this chapter.

If You Sell Items

You should create items to fit the way you bill your customers. For example, if your company sells only services, you could use the service item type for your usual charges, and the other charge item type for special or unusual charges. Later, you can see reports on the money you make from services and the money you make from other charges.

The account to which you assign an item is important when you're analyzing sales reports or profit and loss reports. For example, to separately track the income you make from products and the income you make from services, assign all items that are products to a sales income subaccount called Products, and all items that are services to a sales income subaccount called Services. Then your reports will show separate amounts for products and services, as well as a total for all sales.


 **TIP:** You can learn more about record sales and tracking inventory in Part III of this book.


Item Type	Use For
Service	Services you charge for or services you purchase. Examples: professional fees, labor.
Inventory Part	Items you purchase, track as inventory, and then resell. Examples: electrical outlets, t-shirts.
Non-inventory Part	Items you purchase but do not resell; items you sell but do not purchase; items you purchase and resell but do not track as inventory. Examples: custom-made slipcovers, pizza.
Other Charge	Other charges on a sale or a purchase, such as freight or finance charges. Examples: shipping charge, delivery charge.
Subtotal	Calculating a subtotal before calculating a discount or charge on several items.
Group	Fast entry of a group of individual items already on the list. Example: a group of services and food items provided by a caterer.
Discount	Calculating an amount to be subtracted from a total or subtotal.
Payment	Payment received at the time of invoicing so that amount owed on the invoice is reduced.
Sales Tax Item	Calculating a single tax.
Sales Tax Group	Calculating two or more sales taxes grouped together and applied to the same sale.

TABLE 6-1 List of QuickBooks Item Types and What They Are Used For

If You Buy Items

You can create items, including services, that you can track by unit and by amount spent in purchase reports. For example, to track how much fax paper and copier paper your company buys during a financial period, create items for fax paper and copier paper to use on purchase forms.

 **NOTE:** Don't create separate inventory part items to use on purchase forms; use the same inventory part items you created for sales.

 **TIP:** You can learn more about recording orders and purchases in Part IV of this book.

How Items for Purchases Can Help You

You can use items for purchases to do the following:

- Track each item you receive against a purchase order.
- Track the number of items on order.

- Track the number of items you buy in a specified period of time or the number of items you buy from each vendor.
- Track the amount you spend on each item, not just groups of items. For example, using items, you can see how much you spend on envelopes. If the account assigned to envelopes is Office Supplies, envelope expenditures become a part of your overall office supplies.

If you do not use items for nonstock purchases, you can indicate the expense accounts of the purchases directly on the bill, check, or credit card forms to get accurate profit and loss statements.

Item Types to Use on Purchase Forms

You can use the following item types on purchase forms:

- Inventory Part
- Service
- Non-Inventory Part
- Other Charge
- Group

Using Group Items on Purchase Orders

When setting up a group item for use on purchase orders, be sure to select the Print Items In Group check box. Your vendor needs to see what quantity you want of each item.

Buying Reimbursable Items

You may purchase services or products for specific customers or jobs and then invoice the customer for the items (with or without markup). For example, an interior designer may buy furniture at wholesale and sell it to the client at retail.

The create and edit dialogs for service items, non-inventory parts, and other charge items all have a check box that allows you to pass through their costs at a markup as well as track costs and revenues in separate accounts. Then you can track both the expenses and the income for these items for a particular job. The check box is labeled differently, depending on the type of item you are creating:

- For service items, the check box is labeled This Service Is Performed By A Subcontractor.
- For a non-inventory part item, the check box is labeled This Item Is Purchased For And Sold To A Specific Customer:Job.
- For an other charge item, the check box is labeled This Is A Reimbursable Charge.

The Item List Window

The Item List window, which is covered briefly in Chapter 4, lists all of the items you have created for your business. Figure 6-2 shows what it might look like.

Name	Description	Type	Account	On Hand	Price
Blueprints	Blueprints	Service	Construction Income:Design 1...		0.00
Concrete Slab	Foundation slab - prep and pouring	Service	Construction Income:Labor In...		0.00
Desk		Service	Furniture and Equipment		0.00
Desktop PC		Service	Furniture and Equipment		0.00
Floor Plans	Floor plans	Service	Construction Income:Design 1...		0.00
Installation	Installation labor	Service	Construction Income:Labor In...		35.00
▼ Labor		Service	Construction Income:Labor In...		0.00
Repairs	Repair work	Service	Construction Income:Labor In...		35.00
Removal	Removal labor	Service	Construction Income:Labor In...		35.00
Mileage		Service	Reimbursement Income:Milea...		0.365
Computer Services		Service	Construction Income:Labor In...		0.00
▶ Subs	Subcontracted services	Service	Construction Income:Subcontr...		0.00
▼ Cabinets	Cabinets	Inventory Part	Construction Income:Materials...	0	0.00
Cabinet Pulls	Cabinet Pulls	Inventory Part	Construction Income:Materials...	423	0.00
Light Pine	Light pine kitchen cabinet wall unit	Inventory Part	Construction Income:Materials...	6	1,799.00
▶ Hardware		Inventory Part	Construction Income:Materials...	0	0.00
▶ Inventory Doors	Doors	Inventory Part	Construction Income:Materials...	1	0.00
▼ Kitchen		Non-inventory Part	Cost of Goods Sold		0.00
Custom Cabinets	Custom counters	Non-inventory Part	Construction Income:Materials...		0.00
Appliance		Non-inventory Part	Construction Income:Materials...		0.00
Custom Counter	Custom made counter top	Non-inventory Part	Construction Income:Materials...		1,899.98
▶ Lighting		Non-inventory Part	Cost of Goods Sold		0.00
▶ Lumber	Lumber	Non-inventory Part	Construction Income:Materials...		0.00
▶ Plumb Fixtrs	Plumbing fixtures	Non-inventory Part	Construction Income:Materials...		0.00
▶ Window	Window	Non-inventory Part	Construction Income:Materials...		0.00

FIGURE 6-2 The Item List window lists all of the items you have created for your business.

To display the Item List window, choose Lists | Items, or press SHIFT-COMMAND-I.

TIP: Chapter 4 provides a wealth of general information about working with lists. You may want to consult it to learn more about organizing and managing the Item List in your QuickBooks company file.


Creating Items

Create items to represent things that you buy, sell, or resell in your course of business. You can also create items that represent a discount, calculate a subtotal, or represent a sales tax on a form. When you enter a sale or purchase, you select items from your Item List to quickly and accurately fill in the form.

You create items in the New Item dialog. The fields for information in this dialog change depending on the type of item you are creating. This part of the chapter explains how to create each type of item and provides tips for using them.

Service Items

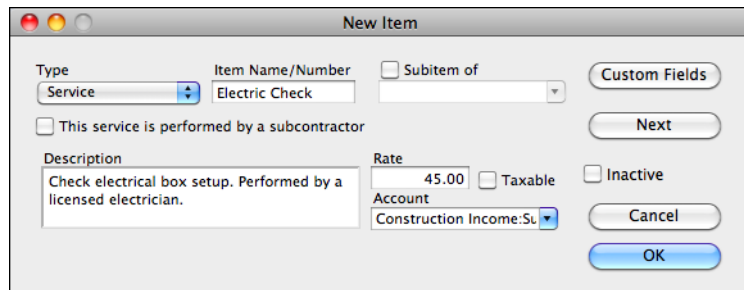
Service items represent services you charge for or buy (or both). These services can be professional fees or labor. They can also be subcontracted services you purchase for a specific job.

 **NOTE:** After you have set up a service item, you cannot change its type to another item type.

To Create a Service Item

When you create a service item, you enter its name, description, price, and account, and you can set other options.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Choose Edit | New Item, or press COMMAND-N. The New Item dialog appears.
- 3 If necessary, choose Service from the Type pop-up menu to display service item options, shown next with information already entered:



- 4 Enter information about the item:
 - **Item Name/Number** is the internal identifier you will use to enter the item on sales and purchase forms.
 - **Subitem Of** enables you to make the item a subitem of another item. To do this, turn on the check box and choose an existing item as a parent from the drop-down list that appears.
 - **This Service Is Performed By A Subcontractor** tells QuickBooks that the service is performed by someone outside your company. When you turn on this check box, the dialog expands to offer additional options. Turn on this check box for services performed by a subcontractor or for employee labor for which you write estimates and you want to be able to compare estimated costs with actual costs. Consult the section titled “Services Performed by Subcontractors” later in this chapter for more information about setting up a subcontracted service item.
 - **Description** is a description of the service. This is what will appear on sales forms, so it should be descriptive enough for your customers to understand what they’re paying for.
 - **Rate** is the rate you charge customers for the service item. If you plan to track time for the service and then charge for it, the rate should be the

hourly rate you charge. (If you charge different hourly rates, set up a separate service item or subitem for each rate.)

- **Taxable** enables you to indicate whether the item is taxable. Turn on the check box if you must collect and pay sales tax for the service.
 - **Account** is the income account in which you want to record a sale of the service.
- 5 To create custom fields for the item, click the Custom Fields button. Consult Chapter 4 for information about creating and using custom fields.
 - 6 To save this item and create another one, click Next. Otherwise, to save this item without creating another one, click OK. The item is added to the Item List.

Inventory Part Items

If you track inventory, the inventory part item type allows you to keep track of how many items remain in stock after a sale, how many items you have on order, your cost of goods sold, and the value of your inventory.



TIP: To create an inventory part item, inventory tracking must be enabled in company settings. Inventory is discussed in detail in Chapter 8.

To Create an Inventory Part Item

When you create an inventory part item, QuickBooks asks for information for both the purchase and sale of the item. It uses the applicable information on the purchase and sales forms you create that include the item.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Choose Edit | New Items, or press COMMAND-N. The New Item dialog appears.
- 3 Choose Inventory Part from the Type pop-up menu to display inventory part item options, shown next.

The screenshot shows the 'New Item' dialog box with the following details:

- Type:** Inventory Part
- Item Name/Number:** Switchplates
- Subitem of:** Hardware
- Purchase Information:**
 - Description on Purchase Transactions: Decorative switchplates
 - Cost: 3.85
 - COGS Account: Cost of Goods Sold
 - Preferred Vendor: Peacock Hardware Supp
- Sales Information:**
 - Description on Sales Transactions: Decorative switchplates
 - Sales Price: 12.00
 - Taxable:
 - Income Account: Construction Income:M
- Inventory Information:**
 - Asset Account: Inventory Asset
 - Reorder Point: 24
 - Qty on Hand: 134
 - Total Value: 515.90
 - As of: 07/01/10

- 4 Enter information about the item:
 - **Item Name/Number** is the internal identifier you will use to enter the item on sales and purchase forms.
 - **Subitem Of** enables you to make the item a subitem of another item. To do this, turn on the check box and choose an existing item as a parent from the drop-down list that appears.
 - **Description On Purchase Transactions** is a description of the item as it should appear on purchase forms. It should be descriptive enough for your vendor to understand what the item is.
 - **Cost** is your purchase cost per item.
 - **COGS Account** is the Cost of Goods Sold account for the item. Choose an option from the drop-down list.
 - **Preferred Vendor** is the vendor you normally use to purchase the item. Choose an option from the drop-down list. This field is optional.
 - **Description On Sales Transactions** is a description of the item as it should appear on sales forms. It should be descriptive enough for your customer to know what he's paying for.
 - **Sales Price** is the amount you charge customers for the item.
 - **Taxable** enables you to indicate whether the item is taxable.
 - **Income Account** is the income account in which you want to record the revenue for the item. Choose an option from the drop-down list.
 - **Asset Account** is the balance sheet account where you record the value of the inventory of the item. Choose an option from the drop-down list.
 - **Reorder Point** is the number of units that should be remaining on hand when QuickBooks reminds you to order more. Make sure this value is high enough that you don't run out before new inventory arrives.
 - **Qty On Hand** is the number of units currently on hand when you create the inventory part item. If you haven't purchased any of this item yet, the value in this field will be 0.
 - **Total Value** is calculated automatically by QuickBooks based on the quantity on hand and unit cost.
 - **As Of** is the date the inventory was taken. This is the starting balance date for the item's inventory quantity and value.
- 5 To create custom fields for the item, click the Custom Fields button. Consult Chapter 4 for information about creating and using custom fields.
- 6 To save this item and create another one, click Next. Otherwise, to save this item without creating another one, click OK. The item is added to the Item List.

Non-Inventory Part Items

Set up a non-inventory part item for any of the following:

- Products and goods you purchase for a specific job and then charge for
- Products and goods you sell but do not purchase
- Products and goods you purchase but do not resell
- Products and goods you purchase and resell but don't track as inventory

To Create a Non-inventory Part Item

Creating a non-inventory part item is remarkably similar to creating a service item.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Choose Edit | New Items, or press COMMAND-N. The New Item dialog appears.
- 3 Choose Non-inventory Part from the Type pop-up menu to display non-inventory part item options, shown next.

The screenshot shows the 'New Item' dialog box with the following fields and options:

- Type:** Non-inventory Part (dropdown menu)
- Item Name/Number:** 2 x 4 (text field)
- Subitem of:** Lumber (dropdown menu, checked)
- Custom Fields:** (button)
- This item is purchased for and sold to a specific customer:job:** (checkbox, unchecked)
- Description:** Pine 2 x 4, 8-foot length, for Framing (text area)
- Price:** 7.50 (text field)
- Taxable:** (checkbox, unchecked)
- Inactive:** (checkbox, unchecked)
- Account:** Job Expenses:Job Mater (dropdown menu)
- Buttons:** Next, Cancel, OK

- 4 Enter information about the item:
 - **Item Name/Number** is the internal identifier you will use to enter the item on sales and purchase forms.
 - **Subitem Of** enables you to make the item a subitem of another item. To do this, turn on the check box and choose an existing item as a parent from the drop-down list that appears.
 - **This Item Is Purchased For And Sold To A Specific Customer:Job** tells QuickBooks that the item is for a specific customer or job. When you turn on this check box, the dialog expands to offer additional options. Consult the section titled “Items Ordered Especially for a Job” later in this chapter for more information about setting up a non-inventory part item specifically for a customer or job.
 - **Description** is a description of the item. This is what will appear on sales and purchase forms, so it should be descriptive enough for your customers or vendors to understand what the item is.
 - **Price** is the amount you charge customers for the item (if it's an item you sell) or the amount you pay a vendor for the item (if it's an item you buy).

- **Taxable** enables you to indicate whether the item is taxable.
 - **Account** is the income account (for items you sell) or expense account (for items you buy) in which you want to record a transaction for the item.
- 5 To create custom fields for the item, click the Custom Fields button. Consult Chapter 4 for information about creating and using custom fields.
 - 6 To save this item and create another one, click Next. Otherwise, to save this item without creating another one, click OK. The item is added to the Item List.

Other Charge Items

Set up an other charge item for miscellaneous charges such as shipping and delivery charges you add to your sales forms.

To Create an Other Charge Item

To create an other charge item, you'll enter basic information about the item.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Choose Edit | New Items, or press COMMAND-N. The New Item dialog appears.
- 3 Choose Other Charge from the Type pop-up menu to display other charge item options, shown next.

The screenshot shows the 'New Item' dialog box with the following fields and values:

- Type:** Other Charge (dropdown)
- Item Name/Number:** Shipping (text field)
- Subitem of:** (empty dropdown)
- This is a reimbursable charge:**
- Description:** Shipping Charge (text field)
- Amount or %:** 0.00 (text field)
- Taxable:**
- Account:** Job Expenses:Freight & (dropdown)
- Inactive:**
- Buttons:** Custom Fields, Next, Cancel, OK

- 4 Enter information about the item:
 - **Item Name/Number** is the internal identifier you will use to enter the item on sales and purchase forms.
 - **Subitem Of** enables you to make the item a subitem of another item. To do this, turn on the check box and choose an existing item as a parent from the drop-down list that appears.
 - **This Is A Reimbursable Charge** tells QuickBooks that the item is a reimbursable expense. When you turn on this check box, the dialog expands to offer additional options.
 - **Description** is a description of the item. This is what will appear on sales and purchase forms, so it should be descriptive enough for your customers or vendors to understand what the item is.

- **Amount Or %** is the amount or percentage you charge customers for the item (for items you sell) or you pay vendors (for items you buy). To enter a percentage, be sure to type the % symbol after the percentage rate. QuickBooks applies the percentage to the line item immediately above the one where this one is used on a sales or purchase form.
 - **Taxable** enables you to indicate whether the item is taxable.
 - **Account** is the income account (for items you sell) or expense account (for items you buy) in which you want to record a transaction for the item.
- 5 To create custom fields for the item, click the Custom Fields button. Consult Chapter 4 for information about creating and using custom fields.
 - 6 To save this item and create another one, click Next. Otherwise, to save this item without creating another one, click OK. The item is added to the Item List.

Group Items

The group item type allows you to enter several items all at once on a sales form, purchase order, estimate, check, or bill. If you often sell the same group of items together, using a group item saves you the trouble of entering the same set of line items again and again.

As shown in Figure 6-3, when you use a group item on a sales form, you can enter quantities for the group or each item in the group, and edit descriptions and rates.

Create Invoices

Customer: Job Burch, Jason:Room Addition Class New Constructio

Template Standard Service Invoice Customize...

Invoice

Date	Invoice No.
07/01/10	1100

Bill To:
Jason Burch
5960 N. Wetmore
Bayshore, CA 94326

		P.O. Number	Terms		
			Net 30		
Item	Description	Quantity	Rate	Amount	Tax
BOM					
Cabinets:Cabinet Pl	Cabinet Pulls	24	8.95	214.80	T
Cabinets:Light Pine	Light pine kitchen cabinet wall	1	1,799.00	1,799.00	T
				2,013.80	
Customer	Thank you for your bu	Tax	San Tomas	7.75%	156.07
Message				Total	2,169.87

Memo

Balance Due 2,169.87

Next
Previous
Pmt History...
Time/Costs...
 Customer is taxable
 Show in iCal
 To be printed
Print...
 To be emailed
Cancel
OK

FIGURE 6-3

When you use a group in a sales form, it automatically enters all of the components of the group.

When you specify a quantity for the group, it affects the quantity and amount of each item in the group.

The group item lets you be very detailed in tracking the items you sell without showing all that detail to your customers. The more detailed your items are, the more information you can get from reports.

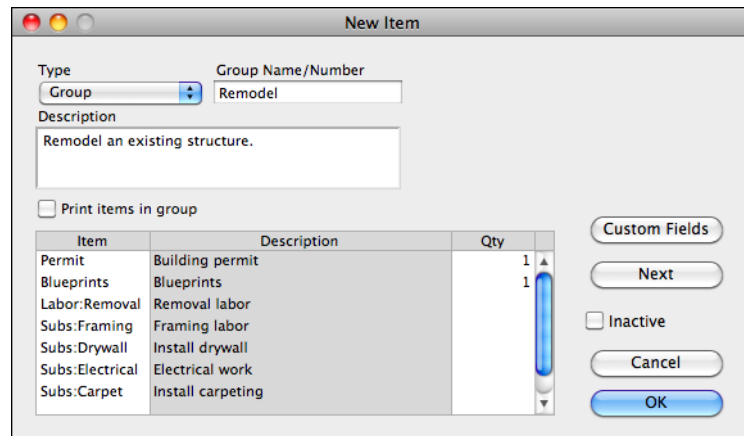
For example, if you have a construction company, you may send invoices for full jobs, such as complete remodels. If you use a single service item called *Remodel*, a sales report can show your income from remodels.

If, however, you use more detailed items, you can learn more from your sales reports. You could break down the remodel cost, and use items such as *lumber*, *hardware*, *markup*, *carpentry hours*, and *laborer hours*. You can then gather these items under one group item called *Remodel*. Even if you choose not to print the items in the group on the invoice for your customer to see, you'll still have those details on your sales reports.

To Create a Group Item


When you create a group item, you name and describe the group, then list the component items.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Choose Edit | New, or press COMMAND-N. The New Item dialog appears.
- 3 Choose Group from the Type pop-up menu to display group item options, shown next.





- 4 Enter information about the group item:
 - **Group Name/Number** is the internal identifier you will use to enter the item on sales and purchase forms.

- **Description** is a description of the group as it should appear on forms. It should be descriptive enough for your customer or vendor to know what's in the group.
- **Print Items In Group** tells QuickBooks to itemize the group's content on sales and purchase forms. Although this isn't necessary for items you sell, it's recommended for items you buy. (Otherwise, how would your vendors know what to send?)

 **TIP:** If you both buy and sell items in a group and you want to print the items when they're bought but not when they're sold, you can set up two groups: one for use on purchase orders and other for use on sales forms. Set one to print the items in the group and the other to not print them.

- 5 Click in a line of the Item column in the list at the bottom half of the dialog, and use the drop-down list that appears to select an item to include in the group.
- 6 Click in the Qty column of the same line to enter the number of that item in the group. Keep in mind that the quantity field is not required; you can fill it in when you use the group in a form.
- 7 Repeat steps 5 and 6 for each item you want to include in the group.
- 8 To create custom fields for the item, click the Custom Fields button. Consult Chapter 4 for information about creating and using custom fields.
- 9 To save this item and create another one, click Next. Otherwise, to save this item without creating another one, click OK. The item is added to the Item List.

 **NOTE:** When you use this group on a sales form, you can enter quantities for the group or each item in the group, and edit descriptions and rates. When you specify a quantity for the group, it affects the quantity and amount of each item in the group.

 **TIP:** If you want a group to include a markup or discount calculated on several items in the group, you must include a subtotal item before the markup or discount item. Subtotal and discount items are discussed in the next two sections of this chapter.

Subtotal Items

The subtotal item adds up the amounts of the items above it, up to the last subtotal. You can see an example of two subtotals in an invoice form in Figure 6-4.

You'll need a subtotal item if you ever want to apply a percentage discount or surcharge to several items. Because QuickBooks calculates percentages on the line above, you'll need to subtotal the items before entering the percentage line item.

Customer: Job Rusoff, Jason:Kitchen Class Remodel
 Template Standard Service Invoice Customize...

Invoice Date 11/25/11 Invoice No. 1080

Bill To:
 Brian Cook
 345 Cherry Lane
 Middlefield CA 94482

P.O. Number Terms
 Net 30

Item	Description	Quantity	Rate	Amount	Tax
APPLIANCES AND MATERIALS					
Kitchen:Appliance	Gas Rangetop	1	247.50	247.50	T
Discount	10% Discount		-10.0%	-24.75	
Kitchen:Appliance	Double Oven	1	350.00	350.00	T
Kitchen:Appliance	Dishwasher	1	450.00	450.00	T
Subtotal	Subtotal			1,022.75	
LABOR					
Labor:Removal	Removal labor	16	45.50	728.00	
Installation	Installation labor	2	38.50	77.00	
Subs:Tile & Counter	Install tile or counter	10	32.00	320.00	
Subs:Painting	Painting	5	25.00	125.00	
Subs:Plumbing	Plumbing	4	60.00	240.00	
Subs:Drywall	Install drywall	8	50.00	400.00	
Subtotal	Subtotal			1,890.00	
Payment	Down payment received		-500.00	-500.00	
Customer Message	Tax San Domingo		7.5%	78.56	
	Total			2,491.31	

Memo _____ Balance Due 2,491.31

Next
 Previous
 Pmt History...
 Time/Costs...
 Customer is taxable
 Show in iCal
 To be printed
 Print...
 To be emailed
 Cancel
 OK

FIGURE 6-4 This invoice form includes a discount, two subtotals, a payment, and sales tax applied.

If you use two subtotals in a row, the last subtotal will add up all the previous subtotals on the form.

To Create a Subtotal Item

When you create a subtotal, QuickBooks only needs two pieces of information.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Choose Edit | New Items, or press COMMAND-N. The New Item dialog appears.

- Choose Subtotal from the Type pop-up menu to display subtotal item options, shown next.

The screenshot shows the 'New Item' dialog box. The 'Type' dropdown menu is set to 'Subtotal'. The 'Item Name/Number' field contains 'Subtotal'. The 'Description' text area contains 'Subtotal'. There are buttons for 'Next', 'Cancel', and 'OK'. An 'Inactive' checkbox is present and unchecked.

- Enter information about the item:
 - Item Name/Number** is the internal identifier you will use to enter the item on sales and purchase forms.
 - Description** is a description of the subtotal as it should appear on forms. You might want to keep it simple, like *Subtotal*.
- To save this item and create another one, click Next. Otherwise, to save this item without creating another one, click OK. The item is added to the Item List.

Discount Items

A discount can be either a fixed amount or a percentage of the line above. Either way, you can edit the discount amount in the sales form when preparing the form.

To discount one particular item you've sold or the subtotal of several items and not the entire sale, add a discount item directly beneath the one item or subtotal. You can see an example of this in Figure 6-4.

TIP: Don't use a discount item for discounts you give for early payment. Instead, early payment discounts are calculated when payment is received. You can learn more about payment discounts in Chapter 9.

To Create a Discount Item

- If necessary, display and activate the Item List window (refer to Figure 6-2).
- Choose Edit | New Items, or press COMMAND-N. The New Item dialog appears.
- Choose Discount from the Type pop-up menu to display discount item options, shown next.

The screenshot shows the 'New Item' dialog box. The 'Type' dropdown menu is set to 'Discount'. The 'Item Name/Number' field contains 'Discount'. There is a 'Subitem of' dropdown menu. The 'Description' text area contains '10% Discount'. The 'Amount or %' field contains '10.0%'. The 'Account' dropdown menu is set to 'Construction Income:Le'. There are buttons for 'Custom Fields', 'Next', 'Cancel', and 'OK'. An 'Inactive' checkbox is present and unchecked. An 'Apply discount before sales tax' checkbox is present and unchecked.

- 4 Enter information about the item:
 - **Item Name/Number** is the internal identifier you will use to enter the item on sales and purchase forms.
 - **Subitem Of** enables you to make the item a subitem of another item. To do this, turn on the check box and choose an existing item as a parent from the drop-down list that appears.
 - **Description** is a description of the item. This is what will appear on forms, so it should be descriptive enough for your customers to understand what the item is.
 - **Amount Or %** is the amount or percentage of the discount. To enter a percentage, be sure to type the % symbol after the percentage rate. Remember, QuickBooks applies the percentage to the line item immediately above the one where this one is used on a sales or purchase form.
 - **Account** is the account in which you want to record the amount of the discount when used. This can be an expense account or an income (sometimes called a *contra-income*) account.
 - **Apply Discount Before Sales Tax** indicates whether the discount should be applied before calculating sales tax. Applying a fixed discount amount before sales tax can reduce sales tax.
- 5 To create custom fields for the item, click the Custom Fields button. Consult Chapter 4 for information about creating and using custom fields.
- 6 To save this item and create another one, click Next. Otherwise, to save this item without creating another one, click OK. The item is added to the Item List.


Payment Items

You'll need a payment item if you receive a partial payment toward the amount of an invoice or statement at the time you create the invoice or statement.

The payment item tells QuickBooks to subtract the amount of the payment from the total invoice or statement amount. To record the payment on the invoice or statement, enter a payment item for the amount you've received after you've entered all the items you've sold (refer to Figure 6-4). You can tell QuickBooks to automatically put any payment amount you record with a payment item into your Undeposited Funds account until you make a deposit, or to deposit the payment directly to a checking or other account.

If you receive payment in full at the time of the sale, use the Enter Sales Receipt window (instead of the Invoice window) to record the sale. If you receive payment after the sale, use the Receive Payments window, which enables you to apply payments to an invoice.

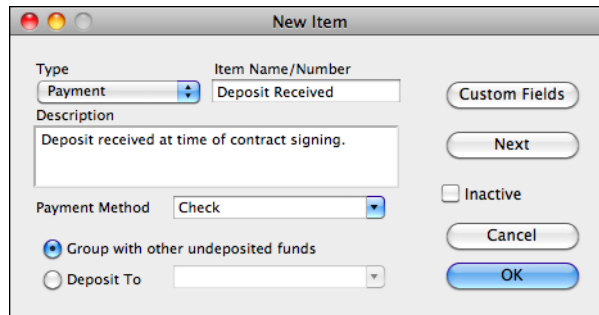
You also use a payment item to record a down payment in the Create Credit Memos/Refunds window. Note that while a positive payment item subtracts from the total of an invoice or statement, a positive payment item adds to the total of a credit memo in the Create Credit Memos/Refunds window.

 **TIP:** You can learn more about working with and depositing payments in Chapter 9.


To Create a Payment Item

When you create a payment item, you specify the payment method and deposit instructions, in addition to the basic name and description information.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Choose Edit | New Items, or press COMMAND-N. The New Item dialog appears.
- 3 Choose Payment from the Type pop-up menu to display discount item options, shown next.



- 4 Enter information about the item:
 - **Item Name/Number** is the internal identifier you will use to enter the item on sales and purchase forms.
 - **Description** is a description of the item. This is what will appear on forms, so it should be descriptive enough for your customers to understand what the item is.
 - **Payment Method** is the method of payment for the amount received. If you choose a payment method from the drop-down list, QuickBooks allows you to group the money you receive by payment method when you deposit it.

 **TIP:** If you group your bank deposits by payment method, create a separate payment item for each payment method your customers use. You can learn more in Chapter 9.

- 5 Select one of the two deposit options at the bottom of the dialog:
 - **Group With Other Undeposited Funds** records the deposit received with other undeposited funds. You can then include it when you create a deposit slip and make a deposit. You might use this option for payments by check that will be deposited later with other checks.

- **Deposit To** enables you to select a bank account that you can automatically record the deposit to. If you select this option, be sure to choose an account from the drop-down list. You might use this option for credit card payments that are automatically deposited in your bank account.



TIP: You may want to create two payment items: one that groups payments with other undeposited funds, and one that deposits payments directly to an account. You can learn more about depositing payments in Chapter 9.

- 6 To create custom fields for the item, click the Custom Fields button. Consult Chapter 4 for information about creating and using custom fields.
- 7 To save this item and create another one, click Next. Otherwise, to save this item without creating another one, click OK. The item is added to the Item List.

Sales Tax Items

QuickBooks offers two types of items for sales tax on your Item List, both of which are listed in Table 6-2.

On invoices, cash sales receipts, and credit memos, you specify which sales tax applies to the taxable items. QuickBooks calculates the correct tax and prints it on the sales form after all the other line items.

Creating and using sales tax items is discussed in detail in Chapter 11. Be sure to read that chapter before setting up sales tax items for your company. It'll give you a complete picture of how QuickBooks handles sales tax.

Additional Notes about Creating Items

There are a few things to keep in mind when creating any of these items:

- The item name appears on the Item List that you choose from when entering a sale or purchase. It prints on invoices, sales receipts, estimates, or purchase orders only if you print Item columns.
- When entering an item name, you may use letters or numbers, up to a maximum of 31 characters.

Item Type	Designed For
Sales Tax Item	A single tax with a specified rate, payable to a specified agency, that you collect from customers
Sales Tax Group	A group of two or more single taxes collected for the same sale and shown on the sales form as one tax item

TABLE 6-2 Types of Sales Tax Items Available in QuickBooks

- A subitem must be the same type of item as its parent item.
- You can edit a description on the sales or purchase form if you need to.
- If the price or rate of an item changes often, you can leave the Rate or Price field set to 0.00 (the default value) and enter an amount when you're entering a sale or purchase.
- If you sell a taxable item, you'll see a *T* next to the item on the sales form. If the customer is taxable, QuickBooks will use the item in its calculation of sales tax. For more information on sales tax, see Chapter 11.

Tips for Businesses That Invoice for Costs

Many businesses invoice their customers for the cost of items or services purchased. These reimbursable expenses can receive special treatment in QuickBooks.

This part of the chapter offers some tips for businesses that invoice for costs. It includes tips for setting up items for services or products, entering the costs incurred, and then invoicing for the costs.

Two Ways to Track Purchases and Expenses

QuickBooks offers two ways of tracking a purchase or other cost on a bill, check, or credit card charge:

- Set up an item on the Item List. Remember, items can be services, products, or miscellaneous charges. You can then enter the item on the Items pane of the bill, check, or credit card charge you use to record the purchase.
- Assign an expense account on the Expenses pane of the bill, check, or credit card charge you use to record the expenditure.

Thus, for every cost you enter, you have a choice between entering it as an item purchased or entering it as an expense. You can even have a combination of expenses and items on the same bill, check, or credit card charge.

Why Use Items for Costs?

In QuickBooks, there are several advantages to using items:

- It is easy to associate the cost of an item with an expense account and the income with a separate income account. You do this when you set up the item. Just turn on the appropriate check box in the New Item window for service, non-inventory part, or other charge items. Doing so will display a second

Account field so you can specify both an income and an expense account. Here's an example from an Other Charge item:

- You can track the number of units or hours purchased or sold.
- You can create estimates and purchase orders. As shown on the Home Page diagram shown in Figure 6-5, these forms become part of the flow of financial information in QuickBooks, making it easier to create subsequent forms. For example, if you create an estimate that includes items, you can use that estimate as a basis for a purchase order, bill, and invoice.

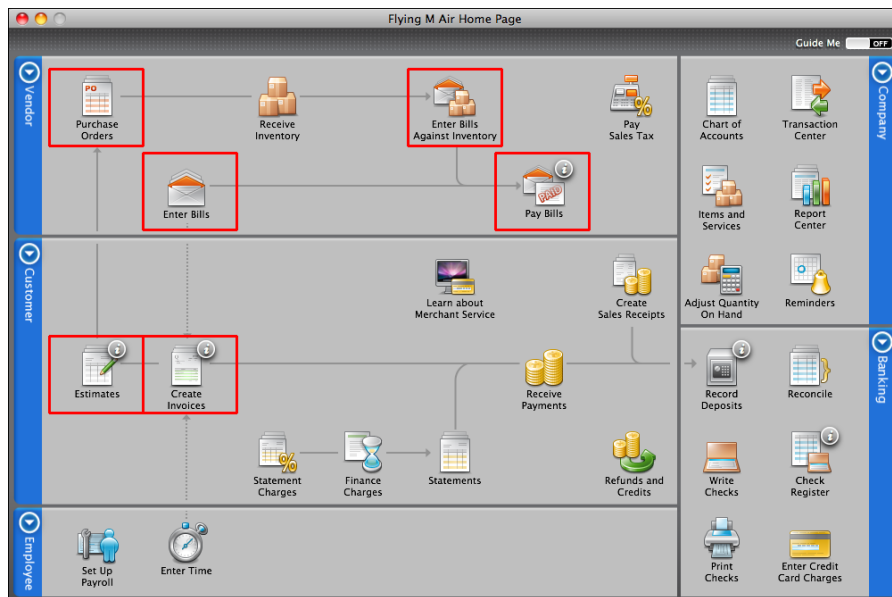


FIGURE 6-5 The Home Page window indicates the flow of information from one type of form to the next.

- Choosing an item in the Items pane of a bill, check, or credit card charge automatically fills in the description and the unit cost of the item. This speeds data entry.
- When you invoice the customer for the cost of the item, QuickBooks fills in the sales description of the item and the sales price.
- QuickBooks offers reports that compare costs and revenues broken down by item.

For detailed instructions on entering costs on the Items or Expenses pane of a bill, check, or credit card charge, see the following:

- Chapter 12: Bills
- Chapter 15: Managing Check and Credit Card Transactions
- Chapter 16: Importing Online Bank and Credit Card Transactions

Services Performed by Subcontractors

How you bill customers for services performed by subcontractors depends on how the subcontractor bills you—hourly or flat rate—and how you prefer to track subcontractor costs.

- When a service is billed by the hour, set up a service item for the service and include information about the subcontractor rate. Then invoice your customer based on the item.
- When a service is billed with a flat rate, you can either use a service item for the service and invoice based on the item, or use an expense for the service and invoice your customer based on the expense.

Either way, QuickBooks allows you to charge a higher rate than the one you pay the subcontractor.

Here are a few details to help you set up services performed by subcontractors and invoice your clients for them.

To Track and Invoice for a Service via a Service Item

When a service is provided by a subcontractor, you can set up a service item for it on your Item List. You can then enter the service item on estimates, purchase orders, and bills. After you record it on a bill, you can invoice your customer for it. This applies to services that are billed by the hour or by the unit.

- 1 Follow the instructions earlier in this chapter to add a service item to your Item List for the services performed by the subcontractor.
- 2 In the New Item or Edit Item dialog, turn on the check box labeled This Service Is Performed By A Subcontractor. This expands the dialog so it looks like the one shown in Figure 6-6.
- 3 Use fields in the Purchase Information and Sales Information areas to enter specifics about the purchase and resale of this service.
- 4 Click OK to save the new service item.

FIGURE 6-6 When you indicate that a service is performed by a subcontractor, the New Item or Edit Item dialog expands to offer additional options.

- 5 When you receive a bill for the service, use the Items pane of the bill, as discussed in Chapter 12 and shown in Figure 6-7:
 - Enter the service item in the Item field.
 - Enter the hours billed in the Qty field.
 - Fill in the Customer:Job field on the same line of the Items pane so you can associate the job with this cost.

Item	Description	Qty	Cost	Amount	Customer:Job	Class
Subs:Carpet	Install carpeting	5	25.00	125.00	Abercromt	Remo

FIGURE 6-7 Use the Items pane of the Enter Bills window to enter the cost of a service performed by a subcontractor for a customer.

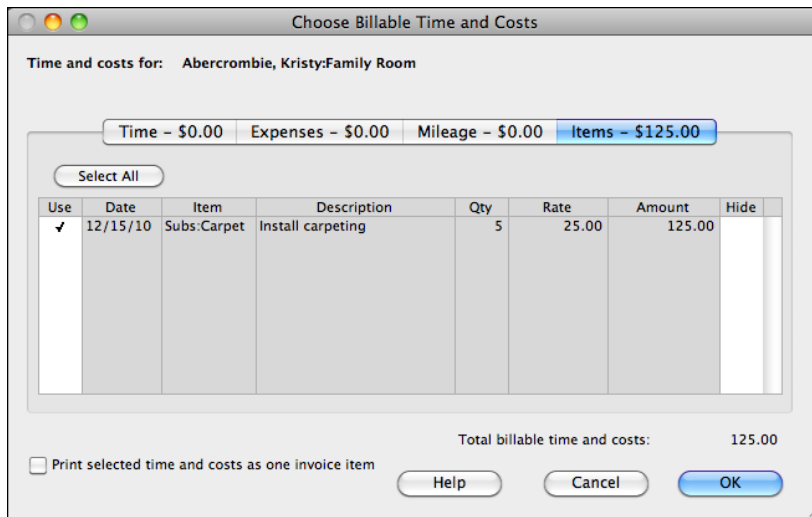


FIGURE 6-8 Use the Items pane of the Choose Billable Time And Costs dialog to select billable items.

- 6 When you invoice the customer for the subcontracted work, click the Time/Costs button and then select this service item on the Items pane of the Choose Billable Time And Costs dialog (refer to Figure 6-8). QuickBooks automatically fills in the sales price, which may be higher than the cost you entered on the bill. You can further modify this amount in the sales form if you need to.

TIP: You can learn more about invoicing for billable time and costs in Chapter 7.

To Track and Invoice for Subcontracted Services as Expenses

If the subcontractor charges a flat fee and the fee varies, it's easier to use expenses to record the cost and invoice your customer with a markup. You won't, however, be able to write estimates or purchase orders for the service.

In this method, you don't set up a service item on your Item List for the service. You simply record the expense and then pass the expense to the customer, along with a markup if you wish.

NOTE: To bill for reimbursed expenses, you must record the cost in an expense account that has been set up for reimbursed expenses. You can learn more about options for accounts in Chapter 5.

Account	Amount	Memo	Customer:Job	<input type="checkbox"/>	Class
Subcontracted Servic	468.89	Install Carpet	Euretig, Rachel:Hc	<input checked="" type="checkbox"/>	Remodel

FIGURE 6-9 Use the Expenses pane of the Enter Bills window to record bills for expenses to charge back to a customer.

- 1 When you receive a bill for the service, use the Expenses pane of the bill, as shown in Figure 6-9:
 - Enter the expense account for this cost in the Account field of the bill.
 - Enter the flat fee in the Amount field.
 - Fill in the Customer:Job field on the same line of the Expenses pane, so you can associate the job with this cost. A billable icon should appear in the next column as shown in Figure 6-9.
- 2 When you are invoicing the customer for the subcontracted work, click the Time/Costs button and then mark this service on the Expenses pane of the Choose Billable Time And Costs dialog (refer to Figure 6-10). QuickBooks fills in the actual cost unless you add a markup to your reimbursable expenses.

Services Performed by an Owner or Partner

Set up one or more service items for services performed by an owner or partner. Don't select the check box labeled This Service Is Performed By A Subcontractor unless you plan to account for the costs of the work as discussed in Chapter 7.

You can easily make the work of an owner or partner billable by tracking the time as discussed in Chapter 20. Assign a service item that corresponds to the type of work performed. Be sure to fill in the Customer:Job field, and be sure the time is

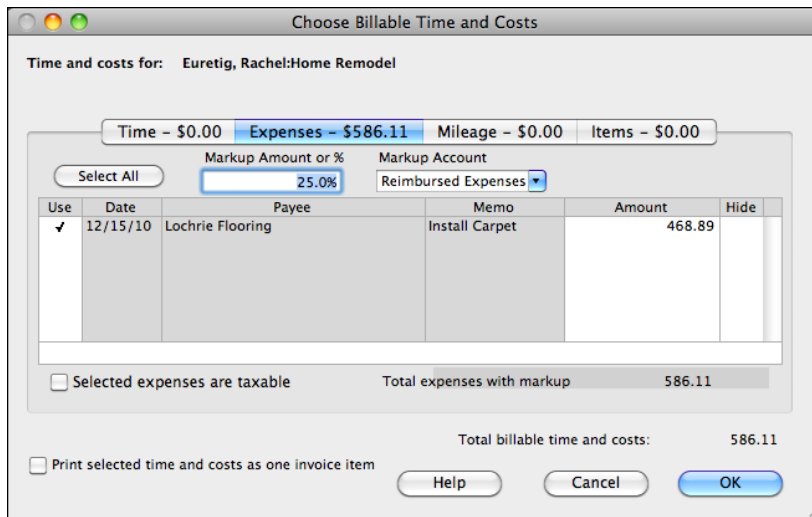
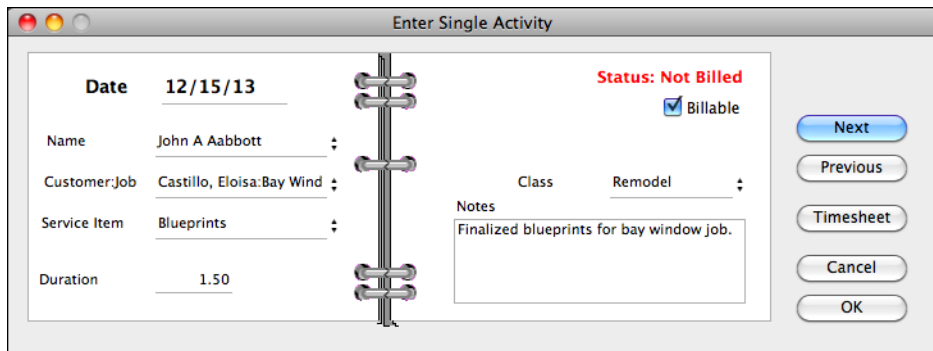


FIGURE 6-10 You can bill for expenses, with a markup, by selecting them in the Expenses pane of the Choose Billable Time And Costs dialog.

marked as Billable. Here's what the Enter Single Activity dialog might look like for an owner:



When you invoice the customer for the work of the owner or partner, mark the time entries on the Time pane of the Choose Billable Time And Costs window (refer to Figure 6-11). QuickBooks automatically fills in the sales price for the service item you assigned.

TIP: You'll probably want to set up an owner or partner on the Other Names List because an owner or partner is not a customer, a vendor, or an employee. You can learn more about the Other Names List in Chapter 4.

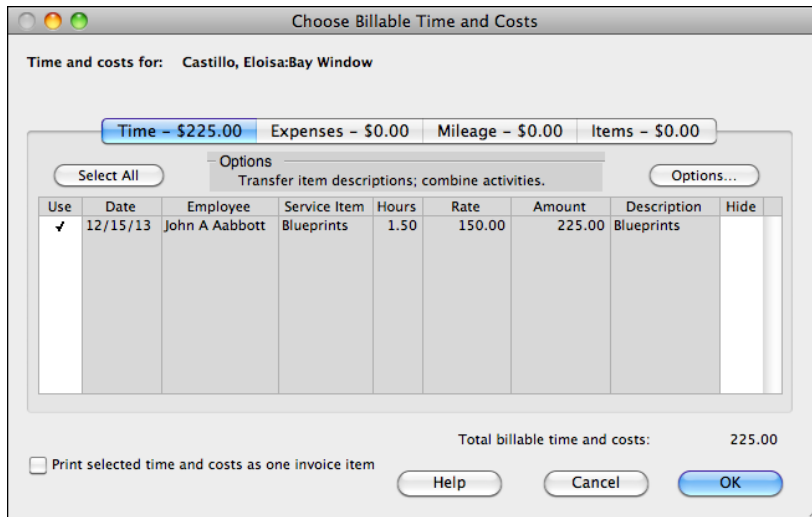


FIGURE 6-11 You can invoice a customer for time spent by an owner or partner just like any other time billed.

Items Ordered Especially for a Job

You may purchase items that are ordered for a specific customer or job. You can set these items up to provide both purchase and sale information. An added benefit to creating non-inventory parts for these items is that you can create estimates and purchase orders for them.

To Handle Items That Are Custom-Ordered for a Job

Set up a non-inventory part that is purchased for and sold to a specific customer. Then invoice your customer for the item after entering the bill for it.

- 1 Follow the instructions earlier in this chapter to add a non-inventory part item to your Item List for the part you purchase for the job or customer.
- 2 In the New Item dialog, turn on the check box labeled This Item Is Purchased For And Sold To A Specific Customer:Job. This expands the dialog so it looks like the one shown in Figure 6-12.
- 3 Use fields in the Purchase Information and Sales Information fields to enter specifics about the purchase and resale of this item.
- 4 Click OK to save the new non-inventory part item.

FIGURE 6-12 When you indicate that a part is bought for a specific customer, the New Item dialog expands to offer additional options.

- 5 When you receive a bill for the item, use the Items pane of the Enter Bills window, as discussed in Chapter 12 and shown in Figure 6-7.
 - Enter the non-inventory part item in the Item field.
 - Enter the quantity of items purchased in the Qty field.
 - Fill in the Customer:Job field on the same line of the Items pane so you can associate the job with this cost.
- 6 When you invoice the customer for the item, click the Time/Costs button and then select this item on the Items pane of the Choose Billable Time And Costs dialog (refer to Figure 6-8). QuickBooks automatically fills in the sales price, which may be higher than the cost you entered on the bill.

Materials from Inventory Used in a Job

If you keep materials in inventory and want to invoice customers for an unitemized group of materials used in their jobs, you can track the costs and changes in inventory. (If you would rather itemize the materials used, simply add them directly to the invoice.)

To Track Inventory Used in a Job and Add the Cost as a Lump Sum to the Customer's Invoice

Using a group item with inventory items makes it possible for QuickBooks to automatically adjust the inventory of each item you use when you record the invoice.

- 1 Set up a group item called *Materials* on your Item List. Include all the inventory parts you normally use as materials in a job. You can omit quantities if they vary from job to job.
- 2 On the invoice, enter the group name in the Item field.
- 3 After QuickBooks displays all the individual items in the group, you can edit their quantities in the Qty field for each item.

To Track Inventory Used in a Job Without Charging for It

If you don't want to invoice customers for materials taken out of inventory and used in their jobs, you can still track the costs and changes in inventory. Just use the Adjust Quantity/Value On Hand window, as discussed in Chapter 8, to reduce the inventory by the number of items used. Be sure to enter the customer or job name in the Customer:Job field of the form.



TIP: Inventory is discussed in detail in Chapter 8.

Using Subitems

You can create a hierarchy of parent items and subitems to group similar items on your Item List. On reports based on items, QuickBooks subtotals each group of subitems. On sales forms, you use subitems the same way you use other items.

For example, you could enter Kitchen as a parent item, and Custom Cabinets, Appliances, and Custom Counter as subitems. On your Item List, subitems are indented beneath their parent item. You can see an example of this in Figure 6-2.

To Create Parent Items

Follow the instructions earlier in this chapter to create an item. If you won't be using the parent item on invoices or other sales forms, you can leave the rate or price of the parent item zero. QuickBooks requires you to assign an account to the item even if you don't plan to sell it.

To Create Subitems

Follow the instructions earlier in this chapter to create an item. It must be the same type of item as its parent item. Turn on the Subitem Of check box, and choose the name of the parent item from the drop-down list. Be sure to enter price or amount and account information.

Reports about Items

Reports can show sales by item, purchases by item, job and project information by item, and information about inventory items. The preset item reports include only the following types of items:

- Service
- Non-inventory parts
- Inventory parts
- Other charges
- Discounts

They do not include payment items, group items (although they include the members of groups), reimbursed expenses, sales tax items, or sales tax groups. (For more information about inventory reports, see Chapter 8.)

Report / Menu Command	Reports Menu Submenu	Description
Sales by Item Summary	Sales	Summarizes your unit and dollar sales and returns for this month, subtotaled by item type and item.
Sales by Item Detail	Sales	Like the sales by item summary report, but with invoices, cash sales receipts, and credit memos listed for each item.
Purchases by Item Summary	Purchases	Summarizes your unit and dollar purchases and returns for this month, subtotaled by item type and item.
Purchases by Item Detail	Purchases	Like the Purchases by Item Summary report, but with bills, checks, and credit card receipts listed for each item.
Job Profitability Detail	Jobs, Time & Mileage	Actual cost, actual revenue, and difference for one customer or job, subtotaled by item type and item.
Job Estimates vs. Actuals Detail	Jobs, Time & Mileage	Estimated cost, actual cost, and difference; estimated revenue, actual revenue, and difference. The report is for one customer or job and is subtotaled by item type and item.
Item Profitability	Jobs, Time & Mileage	Shows actual cost, actual revenue, and difference, subtotaled by item type and item.
Item Estimates vs. Actuals	Jobs, Time & Mileage	Shows estimated cost, actual cost, and difference; estimated revenue, actual revenue, and difference. The report is subtotaled by item type and item.
Time by Job Summary	Jobs, Time & Mileage	Shows hours worked subtotaled first by customer and job and then by service item.
Time by Item	Jobs, Time & Mileage	Shows hours worked subtotaled first by service item and then by customer and job.

TABLE 6-3 Item-Related Reports Available from Reports Menu Submenus

Item reports are accessible from various submenus under the Reports menu or under report categories in the Report Center window. Table 6-3 provides a list of the item-related reports you can find.

To Create a Report about Your Items

Choose the command for the report you want to create.

- 1 Choose Reports | Sales; Reports | Purchases; or Reports | Jobs & Time.
- 2 Choose an item report listed in the submenu.



TIP: For more information about the QuickBooks reporting features, consult Chapter 21.

Editing and Deleting Item Information

After you've created an item, you can edit information about it at any time, subject to certain restrictions:

- You can change the name, description, account information, and most other basic information about an item.
- You can change a non-inventory part or other charge item to a service, non-inventory part, inventory part, or other charge item; however, you cannot change any other existing type.
- If an item has subitems, you must clear the Subitem Of check box for its subitems before changing the item's type.

You can also delete an item if it has not been used in any transaction or group item.

To Edit an Item

Editing an item is as simple as opening an edit dialog and making changes.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Double-click the item you want to edit. An Edit Item dialog like the one shown next appears. This window varies in options depending on the type of item you are editing. Consult the New Item dialogs illustrated throughout this chapter to get an idea of what each Edit Item dialog might look like.

- 3 Make changes as desired. If an item cannot be changed (such as Type in the previous illustration), it will be gray.
- 4 Click OK to save your changes.

To Delete an Unused Item

You can delete an item only if it is not used in any transaction or group item.

TIP: To locate all transactions that use a given item, create a QuickReport for the item for all dates. You can learn more in Chapters 4 and 21.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Select the unused item you want to delete.
- 3 Choose Edit | Delete Items, or press COMMAND-D.
- 4 A confirmation dialog appears. Click OK. The item is removed from the Item List.



TIP: You can also remove unused items when you condense your QuickBooks data. See Chapter 23 for details.

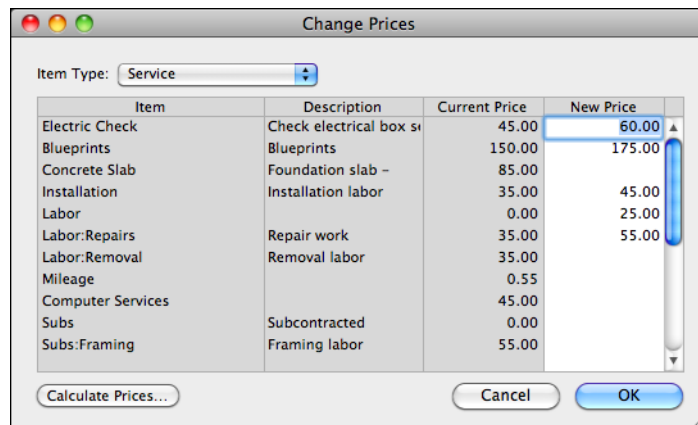
Changing Prices

Although you can change the price of an item in the Edit Item dialog shown earlier, there's a faster way if you want to change multiple prices at once: Use the Change Prices window. You can manually change item prices, or have QuickBooks calculate new prices based on a dollar amount or percentage.

To Change Prices Manually

Manually changing prices gives you complete control over the price change.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Choose Change Prices from the Actions pop-up menu at the bottom of the window. The Changes Prices dialog, which is shown next, appears.

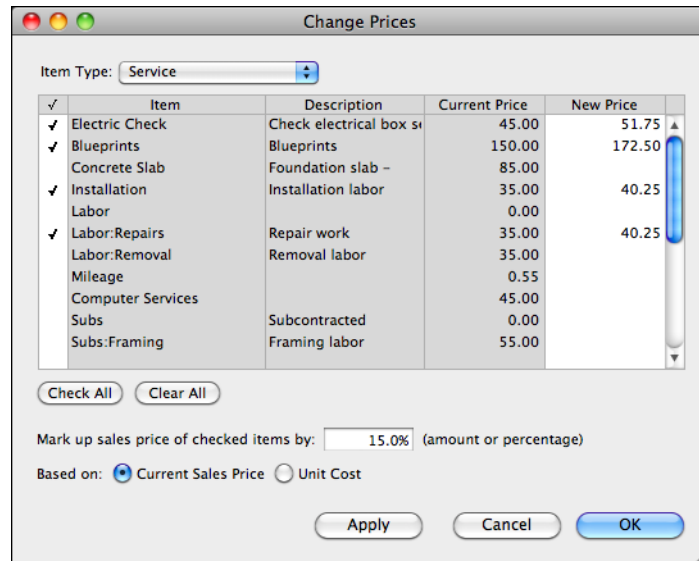


- 3 Choose the type of items you want to change from the Item Type pop-up menu.
- 4 Click in the New Price column for the item and enter a new price. You can repeat this process for as many items as you like.
- 5 Click OK to save your changes.

To Change Prices by Calculation

You can calculate new prices based on a percent or dollar increase to the current sales price or cost.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Choose Change Prices from the Actions pop-up menu at the bottom of the window. The Change Prices dialog, which is shown in the previous section, appears.
- 3 Click the Calculate Prices button to display calculation options at the bottom of the dialog, as shown next.



- 4 Click in the far left column of the table of items to check off the items you want to change. If you want to select all items, you can click the Select All button at the top of the dialog.
- 5 Select one of the two options to determine whether you want to base the calculations on the Current Sales Price or the Unit Cost.
- 6 Enter a dollar amount or percentage in the Mark Up field. If entering a percentage, don't forget to include the percent symbol (%).
- 7 Click Apply. The prices of all checked items are changed.
- 8 To fine-tune the changes, you can still click in and enter or change prices for each item in the New Price column.
- 9 When you're finished making changes, click OK.

Part III

Managing Sales, Inventory, and Receivables

The main goal of any for-profit business is to sell products or services (or both). QuickBooks makes it easy to stay on top of sales by providing tools for creating invoices and sales receipts, as well as credits and statements. By filling out consistently designed, user-friendly forms, you can not only create professionally formatted sales documents, but keep detailed records of what's being sold. These same sales forms also impact inventory, accounts receivable, and sales tax payable. As you collect payments from your customers, QuickBooks also keeps track of accounts receivable and bank balances.

This part of the book explores the features of QuickBooks that you can use to track and manage sales, inventory, and receivables. Its five chapters are:

Chapter 7: Tracking Sales

Chapter 8: Managing Inventory

Chapter 9: Receiving and Depositing Payments

Chapter 10: Tracking and Paying Sales Tax

Chapter 11: Managing Accounts Receivable

Tracking Sales

In this chapter:

- Types of sales forms
- Entering sales transactions
- Working with sales transactions
- Customizing your sales forms
- Printing, saving, or e-mailing a sales form
- Charging for actual time and costs
- Creating a daily sales summary
- Assessing finance charges
- Using billing statements
- Using estimates
- Questions and answers about sales forms

With most businesses, the primary goal is to sell products or services. QuickBooks offers a number of ways you can record your company's sales, whether they're cash transactions at a retail sales counter or invoiced sales based on estimates you prepared in advance.

This chapter covers the tools QuickBooks offers to record sales and create estimates. With luck, these are the features you'll be using most often as you run your business.

Types of Sales Forms

When you sell a product or service to your customers, record the transaction using a *sales form*. The form you use depends on the type of sale or whether items are being returned. As you can see in Figures 7-1, 7-2, and 7-3, all sales forms include the same basic fields for information. In fact, if you can fill out one form, you'll have no trouble filling out the others.

Sales Receipts

A *sales receipt* form (refer to Figure 7-1) is for recording point-of-sale payments—that is, payment on the spot—for products and services. You can also use it to summarize each day's sales if you don't want to record each cash sale separately.

Enter Sales Receipt

Customer:Job **Abercrombie, Kristy:Family Room** Class **Remodel**

Template **Standard Service Sales Receipt** Customize...

Sales Receipt

Sold To
Kristy Abercrombie
5647 Cypress Hill Rd
Bayshore CA 94326

Item	Description	Quantity	Rate	Amount	Tax
Labor:Removal	Removal labor	4.75	35.00	166.25	
Labor:Repairs	Repair work	16.5	35.00	577.50	
				Total	743.75

Customer Message Tax **San Tomas** 7.75% 0.00

Group with other undeposited funds Memo

Deposit to **Checking**

Date **10/30/11** Sale No. **3006**

Check No. **305** Pay Method

Customer is taxable

Show in iCal

To be printed

To be emailed

Buttons: Next, Previous, Time/Costs..., Print..., Cancel, OK

FIGURE 7-1 Use the Enter Sales Receipt window to enter point-of-sales payments or a summary of the day's sales.

Sales recorded on a Sales Receipt form can include payments by cash, credit card, or check. Sales receipts do not involve accounts receivable. Instead, they are treated in one of two ways:

- QuickBooks records the money in an account called *Undeposited Funds* until you record a deposit to a bank account.
- QuickBooks records a deposit of the money directly into the account you specify.

To create a sales receipt, choose Customers | Enter Sales Receipts. The Enter Sales Receipt window shown in Figure 7-1 appears.

Invoices

You use an *invoice* form (refer to Figure 7-2) to bill a customer or client who has purchased goods or services from you, and to record other transactions that affect your accounts receivable account. These transactions result in a customer or client owing you money.

Create Invoices – Accounts Receivable

Customer/Job: Rusoff, Jason:Kitchen Class: Remodel Account: Accounts Receivable

Template: Standard Service Invoice Customize...

Invoice

Date: 11/25/11 Invoice No.: 1080

Bill To:
Brian Cook
345 Cherry Lane
Middlefield CA 94482

P.O. Number: Terms: Net 30

Item	Description	Quantity	Rate	Amount	Tax
APPLIANCES AND MATERIALS					
Kitchen:Appliance	Gas Rangepop	1	247.50	247.50	T
Discount	10% Discount		-10.0%	-24.75	
Kitchen:Appliance	Double Oven	1	350.00	350.00	T
Kitchen:Appliance	Dishwasher	1	450.00	450.00	T
Subtotal	Subtotal			1,022.75	
LABOR					
Labor:Removal	Removal labor	16	45.50	728.00	
Installation	Installation labor	2	38.50	77.00	
Subs:Tile & Counter	Install tile or counter	10	32.00	320.00	
Subs:Painting	Painting	5	25.00	125.00	
Subs:Plumbing	Plumbing	4	60.00	240.00	
Subs:Drywall	Install drywall	8	50.00	400.00	
Subtotal	Subtotal			1,890.00	
Payment	Down payment received		-500.00	-500.00	
Customer	Tax	San Domingo	7.5%	78.56	
Message					
				Total	
					2,491.31

Customer Message: Tax: San Domingo 7.5% Amount: 78.56

Memo: Balance Due 2,491.31

Buttons: Next, Previous, Pmt History..., Time/Costs..., Customer is taxable (checked), Show in iCal, To be printed, Print..., To be emailed, Cancel, OK

FIGURE 7-2 Use an invoice form to record sales on credit or any other transaction that affects accounts receivable.

Most businesses that sell on credit use invoices. An invoice lists what you sold on one date. It also shows the quantity and cost of each item. Use invoices if you:

- Sell goods or services and need to keep a detailed record of each sale with multiple line descriptions.
- Use sales tax, finance charges, discounts, or any other item that is calculated as a percent of charges.
- Bill at the time of a sale or the completion of a job, rather than on a regular interval.
- Group and total certain types of billings together; for example, all services or all reimbursable expenses.

Examples of businesses that could use invoices include general contractors, consultants, and mail order firms.

When you use invoices to bill your customers, you can also send statements as reminders to your customers about account balances and delinquent payments. As you enter invoices, customer payments, and credit memos each day, QuickBooks tracks the information it needs to create reminder statements.

To create an invoice, choose Customers | Create Invoices, or press COMMAND-I. The Create Invoices window shown in Figure 7-2 appears.

Billing Statements

To send statements instead of invoices, you can use *billing statements*. A billing statement lists the charges a customer has accumulated over a period of time. You enter the charges when they occur and then send a statement at your regular billing time. You can use statements to bill customers periodically, such as once a month.



NOTE: You should use invoices instead of statements if you charge sales tax, use group items, or apply percentage-based discounts.

Examples of businesses that could use billing statements include medical and dental practices as well as property management companies.

Credit Memos

You use a *credit memo* (refer to Figure 7-3) to record returned items and/or canceled orders for which you've already sent an invoice or billing statement and received a payment. Completing this form reduces the amount owed by a customer. You can then issue a refund by check or apply the credit to future invoices.

Create Credit Memos/Refunds

Customer:Job **Abercrombie, Kristy:Remodel Ba** Class **Remodel**

Template **Standard Service Credit Memo** Customize...

Credit Memo

Customer
Kristy Abercrombie
5647 Cypress Hill Rd
Bayshore CA 94326

Date 12/01/11 Credit No. 4002

P.O. Number

Item	Description	Quantity	Rate	Amount	Tax
Plumb Fixtrs	Whirlpool tub	1	660.00	660.00	
				51.15	
Total				711.15	

Customer Message **San Tomas** Tax **7.75%**

Memo Remaining Credit 0.00

Buttons: Next, Previous, Refund, Tx History..., Customer is taxable (checked), Show in iCal, To be printed, Print..., To be emailed, Cancel, OK

FIGURE 7-3 Use the Create Credit Memos/Refunds window to record returns of products already invoiced or paid for.

To create a credit memo, choose Customers | Create Credit Memos/Refunds. The Create Credit Memos/Refunds window shown in Figure 7-3 appears.

Entering a Sales Transaction

Entering a sales transaction can be broken down into three main steps:

- 1 **Enter the customer information.** In most cases, you'll simply choose a customer from the Customer:Job drop-down list, and QuickBooks will fill in all the related information for that customer.
- 2 **Enter the item information.** You can use the Item drop-down list on each line of the sales form to choose items you are selling. QuickBooks fills in all related information for that customer.
- 3 **Complete the sales form.** This entails selecting a customer message and sales tax rate (if you have multiple rates).

This part of the chapter goes into detail on each of these steps. To get started, use one of the following commands to open the sales form you want to use:

- To create a sales receipt (Figure 7-1), choose Customers | Enter Sales Receipts.
- To create an invoice (Figure 7-2), choose Customers | Create Invoices, or press COMMAND-I.
- To create a credit memo (Figure 7-3), choose Customers | Create Credit Memos/Refunds.

FIGURE 7-4 Customer information is entered at the top of the sales form.

TIP: You can quickly access these forms with buttons on the toolbar. If a button for a form is not already on the toolbar, you can add it; I explain how in Chapter 22.

Entering Customer Information

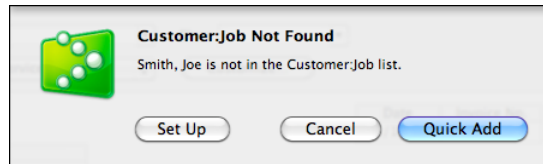
Customer information comes from the Customer Center's customer:job list, which is discussed in detail in Chapter 4. You can choose an existing customer from the list or create one on the fly as you enter the sale. You can also make changes to existing customer information as needed for the sale. All of this information appears at the top of the sales form. Figure 7-4 shows an example of this part of a completed invoice form.

To Enter Customer Information

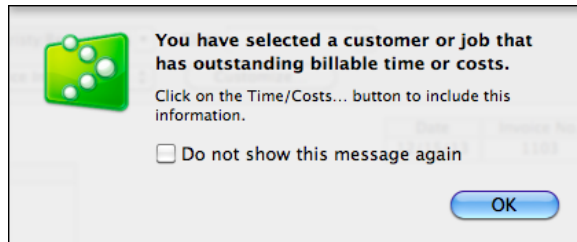
- 1 In the Customer:Job field, choose a customer or job from the pop-up menu, as shown next, or enter a new customer or job.

TIP: For sales receipts, you do not have to enter a name in the Customer:Job field unless you want this customer's name added to your customer list. To display the customer's name on the printed receipt, enter the name in the Sold To field.

- If you enter a new customer or job, a dialog like the one shown next appears. You can click Set Up to display the New Customer dialog and enter all information about the customer (as discussed in Chapter 4), or click Quick Add to add just the customer's name to the customer list. You can later enter more complete information for the customer if desired.



- If you create an invoice or sales receipt, QuickBooks will automatically alert you with a dialog like the one shown next if you choose a Customer:Job that has outstanding billable time and/or costs. To turn off future alerts, select the Do Not Show This Message Again check box and then click OK. (If you change your mind and want to turn on future alerts, choose QuickBooks | Preferences, click the Data Entry icon, and then click the Reset button beside One-Time Messages.)



- If desired, assign a class to the sales form by choosing an option from the Class drop-down list. The Class field appears only if class tracking is turned on in Transaction Preferences. If you want to assign classes to individual line items, you can customize the sales form to add a Class column and then use that column when you prepare the form. (Classes are discussed in detail in Chapter 4; customizing sales forms is covered later in this chapter.)
- For an invoice or a credit memo, if you have more than one accounts receivable account, choose the one you want to use from the Account drop-down list. This field only appears if you have more than one A/R account (refer to Figure 7-4) and does not appear on a cash sale.

- 6 To customize the format of your sales form, choose a template from the Template pop-up menu or click the Customize button. Keep in mind that if you change the template to something other than the standard forms illustrated throughout this part of the chapter, what you see may not match what's shown here. Working with and customizing templates is discussed later in this chapter.
- 7 Enter the invoice date in the Date field. By default, the current date is inserted, but you can change it by typing a new date or by pressing the + or – key when the field is selected to increase or decrease the date by one day.
- 8 Enter a number in the Sale No., Invoice No., or Credit No. field. QuickBooks automatically inserts the next number in the form's series, but you can replace what's automatically inserted. You can use letters, numbers, and hyphens. Press the + or – key when the field is selected to increase or decrease the number by one.
- 9 Enter your customer's name and address in the Sold To, Bill To, or Customer block. If complete contact information is included in the Customer Center's customer:job list, that information will automatically be inserted, but you can change it if you need to. You can also enter new information for a customer for which the information is not on file in QuickBooks.
- 10 If your customer has a purchase order number they want on the sales form and the sales form is configured to display the P.O. Number field, enter the number in the field.
- 11 For an invoice, QuickBooks enters terms if you assigned any when you set up the customer. QuickBooks uses the terms to determine the due date of the invoice and whether you owe your customer a discount for early payment. If the Terms field is blank or you want to change the terms, choose an option from the Terms drop-down list. (For more information about terms, consult Chapter 4.)

Entering Item Information

Items can include merchandise or services sold, as well as any discounts or payments applied at the time of the invoice or sale. A line item includes an item, description, price, the quantity of items sold, and the total amount for that item. You can also include subtotals and discounts as line items. Figure 7-5 shows what the body of a sales form might look like with a bunch of line items, including two subtotals, a discount, and a down payment.

As discussed in detail in Chapter 6, you can create a list of items that fit your sales and purchasing needs; then choose from the list as you fill out sales forms.



NOTE: It's important to understand items thoroughly so that you use them properly to get accurate sales and income reports. Read Chapter 6 for more information.

Item	Description	Quantity	Rate	Amount	Tax
APPLIANCES AND MATERIALS					
Kitchen:Appliance	Gas Rangetop	1	247.50	247.50	T
Discount	10% Discount		-10.0%	-24.75	
Kitchen:Appliance	Double Oven	1	350.00	350.00	T
Kitchen:Appliance	Dishwasher	1	450.00	450.00	T
Subtotal	Subtotal			1,022.75	
LABOR					
Labor:Removal	Removal labor	16	45.50	728.00	
Installation	Installation labor	2	38.50	77.00	
Subs:Tile & Counter	Install tile or counter	10	32.00	320.00	
Subs:Painting	Painting	5	25.00	125.00	
Subs:Plumbing	Plumbing	4	60.00	240.00	
Subs:Drywall	Install drywall	8	50.00	400.00	
Subtotal	Subtotal			1,890.00	
Payment	Down payment received		-500.00	-500.00	
Customer		Tax	San Domingo	7.5%	78.56
Message				Total	2,491.31

Memo

Balance Due 2,491.31

Show in iCal

To be printed


To be emailed

FIGURE 7-5 The body of a sales form lists line items.

Each item is associated with an account that you assign to it—usually an income account. When you enter an item in the Item field of a sales form, QuickBooks records the income from the item in the assigned account. Then you can see the income on profit and loss statements.

QuickBooks adds sales tax for items on the sales forms under the following conditions:

- Sales tax is turned on.
- The sales tax rate is set up through a sales tax item.
- Taxable items that you sell are set up or marked as taxable.
- The customer is set up or marked as taxable.

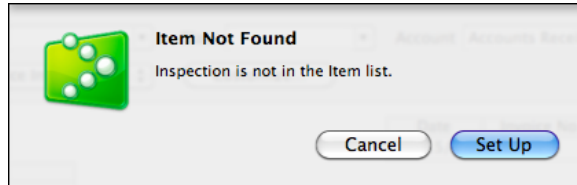
 **TIP:** To learn more about sales tax, see Chapter 10.

You can charge your customers for billable hours, items purchased for the job, and other reimbursable expenses you've already entered. QuickBooks puts these charges on the sales form for you; you don't have to enter them yourself. See the section titled "Charging for Actual Time and Costs" later in this chapter for details.

To Enter Item Information

- 1 In the Item field, choose an item from the drop-down list or enter a new item.

- 2 If you enter a new item, QuickBooks displays a dialog like the one shown next. Click Set Up to display the New Item dialog and enter specifics for the item. (Consult Chapter 6 for detailed instructions on creating items.)




- 3 QuickBooks automatically inserts a description for the item based on information in the Item List. You can change the description if you like.
- 4 Enter a quantity in the Quantity field.
- 5 Enter the rate or price per item. Again, QuickBooks automatically inserts a rate based on information in the Item List, but you can edit what's inserted if you need to.
- 6 QuickBooks uses the quantity and rate to calculate the value in the Amount field. You cannot change this field, but if the amount is wrong for the sale, you can change the Quantity or Rate field to correct it.
- 7 Repeat steps 1 through 6 for each item you want to add to the sales form. Additional lines and a scroll bar appear if you need them.

To Insert a Line Item Between Two Other Line Items

To insert a new line item between two others, you need to insert a new line in the form.

- 1 Click in the line where you want the new line to appear.
- 2 Choose Edit | Insert Line, or press COMMAND-Y. QuickBooks inserts an empty line that shifts the current line and all lines below that line down. QuickBooks recalculates any subtotals, percentages, and the Total field at the bottom of the sale to include the amount of the new line item.

 **TIP:** If you need a blank line for spacing, leave all the fields on a line empty.

To Delete a Line Item

If you want to remove a line item from a sales form, delete it.

- 1 Click the item you want to delete.
- 2 Choose Edit | Delete Line, or press COMMAND-B. The line and its contents disappear.



TIP: For items that are more than one line long, such as items with multiple-line descriptions, deleting the first line should delete the entire description. You can delete all lines in a group item by deleting its first line.

Completing the Sales Form

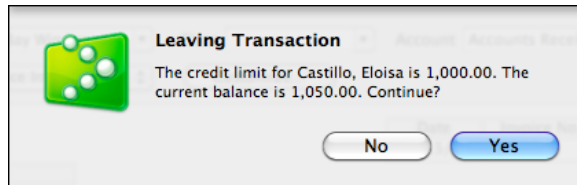
You complete the sales form by entering a customer message, choosing a sales tax item, entering an optional memo, and setting other options. Figure 7-2 shows an example of a completed sales form for an invoice.

To Complete the Sales Form

- 1 In the Customer Message field, choose a message from the drop-down list, or enter a new message to your customer.
- 2 If you enter a message, a dialog appears, asking if you want to set up the message or just add it to the list. Click the Quick Add button to add the message without displaying the Add Customer Message dialog.
- 3 Toggle the Customer Is Taxable check box on or off depending on whether the customer should be charged tax. QuickBooks automatically sets this option for you based on information in the Customer Center's customer list, but you can override it here if you need to.
- 4 If necessary, select a tax item from the Tax drop-down list. Again, QuickBooks automatically uses the tax item you assigned to this customer when you added the customer to the Customer Center, but you can change it. (For more information about sales tax, consult Chapter 10.)
- 5 For a sales receipt, select an option for depositing the proceeds from the sale:
 - **Group With Other Undeposited Funds** records the proceeds in an Undeposited Funds account, where they will remain until you make a deposit.
 - **Deposit To** enables you to select an account to immediately deposit the funds into.(You can learn more about depositing payments in Chapter 9.)
- 6 If desired, enter a memo for the sales form. This memo does not print on an invoice or cash sales receipt. It does print on a reminder statement as a description of an invoice. If you send reminder statements to your customers, you might want to use this memo field for an invoice summary. The memo also appears in the Accounts Receivable and customer registers.
- 7 Turn on check boxes to activate additional features:
 - **To Be Printed** adds the sale to a list of sales forms you can print all at the same time.
 - **To Be Emailed** adds the sale to a list of sales forms you can e-mail all at the same time.

- **Show In iCal** adds the sale to iCal as an event.
(Printing, e-mailing, and adding sales forms to iCal are all discussed later in this chapter.)
- 8 To print the sales form immediately, click **Print**. Then use the standard **Print** dialog that appears to set options and send the form to your printer.
 - 9 Click **OK**.

If an invoice amount puts the customer over its credit limit, a dialog like the one shown next appears. You have two options:



- **No** takes you back to the invoice, where you can remove line items or make other changes before accepting it.
- **Yes** accepts the invoice, even though it puts the customer over the credit limit.

If the sale is an invoice or credit memo, QuickBooks records the invoice in your Accounts Receivable account register. If the sale is a cash sale, QuickBooks records the sale in your Undeposited Funds register or the checking or other account you specified. You can learn more about depositing payments in Chapter 9.

Working with Sales Transactions

There are a number of additional things you can do with sales transactions once they have been entered. For example, you can edit or delete them, void them, add them to iCal, or mark them as pending. This part of the chapter takes a look at each of these tasks.

To Display a Saved Form

To work with a saved sales form, you'll need to display it.

- 1 Open the window for the type of form you want to edit (refer to Figures 7-1, 7-2, and 7-3).
- 2 Click the **Previous** button repeatedly to page back through existing transactions until the one you want to edit is displayed.



TIP: You can also search for a sales form or double-click it in the Customer Center or Transaction Center window to open it. You can learn more about searching for transactions in Chapter 18 and about the Customer Center and Transaction Center in Chapter 4.

To Edit a Sales Form

You can edit an invoice, cash sales receipt, or credit memo in the same window in which you created it. This is useful when you forget a line item or discover an error when you see the printed form.

- 1 Display the sales form you want to edit.
- 2 Make changes as desired.
- 3 Click OK.

To Void a Sale

Void a sales form instead of deleting it to retain complete records of all sales.

- 1 Display the sales form you want to void.
- 2 Choose Edit | Void *Form Type*. QuickBooks changes the amounts on the sale to zero and enters “VOID” in the Memo field before any existing memo. You can see this in Figure 7-6.

To Delete a Sale

You can delete a sales form if you no longer need it—for example, if the sale was canceled before it was completed.

Don't delete a sales form if you made an error on it. Just correct the error on the original form and reprint it. Likewise, don't delete an invoice if you've already applied a payment to it. If a customer cancels an order on which you have received some payment, your records will be clearer if you use the Credit Memo/Refund window, as discussed later in this chapter.

- 1 Display the sales form you want to delete.
- 2 Choose Edit | Delete *Form Type*, or press COMMAND-D.
- 3 Click OK in the confirmation dialog that appears. The sales form is permanently deleted from your company file.

To Add a Sales Transaction to iCal

iCal is a calendar application that comes preinstalled on Mac OS X computers. You can add some QuickBooks transactions to your iCal calendar to help remind you of important transaction dates.

- 1 In any form that includes a Show In iCal check box (refer to Figures 7-1, 7-2, and 7-3 for examples), turn on that check box.

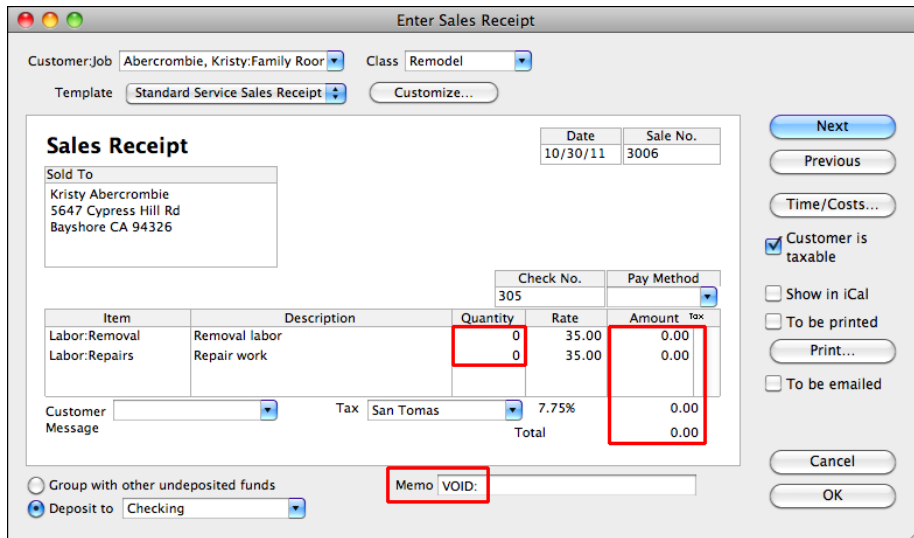


FIGURE 7-6 A voided sales receipt has zero amounts and the word “VOID” in the memo field.

- 2 Complete the form as you normally would and click OK to save it. If iCal is already open, QuickBooks adds the transaction. If iCal isn’t already open, QuickBooks opens iCal, adds the transaction, and then closes iCal. Figure 7-7 shows what a transaction added to iCal might look like.

NOTE: QuickBooks uses a transaction’s due date as the iCal date.

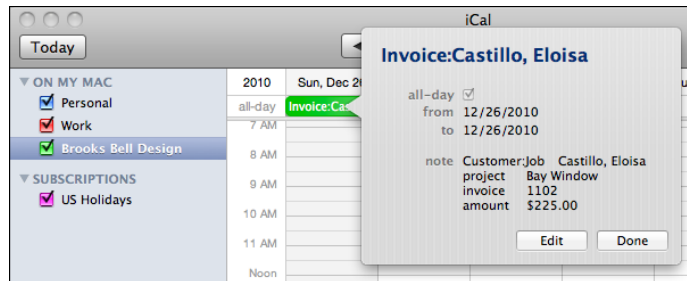


FIGURE 7-7 You can add transactions to iCal in a special QuickBooks calendar named for your company file.

To Mark a Sale as Pending

You can mark an invoice, cash sale, or credit memo as pending so that it does not affect account balances, registers, and reports. You can use pending sales for the following situations:

- **Order entry** When you receive an order from a customer, you can enter a pending sale. When the customer pays for the order, you can mark the sale as final.
- **Draft approval** When you create a billing draft that needs to be reviewed before you permanently enter it into QuickBooks, use a pending sale. Once the draft is approved, mark the sale as final.

You cannot mark a transaction that already has payments against it as pending.

- 1 After you complete the sales form, choose **Edit | Mark Form Type As Pending**. QuickBooks displays the words “PENDING non-posting” on the sales form on your screen, as shown in Figure 7-8.
- 2 Click **OK**. QuickBooks does not record the sale until you mark it as final, so the sale does not affect account balances and reports.

TIP: You can create a Pending Sales Report to display a list of all pending sales. To do so, choose **Reports | Sales | Pending Sales**. Learn more about QuickBooks reports in Chapter 21.

Create Invoices – Accounts Receivable

Customer: Job Rusoff, Jason:Kitchen Class Remodel Account Accounts Receivable

Template Standard Service Invoice Customize...

Invoice

Bill To:
Brian Cook
345 Cherry Lane
Middlefield CA 94482

Date 12/15/11 Invoice No. 1098

P.O. Number Terms
Net 30

Item	Description	Quantity	Rate	Amount	Tax
Kitchen:Appliance	Gas Rangetop	1	247.50	247.50	
Kitchen:Appliance	Double oven	1	350.00	350.00	
Kitchen:Appliance	Dishwasher	1	450.00	450.00	
Window	Greenhouse Window	1	475.00	475.00	
Customer Tax San Domingo 7.5%				0.00	
Total				1,522.50	

Customer Message Tax San Domingo 7.5% 0.00

Memo Balance Due 1,522.50

Next
Previous
Pmt History...
Time/Costs...
 Customer is taxable
 Show in iCal
 To be printed
Print...
 To be emailed
Cancel
OK

FIGURE 7-8 The word “PENDING” appears on a pending sales transaction’s form.

To Mark a Pending Sale as Final

Marking a pending sale as final removes the pending status and records it.

- 1 Display the sales form you want to mark as final.
- 2 Choose Edit | Mark *Form Type* As Final. The *PENDING* stamp is removed from the form.
- 3 Click OK to record the sale. If the sale is an invoice, QuickBooks records the invoice in your Accounts Receivable register. If the sale is a cash sale, QuickBooks records the sale in your Undeposited Funds register or deposits funds directly into a checking or other account.

Memorizing Invoices and Statement Charges for Future Use

You can memorize a sale that you enter repeatedly (for example, an invoice for a standing monthly order from a regular customer). As discussed in Chapter 4, after you memorize the sale, you can have QuickBooks remind you when to use the memorized transaction, or have QuickBooks enter the memorized transaction automatically.

If you regularly send invoices with the same line items to several customers, you can memorize the line items. If you send periodic billing statements to customers for the same charges, such as rent, you can memorize the statement charges. When you're ready to use the memorized invoice or statement charge, recall it, fill in the customer and any other header information, and add or change any line items or charges as necessary.

You can also combine numerous memorized invoices or statement charges into a memorized transaction group. Memorized transaction groups, which are discussed in Chapter 4, are particularly useful for businesses that send invoices or statements to all their clients at once, such as property managers or therapists.

Printing, Saving, and E-Mailing Sales Forms

QuickBooks supports a number of output formats for sales forms: printing, saving as a PDF, and e-mailing. You can perform most of these tasks two ways: individually or in batches.

Outputting Individual Forms

If you create sales forms as you need to—rather than periodically at week-end or month-end—you'll probably print, save, or e-mail the form when you create it. QuickBooks makes this easy to do by offering output options you can use on the currently displayed form.

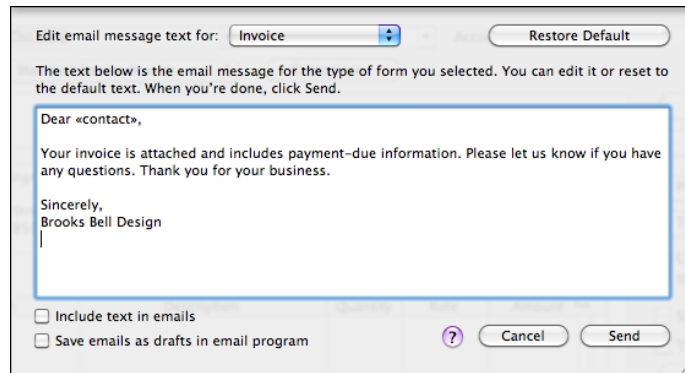


FIGURE 7-9 Use this dialog to set options for mailing forms as PDFs.

To Print a Sales Form

- 1 Display the sales form you want to print.
- 2 Click the Print button.
- 3 Use the standard Print dialog that appears to set options and send the form to your printer.

To Save a Sales Form as a PDF

- 1 Display the sales form you want to save as a PDF.
- 2 Click the Print button.
- 3 In the standard Print dialog that appears, click the PDF button and choose Save As PDF from the menu.
- 4 Use the Save dialog to enter a name and choose a location for the file.
- 5 Click Save.

To E-Mail a Sales Form as a PDF

- 1 Display the sales form you want to save as a PDF.
- 2 Choose File | Email *Form Type* As PDF.
- 3 QuickBooks displays a dialog like the one in Figure 7-9. Set options for the e-mail message that the PDF will be attached to:
 - To include text in the e-mail message, turn on the Include Text In Emails check box. Then choose the default message you want to use from the Edit Email Message Text For pop-up menu. (This menu should automatically display the message for the type of form you're sending.) You can also edit the message text, which will be saved for future use.
 - To create the message but save it as a draft in your e-mail application, turn on the Save Emails As Drafts In Email Program check box.

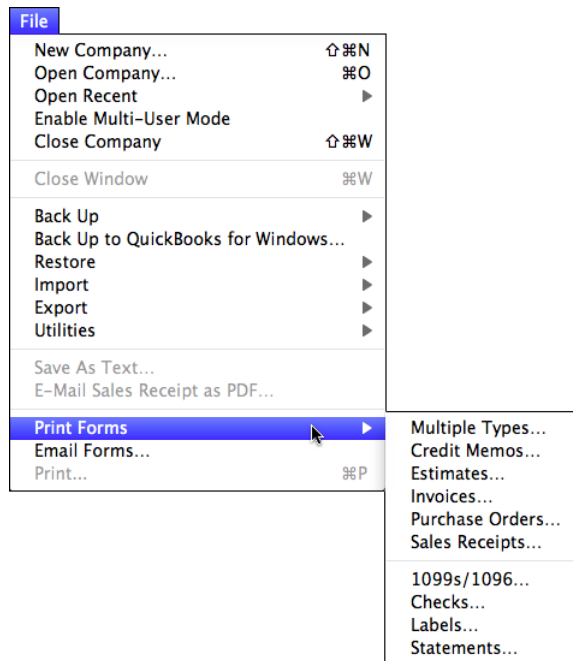
- 4 Click Send. QuickBooks launches your default e-mail program, creates a new message, and attaches a PDF of the sales form to the message.
- 5 If necessary, enter the e-mail address for the recipient and modify the message.
- 6 Click Send.

Outputting Batches of Forms

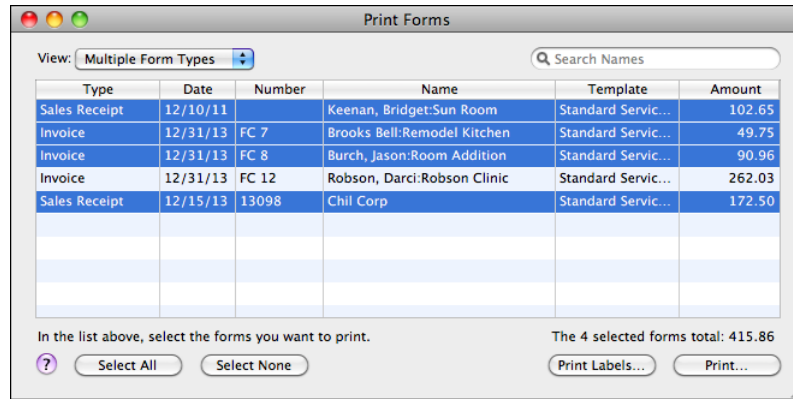
If you send out sales forms periodically—rather than after you create each one—you can print or e-mail the forms in batches. You might find this more efficient, especially if you create many of these forms.

To Print Batches of Forms

- 1 Be sure to turn on the check box labeled To Be Printed on each form you want to print before saving it.
- 2 When you're ready to print forms, display the Print Forms submenu under the File menu (shown next) and choose the type of form you want to print. If you choose Multiple Types, you'll be able to print several type of forms at once.



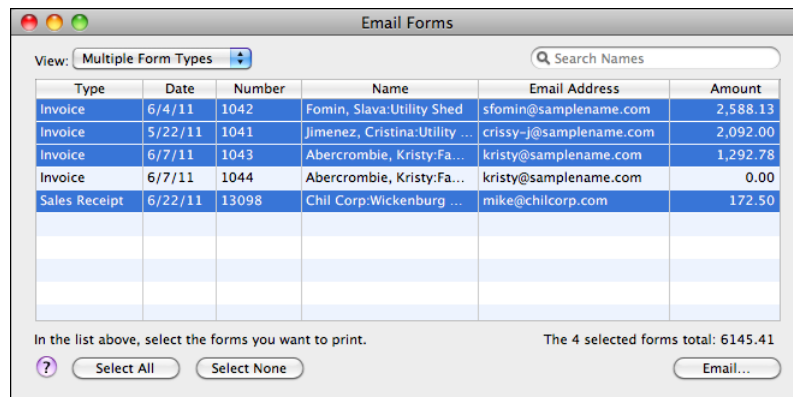
- 3 A window like the one shown next appears. You can use the pop-up menu to change the kind of form listed. In this example, Multiple Form Types is selected.



- 4 Select the forms you want to print. To select more than one, hold down the COMMAND key while clicking each one. Or click Select All to select all of them.
- 5 Click Print.
- 6 Use the standard Print dialog that appears to set options for the print job and send it to your printer.

To E-Mail Batches of Forms

- 1 Be sure to turn on the check box labeled To Be Emailed on each form you want to send by e-mail before saving it.
- 2 When you're ready to e-mail the forms, choose File | Email Forms.
- 3 A window like the one shown next appears. You can use the pop-up menu to change the kind of form listed. In this example, Multiple Form Types is selected.



- 4 Select the forms you want to e-mail. To select more than one, hold down the COMMAND key while clicking each one. Or click Select All to select all of them.
- 5 Click Email.
- 6 A dialog like the one in Figure 7-9 appears. Set options for the e-mail message that the PDFs will be attached to:
 - To include text in the e-mail message, turn on the Include Text In Emails check box. Then choose the default message you want to use from the Edit Email Message Text For pop-up menu. You can also edit the message text, which will be saved for future use; if you're sending more than one kind of message, you may want to create a more generic message to accompany the forms.
 - To create the message but save it as a draft in your e-mail application, turn on the Save Emails As Drafts In Email Program check box.
- 7 Click Send. QuickBooks launches your default e-mail program, creates a new message, and attaches a PDF of the sales form to the message.
- 8 A dialog confirms that they have been sent to your e-mail program. Click OK to dismiss it.
- 9 If you told QuickBooks to save the e-mails as drafts, you'll need to switch to your e-mail program and send them individually. Otherwise, the e-mail program sends the messages automatically and quits.

Customizing Your Sales Form

QuickBooks includes many different templates that you can choose from to create and print your sales forms. Each template can be further customized to add or remove fields, modify fonts and font sizes, and incorporate a company logo or other images.

This part of the chapter explains how you can choose a different template to change the appearance of your sales forms. It also introduces the powerful and flexible Layout Designer application that makes it possible to fully customize your forms.

Choosing a Sales Form Format

QuickBooks offers a handful of different formats for each type of sales forms. The standard form templates are designed for specific types of businesses:

Product Format The Standard Product format (refer to Figure 7-10) is designed for businesses that sell and ship parts or products. The printed Product forms have the narrowest description column of the preset formats. On a Product invoice, you can track the salesperson in the Rep field and then create reports broken down by salesperson.

FIGURE 7-10 The Standard Product invoice is for businesses that sell parts or products.

Professional Format The Standard Professional format template is good for businesses that sell services and require a lot of room for descriptions. The nonprinting fields are for bookkeeping purposes and fast data entry. For example, you can multiply the hours worked by the rate, but the client sees only the amount. The printed Professional invoice has the widest description column.


Service Format The Standard Service format template (refer to Figures 7-1, 7-2, and 7-3) is good for businesses that primarily sell services but may sell some goods.

Other Formats There are a number of other formats based on these, as well as some that are simplified or stylized. You can also create a brand-new template from scratch.

You can customize the names of fields on any sales form, and decide which fields to view onscreen and which fields to print. If you enter information into a field and then later eliminate that field, the information remains in your data file even though the field is gone. However, you must add the field to the appropriate form to see that information again.

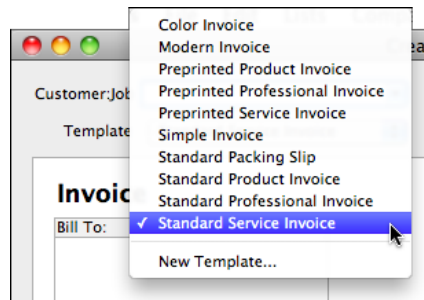
\$ NOTE: Changing the name of a field does not change its properties. For example, a text field remains a text field, even if you name it “Date.”

To decide which format is right for your company, consider the amount of detail you want your customers to see and the length of the line-item description. The sales form format you choose does not affect the information you see in reports.

 **TIP:** You can print samples of the formats you want to see or save paper by previewing them onscreen.

To Change the Sales Form Format

In a sales form, choose an option from the Template pop-up menu, as shown next. The options you see vary depending on the type of sales form and whether you have already created custom forms.



The fields that appear on the sales form may change in order or may offer more or fewer fields, depending on the template you selected.

To Preview a Printed Sales Form

You can preview a printed sales form to see how it will look when printed. This will help you choose the correct form for your needs.

- 1 Display the sales form you want to preview.
- 2 If necessary, choose the template you want to preview from the Template pop-up menu.
- 3 Click the Print button.
- 4 In the standard Print dialog that appears, choose Open PDF In Preview from the PDF pop-up menu. QuickBooks creates a preview of the form and displays it in the Preview application that comes with Mac OS X (refer to Figure 7-11).

Customizing the Content on a Sales Form

You can customize the content of your sales form using the Layout Designer application that's part of QuickBooks. This tool enables you to choose fields to include on the form, reposition and format form contents, and add images.

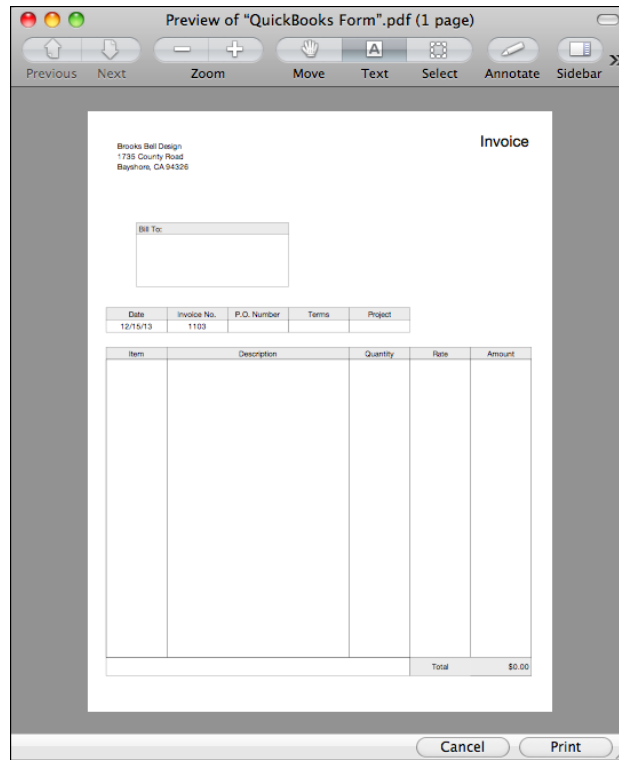


FIGURE 7-11 Here's what the Standard Professional Invoice template would look like when printed.

Here's how it works. Choose the sales form template that most closely matches what you want. Then click the Customize button near the top of the window to open the Layout Designer application. A window with the template appears. Click buttons on the toolbar to open palettes for customizing the form. Figure 7-12 shows what it might look like with the Invoice Fields, Fonts, and Formatting palettes displayed.

Select items on the template and use tools in the palettes to modify it. When the template looks just the way you want it to, choose File | Save to save it. Then choose Layout Designer | Quit Layout Designer to return to QuickBooks.

A complete discussion of the Layout Designer is beyond the scope of this book. Experiment with it on your own, and you'll soon get a feel for creating perfect sales form templates for your business.

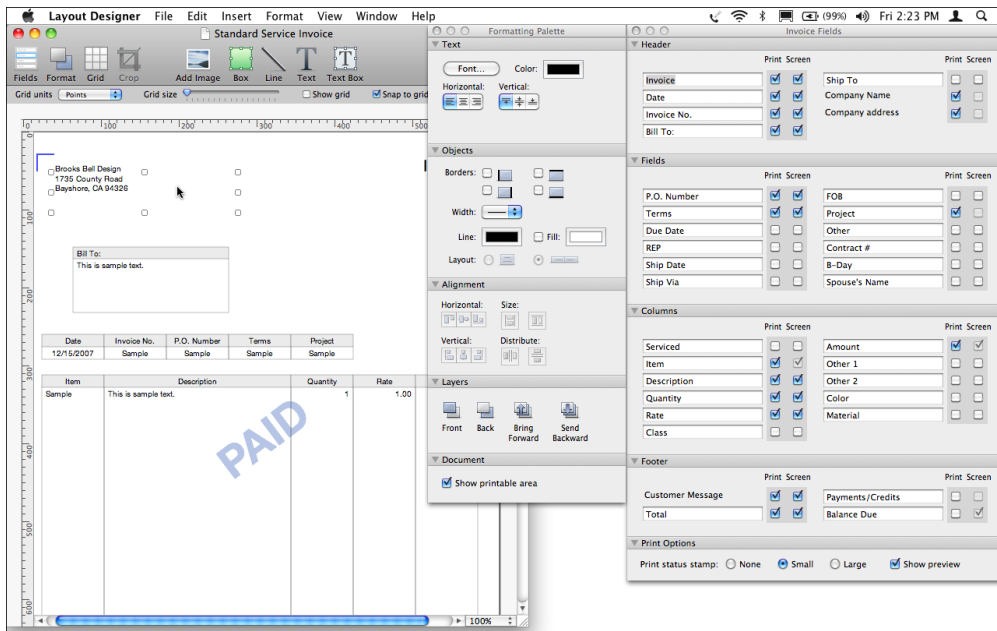


FIGURE 7-12 Here's the Layout Designer with several palettes open for customizing an invoice form.

Charging for Actual Time and Costs

Charging your customer for the actual time and costs for a job is a two-step process:

- 1 Track the time and costs, assigning them to the specific job.
- 2 Transfer the time and costs to a sales form (with or without a markup) or to the register for the job.

Table 7-1 offers a guide for the things you must do to bill customers for actual time and costs, along with cross-references to other information in this book that'll help you get the job done.

Adding Time and Costs to a Sales Form

You can add time and reimbursable expenses directly to a sales form, as long as the time and costs have been recorded in QuickBooks for the customer.

To Charge for Time and Costs on a Sales Form

These instructions assume you are creating a sales transaction for a customer that has unbilled items, expenses, or time associated with it. To associate an expense

To Track	You Must	Refer To
Time billable to this job	Record hours spent on this job, using either a weekly timesheet or a single activity record. Be sure to mark the hours as billable.	Chapter 20
	Assign the hours to the same job for which you plan to write the invoice.	
	Assign the hours to the service item that should be used on the invoice.	
	To show the service date for each time entry on the invoice, customize the invoice to add a Service Date column.	
Items, subcontracted services, and other charges purchased for this job	Record a bill, check, or credit card charge, using the Items pane to identify items and services purchased for this job.	Chapters 6, 12, and 14
	Assign the items to the same job for which you plan to write the invoice.	
Other costs incurred for this job	Record a bill, check, or credit card charge using the Expenses pane to identify other costs incurred for this job.	Chapters 12 and 14
	Assign the expenses to the same job for which you plan to write the invoice.	

TABLE 7-1 Tasks to Bill Customers for Actual Time and Costs

with a customer, be sure to choose a Customer:Job option when entering the bill or recording the time as outlined in Table 7-1.

- 1 Open a Create Invoice or Enter Sales Receipts window.
- 2 Follow the instructions earlier in this chapter to enter customer information into the form. After you enter the Customer:Job, a dialog may appear, telling you that you have selected a customer or job that has outstanding billable time or costs. Click OK.
- 3 Click Time/Costs. The Choose Billable Time And Costs dialog appears.
- 4 To charge the customer for items, click Items to display the Items pane (shown next). Then click in the Use column beside each item you want to add to the sales form. Items appear on the Items pane after they have been entered on the Items pane of a bill, check, or credit card charge and have been assigned to this job but have not yet been used on a sales form. Items are discussed in detail in Chapter 6.

Choose Billable Time and Costs

Time and costs for: Craven, Pamela:Duct Work

Time - \$0.00 Expenses - \$0.00 Mileage - \$0.00 **Items - \$330.00**

Select All

Use	Date	Item	Description	Qty	Rate	Amount	Hide
✓	12/05/13	Subs:Paintin	Painting	4	30.00	120.00	
✓	12/05/13	Subs:Drywall	Install drywall	6	35.00	210.00	

Total billable time and costs: 330.00

Print selected time and costs as one invoice item

Help Cancel OK

\$ NOTE: On the sales form, QuickBooks uses the sales price—not the cost—for each inventory part and for each resale non-inventory part, subcontracted service, and reimbursable other charge item. You can change the price on the sales form. (If you set up the item with a sales price of 0.00 because costs vary, be sure to enter a sales price on the sales form.)



- 5 To charge the customer for billable mileage expenses, click Mileage to display the Mileage pane (shown next). Click in the Use column beside each mileage item you want to add to the sales form. In this window and on the sales form, Quickbooks uses the mileage rate you set up within QuickBooks. You can change the rate on the sales form. The new mileage tracking feature of QuickBooks is covered in Chapter 12.

Choose Billable Time and Costs

Time and costs for: Craven, Pamela:Duct Work

Time - \$0.00 Expenses - \$0.00 **Mileage - \$114.95** Items - \$330.00

Select All Options Options...

Transfer item descriptions; combine activities.

Use	Date	Item	Miles	Rate	Amount	Notes	Hide
✓	12/05/13	Mileage	103.0	0.55	56.65		
✓	12/06/13	Mileage	106.0	0.55	58.30		

Total billable time and costs: 444.95

Print selected time and costs as one invoice item

Help Cancel OK

- 6 To charge the customer for expenses, click Expenses to display the Expenses pane (shown next). Then click in the Use column beside each expense you want to add to the sales form for reimbursement.

Choose Billable Time and Costs

Time and costs for: Craven, Pamela:Duct Work

Time - \$0.00 Expenses - \$174.00 Mileage - \$114.95 Items - \$330.00

Select All Markup Amount or % 20.0% Markup Account Reimbursed Expenses

Use	Date	Payee	Memo	Amount	Hide
✓	12/03/13	Holly Heating and Electric	Install Duct work	145.00	
	12/05/13	Leap & Son Painting	Repair ladders run	45.00	

Selected expenses are taxable Total expenses with markup 174.00

Total billable time and costs: 618.95

Print selected time and costs as one invoice item

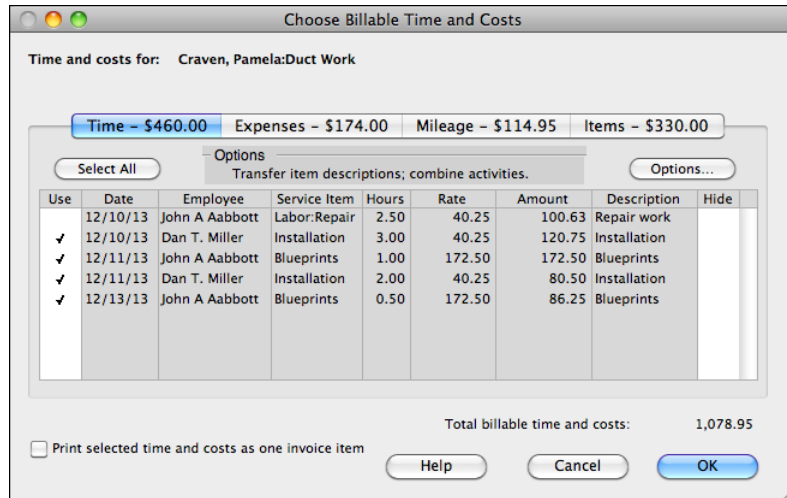
Help Cancel OK

TIP: To add a markup to your actual expenses, enter an amount or a percentage (with a percentage symbol) in the Markup Amount Or % field. Then enter an account in the Markup Account field. Alternatively, you can change the rates or prices directly on the sales form. Then the entire income for each expense is assigned to the account for the expense (instead of partly to a markup account).

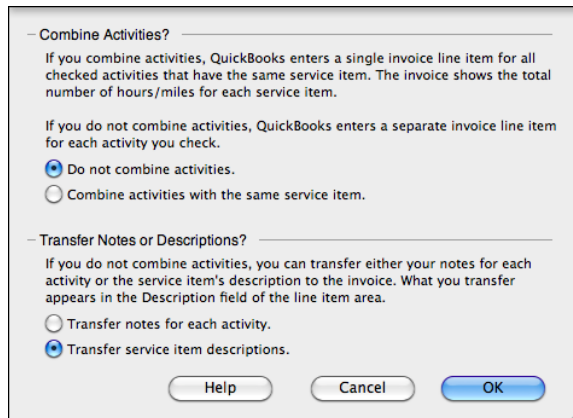
NOTE: You can assign income for a reimbursed expense to an income account, as discussed in Chapter 23. If you do not assign the income to an income account, the income cancels the original expense in the expense account. (Your net profit is the same in either case.)

- 7 To charge the customer for time, click Time to display the Time pane (shown next). Then click in the Use column beside each time item you want to add to the sales form for reimbursement. In this window and on the sales form, QuickBooks uses the hourly rate for the service item you assigned to the activity, not the payroll rate of the employee. If the service item has the subcontractor

check box marked, QuickBooks uses the sales price. You can change the rate on the sales form.



- To change how QuickBooks groups and describes mileage and time activities on the sales form, click Options in either pane. Then set options in the dialog that appears (shown next), and click OK.



- 9 Click OK to add the marked costs to the sales form. It might look something like this:

Item	Description	Quantity	Rate	Amount	Tax
Installation	Installation labor	3	40.25	120.75	
Blueprints	Blueprints	1	172.50	172.50	
Installation	Installation labor	2	40.25	80.50	
Blueprints	Blueprints	0.5	172.50	86.25	
Mileage		103.00	0.55	56.65	
Mileage		106.00	0.55	58.30	
Subs:Painting	Painting	4	30.00	120.00	
Subs:Drywall	Install drywall	6	35.00	210.00	
Reimb Group					
	Install Duct work		145.00	145.00	
Reimb Subt	Subtotal of Reimbursable Expenses			145.00	
	Markup		20.0%	29.00	
	Time and materials			174.00	
Customer		Tax	East Bayshore	0.3%	0.00
Message		Total			1,078.95

- 10 To group costs into two or more groups, repeat steps 3 through 8.
- 11 Review the form before clicking OK to make sure it includes only the charges you want to include.
- 12 Complete the form as discussed earlier in this chapter.



NOTE: If you record a sales form that has actual job costs on it and then discover you made a mistake, the actual job costs you used previously are no longer available to use again. To make the costs billable again, go to the original record (that is, weekly timesheet, single activity, bill, check, or credit card charge) and click the Billable field to remove the X. Save your changes.

Tips for Invoicing for Time and Costs

This section provides a few miscellaneous tips to keep in mind when invoicing for time and costs.

To pass through expenses from a vendor or supplier, enter the bill or payment before creating the invoice.

If the vendor submits a bill, enter the bill in the Enter Bills window. If you bought something by check or credit card, enter the check or credit card charge. You can pass through expenses from either the Items pane or the Expenses pane, as long as you assign a customer or job.

Use the Items pane, not the Time pane, when invoicing for subcontracted work.

Subcontracted work is on the Items pane of the Choose Billable Time And Costs window, if you recorded it on the Items pane of the subcontractor's bill as a subcontracted service item. Even if you also track time for the subcontractor, do not look for the work on the Time pane. (Time for a vendor is never billable.)

If you enter costs on the Expenses pane, associate an income account with the expense account.

QuickBooks assigns income for reimbursed expenses to the original expense account unless you associate an income account with the expense account. To learn how to do this, consult Chapter 23.

If you invoice for time, consider combining time activities for the same service item before transferring them from the Time pane to the sales form.

To combine time activities for the same service item on the sales form, click Options on the Time pane. Then select Combine Activities With The Same Service Item and click OK. When you transfer time to the sales form, QuickBooks enters only one line for each service item, with the total hours for that service item. If you select Do Not Combine Activities, QuickBooks enters each time activity on a separate line of the sales form. Select Transfer Notes For Each Activity if you want the notes in the Description field of the sales form. Otherwise, select Transfer Service Item Descriptions.

To transfer the date of each cost or time activity to the sales form, add a Service Date column.

Customize the sales form by adding a Service Date column. Then for items and expenses, QuickBooks enters the date of each bill, check, or credit card charge in that column. For time, it enters the activity date (or the earliest activity date, if you are combining several activities for one service item).

There are two ways to handle retainage on construction jobs.

Construction contractors may invoice for 90 percent at the completion of a job and the final 10 percent later. Here are two ways to accomplish this.

Method 1 (Invoice for 90 Percent at Each Phase) Create two Other Charge items for retainage on your Item List:

- On the first item, enter -10% in the Amount field; in the Account field, assign an Other Current Asset account for retainage. Add this retainage item to every invoice you write during the job, to reduce the amount owed by 10 percent. (At the same time, the Other Current Asset increases by the same amount.)

- Create a second Other Charge item with a blank Amount field; in the Account field, assign the same Other Current Asset account for retainage. When you are ready to invoice for the final 10 percent, determine how much it is. (An easy way to determine the amount is to display the register of the Other Current Asset account for retainage, select the job in the register, and click QuickReport.) Create a new invoice with only this Other Charge item on it. Enter the amount in the Amount field of the invoice.

Method 2 (Invoice for the Remaining 10 Percent of Total at Completion)

This method has two steps:

- Create one Other Charge item for retainage on your Item List. Leave the Amount field blank; in the Account field, assign an Other Current Asset account for retainage. At the completion of the job, record an invoice for the full amount of the final phase. Run the job profitability summary report (one of the project reports) to determine the total revenue for the job. Then edit the invoice you just recorded by adding the Other Charge item for retainage and entering 10 percent of the total revenue as a negative number in the Amount field of the invoice. For example, if the total revenue is \$20,000, you should enter the 10 percent retainage as -2000 .
- When you are ready to invoice for the final 10 percent, create a new invoice with only this Other Charge item on it. Enter the amount as a positive number in the Amount field of the invoice.

You can track the costs of services performed by an owner or partner.

Because owners and partners do not submit bills, the costs of the services they perform will not be part of the overall costs of the job unless you enter a transaction to account for the work. If you want owner and partner time to contribute to the job costs on reports such as job profitability or job estimates vs. actual amounts, here's what to do.

First, when you set up a service item for the work of the owner or partner, select the check box for This Service Is Performed By A Subcontractor. Then enter the name of the person's equity account in the Expense Account field. (On the pop-up menu of accounts, equity accounts are above expense accounts.)

To make owner and partner time part of the job costs on job reports without affecting the profit and loss statement, write a zero-amount check as follows:

- 1 Write the check either in your regular checking account or in a special checking account (with no money in it) that you can set up for checks like these.
- 2 Enter the name of the owner or partner in the Pay To The Order Of field.
- 3 Clear the To Be Printed check box.
- 4 In the No. field, enter a word or leave it blank.

- 5 On the Items pane, in the Item field, enter each service item for the work performed. On each line, enter the number of hours in the Qty field, and enter the job in the Customer:Job field. The description and rate will be filled out automatically but can be changed if necessary.
- 6 On the Expenses pane, enter the name of the person's equity account in the Account field. In the Amount field, enter the negative of the amount on the Items pane. Do not enter a job.



NOTE: If you have not yet invoiced the customer for the time, be careful not to invoice twice for the same time. Use the work from the Time pane only, not the Items pane, of the Choose Billable Time And Costs window. (On the Items pane, mark the Hide field to remove the work permanently from the Items pane without putting it on an invoice.)

After you record the zero-amount check, the cost (as shown on the Items pane) appears on all job and item reports that show costs by job or by item. On the other hand, the cost does not appear as an expense on a Profit And Loss By Job report because it is not assigned to an expense account.

Managing Daily Cash Transactions

If you create many sales receipts in your business, you may be interested in several QuickBooks features to make the process easier or provide you with additional information, such as creating a daily sales summary, viewing daily sales transactions, and tracking daily overages and shortages. This part of the chapter explains how you can do all of these things.



TIP: QuickBooks supports credit card processing within QuickBooks. If you have a point-of-sale setup with QuickBooks and process “cash sales” paid by credit card, consult Chapter 9 for more information on using this feature.

Working with Daily Cash Sales

QuickBooks enables you to summarize your cash sales at the end of the day rather than entering each sale individually. It also lists these sales in one register so they're easy to find and review.

To Create a Daily Sales Summary

If you have a number of cash sales each day, and you don't need to add each cash-paying customer to your Customer:Job list, use the Enter Sales Receipt window to record a summary of the day's sales activity.

- 1 Choose Customers | Enter Sales Receipts.
- 2 Leave the Customer:Job field blank because this form will record multiple transactions from multiple unnamed customers.

- 3 Enter each item that was sold and the quantity sold for the day. For example, if you sell several packages of fancy paper in one day to walk-in customers, lump all the paper sales into one line item, with the total quantity of all sales in the Amount field. Be sure to create a line on the form for each type of item sold that day.
- 4 Complete the sales receipt form and click OK.

To See a Register of Your Cash Sales

QuickBooks records your cash sales in the Undeposited Funds account if you have chosen to group the funds for later deposit. You can see each of your cash sales in the account register for that account.

- 1 Choose Lists | Chart Of Accounts to display the Chart Of Accounts window.
- 2 Double-click the account named Undeposited Funds.



NOTE: Any cash sales you have chosen to deposit directly to an account do not appear in this register.

Tracking Daily Overages and Shortages

You can track your daily overages (money on hand that exceeds the listed amount in your books) and shortages (money on hand that is less than the listed amount in your books).

To Set Up Overages and Shortages Accounts

- 1 Choose Lists | Chart Of Accounts to display your chart of accounts.
- 2 Create an income account called Discrepancies.
- 3 Create two new income subaccounts—Overages and Shortages—for the Discrepancies account.



TIP: You can learn more about setting up accounts in Chapter 5.

To Set Up Overage and Shortage Items

- 1 Choose Lists | Items to display the Item List.
- 2 Create a non-inventory part item called Overages and assign it to your Overages subaccount.
- 3 Create a non-inventory part item called Shortages and assign it to your Shortages subaccount.

TIP: You can learn more about setting up items in Chapter 6.

To Record Discrepancies

Use the Overages and Shortages items in the Enter Sales Receipt window when you are creating a daily sales summary to record any discrepancies. When you view a sales report, you'll see any overages or shortages for each day of cash sales.

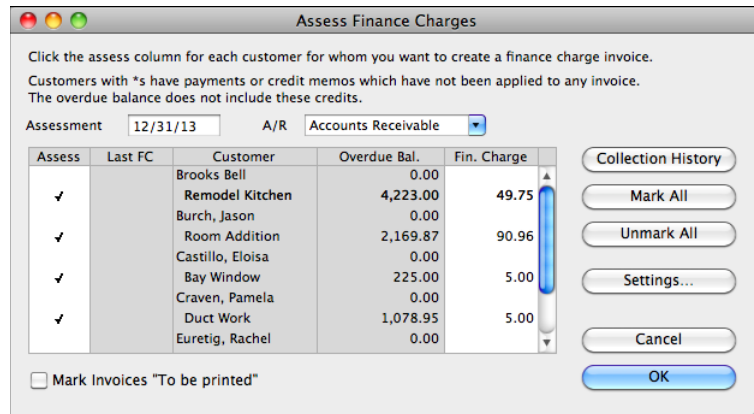
NOTE: Remember to record shortages with a negative amount in the Enter Sales Receipt window.

Assessing Finance Charges

If you've set up payment terms for your customers, QuickBooks can assess finance charges for any customers whose payments are late. When you assess finance charges, QuickBooks creates an invoice for each charge. To set up your finance charge rate, consult Chapter 22.

To Assess Finance Charges

- 1 Choose Customers | Assess Finance Charges.
- 2 If finance charges have not yet been set up, a dialog appears, asking if you want to set them up. Click Yes and then follow the instructions in Chapter 22. (Finance charges must be set up before you can assess them.)
- 3 In the Assess Finance Charges dialog that appears (shown next), click the Assess column beside each customer or job for which you want to assess finance charges. Only those customers or jobs for which finance charges can be assessed at that time appear in the dialog.




- 4 Change any finance charge amounts, if desired, by editing the amount in the Fin. Charge column. QuickBooks uses the customer's terms to determine how overdue an invoice is to calculate finance charge amount.
- 5 To print the finance charge invoices, select the Mark Invoices "To Be Printed" check box. If you send reminder or billing statements, you can leave the check box clear.
- 6 Click OK. QuickBooks records an invoice for each customer you marked. You can view the invoices in the Customer Center's transaction list for the customer or job.

How QuickBooks Calculates Finance Charge Amounts

QuickBooks uses this equation to calculate finance charges:

$$\text{number of days past due} \times \text{balance due} \times \text{rate}/365$$

For example, suppose that on June 1, you assess a finance charge for a customer whose terms are Net 30. QuickBooks creates an invoice for the amount of the finance charge. If your customer's terms are Net 30 and he does not pay by July 2, finance charges can be calculated. If, when setting up finance charges, you selected the Assess Finance Charges On Finance Charges check box, QuickBooks calculates interest on both the original overdue amount and on the finance charge amount. If you did not select the Assess Finance Charges On Finance Charges check box, QuickBooks calculates finance charges only on the original overdue amount.

 **NOTE:** State and local laws governing finance charge calculations vary. Some jurisdictions do not allow interest to be charged on unpaid finance charges. Check with your local government to make sure your policy is in compliance with that jurisdiction's lending laws.

Using Billing Statements

QuickBooks creates billing statements that summarize activity for a customer during a specified time period. A billing statement includes the following information:

- Balance forward
- Date, number, amount, and description for each invoice and statement charge
- Date and amount of each payment received
- Finance charges
- Balances
 - Current balance (the non-overdue portion of the balance forward plus new invoice amounts minus payments received)
 - 1 to 30 days overdue
 - 31 to 60 days overdue

- 61 to 90 days overdue
- More than 90 days overdue
- Total amount due

Figure 7-13 shows an example of one style of billing statement.

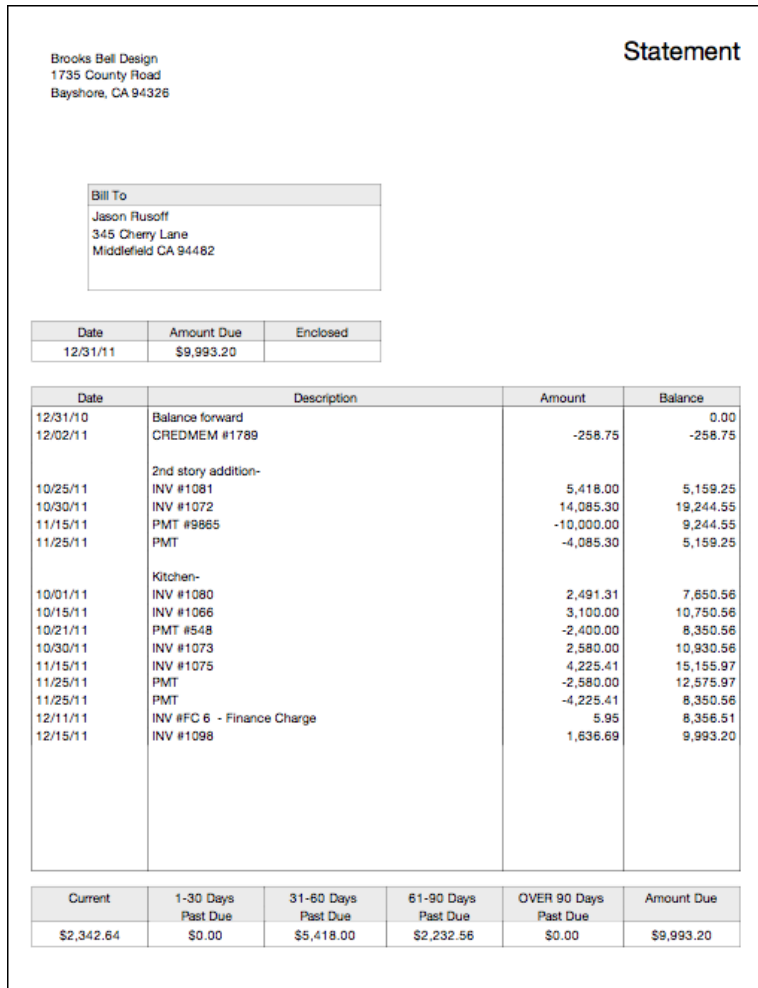



FIGURE 7-13 You can create billing statements that summarize a customer’s account activity.

Entering Statement Charges

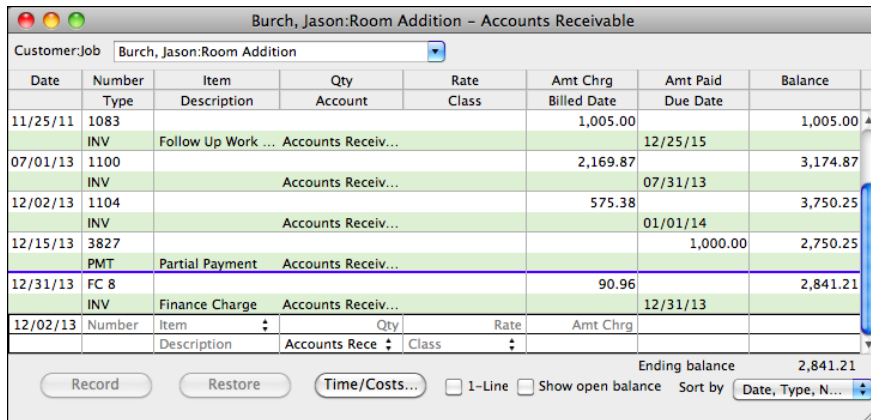
You enter statement charges into a customer register, which displays all accounts receivable transactions for a customer or job. A statement charge is one item from your list. You need to enter a separate charge for each item.

 **TIP:** For more information about customer registers, refer to Chapter 11.

To Enter a Statement Charge for Items

Follow these steps to enter statement charges for products, services, or other items on your Item List:

- 1 Choose Customers | Enter Statement Charges to display the Accounts Receivable register.
- 2 Choose the customer or job you want to enter a charge for from the Customer:Job pop-up menu. That customer or job's transactions appear in the register window, as shown next.



The screenshot shows a window titled "Burch, Jason:Room Addition - Accounts Receivable". The "Customer:Job" dropdown is set to "Burch, Jason:Room Addition". The register displays a table of transactions with columns for Date, Number, Item, Description, Account, Qty, Rate, Class, Amt Chrg, Billed Date, Due Date, and Balance. The ending balance is 2,841.21.

Date	Number	Item	Description	Account	Qty	Rate	Class	Amt Chrg	Billed Date	Due Date	Balance
11/25/11	1083	INV	Follow Up Work ...	Accounts Receiv...				1,005.00		12/25/15	1,005.00
07/01/13	1100	INV		Accounts Receiv...				2,169.87		07/31/13	3,174.87
12/02/13	1104	INV		Accounts Receiv...				575.38		01/01/14	3,750.25
12/15/13	3827	PMT	Partial Payment	Accounts Receiv...						1,000.00	2,750.25
12/31/13	FC 8	INV	Finance Charge	Accounts Receiv...				90.96		12/31/13	2,841.21
12/02/13	Number	Item	Description	Accounts Receiv...	Qty	Rate	Class	Amt Chrg			

Ending balance 2,841.21

Buttons: Record, Restore, Time/Costs..., 1-Line, Show open balance, Sort by Date, Type, N...

- 3 Click the blank entry at the end of the register.
- 4 Fill in the register fields for the new charge:
 - **Date** is the date of the transaction.
 - **Number** is an optional number for the charge transaction.
 - **Item** is the item you want to charge for. Choose an option from the drop-down list. QuickBooks automatically fills in the Description and Rate, both of which can be edited here; they cannot be edited on the statement itself.

NOTE: If you choose an item that is taxable, a dialog reminds you that you cannot charge sales tax in statement charges. Click OK to dismiss the dialog and consider using an invoice for the charge.

- **Qty** is the quantity of items you are billing for. When you enter a value here, QuickBooks automatically calculates the Amt Chrg field based on the Rate and Qty.
- **Account** is the accounts receivable account where the charge should be recorded. This field only appears if you have more than one accounts receivable account. Be sure to choose the right one for this customer.
- **Class** is an optional class for the transaction. This option only appears if class tracking is enabled, as discussed in Chapter 4.

5 Click Record to record the statement charge.

To Enter Statement Charges for Reimbursable Job Costs or Time

Follow these steps to enter statement charges for reimbursable expenses or time:

- 1 Choose Customers | Enter Statement Charges to display the Accounts Receivable register.
- 2 Choose the customer or job you want to enter a charge for from the Customer:Job pop-up menu. That customer or job's transactions appear in the register window, as shown in the previous illustration.
- 3 Click Time/Costs to display the Choose Billable Time And Costs dialog for statement charges. Here's what the Expenses pane might look like:

The screenshot shows a dialog box titled "Choose Billable Time and Costs". At the top, it says "Time and costs for: Burch, Jason:Room Addition". Below that, there are two radio buttons: "Dates from tables below" (selected) and "This date: 12/15/13".

Below the radio buttons, there are four tabs: "Time - \$0.00", "Expenses - \$145.00" (selected), "Mileage - \$0.00", and "Items - \$0.00".

Under the "Expenses" tab, there is a "Select All" button and a table with the following data:

Use	Date	Payee	Memo	Amount	Hide
✓	12/02/13	Holly Heating and Electric	Install Duct work	145.00	

At the bottom of the dialog, there is a dropdown menu for "Account:" set to "Accounts Receivable". To the right, it says "Total billable time and costs: 145.00". At the very bottom, there are three buttons: "Help", "Cancel", and "OK".

- 4 Follow the appropriate steps in the section titled “To Charge for Time and Costs on a Sales Form” earlier in this chapter to select charges to add to the statement.
- 5 Select one of the date options at the top of the dialog:
 - **Dates From Tables Below** enters the actual date of each charge into the customer register.
 - **This Date** enters the date that you specify.

\$ NOTE: The date that QuickBooks records for the statement charge affects both the customer register (QuickBooks sorts the customer register by date) and the statements that you send customers (each statement covers a specific date range). It could also affect payment due dates and finance charges for late payments.

- 6 Click OK.

The charges are added as individual charges to the register, as shown here:

The screenshot shows the 'Accounts Receivable' register window for 'Burch, Jason:Room Addition'. The window title is 'Burch, Jason:Room Addition - Accounts Receivable'. The 'Customer:Job' dropdown is set to 'Burch, Jason:Room Addition'. The table below shows the register entries:

Date	Number	Item	Qty	Rate	Amt Chrg	Amt Paid	Balance	
Type	Description	Account	Class	Billed Date	Due Date			
07/01/13	1100	INVT			2,169.87		3,174.87	
		Accounts Receiv...				07/31/13		
12/02/13	1104	INVT			575.38		3,750.25	
		Accounts Receiv...				01/01/14		
12/02/13		STMTCHG		145.00	145.00		3,895.25	
		Install Duct work	Accounts Receiv...	Remodel				
12/15/13	3827	PMT				1,000.00	2,895.25	
		Partial Payment	Accounts Receiv...					
12/31/13	FC 8	INVT			90.96		2,986.21	
		Finance Charge	Accounts Receiv...			12/31/13		
02/15/13								
	Number	Item	Qty	Rate	Amt Chrg			
	Description	Accounts Rece	Class					
							Ending balance	2,986.21

At the bottom of the window, there are buttons for 'Record', 'Restore', and 'Time/Costs...'. There are also checkboxes for '1-Line' and 'Show open balance', and a 'Sort by' dropdown menu set to 'Date, Type, N...'. A mouse cursor is pointing at the bottom right corner of the window.

Keep in mind that the following restrictions apply to statement charges:

- You cannot combine items or expenses into a single statement charge. However, you can combine time activities for the same service item.
- Specify whether to enter each statement charge with the date shown for it in the table, or with a date that you specify.
- You cannot add a markup to expenses.
- You cannot add sales tax to expenses. Also, QuickBooks doesn't add sales tax to any items, even for items that are normally taxable, when they are billed to customers as statement charges.

Printing Billing Statements

You can create and print billing statements for your customers at any time. You do this with the Create Statements dialog, which is shown in Figure 7-14.

The Create Statements dialog enables you to set options that determine which statements print, as well as what the statements look like. To open this dialog, choose Customers | Create Statements.

To Set Basic Statement Options

Choose options from the menus at the top of the of the Create Statements dialog:

- **A/R Account** is the accounts receivable account for which you want to print statements. This drop-down list only appears if you have more than one accounts receivable account.
- **Template** is the statement template you want to use for the statements. The template determines the appearance of the statement pages. You can customize the appearance of a statement using the Layout Designer, as discussed earlier in this chapter. To get started, click the Customize button.

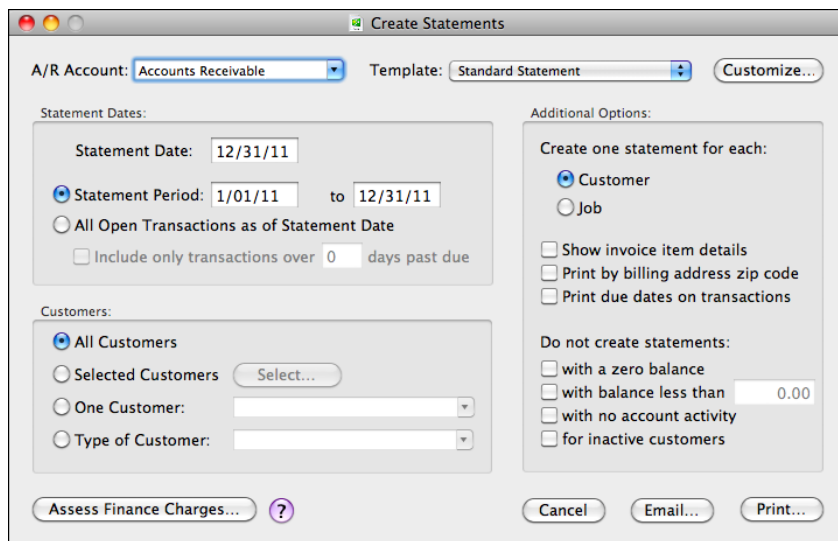


FIGURE 7-14 Use the Create Statements dialog to set up statement printing options.

To Set Statement Date Options

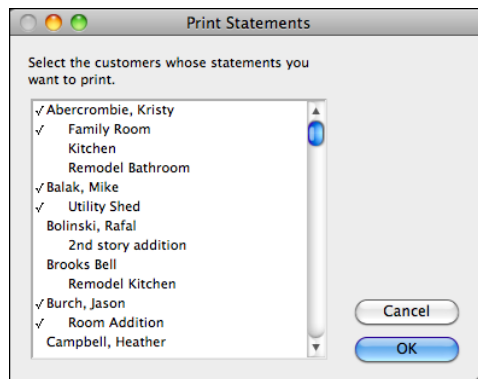
In the Statement Date area of the Create Statements dialog, set options to determine which statements will print.

- 1 Set the Statement Date field to the date you want to appear on statements.
- 2 Select one of the period options:
 - **Statement Period** enables you to enter a range of dates for transactions to be included in the statement.
 - **All Open Transactions As Of Statement Date** includes only the transactions that are open as of the transaction date. If you select this option, you can turn on the check box beneath it to indicate that only transactions past due more than the number of days you specify should be included.

To Specify Which Customers

Select an option in the Customers area of the Create Statements dialog to determine which customers' or jobs' statements will be printed:

- **All Customers** prints statements for all customers.
- **Selected Customers** enables you to specify which customers to create statements for. Click the Select button and use the Print Statements dialog that appears (shown next) to place a check mark beside each customer or job you want to print a statement for. Click OK in the dialog to save your settings.



- **One Customer** enables you to print a statement for just the customer you select from the drop-down list.
- **Type Of Customer** enables you to select a customer type from a drop-down list; all customers of that type will be selected automatically for statement printing.

To Set Other Statement Options

Set options in the Additional Options area of the Create Statements dialog as desired:

- The **Create One Statement For Each** option enables you to specify how many statements should be printed per customer. Customer prints a separate statement for each customer. If the customer has multiple jobs, all jobs are included on the statement. Job prints a separate statement for each job. If a customer has multiple jobs, the customer receives multiple statements.
- **Show Invoice Item Details** displays all line items from invoices on the statements. This can make statements very lengthy.
- **Print By Billing Address Zip Code** prints the statements in order of their ZIP code. You might find this useful if you can take advantage of bulk mailing rates for presorted mail.
- **Print Due Dates On Transactions** prints the due date for each transaction on the statement.
- The **Do Not Create Statements** option enables you to toggle check boxes to filter the statements. Turn on the appropriate check box to omit statements with a zero balance, with a balance less than an amount you specify, with no account activity, or for inactive customers. Setting these options can prevent you from printing statements unnecessarily, thus saving paper.

To Include Finance Charges in Statements

If you have not already used the Assess Finance Charges command discussed earlier in this chapter to create finance charge invoices, you can include statement charges for finance charges. Click the Access Finance Charges button in the Create Statements dialog (refer to Figure 7-14) to display the Assess Finance Charges dialog shown earlier. Check off the customers or jobs for which you want to assess finance charges, and click OK to add them to the statement.

To Print Statements

When you've set options as desired in the Create Statements dialog (refer to Figure 7-13), you can print them.

- 1 Click Print in the Create Statements dialog.
- 2 A standard Print dialog appears.
 - To print the statements, set options in the dialog and click Print.
 - To preview or save the statement pages as a PDF, use options under the PDF button's menu.
- 3 The Did Statement(s) Print OK? dialog appears. If the statements printed properly, click OK. Otherwise, click No to return to the Print dialog and try again.

To E-Mail Statements

QuickBooks also enables you to e-mail statements to your customers. This can save time and money—no stuffing envelopes, affixing postage, or making trips to the post office.

\$ NOTE: To take advantage of this feature, you must specify an e-mail address for each customer listed in the Customer:Jobs list. If a customer's e-mail address is not on file, QuickBooks will create the statement and corresponding e-mail message, but leave the To field on the message form blank so it cannot be sent. I tell you more about entering detailed customer information in Chapter 4.

- 1 When you've set options as desired in the Create Statements dialog (refer to Figure 7-14), click the Email button.
- 2 A dialog like the one shown next appears. Modify the default contents of the big edit box to display the message you want to accompany statements or, to send the statements without any text, turn off the Include Text In Emails check box at the bottom of the dialog.

Edit email message text for: Statement Restore Default

The text below is the email message for the type of form you selected. You can edit it or reset to the default text. When you're done, click Send.

Dear «contact»,

Your most recent statement is attached. Please let us know if you have any questions. Thank you for your business.

Sincerely,
Brooks Bell Design

Include text in emails
 Save emails as drafts in email program

? Cancel Send

- 3 To save the resulting e-mail messages as drafts in your e-mail application rather than sending them immediately, turn on the Save Emails As Drafts In Email Program check box.
- 4 Click Send.
- 5 A confirmation dialog appears, telling you that the statements have been sent. Click OK to dismiss it.

Using Estimates

An *estimate* is a description of work you propose to do for, or products you propose to sell to, a current or prospective customer.

Creating an estimate is very similar to creating an invoice.

- You associate each estimate with a customer or with a job for the customer.
- You can start with a blank estimate and fill in items already on your Item List, or enter new items as you build the estimate. You can also start with a memorized estimate that is partly filled in.
- You can modify an existing estimate any time and resubmit it.
- You can customize an estimate by choosing from among several predefined formats or using the Layout Designer to fully customize the appearance.
- You can print estimates on a multipurpose form, letterhead, or plain paper.
- If the customer accepts the estimate, you can turn the estimate into an invoice.
- When you have actual costs and revenues, you can compare them with your estimated costs and revenues.

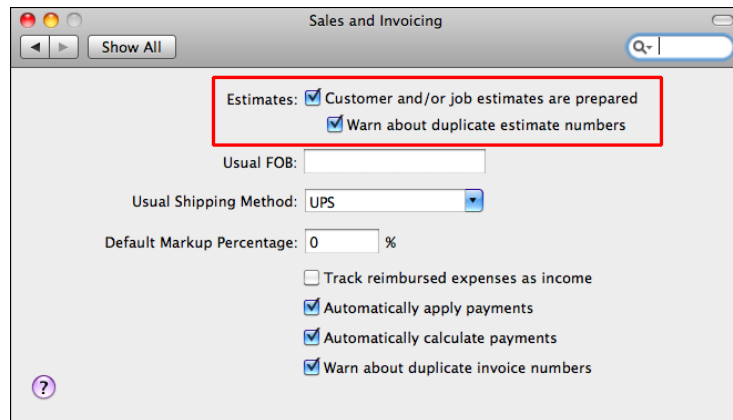
Creating Estimates

You create estimates with the Create Estimates form, which is similar to the Create Invoices form, but includes a few additional fields. Here are the details.

To Turn the Estimate Feature On

To use the estimate feature, it must be enabled.

- 1 Choose QuickBooks | Preferences to display the Preferences window.
- 2 Click the Sales & Invoicing icon to display related options, which are shown here:



- 3 Turn on the check box marked Customer And/Or Job Estimates Are Prepared.

- 4 To have QuickBooks warn you when you attempt to duplicate an estimate number, turn on the check box marked Warn About Duplicate Estimate Numbers.
- 5 Click the close button to dismiss the window and save your settings.

To Create an Estimate

Creating an estimate is very similar to creating a sales form, as discussed near the beginning of this chapter.

- 1 Choose Customers | Create Estimates to display the Create Estimates window (refer to Figure 7-15).

\$ NOTE: If this choice is not on the menu, you must first turn on the estimating feature, as discussed earlier in this section.

- 2 Complete the Create Estimates window. For complete instructions, consult the section titled “Entering a Sales Transaction” earlier in this chapter.

Markup of Items

QuickBooks allows you to add a markup to your basic costs when you write an estimate. It hides markups from the customer by printing only the price or rate after markup; however, you can customize your estimates to print the original cost and markup if you want customers to have this information.

Customer: Job Campbell, Heather:Remodel Class Remodel
 Template Standard Estimate Customize... Active

Name/Address
 Heather Campbell
 98342 Sharondale Rd.
 Millbrae, CA 94030

Estimate
 Date 12/02/13 Estimate No. 615

Item	Description	Quantity	Cost	Amount	Markup	Total	Tax
Blueprints	Blueprints	1	172.50	172.50		172.50	
Labor:Removal	Removal labor	12	35.00	420.00		420.00	
Subs:Drywall	Install drywall	8	25.00	200.00	40.0%	280.00	
Subs:Painting	Painting	4	25.00	100.00	20.0%	120.00	
Subs:Carpet	Install carpeting	12	54.00	648.00	40.0%	907.20	
Customer			Tax	San Tomas	(7.75%)	70.31	
Message			Total	1,540.50	359.20	1,970.01	

Memo

To be printed Previous Cancel
 Customer is taxable To be emailed Next OK
 Create Invoice Print...

FIGURE 7-15 The Create Estimates window is very much like the other sales forms windows you use with QuickBooks.

When you set up items on your Item List, you can have separate amounts for the cost and for the sales price for all the types of items you are likely to sell:

- Service items (when the check box for subcontractors is marked)
- Inventory parts
- Non-inventory parts (when the check box for a specific customer:job is marked)
- Other charge items (when the check box for reimbursable charges is marked)



TIP: Chapter 6 provides more information about items.

To Enter Markups on the Estimate

If you enter an item that has both a cost and a sales price, QuickBooks prefills the markup percentage on the basis of those two prices. For one of the item types listed previously, you can enter (or edit) a markup on the estimate regardless of whether QuickBooks has prefilled a markup percentage.

When there is a percent (%) sign after the number in the Markup field, QuickBooks multiplies that percentage by the amount in the Amount field, adds it to the amount, and enters the total in the Total field.

For example, if the amount is \$200 and the markup is 15%, QuickBooks enters \$230 in the Total field.

When there is no percent (%) sign after the number in the Markup field, QuickBooks interprets the number as an amount. It adds the amount in the Amount field to the amount in the Markup field and enters the total in the Total field.

For example, if the amount is \$200 and the markup is \$15, QuickBooks enters \$215 in the Total field.

What Shows Up on Printed Estimates

If you have markups set to show only on the onscreen estimate, QuickBooks prints a Rate column instead of the Cost column, and it omits the Amount and Markup columns. The amount in the Rate column always equals the amount in the Total column divided by the quantity.

Hiding Markup Onscreen

To hide markup onscreen—for example, if you prepare estimates at your computer with your customer present—you must clear the check boxes for the Markup column in the Estimate Fields palette in the Layout Designer, which you use to customize estimate forms onscreen and in print.



TIP: The Layout Designer is discussed earlier in this chapter. You can use the Layout Designer to create a custom template without the Markup field and save it so it's always available for this purpose.

When markup is hidden onscreen, estimates have neither an Amount nor a Markup column. When you enter an item with both a cost and a sales price, QuickBooks enters the item's sales price (not its cost) in the Rate field.

If you look at estimates you recorded when there was a Markup column, the Rate field now shows an amount equal to the total divided by the quantity, just as on the printed estimate.

Working with Estimates

Here are a number of tasks you may want to perform with the QuickBooks estimates feature.

To Print an Estimate

You print an estimate just like any other sales form. Click the Print button in the Create Estimates window (refer to Figure 7-15). Then use the standard Print dialog that appears to send the estimate to your printer, create a PDF, or e-mail the estimate as a PDF.

To Display an Existing Estimate from the Transaction Center

The Transaction Center lists all kinds of transactions, including estimates.

- 1 Choose Company | Transaction Center to display the Transaction Center window.
- 2 In the left column, under Customers, click Estimates. A list of estimates appears in the body of the window.
- 3 Locate and double-click the estimate you want to view. It appears in the estimate form window.



TIP: You can use the Spotlight search box at the top of the Transaction Center window to quickly find an estimate based on Name, Number, Date, Amount, or any other text in the estimate.

To Display an Existing Estimate from the Customer Center

The detail view of the Customer Center, which is discussed in detail in Chapter 4, includes a list of all transactions for a customer, including active estimates.

- 1 Choose Lists | Customer:Jobs.
- 2 If necessary, click the Show Customer List And Details button at the bottom of the window to expand it to show the list and details.
- 3 Select the customer or job name for the existing estimate.
- 4 The estimate appears in the list in the lower-right corner of the window. Double-click it to open it.

To Display an Existing Estimate by Browsing Estimates

You can also browse through existing estimates until you find the one you want to see.

- 1 Choose Customers | Create Estimates to display the Create Estimates window.
- 2 Click the Previous button until you see the estimate you want.

Turning an Estimate into an Invoice

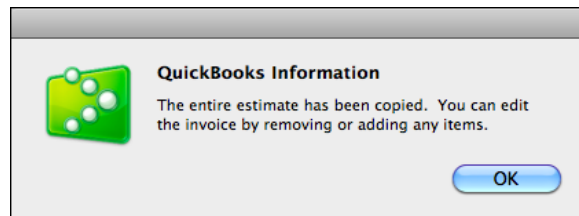
When the customer has accepted your estimate and has agreed to pay a fixed amount (rather than for actual time and costs), you can turn the entire estimate into an invoice. QuickBooks copies the estimate information into an invoice form that you can modify as necessary.

If you invoice in installments or phases, you can create multiple invoices from the same estimate. If your estimate has been created with multiple line items, each representing a billable task or phase of the project, you can delete all lines from the invoice except the one(s) for this installment.

To Turn an Entire Estimate into an Invoice

Turning an estimate into an invoice is as easy as clicking a button.

- 1 Display the estimate you want to turn into an invoice.
- 2 Click Create Invoice at the bottom of the Create Estimates window.
- 3 QuickBooks opens the Create Invoices window, copies the details from the estimate to an invoices form (refer to Figure 7-16), and displays a dialog like the one shown next. Click OK to dismiss the dialog.



- 4 Edit the invoice as necessary to prepare it for submission to your customer.
- 5 Click OK to save the invoice.

Differences Between the Estimate and the Invoice

Even when you have customized your estimates and invoices similarly, there are differences in what you see onscreen.

On an estimate, you see a preset cost and a markup. Invoices, on the other hand, don't have a Markup column. The Amount on the invoice equals the Total on the estimate. The Rate (or Price) on the invoice is the sales price (the estimate Total divided by the Qty).

Customer:Job **Campbell, Heather:Remodel** Class Remodel Account A/R New Customers

Template Standard Service Invoice Customize...

Invoice

Date 12/02/13 Invoice No. 1790

Bill To:
Heather Campbell
98342 Sharondale Rd.
Millbrae, CA 94030

Item	Description	Quantity	Rate	P.O. Number Terms	
				Net 15	
Blueprints	Blueprints	1	172.50	172.50	
Labor:Removal	Removal labor	12	35.00	420.00	
Subs:Drywall	Install drywall	8	35.00	280.00	
Subs:Painting	Painting	4	30.00	120.00	
Subs:Carpet	Install carpeting	12	75.60	907.20	
				Total	1,970.01

Customer Message Tax San Tomas 7.75% 70.31

Memo Balance Due 1,970.01

Buttons: Next, Previous, Pmt History..., Time/Costs..., Customer is taxable (checked), Show in iCal, To be printed, Print..., To be emailed, Cancel, OK

FIGURE 7-16 QuickBooks converts estimates into invoices at a click of a button.

Questions and Answers about Sales Forms

Got questions about sales forms? Here are some that others have asked, along with the answers.

When I preview an invoice, there is a Project field that is not in the Create Invoices window. How can I put something in that field?

The Project field shows the job. If you have set up jobs for your customers on the Customer:Job list, choose a job in the Customer:Job field of the Create Invoices window. The job prints in the Project field of Service and Product invoices. (By default, professional invoices do not print this field, but you can still track jobs for reports and you can add the field with the Layout Designer.)

How do I include units of measure (UOM) for line items?

Add a custom field for the item called “UOM.” Use a custom invoice or other sales form, and select the “UOM” column to print on the sales form. (You can learn more about custom fields for items in Chapter 6.)

How can I print packing slips without prices?

Choose one of the Packing Slip templates for your sale and use that to print.

I changed the price (or rate or description) of an item on my Item List, but QuickBooks didn't update the invoice I was writing. How can I get the change on the invoice without having to retype it?

Delete the item from the Item field of the invoice. Click outside the field. Then choose the item again. Now it will have the updated information.

How can I enter a sales rep on a Service or Professional invoice?

You can use a custom form that looks just like a Service or Professional invoice (if that's what you like) but with a Rep field added. Also, if you assign customers to employees by using the Rep field in the New (or Edit) Customer window, all sales to the customer are attributed to the employee on Sales by Rep reports.

How can I calculate the daily overage or shortage from my cash register receipts? In Quicken, the last line of the split always showed the difference between my total deposit and the detail from cash register receipts, but neither the Enter Sales Receipt window nor the Make Deposits window works that way.

Use the General Journal Entry window. (Choose Banking | Make General Journal Entries.) On the first line of the detail area, choose the name of your checking account (or Undeposited Funds if you're not making a deposit that day) in the Account field. Enter the deposit amount in the Debit field. On the next several lines, show the detail. In the Account field, choose the appropriate income account. Enter the amount in the Credit field. If the total credits do not equal the total debits, the difference will be on the last line. An overage will be in the Credit field. A shortage will be in the Debit field. Choose the appropriate account for this amount and click OK.

Managing Inventory

In this chapter:

- Inventory overview
- Viewing items on order
- Receiving inventory items
- Using the inventory register
- Viewing the average cost of inventory items
- Adjusting value and quantity on hand
- Returning items to a vendor
- Inventory reports

If your company sells merchandise that it stores until sold, you'll love the inventory-tracking features in QuickBooks. Not only do they help you keep track of items on hand, but they also include tools for reordering, taking physical inventory, and reporting inventory values.

This chapter takes a closer look at inventory items and the QuickBooks tools you can use to keep track of them.

Inventory Overview

If your business purchases items, keeps them in inventory, and then sells them, you can track the current number of items in stock and the value of your inventory after every purchase and sale.

After you enter information about each item, you can:

- Fill in ordering information on purchase orders.
- Track changes in the value of your inventory when you receive and sell items.
- Fill in sales information on invoices or cash sales receipts.
- Track income when you sell items.
- Track the cost of goods sold when you buy and sell items.
- View the value of your inventory at any time.
- View your average cost for any of your inventory items.
- Set a warning when you enter a sale for more items than you have in stock (although QuickBooks still allows you to enter the sale).

Accounts Used to Track Inventory

To track inventory, you need certain types of accounts in your chart of accounts. Table 8-1 summarizes them.

For any of these accounts, you can set up subaccounts to track values, income, and costs for different types of inventory sold. Creating accounts is covered in detail in Chapter 5.

Ordering Inventory with Purchase Orders

When you use purchase orders to order inventory, QuickBooks helps you fill in the purchase order quickly and keeps track of how many items are on order and when you expect to receive them. You can learn more about using purchase orders in Chapter 14.

Average Cost of an Inventory Item

The average cost of an inventory item equals the total cost of the items currently in stock divided by the number of items in stock. QuickBooks uses this method to determine the value of inventory, rather than another method such as LIFO or FIFO.

Account Type	Suggested Name	QuickBooks Uses for Tracking	Comments
Other Current Asset	Inventory Asset	The current value of your inventory	
Income	Sales	The income from the resale of inventory items	If you sell products and services, you might want to have a separate income account for each.
Cost of Goods Sold	Cost of Goods Sold	The cost to you of the items you have sold	QuickBooks automatically creates this account for you the first time you add an inventory item. On a Profit and Loss report, QuickBooks subtracts the total cost of goods sold from your total income to provide a gross profit before expenses.

TABLE 8-1 Types of Accounts Needed to Track Inventory in QuickBooks

QuickBooks recalculates the average cost of an item every time you record the purchase of more units of the item. It adds the cost of the new items to the cost of the old stock and then divides by the total number of new and old items.

For example, suppose you originally bought 100 shirts at \$5 each. When you reordered, the price had gone up to \$6 each. When you receive a new shipment of 100 shirts, you have 10 from the original shipment left in stock.

Thus:

The cost of your old stock = 10 shirts × \$5 per shirt = \$50 total cost.

The cost of the new inventory = 100 shirts × \$6 per shirt = \$600 total cost.

The cost of the old and new inventory combined = \$50 + \$600 = \$650 total.

You now have 110 shirts total, so the average cost = \$650 / 110 = \$5.91 each.

If your quantity on hand of an item goes below zero—that is, you enter an invoice for items you don't have yet—QuickBooks uses your last average cost as the average cost of the item. When you actually purchase the items, QuickBooks adjusts the average cost if necessary.

Selling Inventory

When you sell items from inventory, QuickBooks not only helps you fill in the sales form quickly, but also keeps track of how many items remain in stock after the sale. As you sell items, QuickBooks assumes that you are reducing the value of your inventory by the number of items sold times the average cost per item. Thus, a sale does not affect the average cost. (You can learn more about how to record the sale of an inventory item in Chapter 7.)

After you enter a sale, QuickBooks does the following:

- It increases your sales income by the amount of each line item.
- It adjusts your cost of goods sold by the result of the quantity sold \times average cost per item.
- It enters a transaction in your inventory register for each item sold.

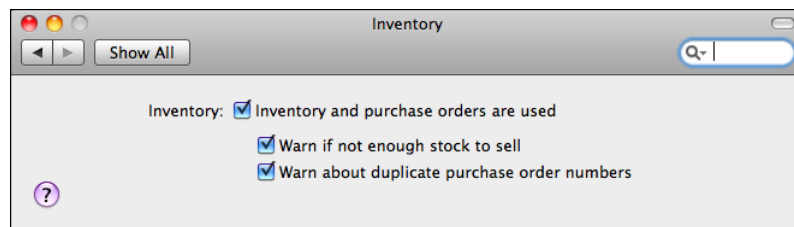
Setting Up to Track Inventory

To set up your business to track inventory, you must do two things: turn on the inventory preference and create inventory items.

To Turn on the Inventory Preference

If you haven't already done so as part of setup, you'll need to turn on the inventory preference so QuickBooks enables all inventory-related options and features.

- 1 Choose QuickBooks | Preferences to display the Preferences window.
- 2 Click the Inventory icon to display Inventory preferences, which are shown next.



- 3 Turn on the check box marked Inventory And Purchase Orders Are Used.
- 4 Toggle related check boxes as desired to fine-tune the way the Inventory feature works for you. These settings are covered in Chapter 22.
- 5 Close the window to save your settings.

To Create Inventory Items You must create an inventory item for each item you plan to sell and track with the inventory feature. You can learn more about the Items list and creating items in Chapter 6.

Viewing Items on Order

After you record a purchase order for inventory items (as discussed in Chapter 14), QuickBooks tracks which items, and how many, you have on order. There are several ways to view the items on order.

To View a List of Purchase Orders

The Purchase Order List (shown next) displays the vendor, date, and PO number for each open purchase order. To display it, choose Vendors | Purchase Order List.

Vendor	Date	PO Number
McClain Appliances	7/14/11	6205
Perry Windows & Doors	11/18/11	6222
Thomson Kitchen & Bath	7/14/11	6203
Schachal Lumber	11/26/11	6224
Vu Contracting	12/1/09	6099
McClain Appliances	10/1/11	6211
Schachal Lumber	11/28/11	6226
Low Plumbing	12/12/11	6235
Lochrie Flooring	12/1/11	6230
Perry Windows & Doors	11/26/11	6223
Perry Windows & Doors	7/15/10	6100
Thomson Kitchen & Bath	7/15/10	6101
Schachal Lumber	10/10/11	6214
Williams Lighting	12/1/11	6229
Peacock Hardware Sup...	11/26/11	6225

To View a Specific Purchase Order

When you view a purchase order recorded earlier, it displays information about which items have been received to date. Figure 8-1 shows an example.

- 1 Display the Purchase Order List.
- 2 Double-click the purchase order you want to see.

To View the Quantity on Order for All Inventory Items

QuickBooks calculates the quantity on order for each item from all open purchase orders. You can see this information in the Inventory Stock Status by Item report (refer to Figure 8-2). Choose Reports | Inventory | Inventory Stock Status By Item.

You can use a QuickReport to view a list of activity—including open purchase orders—for an item. Figure 8-3 shows what it might look like.

- 1 Choose Lists | Items to display the Item List window.
- 2 Select the item you want to see open purchase orders for.
- 3 Choose QuickReport from the Actions pop-up menu at the bottom of the window.
- 4 To see detail about a purchase order, double-click it in the QuickReport window.

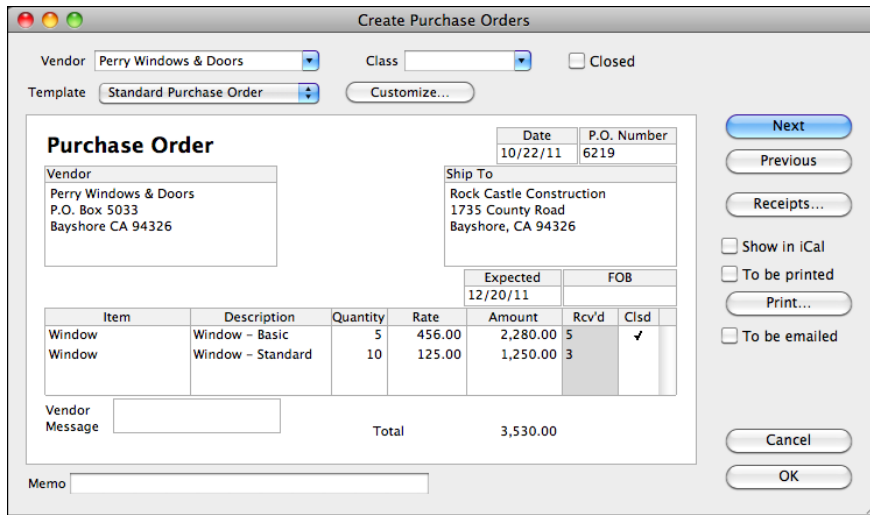


FIGURE 8-1 A purchase order shows what has been ordered, as well as what has been received to date.

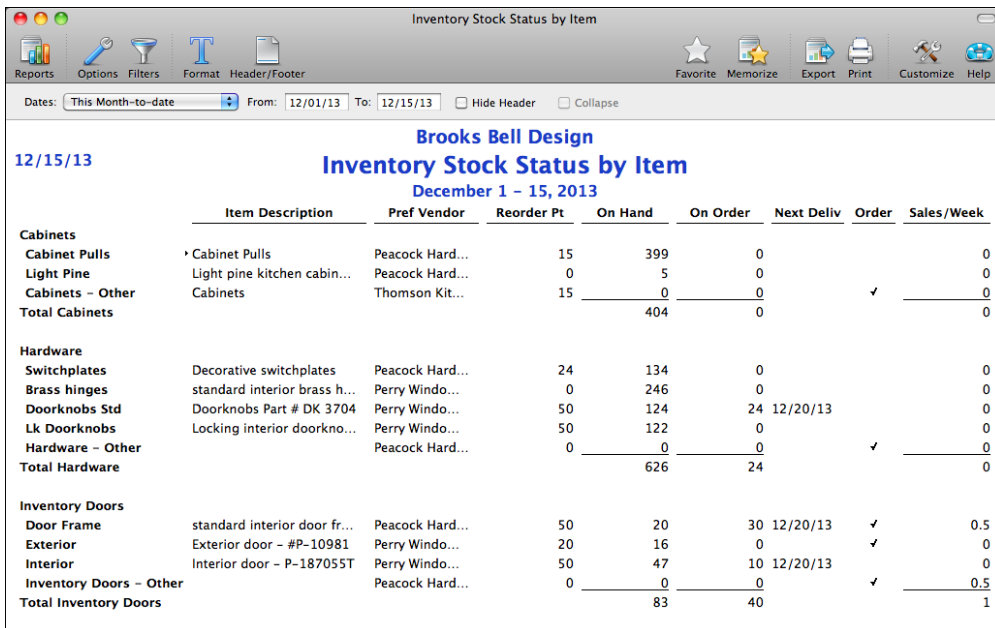


FIGURE 8-2 The Inventory Stock Status by Item report shows you what's on hand and what's currently on order.

Brooks Bell Design
Inventory Item QuickReport
 As of December 15, 2013

Type	Date	Num	Name	Memo	Qty
Hardware					
Doorknobs Std					
On Hand As Of 12/31/12					132
Invoice	10/15/13	1097	Robson, Darci:Robson Clinic	Standard Door...	-7
Invoice	10/15/13	1097	Robson, Darci:Robson Clinic	Standard Door...	-1
Tot On Hand As Of 12/15/13					124
On Order As Of 12/31/12					0
Purchase Order	12/02/13	6238	Perry Windows & Doors	Doorknobs Part...	24
Tot On Order As Of 12/15/13					24
Total Hardware					148
TOTAL As Of 12/15/13					148

FIGURE 8-3 An inventory item's QuickReport shows all kind of activity for the item, including open purchase orders.

Receiving Inventory Items

Whether or not you use purchase orders, there are three ways to record the inventory items you receive, depending on how you pay for the items:

- You buy inventory over-the-counter.
- You receive items, and the bill comes later.
- You receive items with the bill included.

This part of the chapter looks at each method.

Buying Inventory Over-the-Counter

When you're paying for and receiving items on the spot, you record the items and payment in one step on the check or credit card form. When you pay with cash, use the check form to enter the payment if you have petty cash set up as a bank account type on your chart of accounts. (You can learn more about paying for inventory items with a check or credit card in Chapter 15.)

Receiving Items and Getting a Bill Later

When you receive items and get the bill later, enter the information in two steps: enter an item receipt and then enter the bill when you get it. There are two ways to enter an item receipt, depending on whether you ordered the items on a PO.

To Enter an Item Receipt for Items That Were Not Ordered on a PO

- 1 Choose Vendors | Receive Items. The Create Item Receipts window appears (refer to Figure 8-4).
- 2 Choose a vendor from the Vendor drop-down list.
- 3 Click the Items button.
- 4 Use the Items pane to enter the items you're receiving. To do this, select the item from a line in the Item column, and fill in quantity and other information on the rest of the line. Repeat this process for each item received.
- 5 Click OK.

Expenses - \$0.00 Items - \$15,000.00

Item	Description	Qty	Cost	Amount	Customer:Job	Class
Cabinets:Lig	Light pine kitchen cabi	20	750.00	15,000.00		

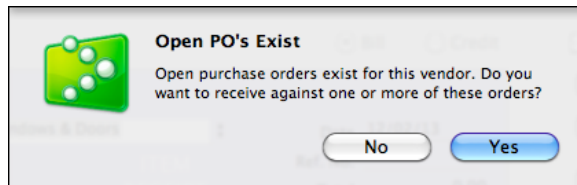
FIGURE 8-4 Use the Create Item Receipts dialog to record the receipt of items.

Two things happen:

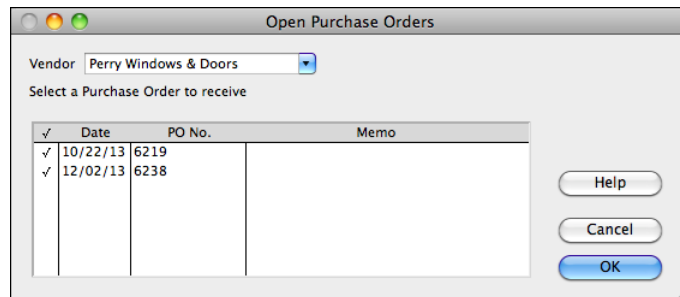
- QuickBooks increases your accounts payable by the amount shown on the item receipt. You can see the increase in the Accounts Payable register.
- For each inventory item on the receipt, QuickBooks adjusts the quantity in stock and recalculates your average cost for each item.

To Enter an Item Receipt for Items Ordered on a PO

- 1 Choose Vendors | Receive Items. The Create Item Receipts window appears (refer to Figure 8-4).
- 2 Choose a vendor from the Vendor drop-down list.
- 3 A dialog like the one shown next appears, telling you that one or more open purchase orders exist for this vendor. Click Yes.



- 4 The Open Purchase Orders dialog, which is shown next, appears. Click in the left column to place a check mark beside each purchase order you want to receive for and click OK.



- 5 The Items pane in the bottom half of the Create Item Receipts window fills in with items from the purchase order. Enter the quantity received for each item in the Qty field. You can also change the per-item cost in the Cost column if you need to. If you received additional items not on any purchase order, enter

them directly on the next available line. As shown next, QuickBooks automatically calculates the amount due.

Item	Description	Qty	Cost	Amount	Customer...	Class	PO No.
Window	Window -	7	125.00	875.00			6219
Inventory	Interior door -	10	80.00	800.00			6238
Inventory	standard interior	0	220.00	0.00			
Hardware:Door	Doorknobs Part #	0	15.00	0.00			

TIP: If you make a mistake editing the detail area, or delete a line you later decide you want to have on the receipt, click **Select PO**; then click the PO containing the items you want to re-add to the receipt. QuickBooks remembers the edits you've made to other lines, but replaces any lines you deleted. If you make changes in the detail area and then decide you want to start over or see all items as they are on the PO, click **Clear Qtys** and then click **Receive All**. QuickBooks replaces your changes with the original quantity and cost of items from the PO.

6 Click **OK**.

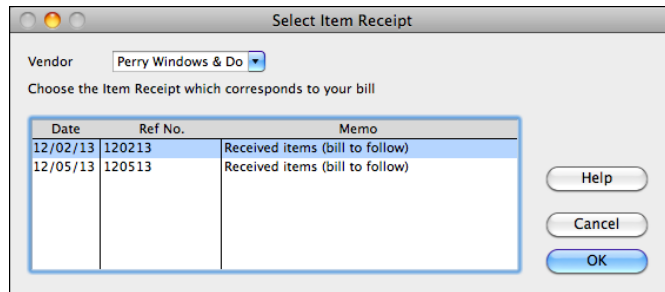
Three things happen:

- QuickBooks increases your accounts payable by the amount shown on the item receipt.
- For each inventory item on the receipt, QuickBooks adjusts the quantity in stock and recalculates your average cost for each item.
- For each inventory item on the receipt, QuickBooks reduces your quantity on order.

To Enter a Bill for Items You've Received

When you receive a bill, you can convert the item receipt to a bill. You can also add any expenses that weren't on the item receipt, such as shipping charges.

- 1 Choose Vendors | Enter Bill For Received Items to display the Select Item Receipt dialog, which is shown next.



- 2 Choose the vendor who sent the bill from the Vendor drop-down list. A list of corresponding item receipts appears.
- 3 Select the receipt for the bill you received and click OK.
- 4 The Enter Bills window appears. As shown in Figure 8-5, it's already filled in with information from the item receipt. Make changes and additions as

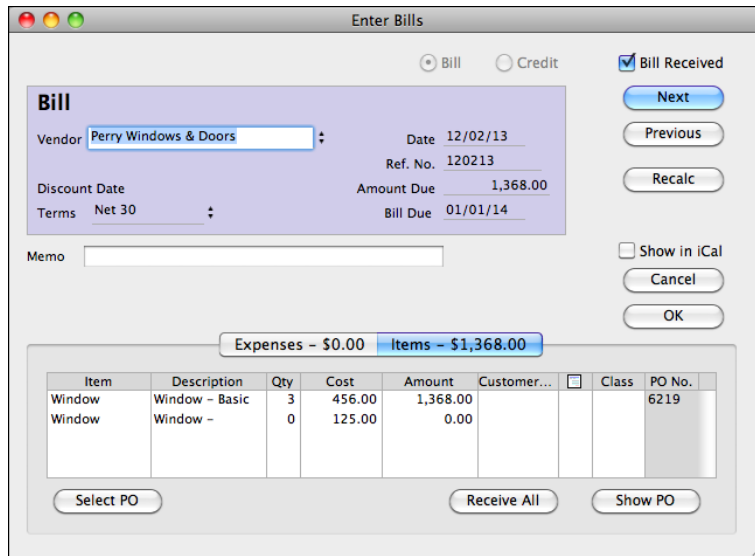




FIGURE 8-5 When you convert an item receipt into a bill, QuickBooks fills in much of the information in the Enter Bills form for you.

necessary in the window, including in the Items and Expenses panes. When you're finished, the amount due, terms, and details should match the bill you received from the vendor.

- 5 Click OK.

 **NOTE:** If you made any changes to costs in the detail area, QuickBooks adjusts the average cost for the inventory items you changed.

 **TIP:** You can learn more about entering bills in Chapter 12.

Receiving Items with a Bill Included

When you receive a bill with items you purchase, you can enter the item receipt and bill at the same time.

To Enter Items and a Bill in One Step

- 1 Choose Vendors | Receive Items And Enter Bill. The Enter Bills window, which is shown in Figure 8-5, appears.
- 2 Complete the form, following instructions in the previous section.

Other Inventory Management Tasks


Here are a few additional things you'll probably want to do with inventory as you work with QuickBooks.

Using the Inventory Register

You can view a register for your inventory asset account just as you can for any Other Current Asset account. As shown in Figure 8-6, an inventory register has one entry for each item bought, sold, or adjusted in a transaction.

To View the Inventory Register

- 1 Choose Lists | Chart Of Accounts.
- 2 Double-click your inventory asset account.

 **TIP:** You can double-click an item in the Inventory register window to view the source document for that transaction. For example, double-clicking an entry type ITEM RCPT displays the Create Item Receipts window for that transaction.

Date	Ref	Type	Account	Payee	Memo	Decrease	Increase	Balance
12/02/13	1790	INV	Campbell, Heather:Remodel			1,750.00		27,366.33
12/02/13		ITEM RCPT	A/R New Customers [split]	Doors				
12/02/13		ITEM RCPT	Accounts Payable	Custom Kitchens of Bayshore			15,000.00	42,366.33
12/05/13	120513	ITEM RCPT	Accounts Payable [split]	Light pine kitchen cabi...				
12/05/13	120513	ITEM RCPT	Accounts Payable [split]	Perry Windows & Doors			800.00	43,166.33
12/05/13	120513	ITEM RCPT	Accounts Payable [split]	Interior door - P-187055T				
12/05/13	120513	ITEM RCPT	Accounts Payable [split]	Perry Windows & Doors		0.00		43,166.33
12/05/13	120513	ITEM RCPT	Accounts Payable [split]	standard interior door f...				
12/05/13	120513	ITEM RCPT	Accounts Payable [split]	Perry Windows & Doors		0.00		43,166.33
12/02/13	Ref	ITEM RCPT	Accounts Payable [split]	Doorknobs Part # DK 3704				
Ending balance								43,166.33

FIGURE 8-6 The inventory account register shows all inventory bought, sold, or adjusted.

Viewing the Average Cost of Inventory Items

The average cost of an inventory item equals the total cost of the items currently in stock divided by the number of items in stock. QuickBooks recalculates the average cost of an item every time you record the purchase of more units of the item. It adds the cost of the new items to the cost of the old stock and then divides by the total number of new and old items.

To View the Average Cost of an Inventory Item

You can see the average cost of an inventory item in the Edit Item dialog for the item.

- 1 Choose Lists | Items to display the Item List window.
- 2 Double-click the item you want to view details for. The average cost (Avg. Cost) appears at the bottom of the Edit Item window:

Edit Item

Type: Inventory Part Item Name/Number: Cabinet Pulls Subitem of: Cabinets

Purchase Information
Description on Purchase Transactions: Cabinet Pulls

Sales Information
Description on Sales Transactions: Cabinet Pulls

Cost: 3.00 Sales Price: 7.95 Taxable

COGS Account: Cost of Goods Sold Income Account: Construction Income:M

Preferred Vendor: Peacock Hardware Supp Inactive

Inventory Information
Asset Account: Inventory Asset Reorder Point: 15 Qty on Hand: 399 Avg. Cost: 2.55933 Qty on Order: 0

Buttons: Custom Fields, Cancel, OK

To View the Average Cost of All Inventory Items

You can see the average cost of all inventory items on hand in an Inventory Valuation Summary report (refer to Figure 8-7). Choose Reports | Inventory | Inventory Valuation Summary to view it.

Adjusting Value and Quantity on Hand

Although QuickBooks automatically adjusts your quantities after every purchase and sale, you may need to adjust them yourself from time to time. For example, you may lose inventory as a result of spoilage, fire, theft, breakage, or flood. Or, when you take a physical inventory, you may discover that some quantities differ from the values in QuickBooks.

When you adjust a quantity, QuickBooks assumes that the average cost of the item remains the same, and it adjusts the value accordingly. For example, if the average cost is \$10 and you reduce the quantity by 2, QuickBooks reduces the value of the items on hand by \$20.

To Adjust the Quantity on Hand

- 1 Choose Vendors | Inventory Activities | Adjust Quantity/Value On Hand. The Adjust Quantity/Value On Hand dialog, which is shown in Figure 8-8, appears.

Brooks Bell Design								
Inventory Valuation Summary								
As of December 15, 2013								
	Item Description	On Hand	Avg Cost	Asset Value	% of Tot Asset	Sales Price	Retail Value	% of Tot Retail
Cabinets								
Cabinet Pulls	Cabinet Pulls	399	2.56	1,021.18	2.5%	7.95	3,172.05	3.0%
Light Pine	Light pine kitchen cabin...	25	900.00	22,500.00	54.7%	1,799.00	44,975.00	42.5%
Cabinets - Other	Cabinets	0	0.00	0.00	0.0%	0.00	0.00	0.0%
Total Cabinets		424		23,521.18	57.1%		48,147.05	45.5%
Hardware								
Switchplates	Decorative switchplates	134	3.85	515.90	1.3%	12.00	1,608.00	1.5%
Brass hinges	standard interior brass h...	246	3.00	738.00	1.8%	8.95	2,201.70	2.1%
Doorknobs Std	Doorknobs Part # DK 3704	124	26.91	3,337.16	8.1%	30.00	3,720.00	3.5%
Lk Doorknobs	Locking interior doorkno...	122	35.27	4,302.35	10.5%	38.00	4,636.00	4.4%
Hardware - Other		0	0.00	0.00	0.0%	0.00	0.00	0.0%
Total Hardware		626		8,893.41	21.6%		12,165.70	11.5%
Inventory Doors								
Door Frame	standard interior door fr...	20	12.00	240.00	0.6%	395.00	7,900.00	7.5%
Exterior	Exterior door - #P-10981	16	264.31	4,229.01	10.3%	1,295.00	20,720.00	19.6%
Interior	Interior door - P-187055T	57	75.14	4,282.73	10.4%	295.00	16,815.00	15.9%
Inventory Doors - Other		0	1,750.00	0.00	0.0%	0.00	0.00	0.0%
Total Inventory Doors		93		8,751.74	21.3%		45,435.00	43.0%
TOTAL		1,143		41,166.33	100.0%		105,747.75	100.0%

FIGURE 8-7 An Inventory Valuation Summary report shows all inventory items and their average cost.

Item	Description	Current Qty	New Qty	Qty Difference
Cabinets	Cabinets	0		
Cabinets:Cabinet Pulls	Cabinet Pulls	399	375	-24
Cabinets:Light Pine	Light pine kitchen	25		
Hardware		0		
Hardware:Switchplates	Decorative	134		
Hardware:Brass hinges	standard interior	246	244	-2
Hardware:Doorknobs Std	Standard Doorknobs	124		
Hardware:Lk Doorknobs	Locking interior doork	122	124	2
Inventory Doors	Doors	0		

Memo

Value Adjustment Total Value of Adjustment 3.11

FIGURE 8-8 Use this dialog to adjust the quantity or value of inventory items on hand.

- 2 Fill in the top part of the form:
 - **Adjustment Date** is the date of the adjustment. QuickBooks fills this in automatically with the current date.
 - **Ref. No.** is an optional transaction reference number for the adjustment.
 - **Adjustment Account** is the account the value adjustment should be recorded to. This is normally an expense account. If you need to assign the expense to more than one account, enter a separate adjustment for each account.
 - **Customer:Job** enables you to assign the adjustment to a specific customer or job. Use this option if the inventory adjustment is specific to a customer or job—for example, a theft or fire at a job site.
 - **Class** enables you to apply a class to the transaction if class tracking is enabled. The class tracking feature is covered in Chapter 4.
- 3 For each item listed, enter a new quantity (if different) in the New Qty field. QuickBooks calculates the unit difference, as well as the value difference, which appears at the bottom of the dialog.
- 4 To also adjust the value of inventory—for example, to reduce the value of inventory that you may have to sell at a loss due to damage or seasonal demand—turn on the Value Adjustment check box. You can then enter values in the New Value column that appears in the dialog.

\$ NOTE: If you edit the value, you'll change the average cost of the items in stock. Edit the value only if you know that the value of items has changed, even if the quantity has remained the same.

- 5 Click OK. QuickBooks enters the adjustment in your inventory register.

Returning Items to a Vendor

You can return items to a vendor before or after you've entered the bill in QuickBooks.

If you are recording a return for items before you've entered a bill, you use a different method depending on whether you entered the items on an item receipt or on a purchase order.

To Record a Return for Items on an Item Receipt

Delete the item receipt, or delete some items off the receipt or edit the quantities if you're returning a partial shipment:

- To delete the entire item receipt, display it and then choose Edit | Delete Item Receipt, or press **COMMAND-D**. Click OK in the confirmation dialog that appears.
- To remove a line from an item receipt, click in the line and then choose Edit | Delete Line, or press **COMMAND-B**.
- To edit quantities in an item receipt, enter a new value in the Qty field for the item.



NOTE: If you originally used a PO to order the items you're returning, and you don't want to leave the PO open for these items (because your vendor is not sending replacements, for example), you can close all or part of the PO manually. Chapter 14 explains how.

To Record a Return to a Vendor after You've Entered a Bill

If you've already entered the bill, you'll need to enter a credit for the returned items. Credits are covered in more detail in Chapter 12, but here are some quick instructions.

- 1 Choose Vendors | Enter Bills to display the Enter Bills window (refer to Figure 8-5).
- 2 Select the Credit option at the top of the Enter Bills window.
- 3 In the Vendor field, choose the vendor to whom you're returning items.
- 4 Click the Items button and enter item details in the Items pane.
- 5 Click OK. QuickBooks decreases your quantity on hand of the items you enter and creates a credit with this vendor, which you can apply to your next bill.

Creating Inventory Reports

QuickBooks offers a number of inventory reports, some of which have already been discussed and shown in this chapter.

To Create an Inventory Item QuickReport

An inventory item QuickReport (refer to Figure 8-3) shows opening and ending quantity on hand, and a list of every transaction (purchase, sale, or quantity adjustment) that has affected quantity on hand for the selected item since the

beginning of the time period (defaults to this fiscal year). It also lists every open purchase order with quantities still on order for this item, and total on order.

- 1 Choose Lists | Items to display the Item List window.
- 2 Select the inventory item you want to see a QuickReport for.
- 3 Choose QuickReport from the Actions pop-up menu at the bottom of the window.

To Create a Physical Inventory Worksheet

A Physical Inventory Worksheet (refer to Figure 8-9) is a report you can use as a basis for taking a physical inventory—an actual count of items on hand. To create this worksheet, choose Vendors | Inventory Activities | Physical Inventory Worksheet. Print the report and use it while counting to record actual amounts on hand.

To Create an Inventory Report

QuickBooks also offers a number of standard inventory reports, which you can find listed on the Inventory submenu under the Reports menu. To create a report, select its command. You can learn more about reports in Chapter 21.

	Item Description	Pref Vendor	On Hand	Physical Count
Cabinets				
Cabinet Pulls	▸ Cabinet Pulls	Peacock Hard...	375	_____
Light Pine	Light pine kitchen cabin...	Peacock Hard...	25	_____
Cabinets - Other	Cabinets	Thomson Kit...	0	_____
Cabinets - End				
Hardware				
Switchplates	Decorative switchplates	Peacock Hard...	134	_____
Brass hinges	standard interior brass h...	Perry Windo...	244	_____
Doorknobs Std	Doorknobs Part # DK 3704	Perry Windo...	124	_____
Lk Doorknobs	Locking interior doorkno...	Perry Windo...	124	_____
Hardware - Other		Peacock Hard...	0	_____
Hardware - End				
Inventory Doors				
Door Frame	standard interior door fr...	Peacock Hard...	20	_____
Exterior	Exterior door - #P-10981	Perry Windo...	16	_____
Interior	Interior door - P-187055T	Perry Windo...	57	_____
Inventory Doors - Other		Peacock Hard...	0	_____
Inventory Doors - End				

FIGURE 8-9

A Physical Inventory Worksheet can form the basis of an inventory count—and subsequent adjustment.

Receiving and Depositing Payments

n this chapter:

- Recording an invoice or statement payment
- Accepting credit card payments
- Overpayments, down payments, and prepayments
- Retainers
- Correcting the application of a payment
- Depositing payments
- Recording a return
- Handling a bounced check from a customer
- Questions and answers about payments

When you receive payments from customers for invoices or billing statements you've sent, you'll discover additional benefits of using QuickBooks' accounts receivable:

- As you start to record a payment, you immediately see the customer's current balance, including any credits, and a complete list of outstanding invoices (or statement charges). You can assign the payment to any of the invoices or statement charges.
- You can indicate which payments to group in a deposit in the same way your bank groups them on its statements, according to type (check, cash, or credit card), and print a deposit summary you can take to your bank.
- You can record a cash sale, create a credit memo, or create a refund check.

Table 9-1 lists the various types of payments you might receive and the QuickBooks window you'd use to record them. This chapter covers how to record the payments you receive and deposit for your business.

Recording Payments for Amounts Owed

If you invoice your customers or send them statements of amounts due, you're likely to get payments for the invoices or statements. In QuickBooks, you apply payments directly to the invoice or statement so it's clear which items remain outstanding (if any) after payment has been applied.



TIP: Creating invoices and statements is covered in Chapter 7.

This part of the chapter explains how to record payments for amounts owed to your company by your customers. It also covers two special circumstances—applying discounts for early payments and recording bad debts—and explains how QuickBooks calculates amounts in the Receive Payments window.

To Record This Type of Payment	Use This QuickBooks Window
Payment against an invoice or billing statement	Receive Payments
Full payment at time of sale	Enter Sales Receipt
Partial payment at or before time of sale	Create Invoices (use a Payment item)
Down payment, prepayment	Receive Payments

TABLE 9-1 Overview of Payments and Windows for Recording Them

Recording Payments and Bad Debts

When you receive a payment, you probably want to get it into the bank as soon as possible. But hold on, at least until you've entered it into QuickBooks. As you'll see in this section, it's quick and easy to do.

To Enter a Customer's Invoice or Statement Payment

- 1 Choose Customers | Receive Payments. The Receive Payments window, which is shown in Figure 9-1, appears.
- 2 Fill in the top area of the form:
 - **Customer:Job** is the customer or job for which payment was received. It's important that you choose the right customer because the payment will be applied directly to invoices or statement charges for that customer or job.
 - **Date** is the date of payment processing. QuickBooks automatically fills this in with today's date or the date last used.
 - **Balance** is automatically filled in by QuickBooks based on the outstanding invoices or charges for the customer:job.
 - **Amount** is the amount of the payment received.
 - **Pmt. Method** is the method of payment.

Account: Accounts Receivable

Customer Payment

DATE	BALANCE
12/10/13	2,986.21

Customer:Job: Burch, Jason:Room Addition

Amount: 2,750.25

Pmt. Method: Check

Check No.: 4587

Memo: Payment on Account Balance

Deposit: Group with other undeposited funds

Existing Credits: 0.00

Deposit to: [dropdown]

Apply Existing Credits?

Total to Apply: 2,750.25

Unapplied Amount: 0.00


Invoices paid (with this payment) and those still outstanding

✓	Date	Type	Number	Job	Orig. Amt.	Disc. Date	Amt. Due	Payment
✓	11/25/11	Invoice	1083	Room Addition	1,005.00	12/05/11	5.00	5.00
✓	07/01/13	Invoice	1100	Room Addition	2,169.87	07/11/13	2,169.87	2,169.87
✓	12/02/13	Invoice	1104	Room Addition	575.38	12/12/13	575.38	575.38
	12/02/13	Stmt		Room Addition	145.00		145.00	0.00
	12/31/13	Invoice	FC 8	Room Addition	90.96	01/10/14	90.96	0.00
Totals							2,986.21	2,750.25

Buttons: Next, Previous, Discount Info, Clear Payments, Print Credit Memo, Add deposit reminder to iCal, Cancel, OK

FIGURE 9-1 Use the Receive Payments window to match customer payments with amounts owed.


- **Check No.** is the check number or other transaction number you might want to apply. This information is especially useful to your customers when they review a statement of account activity after payment is processed.
- 3 Select a deposit option:
 - **Group With Other Undeposited Funds** adds the deposit to the Undeposited Funds account, where it will remain until deposited. Preparing deposits is covered later in this chapter.
 - **Deposit To** enables you to specify an account to deposit the funds to immediately. Use this option if you don't want or need to use QuickBooks' deposit features.
 - 4 If the customer has existing credits on its account, you can turn on the **Apply Existing Credits** check box. Credits on the account can then be applied with the payment.
 - 5 In the bottom half of the window, click in the left column to display check marks for each invoice or statement charge you want to apply the payment to. QuickBooks automatically applies the payment amount to the oldest invoices or charges first, but you can change how QuickBooks applies it by toggling check marks and entering different values in the **Payment** column for an item.

 **NOTE:** If the customer sends more money than it owes, the extra amount is treated as unapplied credit. You can learn more about unapplied credits later in this chapter.

- 6 Click **OK** to record the payment. QuickBooks reduces the amount owed by the customer in its account.

To Apply a Discount for Early Payment

Use the **Discount Info** button when your payment terms include a discount for customers who pay before the due date. QuickBooks holds any credit amount in accounts receivable until you apply it to an invoice or issue a refund check.

 **NOTE:** To apply a discount for other reasons besides early payment, use the **Discount** item. You can learn about **Discount** items in Chapter 6.

- 1 Follow the instructions in the previous section to enter payment information in the **Receive Payments** window (refer to Figure 9-1).
- 2 If the **Disc. Date** column shows a date the same as or later than the payment date, there is a discount available to this customer based on the terms on the original invoice. You can apply a discount even if you did not set up discount terms prior to receiving payments. Click in the **Payment** column of the appropriate

line and then click the Discount Info button. This displays a dialog like the one shown next.

- 3 Review QuickBooks' calculated discount amount, or enter another amount in the Discount (In Dollars) field.
- 4 In the Discount Account field, choose the account you use to track discounts.
- 5 Click OK. The Amount Due and Payment amounts are adjusted accordingly and the amount of the credit may appear as an unapplied amount as shown here:

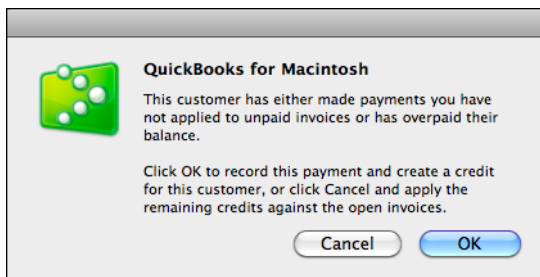
Deposit: Group with other undeposited funds Existing Credits: 0.00
 Deposit to Apply Existing Credits?
Total to Apply: 2,750.25
Unapplied Amount: 11.51

Invoices paid (with this payment) and those still outstanding

✓	Date	Type	Number	Job	Orig. Amt.	Disc. Date	Amt. Due	Payment
✓	11/25/11	Invoice	1083	Room Addition	1,005.00	12/05/11	5.00	5.00
✓	07/01/13	Invoice	1100	Room Addition	2,169.87	07/11/13	2,169.87	2,169.87
✓	12/02/13	Invoice	1104	Room Addition	575.38	12/12/13	563.87	563.87
	12/02/13	Stmnt		Room Addition	145.00		145.00	0.00
	12/31/13	Invoice	FC 8	Room Addition	90.96	01/10/14	90.96	0.00
Totals							2,974.70	2,738.74

- 6 Repeat steps 2 through 5 for each invoice or statement charge for which you want to apply a discount.
- 7 Click OK to save the payment information. If you have not applied all payments to the account, a dialog like the one shown next appears. Click Cancel to go back to the Receive Payments window and apply the payments to other charges

(if there are any), or click OK to record the payment and create a credit for the customer's account.



\$ NOTE: If the customer has paid the full amount (rather than the discounted amount) and has other outstanding invoices or statement charges, you can apply the credit to those charges. Otherwise, the unapplied amount will become a credit on the customer's account.

To Correct the Application of a Payment

If you apply a payment to the wrong invoice (or statement charge), you can easily correct the error by editing the payment transaction.

\$ NOTE: You cannot edit or delete a payment that has been deposited. To edit a deposited payment, you must remove it from the deposit transaction. You can learn more about deposits later in this chapter.

- 1 In the left column of the Customer Center window, select the customer who made the payment you want to change.
- 2 In the list of transactions for that customer in the bottom half of the Customer Center window, double-click the payment you want to change. The Receive Payments window for that payment appears (refer to Figure 9-1).
- 3 Make changes as necessary to correct the payment.
- 4 Click OK to save your changes.

To Record Bad Debts for Invoices and Finance Charges

You can also use the Discount Information window to record bad debts and write-offs from your customers. This method does not change your sales tax liability.

- 1 Open the Receive Payments window and choose the customer from whom you incurred the bad debt.
- 2 Leave the Amount field at 0.00.

- 3 In the Memo field, enter an appropriate description. This description appears in the customer's register and prints on statements.
- 4 Click in the Payment column of the line that will not be paid; then click the Discount Info button.
- 5 In the dialog that appears (shown next), enter the amount of the bad debt in the Discount (In Dollars) field and the name of your bad debt expense account in the Discount Account field.

Invoice Number: FC 8
Discount Available Through: 01/10/14
Invoice Amount: 90.96
Current Balance: 90.96
Terms: 2% 10 Net 30
Suggested Discount: 0.00
Discount (in dollars): 90.96
Discount Account: Bad debt

Help Cancel OK

- 6 Click OK.
- 7 Click OK in the Receive Payments window.

To Record Bad Debts for Statement Charges

The discount method of recording bad debts does not work for statement charges. Instead you can use this technique.

- 1 Create an Other Charge item called "To Record Bad Debt." You only need to do this once.
- 2 Create a credit memo for the customer or job. In the Item list, select the To Record Bad Debt item and enter the amount of the statement charge you want to record as a bad debt. Click OK to save the transaction.
- 3 Open the Receive Payments window and choose the customer from whom you incurred the bad debt.
- 4 Leave the Amount field set to 0.00.
- 5 The Existing Credits should show the amount of the credit memo you just created. Turn on the Apple Existing Credit check box.
- 6 Click to place a check mark in the far-left column beside the statement charge you want to write off as a bad debt. If any other check marks appear, click to turn them off. The amount in the Payment column for the statement charge should match the amount of the credit.
- 7 Click OK to save the transaction.

Calculated Amounts in the Receive Payments Window

The Receive Payments window (refer to Figure 9-1) shows several calculated amounts for your convenience: Existing Credits, Total To Apply, and Unapplied Amount. Here's what they might look like for a customer with existing credits:

DATE	BALANCE
12/15/13	235.96
Amount	250.00
Pmt. Method	Check ▾
Check No.	1234
Existing Credits:	11.51
<input checked="" type="checkbox"/> Apply Existing Credits?	
Total to Apply:	261.51
Unapplied Amount:	25.55

Existing Credits

Existing Credits for a customer or job consists of any amounts from transactions that resulted in credit to the customer, such as an overpayment, down payment, return for which you recorded a credit memo, or cancellation of an order after paying. QuickBooks displays this amount automatically as soon as you enter the customer's name or job. To apply existing credits to invoices (or statement charges), turn on the Apply Existing Credits check box.



NOTE: If a credit is associated with a specific job, you can only apply that credit to other invoices for the same job. You must select the customer and job to apply the credit to the job.

Total to Apply

Total To Apply is the sum of the current payment amount and the customer's existing credits (if the check box is toggled on). It is the total amount available to apply to invoices (or statement charges). QuickBooks calculates this amount automatically after you fill in the amount of the current payment or mark the check box to apply credits. If the total includes both existing credits and a payment, QuickBooks applies the existing credits to open invoices or statement charges first. It then applies the current payment amount.

Unapplied Amount

If you have the Automatically Apply Payments option turned off in Sales and Invoicing Preferences, QuickBooks recalculates the Unapplied Amount each time you apply part of the payment to an invoice. Initially, the figure displayed is the

same as the Total To Apply amount. As you apply the payment to invoices, the Unapplied Amount field shows the difference between the Total To Apply amount and the totals shown in the Payment column. When the Total To Apply amount is applied completely, the Unapplied Amount becomes 0.00.

If the customer has sent more than it owes, the overpayment is in the Unapplied Amount field after you have applied the payment to all open invoices (or statement charges). You can see an example of this in the previous illustration. The next time you use the Receive Payments window for this customer, this new credit will be part of the customer's Existing Credits.

Accepting Credit Card Payments

QuickBooks gives you the ability to accept payments by credit card directly into your QuickBooks file. With an Intuit Merchant Service account, you can process credit card payments from within QuickBooks by either manually entering credit card number information or running credit cards into a compatible USB credit card swiper. All you need is an Internet connection. This feature can turn your Mac and QuickBooks into a powerful point-of-sale accounting system.



NOTE: An Intuit Merchant Services account is a fee-based service. You can learn more about merchant account fees online or by phone when applying for an account.

Setting Up an Intuit Merchant Service Account

Before you can start accepting credit cards into QuickBooks, you need to set up an Intuit Merchant Service account. You then activate your merchant account and connect it to your QuickBooks company file.

To Apply for an Intuit Merchant Services Account

There are two ways to apply for an Intuit Merchant Services account:

- **Apply online.** Choose Customers | Add Credit Card Processing | Learn About Processing Options. This displays the Intuit Merchant Service for QuickBooks for Mac home page (refer to Figure 9-2), where you can click buttons to learn more about features, how it works, and pricing. When you're ready to apply, click the Apply Now button and complete the application process online.
- **Apply by phone.** Call 888-857-3710 and speak to a customer service representative. You'll have an opportunity to ask questions about services and fees before applying.

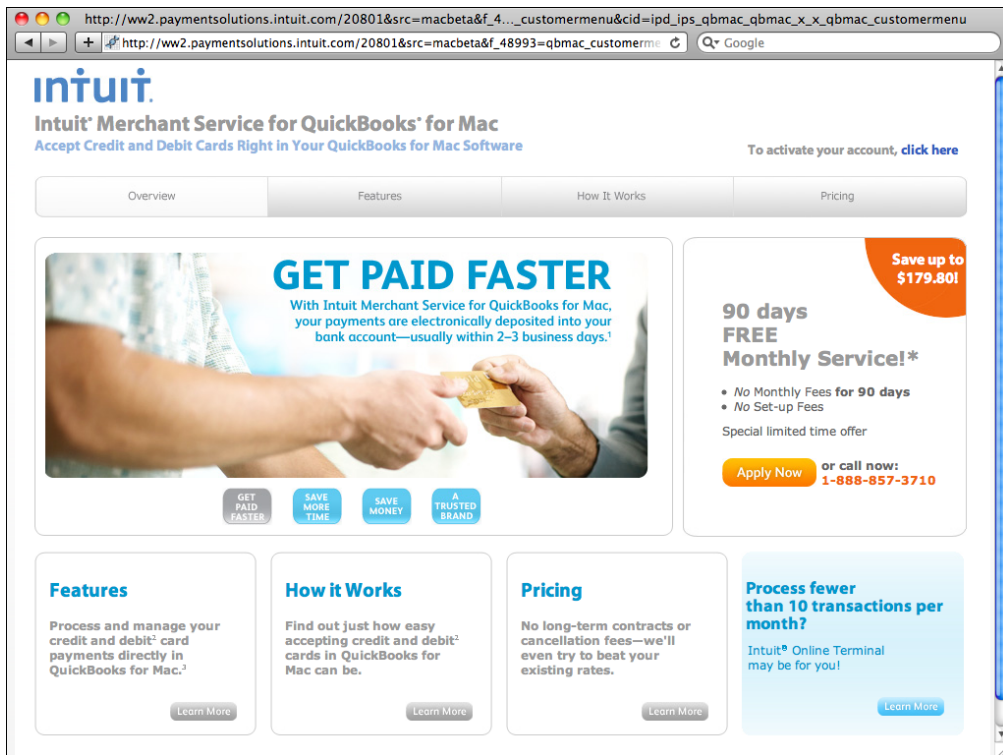


FIGURE 9-2 You can get all the information you need about Intuit Merchant Services and apply for a merchant account online.

To Enable Your Merchant Account

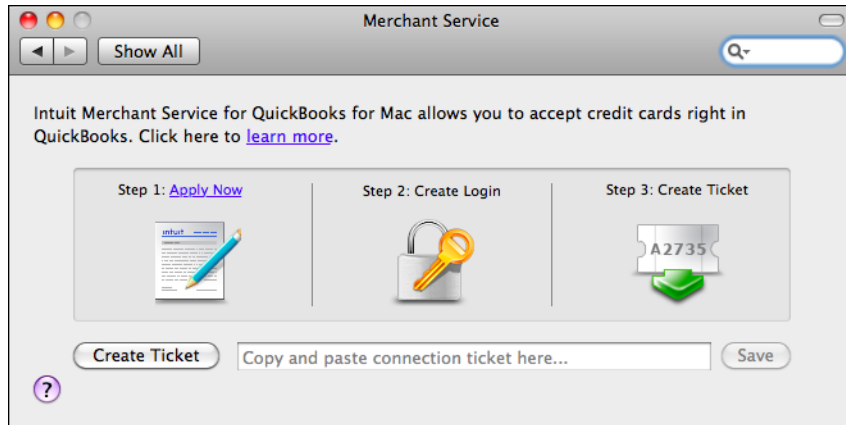
When your application has been approved, you'll receive an e-mail message with your new merchant number and a Login button. Click the Login button to open your web browser and log into your merchant account on Intuit's server. This automatically enables your merchant account.

To Link Your Merchant Account to Your QuickBooks Company File

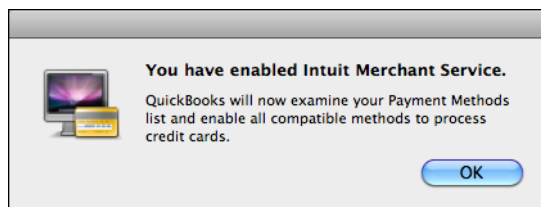
The last step of the setup process is to link your merchant account to your QuickBooks company file.

- 1 Choose QuickBooks | Preferences to open the Preferences window.

- Click the Merchant Service icon under Add-Ons. This displays the Merchant Services preferences window, which should look like this:



- Click the Create Ticket button.
- QuickBooks launches your web browser and displays The Intuit Business Services: Login page. Enter your login name and password in the appropriate fields and click Log In.
- The web site generates a lengthy ticket number code for your account and displays it on a Setup Complete page. Select the code and press COMMAND-C to copy it to the clipboard.
- Switch back to QuickBooks.
- In the Merchant Services preferences window (shown above), click in the text box beside the Create Ticket button and press COMMAND-V to paste in the code.
- Click Save.
- A dialog like the one shown next may appear. It explains that it's checking your Payment Methods list to enable compatible payment methods. Click OK.



- A green check mark and “Merchant Services Enabled” message appears in the Merchant Service preferences window. Close the window. QuickBooks is now ready to accept payments by credit card.

Processing Payments

You can process credit cards from within QuickBooks using two different forms:

- **Enter Sales Receipt** enables you to accept payment by credit card at the time of a sale. Use this method for point-of-sale transactions. You can learn more about entering sales with the Sales Receipt form in Chapter 7.
- **Receive Payments** enables you to accept payment by credit card on invoices. You can learn more about receiving payments on invoices earlier in this chapter.

Processing credit card payments is easy. Simply indicate that payment is by credit card, set a Process Credit Card check box, provide the credit card information, and let QuickBooks do the rest.

To Begin a Credit Card Transaction

Start by choosing a credit card as a payment method.

- 1 Enter information as usual in an Enter Sales Receipt or Receipt Payments form.
- 2 Choose a credit card type from the Payment Method drop-down list.
- 3 If necessary, click to place a check mark in the Process Credit Card check box that appears in the lower-right corner of the window (refer to Figure 9-3).

The screenshot shows the 'Enter Sales Receipt' window. At the top, the customer is 'Abercrombie, Kristy:Family Room' and the date is '12/15/13'. The sales receipt table contains one item: 'Decorative switchplates' with a quantity of 2 and a total amount of 24.00. The payment method is 'Master Card'. The 'Process credit card' checkbox is checked and highlighted with a red box. Other options include 'Customer is taxable', 'Show in iCal', 'To be printed', and 'To be emailed'. The 'Deposit to' dropdown is set to 'Checking'.

Item	Description	Quantity	Rate	Amount	Tax
Hardware:Switchpla	Decorative switchplates	2	12.00	24.00	T
				Total	25.86

FIGURE 9-3 You can begin a credit card transaction in the Enter Sales Receipt form.

Card Number: Add new card... ?
Keyed

Expiration Date: MM / YYYY

Name on Card: _____ CSC (optional): _____

Zip Code: _____

▼ Optional

Street Address: _____

Voice Authorization: _____ Commercial Card Sales Tax: _____

Customer Code: _____

? Cancel Process


FIGURE 9-4 Use a dialog like this one to enter credit card information.

- 4 Click OK.
- 5 QuickBooks displays a dialog you can use to enter credit card information (refer to Figure 9-4). Follow the instructions in one of the following sections to enter credit card information into the form.

To Enter Credit Card Details Manually


If you don't have a card swiper or are completing a telephone sale, you can manually enter credit card information.


- 1 If necessary, click the Optional disclosure triangle to display additional options, as shown in Figure 9-4.
- 2 If the customer already has a credit card number on file, choose it from the Card Number drop-down list. The rest of the required fields fill in with the card information. Skip ahead to step 6.
- 3 Enter the complete card number, without dashes or spaces, into the Card Number field.
- 4 Enter the two-digit month and four-digit year in the Expiration Date fields.
- 5 Enter the name as it appears on the card in the Name On Card field.
- 6 Enter the three- or four-digit security code in the CSC field. This code usually appears at the far-right end of the signature block on MasterCard, Visa, and Discover cards and on the front of American Express cards.
- 7 Enter the customer's billing ZIP code in the Zip Code field.
- 8 Enter the customer's billing street address in the Street Address field.

 **TIP:** Although you can leave the CSC, Zip Code, and Street Address fields blank, you may be charged a higher credit card processing rate to complete the transaction without this security and identification information.


To Enter Credit Card Details with a Card Swiper

You can use a Mac-compatible USB card swiper to enter credit card information into QuickBooks.

 **TIP:** Using a card swiper to gather credit card information at the time of a sale may reduce your credit card processing fees.

 **NOTE:** The first time you connect a USB card swiper, your Mac may display a window offering to set it up as a keyboard. Click that window's close button to dismiss it.

- 1 If necessary, click the Optional disclosure triangle to display additional options, as shown in Figure 9-4.
- 2 Swipe the credit card through the card reader. QuickBooks fills in the Card Number, Expiration Date, and Name On Card fields.
- 3 Enter the three- or four-digit security code in the CSC field. This code usually appears at the far-right end of the signature block on MasterCard, Visa, and Discover cards and on the front of American Express cards.
- 4 Enter the customer's billing ZIP code in the Zip Code field.
- 5 Enter the customer's billing street address in the Street Address field.

 **TIP:** Although you can leave the CSC, Zip Code, and Street Address fields blank, you may be charged a higher credit card processing rate to complete the transaction without this security and identification information.

To Complete a Credit Card Transaction

After entering the credit card information, go online to complete the transaction.

- 1 When you're finished entering credit card details, click Process.
- 2 QuickBooks goes online to get authorization for the credit card payment. When it finished, it displays a dialog like this:

Payment Approved!

Name: LANGER/MARIA Date: Aug 7, 2010 Amount: \$25.86


Payment IDs Credit Card Information

Transaction ID: [MC0056946379](#) Credit Card #: xxxx xxxx xxxx 9381
 Authorization Code: 04568Z Expiration Date: 01/2012

AVS (Address Verification Service) Check

AVS Zip Match: NotAvailable AVS Street Match: NotAvailable
 Status: Completed

Print Email Void Payment OK

 **TIP:** The transaction ID number is a link. Click it to open your web browser and see the transaction on the QuickBooks Merchant Service Center for Mac web site.

- 3 Click OK to dismiss the dialog and complete the transaction.

Other Credit Card Processing Considerations

There are a few additional things to keep in mind when processing credit cards through QuickBooks:

- QuickBooks stores credit card information for your customers in the Payment Info screen of the Customer Name window (refer to Figure 9-5). Although this information is coded and cannot be extracted, it can be used to process transactions for customers. That makes it even more important to keep your QuickBooks company file secure. (Chapter 22 explains how to password-protect your company file.)
- You can add credit cards to a customer's account in the Payment Info screen (refer to Figure 9-5). Start by clicking the + button under the list of credit cards. Then use the dialog that appears (shown next) to manually enter or swipe in a credit card to store in the customer's account. You can also remove a selected credit card from the customer's account by selecting it and clicking the – button.

Card Number: ? Keyed Expiration Date: MM / YYYY

Name on Card:

Zip Code:

Cancel Add

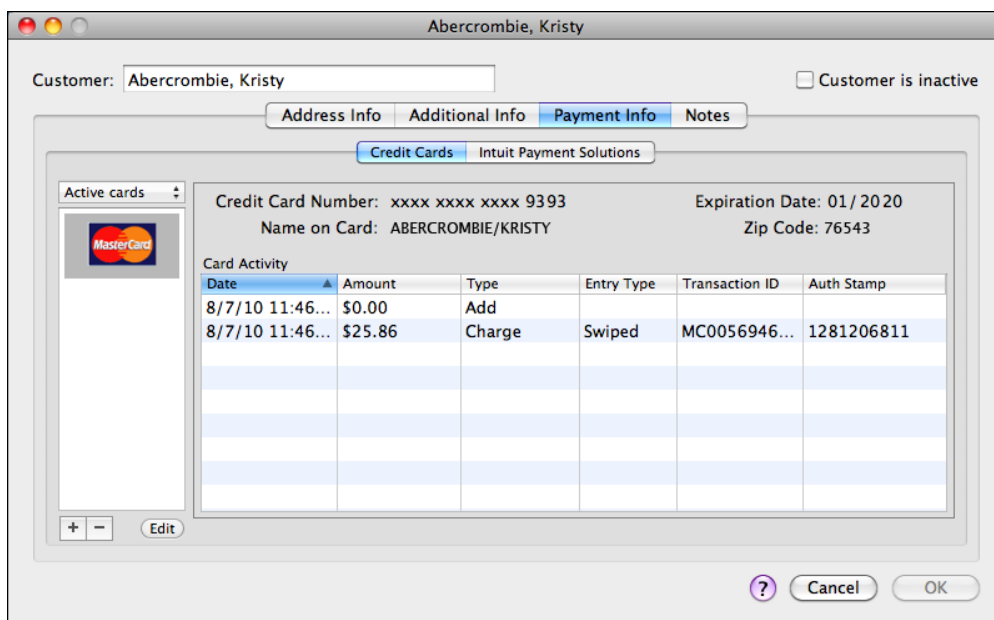


FIGURE 9-5 You can see the credit cards a customer has on file in the Payment Info screen of a customer's record.

- To review transactions on your merchant account, choose Customers | Credit Card Activities | Merchant Service Center. This launches your web browser and takes you to the Intuit QuickBooks Merchant Service Center for Mac. You'll need to log in to access reports and a plethora of other useful features.
- You can void a transaction if it was completed in error. Open the customer's account Payment Info screen (refer to Figure 9-5) and double-click the transaction you want to void. Log into your merchant account on the Intuit QuickBooks Merchant Service Center for Mac web site. In the Transaction Detail screen that appears, click the Reverse/(Void/Credit) link.
- You cannot process credit card refunds directly with QuickBooks. Instead, access your merchant account on the Intuit QuickBooks Merchant Service Center for Mac web site and process a refund to the customer's credit card there. Then use the Create Credit Memos/Refunds window to record the credit amount. When you click the Refund button, fill out the check form as if writing a check on the account to which the original credit card payment was deposited. Be sure to turn off the To Be Printed check box so you don't print a check. You can learn more about processing refunds later in this chapter in the section titled "Recording a Return."

Other Types of Payments

QuickBooks also makes it easy to account for other kinds of payments, including:

- **Overpayments**, which occur when a customer pays more than it owes.
- **Down Payments** or **Prepayments**, which occur when customers pay you a portion of amounts due before they are invoiced or charged.
- **Retainers**, which are payments in advance of performing a service.

This part of the chapter examines how QuickBooks handles each of these types of payments.

Overpayments, Down Payments, and Prepayments

If a customer sends you more money than it owes, there will be an amount left over in the Receive Payments window after you have applied the payment to invoices (or statement charges). You can print a credit memo for your customer, acknowledging the amount you owe. Whether you print the credit memo or not, QuickBooks keeps track of the credit amount, and you can apply it to any future invoices (or statement charges) for the customer.

Similarly, QuickBooks can account for down payments and prepayments made by customers. It either holds the money you receive in an account called Undeposited Funds until you record a deposit to your bank account, or deposits the money directly into a checking or other account as discussed in the section titled “Depositing Payments” later in this chapter.

To Record an Overpayment, Down Payment, or Prepayment

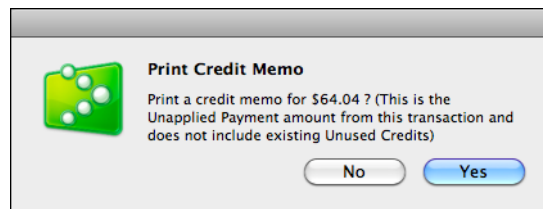
One way to record an overpayment, down payment, or prepayment is with the Receive Payments window.

- 1 Choose Customers | Receive Payments to display the Receive Payments window (refer to Figure 9-1).
- 2 Complete the form as discussed earlier in this chapter. Here are a few additional things to keep in mind:
 - If you’re recording a down payment and you are doing more than one job for the customer, be sure to specify both the customer name and job name in the Customer:Job field. The job name will ensure that the down payment gets applied to invoices (or statement charges) for the correct job.
 - For an overpayment, apply as much of the payment as you can to outstanding invoices (or statement charges).
- 3 Note the leftover amount in the Unapplied Amount field. If the payment is a down payment and there is no invoice (or statement charge) yet, the entire payment amount is displayed in the Unapplied Amount field. QuickBooks holds the unapplied amount with this customer’s name, so that when you do

have an invoice or statement charge for this customer, you can apply this down payment amount. The next time you enter this customer in the Receive Payments window, this credit amount is included in the Existing Credits field.

NOTE: The customer's balance (next to the customer name in the Customer Center's customer:job list) also reflects the credit amount.

- 4 To print a credit memo for the amount paid beyond the customer's balance, click the Print Credit Memo button. A dialog like the one shown next appears. Click Yes, and then set options and click Print in the Print dialog that appears.



NOTE: The amount that prints on the credit memo is the dollar amount in the Unapplied Amount field minus the amount in the Existing Credits field.

- 5 Click OK to save the payment information.

To Record a Down Payment or Prepayment in a Credit Memo Window

You can also use the Create Credit Memos/Refunds window to record a down payment or prepayment and print a receipt. Whether you use the Receive Payments window or the Create Credit Memos/Refunds window to record a customer's down payment, the credit amount ends up in the Existing Credits field of the Receive Payments window, and you can use the down payment amount to pay off part or all of an invoice (or statement charge).

- 1 Choose Customers | Create Credit Memos/Refunds to display the Create Credit Memos/Refunds window, which is shown in Figure 9-6.
- 2 Fill in the top of the credit memo just as you would on an invoice for this customer or customer and job. (If you need assistance, consult Chapter 7.)
- 3 In the line-item area, use a payment item to record the down payment amount. You can add any description for the down payment. (You can learn more about payment items in Chapter 6.)
- 4 To print the credit memo, click the Print button. Then set options and click Print in the Print dialog that appears.
- 5 Click OK to record the credit memo.

Customer: Job **Castillo, Eloisa: Bay Window** Class **Remodel** Account **Accounts Receivable**

Template **Standard Service Credit Memo** Customize...

Credit Memo

Date: 12/15/13 Credit No.: 1105

Customer: Eloisa Castillo
8321 S. Flower
E. Bayshore, CA 94781

Item	Description	Quantity	Rate	Amount	Tax
Payment	Down payment received		2,000.00	2,000.00	
			Tax	7.5%	0.00
			Total	2,000.00	

Customer Message: Tax: **San Domingo** 7.5% Total: 2,000.00

Memo: Remaining Credit: 2,000.00

Buttons: Next, Previous, Refund, Tx History..., Customer is taxable (checked), Show in iCal, To be printed, Print..., To be emailed, Cancel, OK

FIGURE 9-6 You can use the Create Credit Memos/Refunds window to record a down payment.

The credit amount appears in the Receive Payments window for this customer. You can use the credit (down payment) amount toward any invoice (or statement charge) for this customer.

Retainers

A *retainer* is money you receive in advance of performing a service. This money creates a liability because you owe the service to the customer. As you work off the liability, you may want to know how much remains. For example, property owners may receive prepaid rent.

To use retainers in QuickBooks, you need to set up the following:

An Other Current Liability account for tracking retainers. Retainers are liabilities because in return for them, you owe clients a certain amount of work.


- Name this account **Retainers**, and type **Unearned retainers** in the Description field.
- Set up the account with a zero opening balance unless you want to track retainers existing as of your start date.

An Other Charge item to use for showing the retainer on invoices. You'll use this item when you bill for retainers on invoices or statement charges as discussed in Chapter 7.

- Name this item **Retainer**, and type **Retainer applied** in the Description field.
- In the Account field, enter the name of your account for tracking retainers.

A Payment item to use for showing the original payment received. You'll use this item in the Create Invoice window when recording the receipt of retainer payments.


- Name this item **Payment**, and type **Payment by check received** in the Description field.
- Choose **Check** in the Payment Method field. If you accept advance payments by other methods, set up separate items for each method.

 **TIP:** Learn about creating accounts in Chapter 5 and about creating items in Chapter 6.

To Track Receipt of a Retainer

You record the receipt of a retainer on an invoice form. Here's how:

- 1 Choose **Customers | Create Invoices**, or press **COMMAND-I**. The Create Invoices window, which is shown as a completed form in Figure 9-7, appears.
- 2 Fill in the top half of the form as you normally would for the customer.
- 3 In the Item column of the first line of the items area, choose the Retainer item.
- 4 Edit the description so that it says "Retainer account established."
- 5 In the Rate field, enter the retainer amount as a positive number. This amount increases the balance of your liability account that tracks retainers.
- 6 In the Item column of the next line, choose the Payment item.
- 7 Enter an appropriate description for the item, if necessary.
- 8 In the Rate field, enter the payment amount. QuickBooks automatically displays the payment as a negative number. This line item balances the previous line item and makes the invoice balance zero.
- 9 Click **OK** to save the invoice.

 **NOTE:** It is not necessary to send this invoice to your customer, but you must have it recorded in QuickBooks.

The screenshot shows a software window titled "Create Invoices - Accounts Receivable". At the top, there are dropdown menus for "Customer:Job" (Chil Corp:Wickenburg Warehous), "Class" (Consulting), and "Account" (Accounts Receivable). Below these is a "Template" dropdown set to "Standard Service Invoice" and a "Customize..." button. The main area is titled "Invoice" and contains a "Bill To:" section with the address: Michael Chilingierian, Chil Corp, 12345 Main Street, Phoenix, AZ 85016. To the right, there are fields for "Date" (12/15/13) and "Invoice No." (1105). Below this is a table with columns for "P.O. Number" and "Terms" (2% 10 Net 30). The main table has columns: "Item", "Description", "Quantity", "Rate", "Amount", and "Tax". It contains two rows: "Retainer" with a description "Retainer account established." and a rate of 5,000.00; and "Payment" with a description "Payment by check received" and a rate of -5,000.00. Below the table, there are fields for "Customer Message", "Tax" (Out of State), and "0.0%". A "Total" row shows "0.00". At the bottom, there is a "Memo" field and a "Balance Due 0.00" label. On the right side of the window, there are several buttons: "Next", "Previous", "Pmt History...", "Time/Costs...", "Customer is taxable" (checkbox), "Show in iCal" (checkbox), "To be printed" (checkbox), "Print...", "To be emailed" (checkbox), "Cancel", and "OK".

FIGURE 9-7 You record a retainer on an invoice form like this.

To Apply the Retainer to Services

You apply a retainer on an invoice very much as you might apply a deposit.

- 1 On an invoice for the customer, enter one or more line items for services. Usually, you'll write a new invoice. However, you could add the first service to the invoice that shows receipt of the retainer. You could even add all subsequent services to the same invoice.
- 2 Add a Subtotal item if you have more than one line item.
- 3 On the next blank line, choose the Retainer item in the Item field.
- 4 In the Rate field, enter the amount of the retainer that you are applying as a negative number. This amount decreases the balance of your liability account that tracks retainers. If you apply an amount equal to the charges on the invoice, the balance on the invoice is zero. When you're finished, it might look something like Figure 9-8.
- 5 Click OK to save the invoice.

Create Invoices - Accounts Receivable

Customer:Job Chil Corp:Wickenburg Warehous Class Consulting Account Accounts Receivable

Template Standard Service Invoice Customize...

Invoice

Date 12/15/13 Invoice No. 1106

Bill To:
Michael Chilingierian
Chil Corp
12345 Main Street
Phoenix, AZ 85016

Item	Description	Quantity	Rate	Amount	Tax
Blueprints	Blueprints	2	172.50	345.00	
Electric Check	Check electrical box setup.	3	55.00	165.00	
Subtotal	Subtotal			510.00	
Retainer	Retainer applied		-510.00	-510.00	
Total				0.00	

Customer Message Tax Out of State 0.0% 0.00

Memo Balance Due 0.00

Buttons: Next, Previous, Pmt History..., Time/Costs..., Customer is taxable, Show in iCal, To be printed, Print..., To be emailed, Cancel, OK

FIGURE 9-8 You use an invoice form to apply a retainer to invoiced charges.

To Create a Report of Retainer Balance by Customer

To see the current retainer balance for each client, you can create a custom report.

- 1 Choose Reports | Custom Summary Report. QuickBooks creates a basic summary report and displays it in a report window.
- 2 Click the Options button to display a dialog like the one shown next.

Report Dates This Month-to-date From 12/01/13 To 12/15/13

Report Basis Accrual Cash

Columns Total only

Row Axis Income statement

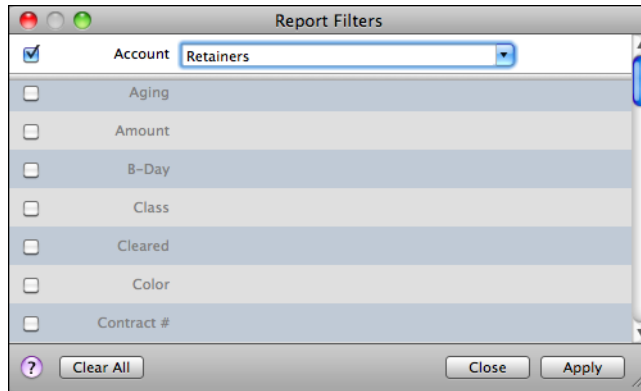
Display Columns For Amount Quantity Both

Other Columns Previous Period \$ Change % Change
 Previous Year \$ Change % Change
 Year-to-date % of YTD
 % of Row % of Column

Buttons: Filters..., Advanced..., Help, Cancel, OK

- 3 Choose All Dates from the Report Dates pop-up menu.
- 4 Choose Customer from the Row Axis pop-up menu.

- 5 Click the Filters button to display the Report Filters window (shown next).



- 6 Choose the name of your Retainers account from the Account drop-down list.
 7 Click to uncheck the Posting Status check box.
 8 Click Apply.
 9 If a dialog appears, warning you about report/filter mismatch, click OK.
 10 In the Customize Report dialog, click OK. The default report changes to show only customers with retainers and the balance of their retainers (refer to Figure 9-9).

Brooks Bell Design		Dec 31, '13	
Custom Summary Report			
All Transactions			
Abercrombie, Kristy			
Remodel Bathroom	500.00		
Total Abercrombie, Kristy			500.00
Chil Corp			
Wickenburg Warehouse	4,490.00		
Total Chil Corp			4,490.00
TOTAL			4,990.00

FIGURE 9-9 You can create a custom report that lists the balances for all customer retainers.

TIP: Once you've created a custom report, you can memorize it so it's easy to create again any time you need to. Chapter 21 explains how to create, customize, and memorize reports.

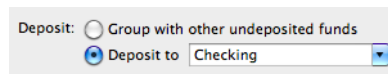
Depositing Payments

When you receive payments, whether for invoices or cash sales, you can either show them as deposited into a bank account or wait until the end of the day or some other time to deposit the money you've collected. QuickBooks allows you to use the method you prefer for depositing payments.

When you are deciding on the method to use to deposit payments, think about how your bank statement shows deposits. You should select the deposit method in QuickBooks that imitates your bank statement to make it easier for you to reconcile your bank accounts.

For example, if the bank statement shows a lump sum for a deposit, you should choose to group payments with other funds for later deposit. If, on the other hand, the bank statement shows each individual check that was deposited, you should choose to deposit directly to an account.

You choose a deposit method in the Receive Payments window, the Enter Sales Receipt window, or the New/Edit Item window for a payment item that you might use on an invoice. The Deposit options usually look something like this:



Deposit: Group with other undeposited funds
 Deposit to

Here's how they work:

- If you choose Group With Other Undeposited Funds, QuickBooks holds your undeposited funds in an Other Current Asset account called Undeposited Funds until you record a deposit.
- If you choose Deposit To and select an account from the pop-up menu, QuickBooks automatically records a deposit for the amount of the payment in the account you selected on the date you received the payment.

To Record a Deposit

If you have undeposited funds, you'll need to create an entry in QuickBooks to record the deposit when you make it.

- 1 Choose Banking | Make Deposits. A dialog like the one in Figure 9-10 appears. It displays all payments that you have received but not yet deposited.
- 2 Click in the left column to place a check mark beside each item you want to include in the deposit. You can use the Select All or Select None button to toggle all the checks at once.

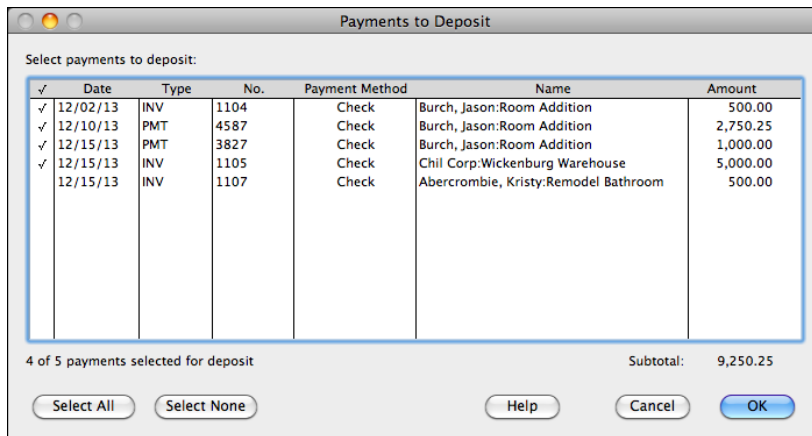


FIGURE 9-10 Use a dialog like this to select the payments you want to include in a deposit.

- 3 Click OK. QuickBooks lists the payments in the Make Deposits window (refer to Figure 9-11).
- 4 Enter information into the form's fields as necessary:
 - **Deposit To** is the account funds will be deposited into.
 - **Date** is the deposit date. QuickBooks automatically fills this in with today's date.
 - **Memo** is an optional note about the deposit.

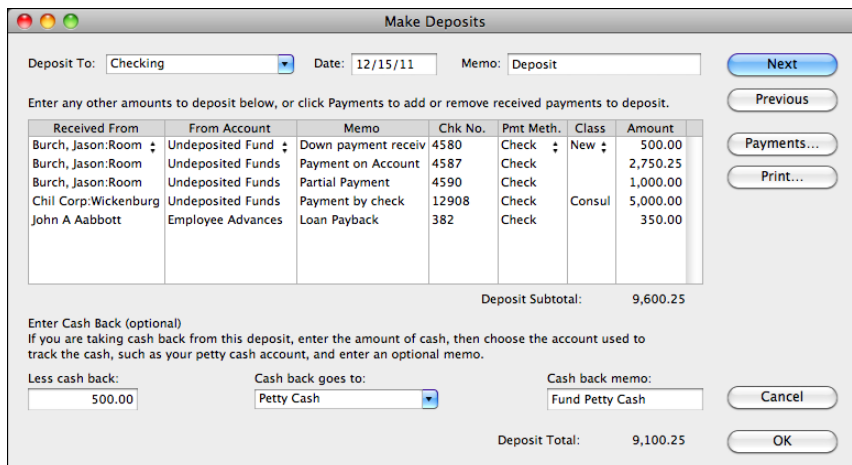


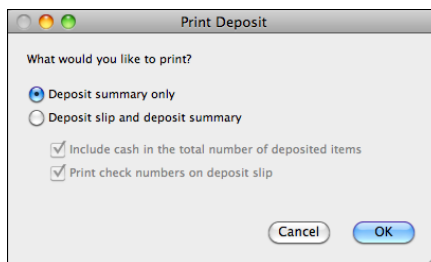
FIGURE 9-11 QuickBooks lists items to be deposited in the Make Deposits window.

- 5 In the list of items area, add lines for any amounts to deposit that are not payments you received for the sale of items. This might include refunds or rebates from vendors, money an owner is investing in the company, or a payment from an employee for an advance, as shown in Figure 9-11.
- 6 If you will get cash back from the deposit, complete the fields at the bottom of the window:
 - **Less Cash Back** is the amount of cash back from the deposit.
 - **Cash Back Goes To** is the account that cash back from the transaction will go to. This is normally a petty cash account, but it could be an equity account if the money will be turned over to an owner or some other account, depending on how the funds are used.
 - **Cash Back Memo** is an optional note to appear in the account where the cash back transaction is posted.
- 7 To save the deposit, click OK.

To Print a Deposit Summary

When you record a deposit into a bank account, you can print a deposit summary like the one in Figure 9-12 that lists the payments you have recorded. Use the printed list to help you fill out a deposit slip at the bank.

- 1 Follow the instructions in the previous section to prepare a deposit, but don't click OK yet.
- 2 Click Print. The Print Deposit dialog, which is shown next, appears.



- 3 Select Deposit Summary Only.
- 4 Click OK.
- 5 In the Print dialog that appears, click Print.
- 6 Back in the Make Deposits window, click OK to save the deposit.

To Put Different Payment Methods into Separate Deposits

To make it easier to reconcile your bank accounts, separate deposits if your bank statement separates them. For example, your bank may separate credit card deposits and checks. You should treat payment methods the same way your bank does, so that your QuickBooks check register matches your bank statement.

Deposit Summary				08/07/10
Summary of Deposits to Checking on 12/15/11				
Chk No.	PmtMeth...	Rcd From	Memo	Amount
4580	Check	Burch, Jason:Room Addition	Down payment received	500.00
4587	Check	Burch, Jason:Room Addition	Payment on Account Balance	2,750.25
4590	Check	Burch, Jason:Room Addition	Partial Payment	1,000.00
12908	Check	Chil Corp:Wickenburg Ware...	Payment by check received	5,000.00
382	Check	John A Aabbott	Loan Payback	350.00
Less Cash Back:				500.00
Deposit Total:				9,100.25


Page 1

FIGURE 9-12 You can print a Deposit Summary to take to the bank with you.

Follow the instructions in the section titled “To Record a Deposit” to prepare your deposit transaction, but in step 2, select only those payment types that will be grouped in a deposit transaction. Complete the transaction as usual.

To Edit or Delete a Payment Deposited with the Make Deposits Window

If you need to edit or delete a payment that you’ve already included in a deposit in the Make Deposits window, you must remove the payment from the original deposit transaction before you can edit or delete it in the A/R register, the Receive Payments window, an invoice, a billing statement, or a cash sale.


 **NOTE:** If you have set up QuickBooks to bypass Undeposited Funds and deposit payments directly to an account, you cannot edit or delete a payment without affecting your records. When you delete a payment from the account register, the payment no longer exists in QuickBooks. You will need to enter the correct deposit.

- 1 From the Undeposited Funds register, select the deposit containing the payment you want to edit or delete.
- 2 Choose Edit | Edit Deposit, or press COMMAND-E. The Make Deposits window for the deposit appears (refer to Figure 9-11).
- 3 Select the line containing the payment you want to delete.
- 4 Choose Edit | Delete Line, or press COMMAND-B. QuickBooks deletes this payment from this deposit. The payment still exists in your records; it is just undeposited. QuickBooks puts the money back in Undeposited Funds.
- 5 Click OK in the Make Deposits window to record the deposit without the payment you've deleted.

Recording a Return

Use the Create Credit Memos/Refunds window to record a return in either of these situations:

- A customer brings back items for which you have already recorded a payment for an invoice or a cash sale.
- A customer cancels an order for items for which you have already recorded a payment for an invoice.

 **TIP:** If you use billing statements, you can enter a negative statement charge to record a return. You can learn more about statement charges in Chapter 7.

To Record a Return

- 1 Choose Customers | Create Credit Memos/Refunds. The Create Credit Memos/Refunds window, which is shown in Figure 9-6, appears.
- 2 Fill in the window as you would an invoice or sales receipt form. Be sure to itemize all returned items in the line-item area. QuickBooks adjusts income and inventory (if applicable) as necessary.
- 3 If you plan to print the credit memo for your customer, you can enter a customer message.
- 4 Click OK. QuickBooks enters a negative amount in your A/R register, indicating that you owe the customer for the amount of the return.

To Print a Credit Memo for a Return

- 1 Display the Create Credit Memos/Refunds window for the credit memo you want to print (refer to Figure 9-6).
- 2 Click the Print button.
- 3 Set options in the standard Print dialog that appears.
- 4 Click Print.

To Write a Refund Check for a Credit

- 1 Display the Create Credit Memos/Refunds window for the credit memo you want to write a refund check for.
- 2 Click the Refund button. QuickBooks displays the Write Checks window with a check prepared. Figure 9-13 shows what it might look like.
- 3 Make sure all the information on the check is correct.
- 4 Click Print to print the check immediately, or turn on the To Be Printed check box to print it with other checks.
- 5 Click OK.

Write Checks - Checking

Bank Account: Checking Ending Balance: 30,400.65

No. 520 Date 12/15/11

Print As: Kristy Abercrombie

Pay to the Order of: Abercrombie, Kristy:Family Room ; \$ 161.00

One hundred sixty-one and 00/100* ***** Dollars

Address: Kristy Abercrombie
5647 Cypress Hill Rd
Bayshore CA 94326

Memo: Refund

Expenses - \$161.00 Items - \$0.00

Account	Amount	Memo	Customer:Job	Class
Accounts Receivable	161.00		Abercrombie, Kristy	

FIGURE 9-13 A refund check looks like any other check you create with QuickBooks.

To Connect a Refund Check to Its Credit Memo

Once you've recorded a credit memo and prepared a refund check, you need to connect the check to the credit memo in the Receive Payments window so that QuickBooks can properly track the transaction.

- 1 Choose Customers | Receive Payments to display the Receive Payments window (refer to Figure 9-1).
- 2 Choose the customer to whom you just wrote a refund check. You'll see the amount of the credit included in the Existing Credits field and the refund check in the bottom section of the window:

Deposit: Group with other undeposited funds
 Deposit to:

Existing Credits: 161.00
 Apply Existing Credits?
 Total to Apply: 161.00
 Unapplied Amount: 0.00

Outstanding Invoices/Statement Charges

✓	Date	Type	Number	Job	Orig. Amt.	Disc. Date	Amt. Due	Payment
	06/07/11	Invoice	1043	Family Room	1,292.78		781.58	0.00
	06/07/11	Invoice	1044	Family Room	0.00		1,042.40	0.00
✓	12/15/11	Refund	519	Family Room	161.00		161.00	161.00
Totals							1,984.98	161.00

- 3 Turn on the Apply Existing Credits check box.
- 4 Click in the check mark column for the Refund line and make sure the amount of the check is entered in the Payment column.
- 5 Click OK.

To Apply a Credit Amount to an Invoice or Billing Statement

- 1 Choose Customers | Receive Payments to display the Receive Payments window (refer to Figure 9-1).
- 2 Choose the customer's name. You'll see the credit amount in the Existing Credits field.

- 3 Turn on the Apply Existing Credits check box to apply the credit amount to any invoice for this customer. It might look something like this:


Deposit: Group with other undeposited funds
 Deposit to:

Existing Credits: 161.00
 Apply Existing Credits?
 Total to Apply: 161.00
 Unapplied Amount: 0.00

Outstanding Invoices/Statement Charges

✓	Date	Type	Number	Job	Orig. Amt.	Disc. Date	Amt. Due	Payment
✓	06/07/11	Invoice	1043	Family Room	1,292.78		781.58	161.00
	06/07/11	Invoice	1044	Family Room	0.00		1,042.40	0.00
Totals							1,823.98	161.00

- 4 Click OK.

 **TIP:** You can learn more about calculated amounts in the Receive Payments window earlier in this chapter.

To Void an Invoice or Statement Charge

When you record a return, you can void an invoice or a statement charge if you haven't received a payment yet. You retain a record of what was returned, and you can edit the memo on the invoice or statement charge to state the reason for the return.

- 1 Display the original invoice or statement charge.
- 2 Choose Edit | Void Invoice or Edit | Void Stmt Charge. QuickBooks zeros out the transaction's quantities and extended amounts and enters the word "VOID" in the Memo field.
- 3 Click OK to save the voided transaction.

Handling a Bounced Check from a Customer

When a customer's check bounces, you must subtract the amount of the check from the account where you originally deposited the check, and update your A/R account to show that you are still owed the amount of the check.

To Create an Item for Tracking Bad Checks

To track bad checks, you can use an Other Charge item created just for this purpose.

- 1 Choose Lists | Items to display the Item List window.

- Choose Edit | New Item, or press COMMAND-N. The New Item dialog, which is shown next, appears.

- Choose Other Charge from the Type drop-down list.
- In the Item Name/Number field, enter **Bad Check**.
- In the Account field, choose your checking account.
- Leave the Amount Or % field set to 0.00.
- Click OK.

To Record a Bounced Check if You Send Your Customers Invoices

- Choose Customers | Create Invoices to display the Create Invoices window (refer to Figure 9-14).
- Fill in the customer information in the top half of the window.
- Change the Date to the date the bank reversed the deposit.
- Enter the Bad Check item in the detail area. For the amount, enter the amount of the bounced check plus any additional bank charges you want to pass on to the customer.

\$ NOTE: To assess a penalty as well, you should create another Other Charge item called Penalties. The account for this item can be an income account. Add the Penalties item to the item list in the Create Invoices form.

- Change the terms to make the invoice due now with no discount.
- In the Memo field, you can enter references to the invoices paid with the bounced check.
- Click OK.

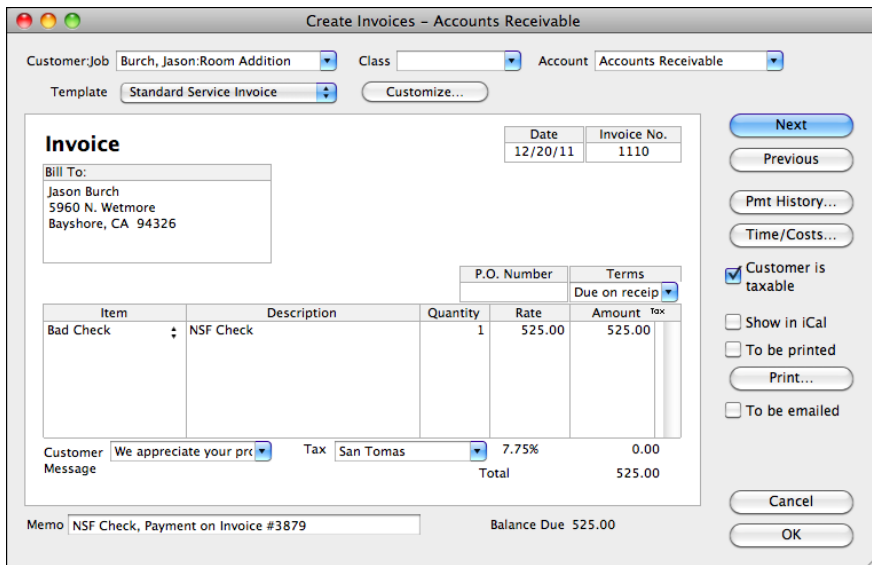


FIGURE 9-14 An invoice for a bounced check might look like this.

To Record a Bounced Check if You Send Your Customers Billing Statements

- 1 Open the Accounts Receivable register for the customer whose check bounced.
- 2 Scroll to the empty line at the end of the register.
- 3 Change the Date to the date the bank reversed the deposit.
- 4 If desired, enter the bad check’s check number as a reference for the customer.
- 5 Enter the Bad Check item in the Item field. For the amount, enter the amount of the bounced check plus any additional bank charges you want to pass on to the customer.
- 6 In the Description field, you can enter references to the statement charges paid with the bounced check. When you’re finished, it might look like this:

12/20/11	4563	Bad Check		525.00	525.00		
	STMTCHG	NSF Check	Accounts Receiv...				

\$ NOTE: To assess a penalty as well, you should create another Other Charge item called Penalties. The account for this item can be an income account. Add the Penalties item as another statement charge.

- 7 Click Record.
- 8 Print a billing statement for the customer.

To Record a Replacement Check or Related Bad Debt

If you receive a replacement check from the customer, enter it in the Receive Payments window as a payment for the invoice or statement charge you just created.

If the customer never sends another check to cover the one that bounced, record the amount as a Bad Debt expense in the Receive Payments window.

Questions and Answers about Payments

Here are a few common questions (with answers) about working with payments in QuickBooks.

I want to record a payment from a customer. Why don't the customer's invoices show up in the Receive Payments window?

If you use jobs on invoices or billing statements, you must choose the job in the Receive Payments window. If one payment covers more than one job, choose the customer name—not the customer:job name—from the Customer:Job drop-down list to view a list of all outstanding invoices for that customer, regardless of job. You can then apply payments as necessary.

My customer has an unapplied credit because of overpaying for one job. How can I apply the credit to a second job for that customer?

- 1 In your A/R register or the register for that customer, select the overpayment.
- 2 Choose Edit | Transaction History. If there is a deposit, select it and click Go To.
- 3 In the Make Deposits window, choose Edit | Delete Deposit and click OK.
- 4 In the A/R register or customer register, select the same payment and click Edit.
- 5 Edit the Amount field of the payment to be the correct amount for the first job (the Unapplied Amount should become zero) and click OK.
- 6 Enter a new payment in the Receive Payments window for the second job and for the amount of the credit.
- 7 Now deposit the two payments (and anything else that was part of the deleted deposit). If you had previously reconciled the deposit, click in the check mark field of this deposit in your check register and then click Record.

A customer overpaid. I clicked Print Credit Memo in the Receive Payments window. Why isn't the credit memo showing up in my A/R register?

The only credit memos that appear in the A/R register are those you write in the Create Credit Memos/Refunds window. QuickBooks continues to display the credit in the Existing Credits field of the Receive Payments window. You can apply the credit to any invoices (or statement charges) in this window, now or later.

How should I write a refund check for a customer overpayment?

- ① Write a check in the Write Checks window:
 - Enter the customer name in the Pay To The Order Of field.
 - Choose the A/R account name in the Account field.
 - Choose the job (if applicable) or customer in the Customer:Job field.
- ② In the Receive Payments window, apply the existing credits to the refund check and click OK.

Tracking and Paying Sales Tax

In this chapter:

- Sales tax overview
- Turning on sales tax
- Creating tax items for each single tax you apply
- Creating tax groups
- Editing sales tax items
- Assigning taxes to customers
- Marking items you sell as taxable
- Applying sales tax to an invoice or cash sale
- Non-taxable sales
- Unusual tax situations
- Keeping track of how much sales tax you owe
- Paying sales tax

Sales tax is a part of life for most businesses in the United States. You collect sales tax for one or more jurisdictions and remit what you've collected monthly or quarterly.

QuickBooks makes collecting and paying sales tax easy—even if you have to deal with many tax rates in multiple jurisdictions. You set up sales tax items and groups and associate them with the government agencies you pay. You charge sales tax to your customers on invoices and sales receipt forms so they pay what's due. Then, when it's time for you to pay sales tax, QuickBooks does all the calculations for you—and can even write the payment checks.

This chapter takes a closer look at working with sales tax in QuickBooks. Whether you pay one tax agency or a dozen, you'll learn what you need to make the job as quick and painless as possible.

Sales Tax Overview

Keeping track of the sales taxes you have to collect and pay can be a challenge. You may have to collect more than one tax per sale, and different sales may require different taxes. Some of the things you sell may be taxable, while others aren't. In addition, certain customers must be taxed, while sales to others are non-taxable.

QuickBooks can help you automate complex sales tax calculations so you can enter sales quickly and easily. When sales taxes are due to taxing agencies, you'll have accurate information about the taxes you've collected, making paying them quick and easy, too.

The QuickBooks Sales Tax Process

Setting up, collecting, and paying sales tax is a three-step process:

Step 1: Set Up Sales Tax Rates The setup process has two parts to it:

- **Set up tax rates and agencies.** Normally, you'll do this just once when you begin using QuickBooks. But as tax rates change, you'll modify the rates accordingly. And, if you start selling to customers in other jurisdictions, you may need to add more rates and agencies to accommodate them.
- **Indicate who and what gets taxed.** Customers can be taxable or non-taxable. For example, if one or more of your customers are purchasing items from you for resale, they might not be taxable. Likewise, the items you sell—products and services—may or may not be taxable. For example, you may sell services that are not taxed and products that are. Indicating who or what gets taxed is an ongoing process; each time you add a customer or item to your company file, you'll indicate its tax status.



NOTE: It's vital that you understand the sales tax rules for your jurisdictions. You can learn more by contacting the individual sales tax agencies for which you collect sales tax. If you do not collect sales tax when you should, you may be liable for paying back taxes from your own funds.

Step 2: Collect Sales Tax As you sell items to customers, QuickBooks automatically takes tax settings into consideration. It calculates sales tax for you based on the rates you apply. It records this information in a Sales Tax Payable account, which is discussed in more detail later in this part of the chapter.

Step 3: Pay Sales Tax Because QuickBooks records Sales Tax Payable by tax agency, it knows how much you owe each agency. When it's time to pay taxes, QuickBooks can write the payment check for you and adjust account balances to record sales taxes as paid.

Sales Tax Payable Account

When you set up a company that charges sales tax, or when you enter your first sale, QuickBooks automatically creates a current liability account called Sales Tax Payable. The Sales Tax Payable account keeps track of as many tax agencies as you need.

As you record invoices or cash sales with sales tax, QuickBooks automatically adds the tax to the Sales Tax Payable account. To see a record of the transaction, use the Sales Tax Payable register, which is illustrated and discussed later in this chapter.

Understanding Your Tax Rates and Agencies

How you charge sales tax depends on many different factors. Here are some things to consider and how you can use QuickBooks to record taxes properly.

If Your Business Collects Only One Tax for One Agency...

You must set up a preset, or most common, tax item if you indicated that you charge sales tax when you set up your company file, or when you turn on sales tax in QuickBooks preferences. To learn how to create your tax item, see “To Create a Single Sales Tax Item” later in this chapter.

Once you've set up your tax item, QuickBooks is ready to use it automatically on sales forms. Your Sales Tax Liability report will show all your sales recorded as taxable or non-taxable sales for the tax district associated with your tax item.

If Your Business Collects Several Sales Taxes...

There are two possible solutions:

You Charge One Combination Rate: You report or pay several single taxes, but you want to charge your customers only one overall tax amount, a combination of several single taxes. Setting up your taxes to work automatically is a three-step process:

- 1 Create sales tax items for each single tax you must report on when you report sales tax.
- 2 Create a sales tax group that includes the single taxes.
- 3 Choose which tax is your most common, so that the rate appears automatically.

You Charge Different Rates under Different Conditions: Some of the taxes you charge may be single taxes, while others are groups of taxes. Setting up your taxes to work automatically is a three-step process:

- ❶ Create sales tax items for each single tax you must report on when you report sales tax.
- ❷ Set up group tax items for those taxes you charge that are made up of several taxes.
- ❸ Choose which tax (single or group) is your most common, so that the rate appears automatically.

Deciding Whether to Use Single Tax Items or Groups

QuickBooks reports taxable sales and non-taxable sales for each single tax item you create. Use the following two examples of tax reporting to help you determine how to set up your sales tax items.

Scenario

The following scenario applies to both examples:

- You collect sales tax for your state and several counties.
 - State tax is 6%.
 - County X tax is 1%.
 - County Y tax is 2%.
- When you charge tax on a sale, you want your customers to see one overall tax amount, not separate taxes for the state and county.

Example 1

When you report the tax you've collected to your state, you are required to show your taxable and non-taxable sales for each county, and you are expected to report the state tax you've collected separately:

- County X at 1%
- County Y at 2%
- State at 6%

If your reporting situation is like this, you need to create separate sales tax items for each county and the state because you report on each separately.

For your customer's benefit, you can create group tax items, one for each county, that include that county's tax and the state tax.

- Group 1, called *County X at 7%*, includes items for County X: 1% and State: 6%.
- Group 2, called *County Y at 8%*, includes items for County Y: 2% and State: 6%.

This way, your customers see one overall tax, but QuickBooks can still report on each county and the state separately.

Example 2

When you report the tax you've collected to your state, you are required to show your taxable and non-taxable sales for each county, and expected to include state tax in each county's amount:

- County X tax is 7%.
- County Y tax is 8%.

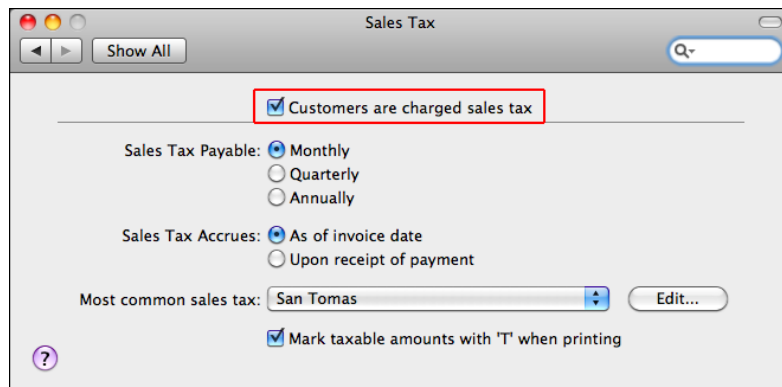
If your reporting situation is like this, where you include more than one single tax in the tax amounts you report, you do not need to create separate tax items for the separate tax amounts, because you'll never need to report on them separately. Instead, create single tax items that look like the items you report on. You would create one item called *County X tax* with a rate of 7%, and one item called *County Y tax* with a rate of 8%. This situation does not require any tax groups.

Turning on Sales Tax

If you did not specify that you charge sales tax when you first set up your company, you need to turn on sales tax before you can track it.

To Turn on Sales Tax

- 1 Choose QuickBooks | Preferences to display the Preferences window.
- 2 Click the Sales Tax icon to display Sales Tax preferences:



- 3 Turn on the check box marked Customers Are Charged Sales Tax.
- 4 Set other sales tax options as desired.
- 5 Click the window's close button to dismiss it and save your settings.

TIP: Sales Tax settings are covered in detail in Chapter 22.

Setting Up Sales Tax Items

You need to set up a separate sales tax item for each sales tax you charge. You will use these items when you create invoices and sales receipts to sell products and services to your customers.

TIP: If you skipped over the section titled “Deciding Whether to Use Single Tax Items or Groups,” go back and read it now. It will help you understand how many sales tax items or groups you need.

To get started creating items, choose Lists | Items, or press SHIFT-COMMAND-I, to open the Item List window. With the window active, you’ll choose Edit | New Item or press COMMAND-N to display the New Item window for each new sales tax item or group you create.

TIP: To learn more about creating items, consult Chapter 6.

To Create a Single Sales Tax Item

You’ll need to create a separate sales tax item for each tax whose amount you must report. Use the following procedure until you’ve created as many tax items as you have single taxes:

- 1 In the New Item window (shown next), choose Sales Tax Item from the Type pop-up menu.

- 2 In the Tax Name field, enter a name for the tax. This name will be one of the sales tax choices available when you create an invoice or other sales form.
- 3 In the Description field, enter a description of the sales tax. The description prints on your invoices and other sales forms after the final line item. You *cannot* edit it on the forms themselves.

- 4 In the Rate field, enter the tax rate. QuickBooks assumes the rate is a percentage. For example, enter 7.25 if the rate is 7.25%. QuickBooks will insert a percent symbol (%) when you move to another field.
- 5 In the Tax Agency field, choose the tax agency you pay the tax to. This should already be set up on your Vendor List; if it is not, QuickBooks offers to set it up or add it to the list. When you are ready to pay the tax you owe to this agency, QuickBooks fills out a check payable to this agency for the correct amount.
- 6 Click OK to save the tax.

To Create a Sales Tax Group

Even though you may be charging your customers a combination of local taxes and a state tax, they're used to seeing only one sales tax line and rate on receipts and invoices. By creating group tax items, QuickBooks allows you to track and report taxes separately, but display them as one combined amount to customers.

After you have added the single sales tax items you need, create a sales tax group for each group of two or more single sales tax items you must apply at the same time to sales.

- 1 In the New Item window (shown next) choose Sales Tax Group from the Type pop-up menu.

Enter each individual sales tax you need to charge in this district. QuickBooks will collect tax for these items as a group, but will report on each one individually.

Tax Item	Rate	Tax Agency	Description
Yuma County	6.3%	Arizona Department	Yuma County Sales
Yuma City	1.7%	Arizona Department	Yuma City Sales

Group Rate 8.0%

- 2 In the Group Name/Number field, enter a name for the tax group. This name will be one of the sales tax choices available when you create an invoice or other sales form.
- 3 In the Description field, enter a description of the sales tax. The description prints on your invoices and other sales forms after the final line item. You *cannot* edit it on the forms themselves.
- 4 In the list in the bottom half of the window, click in the Tax Item column to choose a sales tax item to add to the group. Only the sales tax items you have already created appear in the drop-down list.

- 5 Repeat step 4 for each sales tax item you want to add to the group. The group rate at the bottom of the dialog shows the accumulation of all rates added.
- 6 Click OK to save the tax group.

To Edit a Sales Tax Item

You can change the name, rate, and description of your sales tax item as well as the tax agency to whom you pay sales tax.

- 1 In the Item List window, double-click the sales tax item you want to modify to open the Edit Item dialog.
- 2 Make changes as desired and click OK.



NOTE: Changes to items—including sales tax items—take effect on a go-forward basis. For example, suppose a county sales tax rate change takes effect on November 1. You would modify that county's sales tax item *on that date*, *before* recording any sales. This way, sales tax before that date is recorded at the old rate, and sales tax on or after that date is recorded at the new rate.

Assigning Taxes to Customers

To assign tax to a customer, complete two fields related to sales tax on the customer's record. You will need to:

- Mark the customer as either taxable or not.
- Assign a preset single tax or tax group to the customer.

When you enter this customer's name on a sale, QuickBooks uses the tax you specified on the customer's record.



TIP: You can learn more about working with the Customer Center and adding customers and jobs in Chapter 4.

To Assign Taxes to Customers

- 1 Choose Lists | Customer:Jobs, or press SHIFT-COMMAND-J, to display the Customer Center window.
- 2 Double-click an existing customer or job in the Customer List, or choose Edit | New Customer, or press COMMAND-N, to create a new customer. The *Customer Name* or New Customer dialog appears.
- 3 Click the Additional Info button to display its options (refer to Figure 10-1).

The screenshot shows a window titled "Chil Corp" with a "Customer Name" dialog box. The "Customer" field contains "Chil Corp" and there is a checkbox for "Customer is inactive". The "Additional Info" tab is active, showing "Categorizing and Defaults" and "Custom Fields" sections. Under "Categorizing and Defaults", there are dropdowns for "Customer Type" (Commercial), "Terms" (2% 10 Net 30), and "Rep" (GOS), along with a "Credit Limit" field set to "\$ 15,000.00". A "Define Fields" button is in the "Custom Fields" section. The "Sales Tax Information" section is highlighted with a red box and contains a checked "Customer is taxable" checkbox, a "Tax Item" dropdown set to "Yuma Sales Tax", and an empty "Resale Number" field. At the bottom right are "Cancel" and "OK" buttons.

FIGURE 10-1 The Additional Info pane of the *Customer Name* dialog enables you to set tax options for a customer.

- 4 If the customer is taxable, turn on the Customer Is Taxable check box. Then choose a tax item or group from the Tax Item drop-down list. This becomes the default tax rate for the customer.

or

If the customer is not taxable, turn off the Customer Is Taxable check box. Then enter the customer's resale number (which you should keep on file) in the Resale Number field.

- 5 Click OK to save your settings.

\$ NOTE: Just because you assign a default sales tax item or group to a customer doesn't mean you have to use it on every sale. You can override the sales tax if necessary. For example, suppose you normally provide a service to a customer in one city, but you are providing the same service to the same customer in a different city. You can choose the local sales tax item or group (assuming it has been created in QuickBooks) when you record the sale. Using sales tax items in sales forms is discussed later in this chapter.

To Sell to Out-of-State Customers

If your tax agency requires you to track the amount of sales to out-of-state customers, you can use the Out Of State sales tax item that QuickBooks creates for taxable transactions for out-of-state customers. The rate should be 0.00%.

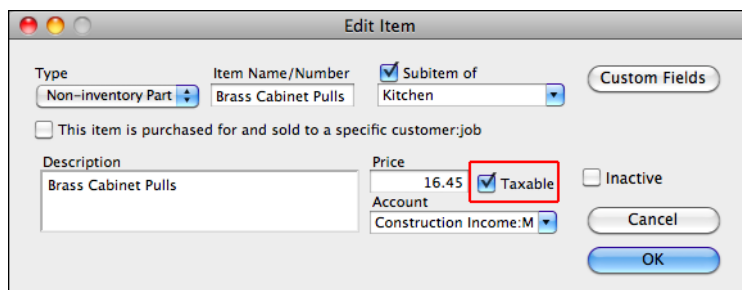
Marking Items You Sell as Taxable

Some of the items you sell may be taxable while others aren't. For example, maybe you sell taxable parts, but the services you sell are not taxable. In QuickBooks, you can mark any item you sell as taxable. When you enter a sale for a taxable customer, QuickBooks calculates sales tax only for those items you've marked as taxable. You can change any default tax information on any sale.

You can mark inventory parts, non-inventory parts, services, and other charges as taxable. You cannot mark any other types of items as taxable; however, discount items allow you to choose whether to apply the discount before or after sales tax is calculated.

To Mark an Item as Taxable

- 1 Choose Lists | Items, or press SHIFT-COMMAND-I, to display the Item List window.
- 2 Double-click the item you want to mark as taxable. The Edit Item dialog appears. The appearance of the dialog varies depending on the type of item; here's how it might look for a non-inventory part:



The screenshot shows the 'Edit Item' dialog box for a non-inventory part. The 'Type' is set to 'Non-inventory Part', the 'Item Name/Number' is 'Brass Cabinet Pulls', and it is a 'Subitem of' 'Kitchen'. The 'Price' is 16.45, and the 'Account' is 'Construction Income:M'. The 'Taxable' checkbox is checked and highlighted with a red box. There are also 'Cancel' and 'OK' buttons.

- 3 Turn on the Taxable check box.
- 4 Click OK to save your changes.

To Change an Item's Taxable Status on a Sales Form

When you use a taxable item in a sale, QuickBooks displays a *T* next to the item to indicate which items are taxable. Here's an example:

Item	Description	Quantity	Rate	Amount ^{tax}
Subs:Framing	Framing labor	6.5	55.00	357.50
Inventory Doors:Door	standard interior door frame	1	395.00	395.00 T
Inventory Doors:Ex	Exterior wood door	1	476.00	476.00 T

You can change the taxable status of an item on any invoice or receipt without changing an item's taxable status permanently. The change is only for the sale on which you're working.

On the sales form, click a *T* to remove it, or click in the Tax column next to a line item to make a *T* appear.

Applying Sales Tax to an Invoice or Cash Sale

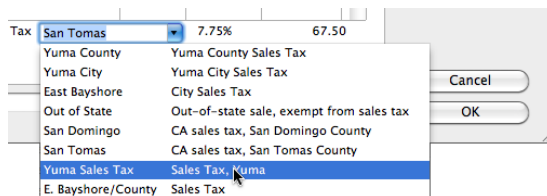
QuickBooks automatically calculates the tax on a sale if you have:

- Set up your most common sales tax.
- Assigned taxes to your customers.
- Marked taxable items on your Item List as taxable.

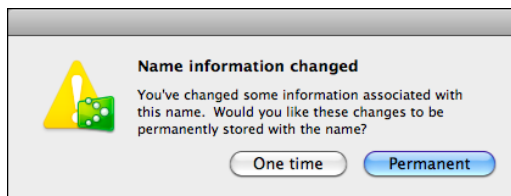
At the time of sale, QuickBooks applies the tax you have assigned a customer to items you've marked taxable (shown with a *T* on the sales form). When you enter a sale for a new customer, QuickBooks automatically fills in your most common tax in the Tax field.

To Apply a Different Tax to a Sale

- 1 Prepare a sales form as you normally would for the customer. (Consult Chapter 7 for details.)
- 2 Choose a different item from the Tax pop-up menu at the bottom of the sales form, as shown next. QuickBooks applies the new tax item or tax group to the taxable amounts on the sale.



- 3 Click OK to save the form.
- 4 QuickBooks displays a dialog like the one shown next, asking if you would like the change to be permanently stored with the name.



- **One Time** uses the new tax item or tax group for just this transaction and reverts to the customer's preset tax item the next time you enter a sale to this customer.
- **Permanent** always associates the new tax item or tax group with that customer.

To Add a Sales Tax Line Item to a Sale

When you want sales tax to apply to some taxable items on a sale, but not all taxable items, use a sales tax item in the detail area of the sale. A sales tax line item calculates tax on the taxable portion of the line above if that line is not a percentage. To add a sales tax line item, choose the item from the list in the Item column of the sales form's detail area.

\$ NOTE: The tax item that you use in the detail area cannot be the same as the tax item selected in the Tax field at the bottom of the form.

In the following example, sales tax is charged on the item Cabinets:Light Pine, but not on the items Kitchen:Appliance and Hardware:Switchplates. That's because the sales tax item appears after Cabinets:Light Pine.

Item	Description	Quantity	Rate	Amount	Tax
Cabinets:Light Pine ▾	Light pine kitchen cabinet wall unit	6.5	496.00	3,224.00	T
San Domingo	CA sales tax, San Domingo County		7.5%	241.80	
Kitchen:Appliance	Stove	1	856.00	856.00	T
Hardware:Switchplate	Decorative switchplates	16	12.00	192.00	

This next example uses a Subtotal field after the first three line items, followed immediately by a tax line item. In this case, the tax applies to all taxable items

included in the subtotal, because the sales tax item appears after the subtotal. (You can learn more about subtotal items in Chapter 4.)

Item	Description	Quantity	Rate	Amount	Tax
Cabinets:Light Pine	Light pine kitchen cabinet wall unit	6.5	496.00	3,224.00	T
Kitchen:Appliance	Stove	1	856.00	856.00	T
Hardware:Switchplate	Decorative switchplates	16	12.00	192.00	
Subtotal	Subtotal			4,272.00	
San Domingo	CA sales tax, San Domingo County		7.5%	306.00	

It's important to keep in mind that in both examples, if a nonzero tax item is selected at the bottom of the sales form, the taxable items will be taxed at that rate, too. If that's not what you want to happen, you need to choose a 0% tax rate from the Tax drop-down list at the bottom of the sales form.

How might you use this? Well, suppose you have to pay the same state or county sales tax rate for all items in a sale, but different city or local rates for individual items. You can choose the state or county sales tax item at the bottom of the sales form, and use individual city or local tax items under each item you sell.

To Not Tax a Customer on a Particular Sale

Occasionally, you may need to record a non-taxable sale for a normally taxable customer.

- 1 On the right side of the sales form, clear the Customer Is Taxable check box.
- 2 Leave the sales tax item in the Tax field. The sale is recorded as a non-taxable sale for the correct tax district or districts.
- 3 Complete the sales form and click OK.



NOTE: If you never tax a customer, clear the Taxable check box on the customer's record, as discussed earlier in this chapter.

Unusual Tax Situations

You may need to change the sales tax that QuickBooks automatically applies when you have an unusual sale. Table 10-1 summarizes a few special tax situations and how you can handle them.

Special Tax Situation	How to Handle in QuickBooks	Result
Sale to out-of-state customer.	Choose the Out Of State sales tax item for the sale (QuickBooks creates this item).	QuickBooks records the sale as non-taxable and out of state, so you can report it when you pay taxes.
Some items on a sale are taxed at one rate, some at another rate.	<ul style="list-style-type: none"> List items taxed at the same rate together. Add a subtotal item below each set of items. Add a tax line item below each set of taxable items. Use a placeholder 0.00% tax item to put in the Tax field, because you can't record a sale with the Tax field empty. 	QuickBooks includes the taxable items subtotaled above each tax line item in that tax line item's gross sales and taxable sales. Non-taxable items included in the subtotal above each tax line item are included in that tax item's gross sales and non-taxable sales.
All taxable items on a sale are taxable at one rate; some items are taxable at an additional rate.	<ul style="list-style-type: none"> List all items taxable at the additional rate together. Add a subtotal item below the set of items. Add a tax line item for the additional rate below the subtotal line. In the Tax field, enter the tax item for all taxable items. 	All taxable items are included in taxable sales for the tax item in the Tax field. Items with the additional tax are included in taxable sales for the tax line item.
QuickBooks cannot calculate tax the way you need it calculated (for example, for tiered taxes).	<ul style="list-style-type: none"> Create a tax item for the tax. Enter the tax as a line item on a sale and then select and type over the amount of the tax using an amount you calculate yourself. 	QuickBooks reports the amount you type in as the amount of tax you owe your tax agency for the sale. Taxable sales and non-taxable sales amounts are based on the taxable and non-taxable amounts included in the item (usually a subtotal) above the tax line.
Shipping and handling are taxable in your state.	Set up an Other Charge item called "shipping and handling" that is taxable.	QuickBooks calculates tax on shipping and handling because you've marked it as taxable.
A sales tax credit or discount from the tax agency.	Enter it directly in the register of your Sales Tax Payable account: <ul style="list-style-type: none"> Put the tax agency name in the Vendor field and the amount in the Paid column. Enter your income account for tax credits or discounts in the Account field. 	After you record your entry, QuickBooks makes the transaction type GENJRNL (general journal). The next time you pay your sales tax, the credit or discount will be a negative amount in the Pay Sales Tax window. Mark the Pay column next to the credit or discount so that the payment check is reduced by its amount.


TABLE 10-1 How You Can Handle Some Unusual Sales Tax Situations with QuickBooks

Keeping Track of How Much Sales Tax You Owe

You can view the sales tax liability you are accruing in the Sales Tax Liability report and the Sales Tax Payable register.

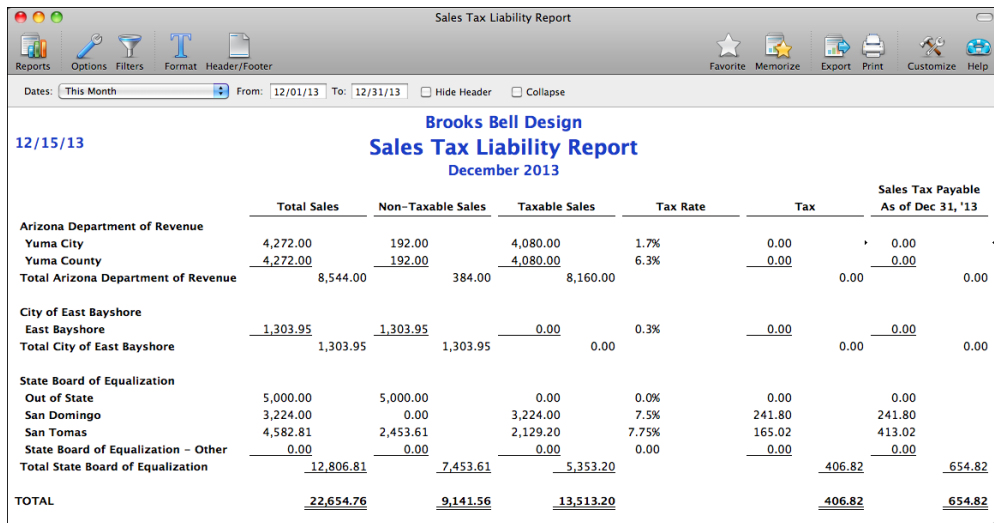
To View the Sales Tax Liability Report

QuickBooks' preset Sales Tax Liability report (refer to Figure 10-2) shows your total taxable sales, total non-taxable sales, and the amount of sales tax you owe each tax agency as of the date you specified. To view the report, choose Reports | Vendors & Payables | Sales Tax Liability. (Reports are covered in more detail in Chapter 21.)

 **NOTE:** QuickBooks displays your Sales Tax Liability report on an accrual basis unless you changed the setting in the Sales Tax settings pane. You can learn more about setting preferences and company options in Chapter 22.

To Display the Sales Tax Payable Register

Each time you enter a sale that includes sales tax, QuickBooks enters the tax information in your Sales Tax Payable register. QuickBooks keeps track of



	Total Sales	Non-Taxable Sales	Taxable Sales	Tax Rate	Tax	Sales Tax Payable As of Dec 31, '13
Brooks Bell Design						
12/15/13						
Sales Tax Liability Report						
December 2013						
Arizona Department of Revenue						
Yuma City	4,272.00	192.00	4,080.00	1.7%	0.00	0.00
Yuma County	4,272.00	192.00	4,080.00	6.3%	0.00	0.00
Total Arizona Department of Revenue	8,544.00	384.00	8,160.00		0.00	0.00
City of East Bayshore						
East Bayshore	1,303.95	1,303.95	0.00	0.3%	0.00	0.00
Total City of East Bayshore	1,303.95	1,303.95	0.00		0.00	0.00
State Board of Equalization						
Out of State	5,000.00	5,000.00	0.00	0.0%	0.00	0.00
San Domingo	3,224.00	0.00	3,224.00	7.5%	241.80	241.80
San Tomas	4,582.81	2,453.61	2,129.20	7.75%	165.02	413.02
State Board of Equalization - Other	0.00	0.00	0.00	0.00	0.00	0.00
Total State Board of Equalization	12,806.81	7,453.61	5,353.20		406.82	654.82
TOTAL	22,654.76	9,141.56	13,513.20		406.82	654.82

FIGURE 10-2 The Sales Tax Liability report summarizes your monthly sales tax liability.

transactions for all tax vendors in the same Sales Tax Payable account. (You can learn more about working with account registers in Chapter 18.)

- 1 Choose Lists | Chart Of Accounts to display the Chart Of Accounts window.
- 2 Double-click your Sales Tax Payable account. The Sales Tax Payable account register window appears:

Date	Number	Type	Vendor	Account	Memo	Due Date	Billed	✓	Paid	Balance
12/15/13	1101	INV	State Board of Equalization	Accounts Receiva...	CA sales tax, San ...	12/31/13	0.00			654.82
12/15/13	1103	INV	City of East Bayshore	Accounts Receiva...	City Sales Tax	12/31/13	0.00			654.82
12/15/13	1105	INV	State Board of Equalization	Accounts Receiva...	Out-of-state sale...	12/31/13	0.00			654.82
12/15/13	1106	INV	State Board of Equalization	Accounts Receiva...	Out-of-state sale...	12/31/13	0.00			654.82
12/15/13	1107	INV	State Board of Equalization	Accounts Receiva...	CA sales tax, San ...	12/31/13	0.00			654.82
12/15/13										Ending balance 654.82

To See a List of All Transactions Involving a Particular Tax Agency

You can also view a QuickReport for a specific tax agency to see individual transactions for that agency.

- 1 Choose Lists | Vendors to open the Vendor Center window.
- 2 In the Vendor List, select the tax agency you want to see transactions for.
- 3 Choose QuickReport from the Actions pop-up menu at the bottom of the Vendor Center window. A Sales Tax Vendor QuickReport window like the one in Figure 10-3 appears.

Paying Sales Tax

Use the Pay Sales Tax window to see how much tax you owe and to write a check to your tax agency or agencies. QuickBooks calculates the tax you owe on either a cash basis or an accrual basis, depending on Sales Tax settings for your company (shown earlier in this chapter and discussed in Chapter 22). QuickBooks prepares payment checks and updates your sales tax account with the payment information.

Brooks Bell Design
Sales Tax Vendor QuickReport
 January through December 2013

Type	Date	Num	Memo	Due Date	Amount
State Board of Equalization					
Invoice	07/01/13	1100	CA sales tax, Sa...	07/31/13	156.07
Invoice	10/15/13	1097	CA sales tax, Sa...	10/31/13	503.98
Invoice	11/18/13	1077	CA sales tax, Sa...	11/30/13	248.00
Invoice	12/01/13	4564	CA sales tax, Sa...	12/31/13	241.80
Invoice	12/02/13	1104	CA sales tax, Sa...	12/31/13	50.38
Invoice	12/02/13	1790	CA sales tax, Sa...	12/31/13	112.78
Invoice	12/15/13	1101	CA sales tax, Sa...	12/31/13	0.00
Sales Receipt	12/15/13	13097	CA sales tax, Sa...	12/31/13	1.86
Invoice	12/15/13	1105	Out-of-state sa...	12/31/13	0.00
Invoice	12/15/13	1106	Out-of-state sa...	12/31/13	0.00
Invoice	12/15/13	1107	CA sales tax, Sa...	12/31/13	0.00
Sales Tax Payment	12/15/13	521	ABCD 11-234567		-78.56
Sales Tax Payment	12/15/13	521	ABCD 11-234567		-751.22
Total State Board of Equalization					485.09
TOTAL					485.09

FIGURE 10-3 A Sales Tax Vendor QuickReport lists all transactions under a specific tax agency’s jurisdiction.

To Pay Off Your Sales Tax Liability

- 1 Choose Vendors | Pay Sales Tax. The Pay Sales Tax dialog, which is shown next, appears.

Pay Sales Tax

Pay From Account: Check Date: Show sales tax due through:

Pay	Item	Vendor	Amt. Due	Amt. Paid
<input checked="" type="checkbox"/>	San Tomas	State Board of Equalization	248.00	248.00
Totals			248.00	248.00

To be printed Ending Bank Balance: 28,797.58

Buttons: Clear Selections, Help, Cancel, OK

- 2 In the Pay From Account drop-down list, choose the account from which you want to pay your sales tax agency or agencies.
- 3 Enter the date for the payment check in the Check Date field.
- 4 If necessary, change the date in the Show Sales Tax Due Through field to display the end date for the sales tax period you are paying. By default, QuickBooks uses the date at the end of the last sales tax period.



TIP: You can change the default date QuickBooks uses by indicating whether you pay taxes monthly, quarterly, or annually in the Sales Tax settings for your company. Consult Chapter 22 for details.

- 5 Click in the Pay column to place a check mark beside each tax item you want to pay. You can edit the value in the Amt. Paid column, if necessary, to adjust the payment amount. If you make a mistake, you can click Clear Selections to start over.
- 6 Click OK. QuickBooks writes and records checks to the tax agencies you indicated. All you need to do is print the checks. QuickBooks also updates your sales tax report and Sales Tax Payable register to show that you've paid the tax agencies.

Managing Accounts Receivable

In this chapter:

- Viewing the Accounts Receivable register
- Viewing the customer register
- Editing a transaction in the Accounts Receivable register
- Changing the opening balance for a customer
- Viewing an accounts receivable transaction history
- Viewing a QuickReport about a customer
- Working with accounts receivable reports and graphs

As you enter accounts receivable transactions, QuickBooks tracks information about your customers and the money they owe you. You can easily find out:

- Which customers owe you money and how much
- Whether a particular invoice or billing statement has been paid
- A customer's buying history
- Which invoices or billing statements have payments that are more than a month overdue

You can get answers to these and many other questions by using the tools QuickBooks provides for viewing your accounts receivable. This chapter takes a look at these tools.

Viewing Accounts Receivable Details

QuickBooks offers three basic ways to see accounts receivable activity:

- The Accounts Receivable register combines information for all customers who have been invoiced for sales.
- The customer register for a specific customer displays transactions for just that customer.
- The Customer Center's transaction list itemizes each transaction for a selected customer, including cash transactions.

The Accounts Receivable Register

As shown in Figure 11-1, the Accounts Receivable register lists all invoices, statement charges, payments, credit memos, and customer discounts you've entered. You can browse through the register and easily open related QuickBooks windows such as the Create Invoices and Receive Payments windows.

To View the Accounts Receivable Register

- 1 Choose Lists | Chart Of Accounts, or press SHIFT-COMMAND-A, to display the Chart Of Accounts window.
- 2 Double-click the Accounts Receivable account. The Accounts Receivable account register appears.



NOTE: By default, this account is named Accounts Receivable. You can change the name if you like. You can also create multiple accounts receivable accounts if you need to.

Accounts Receivable								
Date	Number	Customer	Item	Qty	Rate	Amt Chrg	Amt Paid	
Type	Description		Class			Billed Date	Due Date	
12/10/13	4587	Burch, Jason:Room ...					2,738.74	
	PMT	Payment on Account Balance						
12/10/13	4587	Burch, Jason:Room ...					11.51	
	PMT	Payment on Account Balance						
12/10/13	1102	Castillo, Eloisa:Bay ...				225.00		
	INV						12/25/13	
12/10/13	4565	Khoo, Mindy:Patio				725.00		
	INV						01/09/14	
12/15/13	3827	Burch, Jason:Room ...					1,000.00	
	PMT	Partial Payment						
12/15/13	1101	Euretig, Rachel:Ho...				586.11		
	INV						12/30/13	
12/15/13	1103	Craven, Pamela:Duc...				1,078.95		
	INV						12/15/13	
12/15/13	1105	Chil Corp:Wickenbu...					0.00	
	INV						Paid	
12/15/13	1106	Chil Corp:Wickenbu...					0.00	
	INV						Paid	
12/15/13	1107	Abercrombie, Kristy...					0.00	
	INV						Paid	
12/31/13	FC 7	Brooks Bell:Remode...				49.75		
	INV	Finance Charge					12/31/13	
12/31/13	FC 8	Burch, Jason:Room ...				90.96		
	INV	Finance Charge					01/30/14	
12/31/13	FC 12	Robson, Darci:Robs...				262.03		
	INV	Finance Charge					12/31/13	
12/15/13	Number	Customer	Item	Qty	Rate	Amt Chrg		
	Description			Clas				

Ending balance 103,188.37

Record Restore 1-Line Show open balance Sort by Date, Type, N...

FIGURE 11-1 The Accounts Receivable register lists all transactions that affect your company's accounts receivable balance.

The Customer Register

The customer register (refer to Figure 11-2) is an Accounts Receivable register for just one customer. A customer register is available for each customer on your Customer:Job list. It lists all invoices, statement charges, payments, credit memos, and customer discounts you've entered for that customer. All of the tasks you can do with the Accounts Receivable register you can also do with the customer register.

To View the Customer Register

- 1 Choose Lists | Customer:Jobs, or press SHIFT-COMMAND-J, to open the Customer Center window.
- 2 In the list of customers and jobs, select the customer you want to view a register for.

Khoo, Mindy - Accounts Receivable							
Customer:Job Khoo, Mindy							
Date	Number	Item	Qty	Rate	Amt Chrg	Amt Paid	Balance
	Type	Description	Account	Class	Billed Date	Due Date	
08/27/11	1056				8,361.67		8,361.67
	INV		Accounts Receivable			Paid	
08/29/11	9753					700.00	7,661.67
	PMT		Accounts Receivable				
09/30/11	FC 1				5.00		7,666.67
	INV	Finance Charge	Accounts Receivable			Paid	
10/22/11	10034					2,200.00	5,466.67
	PMT		Accounts Receivable				
10/31/11	FC 3				18.73		5,485.40
	INV	Finance Charge	Accounts Receivable			Paid	
11/11/11	10153					1,224.39	4,261.01
	PMT		Accounts Receivable				
12/02/11						4,261.01	0.00
	PMT		Accounts Receivable				
12/10/13	4565				725.00		725.00
	INV		Accounts Receivable			01/09/14	
12/10/13	Number	Item	Qty	Rate	Amt Chrg		
	Description	A/R New Custor	Class				

Ending balance 725.00

Record Restore Time/Costs... 1-Line Show open balance Sort by Date, Type, N...

FIGURE 11-2 The customer register displays all accounts receivable activity for a specific customer.

- 3 Click the Open Accounts Receivable Register For Selected Customer Or Job button at the bottom of the window:



The customer register opens (refer to Figure 11-2).

To View a Different Customer in the Customer Register

Once the Customer Register window is open, you can switch from one customer to another. Simply choose the customer you want to view from the Customer:Job drop-down list at the top of the window (refer to Figure 11-2).

Customer Center Transaction List

The Customer Center window, when expanded, shows details for selected customers or jobs. As discussed in Chapter 4, you can view the Customer Center as a simple customer list or as a window with details (see Figure 11-3).

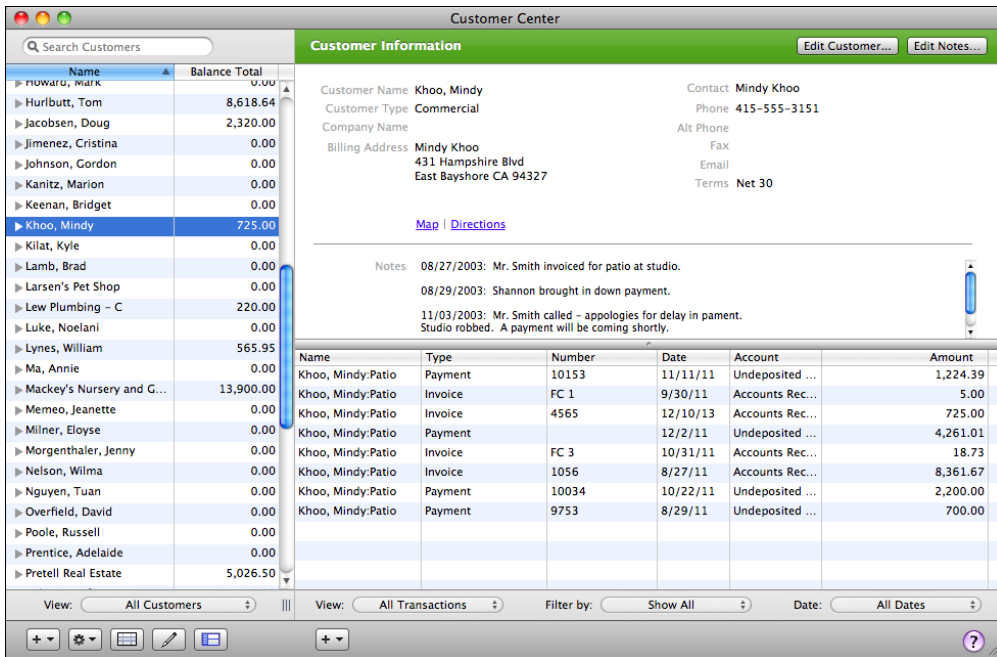


FIGURE 11-3 The Customer Center window can display a list of transactions for a selected customer or job.

To View the Customer Center's Transaction List

- 1 Choose Lists | Customer:Jobs, or press SHIFT-COMMAND-J. The Customer Center window appears.
- 2 If the window appears as a list of customers and jobs, click the Show Customer List And Details button at the bottom of the window. It expands to show additional information (refer to Figure 11-3).
- 3 In the customer list on the left side of the window, select the customer or job you want to view transactions for. The transactions for that customer appear in the bottom right of the Customer Center window.

NOTE: Unlike the Accounts Receivable register and customer register windows, the Customer Center transaction list includes all transactions—not just those that affect accounts receivable balances.

TIP: You can view or edit the details of a transaction in the list. Double-click the transaction to display its source window or dialog.

Editing Register Transactions

Whether you entered a sale with a sales form or as a statement charge, you can edit the transaction in the Accounts Receivable register or customer register.



NOTE: You can only edit transactions that affect accounts receivable balances in these registers. Sales entered with an Enter Sales Receipt window are not listed in the accounts receivable registers.

To Edit an Accounts Receivable Transaction in a Register

- 1 Open the Accounts Receivable register or customer register for the transaction you want to edit.
- 2 Locate the transaction you want to edit.



TIP: If you have many transactions in your register, let QuickBooks search for the transaction you want. You can learn about using QuickBooks' Find feature in Chapter 18.

- 3 Double-click the transaction.
- 4 QuickBooks displays the transaction in its original form, unless you selected a statement charge. (You edit statement charges directly in the register, as discussed in Chapter 7.)
- 5 Make any changes you'd like in the form.
- 6 Click OK.

To Change the Opening Balance for a Customer in a Register

You can use the Accounts Receivable register or a customer's register to change the opening balance for a customer.

- 1 Open the Accounts Receivable register or customer register.
- 2 Double-click the customer's opening balance transaction. This transaction is usually one of the first in the register for that customer and may include a Description of "Opening Balance." (Creating opening balance transactions is covered in Chapter 2.)
- 3 QuickBooks displays the Create Invoices window for the transaction. Change the amount in the Amount field.
- 4 Click OK.

Viewing an Accounts Receivable Transaction History

A transaction history shows you transactions that are related or “linked” to the one you selected, so you can move easily to any related transaction. For example, from an invoice, you can move to any of the payments that paid the invoice.

You can view an accounts receivable transaction history from the following registers and windows:

- Accounts Receivable register
- Customer register
- Check register
- Undeposited Funds register
- Create Invoices window
- Receive Payments window
- Create Credit Memos/Refunds window

The history shows all transactions that are related to the transaction you select.

Transaction History for Transaction Types

Table 11-1 describes the transaction history QuickBooks shows for different types of transactions.

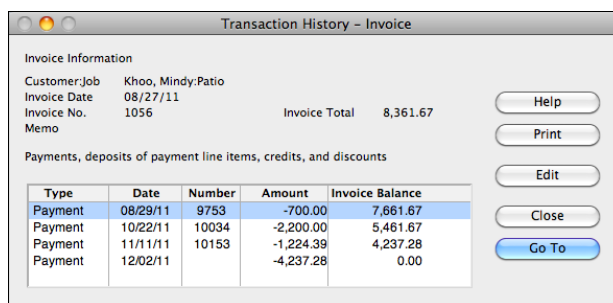
Transaction History for This Type of Transaction	Shows These Related Transactions in Chronological Order
Invoice Statement charge	Payments applied to the invoice or statement charge Point-of-sale payments (Payment invoice items) Deposits of point-of-sale payments Discounts applied for early payment Credit memos applied to the invoice or statement charge
Payment	Invoices to which the payment was applied Deposit, if the payment was deposited using the Make Deposits window
Deposit	Payments included in the deposit
Credit memo	Invoices this credit paid
Discount	Invoice to which the discount was applied
Cash sale receipt	Deposit of the money received

TABLE 11-1 Transaction History for Various Transaction Types

To View a Transaction History for an Accounts Receivable Transaction

To display a transaction history, you begin by displaying the transaction that interests you.

- 1 Select or display the transaction you're interested in from the Accounts Receivable register or from the appropriate window: Create Invoices, Receive Payments, or Create Credit Memos/Refunds.
- 2 Choose Edit | Transaction History, press **COMMAND-U**, or click the **Pmt History** button (if available). The Transaction History dialog appears. Here's what it looks like for an invoice with four payments:



To Go to a Linked Transaction

- 1 In the Transaction History dialog, select the transaction you want to see.
- 2 Click the **Go To** button. QuickBooks displays the source form for the transaction you selected.

Viewing a QuickReport about a Customer

You can create a Customer QuickReport to view a list of a customer's transactions. The QuickReport shows all invoices, statement charges, and unapplied credits related to that customer, as well as the due date, the open balance, and the original amount of the invoice or statement charge. Depending on what was displayed or selected when you created the QuickReport, it may also show the account you assigned payment to. You can see an example of a QuickReport in Figure 11-4.

To View a QuickReport for a Customer

- 1 Display an invoice or customer payment, select a transaction from the Accounts Receivable register or customer register, or select a name in the Customer Center window.
- 2 Choose **Reports | QuickReport**.

Type	Date	Num	Memo	Due Date	Open Balance	Amount
Khoo, Mindy						
Patio						
Invoice	08/27/11	1056		09/26/15		8,361.67
Payment	08/29/11	9753				700.00
Invoice	09/30/11	FC 1	Finance Charge	09/30/11		5.00
Payment	10/22/11	10034				2,200.00
Invoice	10/31/11	FC 3	Finance Charge	10/31/11		18.73
Payment	11/11/11	10153				1,224.39
Payment	12/02/11					4,261.01
Invoice	12/10/13	4565		01/09/14	725.00	725.00

FIGURE 11-4 A QuickReport created from the customer list includes details about each transaction.

QuickBooks displays a chronological report showing transactions for the customer (refer to Figure 11-4).

Working with Accounts Receivable Reports and Graphs

QuickBooks has several preset Accounts Receivable reports that give you valuable information about your customers and sales. You can filter each preset report so that it shows only the information you need to see. You can also customize each report so that it looks the way you want onscreen and on paper.

Because preset reports are designed to give you just the information you need, you may not need to change any settings when you display the report. Just choose the report or graph you want from the Reports menu. Figure 11-5 shows an example of an Accounts Receivable graph. (You can learn more about creating and customizing reports in Chapter 21.)

To Create an Accounts Receivable Report or Graph

- 1 Choose Reports | Customers & Receivables.
- 2 Choose the Accounts Receivable report or graph you want to see.

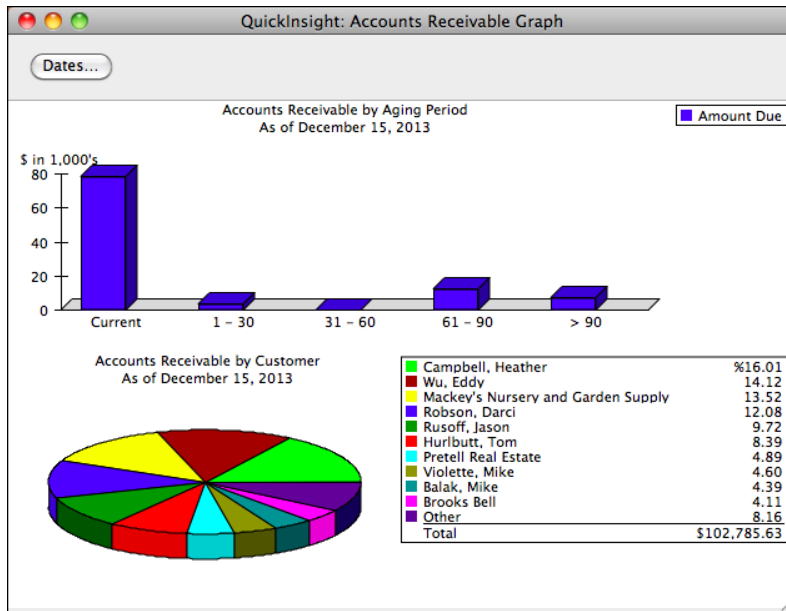


FIGURE 11-5 Here's an example of an Accounts Receivable Graph.

Working with Bills and Payables

Bills and accounts payable are unfortunate facts of life for any business. As you buy the products and services you need to run your business, you accumulate bills and debt. QuickBooks makes it easy to track your bills and accounts payable. Not only can it remind you to pay your bills on time, but it can show you exactly how much you owe to vendors and other creditors at any time. QuickBooks also helps you keep track of products and services you have on order with its purchase order tracking features.

This part of the book explores the features of QuickBooks that can help you track and pay your debt. Its three chapters are:

Chapter 12: Recording and Paying Bills

Chapter 13: Managing Accounts Payable

Chapter 14: Working with Purchase Orders

Recording and Paying Bills

In this chapter:

- Bills overview
- Entering a bill
- Paying bills
- Viewing a bill payment
- Editing bills and payments
- Deleting bills and payments
- Having QuickBooks remind you to pay your bills
- Entering credit from a vendor
- Questions and answers about bills

Bills—requests for payment from the individuals and organizations that provide products and services—are among the least appealing aspects of running a business. Covering costs for things such as utilities, repairs, and the inventory items you sell, bills increase your company's debt and require prompt payment to keep your creditors happy.

This chapter explains how to use QuickBooks to record, process, and pay the bills you receive in the course of doing business.

Bills Overview

Using QuickBooks' *accounts payable*—or *A/P*—includes two easy steps, both of which are covered in detail in this chapter:

- 1 Enter bills when you receive them.
- 2 Check off the bills you want to pay. QuickBooks writes and records the checks, which you can then print.

QuickBooks can remind you when your payments are due, and calculate and apply any discounts you earn for paying bills early.

At any time, you can see reports about your purchasing and the vendors you buy from, as well as cash flow reports, which help you learn about and plan your spending.

If You Defer Bill Payment Until the Due Date

If you set bills aside to pay later, accounts payable is an easy and beneficial way to handle your bills. QuickBooks can help you pay on time and help you forecast your cash flow, so you can use your business's money in the best way possible.

Even if you report on a cash basis (so that accounts payable doesn't enter into your reports), the Enter Bills and Pay Bills features described in this chapter provide a convenient way of keeping track of and controlling the timing of your bill payments.

If You Pay Bills Right Away

If you always pay bills when you receive them, and you prefer to continue that practice rather than wait until they're due, you do not need to use accounts payable. Use the Write Checks window to pay your bills and assign their amounts to appropriate expense accounts.



TIP: You can learn more about writing checks in Chapter 15.

Entering a Bill

To get the most benefit from tracking accounts payable, enter bills as soon as you receive them. That way, your cash flow reports will be up to date, and you won't run the risk of setting bills aside and forgetting about them.

This part of the chapter looks at the various ways to enter bills in QuickBooks.

Using the Enter Bills Window

The most straightforward way to enter bills is with the Enter Bills window, which is shown in Figure 12-1. It prompts you for all the information you need about the vendor, expense, and items on the bill. To open this window, choose Vendors | Enter Bills.

To Enter Vendor-Related Information

The top half of the Enter Bills window (refer to Figure 12-1) includes fields for entering information about the vendor, as well as general information about the bill.

- 1 In the Vendor field, choose a vendor name from the drop-down list or enter a new vendor. If you enter a new vendor, QuickBooks will prompt you to set up the vendor.

Enter Bills

Bill Credit Bill Received

Bill

Vendor Wheeler's Tile Etc. Date 12/15/10

Ref. No. 10345

Discount Date 12/25/10 Amount Due 901.20

Terms 2% 10 Net 30 Bill Due 01/14/11

Memo

Show in iCal

Next Previous Recalc Cancel OK

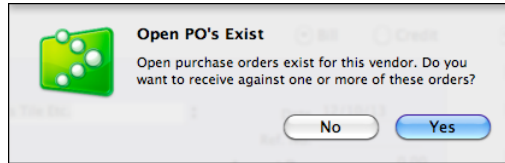
Expenses - \$0.00 Items - \$901.20

Item	Description	Qty	Cost	Amount	Customer...	Class	PO No.
Lighting:Floc	12' Sq tile #490-	2	94.20	188.40			6233
Lumber:Deckin	Decking lumber	144	4.95	712.80			6234

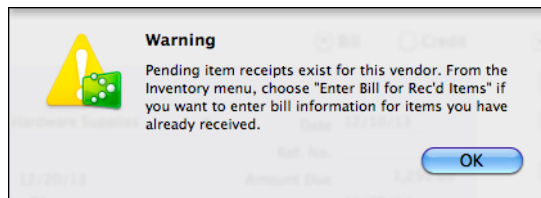
Select PO Clear Qtys Show PO

FIGURE 12-1 The Enter Bills window includes fields for entering complete information about an incoming bill.

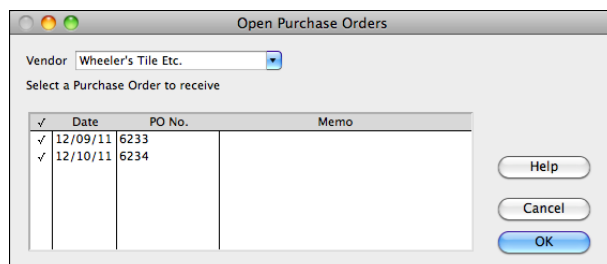
- 2 If a purchase order exists for the vendor, a dialog like the one shown next appears. You have two options:



- **No** tells QuickBooks you are not entering a bill for items received for a purchase order. Skip ahead to step 7.
 - **Yes** tells QuickBooks that you are entering a bill for items received on a purchase order. Skip ahead to step 5.
- 3 If you have received items for the vendor but not entered a bill for those items, a dialog like the one shown next appears. Click OK, then, to enter a bill for those items, close the window and choose Vendor | Enter Bill For Received Items. Skip the rest of these steps.



- 4 An Auto Recall dialog may appear. You have two options:
- **No** tells QuickBooks that you don't want to reuse the previous transaction for that vendor.
 - **Yes** tells QuickBooks to copy the details for the previous transaction for that vendor. You can then edit that information as needed to complete the current transaction.
- 5 QuickBooks displays the Open Purchase Orders dialog (shown next). Click in the left column to place a check mark beside each purchase order you want to receive items for on the bill.



- 6 Click OK. The items appear in the Items pane on the bottom half of the Enter Bills window (refer to Figure 12-1).
- 7 Fill in the remaining fields at the top of the Enter Bills window:
 - **Date** is the bill date. You can leave it set to the date QuickBooks enters (the current date), or change it to match the date on the bill.
 - **Ref. No.** is an optional reference number for the bill. You might want to use this field to enter the bill's invoice number. If you print voucher checks, entering the invoice number in this field helps specify to your vendor which bills you're paying because the number in the Ref No. field prints in the voucher area.
 - **Amount Due** is the total amount due on the bill.
 - **Bill Due** is the bill's due date.
 - **Terms** are any special payment terms the vendor has given you. QuickBooks automatically enters any payment terms you specified for the vendor when setting it up in the Vendor Center (as discussed in Chapter 4), but you can override that if other terms apply. QuickBooks will use this information to calculate payment discounts if you can take advantage of them when you pay the bill.
 - **Memo** is an optional memo for the bill. If the Account field is blank on this vendor's record, the memo you enter here appears as the check memo. You can use the Memo field for your account number, the vendor's invoice number, or anything you'd normally like to see on the check memo.

To Record Bill Details for Expenses


The Expenses pane at the bottom of the Enter Bills window is for entering non-item expenses. For example, you might use it to record electricity expenses for a bill from your utility company or postage expenses that are part of a bill for inventory items received.

NOTE: For inventory item purchases, you may want to associate expenses such as tax or freight charges with your Cost of Goods Sold (COGS) account instead of an expense account.


- 1 At the bottom of the Enter Bills window (refer to Figure 12-1), click the Expenses button to display the Expenses pane, which is shown next:

Expenses – \$493.80		Items – \$901.20			
Account	Amount	Memo	Customer:Job	<input type="checkbox"/>	Class
Job Expenses:Freight &	243.80	Freight			
Job Expenses:Equipm ⌵	250.00	Tile Cutter Rental	⌵		⌵

- 2 For each expense on the bill, fill in a line in the Expenses pane. You must fill in the Account and Amount fields; the Memo, Customer:Job, and Class fields are optional.

 **TIP:** If you assign the amount of the bill to various expense accounts, customers, jobs, and classes in the detail area, your reports will accurately reflect how much you spend within each expense account, for each customer or job, and within each class you have set up. Distributing the bill amount to the correct customers also allows you to apply any reimbursable expenses to your sales, as discussed in Chapter 7.


- 3 If you enter a billable expense in the Account field and a customer or job in the Customer:Job field, indicate in the billable column beside it whether to pass this charge on to the customer:
 - If the expense is billable to that customer, leave the invoice icon next to the customer's name as it is.
 - If the expense is not billable to that customer, click on the invoice icon next to the customer's name to mark an X through it. (Clicking on the invoice icon again removes the X.)

 **NOTE:** After you record the invoice that includes the expense, the invoice icon for that expense is grayed, indicating that you've billed the customer for that expense.


To Record Bill Details for Items

You can use the Items pane at the bottom of the Enter Bills window to list the items included on a bill.

- 1 At the bottom of the Enter Bills window (refer to Figure 12-1), click the Items button to display the Items pane.
- 2 If you already received items from a purchase order, those items will be listed. You can make changes as necessary in this area until it reflects the actual items you received and are being charged for on the bill.
- 3 For each item on the bill, fill in a line in the Items pane. You must fill in the Item, Qty, and Cost fields; the Description and Cost fields should automatically be filled in when you choose an item, but you can override either one. The Customer:Job and Class fields are optional.

 **NOTE:** If you enter inventory items, QuickBooks adjusts your inventory to show that you have received the items. QuickBooks uses the cost you enter here to adjust the average cost.

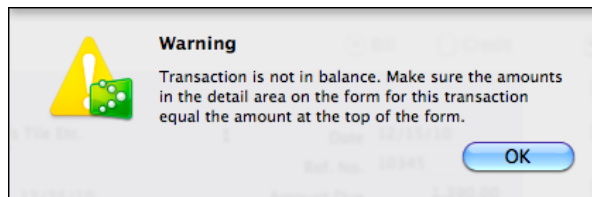
- 4 If you enter a customer or job in the Customer:Job field, indicate in the billable column whether to pass this item cost on to the customer:
 - If the item is billable to that customer, leave the invoice icon next to the customer's name as it is.
 - If the item is not billable to that customer, click on the invoice icon next to the customer's name to mark an X through it. (Clicking on the invoice icon again removes the X.)

 **NOTE:** After you record the invoice that includes the billable item, the invoice icon for that item is grayed, indicating that you've billed the customer for that item.

To Complete the Bill

Once you have entered vendor, expense, and item details, you can complete the bill.


- 1 Click Next to record this bill and enter another, or click OK to record the bill and close the window.
- 2 QuickBooks tells you if the amounts in the detail area do not add up to the total of the bill by displaying a dialog like the one shown next. Click OK to return to the bill, and then click Recalc in the Enter Bills window to recalculate the amounts in the detail area and put the total in the Amount Due field. Then repeat step 1.



QuickBooks enters the transaction into your Accounts Payable register.

Using the Accounts Payable Register to Enter a Bill

You can enter some bills directly into the Accounts Payable register. You might find this useful for entering simple bills for a single expense or item.

 **NOTE:** To receive against a purchase order, or distribute the amount of a bill to several accounts, customers, jobs, classes, or items, use the Enter Bills window as discussed earlier in this part of the chapter.

To Enter a Bill in the Accounts Payable Register

The Accounts Payable register works just like any other register for entering and editing transactions.

TIP: You can learn more about working with account registers in Chapter 18.

- 1 Choose Lists | Chart Of Accounts, or press SHIFT-COMMAND-A, to display the Chart Of Accounts window.
- 2 Double-click the Accounts Payable account to open its register. Figure 12-2 shows what it might look like.
- 3 Enter the bill information in the blank transaction at the bottom of the register:
 - **Date** is the bill date.
 - **Number** is an optional bill identifier, such as an invoice number.
 - **Vendor** is the vendor who sent the bill. Choose an option from the drop-down list or enter a new vendor. If you enter a new vendor, QuickBooks prompts you to set up the vendor.
 - **Due Date** is the date the bill is due.
 - **Billed** is the amount of the bill.
 - **Account** is the account in which you want to record the bill. This will normally be an expense account.
 - **Memo** is an optional memo for the bill.
- 4 To enter more detail than is possible in the register, click Splits or double-click the transaction to edit it. You can then enter multiple expense accounts or customer and job names in the detail area, as shown in Figure 12-3.
- 5 Click Record to save the bill.

Accounts Payable								
Date	Number	Vendor		Due Date	Billed	✓	Paid	Balance
Type	Account	Memo						
12/02/13		Custom Kitchens of Bayshore			15,000.00			37,783.81
	ITEM RCPT	Inventory Asset	Received items (b...					
12/03/13		Holly Heating and Electric		02/01/14	145.00			37,928.81
	BILL	Subcontracted Se...						
12/05/13		Middlefield Drywall		01/04/14	450.00			38,378.81
	BILL	-split-						
12/05/13	34567	Leep & Son Painting		01/04/14	245.00			38,623.81
	BILL	-split-						
12/05/13	120513	Perry Windows & Doors			1,675.00			40,298.81
	ITEM RCPT	-split-	Received items (b...					
12/12/13	Number	Cal Gas & Electric		01/02/14	122.68		Paid	
	BILL	Utilities:Gas and	Acct #560-82645-					
Ending balance								40,298.81

Record Restore Splits 1-Line Show open balance Sort by: Date, Type, N...

FIGURE 12-2 The Accounts Payable register is another place to enter bills.

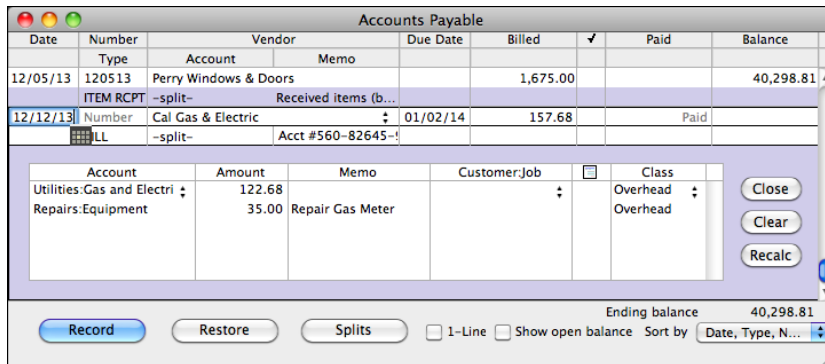


FIGURE 12-3 Clicking the Splits button expands the item so you can enter additional lines of information.

Paying Bills

In the Pay Bills window, you can list all unpaid bills (refer to Figure 12-4) or all bills due as of a date you enter. You mark the bills you want to pay, and QuickBooks writes and records the checks or credit card charges. If you pay by check, you can then print (or write) the checks.

You don't have to print (or even use) checks to use the Pay Bills window. Use the Pay Bills window to automatically calculate what you owe each vendor and record the checks (or credit card charges). QuickBooks enters the checks in your check (or credit card) register.

Don't enter checks to your vendors after using the Pay Bills window. QuickBooks writes and records checks to pay the bills you marked in the Pay Bills window. If you also enter bill payments in the Write Checks window, you'll have two checks recorded to each vendor.

To Pay Bills

- 1 Choose Vendors | Pay Bills to display the Pay Bills window (refer to Figure 12-4).
- 2 If you don't see all the bills you expect in the Pay Bills window, check that the date in the Show Bills Due On Or Before field is correct, or select Show All Bills.
- 3 Enter the payment date in the Payment Date field.
- 4 Select a Payment Method option (Check or Credit Card).
- 5 Choose the account you'll use to pay the bills from the Payment Account drop-down list. Only the accounts of the type you indicated in step 4 appear in the menu.

Payment Date: 12/20/10

Payment Method:
 Check
 Credit Card

Show:
 Bills due on or before: 01/31/11
 All bills

Payment Account: Checking
Sort Bills By: Due Date

✓	Date Due	Vendor	Ref. No.	Bill Amt.	Amt. Due	Disc. Date	Amt. Paid
✓	12/17/10	Hopkins Construction		150.00	150.00		150.00
✓	01/14/11	Lochrie Flooring		125.00	125.00		125.00
✓	01/14/11	Lochrie Flooring	879304	468.89	468.89		468.89
✓	01/14/11	Wheeler's Tile Etc.	10345	1,395.00	1,367.10	12/25/10	1,367.10
	01/25/11	Big Sky Helicopters		450.00	450.00		0.00
Totals				2,588.89	2,560.99		2,110.99

Ending Bank Balance 35,034.59

Buttons: Clear Selections, Discount Info..., Next, Cancel, OK

FIGURE 12-4 Use the Pay Bills window to select the bills you want to pay.

TIP: If you pay by cash and your Petty Cash account is a bank account type, select Check in the Payment Method area and then choose your cash account from the drop-down list.

- 6 If you selected Check as your payment method, select one of the check options:
 - **To Be Printed** adds the checks to the list of checks to be printed. The next time you print checks, the bill payment checks will be included among them.
 - **Assign Check Numbers** enables you to automatically or manually assign check numbers to the bill payment checks. Use this option if you write checks by hand.
- 7 If desired, choose a Sort Bills By option from the pop-up menu: Due Date, Discount Date, Vendor, or Amount Due.
- 8 Click to place a check mark in the column to the left of each bill you want to pay now. If you want to pay all bills, you can click the Select All Bills button at the bottom of the window.
- 9 To pay only part of a bill now, enter the amount you'd like to pay in the Amt. Paid column for the bill.
- 10 To review or update discount information for a bill, select the Amt. Paid field for that bill and click Discount Info. In the dialog that appears (shown next), review the discount information. Make changes as necessary and click OK to record the discount. QuickBooks reduces the Amt. Due for this bill in the Pay

Bills window. If you pay the lowered amount, QuickBooks puts the amount of the discount into the account you specified in this dialog.

Bill No.	10345
Discount Date	12/25/10
Bill Amount	1,395.00
Current Balance	1,395.00
Terms	2% 10 Net 30
Suggested Discount	27.90
Amount of Discount	27.90
Discount Account	Discount Taken

- 11 Click Next to pay the selected bills with the current settings and keep the Pay Bills window open so you can pay other bills with different settings. Or click OK to pay just the selected bills.
- 12 If you chose Assign Check Numbers in step 6, a dialog like the one shown next appears. You have two options:

Payment Account: Checking

How do you want to assign check numbers?

Let QuickBooks assign check numbers

Let me assign the check numbers below

Check No.	Date	Payee	Amount
	12/20/10	Hopkins Constructi...	150.00
	12/20/10	Lochrie Flooring	125.00
	12/20/10	Lochrie Flooring	468.89
	12/20/10	Wheeler's Tile Etc.	1,367.10

- **Let QuickBooks Assign Check Numbers** tells QuickBooks to automatically assign check numbers based on the last check number used for that account.
 - **Let Me Assign The Check Numbers Below** enables you to specify the check numbers to be assigned to each payment. You might select this option if you write checks by hand. Double-click in the Check No. column beside each check to position an insertion point there. Then enter the number you want to assign to the payment. Repeat this process for each payment listed.
- 13 When you are finished setting options, click OK.

Checking								
Date	Number	Payee		Payment	✓	Deposit	Balance	
	Type	Account	Memo					
12/20/10	522	Hopkins Construction Rentals		150.00			39,694.51	
	BILLPMT	Accounts Payable						
12/20/10	523	Lochrie Flooring		593.89			39,100.62	
	BILLPMT	Accounts Payable						
12/20/10	524	Wheeler's Tile Etc.		1,367.10			37,733.52	
	BILLPMT	-split-	H-18756					
12/30/10	234	Vu Contracting		1,650.00			36,083.52	
	CHK	-split-						
12/30/10	235	Bruce's Office Machines		450.00			35,633.52	
	CHK	Repairs:Equipment Rep...	Payment - Quarterly O...					
12/31/10	DRAFT	Bad Check Charges		12.50			35,621.02	
	CHK	Bank Service Charges	Checking Account Servi...					
Ending balance							35,034.59	

Record Restore Splits 1-Line Sort by Date, Type, N...

FIGURE 12-5 Bill payment checks appear in your check register with the BILLPMT type.

QuickBooks prepares one check for each vendor and records the checks in the check register with BILLPMT in the Type field (refer to Figure 12-5). If you pay with a credit card, QuickBooks records a charge for each vendor in your credit card register.

QuickBooks also records the payment to each vendor, along with any discounts applied, in the Accounts Payable register (refer to Figure 12-6). The amount you paid appears in the Paid column.

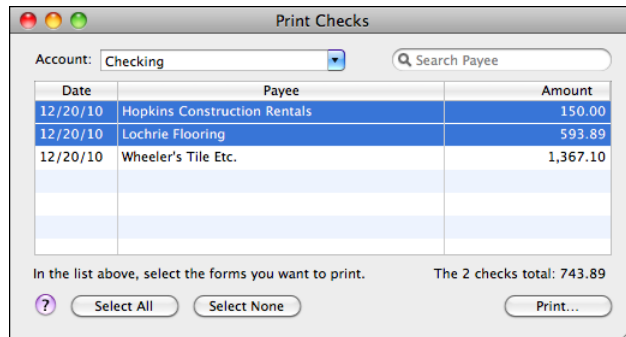
Accounts Payable								
Date	Number	Vendor		Due Date	Billed	✓	Paid	Balance
	Type	Account	Memo					
12/15/10	879304	Lochrie Flooring		Paid	468.89			6,988.89
	BILL	Subcontracted Se...						
12/20/10	522	Hopkins Construction Rentals					150.00	6,838.89
	BILLPMT	Checking						
12/20/10	523	Lochrie Flooring					593.89	6,245.00
	BILLPMT	Checking						
12/20/10	524	Wheeler's Tile Etc.					1,367.10	4,877.90
	BILLPMT	Checking [split]						
12/20/10	524	Wheeler's Tile Etc.					27.90	4,850.00
	DISC	Checking [split]						
01/02/11		A Cheung Limited		Paid	1,500.00			6,350.00
	BILL	Job Expenses:Job...						
Ending balance							46,417.60	

Record Restore Splits 1-Line Show open balance Sort by Date, Type, N...

FIGURE 12-6 You can see bill payments and discounts taken in the Accounts Payable register.

To Print Checks

- 1 Choose File | Print Forms | Checks.
- 2 Choose the account you want to print checks for from the Account drop-down list. A list of all checks ready to be printed for that account appears, as shown next:



- 3 Click to select the checks you want to print. To select more than one check, hold down the COMMAND key and click each one. To select all of the checks, click the Select All button.
- 4 Click Print.
- 5 Follow the onscreen prompts to print the checks. If you need help, consult Chapter 15.

Working with Bills and Bill Payments

There are a number of other tasks you might need to perform when working with bills and bill payments. For example, you might need to view, edit, or delete a bill or payment. Here are some instructions for completing these tasks.

To View a Bill Payment

For a check, double-click the check in either the check register or the Accounts Payable register. (In either register, its Type field says BILLPMT; refer to Figures 12-5 and 12-6.) For a credit card charge bill payment, double-click the charge in your credit card register or the Accounts Payable register.

QuickBooks displays the payment (see Figure 12-7). The detail area of the check or credit card charge itemizes which bills were paid with the payment.

Bank Account: Checking Ending Balance: 35,034.59

No. To Print: 1
Date: 12/20/10

Pay to the Order of: Wheeler's Tile Etc. \$ 1,367.10
One thousand three hundred sixty-seven and 10/100* ***** Dollars

Address: Wheeler's Tile Etc.
650 Old Bayshore Rd
Bayshore CA 94326

Memo: H-18756

Buttons: Next, Previous, Show in iCal, To be printed (checked), Print..., Recalc, Format, Cancel, OK, Discount Info

Bill Payment Information:

Pay	Date Due	Vendor	Ref. No.	Bill Amt.	Amt. Due	Disc. Date	Amt. Paid
✓	01/14/11	Wheeler's Tile Etc.	10345	1,395.00	1,367.10	12/25/10	1,367.10

FIGURE 12-7 A bill payment by check includes detail about the bill(s) paid.

To View a Bill's Payment History

- 1 In the Accounts Payable register, select the transaction for the bill whose payment history you want to see. (Its Type field says BILL.)
- 2 Choose Edit | Transaction History, or press COMMAND-U.

QuickBooks displays transactions (purchase orders, payments, or credits) related to the bill in a Transaction History window like the one shown next.

Transaction History - Bill Pmt -Check

Bill Payment Information

Vendor: Wheeler's Tile Etc.
Date Paid: 12/20/10
Check No.:
Memo: H-18756

Payment From: Checking
Payment Amount: 1,367.10

Buttons: Help, Print, Edit, Close, Go To


Bills Paid

Type	Date	Number	Amount	Payment Balance
Bill	12/15/10	10345	-1,367.10	0.00

To Edit a Bill or Payment

You can edit any bill or payment transaction. Even if you've already paid a bill, you can edit its amount. If you reduce the bill amount, QuickBooks creates a credit with the vendor you overpaid. If you increase the bill amount, QuickBooks considers the bill not fully paid until you pay the additional amount.

- 1 In the Accounts Payable register, locate the specific bill or payment you want to edit.

 **TIP:** You can use QuickBooks' search features to find a specific transaction in a register. Chapter 18 explains how.

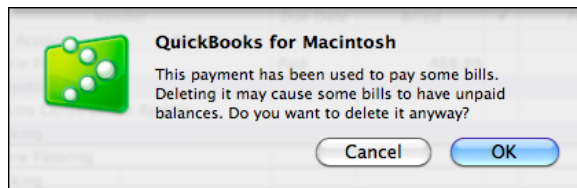
- 2 Double-click the transaction to open it in an appropriate editing window. For example, if you double-click a bill, QuickBooks displays the Enter Bills window (refer to Figure 12-1).
- 3 Make changes as desired.
- 4 Click OK.

QuickBooks records your changes in the Accounts Payable register.

To Delete a Bill or Payment

You can delete any bill or payment transaction. If you delete a bill that you have already paid, QuickBooks creates a credit with the vendor. If you delete a payment, the bill(s) it was paying will have unpaid balances.

- 1 In the Accounts Payable register, locate and select the specific bill or payment you want to delete.
- 2 Choose Edit | Delete Bill; Edit | Delete Bill Pmt – *Payment Method*; or press COMMAND-D.
- 3 If the transaction is part of another transaction, a dialog like the one shown next may appear. To delete the entire transaction, click OK.



Having QuickBooks Remind You to Pay Bills

The due date in the Enter Bills window makes it possible for QuickBooks to remind you to pay each bill. You configure the reminders feature by telling QuickBooks how many days in advance to remind you about bills. QuickBooks then includes bill reminders in its Reminders List window. Here's an example of what it might look like:

Description	Due Date	Amount
Money to Deposit		0.00
▶ Overdue Invoices		24,553.29
▶ Sales Receipts to Print		102.65
▶ Purchase Orders to Print		0.00
▶ To Do Notes		
▼ Bills to Pay		-450.00
Big Sky Helicopters	1/25/11	-450.00
▼ Checks to Print		-2,110.99
Hopkins Construction Rentals	12/20/10	-150.00
Lochrie Flooring	12/20/10	-593.89
Wheeler's Tile Etc.	12/20/10	-1,367.10
▶ Invoices/Credit Memos to Print		0.00
▶ Inventory to Reorder		
▶ Memorized Transactions Due		-2,433.40



TIP: The Reminders List window is covered in Chapter 4.

To Configure the Reminders Feature for Bills

You configure the Reminders feature for bills in QuickBooks preferences. (Preferences are discussed in greater detail in Chapter 22.)

- 1 Choose QuickBooks | Preferences or press COMMAND-, (comma) to display the QuickBooks Preferences window.
- 2 Click the Reminders icon under General to display Reminders options, which are shown in Figure 12-8.
- 3 Choose an option from the Bills To Pay pop-up menu:
 - Show Summary displays a summary of the bills to pay.
 - Show List displays an itemized list of bills to pay.
 - Don't Remind Me disables the reminders feature for bills.
- 4 Enter the number of days before the due dates of your bills that you'd like to be reminded to pay. For example, if it takes four days for your mailed checks to reach your vendors and you work with QuickBooks every day, you might enter 5 or 6.
- 5 Close the QuickBooks Preferences window. Your changes are saved automatically.

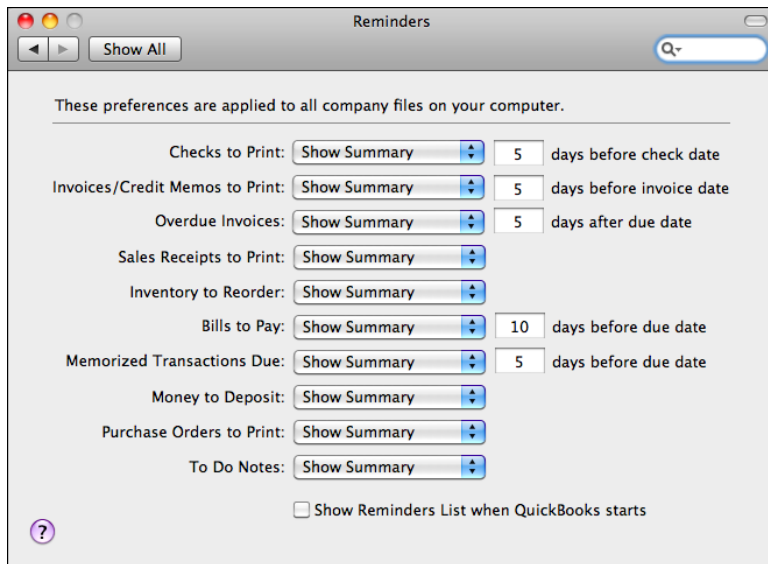


FIGURE 12-8 The Reminders preferences enable you to configure the reminders feature.

Entering Credit from a Vendor

When a vendor issues your company a credit—for example, when you return merchandise or get an adjustment on an invoice—you can enter that credit into QuickBooks to reduce your accounts payable balance. You enter credit from a vendor in the Enter Bills window, with the Credit option selected, as shown in Figure 12-9.

To Enter a Credit Amount You Have with a Vendor

- 1 Choose Vendors | Enter Bills.
- 2 At the top of the Enter Bills window, select the Credit option. The window changes to show credit options (refer to Figure 12-9).
- 3 Fill in the credit form as you would a bill form. Consult the instructions near the beginning of this chapter for help.
- 4 Click OK. QuickBooks records the credit in your Accounts Payable account. In the Accounts Payable register, the transaction type is BILLCRED.

To Apply Credit to a Bill

You can easily apply any credit you have with a vendor to pay bills from that vendor.

- 1 Choose Vendors | Pay Bills to display the Pay Bills dialog.

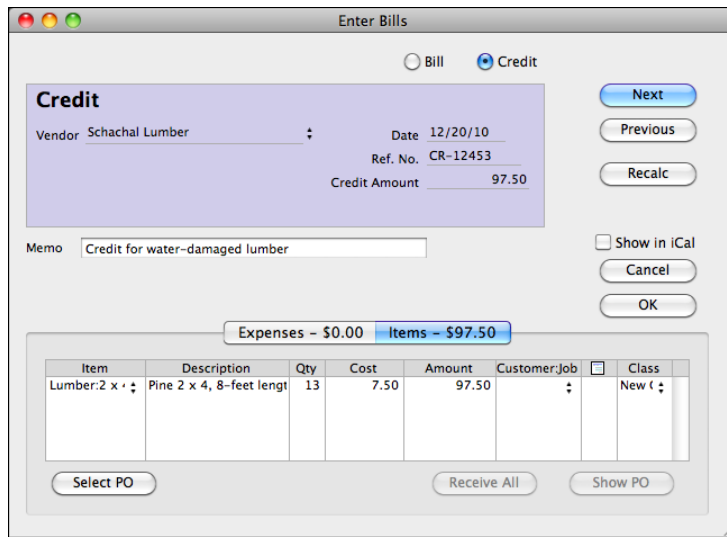
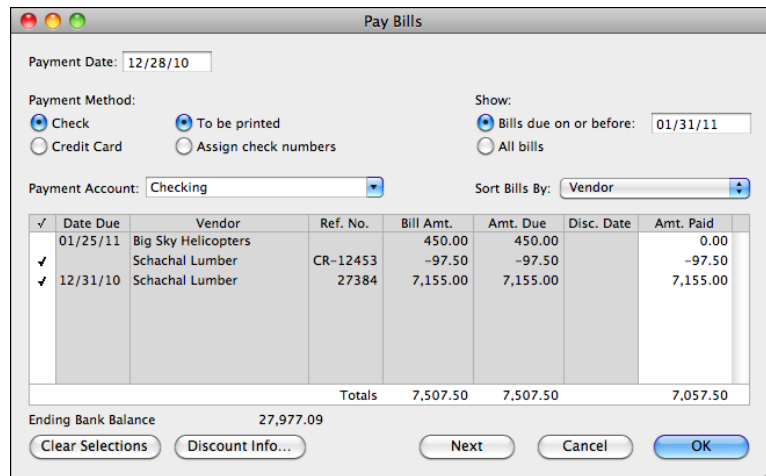


FIGURE 12-9 Use the Enter Bills window to enter a credit into QuickBooks.

- 2 In the Sort Bills By pop-up menu, choose Vendor. QuickBooks displays both bills and credits for each vendor:



- 3 Select the bills you want to pay and any credits you want to use.
- 4 QuickBooks applies any credit you marked to bills you marked for the same vendor.
- 5 Click OK. QuickBooks writes a check to each vendor for the amount of the bills you marked minus any credits you marked.

Questions and Answers about Bills

Here are a few commonly asked questions (and answers) about using QuickBooks' bills features.

Why don't the checks that QuickBooks wrote to pay bills show up in the Select Checks To Print window?

In the Pay Bills window, you did not select the To Be Printed option. To mark checks to be printed, double-click the transaction in your Checking account register or Accounts Payable register. In the transaction window that appears, turn on the To Be Printed check box and click OK. Repeat this process for any checks you want to print.

I just entered several bills, but when I try to pay them, I can't find them in the Pay Bills window. Why aren't they there?

The due date on the "missing" bills is probably later than the date in the Show Bills Due On Or Before field in the Pay Bills window. Change the date in that field to one after the due date for all the bills, or click Show All Bills.

How should I record a finance charge from a vendor for late payment of a bill?

Enter a new bill for the finance charge alone.

How should I record a discount from a vendor for early payment of a bill?

If you are paying less than the full amount of the bill, you can apply the discount in the Pay Bills window. If you have paid the bill in full and now have credit from the vendor, enter a credit for the overpayment.

When I look at my Accounts Payable register, it doesn't show any amounts for bills I've already paid or their payments. Why are the amounts missing?

At the bottom of the register, you have a check mark in the Show Open Balance check box. When you select this option, the register shows only the remaining balances on unpaid bills and unapplied credits. Click the check box to clear it. You will see original amounts for all bills, payments, and credits.

Last month I paid several bills from one vendor with a single check. Is there some way I can print the details of which bills I paid with that check?

Print a voucher check on plain paper. The voucher area lists the amount you paid on each bill.

I have a vendor who is also a customer. How can I show a bill as being paid by my services, and an invoice as being paid by the vendor's services?

You will need to have slightly different names on your Customer:Job and Vendor lists to be able to track the vendor as a customer also. One way is to add “_v” after the name for the Vendor List, but specify that checks should print with the regular name.

After you've entered both the bill and the invoice, write two general journal transactions:

- 1 Choose Banking | Make General Journal Entries.
- 2 On the first line of the detail area, enter the name of your Accounts Payable account in the Account column, the amount to apply in the Debit column, and the vendor name in the Name column.
- 3 On the second line, enter a name such as “Exchange” (an income or expense account) in the Account column, the same amount you entered in the Debit column in the Credit column, and the vendor name in the Name column.
- 4 Click Next.
- 5 For the second transaction, on the first line of the detail area, enter the name of your A/R account in the Account column, the amount to apply in the Credit column, and the customer name in the Name column.
- 6 On the second line, enter the same income or expense account as in the first transaction (for example, Exchange) in the Account column, the same amount you entered in the Credit column in the Debit column, and the customer name in the Name column.
- 7 Now you have “payments” in both your A/R and A/P accounts.

To apply the “payments” to the invoice and bill:

- 1 In the Receive Payments window, apply the existing credits to the invoice.
- 2 In the Pay Bills window, mark both the bill and the general journal “payment” to be paid and click OK.

If the amounts are the same, QuickBooks doesn't write a check, but records both transactions as paid.

Managing Accounts Payable

In this chapter:

- Working with the Accounts Payable register
- Editing a transaction in the Accounts Payable register
- Viewing an accounts payable transaction history
- Viewing a QuickReport about a vendor
- Working with Accounts Payable reports and graphs

Once you've recorded some bills and payments in your Accounts Payable account, QuickBooks can give you important information about your vendors and the money you owe now and in the near future. You can easily find out:

- Which vendors you owe and how much
- Whether you've paid a certain bill
- Whether any of your payments are overdue, which ones, and by how much
- How much you spent with each vendor last quarter

You can get answers to these and many other questions by using the tools QuickBooks provides for viewing your accounts payable.

Working with the Accounts Payable Register

The Accounts Payable register (see Figure 13-1) is a list of all bills, payments, and credits related to your vendors. From the register, you can view your accounts payable transactions in date order and enter bills directly into the register.

Accounts Payable								
Date	Number	Vendor		Due Date	Billed	✓	Paid	Balance
	Type	Account	Memo					
12/02/13		Holly Heating and Electric		01/31/14	145.00			26,781.92
	BILL	Subcontracted Se...						
12/02/13		Holly Heating and Electric		Paid	145.00			26,926.92
	BILL	Subcontracted Se...						
12/02/13	120213	Perry Windows & Doors		01/01/14	1,368.00			28,294.92
	BILL	-split-						
12/02/13		Custom Kitchens of Bayshore			15,000.00			43,294.92
	ITEM RCPT	Inventory Asset	Received items (b...					
12/03/13		Holly Heating and Electric		02/01/14	145.00			43,439.92
	BILL	Subcontracted Se...						
12/05/13		Middlefield Drywall		Paid	450.00			43,889.92
	BILL	-split-						
12/05/13	34567	Leep & Son Painting		01/04/14	245.00			44,134.92
	BILL	-split-						
12/05/13	120513	Perry Windows & Doors			1,675.00			45,809.92
	ITEM RCPT	-split-	Received items (b...					
12/12/13		Cal Gas & Electric		Paid	157.68			45,967.60
	BILL	-split-	Acct #560-8264...					
12/15/13	527	Cal Gas & Electric					157.68	45,809.92
	BILLPMT	Checking						
12/15/13	528	Holly Heating and Electric					145.00	45,664.92
	BILLPMT	Checking						
12/15/13	529	Middlefield Drywall					450.00	45,214.92
	BILLPMT	Checking						
12/01/10	Number	Vendor		Due Date	Billed		Paid	
		Account	Memo					

Ending balance 45,214.92

Record Restore Splits 1-Line Show open balance Sort by Date, Type, N...

FIGURE 13-1 The Accounts Payable account register window shows all transactions that affect accounts payable balances.

TIP: You can learn how to enter bills using the Enter Bills window or Accounts Payable register window in Chapter 12.

To View the Accounts Payable Register

- 1 Choose Lists | Chart Of Accounts, or press SHIFT-COMMAND-A, to display the Chart Of Accounts window.
- 2 Double-click your Accounts Payable account. The Accounts Payable register window appears (refer to Figure 13-1).

To Change the Display of the Accounts Payable Register

You can use two check boxes in the register window to change its display:

- **1-Line** collapses the register so it shows only one line per transaction, as shown in Figure 13-2.
- **Show Open Balance** displays only unpaid balances in the Billed and Paid columns. If all items displayed are closed (or paid), values are not displayed. Compare Figure 13-3 to Figure 13-1 to see the difference.

Date	Number	Vendor	Account	Due Date	Billed	✓	Paid	Balance
12/15/11	507	Schachal Lumber	Checking				1,358.00	38,695.49
12/15/11	508	East Bayshore To...	Checking				1,476.23	37,219.26
12/15/11	509	Hopkins Constru...	Checking				450.00	36,769.26
12/15/11	510	Schachal Lumber	Checking				896.00	35,873.26
12/15/11	511	East Bayshore To...	Checking				696.52	35,176.74
12/15/11	512	Peacock Hardwar...	Checking				400.00	34,776.74
12/15/11	513	Schachal Lumber	Checking				1,610.00	33,166.74
12/15/11	514	Sloan Roofing	Checking				5,700.00	27,466.74
12/15/11	525	Big Sky Helicopters	Checking				450.00	27,016.74
12/15/11	526	Schachal Lumber	Checking				7,057.50	19,959.24
12/15/11		Keswick Insulation	Subcontracted Se...	Paid	670.00			20,629.24
12/15/11		Vandehey Insurance	Pre-paid Insurance	01/14/16	4,050.00			24,679.24
12/15/11		Vu Contracting	-split-	12/30/15	1,250.00			25,929.24
12/15/11	12/03	Cal Gas & Electric	Utilities:Gas and ...	12/30/15	122.68			26,051.92
12/15/11	8059	Thomson Kitche...	Job Expenses:Job...	01/14/16	585.00			26,636.92
12/02/13		Holly Heating an...	Subcontracted Se...	01/31/14	145.00			26,781.92
12/02/13		Holly Heating an...	Subcontracted Se...	Paid	145.00			26,926.92
12/02/13	120213	Perry Windows & ...	-split-	01/01/14	1,368.00			28,294.92
12/02/13		Custom Kitchens...	Inventory Asset		15,000.00			43,294.92
12/03/13		Holly Heating an...	Subcontracted Se...	02/01/14	145.00			43,439.92
12/05/13		Middlefield Drywall	-split-	Paid	450.00			43,889.92
12/05/13	34567	Leep & Son Painting	-split-	01/04/14	245.00			44,134.92
12/05/13	120513	Perry Windows & ...	-split-		1,675.00			45,809.92
12/12/13		Cal Gas & Electric	-split-	Paid	157.68			45,967.60
12/15/13	527	Cal Gas & Electric	Checking				157.68	45,809.92
12/15/13	528	Holly Heating an...	Checking				145.00	45,664.92
12/15/13	529	Middlefield Drywall	Checking				450.00	45,214.92
12/01/10	Number	Vendor	Account	Due Date	Billed		Paid	

Ending balance 45,214.92

Record Restore Splits 1-Line Show open balance Sort by Date, Type, N...

FIGURE 13-2 Turning on the 1-Line check box displays only one line per transaction.

Accounts Payable								
Date	Number	Vendor	Due Date	Billed	✓	Paid	Balance	
Type	Account	Memo						
12/02/13		Holly Heating and Electric	01/31/14	145.00			26,781.92	
BILL		Subcontracted Se...						
12/02/13		Holly Heating and Electric	Paid				26,926.92	
BILL		Subcontracted Se...						
12/02/13	120213	Perry Windows & Doors	01/01/14	1,368.00			28,294.92	
BILL		-split-						
12/02/13		Custom Kitchens of Bayshore		15,000.00			43,294.92	
ITEM RCPT		Inventory Asset Received items (b...						
12/03/13		Holly Heating and Electric	02/01/14	145.00			43,439.92	
BILL		Subcontracted Se...						
12/05/13		Middlefield Drywall	Paid				43,889.92	
BILL		-split-						
12/05/13	34567	Leep & Son Painting	01/04/14	245.00			44,134.92	
BILL		-split-						
12/05/13	120513	Perry Windows & Doors		1,675.00			45,809.92	
ITEM RCPT		-split- Received items (b...						
12/12/13		Cal Gas & Electric	Paid				45,967.60	
BILL		-split- Acct #560-8264...						
12/15/13	527	Cal Gas & Electric					45,809.92	
BILLPMT		Checking						
12/15/13	528	Holly Heating and Electric					45,664.92	
BILLPMT		Checking						
12/15/13	529	Middlefield Drywall					45,214.92	
BILLPMT		Checking						
12/01/10	Number	Vendor	Due Date					
	Account	Memo						

Ending balance 45,214.92

Record Restore Splits 1-Line Show open balance Sort by Date, Type, N...

FIGURE 13-3 When you show only open balances, amounts in transactions for closed-out bills disappear.

To Edit an Accounts Payable Transaction in the Register

- 1 Open the Accounts Payable register for the transaction you want to edit.

TIP: If you have many transactions in your register, let QuickBooks search for the transaction you want. Check Chapter 18 for details on how to search for transactions.

- 2 Double-click the transaction you'd like to edit. This should display the form used to create the entry.
- 3 Make changes as desired in the form and then click OK.

To Change the Opening Balance for a Vendor

You can use the Accounts Payable register to change the opening balance for a vendor.

- 1 Open the Accounts Payable register for the transaction you want to edit.
- 2 Select the vendor's opening balance transaction. It should be among the first for that vendor and probably has the words "Opening Balance" in the Memo field.

- 3 Change the amount in the Billed field.
- 4 Click Record.

Viewing an Accounts Payable Transaction History

A transaction history shows transactions that are related or “linked” to the one you selected, so you can move easily to any related transaction. For example, from a bill, you can move to any of the payments that paid the bill.

You can view an accounts payable transaction history from the following registers and windows:

- Accounts Payable register
- Check register
- Credit card register
- Enter Bills window
- Create Purchase Orders window
- Write Checks window
- Enter Credit Card Charges window

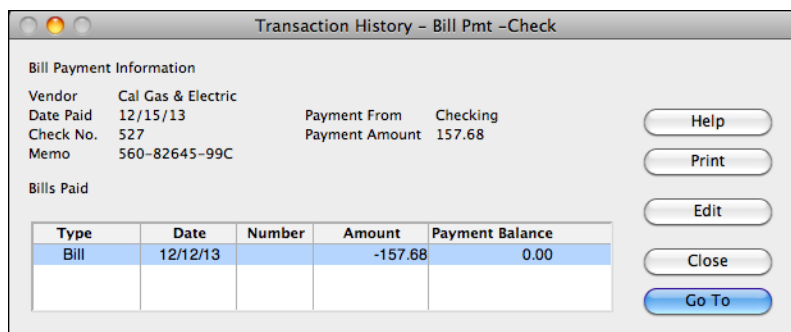
The history shows all transactions in the register that are related to the transaction you select, in chronological order. Table 13-1 describes the transaction history QuickBooks shows for different types of transactions.

Transaction History for This Type of Transaction	Shows These Related Transactions, in Chronological Order
Bill	Payments made on the bill Discounts Purchase Orders
Payment	Bills to which your payment was applied
Credit with a vendor	Bills to which your credit was applied
Item receipt	POs against which the items were received

TABLE 13-1 Transaction History for Various Types of Accounts Payable Transactions

To View a Transaction History for Any Accounts Payable Transaction

- 1 Select the transaction you're interested in from the Accounts Payable register or transaction window: Enter Bills, Create Purchase Orders, Write Checks, or Enter Credit Card Charges.
- 2 Choose Edit | Transaction History, or press COMMAND-U. The Transaction History dialog for the transaction appears. Here's what it might look like for a bill payment by check:



Working with Accounts Payable Reports and Graphs

QuickBooks' extensive and flexible reporting feature, which is discussed in detail in Chapter 21, offers a number of predefined reports you can use to get information about accounts payable and individual vendors. This part of the chapter looks at Vendor QuickReports and the standard Accounts Payable reports found under the Reports menu.

Viewing a Vendor QuickReport

From any Accounts Payable window, you can see a QuickReport about a vendor. The QuickReport shows different information depending on how you create it.

- When you create a QuickReport while displaying a bill or the Vendor Center's vendor list, it shows all unpaid bills from that vendor with the due date, the open balance, and the original amount of the bill.
- When you create a QuickReport while displaying the Accounts Payable register, it shows all transactions, including payments and paid bills, for a vendor. The QuickReport also shows the account that you assigned the bill to, the open balance, and the original amount of the bill. The total equals the vendor's balance. Figure 13-4 shows an example.

Type	Date	Num	Memo	Account	Paid	Open Balance	Amount
Middlefield Drywall							
Bill	08/26/10			Accounts Payable	X		1,500.00
Bill Pmt -Check	09/30/10	203		Accounts Payable	X		-806.00
Bill Pmt -Check	10/15/10	213	ROCK-0921	Accounts Payable	X		-694.00
Bill	03/18/11			Accounts Payable	X		415.00
Bill Pmt -Check	04/10/11	299	ROCK-0921	Accounts Payable	X		-415.00
Bill	06/26/11	03-1...		Accounts Payable	X		200.00
Bill Pmt -Check	07/21/11	358	ROCK-0921	Accounts Payable	X		-200.00
Bill	08/15/11			Accounts Payable	X		750.00
Bill Pmt -Check	09/15/11	394	ROCK-0921	Accounts Payable	X		-750.00
Bill	10/08/11	1097...		Accounts Payable	X		850.00
Bill	10/28/11			Accounts Payable	X		400.00
Bill Pmt -Check	11/07/11	443	ROCK-0921	Accounts Payable	X		-400.00
Bill	11/10/11	187-H9		Accounts Payable	X		2,400.00
Bill Pmt -Check	11/14/11	452	ROCK-0921	Accounts Payable	X		-850.00
Bill	11/24/11			Accounts Payable		1,200.00	1,200.00
Bill Pmt -Check	12/10/11	494	ROCK-0921	Accounts Payable	X		-2,400.00
Bill	12/05/13			Accounts Payable	X		450.00
Bill Pmt -Check	12/15/13	529	ROCK-0921	Accounts Payable	X		-450.00
Total Middlefield Drywall							1,200.00
TOTAL							1,200.00

FIGURE 13-4 A Vendor QuickReport shows vendor activity.

To View a QuickReport for a Vendor

- 1 Display a bill or payment, or select a name from the Vendor Center's vendor list.
- 2 Choose Reports | QuickReport. QuickBooks displays a chronological report showing transactions for the vendor (refer to Figure 13-4).

Viewing Accounts Payable Reports

QuickBooks has several preset Accounts Payable reports that give you valuable information about your vendors and expenses. For example, the A/P Aging Summary report shown in Figure 13-5 clearly shows how far behind you are on your bills.) You can "filter" each preset report so that it shows only the information you want to see. You can also customize the appearance of each report.

Because preset reports are designed to give you just the information you need, you may not need to change any settings when you display the report. Just choose the report you want from the Vendors & Payables submenu under the Reports menu. (Creating, customizing, and printing reports is discussed in detail in Chapter 21.)

A/P Aging Summary

Options Filters Format Header/Footer Favorite Memorize Export Print Customize Help

Dates: Today 12/15/13 Interval (days): 30 Through (days past due): 90 Hide Header Collapse

Brooks Bell Design
A/P Aging Summary
As of December 15, 2013

12/15/13

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
C.U. Electric	750.00	0.00	0.00	0.00	0.00	750.00
Cal Gas & Electric	122.68	0.00	0.00	0.00	0.00	122.68
Cal Telephone	91.94	0.00	0.00	0.00	0.00	91.94
Custom Kitchens of Bayshore	0.00	15,000.00	0.00	0.00	0.00	15,000.00
Holly Heating and Electric	290.00	0.00	0.00	0.00	0.00	290.00
Hopkins Construction Rentals	700.00	0.00	0.00	0.00	0.00	700.00
Karpas Metal	670.00	0.00	0.00	0.00	0.00	670.00
Leep & Son Painting	845.00	0.00	0.00	0.00	0.00	845.00
Lew Plumbing	1,330.00	0.00	0.00	0.00	0.00	1,330.00
Middlefield Drywall	1,200.00	0.00	0.00	0.00	0.00	1,200.00
Peacock Hardware Supplies	1,020.00	0.00	0.00	0.00	3,459.20	4,479.20
Perry Windows & Doors	8,073.00	1,675.00	0.00	0.00	0.00	9,748.00
Schachal Lumber	215.10	0.00	0.00	0.00	0.00	215.10
Sloan Roofing	1,047.00	0.00	0.00	0.00	0.00	1,047.00
Thomson Kitchen & Bath	585.00	0.00	0.00	0.00	0.00	585.00
Vandehy Insurance	4,050.00	0.00	0.00	0.00	0.00	4,050.00
Vu Contracting	1,250.00	0.00	0.00	0.00	0.00	1,250.00
Wheeler's Tile Etc.	1,250.00	0.00	0.00	0.00	0.00	1,250.00
Williams Lighting	<u>1,591.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,591.00</u>
TOTAL	<u>25,080.72</u>	<u>16,675.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,459.20</u>	<u>45,214.92</u>

FIGURE 13-5

An A/P Aging Summary report is just one example of the informative reports and graphs you can create for accounts payable.

Working with Purchase Orders

In this chapter:

- Purchase order overview
- Turning on the purchase order feature
- Entering a purchase order
- Editing purchase orders
- Printing purchase orders
- Viewing purchase orders
- Receiving items against a purchase order
- Closing a purchase order manually

If your company makes frequent purchases of products and services from vendors, the purchase order features of QuickBooks can help you maintain your sanity. You use a familiar form to enter the products and services you are buying and can even print out the form to submit to a vendor. QuickBooks keeps track of outstanding orders for you. Then, when items are received or services are rendered, you can mark them received on the purchase order. You can even use the purchase order as a basis for incoming bills for items received.

This chapter takes a closer look at purchase orders to see how they can make accounting for the products and services you buy easy.

Purchase Order Overview

Purchase orders (POs) help track the things you have on order with vendors. At any time, you can see items you have on order and when they're due to be received. When you receive items you've ordered, check them against the purchase order. If they're all there, QuickBooks marks the purchase order *RECEIVED IN FULL*.

When to Use Purchase Orders

Use a purchase order when you order items. Use other forms when you receive or buy items that are never on order. Table 14-1 summarizes your options.

Turning on the Purchase Order Feature

To use the purchase order feature, you must enable it.



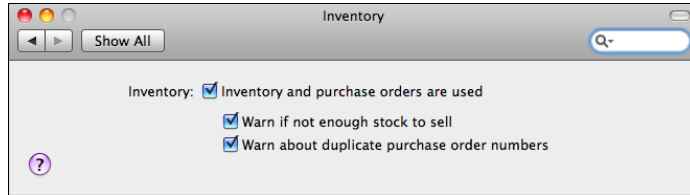
NOTE: If you are using the QuickBooks inventory features, purchase orders are already enabled.

- 1 Choose QuickBooks | Preferences or press **COMMAND-**, (comma) to display the Preferences window.

To Do This	Use This Form
Order items that you'll receive and pay for later	Purchase order
Receive items before receiving a bill; no initial order	Item receipt (covered in Chapter 8)
Receive items and a bill together; no initial order	Bill (covered in Chapter 12)
Pay for and receive items at the same time, as in an over-the-counter purchase	Check or credit card (covered in Chapter 15)

TABLE 14-1 Forms You Use to Order, Receive, and Pay for Items

- 2 Click the Inventory icon under Workflow to display inventory-related options (shown next).



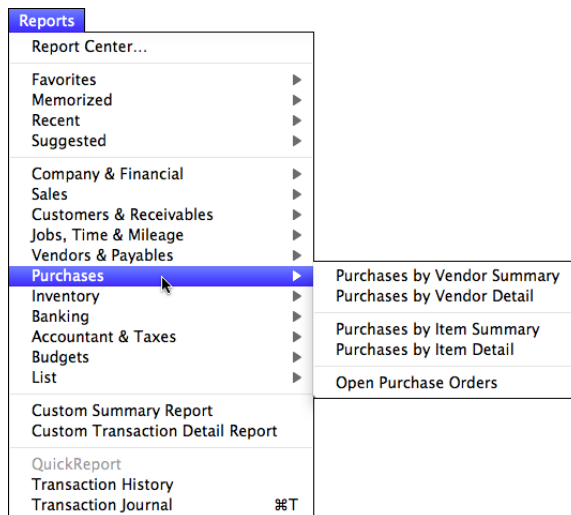
- 3 Make sure the Inventory And Purchase Orders Are Used check box is turned on.
- 4 Set other options as desired. (You can learn more about preference settings in Chapter 22.)
- 5 Close the Preferences window. Your changes are automatically saved.

Your Purchase Orders Account

When you create your first purchase order, QuickBooks creates a Purchase Orders account that appears as one of the last accounts in your chart of accounts. This is a *non-posting* account that does not affect your balance sheet or income statement.

Reports Showing Items On Order

Several QuickBooks reports are set up specifically to help you track items you have on order. Choose Reports | Purchases (shown next) to access them. The Open Purchase Orders report shown in Figure 14-1 is especially useful for keeping track of items ordered but not yet received.



Brooks Bell Design
Open Purchase Orders
 All Transactions

Type	Date	Num	Name	Deliv Date	Amount
Purchase Order	12/01/11	6230	Lochrie Flooring	12/16/11	341.20
Purchase Order	12/03/11	6231	Lochrie Flooring	12/15/11	4,750.00
Purchase Order	12/07/11	6232	Williams Lighting	12/21/11	163.25
Purchase Order	12/12/11	6235	Low Plumbing	12/16/11	403.40
Purchase Order	12/15/11	6237	A Cheung Limited	12/18/11	3,500.00
Purchase Order	12/02/13	6238	Perry Windows & Doors	12/20/13	7,760.00
Total					16,917.85

FIGURE 14-1 The Open Purchase Orders report is just one of several reports for purchases.

Entering a Purchase Order

You can use purchase orders to buy inventory, non-inventory (such as office supplies), and service items.

When you use purchase orders to buy inventory items, QuickBooks updates your inventory, so you know which items are on order and when they're due to be received. When you use purchase orders for non-inventory items, you can still track your open purchase orders to see what you have and have not received, but non-inventory items are not included in reports showing items on order.

To Buy Items with a Purchase Order

- 1 Choose Vendors | Create Purchase Orders to display the Create Purchase Orders window (refer to Figure 14-2).
- 2 Choose a vendor from the Vendor drop-down list, or enter a new vendor in the field. If you enter a new vendor, QuickBooks prompts you to set up the vendor and returns you to the Create Purchase Orders form when you're finished. (Setting up vendors is discussed in Chapter 4.)
- 3 QuickBooks automatically fills in the vendor's address in the Vendor block, your company's shipping address in the Ship To block, and today's date in the Expected field. The date in the Expected (delivery date) field appears on stock status reports as the next receipt date for inventory on order. Modify the contents of these fields if necessary.

Create Purchase Orders

Vendor: Peacock Hardware Supplies | Class: | Template: Standard Purchase Order

Date: 12/15/13 | P.O. Number: 6239

Purchase Order

Vendor: Peacock Hardware Supplies
4872 County Rd
Bayshore CA 94326

Ship To: Brooks Bell Design
1234 Industrial Way
Phoenix, AZ 85016

Item	Description	Quantity	Rate	Amount
Hardware:Switchplate	Decorative switchplates	50	3.85	192.50
Hardware:Brass	standard interior brass hinge	24	3.00	72.00
Hardware:Doorknol	Doorknobs Part # DK 3704	8	15.00	120.00
Total				384.50

Vendor Message: Please deliver w/PO 6225

Memo: Stock up on inventory

FIGURE 14-2 Use the Create Purchase Orders window to enter the details of a purchase.

- 4 If class tracking is enabled, choose an option from the Class drop-down list if desired. If you want to track classes by line item, you can customize the purchase order form to include a class column and then use that column when filling in the form. (Class tracking is discussed in Chapter 4; customizing forms is discussed briefly in Chapter 7.)
- 5 To change the layout and appearance of the purchase order, choose a different option from the Template pop-up menu. These instructions assume you are using the Standard Purchase Order.

TIP: You can further customize purchase orders by clicking the Customize button and using the Layout Designer to modify and save the purchase order template.

- 6 On a line in the middle of the form, enter an item you want to order. As you choose an item in the Item column, QuickBooks fills in the Description and Rate fields. You can override either entry. If you enter a new item, QuickBooks prompts you to set up the item and returns you to the Create Purchase Orders form when you're finished. (Adding items is discussed in Chapter 6.)
- 7 Enter the quantity you want to order in the Quantity field. QuickBooks calculates the amount.
- 8 Repeat steps 6 and 7 for each item you want to order.
- 9 Enter an optional message to your vendor in the Vendor Message field.

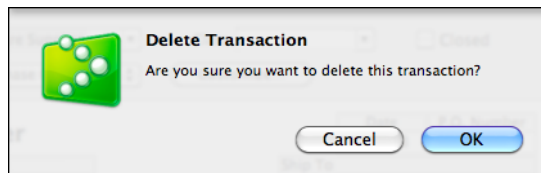
- 10 Enter an optional memo for this purchase order in the Memo field. The memo appears in the purchase order list and other places QuickBooks refers to this purchase order. It may be helpful to enter a short description. The memo does not print on the purchase order.
- 11 Toggle check boxes as desired:
 - **Show In iCal** adds the purchase order to iCal, using the Expected date.
 - **To Be Printed** adds the purchase order to the list of purchase orders to be printed.
 - **To Be Emailed** adds the purchase order to the list of forms to be e-mailed. You must have an e-mail address on file for the vendor to use this feature. You can learn how to e-mail batches of forms in Chapter 7.
- 12 To save this purchase order and create another one, click Next. Otherwise, click OK.

To Edit an Existing Purchase Order

- 1 Display the purchase order you want to modify in the Create Purchase Orders window.
- 2 Make changes as desired.
- 3 Click OK.

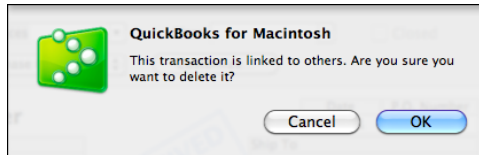
To Delete an Existing Purchase Order

- 1 Display the purchase order you want to delete in the Create Purchase Orders window, or select it in the Purchase Orders register or other list.
- 2 Choose Edit | Delete Purchase Order, or press COMMAND-D.
- 3 One of two different confirmation dialogs should appear:
 - If a dialog like the one shown next appears, the purchase order is not linked to any transactions and it should be safe to delete. Click OK if you're sure you want to delete it.



- If a dialog like the next one appears, the purchase order is linked to at least one other transaction. Deleting it could affect those transactions and cause data to be lost. In general, it's not usually a good idea to delete a transaction

linked to others, but you may want to do so if you plan to delete the linked transactions as well.



To Print a Purchase Order

- 1 Display the purchase order you want to print in the Create Purchase Orders window.
- 2 Click the Print button.
- 3 Use the standard Print dialog that appears to set options and send the purchase order to your printer.

 **TIP:** Printing is discussed in greater detail in Chapter 21.

Viewing Purchase Orders

You can quickly see either a list or QuickReport of the purchase orders you've created.

To See a List of All Your Purchase Orders

Choose Vendors | Purchase Order List. The Purchase Order List window, which is shown next, appears.

The screenshot shows a window titled "Purchase Order List" with a search bar at the top. Below the search bar is a table with three columns: Vendor, Date, and PO Number. The table contains 17 rows of data. At the bottom of the window, there is a "View:" dropdown menu set to "All Purchase Orders" and three buttons: a plus sign (+), a pencil (edit), and a question mark (?).

Vendor	Date	PO Number
McClain Appliances	7/14/11	6205
Perry Windows & Doors	11/18/11	6222
Thomson Kitchen & Bath	7/14/11	6203
Schachal Lumber	11/26/11	6224
Vu Contracting	12/1/09	6099
McClain Appliances	10/1/11	6211
Schachal Lumber	11/28/11	6226
Lew Plumbing	12/12/11	6235
Lochrie Flooring	12/1/11	6230
Perry Windows & Doors	11/26/11	6223
Perry Windows & Doors	7/15/10	6100
Thomson Kitchen & Bath	7/15/10	6101
Schachal Lumber	10/10/11	6214
Williams Lighting	12/1/11	6229
Peacock Hardware Sup...	11/26/11	6225

TIP: You can omit closed purchase orders from the Purchase Order List by choosing Open Purchase Orders from the View pop-up menu at the bottom of the window.

To See a Specific Purchase Order

In the Purchase Order List window, double-click the purchase order you want to view. It opens in the Create Purchase Orders window.

To See a QuickReport of Your Purchase Orders

- 1 Choose Lists | Chart Of Accounts, or press SHIFT-COMMAND-A, to display the Chart Of Accounts window.
- 2 Scroll down to the bottom of the list and double-click Purchase Orders. The Account QuickReport window, which is shown in Figure 14-3, shows the purchase orders you've created in chronological order, along with the PO number, vendor name, memo, and amount.

The screenshot shows the 'Account QuickReport' window for 'Brooks Bell Design' as of 12/15/13. The window title is 'Account QuickReport' and the subtitle is 'Brooks Bell Design Account QuickReport All Transactions'. The interface includes a toolbar with icons for Reports, Options, Filters, Format, Header/Footer, Favorite, Memorize, Export, Print, Customize, and Help. Below the toolbar, there are date filters (All Dates, From, To) and checkboxes for Hide Header and Collapse. The main content area displays a table of purchase orders.

Type	Date	Num	Name	Memo	Split	Amount
Purchase Orders						
Purchase Order	12/01/09	6099	Vu Contracting	Estimate 35: Ba...	-SPLIT-	-2,050.00
Purchase Order	07/15/10	6100	Perry Windows & Doors		Job Materials	-144.75
Purchase Order	07/15/10	6101	Thomson Kitchen & Bath		Job Materials	-2,080.00
Purchase Order	07/15/10	6102	Schachal Lumber		-SPLIT-	-234.00
Purchase Order	01/04/11	6201	Custom Kitchens of Bays...	Estimate 35: Ba...	-SPLIT-	-435.00
Purchase Order	01/15/11	6202	Thomson Kitchen & Bath	Abercrombie ba...	-SPLIT-	-2,320.00
Purchase Order	07/14/11	6203	Thomson Kitchen & Bath		-SPLIT-	-4,487.45
Purchase Order	07/14/11	6204	Thomson Kitchen & Bath		-SPLIT-	-1,672.50
Purchase Order	07/14/11	6205	McClain Appliances		-SPLIT-	-3,690.00
Purchase Order	07/14/11	6206	Thomson Kitchen & Bath	Luke, bathroom	Job Materials	-1,390.00
Purchase Order	07/23/11	6207	Peacock Hardware Supplies		-SPLIT-	-754.50
Purchase Order	08/11/11	6208	McClain Appliances		Job Materials	-380.50
Purchase Order	08/11/11	6209	Schachal Lumber		Job Materials	-563.00
Purchase Order	10/01/11	6210	McClain Appliances	Jacobsen Kitche...	-SPLIT-	-2,100.00
Purchase Order	10/01/11	6211	McClain Appliances	Cook Kitchen	-SPLIT-	-1,780.00
Purchase Order	10/05/11	6212	Perry Windows & Doors		-SPLIT-	-1,800.00
Purchase Order	10/06/11	6213	Lochrie Flooring	Pretell-155 Wilk...	Subcontractors	-6,400.00
Purchase Order	10/10/11	6214	Schachal Lumber	Carpenter 2nd s...	-SPLIT-	-14,790.00
Purchase Order	10/17/11	6215	Wheeler's Tile Etc.		Job Materials	-286.00
Purchase Order	10/17/11	6216	McClain Appliances		-SPLIT-	-3,065.00
Purchase Order	10/17/11	6217	Thomson Kitchen & Bath		Job Materials	-1,897.00

FIGURE 14-3 An Account QuickReport for the Purchase Orders account lists all purchase orders.

To Do This	Use This Form	Menu Command	Chapter Covered
Receive items with no bill; pay later	Item Receipt	Vendors Receive Items	Chapter 8
Receive items and bill at the same time	Bill	Vendors Enter Bill	Chapter 12
Receive items and pay for them at the same time	Check or credit card	Banking Write Checks or Banking Enter Credit Card Charges	Chapter 15

TABLE 14-2 Forms to Use to Receive Items

Receiving Items Against a Purchase Order

When you receive items against a purchase order, the QuickBooks form you use depends on when you pay for the items. Once you receive the items, you can see a list of the transactions where you recorded receipt of these items.

Table 14-2 summarizes which form to use to receive items.

To See a Transaction History for a Purchase Order

Click the Receipts button for a purchase order in the Create Purchase Orders window. The transaction history for that purchase order appears. It might look something like this:

Transaction History - Purchase Order			
Purchase Order Information			
Vendor	A Cheung Limited		
Date Ordered	12/15/11		
PO No.	6237		
Memo			
Receipts			
Type	Date	Number	Amount
Bill	12/15/11	56892	1,500.00
Item Receipt	12/22/11	87456	1,000.00

Closing a Purchase Order Manually

When you receive all the items against a purchase order, QuickBooks marks the purchase order *RECEIVED IN FULL*.

Suppose, however, that your vendor is out of an item, or the item is not made anymore. In that case, you will not be able to receive all of the items on the purchase order. You could close either all or part of the purchase order manually, so that QuickBooks doesn't show the items as being on order anymore, but you still have a record that you ordered them. When you close a purchase order manually, QuickBooks marks the purchase order *CLOSED*.

To Close a Line of a Purchase Order Manually

- 1 Choose Vendors | Purchase Order List to display the list of purchase orders.
- 2 Double-click an open purchase order you want to close items on (refer to Figure 14-4).
- 3 On the purchase order, click in the Clsd column on the right side of the detail area beside an item you don't expect to get. QuickBooks places a check mark there to mark the item as closed.
- 4 Click OK.

NOTE: QuickBooks removes any inventory items you mark as closed from reports showing items on order. If you close every line of the purchase order, QuickBooks marks the whole purchase order closed.

To Close an Entire Purchase Order Manually

- 1 Choose Vendors | Purchase Order List to display the list of purchase orders.
- 2 Double-click an open purchase order you want to close.

The screenshot shows the 'Create Purchase Orders' window. At the top, the Vendor is 'Peacock Hardware Supplies' and the Template is 'Standard Purchase Order'. The Date is 12/15/13 and the P.O. Number is 6225. The Vendor address is 4872 County Rd, Bayshore CA 94326. The Ship To address is Brooks Bell Design, 1234 Industrial Way, Phoenix, AZ 85016. The purchase order table has the following data:

Item	Description	Quantity	Rate	Amount	Expected 12/15/13	FOB	Rcv'd	Clsd
Hardware:Switchpla	Decorative	50	3.85	192.50	30			
Hardware:Brass	standard interior	24	3.00	72.00	10			
Hardware:Doorknobs	Doorknobs Part # DK	8	15.00	120.00	6			✓
Total				384.50				

The Vendor Message is 'Please deliver w/PO 6225' and the Memo is 'Stock up on inventory'. On the right side, there are buttons for 'Next', 'Previous', 'Receipts...', 'Print...', 'Cancel', and 'OK', along with checkboxes for 'Show in iCal', 'To be printed', and 'To be emailed'.

FIGURE 14-4 You can mark an individual line item on a purchase order closed if you don't think you'll ever get more of that item.

Create Purchase Orders

Vendor: A Cheung Limited Class: Remodel Closed

Template: Standard Purchase Order Customize...

Purchase Order

Date: 12/15/11 P.O. Number: 6237

Vendor: A Cheung Limited
Angela Cheung
3818 Bear Rd. West
Berkeley, CA 94688

Ship To: Young-Kyu Yoo
1967 Appleseed Lane
Bayshore CA 94326

Item	Description	Quantity	Rate	Expected		FOB	
				12/18/11		Rcv'd	Clsd
Lumber:Rough		35	100.00	3,500.00	25		✓
Total				3,500.00			

Vendor Message: _____

Memo: _____

Buttons: Next, Previous, Receipts..., Show in iCal, To be printed, Print..., To be emailed, Cancel, OK

FIGURE 14-5 You can close a purchase order by turning on its Closed check box.

- 3 Click to place a check in the Closed check box at the top of the form. QuickBooks marks each line item as closed, displays *CLOSED* on the purchase order (as shown in Figure 14-5), removes the purchase order from the Open Purchase Orders report, and no longer shows the items as on order.

Part V

Working with Banking Features

Every business has at least one bank account that it uses for depositing receipts from customers and paying bills. Similarly, most businesses use credit cards to handle purchases and other payments they need to make during the course of doing business. QuickBooks makes it easy to keep track of the balances of bank and credit card accounts with features such as the Write Checks, account register, and Enter Bills windows. If your financial institution supports transaction download features, you can download bank and credit card transactions directly into QuickBooks, thus saving data entry time. Finally, to make sure you and your bank are on the same page, its account reconciliation features make it possible to compare your balances to the bank's so you can identify and track down any differences.

This part of the book explores these banking features of QuickBooks. Its three chapters are:

Chapter 15: Managing Check and Credit Card Transactions

Chapter 16: Importing Online Bank and Credit Card Transactions

Chapter 17: Reconciling Bank and Credit Card Accounts

Managing Check and Credit Card Transactions

In this chapter:

- Checks overview
- Entering a check
- Printing, saving, or e-mailing checks
- Depositing funds into your checking account
- Credit card overview
- Entering a credit card transaction
- Paying your credit card bill

Most businesses use bank and credit card accounts to handle their day-to-day financing needs. Checking and savings accounts are extremely common. You'll deposit receipts from sales and other payments from customers in a bank account and then use those funds to pay your company's bills. You may also use one or more credit cards to make purchases of items used during the course of doing business.

This chapter takes a closer look at your bank and credit card accounts. It starts by discussing how you can write and print checks and make checking account deposits. It then goes on to explain how to record credit card transactions and make payments on your credit card accounts.

Working with Bank Accounts

As discussed in Chapter 5, a bank account in QuickBooks is any kind of account that handles cash transactions. Your company is likely to have a Checking account, but may also have a Savings account and a Petty Cash account. All of these QuickBooks accounts are considered to be bank accounts, even if—in the instance of a Petty Cash account—there's no bank or other financial institution involved.

Although this chapter's discussion of bank accounts focuses on a checking account, everything covered here also applies to other QuickBooks bank accounts. This part of the chapter explores the Write Checks window and other features you can use to work with bank accounts.

Overview of the Write Checks Window

The QuickBooks Write Checks window (refer to Figure 15-1) looks just like the paper checks you're used to. Use the Write Checks window to do the following:

- Write checks.
- Record any bank account or petty cash withdrawals.
- Review and edit checks and withdrawals.
- Print checks.

To open the Write Checks window, choose Banking | Write Checks, or press COMMAND-K. The Write Checks window, which is shown in Figure 15-1, appears. Use the Bank Account drop-down list to choose the account you want to use to write checks, then fill in the form to write the check.



TIP: You can also write checks and other withdrawals directly into the check register, as discussed in Chapter 18.

Write Checks - Checking

Bank Account: Checking Ending Balance: 27,119.41

Next Previous

No. 530 Date 06/15/11

Pay to the Order of: Lew Plumbing \$ 945.95

Nine hundred forty-five and 95/100* Dollars

Address: Lew Plumbing, 221 Old Bayshore Rd, Bayshore CA 94326

Memo:

Expenses - \$645.95 Items - \$300.00

Account	Amount	Memo	Customer:Job	Class
Job Expenses:Subcontra	450.00	Repair	Craven, Pamela:Duc	Remodel
Job Expenses:Bond	150.00	Required Bond	Craven, Pamela:Duct	Remodel
Job Expenses:Freight &	45.95	Overnight Shipping	Craven, Pamela:Duct	Remodel

Print... Recalc Format Cancel OK

FIGURE 15-1 The Write Checks window offers a familiar interface for writing checks for any bank account.

NOTE: If you use the Enter Bills and Pay Bills windows to enter and pay your bills as discussed in Chapter 12, QuickBooks writes the checks to your vendors for you. Do not write checks with the Write Checks window or check register for these bills.

Entering a Check

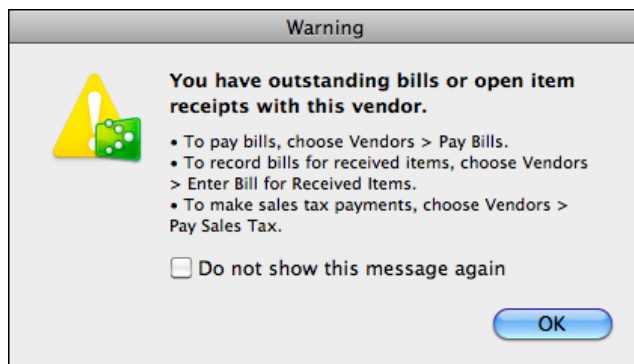
Entering information for a check is a two-step process. First, enter the payee information in the top part of the Write Checks window. Then enter details—expenses, items, or both—in the bottom part of the Write Checks window. Here's how to enter all of this information in the Write Checks window.

To Enter Payee Information

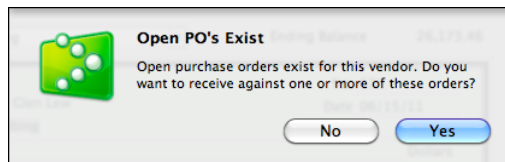
Payee information goes in the top half of the Write Checks window.

- 1 Display the Write Checks window (refer to Figure 15-1), and choose the bank account you want to use to write the check.
- 2 In the Pay To The Order Of field, choose a payee name from the drop-down list or enter the name of a new payee. A few things may happen, depending on the status of the payee:

- If you enter a payee for whom you have outstanding bills or open item receipts, a dialog like the one shown next appears. It explains how you should handle payment for this vendor. Read the instructions, click OK, and if the payment is for an open item, follow the instructions in the dialog to make the payment.




- If you enter a payee for whom you have open purchase orders, a dialog like the one shown next appears. If this payment is for items on a purchase order, click Yes and use the Open Purchase Orders dialog to receive items. (You can learn more about working with purchase orders in Chapter 14.) When you check off the items you are receiving in the dialog and click OK, QuickBooks returns you to the Write Checks window with the bottom half of the form completed based on the purchase order information.



- If you enter a new name in this field, QuickBooks displays a dialog offering to set up the name for you; you'll have to specify whether the payee is a Vendor, Customer, Employee, or Other Name to set up the name. (You can learn more about setting up vendors, customers, employees, and other names in Chapter 4.) When you're finished setting up the name, you'll return to the Write Checks window to continue filling in the check form.
- 3 If necessary, enter the transaction date in the Date field. QuickBooks automatically fills this in with the current date, but you can change it.
 - 4 Enter the amount of the transaction in the \$ field. QuickBooks automatically writes out this amount in words in the field below it.
 - 5 If necessary, enter or change the contents of the Address block. QuickBooks automatically enters the payee address from the appropriate list (vendors,

customers, etc.), but if the Address block is empty or you need to make changes, you can do it here.


- 6 If desired, enter a memo for the check. This text will appear on the check when printed.

 **NOTE:** When you write a check to someone you've written a check to before, QuickBooks fills in the check fields with the information from the last check to this person. As you tab through the check fields, you can change any field information that is different for this check. This feature, which is called *QuickFill*, can be turned on or off in Data Entry preferences, which are discussed in Chapter 22.


To Enter Details for Expenses

If the check is for expenses, enter the expenses in the Expenses pane of the Write Checks form.

- 1 In the Write Checks window, click the Expenses button to display the Expenses pane (refer to Figure 15-1).
- 2 On each line of the Expenses pane, choose or enter the Account, Amount, Memo, Customer:Job, and Class fields for the expense. Of these fields, only the Account and Amount are necessary; the other fields are optional. If you assign the amount of the check to various expense accounts, customers, jobs, and classes in the detail area, your reports will accurately reflect how much you spend within each expense account, for each customer or job, and within each class you have set up.

 **NOTE:** Distributing the check amount to the correct customers also allows you to apply any reimbursable expenses to your sales. You can learn more in Chapter 7.

- 3 If you enter a customer or job in the Customer:Job field and the expense is billable, indicate in the billable column beside it whether the expense is should be billed to that customer:
 - If the expense is billable to the customer, leave the invoice icon next to the customer's name as it is.
 - If the expense is not billable to that customer, click the invoice icon next to the customer's name to mark an X through it. (Clicking the invoice icon again removes the X.)

 **NOTE:** After you record the invoice that includes the expense, the invoice icon for that expense is grayed, indicating that you've billed the customer for that expense.

To Enter Details for Items

If a check is to pay for items on your Item List, you can enter details in the Items pane of the Write Checks window.

- 1 In the Write Checks window, click the Items button to display the Items pane, which is shown next.

Item	Description	Qty	Cost	Amount	Customer:Job	Class
Subs:Plumbi	Plumbing	12	25.00	300.00	Chil Corp:M	New C

- 2 On each line of the Items pane, choose or enter the Item, Description, Qty, Cost, Customer:Job, and Class fields for the items. Of these fields, only the Item, Qty, and Cost are necessary; the other fields are optional. If you assign the amount of the check to various items, customers, jobs, and classes in the detail area, your reports will accurately reflect how much you spend for individual items, for each customer or job, and within each class you have set up.

\$ NOTE: If you enter inventory items, QuickBooks adjusts your inventory to show that you have received the items. QuickBooks uses the cost you enter here to adjust the average cost.

\$ NOTE: If the check is for items on a purchase order, some or all detail may already be filled in. You can add additional lines for other items not included on the purchase order(s) or adjust quantities received, if necessary.

- 3 If you enter a customer or job in the Customer:Job field and the item is billable, indicate in the billable column whether the item should be billed to that customer:
 - If the item is billable to the customer, leave the invoice icon next to the customer's name as it is.
 - If the item is not billable to that customer, click the invoice icon next to the customer's name to mark an X through it. (Clicking the invoice icon again removes the X.)

\$ NOTE: After you record the invoice that includes the item, the invoice icon for that item is grayed, indicating that you've billed the customer for that item.

To Complete the Write Checks Form

To finish recording the transaction, you can set a few options and click OK or Next to record the check.

- 1 On the right side of the Write Checks window (refer to Figure 15-1), set options as desired:
 - **Show In iCal** adds the check to iCal. Showing transactions in iCal is discussed in Chapter 7.
 - **To Be Printed** adds the check to the batch of checks to be printed later. This also sets the Number field of the account register to *To Print* (refer to Figure 15-2) until the check is printed and a check number is assigned. Printing checks is discussed a little later in this chapter.

NOTE: If you write checks by hand, clear the To Be Printed check box and make sure the No. field has the same check number as the check you write.

- 2 To save the check and write another check, click Next, or to save the check without writing another check, click OK. QuickBooks enters the transaction into your checking or other bank account register.

NOTE: QuickBooks tells you if the transaction is not in balance—in other words, if amounts in the detail area do not add up to the total of the check. If a Warning dialog appears, click OK to return to the Write Checks window. Then either manually correct the amounts or click Recalc to recalculate the amounts in the detail area and put the total in the \$ field on the check face.

Date	Number	Type	Payee	Account	Memo	Payment	✓	Deposit	Balance
06/15/11	336	CHK	CalOil Company			9,164.00			25,607.67
		CHK	CalOil Credit Card						
06/15/11	337		State Board of Equalization			304.63			25,303.04
		TAXPMT	Sales Tax Payable	ABCD 11-234567					
06/15/11	To Print	CHK	New Plumbing			945.95		Deposit	24,357.09
		CHK	-split-		Memo				
06/16/11	10035	PAY CHK	Elizabeth N. Mason			890.57			23,466.52
		PAY CHK	-split-						
06/16/11	10036	PAY CHK	Gregg O. Schneider			1,033.99			22,432.53
		PAY CHK	-split-						
06/16/11	To Print	PAY CHK	Dan T. Miller			1,299.60			21,132.93
		PAY CHK	-split-						
Ending balance									26,173.46

FIGURE 15-2 The words To Print appear in the Number column of checks to be printed in the account register.

Printing Checks

You can print checks as you create them or later, in batches.

To Print a Single Check

You can print a check from right within the Write Checks window.

- 1 Insert QuickBooks-compatible check stock in your printer.
- 2 In the Write Checks window, display the check you want to print.

TIP: You can use the Previous button in the Write Checks window to scroll back through previously recorded checks.

- 3 Click the Print button.

A Print Checks dialog like the one in Figure 15-3 appears. Use it to set options for printing the check as discussed in the section titled “To Set QuickBooks Check Printing Options” later in this chapter.

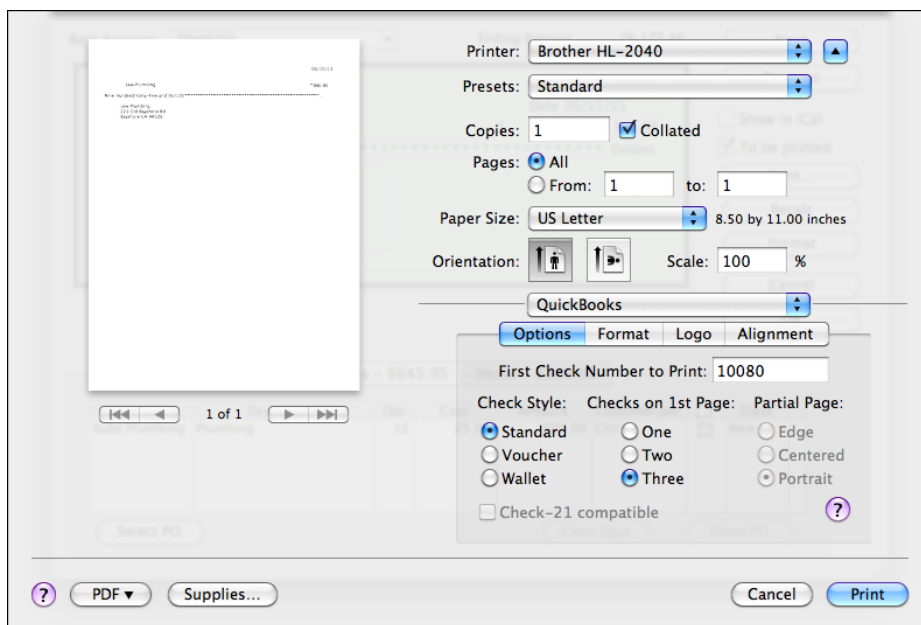
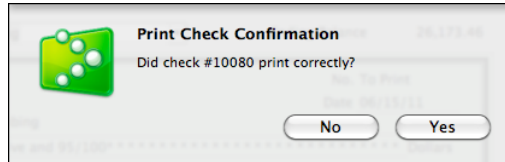


FIGURE 15-3 Use this dialog to set options for printing checks and send checks to your printer.

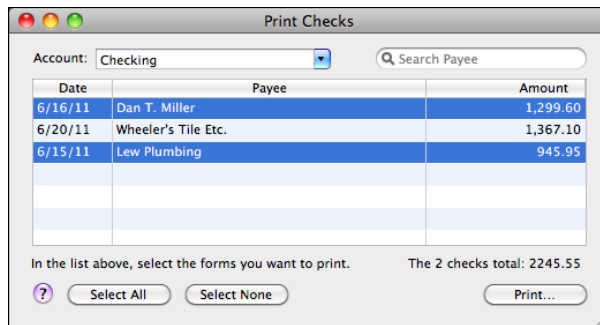
- 4 Click Print. The check is sent to your printer.
- 5 A dialog like the one shown next appears. If the check printed correctly, click Yes. Otherwise, click No and repeat steps 2 through 4 to try printing again.



To Print a Batch of Checks

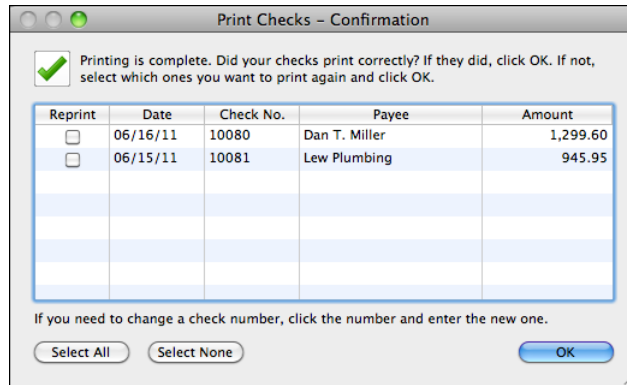
You can print any combination of checks set *To Print* all at once.

- 1 Insert QuickBooks-compatible check stock in your printer.
- 2 In the Write Checks window, make sure the *To Be Printed* check box is selected for the checks you want to print (refer to Figure 15-1), or in the account register for your Checking account, make sure *To Print* appears in the Number field of the checks you want to print (refer to Figure 15-2).
- 3 Choose File | Print Forms | Checks.
- 4 In the Print Checks dialog that appears (shown next), select the account for which you want to print checks. A list of checks to be printed for that account appears.



- 5 Click to select the checks you want to print. To select more than one check, hold down COMMAND while clicking. To select them all, click the Select All button.
- 6 Click Print.
- 7 A dialog like the one in Figure 15-3 appears. Use it to set options for printing the check as discussed in the section titled "To Set QuickBooks Check Printing Options" later in this chapter.
- 8 Click Print.

- 9 Wait while the checks print. When your computer has finished sending checks to the printer, it displays a dialog like the one shown next.



- If all checks printed without problems, click OK.
- If the checks printed properly but one or more check numbers are wrong, double-click the incorrect check number and enter the correct number in the edit box that appears. Repeat this process for any check with the wrong number. Click OK. QuickBooks records the revised check numbers in your check register.
- If one or more checks did not print properly, place a check in the check box beside any check that you want to print again. When you click OK, QuickBooks sets those checks *To Print* again and takes you back to step 4 with only the checks that didn't print listed in the dialog. Repeat steps 4 through 9 to print the checks again.

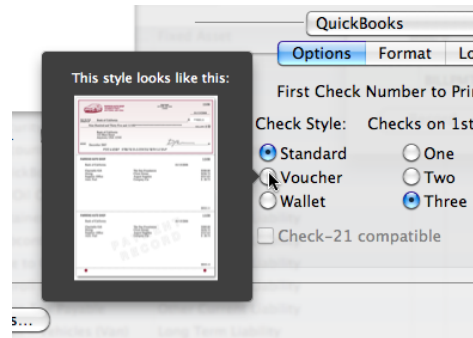
QuickBooks assigns check numbers to the checks that printed properly. The next time you print checks, they will not appear in the Print Checks dialog shown in step 4.

To Set QuickBooks Check Printing Options

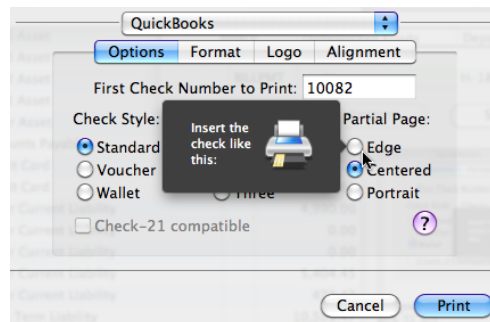
You can set check printing options on the fly in the Print dialog when you're ready to print. QuickBooks remembers these settings, so you don't have to set them again unless they need to be changed for a specific print job.

- 1 Follow the instructions earlier in this section to display the check printing dialog (refer to Figure 15-3).
- 2 Set options in the top-right section of the dialog for your printer. These options are printer-specific and may not match those shown in Figure 15-3.
- 3 If necessary, choose QuickBooks from the pop-up menu in the right center of the dialog.

- 4 Click the Options button and set basic check printing options:
- **First Check Number To Print** is the check number on the first sheet of check stock you will print on. QuickBooks keeps track of check numbers, so if you print checks in number order, you won't have to change this very often.
 - **Check Style** is the type of check. You can point to the three options (Standard, Voucher, and Wallet) to see thumbnail images of them, as shown next.

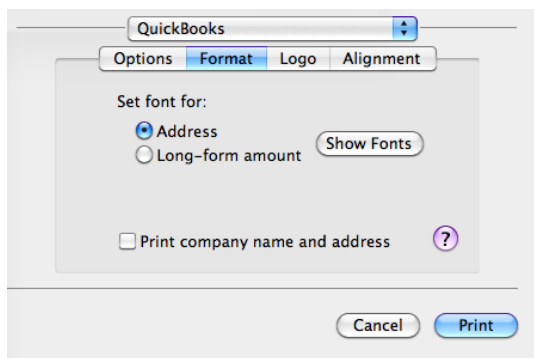


- **Checks On 1st Page** is the number of checks that should print on the first page. Use this option for Standard or Voucher checks when fewer than three checks will print on the first page.
- **Partial Page** tells QuickBooks how a partial page of checks will be fed into the printer. You can point to an option to see an image that shows how to insert checks:

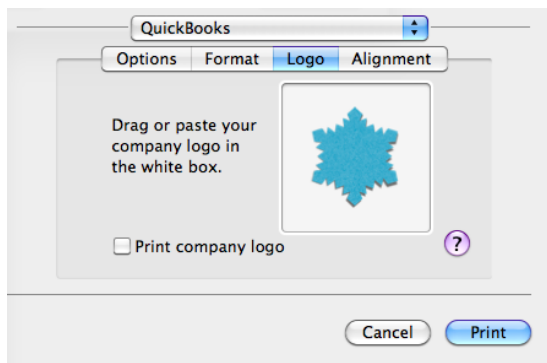


- **Check-21 Compatible** enables you to print Wallet checks that are compliant with the Check 21 Act.

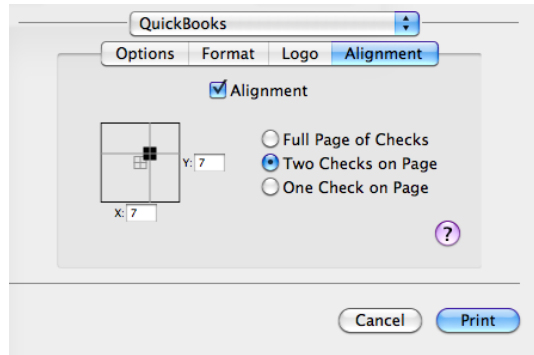
- 5 To set the check fonts, click the Format button to display format options (shown next). Then select the option for the font you want to set (Address or Long-form Amount), click the Show Fonts button, and set options in the standard Fonts panel that appears. If you want to print your company name and address on the checks, be sure to turn on the Print Company Name And Address check box. (This check box does not appear for Wallet-style checks.)



- 6 To add your company logo to your checks, click the Logo button to display the logo image well (shown next with an image already set). You can then either drag or paste an image file into the well. If you want the logo to print, be sure to turn on the Print Company Logo check box.



- 7 To fine-tune check alignment, click the Alignment button to display options. Turn on the Alignment check box, select the option you want to fine-tune, and enter positive or negative pixel measurements in the X and Y boxes to set the offsets. You'll need to print a few sample checks to get it exactly right. Here's what it might look like with some measurements entered:



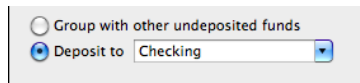
- 8 Continue printing checks as discussed earlier in this part of the chapter.

TIP: To ensure check stock compatibility with QuickBooks, consider ordering check stock from Intuit. Choose Banking | Order Checks And Supplies | Order Checks to get started.

Depositing Funds into Your Checking Account

You can deposit funds and customer payments into your checking account. Money can come from cash receipts, invoice payments received from customers, or other sources. There are several ways to deposit funds into your checking account:

- As discussed in Chapter 7, you can deposit funds directly from a sales form into your checking account by selecting the Deposit To option at the bottom of the form and choosing the account name, as shown here:



- You can deposit funds, including Undeposited Funds, into your checking account using the Make Deposits window, as discussed in Chapter 9.
- You can use your Checking account register to create a deposit transaction for funds that do not affect a customer balance. Chapter 18 provides details for

working with account registers. Here's an example of a deposit entered in the register for a rebate check:

12/10/13		Chase Bank			50.00	27,607.85
	DEP	Other Income	Credit Card Rebate			

- You can use the General Journal Entry form to create an entry that records a deposit. This, in effect, is the same as using the Checking account register, but it utilizes a different form.



NOTE: In most cases, you'll use one of the first two methods listed here to enter deposit transactions into QuickBooks.

Accounting for Credit Card Charges

You can use QuickBooks credit card accounts to track charges and assign them to the appropriate expense accounts. You can learn more about adding credit card accounts to your Chart of Accounts in Chapter 5.

When you enter a credit card charge, QuickBooks reports the amount as a liability on your balance sheet because you owe money for the charge. If you enter individual credit card charges, QuickBooks accounts for the amount you owe as accounts payable until you pay the bill. If you never enter a bill, but just pay by check when you get your statement, QuickBooks decreases your liability amount when you pay.

When you purchase inventory items with a credit card, QuickBooks adjusts your inventory automatically. Chapters 6 and 8 cover inventory items in QuickBooks.

You can also pay bills with your credit card. QuickBooks enters a charge in your credit card register for each vendor you paid. Consult Chapter 12 for more information about paying bills.

You can reconcile a credit card account with your credit card statement just as you'd reconcile a bank account. Chapter 17 explains how. After you've reconciled, you can enter the credit card bill in accounts payable or write a check to pay the bill.

Entering Credit Card Transactions

Although you can enter, edit, and delete credit card transactions in your credit card register, if you plan to distribute a transaction amount among several accounts, customers, jobs, or classes, you'll need to use the Enter Credit Card Charges window. This window, which is shown in Figure 15-4, includes fields to gather complete information about the transaction. To open the Enter Credit Card Charges window, choose Banking | Enter Credit Card Charges.

Enter Credit Card Charges - QuickBooks Credit Card

Credit Card: QuickBooks Credit Card Ending Balance: 94.20

Purchased From: Mendoza Mechanical Ref No.: 35467

Charge (selected) DATE: 12/10/11 AMOUNT: 1,814.78

Memo: _____

Expenses - \$469.78 Items - \$1,345.00

Account	Amount	Memo	Customer:Job	Class
Tools and Machinery	469.78			Overhead

FIGURE 15-4 Use the Enter Credit Card Charges window to enter complete information about individual credit card transactions.

The Enter Credit Card Charges form has two parts. Use the receipt area in the top part to enter basic information about the transaction, such as the organization where you charged the purchase, the date, and the amount. Use the bottom part to itemize expenses or items, or both. Here are the detailed instructions for completing this form.

To Fill in the Credit Card Receipt Area

Use the receipt area at the top of the form to enter basic information about the charge.

- 1 Use the Credit Card drop-down list to choose the credit card account you used to make the charge. This list should include all credit card accounts you set up in QuickBooks.
- 2 Choose or enter a vendor in the Purchased From field. A few different things may happen, depending on what you choose or enter:
 - If you choose a vendor for which you have outstanding bills or open item receipts, QuickBooks explains how you should handle the transaction. Read the instructions, click OK, and if the charge is for an open item, follow the instructions in the dialog to record it.

- If you enter a vendor for whom you have open purchase orders, QuickBooks displays a dialog that enables you to receive the items using the Open Purchase Orders dialog to receive items. (You can learn more about working with purchase orders in Chapter 14.) If you do this, QuickBooks returns you to the Enter Credit Card Charges window with the bottom half of the form completed based on the purchase order information.
 - If you enter a new name in this field, QuickBooks displays a dialog offering to set up the name for you; you'll have to specify whether the payee is a Vendor, Customer, Employee, or Other Name to set up the name. (You can learn more about setting up vendors, customers, employees, and other names in Chapter 4.) When you're finished setting up the name, you'll return to the Write Checks window to continue filling in the check form.
- 3 If desired, enter a reference number for the credit card transaction in the Ref No. field.
 - 4 Enter the date of the transaction in the Date field.
 - 5 Enter the amount of the charge in the Amount field.
 - 6 If desired, enter a note about the charge in the Memo field.

To Enter Details for Expenses

If the credit card transaction is for expenses, enter the expenses in the Expenses pane of the Enter Credit Card Charges form.

- 1 In the Enter Credit Card Charges window, click the Expenses button to display the Expenses pane (refer to Figure 15-4).
- 2 On each line of the Expenses pane, choose or enter the Account, Amount, Memo, Customer:Job, and Class fields for the expense. Of these fields, only the Account and Amount are necessary; the other fields are optional. If you assign the amount of the check to various expense accounts, customers, jobs, and classes in the detail area, your reports will accurately reflect how much you spend within each expense account, for each customer or job, and within each class you have set up.



NOTE: Distributing the credit card charge amount to the correct customers also allows you to apply any reimbursable expenses to your sales. You can learn more in Chapter 7.

- 3 If you enter a customer or job in the Customer:Job field and the expense is billable, indicate in the billable column whether the expense should be billed to that customer:
 - If the expense is billable to the customer, leave the invoice icon next to the customer's name as it is.

- If the expense is not billable to that customer, click the invoice icon next to the customer's name to mark an X through it. (Clicking the invoice icon again removes the X.)

NOTE: After you record the invoice that includes the expense, the invoice icon for that expense is grayed, indicating that you've billed the customer for that expense.

To Enter Details for Items

If a credit card charge is to pay for items on your Item List, you can enter details in the Items pane of the Enter Credit Card Charges window.

- 1 In the Enter Credit Card Charges window, click the Items button to display the Items pane, which is shown next.

Item	Description	Qty	Cost	Amount	Customer:Job	Class
Lighting:Fluc	Lighting Fixtures	5	179.00	895.00	Chil Corp:	New
Lighting:Electri	Electrical Materials	1	450.00	450.00	Chil	New

- 2 On each line of the Items pane, choose or enter the Item, Description, Qty, Cost, Customer:Job, and Class fields for the items. Of these fields, only the Item, Qty, and Cost are necessary; the other fields are optional. If you assign the amount of the credit card charge to various items, customers, jobs, and classes in the detail area, your reports will accurately reflect how much you spend for individual items, for each customer or job, and within each class you have set up.

NOTE: If you enter inventory items, QuickBooks adjusts your inventory to show that you have received the items. QuickBooks uses the cost you enter here to adjust the average cost.

NOTE: If the credit card charge is for items on a purchase order, some or all detail may already be filled in. You can add additional lines for other items not included on the purchase order(s) or adjust quantities received, if necessary.

- 3 If you enter a customer or job in the Customer:Job field and the item is billable, indicate in the billable column whether the item should be billed to that customer:
- If the item is billable to the customer, leave the invoice icon next to the customer's name as it is.
 - If the item is not billable to that customer, click the invoice icon next to the customer's name to mark an X through it. (Clicking the invoice icon again removes the X.)

NOTE: After you record the invoice that includes the item, the invoice icon for that item is grayed, indicating that you've billed the customer for that item.

To Complete the Enter Credit Card Charges Form

To save the credit card transaction and enter another one, click Next, or to save the credit card transaction without writing another one, click OK. QuickBooks enters the transaction into your credit card account register.

NOTE: QuickBooks tells you if the transaction is not in balance—in other words, if amounts in the detail area do not add up to the total of the credit card charge. If a Warning dialog appears, click OK to return to the Enter Credit Card Charges window. Then either manually correct the amounts or click Recalc to recalculate the amounts in the detail area and put the total in the Amount field.

Recording Credit Card Credits

When you return an item to a vendor and receive a credit on your credit card account, this reduces the amount you owe to your credit card company. A credit transaction is recorded just like a charge transaction in the Enter Credit Card Charges window discussed earlier in this part of the chapter. The only difference is that before you complete the form, you need to select the Credit option in the top half of the window, as shown here:

The screenshot shows the 'Enter Credit Card Charges' window. At the top, the title bar reads 'Enter Credit Card Charges - QuickBooks Credit Card'. Below the title bar, there are two main sections. The left section contains a dropdown menu for 'Credit Card' set to 'QuickBooks Credit Card', and an 'Ending Balance' field showing '1,908.98'. The right section contains buttons for 'Next', 'Previous', 'Recalc', 'Cancel', and 'OK'. The main area is a form with a 'Purchased From' field set to 'Peacock Hardware Supplies' and a 'Ref No.' field. Below this, there are radio buttons for 'Charge' and 'Credit', with 'Credit' selected. A table with columns for 'DATE' and 'AMOUNT' is visible, with '12/10/11' in the date column and '15.00' in the amount column. At the bottom, there is a 'Memo' field.

Paying Your Credit Card Account

You can record a payment for a credit card account two ways:

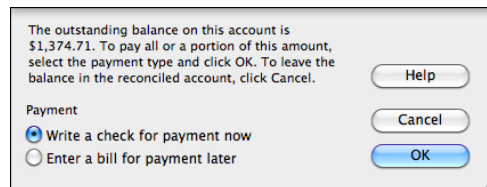
- Perform an account reconciliation, as discussed in Chapter 17. At the conclusion, QuickBooks displays the Make Payment dialog, which you can use to initiate a payment for the account.
- Use the Write Checks window, which is discussed at the beginning of the chapter, to write a check for the credit card payment.

Here's an overview of each method.

To Make a Credit Card Payment after Reconciling the Account

When you receive your credit card statement, you check off transactions you've entered to make sure your QuickBooks records agree with the statement you get from the credit card company. This procedure is similar to reconciling a bank statement, which is discussed in detail in Chapter 17.

At the end of the account reconciliation procedure, QuickBooks displays a dialog like the one shown next. It offers two options:



The outstanding balance on this account is \$1,374.71. To pay all or a portion of this amount, select the payment type and click OK. To leave the balance in the reconciled account, click Cancel.

Payment

Write a check for payment now

Enter a bill for payment later

Help

Cancel

OK

- **Write A Check For Payment Now** displays the Write Checks window (refer to Figure 15-5), all filled out for a credit card payment. Adjust the amount if desired and click OK to record the check.
- **Enter A Bill For Payment Later** displays the Enter Bills window (refer to Figure 15-6), all filled out for a bill payment to the credit card company. Adjust the amount if desired, and click OK to record the bill for later payment. You can learn more about recording and paying bills in Chapter 12.

If you click Cancel in the Make Payment dialog, no payment is set up for the credit card account, and the outstanding amount remains in the account.

Write Checks - Checking

Bank Account: **Checking** Ending Balance: 83,940.02

No. To Print: _____ Date: 07/01/10

Pay to the Order of: **QuickBooks Credit Card** \$ 1,374.71

One thousand three hundred seventy-four and 71/100* Dollars

Address: _____

Memo: _____

Expenses - \$1,374.71 Items - \$0.00

Account	Amount	Memo	Customer:Job		Class
QuickBooks Credit Card	1,374.71				

Buttons: Next, Previous, Show in iCal, To be printed (checked), Print..., Recalc, Format, Cancel, OK

FIGURE 15-5 QuickBooks can write a check for a credit card payment.

Enter Bills

Bill Credit Bill Received

Bill

Vendor: _____ Date: 07/01/10

Ref. No.: 1

Terms: _____ Amount Due: 1,374.71

Bill Due: 07/11/10

Memo: _____

Expenses - \$1,374.71 Items - \$0.00

Account	Amount	Memo	Customer:Job		Class
QuickBooks Credit Card	1,374.71				

Buttons: Next, Previous, Recalc, Show in iCal, Cancel, OK

FIGURE 15-6 QuickBooks can automatically enter a bill for a credit card payment.



NOTE: Although QuickBooks automatically creates a check or bill for the entire outstanding amount of the credit card statement, you only have to make the minimum payment that appears on your credit card bill. Keep in mind, however, that if you pay your balance in full each month, you can avoid costly finance charges and save money.

To Make a Credit Card Payment by Writing a Check or Entering a Bill

Although it's a good idea to reconcile your credit card accounts regularly, you don't have to do so to pay your credit card bill. Instead, either manually write a check (refer to Figure 15-5) or enter a bill (refer to Figure 15-6) for the amount you want to pay. Just be sure to use the Expenses pane of the form to enter the credit card account name for the amount of the payment. This will reduce the balance for the credit card account when you pay the bill.

Importing Online Bank and Credit Card Transactions

In this chapter:

- Online banking overview
- Setting up online banking features
- Importing transactions
- Updating your register
- Customizing the Downloaded Transactions window toolbar

What would be quicker and easier than manually entering bank and credit card transactions into QuickBooks? Having QuickBooks enter transaction information for you automatically, of course.

With QuickBooks' online banking features, you may be able to download transactions from your financial institutions directly into your QuickBooks bank and credit card accounts. This chapter explains how online banking works, what you need to get started, and how to take advantage of it to save time and effort.

Online Banking Overview

QuickBooks' online banking features let you import bank and credit card transactions from your financial institution's web site into QuickBooks. You can then add and/or match the imported transactions to transactions in your QuickBooks bank or credit card account register.

Importing online transactions helps you to save time because you no longer need to manually enter these transactions. It can also reduce potential data entry errors because the amounts you download are the same as what your financial institution has recorded for your account.

You can import transactions from the following types of accounts:

- Checking
- Savings
- Money market
- Credit card
- Line of credit

System Requirements

To import online transactions, you need Internet access for your computer. You also need access to QuickBooks' downloads feature on a participating financial institution's web site, which may be subject to application approval, additional terms, conditions, and fees.

While this may seem daunting, most popular banks and credit card companies support some kind of online banking for QuickBooks customers. In some cases, this service is provided at no additional fee.




NOTE: Contact your financial institution to find out how QuickBooks is supported, and sign up for access before following the instructions in this chapter.

Service Options

Depending on your financial institution, you can download transactions using one of the following services:

- **Direct Connect** enables QuickBooks to connect directly to your financial institution's server to download transactions into QuickBooks.
- **Web Connect** requires you to manually access your bank's web site and download a QuickBooks-compatible transaction file. You then import that file into QuickBooks.

This chapter of the book covers both methods.

 **NOTE:** Some banks charge an additional fee for online banking services or may offer Web Connect for free but charge a fee for Direct Connect. Make sure you ask your bank about fees before signing up for online banking features.


Setting Up Online Banking

Before you can use online banking, you must set up your accounts to access it. How you set up the account depends on the type of access that's available at your financial institution. The following instructions should cover any kind of setup.

To Begin the Online Banking Setup Process

No matter how your financial institution supports QuickBooks, you start the setup process the same way: with the Online Banking Setup dialog.

- 1 Choose Banking | Online Banking Setup. The financial institution list of the Online Banking Setup dialog appears. It should look something like what you see in Figure 16-1.
- 2 Begin typing the name of your financial institution in the Spotlight search box near the top of the dialog. The list is narrowed down to match what you typed.
- 3 When you see your financial institution in the list, click to select it.

 **NOTE:** If your financial institution is not listed, click the link labeled What Do I Do If My Financial Institution Is Not Listed? and follow the instructions in the Help window that appears.

- 4 Click Next.
- 5 If your financial institution has multiple locations, a screen with a pop-up menu might appear. Choose your bank's location from the pop-up menu and click Next.

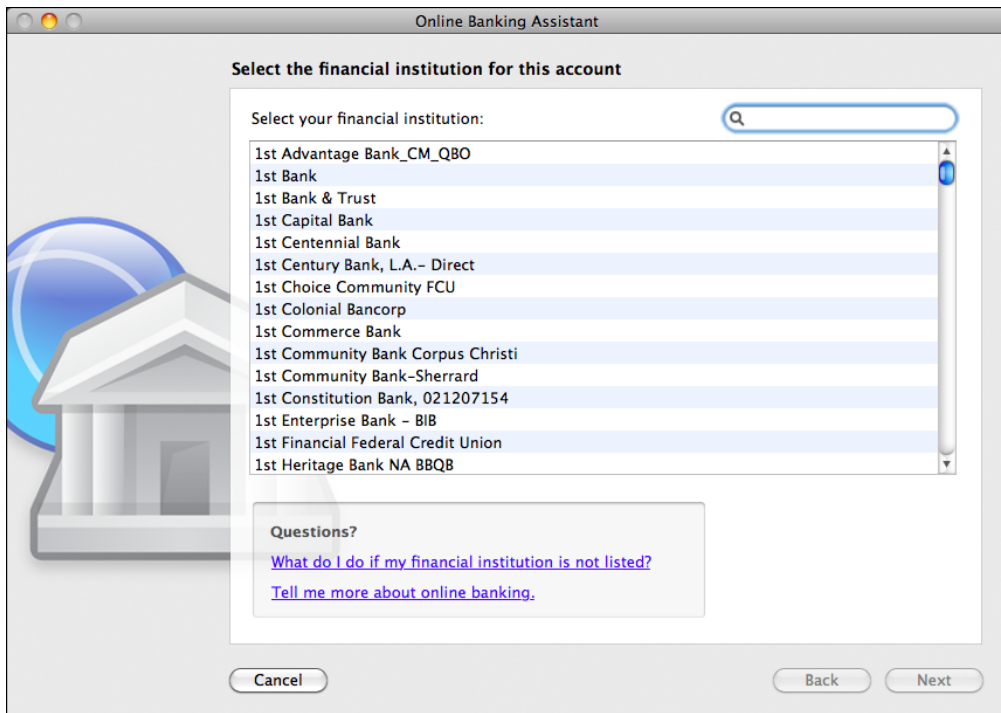


FIGURE 16-1 The first screen of the Online Banking Setup dialog displays a list of supported financial institutions.

- 6 A screen like the one in Figure 16-2 appears. Continue following the instructions in the section titled “To Set Up for Direct Connect” or “To Set Up for Web Connect” as appropriate.

To Set Up for Direct Connect

Direct Connect makes it possible to download transactions from your bank from within QuickBooks. This is quicker and easier than using Web Connect, so it should be your preferred method whenever it is available.

- 1 Follow the instructions in the previous section, titled “To Begin the Online Banking Setup Process.”
- 2 When prompted to choose a connection method (refer to Figure 16-2), select Direct Connect and choose Next.

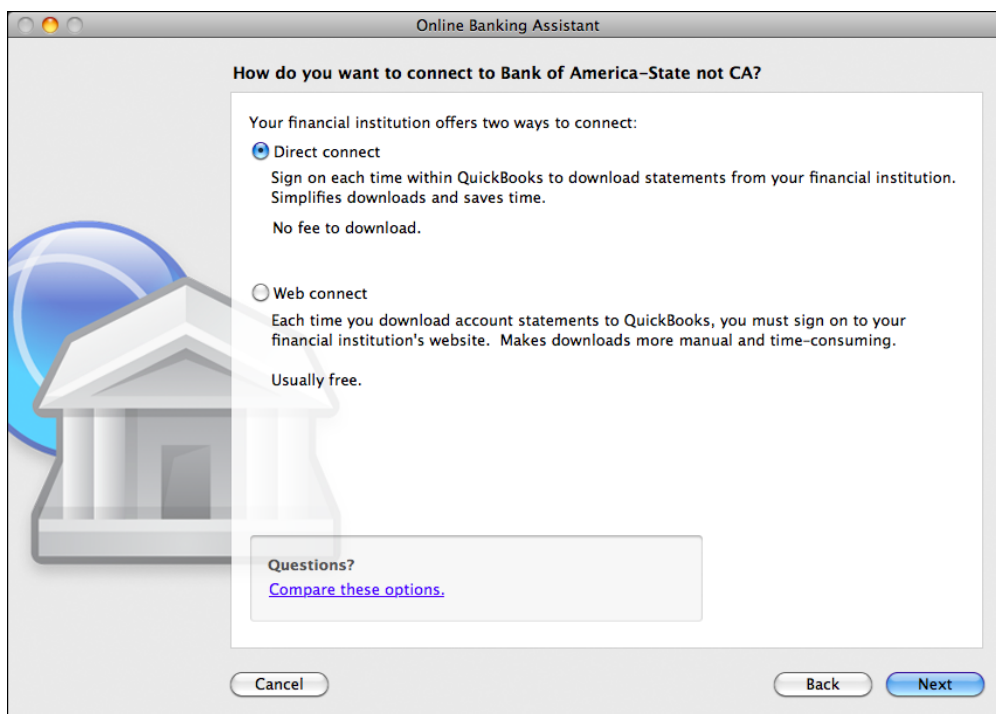
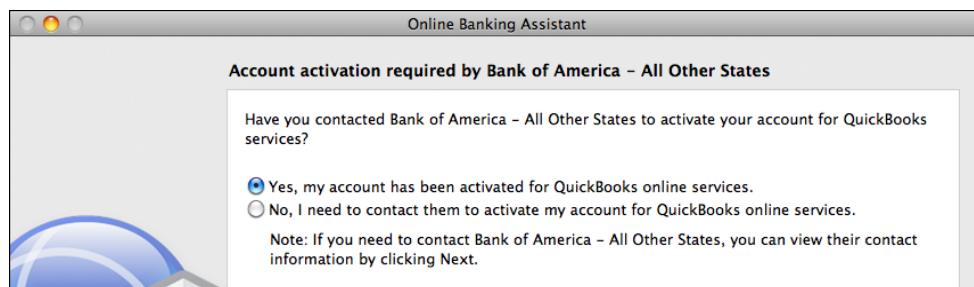


FIGURE 16-2 Use this screen to tell QuickBooks how you want to connect to your financial institution.

- 3 A screen telling you that account activation is required may appear. You have two options, as shown next:



- **Yes, My Account Has Been Activated For QuickBooks Online Services** tells QuickBooks that you're ready to complete the setup and perform your first download. When you click Next, you'll continue setting up; follow the remaining steps here.

- **No, I Need To Contact Them To Activate My Account For QuickBooks Online Services** tells QuickBooks that you're not ready. When you click Next, a screen with contact information for your financial institution appears. Get in touch with your bank and tell them you want to download into QuickBooks. Then, when your account is ready, start these instructions again.
- 4 QuickBooks displays a dialog that prompts you for login or account information. The appearance and contents of this dialog vary from one financial institution to another. In the following illustration, you can see what it looks like for Bank of America, which prompts for customer ID and password information. Enter the requested information and click Sign In.

Online Banking Assistant

Log in to Bank of America - All Other States

Customer ID:
Use your Bank of America Online ID

Password:
Use your Bank of America Online Passcode

Confirm Password:

Add Password to Keychain
To sign in to Bank of America - All Other States with a secure Internet connection, click Sign In.

- 5 Wait while QuickBooks goes online and connects to your financial institution's server. When a list of accounts like the one shown next appears, skip ahead to the section titled "To Complete the Setup Process," later in this chapter.

Online Banking Assistant

Select the Bank of America - All Other States accounts you want to connect to


Now you need to link each of your bank accounts to a QuickBooks account. When you import transactions from your bank account, the transactions are stored in the QuickBooks account you've linked to the bank account.

Account Name	Account Number	Account Type	Store in the QuickBooks Account
BUSINESS CLASSIC	809686025	Checking	Select an Account

To Set Up for Web Connect

Web Connect is a two-step process. First, download a QuickBooks-compatible file of transactions from your financial institution. Then import those transactions into QuickBooks. To set up this process, perform a download as instructed in the Online Banking Setup dialog.

- 1 Follow the instructions in the section titled “To Begin the Online Banking Setup Process,” earlier in this chapter.
- 2 A screen like the one in Figure 16-3 appears, telling you that you must download a statement from your financial institution and import it into QuickBooks. Click the Website button.
- 3 QuickBooks uses your default web browser to connect to your financial institution’s web site. Log in and navigate to the web page where you can download transactions. Figure 16-4 shows what it looks like for a credit card at Chase’s web site.

 **NOTE:** If you’re not sure how to find the download page for your financial institution’s web site, consult the online help available on that site. Every financial institution’s site is different, so it’s impossible to provide instructions for every financial institution here.

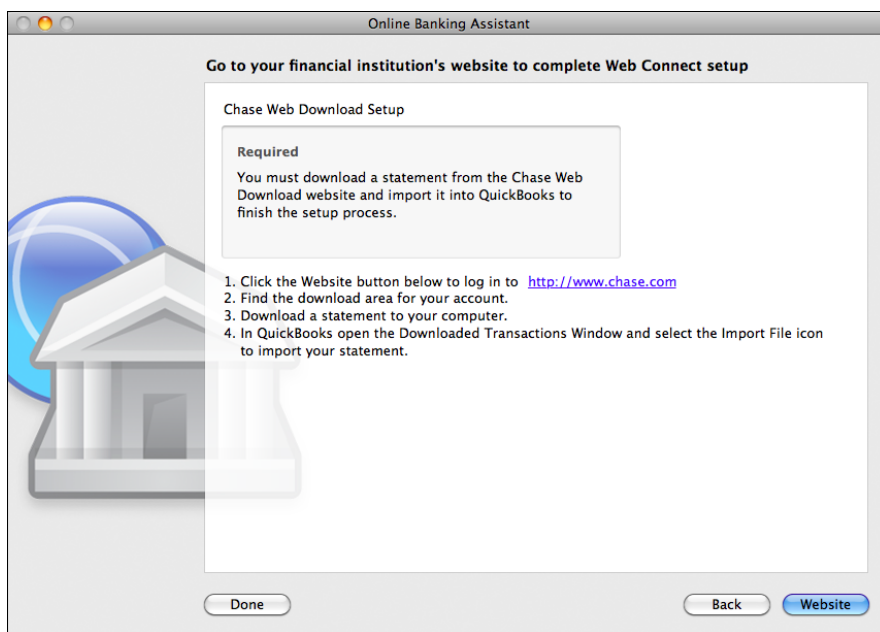


FIGURE 16-3 This screen appears if your financial institution supports Web Connect for online banking.

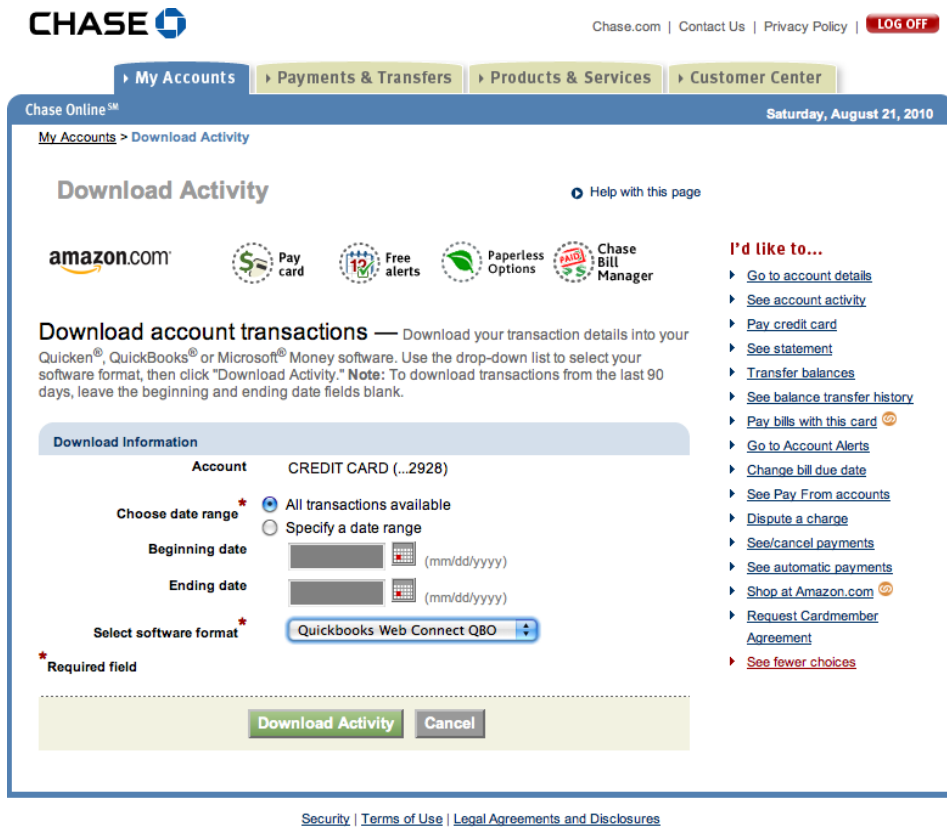
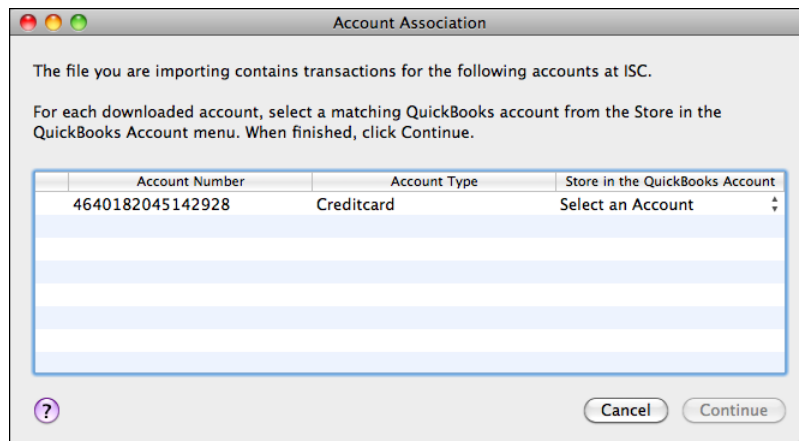


FIGURE 16-4 Here's an example of a download page on the Chase.com web site for a credit card account.

- 4 Set options to specify the transaction period. If offered a software format, be sure to choose QuickBooks or QuickBooks Web Connect. Then click the button or link to start the download.
- 5 Wait while your web browser downloads the transaction file. It may display a dialog offering to open the file with QuickBooks. Although you can try this, it may not work. For best results, save the file to your hard disk and then open it within QuickBooks using the Import command or button, as discussed in the next step.
- 6 Choose File | Import | From Web Connect and use the Open dialog that appears to locate, select, and open the downloaded file. Although its name will vary depending on your financial institution, it will have a .qbo filename extension.
- 7 After a moment, QuickBooks displays a list of accounts activated for QuickBooks. It may appear in the Online Banking Setup dialog (shown earlier)


or in its own Account Association dialog (shown next). Continue following instructions in the next section, titled “To Complete the Setup Process.”



To Complete the Setup Process

Once QuickBooks has downloaded the information from your financial institution, you can match it to an account (or create a new account to match it to) and complete the first import.

- 1 At this point, you should see a list of one or more accounts at your financial institution. In the Store In The QuickBooks Account column for each financial institution account, choose the QuickBooks account you want to link to.

 **NOTE:** If you choose New from the pop-up menu in the Store In The QuickBooks Account column for an account, the New Account dialog will appear so you can create a new QuickBooks account to link to the account at your financial institution. Creating accounts is covered in Chapter 5.

- 2 Click Continue.
- 3 QuickBooks imports transactions from your financial institution. When it's finished, it tells you how many transactions were imported. Click OK to dismiss the dialog.
- 4 Add or match transactions in the Downloaded Transactions window (refer to Figure 16-5) as discussed later in this chapter.

To Unlink a QuickBooks Account from an Online Account

To link a different QuickBooks account to imported transactions, you must disassociate the currently associated account first.

NOTE: You must accept or delete any transactions still displayed in the Downloaded Transactions window before disassociating an account. Consult the instructions for adding or matching downloaded transactions later in this chapter if you need help.

- 1 Choose Lists | Chart Of Accounts to display the Chart Of Accounts list window.
- 2 Select the account you wish to unlink from imported online transactions.
- 3 Choose Edit | Edit Account, or press COMMAND-E, to display the Edit Account dialog (shown next).

- 4 Click Online Settings.
- 5 In the Online Account Information dialog (shown next), choose Not Enabled from the Download Transactions pop-up menu.

- 6 Click Save.
- 7 In the Edit Account window, click OK.

Downloading Transactions after Setup Is Complete

Once online banking setup is complete, downloading new transactions is quick and easy. How you do it varies depending on which service—Direct Connect or Web Connect—your QuickBooks account is set up for.

To Download Transactions for Direct Connect Accounts

Downloading transactions with Direct Connect is done from within QuickBooks.

- 1 Choose Banking | Downloaded Transactions to display the Downloaded Transactions window (refer to Figure 16-5, shown later in this chapter).
- 2 Choose the name of a Direct Connect account from the QuickBooks Account pop-up menu.
- 3 Click the Download button in the window's toolbar.
- 4 Wait while QuickBooks connects to your financial institution and downloads transactions. When it's finished, it displays a dialog telling you how many transactions were downloaded (if any). Click OK to dismiss the dialog.
- 5 Add or match transactions in the Downloaded Transactions window (refer to Figure 16-5) as discussed later in this chapter.

To Download Transactions for Web Connect Accounts

Downloading transactions with Web Connect starts from within QuickBooks, then goes to your web browser, where you need to log in and set up the download, and finally ends up back in QuickBooks.

- 1 Choose Banking | Downloaded Transactions to display the Downloaded Transactions window (refer to Figure 16-5, shown later in this chapter).
- 2 Choose the name of a Web Connect account from the QuickBooks Account pop-up menu.
- 3 Click the Download button in the window's toolbar.
- 4 QuickBooks launches your default web browser to connect to your financial institution's web site. Log in and navigate to the web page where you can download transactions.
- 5 Set options to specify the transaction period. If offered a software format, be sure to choose QuickBooks or QuickBooks Web Connect. Then click the button or link to start the download.
- 6 Wait while your web browser downloads the transaction file. It may display a dialog offering to open the file with QuickBooks. Although you can try this, it may not work. For best results, save the file to your hard disk and then open it within QuickBooks using the Import button as discussed in the next step.

- 7 Click the Import button. Then use the standard Open dialog that appears to locate, select, and open the downloaded file. Although its name will vary depending on your financial institution, it will have a .qbo filename extension.
- 8 Wait while QuickBooks imports the transactions. When it's finished, it displays a dialog telling you how many transactions were downloaded (if any). Click OK to dismiss the dialog.
- 9 Add or match transactions in the Downloaded Transactions window (refer to Figure 16-5) as discussed later in this chapter.

Working with Downloaded Transactions

When you download transactions from your financial institution, they appear in the Downloaded Transactions window (refer to Figure 16-5). Although this window appears automatically after you download and import transactions, you can display it at any time by choosing Banking | Online Transactions.

Matched vs. Unmatched Transactions

QuickBooks marks transactions in the Downloaded Transactions window (refer to Figure 16-5) with one of two coded circles:

- **Matched** (marked with a solid circle) transactions correspond to those already in your register.
- **Unmatched** (marked with a hollow circle) transactions don't correspond to ones already in your register. In most cases, they're new, but they could be transactions that were incorrectly entered into your register.

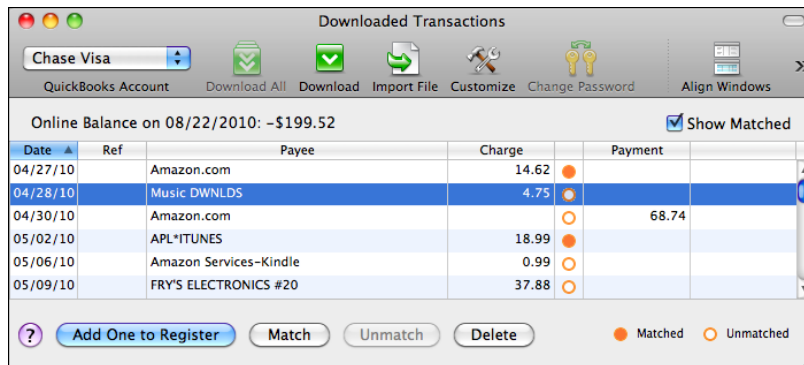


FIGURE 16-5 The Downloaded Transactions window lists all downloaded transactions that have not yet been accepted into QuickBooks for an account.

Your goal is to make sure that all downloaded transactions have been correctly entered into your account register.

TIP: You can easily view both your account register and the Downloaded Transactions window by clicking the Align Windows button in the Downloaded Transactions window. Figure 16-6 shows an example.

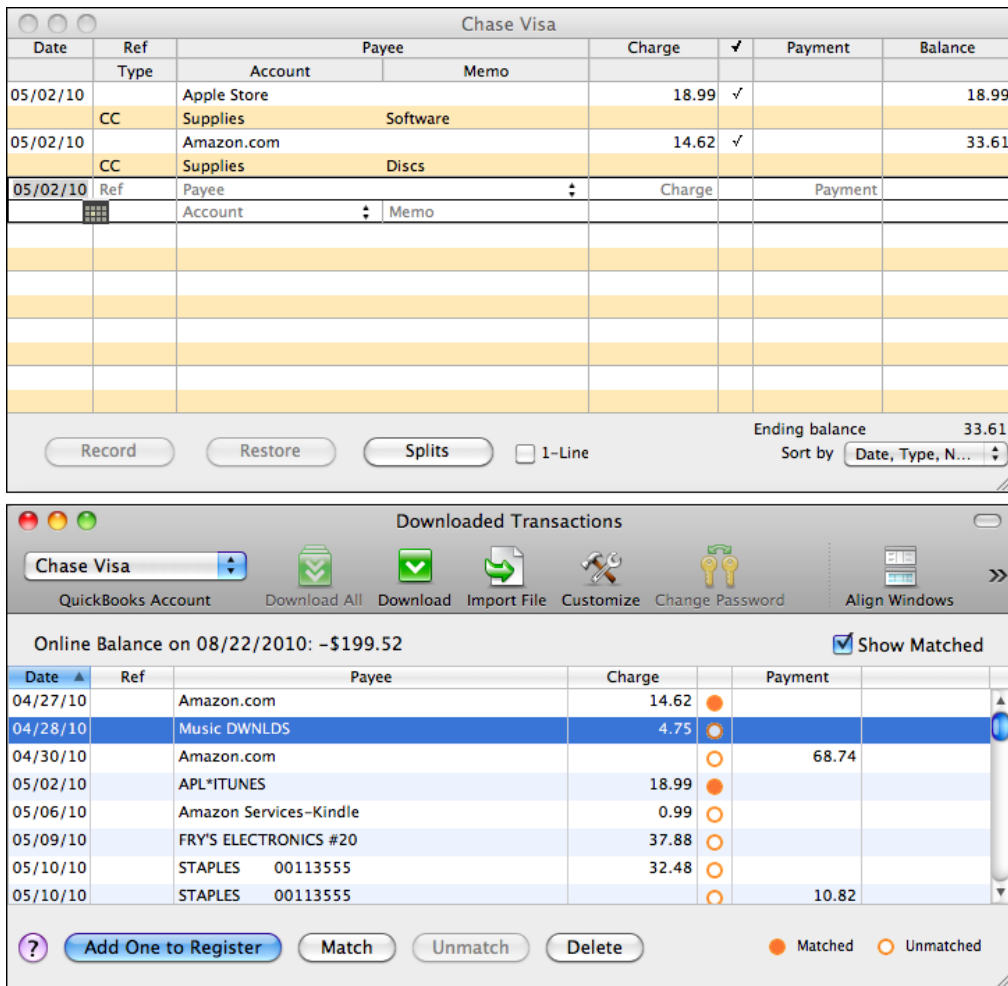



FIGURE 16-6 You can use the Align Windows button to see your account register and the Downloaded Transactions window at the same time.

To Work with Matched Transactions

- 1 Select a matched transaction in the Downloaded Transactions window. QuickBooks automatically selects the same transaction in the account register.
- 2 Do one of the following:
 - If QuickBooks correctly matched the imported transaction to a transaction in your account register, there is nothing more you need to do; QuickBooks marks the transaction as cleared with a check mark in the register and as Matched in the Downloaded Transactions window.
 - If QuickBooks incorrectly matched the transaction, click Unmatch. You can then match it to another transaction or enter a new transaction for it.
 - To delete the transaction from the Downloaded Transactions window, click Delete. QuickBooks deletes the transaction from the Downloaded Transactions window without confirmation.

To Work with Unmatched Transactions

- 1 Select the unmatched transaction in the Downloaded Transactions window.
- 2 Do one of the following:
 - To match the transaction with a transaction in the register, select the transaction in the register you want to match and then click Match in the Downloaded Transactions window. The amount in both transactions must match exactly, and if there is a check number or reference number, they must match exactly. QuickBooks marks the transaction as cleared with a check mark in the register and as Matched in the Downloaded Transactions window.
 - To add the transaction as a new transaction in the account register, click Add One To Register. QuickBooks creates a new transaction in the account register and prefills the Payee and charge or payment fields; enter the rest of the transaction details and then click Record.

 **TIP:** To avoid creating many different payees for the same vendor, you can choose an existing payee instead of using the one that QuickBooks prefills for you.

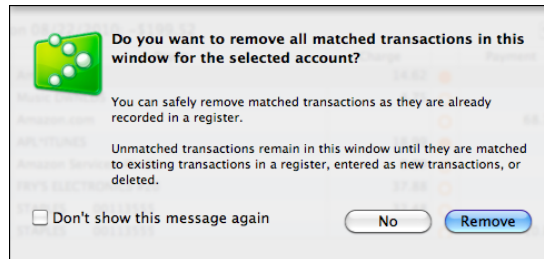
- To delete the transaction from the Downloaded Transactions window, click Delete.

Updating Your Register

When you're finished working with the matched and unmatched transactions, you can close the Downloaded Transactions window to update your register.

- 1 Close the Downloaded Transactions window.

- 2 QuickBooks displays a dialog like the one shown next, asking if you want to remove the matched transactions from the Downloaded Transactions window. Click Remove.



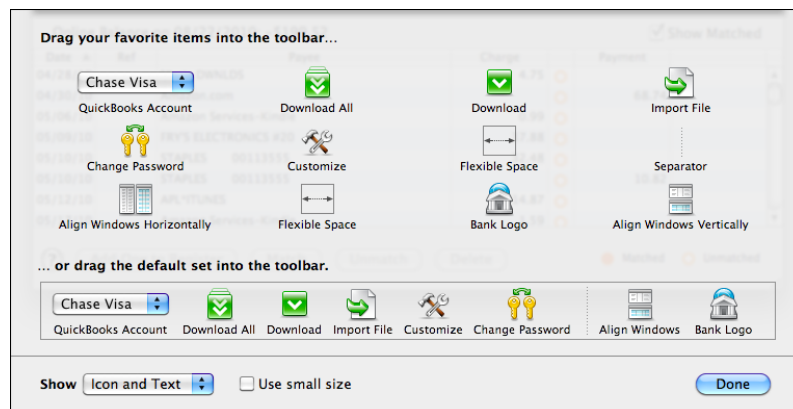
A light check mark appears beside each downloaded transaction in your account register. The next time you open the Downloaded Transactions window, only unmatched transactions will appear.

Customizing the Downloaded Transactions Window Toolbar

You can customize the Downloaded Transactions window toolbar to add or remove buttons.

To Customize the Downloaded Transactions Window's Toolbar

- 1 Choose Banking | Downloaded Transactions to display the Downloaded Transactions window (refer to Figure 16-5).
- 2 Click the Customize button. A Customize dialog sheet like the one shown next appears.



- 3 Customize the toolbar as follows:
 - To add a button to the toolbar, drag it from the dialog into place on the toolbar.
 - To remove a button from the toolbar, drag it off the toolbar.
 - To reposition buttons on the toolbar, drag them into the desired positions.
 - To restore the toolbar to the default, drag the default set of buttons near the bottom of the dialog onto the toolbar.
- 4 Click Done to save your changes.

Reconciling Bank and Credit Card Accounts

In this chapter:

- Reconciling accounts overview
- Reconciling your bank accounts
- Marking cleared transactions
- Completing reconciliation
- Correcting differences
- Printing a reconciliation report

One of the most important yet least favorite tasks of managing a business's finances is reconciling its balance sheet accounts—primarily checking, savings, and credit card accounts. Reconciling accounts entails comparing your list of transactions with your financial institution's, finding and resolving discrepancies (if any), and ensuring that the balances match.

QuickBooks includes an account reconciliation feature that makes it very easy to reconcile your accounts. You enter statement information in a form and check off transactions. QuickBooks does all the math for you, making it easy to see if your QuickBooks account differs from your financial institution's statement, and helping you to resolve any differences.

This chapter takes a closer look at the QuickBooks reconciliation features and explains how you can use them to make monthly account reconciliations quick and painless.

Reconciling Accounts Overview

The goal of reconciling is to make sure that your QuickBooks records and the bank or credit card company's records agree about the balance in your account. You can reconcile any QuickBooks bank or credit card account, including accounts for checking, savings, money market, petty cash, and credit cards. When your statement arrives, you can reconcile it with your QuickBooks register in just a few minutes.

If You've Skipped Reconciling for a Month or More

If you have used QuickBooks for a number of months and have just decided that you want to use the Reconcile feature, you may not want to go back and reconcile your QuickBooks account against the bank statements for each of the previous months. You can skip reconciling for some months, but your records may not be as accurate as they would be if you were to reconcile monthly.

The most accurate way to catch up is to reconcile each month you skipped. Balance each month separately, starting with your earliest statement since you've been using QuickBooks, until you balance your most recent statement.

If You Add Earlier Transactions to QuickBooks

You may have begun using QuickBooks as of a certain date and would now like to add transactions that occurred before that original start date.

If, after you add earlier transactions, you want to reconcile past months, you should reconcile month by month only if you've never used QuickBooks' reconcile feature.

However, if you've already reconciled one or more months, you should reconcile forward only; that is, reconcile months after your start date. Use the previous

months' data for reporting only. You need to mark all older transactions as cleared to reconcile future months.

If You Cancel in the Middle of Reconciling

QuickBooks keeps track of the items you've marked as cleared so far. They appear in the register with a normal check mark (instead of a bold check mark) in the cleared column, indicating that those items are pending and you haven't completed reconciling them. You'll need to reenter your ending balance or the amounts you entered for interest and service charges when you choose Banking | Reconcile again.

You won't ordinarily need to cancel in the middle of reconciling because you can work in other windows to correct errors and omissions while the Reconcile window is open.

Balancing Your Account for the First Time

Before you can reconcile your accounts accurately, you need to do the following:

- **Enter all uncleared transactions in your account.** These are all transactions that haven't cleared or shown up on previous statements. In most cases, you'll be reminded to enter all uncleared transactions because they appear on the statement. You can enter these transactions as you find them during reconciliation.
- **Update the Opening Balance transaction to reflect the amount that was actually in your account when you began using QuickBooks.** You can correct the amount of the Opening Balance transaction in your register to match the ending balance from the last bank statement you received before you started using QuickBooks. Or, you can create an opening balance adjustment at the end of your first reconciliation.

Reconciling a Bank or Credit Card Account

Reconciling a bank account and a credit card account are very similar. In both cases, you'll open the Reconcile dialog (refer to Figure 17-1), enter information from your statement, and check off cleared transactions. QuickBooks will keep track of the difference between your account's transactions and those on your statement, making it easy to find transactions that differ or appear in one location but not the other.

This part of the chapter walks through the process of reconciling a bank statement for a checking account. These instructions should provide enough guidance for reconciling other bank and credit card accounts.

Reconcile - Checking

Account to Reconcile: Opening Balance:

Transactions to be added (optional): Ending Balance:

Service Charge: Date: Account:

Interest Earned: Date: Account:

Deposits and Other Credits:

✓	Date	Chk No.	Payee	Memo	Amount
✓	07/02/10	10-91	Cash Sale		564.15
✓	07/08/10	10-92	Wilson, Jack		1,584.00
✓	07/13/10	4893	Davison, Jon		1,584.00
✓	07/16/10	10-93	Robinson, Emily		111.96
✓	07/16/10	10-94	Cash Sale		1,285.20
✓	07/20/10	839	Stevens, Bill		891.00

Checks and Payments:

✓	Date	Chk No.	Payee	Memo	Amount
✓	07/01/10		Bonanza Leasing		306.10
✓	07/01/10		Wickenburg Aero Service		10.00
✓	07/15/10		Mr Helicopter Fix-It		2,454.12
✓	07/22/10		Verizon Wireless		128.16
✓	07/25/10		Phoenix Petroleum		321.91
✓	07/29/10		Classic Apparel		468.00

Items marked as cleared:

7	Deposits and Other Credits:	7,615.31	Ending Balance	12,530.95
6	Checks and Payments:	3,378.38	Cleared Balance	12,630.95
			Difference	-100.00

Buttons: Go To, Mark All, Unmark All, Last Report, Cancel, Done

FIGURE 17-1 Use the Reconcile dialog to match transactions on your statement to those in your QuickBooks account.


To Enter Information from Your Bank Statement

You begin the reconciliation process by opening the Reconcile dialog and entering basic information from your bank or credit card statement.


- 1 Choose Banking | Reconcile to display the Reconcile dialog (refer to Figure 17-1).
- 2 Select the account you want to reconcile from the Account To Reconcile drop-down list.
- 3 Compare the opening balance amount shown on your bank statement with the amount shown in the Opening Balance field in the Reconcile window. QuickBooks' Opening Balance is the sum of all previously cleared items (those marked with a check mark in the register). If the opening balances match, go to step 5.

\$ NOTE: If this is the first time you've reconciled, or if you've skipped reconciling for several months, the amounts may differ. See "Updating Your Previously Reconciled Balance," later in this chapter.

- 4 If the amount in the Opening Balance field doesn't match the opening balance shown on your bank statement, enter the opening balance from the statement. Entering the amount from your bank statement is for your reference only. QuickBooks does not use the number you enter to calculate any balance.
- 5 Find the ending balance on your bank statement, and enter it in the Ending Balance field.
- 6 In the Service Charge field, enter any service charges listed on your statement that you haven't already entered in your QuickBooks register. Enter the date of the charge in the Date field beside it. If necessary, choose an account for that charge from the Account drop-down list on the same line.

 **NOTE:** The Checks And Payments total includes any service charge you enter. When you've finished reconciling, QuickBooks enters a cleared transaction for the charge in your register using the date you provide.

- 7 In the Interest Earned field, enter the interest you've earned that you haven't already entered in your QuickBooks register. Enter the date of that interest earned in the Date field beside it. If necessary, choose an account for that interest from the Account drop-down list on the same line.


 **NOTE:** The Deposits And Other Credits total includes any interest you enter. When you've finished reconciling, QuickBooks records the cleared interest transaction for you in the register using the date you provide.

- 8 Continue following instructions in the next section, "To Mark Cleared Transactions."

To Mark Cleared Transactions

A cleared transaction is one that has been processed by the bank and is listed on your bank statement. The Reconcile window contains a list of transactions you haven't marked as cleared in your QuickBooks account.

For each transaction in the Reconcile window (refer to Figure 17-1) that matches a transaction on the bank statement, click to place a check mark in the leftmost column beside the transaction. You can mark all the transactions as having cleared by clicking Mark All. To unmark a transaction, click the transaction again. To unmark all transactions, click Unmark All.

 **NOTE:** If you use QuickBooks' online banking features to download transactions from your financial institution, some items may already be checked off. You can uncheck any items that do not appear on your statement.

To Correct Transactions

If a transaction contains an incorrect amount or other error, correct it.

- 1 Select the incorrect transaction in the Reconcile window (refer to Figure 17-1).
- 2 Click Go To or double-click the transaction to display the original transaction window.
- 3 Correct the error.
- 4 Click OK to record the change.
- 5 Click in the Reconcile window or choose Banking | Reconcile to return to the list of items you were marking.
- 6 Mark the corrected transaction as cleared.

To Enter a Missing Transaction

If a transaction on your bank statement doesn't appear in the Reconcile window (refer to Figure 17-1), enter it.

- 1 Choose Edit | Use Register, or press COMMAND-R, to open the account register.
- 2 Scroll to the blank transaction at the end of the register.
- 3 Enter the missing transaction.



TIP: You can learn more about entering transactions directly into registers in Chapter 18.

- 4 Click Record to record the transaction.
- 5 Click in the Reconcile window or choose Banking | Reconcile to return to the list of items you were marking.
- 6 Mark the transaction as cleared.

To Complete the Reconciliation

After you complete your reconciliation, the balance in your QuickBooks check register is accurate as of your latest bank statement. The next time you look at the check register, you'll see a bold check mark in the cleared column next to each reconciled transaction.

- 1 When you've finished checking off cleared transactions and making any corrections, look at the Difference amount in the bottom-right corner of the Reconcile window.
 - If the Difference amount is zero, you've reconciled the current bank statement successfully.
 - If the Difference amount is not zero, consult the next section, "Correcting Differences," for instructions on resolving differences.

- 2 Click Done to complete reconciliation.
- 3 Continue following instructions in the section titled “Correcting Differences” (if the Difference amount is not zero) next or “Printing a Reconciliation Report” (if the Difference amount is zero) later in this chapter.

Correcting Differences

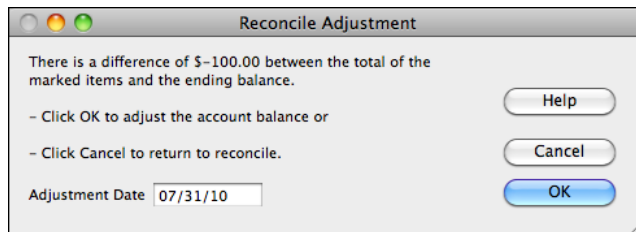
If your account doesn't balance—that is, the Difference amount in the Reconcile window (refer to Figure 17-1) is not zero—you can record an adjustment transaction that modifies your QuickBooks balance so that it agrees with your bank statement. Or, you can find the difference between your check register and the bank statement and correct it.

Having QuickBooks Adjust for Differences

You might decide to ignore the difference between your QuickBooks account balance and the bank statement if the amount is small and you feel it's not worth your time to track it down. If you ignore the difference, you'll want QuickBooks to enter an adjustment for the amount of the difference. That way, you'll start with accurate totals the next time you reconcile your account.

To Create a Balance Adjustment

- 1 If there is a difference to resolve at the end of the reconciliation, when you click Done, QuickBooks displays a window like the one shown next, displaying the amount of the difference.



- 2 Click OK to add a balance adjustment transaction to your account register. You can delete the adjustment transaction later if you find the error.

\$ NOTE: If you click Cancel in this dialog, QuickBooks takes you back to the Reconcile window. You can then attempt to track down the difference on your own.

Updating Your Previously Reconciled Balance

If the opening balance from your bank statement is different from the amount QuickBooks expected as your previously reconciled balance, you need to correct the difference so that QuickBooks can reconcile your account accurately.

The previously reconciled balance might differ because of one of the following reasons:

- You are balancing your QuickBooks account for the first time. QuickBooks uses the amount of the Opening Balance transaction in your register as the Opening Balance in the Reconcile window. When you set up the QuickBooks account, you may have entered a balance that was different from the actual amount in your bank or credit card account. There are probably transactions missing from your QuickBooks account that affect the balance. Consult “Balancing Your Account for the First Time” earlier in this chapter for more information.
- You inadvertently changed or deleted a previously reconciled transaction.
- You mistakenly cleared a transaction in the current statement period the last time you reconciled the account.

If you find the problem, fix the error in your register. QuickBooks updates the Opening Balance in the Reconcile window. Your opening balances should now match.

Or you can ignore the discrepancy in the opening balances and create a balance adjustment so that your QuickBooks account balance matches the bank’s as of the day of the statement.


Finding and Correcting Differences Yourself

As you search your QuickBooks transactions for the source of differences, check for these common reconciling errors:

- You mistakenly cleared transactions that weren’t on your statement.
- You didn’t mark all the transactions shown on your statement.
- You didn’t notice an incorrect dollar amount on one or more items.
- You’re missing transactions in your QuickBooks records that appear on the statement.
- You have not yet entered service charge or interest transactions that are included on your bank statement. Or perhaps you entered these items in the Reconcile window, but they’re already listed among the transactions in the window.
- You never cleared your QuickBooks opening balance for this checking account.


If you prefer to work off paper instead of your screen, you can print a transaction report, filtered for this account, for cleared or uncleared transactions (whichever

you're researching), or for particular transaction types, such as checks, deposits, or payments. This report may be easier to look at than your register, where transaction types are mixed. You can also run an audit trail report to look for modified or deleted transactions.

 **TIP:** You can learn more about creating reports in Chapter 21.

To Correct a Problem with the Number of Checks, Withdrawals, or Deposits

- 1 Count the number of checks and withdrawals on your bank statement, and compare that number with the number of checks and withdrawals you've marked in the Reconcile window.
- 2 Count the number of deposits listed on your bank statement, and compare that number with the total number of deposits checked off in the Reconcile window.
- 3 If you find that the problem is the number of checks and withdrawals, look only at payment transactions for a mistake. If you find the problem is the number of deposits, look only at deposit transactions for a mistake. Check to see if you:
 - Missed recording a transaction in QuickBooks
 - Missed marking an item as cleared
 - Mistakenly marked an item as cleared
 - Entered a transaction twice
 - Entered a deposit as a payment or a payment as a deposit

 **NOTE:** The bank may summarize transactions that you've listed separately in your register. For example, if you made several deposits on a single day, the bank might indicate the total sum of deposits for that day rather than listing each deposit separately. Similarly, you may summarize transactions in your register, such as bank charges, that the bank itemizes. For advice about matching deposits to your statement for easier reconciliation, consult Chapter 9.

To Correct a Problem with the Dollar Amount of Checks, Withdrawals, or Deposits

- 1 Compare the dollar amount of the checks and withdrawals total in the Reconcile window with the dollar amount of these items shown on your bank statement. If the totals don't agree, you may have incorrectly entered a check or withdrawal amount.
- 2 Select any incorrect transactions you find. Then click Go To to edit the amount.

- 3 Return to the Reconcile window.
- 4 Compare the total dollar amount of the deposits in the Reconcile window with the total dollar amount of deposits shown on your bank statement. If the totals don't agree, you may have incorrectly entered a deposit amount.
- 5 Select any incorrect transactions you find. Then click Go To to edit the amount.
- 6 Return to the Reconcile window.

As you change cleared items or make corrections to the amounts of items, QuickBooks updates the information at the bottom of the window. Examine the new totals to see if they match the ending balance on your bank statement.

If the account still doesn't balance, you may want to double-check your work. In particular, make sure that all items on the bank statement are correctly recorded in the check register and are marked as cleared.

Bank Errors

If you still can't locate the problem, the bank may have made a mistake by processing a transaction for a different amount than you wrote it for. If this is the case, let QuickBooks make an adjustment transaction; then contact your bank. The bank will make an adjustment that appears on your next statement. Because QuickBooks' adjustment appears as a cleared item in the check register, your account will be off by the same amount at the end of the next reconciliation. Delete QuickBooks' balance adjustment transaction when you reconcile the next statement.

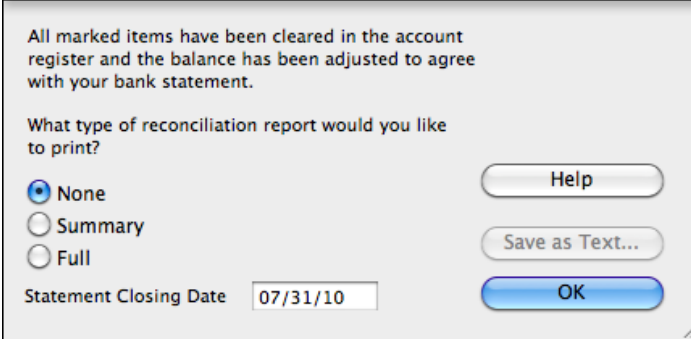
Printing a Reconciliation Report

At the end of the reconciliation process, QuickBooks offers to create a reconciliation report. You might find this report helpful to document the reconciliation, especially if you had to add or revise transactions or create an adjusting entry.

To Print a Reconciliation Report

- 1 At the end of the reconciliation process, QuickBooks displays a dialog like the one shown next. Select an option:
 - **None** does not print a reconciliation report.
 - **Summary** prints a report that summarizes cleared, uncleared, and new transactions, providing the number of transactions and total for each type.

- **Full** prints a report that lists all cleared, uncleared, and new transactions, itemizing each one and totaling them by type.



All marked items have been cleared in the account register and the balance has been adjusted to agree with your bank statement.

What type of reconciliation report would you like to print?

None

Summary

Full

Statement Closing Date

Help

Save as Text...

OK

\$ NOTE: You can click the Save As Text button to save a Summary or Full report as a text file. Click the button to display a standard Save dialog, and use it to save the file on disk.

- 2 Click OK (if None is selected) or Print (if either other option is selected).

If you clicked Print, a standard Print dialog appears. Set options and click Print to send the report to your printer. If the report printed correctly, you can click Yes in the dialog that appears.

\$ NOTE: QuickBooks automatically writes a full reconciliation report to a file after you reconcile, even if you choose None in the Reconciliation Complete window. You can print a report of your last reconciliation of this account by clicking the Last Report button in the Reconcile window (refer to Figure 17-1). QuickBooks automatically overwrites this report when you reconcile again.

Part VI

Handling Basic Accounting Tasks

While QuickBooks offers a user-friendly, forms-based interface for entering transactions for your business, underneath all of that, it's still a full-blown double-entry accounting system. That means you have access to all the accounting tools you need to make accounting entries that affect all aspects of your business. Make entries directly into registers; track assets, liabilities, and equity; keep track of employee time and payroll expenses; and generate reports that help you understand your business's financial situation.

This part of the book covers all of these things. Its four chapters are:

Chapter 18: Working with Account Registers

Chapter 19: Tracking Assets, Liabilities, and Equity

Chapter 20: Recording Time and Processing Payroll

Chapter 21: Creating Reports and Graphs

Working with Account Registers

In this chapter:

- Account registers overview
- Opening an account's register
- Entering transactions in a register
- Editing transactions in a register
- Finding a specific transaction
- Printing, saving, or e-mailing a register

As you work with QuickBooks, entering information about transactions into its user-friendly and intuitive forms, QuickBooks is working in the background, creating entries that affect balances and activity in your accounts. Each of your balance sheet accounts has a register that you can use to view, modify, and create entries.

This chapter explains how to use QuickBooks account registers to work with the transactions and balances in your accounts.

Account Registers Overview

QuickBooks provides a register for each of your asset, liability, and equity accounts—those accounts that appear on a balance sheet. Each register is a record of all activity that affects your account balance, displayed in chronological order.

Although all QuickBooks registers are similar, special characteristics of other account registers are discussed in the chapters relating to their account types. For example, the Accounts Receivable register is discussed in Chapter 11.

Opening an Account's Register

A register (refer to Figure 18-1) is a list of all transactions in a particular QuickBooks balance sheet account. When you record a check in the Write Checks window or a deposit in the Make Deposit window, QuickBooks automatically adds the transaction to the appropriate register.

To Open the Register for the Balance Sheet Account You're Working With

With the window you're working in active, choose Edit | Use Register, press COMMAND-R, or click the Register icon on the toolbar.

For example, suppose you're working with the Write Checks window. If you click the Register button in the toolbar, QuickBooks displays the account register window for whatever bank account is selected at the top of the Write Checks window.

To Open a Register for Any Balance Sheet Account

- 1 Choose Lists | Chart Of Accounts, or press SHIFT-COMMAND-A to display the Chart Of Accounts window.
- 2 Double-click the name of the balance sheet account for which you want to display the register. The register window appears. Figure 18-1 shows an example of a bank account register for a checking account.

Date	Number	Type	Account	Payee	Memo	Payment	✓	Deposit	Balance
07/29/10	10-96	RCPT		Davison, Jon				119.57	12,908.61
				-split-					
07/29/10	12347	CHK		Classic Apparel		468.00	✓		12,440.61
				Inventory Asset					
07/31/10		CHK		Bank Service Charges	Service Charge	12.00	✓		12,428.61
08/01/10	12348	CHK		Bonanza Leasing		306.10			12,122.51
				Rent Expense					
08/01/10	12349	CHK		Wickenburg Aero Service		10.00			12,112.51
				Utilities					
08/04/10	10-97	RCPT		From Russia with Love Photography				7,524.00	19,636.51
				-split-					
08/21/10		To Print		Verizon Wireless		126.98			19,509.53
				Telephone Expense					
09/01/10		To Print		Wickenburg Aero Service		10.00			19,499.53
				Utilities					
09/01/10		To Print		Bonanza Leasing		306.10			19,193.43
				Rent Expense					
07/31/10									

Ending balance 19,193.43
Sort by Date, Type, N...

FIGURE 18-1 A checking account register has a familiar check register interface, as most other registers do.

Scrolling Through a Register

As you might expect, you can scroll through a register using the scroll bar on the right side of the register window.

You can also use the keyboard shortcuts shown in Table 18-1 in most registers.

Keyboard Shortcut	What It Does in a Register Window
UP ARROW	Previous transaction
DOWN ARROW	Next transaction
PAGE UP	Up one screen
PAGE DOWN	Down one screen
TAB	Next field
SHIFT-TAB	Previous field

TABLE 18-1 Keyboard Shortcuts for Working with Register Windows

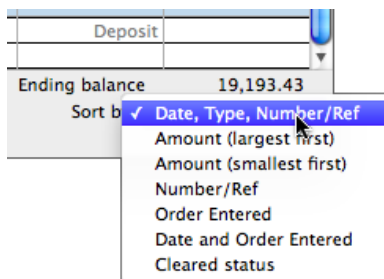
Sorting Entries



By default, a register's entries are sorted in date order, with the earliest date first. QuickBooks 2011 adds the ability to sort a register's entries by a variety of different fields.

To Change a Register's Sort Order

Choose an option from the Sort By pop-up menu in the bottom right corner of the register window (shown next). The register's order changes immediately.



Account Colors

You can apply different colors to different accounts to make it easy to distinguish between them. Chapter 5 explains how.

Entering Transactions in a Register

In many cases, you can enter transactions that affect the balance of a balance sheet account directly into an account register. This section explains how.





NOTE: Not all transactions can be entered in a register. For example, to enter received items and a bill, use the Enter Bills window.

To Add a Transaction

You add transactions into the blank entry at the end of the register's list of transactions.

- 1 Open the register in which you want to enter the transaction.
- 2 Scroll down to the end of the transaction list, and click the blank entry at the end of the register (refer to Figure 18-1).
- 3 Fill in the register fields for the new transaction.

 **NOTE:** When empty, register fields are identified with gray text, as well as by column headings at the top of the window. You can see this in Figure 18-1. Register fields vary depending on the type of register you opened.

 **TIP:** You can use QuickBooks's QuickMath feature to perform quick calculations in the amount fields of a register entry. For example, you may want to calculate some of your business expenses, such as two items for office supplies and one for software. Consult Chapter 1 for more information.

4 Click Record to add the transaction to the register.

Where the transaction appears varies depending on its date and how the window is sorted:

- If you enter a transaction dated earlier than today, it may disappear from view because the transaction moves to its correct chronological position in the register when you record it.
- If you enter a transaction dated after today, QuickBooks places it below a thick blue line in the register (refer to Figure 18-1).


To Enter a Split Transaction

Sometimes you need to assign more than one account, customer, job, or class to a transaction. For example, you may write a check to a vendor that pays for advertising as well as a subscription.

You can *split* a transaction to distribute amounts among different accounts, customers, jobs, or classes. This makes it possible to keep track of how much you're spending on each one.

You can also view split transactions using the Expenses pane of the Write Checks, Enter Bills, Enter Credit Card Charges, and Create Item Receipts windows.

1 Select the transaction you want to split, or click in the blank entry at the end of the register to create a new transaction and fill in the fields on the first line.

 **TIP:** If you don't know the total amount of the transaction, leave the amount field blank. QuickBooks totals the amount as you fill in the splits and displays it in the amount field.

- 2 Click Splits. The transaction expands to offer multiple lines for entering accounts, amounts, and other information, as shown here:

09/01/10	To Print	Bonanza Leasing	343.60	Deposit	19,193.43
HK	Rent Expense	Memo			
Account	Amount	Memo	Customer:Job	Class	
Rent Expense	306.10	Hangar rent		Overhead	
Repairs and Maintenance	37.50	Dent in hangar door			

- 3 In the Account field, enter an account.
- 4 In the Amount field, enter the amount to be assigned to the account. If you entered an amount in step 1, QuickBooks subtracts the amount entered here from the total amount and displays the remainder in the next Amount field. Otherwise, it adds it to the total amount.
- 5 If desired, enter a note in the Memo field.
- 6 If desired, choose a customer or job from the Customer:Job drop-down list, and indicate in the column with the invoice icon whether the expense is billable to that customer.
 - If the expense is billable to the customer, leave the invoice icon next to the customer's name as it is.
 - If the expense is not billable to the customer, click the invoice icon next to the customer's name to mark an X through it. (Clicking the invoice icon again removes the X.)

\$ NOTE: After you record an invoice that includes the expense, the invoice icon for that expense is grayed, indicating that you've billed this customer for that expense. Invoicing customers for expenses is covered in Chapter 7.

- 7 If desired, enter a class in the Class field. (Tracking classes is covered in Chapter 4.)
- 8 Repeat steps 3 through 7 until you have added one line for each part of the transaction. The previous illustration shows a good example.

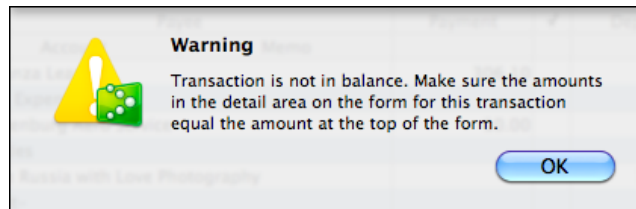
- Click Record. The transaction collapses to hide split detail, the amount is adjusted accordingly, and the word “-split-” appears in the Account field, as shown next:

09/01/10	To Print	Bonanza Leasing	343.60		19,155.93
	CHK	-split-			

To Balance a Transaction

As you enter amounts in the Splits window, QuickBooks enters the remainder on the next free line. Sometimes the total of the amounts entered in the Splits pane doesn't equal the figure entered in the register. For example, you might delete a splits line or change the total amount in the register.

- If your split amounts don't add up to the register figure when you click Record, QuickBooks warns you that the transaction is not in balance by displaying a dialog like the one shown next.



- Click OK to dismiss the dialog and go back to the transaction.
- Click the Recalc button in the Splits pane. QuickBooks recalculates the amount and adjusts it in the register.
- Click Record to save the corrected transaction.

Editing Transactions in a Register

When you edit and record an existing transaction, QuickBooks recalculates the account balance, if necessary.

You cannot directly edit the Type field and the Balance field in the register. If you need to change the balance, you must do so by adding, editing, or deleting a payment or deposit as an adjustment.

To Edit a Transaction's Details

- Open the account register containing the transaction you want to modify.
- Double-click the transaction you want to edit. The appropriate transaction window appears. For example, if the transaction is a check, the Write Checks window opens; if it's a deposit, the Make Deposits window opens.

- 3 Enter your corrections. (If you need help using the form, refer to the chapter in which it is discussed.)
- 4 Click OK in the transaction form to save your changes.

NOTE: If you begin making changes and decide you would rather go back to the transaction as it was before you started editing (before you record your changes), choose Edit | Revert or click the Cancel button in the dialog (if present).

TIP: You can also edit a transaction directly in the register. Select the detail you want to change and change it. Be careful not to double-click; that will open a form. Then click Record to save your changes. If you decide not to change the entry after you've already begun, click the Restore button at the bottom of the register window to start over.

To Move a Transaction to a Different Account

If you accidentally enter a transaction into the wrong account, you can easily correct the mistake without having to reenter the transaction.

- 1 In the account register where the transaction appears, double-click the transaction you want to move.
- 2 Use the form that appears to select the correct account for the transaction.
- 3 Click OK. The transaction is moved to the account you chose.

To Void a Transaction

If you want complete records of all transactions, you may want to void a transaction instead of deleting it. For example, if you stop payment on a check, or a check is lost or contained an error, you'll have a record of the situation if you choose Void instead of Delete.

- 1 In the account register window, select the transaction you want to void.
- 2 Choose Edit | Void *Transaction Type*. As shown next, QuickBooks attaches the word "Void" to the transaction's memo and changes the transaction amount to zero, so that it no longer affects your account balance.

09/01/10	Number	Bonanza Leasing	Amount	Class	Balance
	HK	-split-	VOID:		0.00 ✓ Deposit 19,509.53
			0.00	Hangar Rent	
			0.00	Dent in hangar door	

Account	Amount	Memo	Customer:Job	Class
Rent Expense	0.00	Hangar Rent		Overhead
Repairs and Maintenan	0.00	Dent in hangar door		

Close
Clear
Recalc

To Delete a Transaction

If you enter a transaction in error, you might want to delete it.

- 1 In the account register window, select the transaction you want to delete.
- 2 Choose Edit | Delete *Transaction Type*, or press COMMAND-D.
- 3 QuickBooks displays a confirmation dialog. Click OK to delete the transaction.

 **NOTE:** Deleting a transaction is permanent.

Finding a Specific Transaction

As your QuickBooks company file grows with your daily entries and other transactions, you might have difficulty finding a specific transaction by simply scrolling through registers or other windows. Fortunately, QuickBooks has a search feature that makes it easy to find transactions by a variety of search criteria.

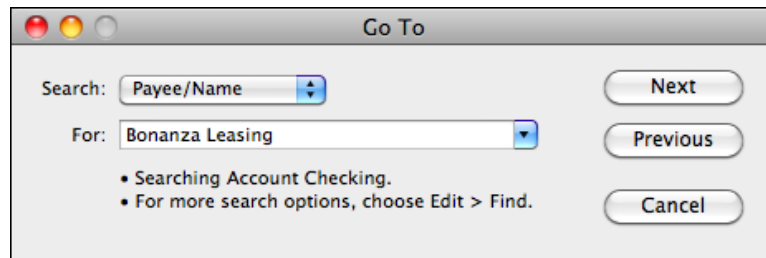
To Go to a Transaction in a Specific Register

You can quickly move to a transaction within a specific register if you know the contents of the following fields:

- The name in the Payee, Vendor, or Customer field.
- The check or transaction number in the Number or Ref field.
- The text in the Memo field.
- The amount in an amount field.

You do this with the Go To dialog.

- 1 Open the register you want to search.
- 2 Choose Edit | Go To to display the Go To dialog, which is shown next.



- 3 Choose a search field from the Search pop-up menu: Payee/Name, Number/Ref, Memo, or Amount.

To Find a Transaction Using	Choose This Filter
Dates	Date
The type of transaction (checks, deposits, invoices, bills, purchase orders, etc.)	Type
The transaction number that appears in the register or on the entry form	Number
Customers, vendors, employees, or any other names	Name
The account from which the transaction originated	Source
The account to which the amount of the transaction was distributed	Account
Memos	Memo
Amounts	Amount

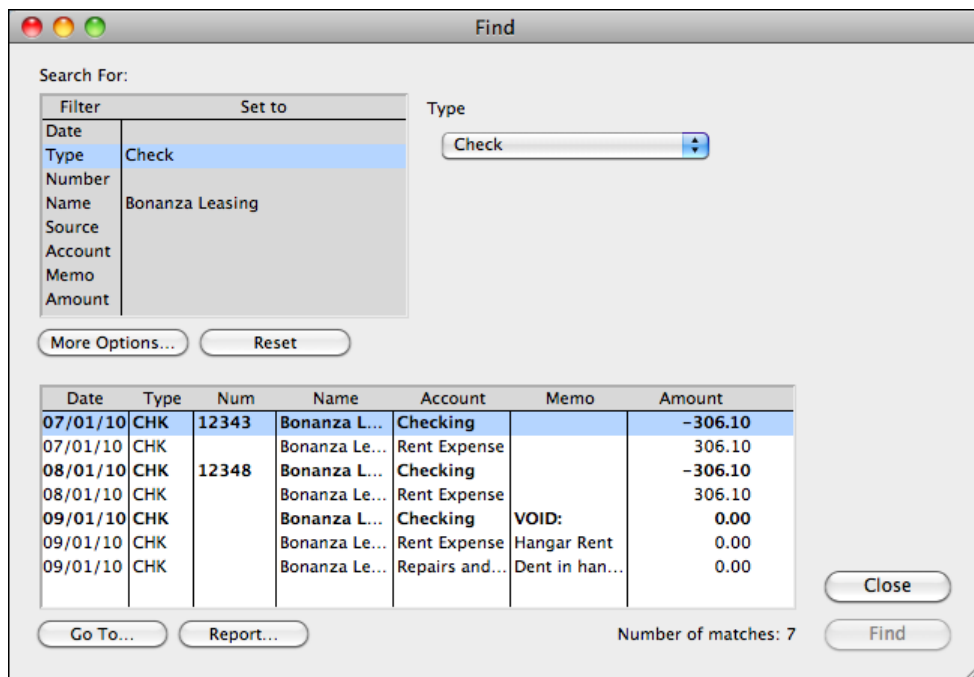
TABLE 18-2 Filters Available in the Find Dialog

- 2 In the Find window, choose a filter in the Filter column. Table 18-2 lists them and explains what each one is used for.
- 3 For the filter you selected, choose or enter the applicable search criterion in the upper right of the Find dialog. For example, to look for a check, click Type in the Filter column and select Check from the drop-down list. The Set To column displays the criterion that you specified.
- 4 Repeat steps 2 and 3 as necessary to set as many filters as you want. For example, to continue searching for your check, you could click Name and select the vendor's name from the list. If you know that the invoice is for more than \$2,500.00, you could then click Amount and > (greater than) and enter 2500.



NOTE: QuickBooks will attempt to find transactions that match *all* criteria you entered.

- 5 Click Find. QuickBooks displays a list of search results in the bottom of the Find dialog, as shown next. You can double-click a listed transaction (or select it and click Go To) to open it in its source window.

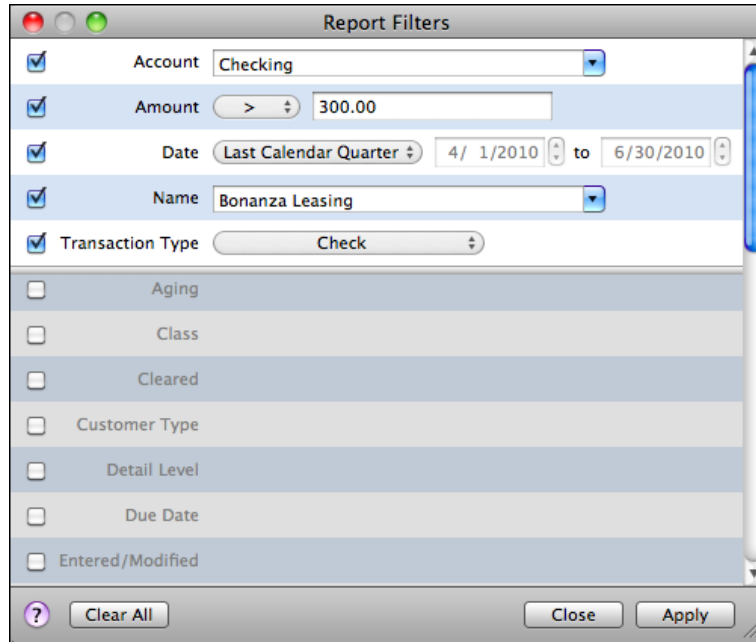


NOTE: If you search for a specific transaction number, QuickBooks does not display each line associated with it, but displays only the transaction.

Once you've found transactions with the Find dialog, you can do a few other things:

- To start over or search for different transactions, click Reset.
- To see a report using the search criteria, click Report.

- To add more filters, including filters not listed in the Find dialog, click More Options. Then use the Report Filters dialog that appears (shown next) to set additional filtering options. (The Report Filters dialog is covered in detail in Chapter 21.)



Printing a Register

You can print a register to save hard copy for your files.

To Print a Register

- 1 Display the register you want to print.
- 2 Choose File | Print Register, or press COMMAND-P.
- 3 In the print dialog that appears (refer to Figure 18-2), set printing options and click Print to send the register to your printer.

Tracking Assets, Liabilities, and Equity

n this chapter:

- Assets overview
- Adding fixed asset and depreciation accounts
- Selling fixed assets
- Recording thefts or losses of fixed assets
- Purchasing assets
- Liabilities overview
- Borrowing money
- Adding a loan to your chart of accounts
- Tracking loan payments
- Equity overview
- Creating equity accounts
- Transferring money out of Opening Balance Equity
- Recording an owner's draw
- Recording an owner's capital investment
- Distributing yearly profits to partners

A company balance sheet includes three categories of accounts: assets, liabilities, and equity. Assets are the things you own. Liabilities are the things you owe. Equity is the net of the other two. These are basic accounting principles that form the basis of QuickBooks and other double-entry account software systems. (You can learn more accounting basics in Appendix A.)

This chapter takes a look at assets, liabilities, and equity and explains how you can use QuickBooks features to account for them.

Assets Overview

Your assets are the things your company owns, such as:

- Cash you have on hand
- Money in your checking and savings accounts
- Money you are owed for services you've provided or items you've sold (accounts receivable)
- Money you have loaned
- Furniture and fixtures
- Property
- Equipment

You'll probably want to use expense accounts, rather than asset accounts, for ordinary supplies, such as stationery, light bulbs, and coffee. Also, if you don't report on inventory but purchase items for resale, you can use expense accounts for such items. For example, a caterer can use expense accounts for the food purchased.

Current Assets

Current assets are assets likely to be converted to cash within one year. They include accounts receivable, bank accounts, and cash.

QuickBooks provides three types of current asset accounts for you to use as you create asset accounts for your company:

- Bank
- Accounts Receivable
- Other Current Asset

Bank Accounts

You'll need to set up a *bank* type account to track each bank account your company has—for example, checking or savings. You can also use a bank account for petty cash.

Accounts Receivable

Your *accounts receivable* account tracks amounts owed to your business for the goods and services you've sold to your customers. When you create an invoice, QuickBooks records the amount of the invoice in your accounts receivable account. QuickBooks creates this account for you if necessary the first time you create an invoice.

Other Current Assets

Use an *Other Current Asset* account to track any other asset that is likely to be converted into cash or used up within one year.

If you buy and sell inventory, the value of all your inventory on hand is usually an Other Current Asset account named Inventory Asset.

Other Current Assets could include:

- Treasury bills
- Certificates of deposit (CDs)
- 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
- Notes receivable (if due within one year)
- Petty cash

Fixed Assets

A *fixed asset* is something tangible you own and use in your business that is not converted into cash during one year of normal operations. A fixed asset is usually something necessary for the operation of your business, such as a truck, cash register, computer, or photocopier.

Understanding Depreciation

Fixed assets include equipment or property that your business owns that are not for sale. Because fixed assets last a long time, their cost is not completely expensed in the year in which they are bought. Instead, their cost is spread over several years. However, because fixed assets wear out or become obsolete, their value declines constantly from the day they are purchased. The amount of this decline in value is called *depreciation*.

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



NOTE: Determining the amount of depreciation to deduct can be a complex process, and the IRS rules on the subject change often. Ask an accountant for help in figuring actual depreciation amounts or visit the IRS's web site at irs.gov for guidelines.

Here's an example of how depreciation works. Say you bought a company truck in December 2007 for \$20,000. By June 2011, the truck may have depreciated by \$6,200. Therefore, the value of the truck in June 2010 is:

$$\$20,000 - \$6,200 = \$13,800$$

Original cost - accumulated depreciation = current value

Usually, you'll want your balance sheet to show the original cost of an asset on one line, with the accumulated depreciation subtracted from the original cost on a second line, and the current value on a third line (shown next).

Truck		
Accumulated Depreciation	-6,200.00	
Cost	<u>20,000.00</u>	
Total Truck		<u>13,800.00</u>

Tracking Fixed Assets

You can use the following method to track fixed assets and depreciation. This method allows you to see the cost of each asset or asset group and its accumulated depreciation separately on your balance sheet.

Set up a fixed asset account for each asset with two subaccounts: one for original costs and one for accumulated depreciation. You record past and present purchases in the subaccount for costs. You record depreciation in the other subaccount. The fixed assets portion of your balance sheet shows the total of the subaccounts, which equals the current value of the assets.

Fixed Assets		
Helicopter		
Accumulated Depreciation	-120,000.00	
Cost	<u>346,000.00</u>	
Total Helicopter		226,000.00
Truck		
Accumulated Depreciation	-6,200.00	
Cost	<u>20,000.00</u>	
Total Truck		<u>13,800.00</u>
Total Fixed Assets		239,800.00

If You Bought the Asset with a Loan

If you buy a new truck with a loan, you've gained an asset—the truck—and you've also gained a liability—the loan. The asset and liability are not connected in any way in QuickBooks. On your balance sheet, you'll see the value of the truck as an asset, adding to the net worth of your business, and the loan as a liability, subtracting from the net worth of your business.

Adding Fixed Asset and Depreciation Accounts

When you use one or more fixed asset accounts and plan to track depreciation, set up separate subaccounts for original costs and for accumulated depreciation. You record past and present purchases in the subaccount for costs. You record depreciation in the other subaccount. Then your balance sheet shows the total of the subaccounts, which equals the current value of the assets.

This section explains how to create the parent account for an asset, as well as the cost and depreciation accounts for the same asset. You should consider using this approach for every fixed asset you track in QuickBooks.

To Add a New Fixed Asset Account

Start by creating a “parent” account for the asset.

- 1 Choose Lists | Chart Of Accounts, or press SHIFT-COMMAND-A, to display the Chart Of Accounts window.
- 2 Choose Edit | New Account, or press COMMAND-N, to display the New Account dialog, shown next.

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

- Title:** New Account
- Type:** Fixed Asset (dropdown menu)
- Name:** Truck (text field)
- Description:** 2006 Chevy Truck (text field)
- Note:** (empty text field)
- Subaccount of:** (unchecked checkbox and dropdown menu)
- Tax Line:** <Unassigned> (dropdown menu)
- Account is inactive:** (unchecked checkbox)
- Is a payroll account:** (unchecked checkbox)
- Opening Balance:** 0.00 (text field) as of 12/20/07 (text field)
- Buttons:** Next, Cancel, OK

- 3 Choose Fixed Asset from the Type pop-up menu.
- 4 Enter a name for the asset in the Name field.
- 5 If desired, enter a description and note in the appropriate fields.
- 6 If desired, choose a tax line to associate with this account from the Tax Line pop-up menu.
- 7 Leave the opening balance set to 0.00.
- 8 Click Next.
- 9 QuickBooks creates the account and displays the New Account form again so you can create another account. Continue following the instructions in the next section to add the asset’s cost subaccount.

To Add a Cost Subaccount for an Asset

Next, you'll create a subaccount of the asset's parent account to track the cost of the asset.

- 1 In the New Account dialog, choose Fixed Asset from the Type pop-up menu.
- 2 Enter **Cost** in the Name field.
- 3 If desired, enter a description and note in the appropriate fields.
- 4 Turn on the Subaccount Of check box, and choose the name of the asset account for which this subaccount is the cost from the drop-down list.
- 5 Enter the Opening Balance and As Of date for the asset's purchase. 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, do not enter an opening balance. Instead, enter a transaction in the register of the account you used to purchase the asset, such as a checking or credit card account. In the detail area of the purchase transaction, choose this cost account in the Account field. At this point, the New Account dialog should look like this for our example:

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

- Type: Fixed Asset
- Name: Cost
- Description: Cost of 2006 Chevy Truck
- Note: (empty)
- Subaccount of: Truck
- Tax Line: <Unassigned>
- Account is inactive:
- Is a payroll account:
- Opening Balance: 20,000.00 as of 12/20/07

- 6 Click Next.
- 7 QuickBooks creates the account and displays the New Account form again so you can create another account. Continue following the instructions in the next section to add the asset's accumulated depreciation subaccount.

To Add an Accumulated Depreciation Subaccount for an Asset

Next, you'll add an accumulated depreciation subaccount to keep track of the asset's periodic depreciation.

- 1 In the New Account dialog, choose Fixed Asset from the Type pop-up menu.
- 2 Enter **Accumulated Depreciation** in the Name field.

- 3 If desired, enter a description and note in the appropriate fields.
- 4 Turn on the Subaccount Of check box, and choose the name of the asset account for which this subaccount is tracking depreciation from the drop-down list.
- 5 Enter the amount of accumulated depreciation for the asset as a negative number in the Opening Balance field. The opening balance is the accumulated depreciation for the asset as of the day before your start date. Enter this amount as a negative number so that it will be subtracted from the value of the asset. If you're buying the asset now, leave this opening balance at 0.00. At this point, the New Account dialog should look like this for our example:

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

- Title:** New Account
- Type:** Fixed Asset (dropdown)
- Name:** Accumulated Depreciation
- Description:** Accum Dep for Chevy Truck
- Note:** (empty text field)
- Subaccount of:** Subaccount of Truck (dropdown)
- Tax Line:** <Unassigned> (dropdown)
- Account is inactive:** (unchecked)
- Is a payroll account:** (unchecked)
- Opening Balance:** -6,200.00
- as of:** 07/01/10
- Buttons:** Next, Cancel, OK

- 6 If you have not yet created a depreciation account to track depreciation expense, or if you want to add another asset account, click Next. Otherwise, click OK.
- 7 QuickBooks creates the account. If you have not yet created an account to track all depreciation expense, continue following the instructions in the next section.



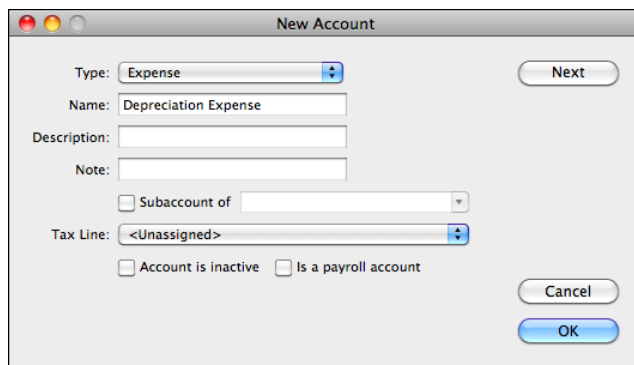
NOTE: When you add the Cost and Accumulated Depreciation subaccounts, QuickBooks displays them in alphabetical order in your chart of accounts. You can drag Cost above Accumulated Depreciation in the chart of accounts so that Cost appears first in the chart of accounts and reports. You can learn more about working with the Chart Of Accounts window in Chapter 5.

To Add a Depreciation Expense Account

Asset value lost as your fixed assets age must be recorded as a business expense. You use a Depreciation expense account to record all depreciation within your company.

- 1 In the New Account dialog, choose Expense from the Type pop-up menu.
- 2 Enter Depreciation Expense in the Name field.

- 3 If desired, enter a description and note in the appropriate fields.
- 4 If desired, choose a tax line to associate with this account from the Tax Line pop-up menu.
- 5 At this point, the New Account dialog might look something like what's shown next. Click OK.



The screenshot shows a "New Account" dialog box with the following fields and options:

- Type: Expense (dropdown menu)
- Name: Depreciation Expense (text field)
- Description: (empty text field)
- Note: (empty text field)
- Subaccount of: (checkbox unchecked, dropdown menu empty)
- Tax Line: <Unassigned> (dropdown menu)
- Account is inactive: (checkbox unchecked)
- Is a payroll account: (checkbox unchecked)
- Buttons: Next (disabled), Cancel, OK (highlighted)

Selling Fixed Assets

You may sell a fixed asset for more than or less than its *book value*—its value on your company books.

For example, suppose you bought a truck for \$20,000 a few years ago. You have depreciated it to \$13,800 (its book value), but you are able to sell it for \$15,000. Thus, you have a capital gain of \$1,200 on the sale.

You want your records to show that you no longer own the asset, so its current value on your books should be zero.

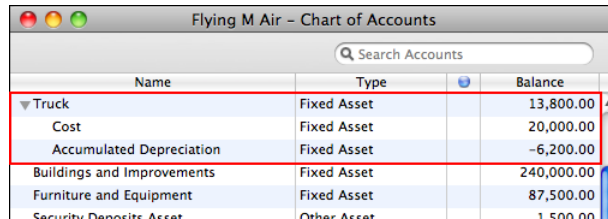
To your company, any capital gain is income and any capital loss is expense. You can add an Other Income account called Capital Gain/Loss so that gains or losses will appear on your profit and loss statement. Losses will be negative.

Determining the Current Value of a Fixed Asset

Before you enter the sale of a fixed asset, you need to know the asset's book value. How you determine book value depends on how you track fixed assets in QuickBooks.

To Determine the Value of an Asset from the Chart of Accounts

If you've created separate fixed asset accounts for each asset as described earlier in this chapter, you'll see the asset's book value right in your chart of accounts. Here's our example:



Name	Type	Balance
▼ Truck	Fixed Asset	13,800.00
Cost	Fixed Asset	20,000.00
Accumulated Depreciation	Fixed Asset	-6,200.00
Buildings and Improvements	Fixed Asset	240,000.00
Furniture and Equipment	Fixed Asset	87,500.00
Security Deposits Asset	Other Asset	1,500.00

The book value of each asset is in the parent account for the asset. The cost and accumulated depreciation appear in the corresponding subaccounts. This is all the information you need to enter the sale of the asset.

To Determine the Book Value of an Asset Using QuickReports

If you record all transactions for all fixed assets in one or more asset accounts using asset names in transactions, you'll have to do a bit more work to determine the book value of a single asset. Create one or more QuickReports as follows:

- If you've tracked everything about the asset in a single asset account, display the register for the asset account. Select any transaction with the name of the asset, and choose Reports | QuickReport. The QuickReport that appears shows all costs and depreciation entries, and the total amount is the current value. Make a note of the current value.
- If you've tracked the accumulated depreciation of the asset in a depreciation subaccount, display the register for the subaccount. Select any transaction with the name of the asset, and choose Reports | QuickReport. The QuickReport that appears shows all depreciation entries and the total depreciation for this asset. Make a note of the total depreciation.
- If you've tracked the asset cost (or value as of your start date) in a different asset account, display the register and make a note of the cost (or starting value).

Entering a Sale Transaction

You enter a fixed asset sale transaction with the General Journal Entry form. This enables you to properly record the debits and credits for the transaction.

To Enter the Sale of a Fixed Asset

- 1 Choose Banking | Make General Journal Entries to display the General Journal Entry form. The following illustration shows what this form might look like after completing these steps.

Account	Debit	Credit	Memo	Name	<input type="checkbox"/>	Class
Truck:Cost		20,000.00				
Truck:Accumulate	6,200.00					
Checking	15,000.00					
Capital Gain/Loss		1,200.00				

- 2 Enter the sale date in the Date field.
- 3 If desired, enter a transaction number for the entry in the Entry No. field.
- 4 On the first line, in the Account field, choose the fixed asset account or subaccount where you track the cost (or starting value) of the asset.
- 5 In the Credit field for the same line, enter the total cost (or starting value) if you track depreciation in a separate asset subaccount.
- 6 If you track asset transactions using the asset name, enter the asset name in the Name field.
- 7 On the second line, in the Account field, choose the fixed asset account or subaccount where you track the accumulated depreciation of the asset.
- 8 In the Debit field for the same line, enter the total accumulated depreciation of the asset.
- 9 If you track asset transactions using the asset name, enter the asset name in the Name field.
- 10 On the third line, in the Account field, choose the bank account in which you deposited the money from the sale of the asset.
- 11 In the Debit field for the same line, enter the actual amount you deposited. This amount may be higher or lower than the current value.
- 12 If you track asset transactions using the asset name, enter the asset name in the Name field.
- 13 Press TAB until QuickBooks fills in the difference in the Debit or Credit field of the next line.
- 14 On the fourth line, in the Account field, choose the Other Income account for capital gains and losses.
- 15 If you track asset transactions using the asset name, enter the asset name in the Name field.
- 16 Click OK.

The cost and accumulated depreciation for this asset are removed from their accounts, leaving the balance of the asset as zero. It might look something like this in your chart of accounts:

Name	Type	Balance
▼ Truck	Fixed Asset	0.00
Cost	Fixed Asset	0.00
Accumulated Depreciation	Fixed Asset	0.00
Buildings and Improvements	Fixed Asset	240,000.00
Furniture and Equipment	Fixed Asset	87,500.00
Security Deposits Asset	Other Asset	1,500.00

Making a Loan to the Purchaser

If you sell an asset and take back a loan, you’ll need an Other Asset account to track the loan you have made. Money that someone owes you is a company asset.

For example, suppose that in the truck sale transaction discussed earlier, the buyer, Mr. Johnson, gives you \$5,000 down and asks you to finance the remaining \$10,000. You’ll deposit just \$5,000 in your bank account and have a loan owned from Mr. Johnson for \$10,000, which you would track in an Other Asset account.

To Record a Sale with a Loan

Enter the sale as described in “To Enter the Sale of a Fixed Asset” in the previous section, with the following exceptions:

- On the third line, in step 11, enter the amount of cash deposited in your bank account. This will be less than the purchase price of the asset.
- After step 15, create a fifth line for the transaction with the loan account in the Account field, the amount of the loan in the Debit field, and the name of the asset (if necessary) in the Name field.

When you’re finished, the transaction might look something like this:

Account	Debit	Credit	Memo	Name	Class
Truck:Cost		20,000.00			
Truck:Accumulate	6,200.00				
Checking	5,000.00				
Capital Gain/Loss		1,200.00			
Johnson Loan	10,000.00				

The balances in your chart of accounts will still show the asset as sold, but will show a balance on a loan, as shown here:

Name	Type	Balance
▼ Truck	Fixed Asset	0.00
Cost	Fixed Asset	0.00
Accumulated Depreciation	Fixed Asset	0.00
Buildings and Improvements	Fixed Asset	240,000.00
Furniture and Equipment	Fixed Asset	87,500.00
Johnson Loan	Other Asset	10,000.00
Security Deposits Acct	Other Acct	1,500.00

To Record a Payment on a Loan

When the buyer sends you a payment, enter the payment in the Make Deposits window.

- 1 Choose Banking | Make Deposits to display the Make Deposits window. Here's what it might look like when filled in for this transaction:

Received From	From Account	Memo	Chk No.	Pmt Meth.	Class	Amount
Johnson, Jim	Johnson Loan	Loan Payment	2311	Check		244.85
Johnson, Jim	Interest Income	Johnson Loan	2311	Check		70.83

Deposit Subtotal: 315.68

Less cash back: Cash back goes to: Cash back memo:

Deposit Total: 315.68

\$ NOTE: If a list of payments to deposit appears, click Cancel to dismiss it.

- 2 Choose the bank account you are depositing the money to from the Deposit To drop-down list.
- 3 Enter the deposit date in the Date field.
- 4 If desired, enter a note about the deposit in the Memo field.

- 5 On the first line, in the Received From field, enter the name of the person you are receiving the payment from.
- 6 In the From Account field of the same line, choose the name of the Other Asset account in which the loan is being tracked.
- 7 If desired, enter a memo, check number, and payment method for the payment.
- 8 In the Amount field of the same line, enter the amount of principal paid on the loan.
- 9 On the second line, in the Received From field, again enter the name of the person you are receiving the payment from.
- 10 In the From Account field of the same line, choose the name of the income account in which the interest earned is being recorded.
- 11 If desired, enter a memo, check number, and payment method for the payment. This may be the same as you entered for the first line.
- 12 In the Amount field of the same line, enter the amount of interest paid on the loan.
- 13 Check to be sure that the Deposit Subtotal matches the amount of the payment.
- 14 Click OK.

Recording Thefts or Losses of Fixed Assets

You track a theft or loss of a fixed asset very much like you track a sale, except you use an Other Expense account to record the amount of the loss.

To Record Thefts or Losses

Enter the transaction as described in “To Enter the Sale of a Fixed Asset” in a previous section, with the following exceptions:

- On the third line, in step 11, enter the amount of cash received from your insurance company to cover the loss. This is what you’ll deposit in the bank. If you were not covered by insurance, omit this line entirely.
- In step 14, on the fourth line, choose the Other Expense account you use for thefts or losses.

When you’re finished, the transaction might look something like this:

The screenshot shows a window titled "General Journal Entry" with the following data:

Account	Debit	Credit	Memo	Name	<input type="checkbox"/>	Class
Truck:Cost		20,000.00				
Truck:Accumulate	6,200.00					
Checking	8,000.00					
Thefts/Losses	5,800.00					

Buttons: Next, Cancel, OK

Purchasing Assets

When you enter the purchase of an asset, use the usual check or credit card window you would use for any company purchase, except assign the purchase to your asset account instead of an expense account.

To Pay for an Asset with a Company Check or Credit Card

- 1 Enter the purchase in the Write Checks window or the Enter Credit Card Charges window (shown next).

Enter Credit Card Charges - QuickBooks Credit Card

Credit Card: QuickBooks Credit Card Ending Balance: 1,676.86

Purchased From: Apple Store Ref No.:

Charge (selected) DATE: 08/16/10 AMOUNT: 2,389.10

Credit

Memo:

Expenses - \$2,389.10 Items - \$0.00

Account	Amount	Memo	Customer:Job	Class
Furniture and Equipr	2,389.10	New Computer		Overhead:

- 2 In the Account field, choose the account for the asset, whether it's an expense account, an Other Current Asset account, or a fixed asset account. If the account does not yet exist, you can enter a name for it here and then, when prompted, create the account but leave the opening balance set to zero.
- 3 Click OK.



TIP: You can learn more about entering check and credit card transactions in Chapter 15.

To Pay for an Asset with Cash

- 1 Open your Petty Cash account register.
- 2 Enter the transaction in the register. Be sure to enter the transaction amount in the decrease column and, for the account field, choose the appropriate account for the asset.
- 3 Click Record.



TIP: You can learn more about entering transactions in account registers in Chapter 18.

To Track a Fixed Asset by Name

Rather than set up a separate account (or account with subaccounts) for each asset as discussed earlier in this chapter, you can group multiple assets together in a single fixed asset account. You can then track each asset by name, using the name that appears on the Other Name list that identifies the asset. When you track the name of the asset, you can create a QuickReport as discussed earlier in this chapter to see all transactions for that asset and determine its book value. You might find this useful for smaller assets, such as individual pieces of office equipment or furniture.

- 1 In the register of the Fixed Asset account, replace the Payee name with the name that identifies the asset. (The purchase transaction retains the original payee name.)
- 2 If prompted, add this name to your Other Names List.
- 3 Click Record.



NOTE: Be sure to use this name in all transactions related to that asset, including depreciation, sale, or loss.

Liabilities Overview

Liabilities are your company's debts. Liabilities also represent the credit extended to your business. They include your payables, money you owe on credit cards, sales tax you owe the government, withholdings from employee earnings you owe the government, and short-term and long-term debts.

If you indicate that you charge sales tax when you set up a new company, QuickBooks automatically sets up a liability account called Sales Tax Payable. You can add as many other liability accounts as you need to track your debts.

Current Liabilities

A *current liability* is a debt your company expects to pay within a year, such as a short-term loan or a bill. QuickBooks provides four types of current liability accounts:

Accounts Payable *Accounts payable* is the amount you owe to suppliers or vendors for services or items you've bought from them. Your accounts payable balance is the total of the unpaid bills that you entered in the Enter Bills window.

Credit Card Accounts With QuickBooks you can easily track expenses you charge to your credit cards. Just set up a credit card account for each card you have.

Other Current Liabilities Use an *Other Current Liability* account to track any other liability that is scheduled to be paid off within one year of regular operations. Examples of Other Current Liabilities are accrued sales tax, lines of credit, and short-term loans.

Long-Term Liabilities The most common long-term liabilities are loans that you expect to pay off in more than one year. This includes loans for items such as vehicles, equipment, and real estate.

Borrowing Money

QuickBooks makes it easy to pull together the financial information a lender asks for. After you receive the loan, track it as a company liability.

Reports to Show Your Lender

Your lender will probably ask for *profit and loss statements* (sometimes called *P and Ls* or *income statements*) and *balance sheets* for the current fiscal year and for prior fiscal years. For details about working with reports, see Chapter 21.

To Create a Profit and Loss Statement

Choose Reports | Company & Financial | Profit And Loss Standard. QuickBooks displays a report for the current month to date.

To Create a Balance Sheet

Choose Reports | Company & Financial | Balance Sheet Standard. QuickBooks displays a report as of the current date.



NOTE: Make sure the report covers the dates you need. If it doesn't, choose the correct date or date range in the list for Dates.

Adding a Loan to Your Chart of Accounts

Use liability accounts to track the loans your company has with lending institutions and lenders.

If you take out a loan to pay for a new asset, such as a new vehicle for your business, the asset account (for the vehicle) and the liability account (for the loan) are not connected in QuickBooks in any way.

To Add a Loan to Your Chart of Accounts

- 1 Choose Lists | Chart Of Accounts, or press SHIFT-COMMAND-A, to display the Chart Of Accounts window.
- 2 Choose Edit | New Account, or press COMMAND-N, to display the New Account window (shown next).

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

- Type: Other Current Liability (dropdown)
- Name: Line of Credit (text field)
- Description: (empty text field)
- Bank No.: 873940392 (text field)
- Subaccount of: (dropdown menu)
- Tax Line: <Unassigned> (dropdown)
- Account is inactive:
- Is a payroll account:
- Online Settings: (button)
- Opening Balance: 0.00 (text field)
- as of: 08/16/10 (text field)
- Next: (button)
- Cancel: (button)
- OK: (button)

- 3 Choose an option from the Type pop-up menu:
 - For short-term loans, choose Other Current Liability.
 - For long-term loans, choose Long Term Liability.
- 4 Enter a name for the loan in the Name field.
- 5 If desired, enter a description and a bank or loan number in the appropriate fields.
- 6 If desired, choose a tax line to associate with this account from the Tax Line pop-up menu.
- 7 For a new loan, enter 0.00 in the Opening Balance field. For an existing loan, enter the balance as of your start date.
- 8 Enter the date corresponding to the Opening Balance amount in the As Of field.
- 9 Click OK.

To Deposit Loan Money in a Bank Account

- 1 Choose Banking | Make Deposits to display the Make Deposits window, shown next.

Make Deposits

Deposit To: Date: Memo:


Enter any other amounts to deposit below, or click Payments to add or remove received payments to deposit.

Received From	From Account	Memo	Chk No.	Pmt Meth.	Class	Amount
ABC Finance Co.	Line of Credit	Cash Advance	78645	Check		5,000.00
Deposit Subtotal:						5,000.00

Enter Cash Back (optional)
If you are taking cash back from this deposit, enter the amount of cash, then choose the account used to track the cash, such as your petty cash account, and enter an optional memo.

Less cash back: Cash back goes to: Cash back memo:

Deposit Total: 5,000.00

 **NOTE:** If a list of payments to deposit appears, click Cancel to dismiss it.

- 2 Choose the account you are depositing the money into from the Deposit To drop-down list.
- 3 Enter the deposit date in the Date field.
- 4 If desired, enter a note in the Memo field.
- 5 In the Received From field, choose the name of the person or organization that is lending you money. This will normally be the same name you will make payments to.
- 6 Use the From Account drop-down list to choose the name of the loan liability account you've created to track the loan.
- 7 If desired, enter a memo, check number, and payment method in the appropriate fields.
- 8 Enter the amount you received in the Amount field.
- 9 Click OK. QuickBooks adds the amount to the bank account and also creates a loan balance of that amount.

To Receive an Asset by Taking Out a Loan

If you've received an asset (such as a new truck), you need to show an increase in your asset account. (If you need to create a new asset account, leave the balance as 0.00 when creating it.)

- 1 If you've made a down payment on the asset, record the down payment as an ordinary check or withdrawal from a bank account. Be sure to choose the name of the asset account from the Account drop-down list. Record the transaction.

- The remainder of the payment goes toward the outstanding loan balance or *principal*. This can be roughly calculated as:

$$| \text{ payment amount} - \text{current month's interest}$$

These amounts change every month. The amount allocated to interest decreases, and the amount allocated to principal increases.

Although you can make a rough calculation of these amounts for entry purposes, many lenders send monthly statements that show exact payment distribution and loan balance. You may also be able to obtain or create an *amortization schedule* that shows the distribution of each payment between interest and principal for the entire loan term. Using these documents to record loan payments can ensure accuracy.

To Record a Payment on a Loan

- 1 Choose Banking | Write Checks to display the Write Checks window.
- 2 Write a check to your lender for the amount of the payment.
- 3 In the detail area of the Expenses pane, assign the amount for interest to an interest expense account, and the amount for principal to your liability account for this loan. Here's what this might look like:

Account	Amount	Memo	Customer/Job	<input type="checkbox"/>	Class
Interest Expense	226.67	Truck Loan Interest			
Truck Loan	429.86				

- 4 Click OK.

Equity Overview

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

This part of the chapter teaches you how to set up equity accounts, how to move money from the QuickBooks Opening Balance Equity account to your own equity accounts, and how to record an owner's draw.



NOTE: Discuss how your business handles equity with your accountant to determine the best setup and procedures for your situation.

Equity and Your Balance Sheet

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, the total assets equal the sum of total liabilities and equity.

When you set up your company in QuickBooks as of a particular start date, you may already have company assets and liabilities as of that date. When you tell QuickBooks the opening balances of your assets and liabilities, QuickBooks automatically records the balances in an equity account called Opening Balance Equity.

After you have entered transactions in QuickBooks for a while, the company's income and expenses produce a net income from the start date to the present date. QuickBooks adds the net income to the balance sheet to keep it in balance.

Here's a simple example. Suppose you started a company with just \$5,000 on your start date. Your balance sheet might look like the one shown here.

Megg's Company	
Balance Sheet	
As of February 1, 2009	
ASSETS	
Current Assets	
Checking/Savings	
ABC Bank	6,000.00
Total Checking/Savings	<u>6,000.00</u>
Total Current Assets	6,000.00
TOTAL ASSETS	<u>6,000.00</u>
LIABILITIES & EQUITY	
Equity	
Opening Bal Equity	5,000.00
Net Income	<u>1,000.00</u>
Total Equity	<u>6,000.00</u>
TOTAL LIABILITIES & EQUITY	<u>6,000.00</u>

In your first month, you have income of \$3,000 and expenses of \$2,000. As a result, you'd have \$1,000 more in checking. As shown here, QuickBooks adds a Net Income line of \$1,000 to the equity section of the balance sheet to keep assets equal to liabilities plus equity.

Megg's Company	
Balance Sheet	
As of January 1, 2010	
ASSETS	
Current Assets	
Checking/Savings	
ABC Bank	17,000.00
Total Checking/Savings	<u>17,000.00</u>
Total Current Assets	<u>17,000.00</u>
TOTAL ASSETS	<u>17,000.00</u>
LIABILITIES & EQUITY	
Equity	
Opening Bal Equity	5,000.00
Retained Earnings	<u>12,000.00</u>
Total Equity	<u>17,000.00</u>
TOTAL LIABILITIES & EQUITY	<u>17,000.00</u>

The Net Income line is the only amount on the balance sheet that is neither the balance of an account nor a subtotal of account balances. Instead, it comes from the company's activities for the current fiscal year. It is the same amount as the bottom line on a profit and loss statement for the current fiscal year.

After the end of the first fiscal year, QuickBooks automatically makes an end-of-year adjustment to net income. It makes the net income return to zero and transfers the net income earned in the previous year into the equity account called *Retained Earnings* or *Owners Equity*. The exact name of the account varies depending on the type of business; you can learn more about that later in this chapter, in the section titled "Equity Accounts Created by QuickBooks." For now, we'll just use the Retained Earnings name.

In our example, if the net income for the year was \$12,000, QuickBooks puts the \$12,000 in the Retained Earnings account and makes net income zero. Here's what the balance sheet might look like at the beginning of the next fiscal year:

Megg's Company	
Balance Sheet	
As of July 1, 2011	
ASSETS	
Current Assets	
Checking/Savings	
ABC Bank	35,000.00
Total Checking/Savings	<u>35,000.00</u>
Total Current Assets	<u>35,000.00</u>
TOTAL ASSETS	<u>35,000.00</u>
LIABILITIES & EQUITY	
Equity	
Opening Bal Equity	5,000.00
Retained Earnings	24,000.00
Net Income	<u>6,000.00</u>
Total Equity	<u>35,000.00</u>
TOTAL LIABILITIES & EQUITY	<u>35,000.00</u>

After the end of the second fiscal year, QuickBooks makes a similar adjustment, increasing Retained Earnings by the amount of net income for the second fiscal year.

Thus, at any time, the Net Income line of the balance sheet shows net income for the current fiscal year. The Retained Earnings line shows net income for previous fiscal years tracked in QuickBooks. Here's an example of a mid-year balance sheet:

Your equity reflects the health of your business because it is the amount of money left after all your debts are satisfied. Equity comes from two sources:

- Money invested in your company, which is called the *owner's investments*
- Profits of your business

Of course, the owner can also take money out of the company. Such withdrawals, called *owner's draws* or *dividends paid* (in the case of a corporation) reduce the company equity.

Some people like to track owner investments, owner's draws, and retained earnings prior to the QuickBooks start date by putting them in separate equity accounts. If you decide to add additional equity accounts, QuickBooks still adds the Retained Earnings (or Owners Equity) and Net Income lines on your balance sheet.

Types of Ownership

There are three basic types of business ownership:

- Sole proprietorship
- Partnership
- Corporation

For each type of business, you use equity accounts to track the details of investments, withdrawals, and earnings.

Sole Proprietorships

A *sole proprietorship* is an unincorporated company owned by one person.

Because all the equity belongs to one person, tracking equity can be very simple. All the equity is initially in the Opening Balance Equity account QuickBooks creates when you set up a new QuickBooks company. QuickBooks creates a second equity account, called Owners Equity, which initially has a zero balance.



TIP: You may want to take one additional step after setting up to move the balance of Opening Balance Equity into Owners Equity. You can learn how later in this chapter.

To separate the different types of equity in your business, you can use separate equity accounts:

Owners Equity	5,000.00
Owners Investment	10,000.00
Owners Draws	-5,000.00

New Businesses If the business itself is new as of your QuickBooks start date, your initial assets in QuickBooks, including your business bank account, come from the owner's investment. The business has no prior earnings. Transfer the balance from Opening Balance Equity to a new equity account called *Owners Investment*. Record any additional investments in the business in this account.

Established Businesses If the business is ongoing as of your QuickBooks start date, the equity on the start date is a combination of owner investments and prior earnings minus owner withdrawals.

- Add an equity account called *Owners Investment*. For its opening balance as of your start date, enter your actual capital investment prior to the start date. If you make additional investments in the business, record them in this account.
- Use the account called *Owner Withdrawals* to enter your actual owner withdrawals prior to the start date as a negative amount. If there are no prior owner withdrawals, start with a zero opening balance but track owner withdrawals in this account from now on.
- Move the balance of Opening Balance Equity into Owners Equity. (You can learn how later in this chapter.)

Partnerships

A *partnership* is an unincorporated business owned by two or more persons. In a partnership, each partner owns a share of all assets and liabilities. Each partner may have invested in the partnership, and each receives a specified share of profits. Partners do not receive salaries, but they may withdraw money against their share of profits. QuickBooks makes it easy to track these partnership transactions by creating separate Owners Equity and Owners Draw accounts for each partner. If your business has more than just two partners, you can add accounts for each additional partner.

You can also add Owners Investment accounts for each partner to track their investments to the company. You might wind up with something like this:

Mike's Equity	20,000.00
Mike's Investment	10,000.00
Mike's Draws	-25,000.00
Maria's Equity	25,000.00
Maria's Investment	10,000.00
Maria's Draws	-20,000.00

When you have finished setting up the partnership in QuickBooks, transfer any money remaining in Opening Balance Equity to the appropriate partner equity accounts, because all the equity belongs to the partners. You can enter such transfers directly into the register of Opening Balance Equity.

Corporations

A *corporation* is owned by its stockholders. Unlike a sole proprietorship or a partnership, a corporation can pay a working owner a salary.

In a corporation, you'll usually want to separate the stockholders' investment of capital from the stockholders' share of earnings.

To track paid-in capital or investments of stockholders, use an equity account named *Capital Stock*. Although you do need to have records of the names and investments of each stockholder, you probably won't want to show this detail on your chart of accounts. For the opening balance, enter the total paid-in capital as of your QuickBooks start date.

After you have set up all your accounts, the amount remaining in Opening Balance Equity represents retained earnings prior to the start date. You can rename this account with a name such as *Prior Earnings*.

QuickBooks automatically tracks the corporation's retained earnings for completed fiscal years in an equity account called Retained Earnings. After the end of the year, you may distribute some or all of the retained earnings of the corporation to stockholders as dividends. You'd record Dividends in the Dividends Paid account.

Equity Accounts Created by QuickBooks

QuickBooks creates different equity accounts depending on the Income Tax Form Used settings you specified when you created your QuickBooks company file. Table 19-1 lists the most common business types and the equity accounts created by QuickBooks.

Type of Organization	Equity Accounts Created by QuickBooks
Sole Proprietorship (Form 1040)	Opening Balance Equity Owners Equity Owners Draw
Partnership (Form 1065)	Opening Balance Equity Retained Earnings Partner 1 Equity Partner 1 Draws Partner 2 Equity Partner 2 Draws
Corporation (Form 1120)	Opening Balance Equity Retained Earnings Capital Stock Dividends Paid

TABLE 19-1 The Most Common Business Types and Equity Accounts

Tracking Retained Earnings

You may need to transfer some of your Opening Balance Equity into Retained Earnings (or Owners Equity) when you first set up your company (as explained later in this chapter), but after you're set up, QuickBooks automatically transfers your profit (or loss) into Retained Earnings at the end of each fiscal year.

For example, if your fiscal year is January through December, and you create a standard balance sheet on December 31, 2010, QuickBooks shows your net income for 2010 on a line labeled *Net Income*.

If you create the same standard balance sheet on January 1, 2011, you'll see that the same net income from 2010 now appears in an account called Retained Earnings (or Owners Equity), and net income has changed to 0.00 (for 2011).

Retained Earnings (or Owners Equity) is a special balance sheet account. Its balance is not displayed in the chart of accounts. To see the amount, create a Balance Sheet report.

Working with Equity Accounts

Although QuickBooks handles quite a few equity tasks automatically, there are several tasks you may need to perform manually while working with QuickBooks.

To Add an Equity Account to Your Chart of Accounts

If you're accounting for the finances of a sole proprietorship or partnership, you may want to add at least one other equity account to your chart of accounts: *Owners Investment*. You can use this account to track investments separately from draws.

- 1 Choose Lists | Chart Of Accounts, or press SHIFT-COMMAND-A, to display the Chart Of Accounts window.
- 2 Choose Edit | New Account, or press COMMAND-N, to display the New Account dialog:

- 3 Choose Equity from the Type pop-up menu.
- 4 Enter a name for the account in the Name field.
- 5 If you know the balance of this equity account as of your QuickBooks start date, enter the balance and start date in the Opening Balance and As Of fields.
- 6 Click OK.

TIP: You don't have to track investments in their own account. Instead, you can track investments and draws in the same account: the Owners Draw account created by QuickBooks. When recording entries, investments increase the equity account balance and draws decrease the balance. If owner's draws exceed owner's investments—which is normal for a profitable business—the account will have a negative balance.

To Transfer Money out of Opening Balance Equity


After you've set up your chart of accounts and entered correct opening balances for each balance sheet account, you may want to transfer money from Opening Balance Equity to other equity accounts.

If you've created an equity account to track your investment and draws and entered a starting balance for that equity account, it's likely that any money left in Opening Balance Equity is retained earnings from prior years. You can transfer the Opening Balance Equity amount to Retained Earnings or Owners Equity to finish setting up.

- 1 Choose Lists | Chart Of Accounts, or press SHIFT-COMMAND-A, to open the Chart Of Accounts window.
- 2 Double-click Opening Balance Equity to display its account register, which is shown next.

Opening Balance Equity							
Date	Number	Payee		Increase	✓	Decrease	Balance
	Type	Account	Memo				
07/01/10						6,200.00	17,834.02
	GENJRNL	Truck:Accumulated De...	Account Opening Balance				
07/01/10				240,000.00			257,834.02
	GENJRNL	Buildings and Improve...	Account Opening Balance				
07/01/10				87,500.00			345,334.02
	GENJRNL	Furniture and Equipment	Account Opening Balance				
07/01/10				1,500.00			346,834.02
	GENJRNL	Security Deposits Asset	Account Opening Balance				
07/01/10				1,826.00			348,660.02
	INV ADJ	Inventory Asset	Robbie Opening balance				
08/17/10	Number	Payee		Increase		348,660.02	
	GENJRNL	Owners Equity	Memo				
Ending balance							348,660.02

- 3 Scroll down to the blank entry at the bottom of the entry list and create a new entry.
- 4 In the Account field, enter the name of the equity account to which you are transferring the money.
- 5 Enter the amount you are transferring in the Decrease field.
- 6 Click Record.

 **TIP:** You can learn more about recording transactions directly into registers in Chapter 18.

To Record an Owner's Draw

When you want to withdraw money for your own use, you can write yourself a check. In the detail area of the check, you select an equity account, such as Owner's Equity, or if you have a draw account, Owner's Draws.

- 1 Choose Banking | Write Checks, or press COMMAND-K, to open the Write Checks window.
- 2 Write a check to yourself for the amount you want to draw from the business.

- 3 In the Account field in the Expenses pane at the bottom of the Write Check window, choose the equity account you use to record draws.
- 4 Click OK.



TIP: You can learn more about writing checks in Chapter 15.

To Record an Owner Investment

When you or a business partner invests personal money in your business after your QuickBooks start date, record the transaction in an equity account.

Use the Make Deposits window to record the investment as a deposit into the bank account where you deposited the money. For example, if you write a personal check to your company and you deposit the check into your company's savings account, record a deposit to the savings account and then show the equity account in the detail area of the deposit.

- 1 Choose Banking | Make Deposits to display the Make Deposits window:

Received From	From Account	Memo	Chk No.	Pmt Meth.	Class	Amount
Langer, Maria	Owners Investmen	Cash Investment	7831	Check		5,000.00

Deposit Subtotal: 5,000.00

Deposit Total: 5,000.00

- 2 Choose the account into which you're depositing the money from the Deposit To drop-down list.
- 3 In the Received From field, choose the owner who is making the investment.
- 4 Choose the appropriate equity account in the From Account field.
- 5 Enter the amount of the owner investment in the Amount field.
- 6 Fill in the rest of the fields as necessary.
- 7 Click OK.



TIP: You can learn more about making deposits in Chapter 9.

To Distribute Profits to Partners

The profit and loss statement for a year shows the net profit for the business for that year. After you have decided how much of the profit each partner should get, you can distribute the profit by entering a transaction in each partner's equity account.

- 1 Create an Other Expense type account called *Distribution of Net Income*. On your profit and loss statement, the amount of the distribution you assign to this account will appear at the bottom of the statement, after the net income from operations. You only need to do this once.
- 2 Display the register of the equity account where you track a partner's share of profits and create a new entry.
- 3 Enter the partner's share of profits in the Increase field. (If there is a loss, enter the amount in the Decrease field.)
- 4 In the Account field, choose the Distribution Of Net Income account.
- 5 Repeat steps 2 through 4 for each partner who is to receive a distribution of profits.

Recording Time and Processing Payroll

In this chapter:

- Time-tracking overview
- Time-tracking preferences
- Filling in a weekly timesheet
- Entering single activities
- Invoicing customers for time
- Reports about time
- QuickBooks Payroll
- Tracking Vehicle Mileage

Many businesses keep track of employee and owner time spent at work or doing specific jobs. The daily or weekly time information can be used to bill customers, calculate job costs, and calculate payroll.

Whether time tracking is for payroll purposes or for billing to customers, QuickBooks' time-tracking tools can help you get the job done. QuickBooks offers two different kinds of timesheets to enter time spent on the job. It also offers integration with Intuit QuickBooks Payroll for Mac, so you can take control of payroll processing and keep all your payroll information in your QuickBooks company file.

This chapter looks at QuickBooks' time-tracking features and gets you started with QuickBooks Payroll. It also explores a new feature of QuickBooks 2011: vehicle mileage tracking.

Time-Tracking Overview

Time tracking lets you track the time a person spends on each job, as well as sick and vacation time. You can then use this information to invoice the customer for the time spent doing a job.

Time-Tracking Methods

QuickBooks offers two built-in forms for tracking time: a Weekly Timesheet and a Single Activity form. Table 20-1 summarizes the advantages and disadvantages of each.

Both a Weekly Timesheet window and an Enter Single Activity window are for a single person. You cannot enter time for two people in the same Weekly Timesheet or Enter Single Activity window.

When you fill in and record an Enter Single Activity window, you can later view the information on a weekly timesheet. Conversely, when you fill in and save a weekly timesheet, you can view Enter Single Activity windows, each of which shows the work on one job on one day. The two are simply different views of the same data.

Window Where You Enter Time	Advantage	Disadvantage
Weekly Timesheet	You can enter all jobs for one day (or even one week) for one person at one time. You can see the work already entered for a person for the week.	The Weekly Timesheet window has many fields and looks more complex than an Enter Single Activity window. There is little room to enter a note about an activity.
Enter Single Activity	You can concentrate on the details of one day's work (or part of a day's work) on one job.	You cannot enter more than one day, one job, or one activity in an Enter Single Activity window.

TABLE 20-1 Two Different Ways to Enter Time



NOTE: There's a third way to enter time into QuickBooks, and that's with My Time. This application, which is separate from QuickBooks, offers individual users an interface for recording time as they work. The resulting data can then be easily imported into QuickBooks. To get started using My Time, download it from the Internet by choosing Employees | Time Tracking | Get My Time. A complete discussion of My Time is beyond the scope of this book.

Invoicing Customers for Time Worked

After you've recorded time worked by an employee on a particular job, you can invoice the customer for this time. When you're writing an invoice, you can display a list of unbilled time worked for the job and select which time to include. When you record the invoice, QuickBooks marks the time you selected as billed, so you won't bill for it again by mistake. You can also charge for time as a statement charge. (You can learn more about billing for time later in this chapter and in Chapter 7.)

Tracking Time for Subcontractors

Subcontractors, unlike employees, are not on your payroll. Instead, they work on contract and bill you for their time. You have no payroll or withholding tax obligations for them, so you may not think it's worth the effort of tracking their time.

There are, however, two reasons you may want to track subcontractor time:

- On time reports, you want to see all time for a particular job, whether for an employee, a subcontractor, or an owner.
- You want to track subcontractor time independently of the time subcontractors report on the bills they submit to you.

Subcontractors should usually be set up as vendors so that you can enter bills from them and keep track of how much you owe them. Even if you track time for a vendor, you can't invoice directly for the time the way you can for employee or owner time. Instead, you must enter the vendor expenses on a bill, check, or credit card charge. You can enter these expenses on the Items pane (as service items, for example) or on the Expenses pane. Then you can invoice for the vendor expenses. (You can learn more about setting up billable items in Chapter 6 and billing for expenses in Chapter 7.)

Tracking Time

You can use the QuickBooks time-tracking features to enter time spent at work or doing various work-related activities. To get started, you must enable the time-tracking features. You can then use QuickBooks time-tracking forms or My Time to record time in QuickBooks.

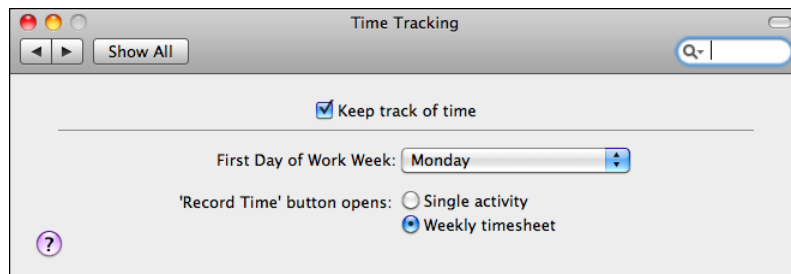
This part of the chapter explains how to enable time-tracking features and use QuickBooks' built-in time tracking forms.

Getting Started

Before you can begin tracking time in QuickBooks, you must enable the time-tracking features. You do this in QuickBooks preferences.

To Set Time-Tracking Preferences

- 1 Choose QuickBooks | Preferences to display the Preferences window.
- 2 Click the Time Tracking icon under Workflow to display Time Tracking options:



- 3 Turn on the Keep Track Of Time check box.
- 4 Choose a day from the First Day Of Work Week pop-up menu.
- 5 Select one of the two 'Record Time' Button Opens options to determine which format of timesheet opens when the Record Time button is clicked.
- 6 Close the Time Tracking preferences window to save your settings.

Using Time Tracking Forms

You can use QuickBooks' two time-tracking forms to enter time for employees and subcontractors.

To Fill in a Weekly Timesheet for a Person

A weekly timesheet is a record of time spent by one person on any number of jobs within a seven-day period. Use a weekly timesheet when you want to record work done on several days or on several jobs.

Any data previously entered in either an Enter Single Activity window or a Weekly Timesheet window automatically appears on the person's weekly timesheet for the same time period.

- 1 Choose Employees | Time Tracking | Use Weekly Timesheet to display the Weekly Timesheet window, which is shown in Figure 20-1.

Weekly Timesheet

Name: Langer, Maria ; Timesheet Aug 16 to Aug 22, 2010

Customer:Job	Service Item	Notes	Class	M 16	Tu 17	W 18	Th 19	F 20	Sa 21	Su 22	Total
Davison, Jon	Charter	Aerial Photo	Operator			2.50					2.50
From Russia with Robinson, Emily	Charter	Aerial Photo	Operations	4.00	3.00						7.00
			Operations					1.00			1.00
Totals				4.00	3.00	2.50	0.00	1.00	0.00	0.00	10.50

Buttons: Edit Activity, New Sheet, Prev Week, Next Week, Cancel, OK

FIGURE 20-1 Use the Weekly Timesheet window to record all the time for a person for an entire week.


- 2 In the Name field, enter the name of the person who performed the work. You can choose an existing name from the list or enter a new name to set up as an employee, vendor, or other name. On the list, vendors are above employees, and other names are below employees. (Subcontractors are usually vendors because they submit bills you have to pay; owners and partners are usually other names because they are neither employees nor vendors.) If you have already entered activity for this person for this week, that activity appears in the form—even if it was entered in the Enter Single Activity window. Press TAB.
- 3 If necessary, change the date range of the week displayed. You can click the Next Week or Prev Week button, or click the Set Date button and use the Set Date dialog (shown next) to specify a date within the week you want to display and click OK.

Enter any date within the week for which you want to display a weekly timesheet.


New Date


Buttons: Cancel, OK

- 4 If the work was performed for a specific customer or job, in the Customer:Job field of the Weekly Timesheet window, choose the customer or job the work was performed for. Press TAB.
- 5 If you plan to bill a customer for the work or want to keep track of the work by item, choose an item in the Service Item field. The service item tracks the income for this work when you enter it on the customer's invoice. QuickBooks uses the income account and rate you assigned to this item when you set it up. (Setting up items is covered in Chapter 6.) Press TAB.
- 6 If desired, enter additional information about the work in the Notes field. Press TAB.

 **TIP:** To write an extensive note, enter the time in the Enter (or Edit) Single Activity window instead of the Weekly Timesheet window. To display the Edit Single Activity window from the timesheet, click the line's time in the column for the correct day and then click Edit Activity. Make changes in the Edit Single Activity window, and click OK to return to the Weekly Timesheet window.

- 7 If desired, choose a class from the Class drop-down list. This column only appears if class tracking is enabled. (You can learn more about class tracking in Chapter 4.)
- 8 In the column for the correct day, enter the number of hours worked on this job (or used as sick or vacation time). Use a decimal point to enter parts of an hour as a decimal, or use a colon to enter hours and minutes. For example, for 4 hours and 30 minutes, enter either 4.5 or 4:30. Press TAB. QuickBooks displays the hours according to your data entry preference for portions of an hour. (Data entry preferences are covered in Chapter 22.)
- 9 You can enter hours for more than one day on the same line, as long as all of the other information is the same for all days on the line.
- 10 Set the Billable field (to the right of the Total column) to specify whether the work on that line is billable. Click the invoice icon to place an X over it or to remove an X that is already there. An X indicates that the time is *not* billable.

 **NOTE:** The Customer:Job and Service Item fields must be filled in to bill a customer for time. If this information is omitted, that time is not billable, and a red X appears over the icon. You can see an example of this in Figure 20-1.


 **NOTE:** If a vendor name is in the Name field, you cannot remove the X. Instead, you can invoice the customer for vendor expenses recorded on the Items or Expenses pane of bills, checks, or credit card charges, as discussed in Chapter 7.

- 11 Repeat steps 4 through 10 to add lines, if necessary, to record time spent on other jobs or doing other services.
- 12 Save the recorded time:
 - To record and close the window, click OK.
 - To record and display a new, blank Weekly Timesheet window for the same week, click New Sheet.
 - To record and display a weekly timesheet for this person for next (or last) week, click Next Week (or Prev Week).

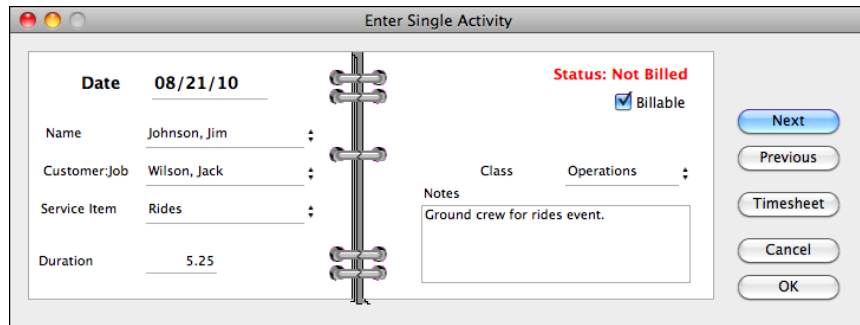
To Enter a Single Activity

The Enter Single Activity window is designed for recording time spent by one person on a single activity for a single job and on a single date.

Use the Enter Single Activity window when you want to enter details of a job as soon as you've done work on it. For example, a lawyer might use it to record a billable phone conversation.


 **NOTE:** To enter several dates, activities, or jobs at once, use a weekly timesheet instead, as discussed in the previous section.


- 1 Choose Employees | Time Tracking | Enter Single Activity to display the Enter Single Activity window, which is shown next.



- 2 In the Date field, enter the date the work was performed. Press TAB.
- 3 In the Name field, enter the name of the person who performed the work and then press TAB. You can choose an existing name from the list, or enter a new name to set up as an employee, vendor, or other name. On the list, vendors are above employees, and other names are below employees. (Subcontractors are usually vendors because they submit bills you have to pay; owners and partners are usually other names because they are neither employees nor vendors.)
- 4 If the work was performed for a specific customer or job, in the Customer:Job field, choose the customer or job the work was performed for. Press TAB.
- 5 If you plan to bill a customer for the work or want to keep track of the work by item, choose an item in the Service Item field. The service item tracks the income for this work when you enter it on the customer's invoice. QuickBooks uses the income account and rate you assigned to this item when you set it up. (Setting up items is covered in Chapter 6.) Press TAB.

- 6 In the Duration field, enter the number of hours worked on this date for this job and service item. Use a decimal point to enter parts of an hour as a decimal. Use a colon to enter hours and minutes. For example, for 4 hours and 30 minutes, enter either 4.5 or 4:30. When you press TAB, QuickBooks displays the hours according to your data entry preference for portions of an hour. (Data entry preferences are covered in Chapter 22.)
- 7 If you plan to invoice the customer for this time, be sure the Billable check box is turned on; otherwise, clear it. If the check box is turned on, you will be able to charge the customer for the time spent doing this job and to track whether you have invoiced it yet. The activity is marked *Not Billed* until you have invoiced the customer for the time. Afterward, the activity is marked *Billed*.

 **NOTE:** The Customer:Job and Service Item fields must be filled in to bill a customer for time. If this information is omitted, that time is not billable, and you cannot turn on the Billable check box.


 **NOTE:** If a vendor name is in the Name field, you cannot turn on the Billable check box. Instead, you can invoice the customer for vendor expenses recorded on the Items or Expenses pane of bills, checks, or credit card charges, as discussed in Chapter 7.

- 8 If desired, choose a class from the Class drop-down list. This field only appears if class tracking is enabled. (You can learn more about class tracking in Chapter 4.)
- 9 In the Notes field, enter any additional information you want to record about this activity.
- 10 Click Next to save your entry and create another single activity time entry, or click OK to simply save your entry.

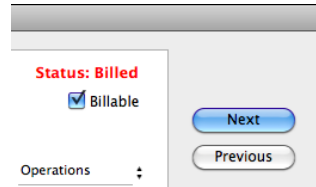
Invoicing Customers for Time

After you've recorded time worked on one or more jobs, you can invoice your customers for the time worked on their jobs.

QuickBooks uses the customer:job and service item you assigned to each activity. When you start to create an invoice for the customer:job, you can display a list of all billable but still unbilled activities for that customer:job. Then you can choose which ones to put on this invoice.

 **TIP:** For full details about invoicing customers for time, consult Chapter 7. If you use statement charges, you can charge customers for time as a statement charge in the same way; that's also discussed in Chapter 7.

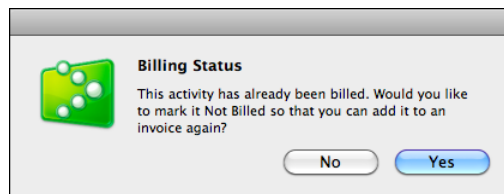
When you record an invoice for billable time, QuickBooks changes the billing status from Not Billed to Billed, as shown next. The status doesn't change back to Not Billed even if you edit or delete the invoice.



To Make Time Billable Again

If, for some reason, you need to make time billable again, you can

- 1 Display the Weekly Timesheet or Enter Single Activity window for the time data you want to change.
- 2 Do the following:
 - On the Weekly Timesheet window, click the gray invoice icon.
 - In the Enter Single Activity window, click the Billable check box.
- 3 The Billing Status dialog, which is shown next, appears. Click Yes.




- On a weekly timesheet, the invoice icon turns white, indicating that the item is now billable again.
 - In the Enter Single Activity window, the status appears as “Not Billed” with the Billable check box turned on.
- 4 Click OK to save your changes in the Weekly Timesheet or Enter Single Activity window.

Reports about Time

QuickBooks has four reports that look at time tracked:

- Time by Job Summary
- Time by Job Detail
- Time by Name
- Time by Item


You can find all of these reports listed on the Jobs, Time & Mileage submenu under the Reports menu. Choose a report to create it.

 **TIP:** You can print or customize time reports just like other reports. For more information, see Chapter 21.

QuickBooks Payroll

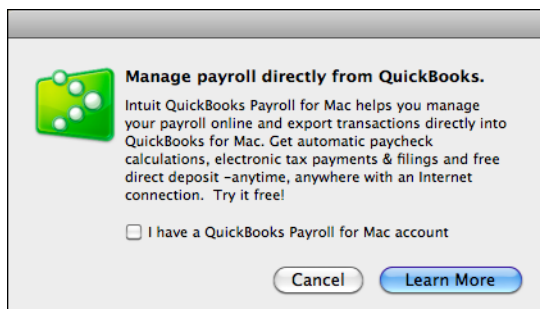
If you have employees and need to run a U.S.-based payroll, consider using Intuit QuickBooks Payroll for Mac.

QuickBooks Payroll processes your payroll, prints payroll checks, and lets you import payroll data into QuickBooks so you can assemble your expenses and liabilities and create reports. Internet access is required and additional fees will apply.

 **NOTE:** QuickBooks also supports Aatrix Top Pay, a software application available from Aatrix. You can learn more about Top Pay on the Aatrix web site, <https://www.aatrix.com/index.php/top-pay>.

To Create Your QuickBooks Payroll Account

- 1 In QuickBooks, open the company file for which you want to set up a QuickBooks payroll account.
- 2 Choose Employees | Payroll to display a dialog like the one shown next.



- 3 If you already have a QuickBooks Payroll for Mac account, turn on the check box and click Learn More. (This prevents this dialog from opening again in the future.) Otherwise, click Learn More.
- 4 A QuickBooks browser window opens, displaying the Intuit QuickBooks Payroll for Mac page. It should look like what's shown in Figure 20-2, but if you have an account, a similar but different page may appear.

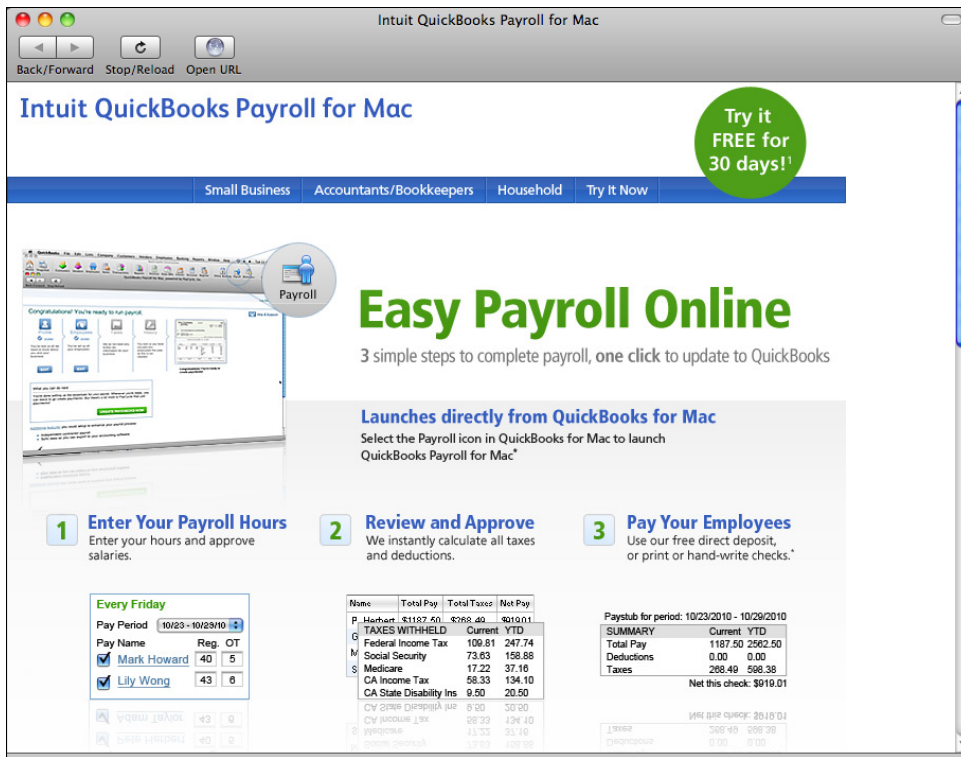


FIGURE 20-2 When you use QuickBooks Payroll for Mac, you interact with the web-based service using a browser that's part of QuickBooks.

NOTE: Because QuickBooks Payroll for Mac is a web-based service, the actual appearance of its interface may vary from what is shown here.

- 5 If you do not already have a QuickBooks Payroll for Mac account, follow the onscreen instructions to set up your account.
- 6 If necessary, click the Current Customer Login button near the bottom of the page (or any other Login button) to log in.
- 7 You should see a screen similar to the one in Figure 20-3. Click buttons across the top of the page to perform the various payroll tasks.
- 8 If you need help, click the Help pane for complete information about performing QuickBooks Payroll tasks, including how to:
 - Set up pay items and schedules.
 - Print paychecks and paystubs.
 - Import data into QuickBooks.

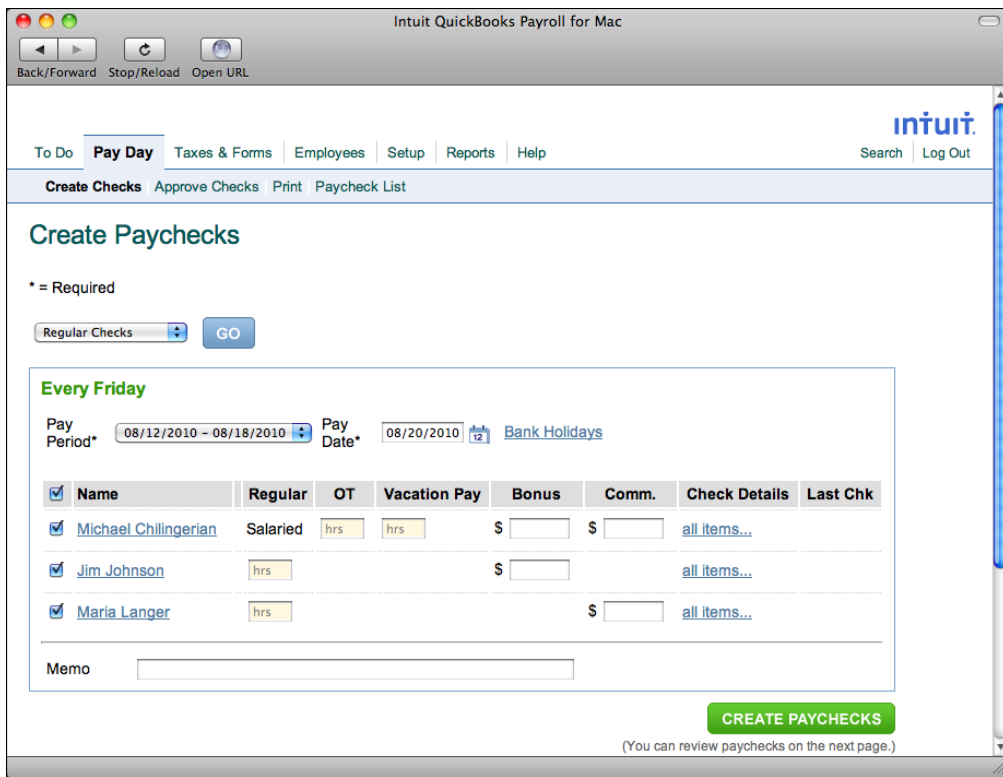


FIGURE 20-3 Use QuickBooks Payroll for Mac to create paychecks for employees.


To Set Up QuickBooks Payroll and QuickBooks for Importing Data into QuickBooks

Before you can copy payroll data from QuickBooks Payroll into QuickBooks, you must:

- Configure QuickBooks accounts to accept QuickBooks Payroll data by creating required payroll accounts.
- Configure QuickBooks Payroll with QuickBooks account names in which to store QuickBooks Payroll data.

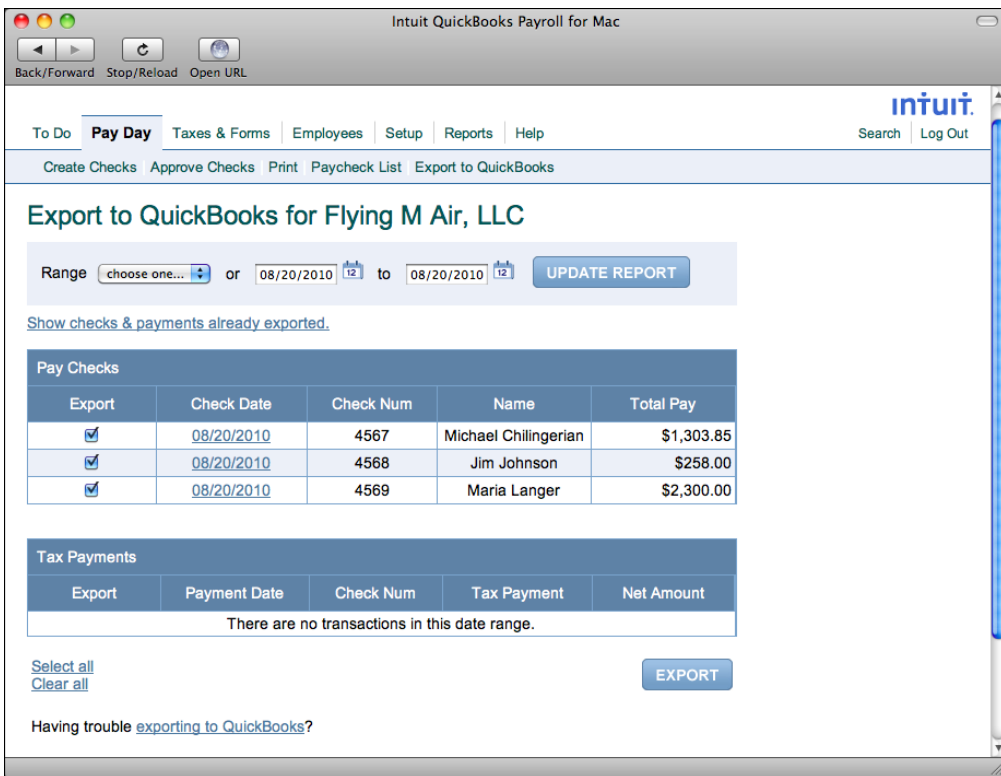
You can get detailed instructions on doing this from a help topic on the Intuit QuickBooks Payroll for Mac web site.

- 1 In the Intuit QuickBooks Payroll for Mac window, click the Help button.
- 2 Enter **QuickBooks** in the search box and click the Search button.
- 3 Click the link labeled “import payroll service data into, QuickBooks.” This will explain, in detail, how to set up QuickBooks for importing payroll data and how to set up QuickBooks Payroll for exporting data into QuickBooks.

 **NOTE:** You only have to complete this setup process once. You must do this before you attempt to copy payroll data into QuickBooks, as discussed in the next section.

To Copy Payroll Data into QuickBooks

- 1 In the QuickBooks Payroll window, click the Pay Day button.
- 2 Click the Export to QuickBooks link to display the current list of pay checks to be exported, shown in Figure 20-4.
- 3 In the Export column, turn on the check boxes for each check you want to copy. You can also click Select All to turn on all the check boxes.
- 4 Click Export.
- 5 When a dialog appears, telling you that the transactions have been copied to QuickBooks, click OK.



Intuit QuickBooks Payroll for Mac

Back/Forward Stop/Reload Open URL

To Do **Pay Day** Taxes & Forms Employees Setup Reports Help

Search Log Out

Create Checks Approve Checks Print Paycheck List Export to QuickBooks

Export to QuickBooks for Flying M Air, LLC

Range or 08/20/2010 to 08/20/2010

[Show checks & payments already exported.](#)

Pay Checks				
Export	Check Date	Check Num	Name	Total Pay
<input checked="" type="checkbox"/>	08/20/2010	4567	Michael Chilingirian	\$1,303.85
<input checked="" type="checkbox"/>	08/20/2010	4568	Jim Johnson	\$258.00
<input checked="" type="checkbox"/>	08/20/2010	4569	Maria Langer	\$2,300.00

Tax Payments				
Export	Payment Date	Check Num	Tax Payment	Net Amount
There are no transactions in this date range.				


[Select all](#)
[Clear all](#)

Having trouble [exporting to QuickBooks?](#)

FIGURE 20-4 QuickBooks Payroll keeps a check register for each pay period.

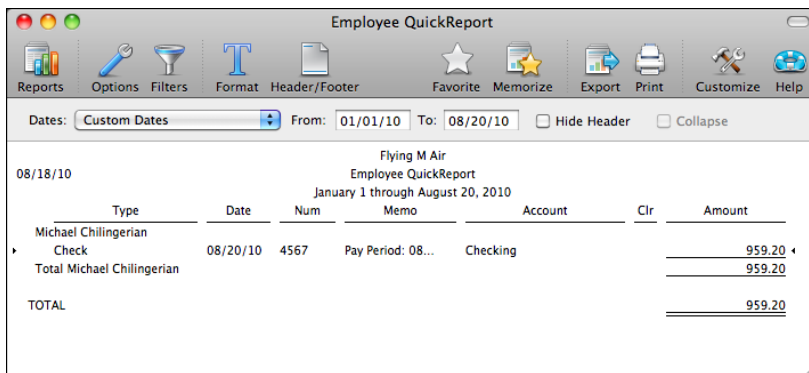
To Confirm That the Payroll Transactions Were Copied Successfully

- 1 In QuickBooks, choose Lists | Employees.
- 2 Select an employee for whom you copied a payroll transaction.
- 3 Choose Reports | QuickReport to display an Employee QuickReport.
- 4 Choose the correct date range from the Dates pop-up menu at the top of the report window. The report should show the transaction you just copied from QuickBooks Payroll, as shown in Figure 20-5.

 **NOTE:** The payroll checks will also appear in the checking account register used for payroll.

To Print QuickBooks Payroll Reports

- 1 In the QuickBooks Payroll window, click the Reports button to display the Reports Overview (refer to Figure 20-6).
- 2 Click the link for the report you want to print.
- 3 If necessary, change the date range of the report.
- 4 Click the Printer-friendly Version link.
- 5 Choose File | Print, or press COMMAND-P.
- 6 Use the standard Print dialog that appears to set options, and click Print to send the report to your printer.



Type	Date	Num	Memo	Account	Clr	Amount
Michael Chilingierian						
Check	08/20/10	4567	Pay Period: 08...	Checking		959.20
Total Michael Chilingierian						959.20
TOTAL						959.20

FIGURE 20-5 An Employee QuickReport lists all imported payroll checks for that employee.

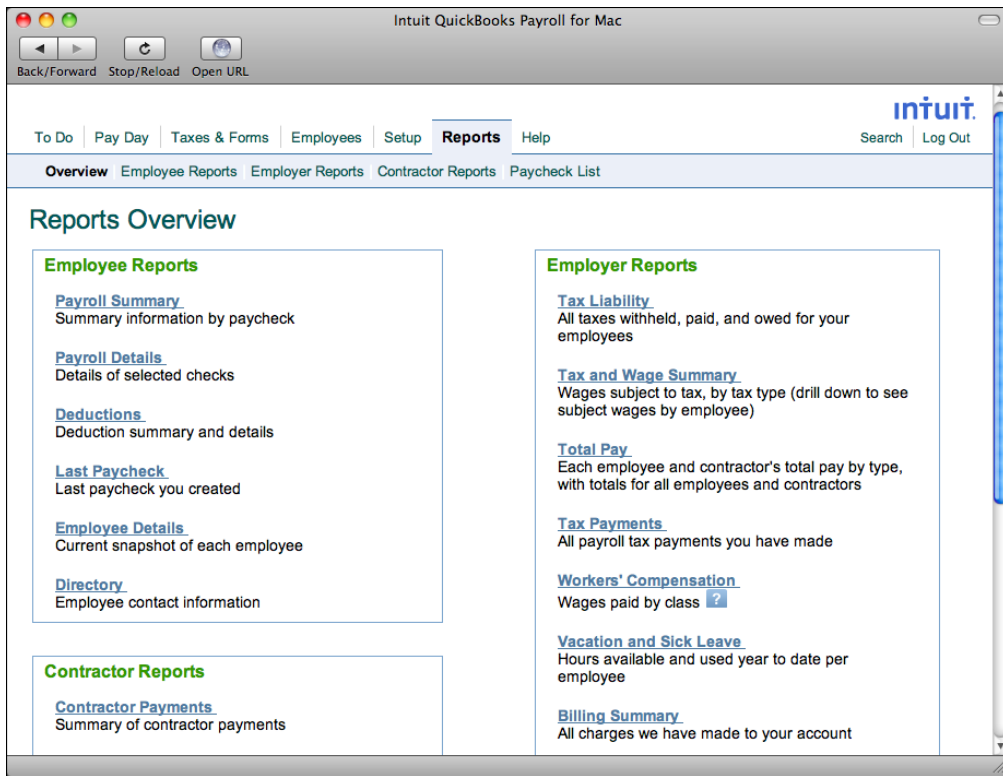


FIGURE 20-6 QuickBooks Payroll offers a wide variety of payroll reports.



Tracking Vehicle Mileage

QuickBooks 2011 adds the ability to track vehicle mileage within QuickBooks. This makes it easier than ever to:

- Keep track of miles driven on one or more vehicles.
- Bill customers for job-related vehicle expenses. (Chapter 7 explains how to bill customers for mileage.)
- Reimburse employees for work-related use of personal vehicles.
- Create reports of vehicle miles driven.
- Accurately complete tax returns.

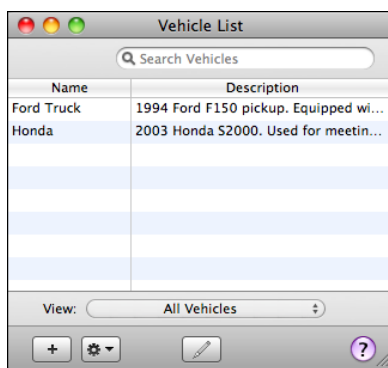
This part of the chapter covers how to set up QuickBooks for mileage tracking and track miles driven.

Setting Up

There are two things you should do before beginning to track mileage: add the vehicles you plan to track to the Vehicle List and set the IRS mileage rate. As you continue to record information in QuickBooks, you'll find yourself updating both of these things whenever needed to add or inactivate vehicles and change mileage rates.

To View the Vehicle List

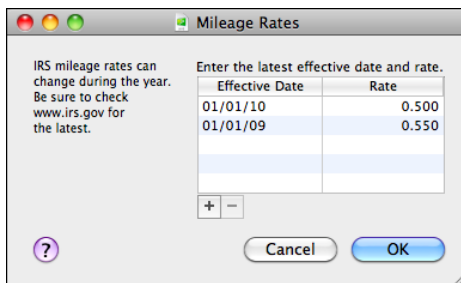
Adding vehicles to the Vehicle List is discussed in detail in Chapter 4. Before you begin entering mileage information, you may want to review and modify the list. To open the Vehicle List window, choose Lists | Vehicles. The Vehicle List window that appears might look something like what's shown next. Make sure the vehicles you will track mileage for are listed. If not, follow the instructions in Chapter 4 to add them.



To Set the Mileage Rate

If you plan to make mileage deductions on your tax returns, you'll need to make sure QuickBooks has the current rates stored within it. You do this in the Mileage Rates window.

- 1 Choose Company | Mileage Rates to display the Mileage Rates window:



- 2 Modify the list as necessary:
 - To add a rate, click the + button at the bottom of the window. This adds a new line to the top of the list where you can edit the date and rate fields.
 - To remove a rate, select the rate in the list and click the – button at the bottom of the window. The rate disappears.
- 3 When you are finished making changes, click OK.

Tracking Miles

You track miles by entering mileage into the aptly named Enter Mileage form (refer to Figure 20-7) within QuickBooks. You can enter this data each time the vehicle is used or save up information for a few days or a week and enter it then.

When the window first appears, the fields shown at the bottom of Figure 20-7 may not appear. To assign mileage to a customer or job, click the disclosure triangle beside Assign To Customer: Job to expand the window and display these fields. You can also specify an item and class (if class tracking is enabled per Chapter 4) for the trip.

The screenshot shows the 'Enter Mileage' window with the following details:

- Vehicle:** Honda
- Trip Dates:** Start: 08/18/10, End: 08/18/10
- Odometer:** Start: 36,890, End: 36,981
- Total Miles:** 91
- Notes:** Met with fire marshall for event briefing.
- Assign to Customer: Job** (expanded)
 - Status:** Not Billed
 - Billable:**
 - Customer:** Robinson, Emily
 - Item:** Transportation
 - Class:** (empty)
- Buttons:** Previous, Next, Cancel, OK

FIGURE 20-7 Use the Enter Mileage form within QuickBooks to enter details about trips taken with your company’s vehicles.

To Enter Vehicle Mileage

You enter vehicle mileage per trip, providing either odometer readings or total miles.

- 1 Choose Company | Enter Mileage to display the Enter Mileage window (refer to Figure 20-7).
- 2 Choose a vehicle from the Vehicle drop-down list. The list should include all vehicles in the Vehicle List. You can add a vehicle on the fly by typing in its name and setting it up when prompted.
- 3 In the Trip Dates fields, enter the starting and ending dates for the trip.
- 4 In the Odometer fields, enter the starting and ending odometer readings for the trip to have QuickBooks calculate the Total Miles *or* enter a value in Total Miles field to override the odometer calculation.
- 5 If desired, enter some notes about the trip in the Notes field.
- 6 Click Next to save the entry and create another one or click OK to save the entry and close the window.

To Enter Billable Mileage

If you want to pass along the cost of vehicle use to a client, you can make mileage entries billable. Be sure to set up at least one item for billing mileage before recording billable mileage. (Creating items is discussed in detail in Chapter 6; billing mileage to customers is covered in Chapter 7.)

- 1 Follow the instructions in the previous section to enter basic mileage information for a trip.
- 2 If necessary, click the disclosure triangle beside Assign To Customer: Job to expand the window (refer to Figure 20-7).
- 3 Choose or enter information in the Customer and Item fields. For the item field, be sure to choose an item with an appropriate mileage billing rate.
- 4 Turn on the Billable check box.
- 5 Click Next to save the entry and create another one or click OK to save the entry and close the window.



Creating Mileage Reports

Along with the new mileage tracking feature, QuickBooks now includes a number of mileage reports:

- Mileage by Vehicle Summary
- Mileage by Vehicle Detail
- Mileage by Job Summary
- Mileage by Job Detail

You create these reports by choosing the appropriate command from the Jobs, Time & Mileage submenu under the Reports menu. Creating reports is covered in detail in Chapter 21.

Creating Reports and Graphs

In this chapter:

- Creating a report
- Customizing a report
- Filtering report data
- Using QuickZoom for report details
- Printing, saving, or e-mailing a report
- Exporting a report to Microsoft Excel
- Memorizing and recalling reports
- QuickReports
- Questions and answers about reports
- Graphs

As you work with QuickBooks, you enter information into forms and registers to record the transactions that take place as you operate your business. The reward for all your data entry efforts is the ability to create highly customizable reports that can help you understand the operation and financial health of your business.


This chapter takes a closer look at QuickBooks' reporting features. It explains how to create and customize reports, as well as how to memorize customized reports so they're quick and easy to create again.

Creating a Report

QuickBooks offers two ways to create reports:

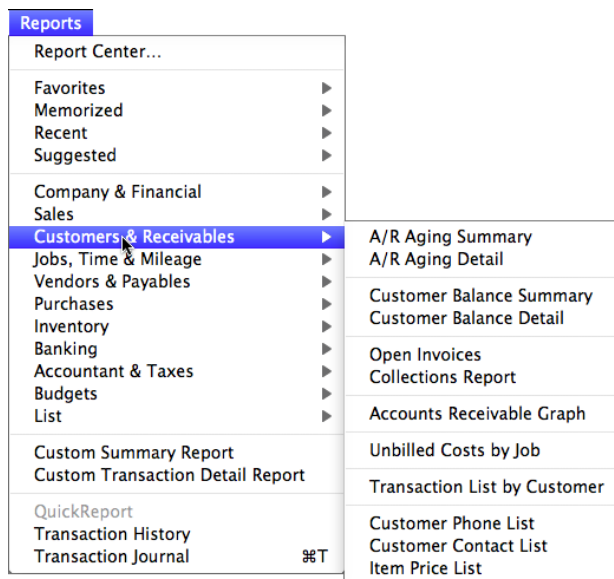
- Use the Reports menu to quickly create one of dozens of predefined reports.
- Use the Report Center to browse reports, set report options, and create a report.

This part of the chapter looks at both methods of creating reports.

 **TIP:** Before you create reports, it's a good idea to check and possibly change the Reporting settings for your company. You can learn more about Reporting settings and other preferences in Chapter 22.

To Create a Report with the Reports Menu

Creating a report with the Reports menu is easy: simply select a menu command under the Reports menu or one of its submenus. For example, here's the list of reports on the Customers & Receivables submenu under the Reports menu:



Customer Balance Summary

12/15/13

Brooks Bell Design
Customer Balance Summary
All Transactions

	Dec 31, '13
Abercrombie, Kristy	
Family Room	11.50
Abercrombie, Kristy - Other	<u>172.50</u>
Total Abercrombie, Kristy	184.00
Balak, Mike	
Utility Shed	<u>4,513.80</u>
Total Balak, Mike	4,513.80
Brooks Bell	
Remodel Kitchen	<u>4,272.75</u>
Total Brooks Bell	4,272.75
Burch, Jason	
Room Addition	<u>749.45</u>
Total Burch, Jason	749.45
Campbell, Heather	
Remodel	<u>16,460.48</u>
Total Campbell, Heather	16,460.48
Castillo, Eloisa	
Bay Window	<u>225.00</u>
Total Castillo, Eloisa	225.00

FIGURE 21-1 Here's an example of a Customer Balance Summary report in a standard Report window.

The report appears immediately in a standard Report window, as shown in Figure 21-1. You can then use buttons and set options in the Report window's toolbar to customize the report.

To Create a Report with the Report Center

The Report Center window offers another way to create reports. You can use it to browse and preview reports before selecting the one you want.

- 1 Choose Reports | Report Center to open the Report Center window (refer to Figure 21-2).
- 2 If necessary, on the left side of the window, click the disclosure triangle beside a category of reports to display a list of reports beneath it.
- 3 Select a report from the list. A preview of the report appears on the right side of the dialog.

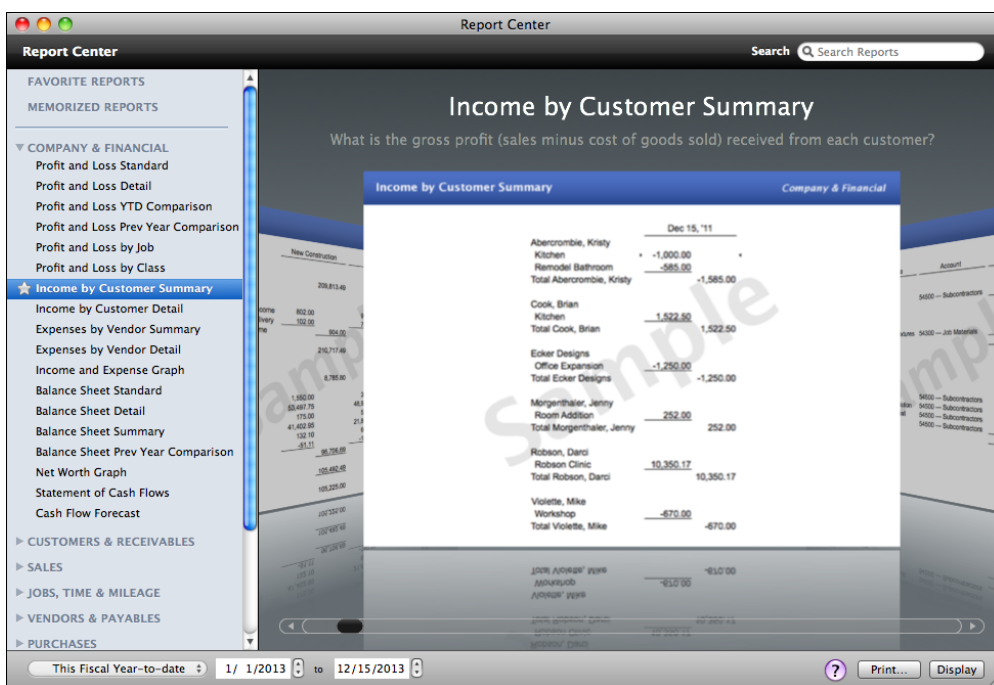


FIGURE 21-2 The Report Center enables you to browse reports before creating them.

\$ NOTE: The Report Center displays previews of your reports in a fashion similar to Mac OS X's Cover Flow, so you can scroll through report previews with the horizontal scroll bar at the bottom of the preview area or by pressing the UP ARROW and DOWN ARROW keys on your keyboard.

- 4 Select a date option or enter custom dates for the report in the bottom left of the window.
- 5 Click Display.

Customizing a Report

There are a number of ways you can customize a report.

- Use toolbar buttons, menus, text boxes, and check boxes at the top of the Report window to set options and access other customization features.
- Drag a column's edge to make the column wider or narrower.
- Use a report options dialog to change the report date, columns, or other options so it covers a different reporting period or provides period details.

- Use an Advanced Options dialog to change the displayed rows, columns, and reporting calendar.
- Use the Report Filters dialog to filter out transactions you do not want to include in the report.
- Use the report Format window to set basic report formatting options, including the font and number formats.
- Use the Header/Footer window to set the appearance of headers and footers in printed reports.



While all these methods existed in previous versions of QuickBooks, QuickBooks 2011 introduces some subtle interface changes that make report customization features easier to find and use.

This part of the chapter explains how you can customize a report so it meets your needs.

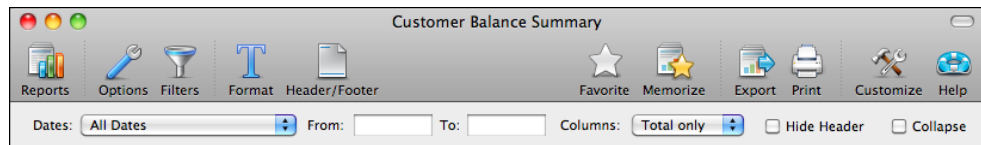
Customization Options in the Report Window

The Report window offers several customization options:

- Use the toolbar to set basic date, column, and onscreen display options.
- Click a column heading to change the sort order of items in a report.
- Rearrange columns.
- Drag a column border to change the width of one or all columns.

To Set Options with the Toolbar

The toolbar (shown next) appears at the top of every report. As summarized in Table 21-1, you can use the toolbar to customize a report to create the exact report you want.



To Adjust Columns

Click or drag in the Report window to make a variety of changes to report columns. Table 21-2 summarizes them.

Using the Report Options Dialog

The Options button on the Report window's toolbar gives you access to a report options dialog, where you can change a number of report elements at once. Some of these features also have buttons or lists elsewhere on the toolbar.

Use This	To Do This
Reports	Display the Report Center window.
Options	Display a report options dialog you can use to change several report elements at once.
Filters	Display the Report Filters window, which you can use to restrict the report to selected names, accounts, types of transactions, and so on.
Format	Display the Format window, which you can use to change fonts and adjust how numbers display.
Header/Footer	Display the Header/Footer window, which you can use to change the information in, and the positions of, the header or footer.
Favorite	Immediately add the report to a list of favorite reports.
Memorize	Display a dialog you can use to memorize the current report settings.
Export	Export the data and open it as a Microsoft Excel or Apple Numbers spreadsheet. Excel or Numbers must be installed on your computer to use this option.
Print	Open the Print dialog to set printing options and print the report.
Customize	Customize the report window's toolbar.
Help	Open onscreen help with information about creating and customizing reports.
Dates pop-up menu	Change the date range covered by the report.
From and To fields	Enter the start and end dates of a date range, instead of choosing a preset date range.
Columns or Total By pop-up menu	Change how the data is grouped or subtotaled. The name of this menu varies depending on the report displayed.
Hide Header	Hide the report title and header to show more of the report onscreen. You can show the header again by turning off this check box. This button does not affect the printed report.
Collapse	Summarize details and combine subaccounts or subitems on the report. You can expand accounts and items by turning off this check box.

TABLE 21-1 Buttons and Other Options in the Report Window Toolbar

The appearance of the dialog varies according to the type of report. Here's what it might look like for a Profit and Loss report:

Report Dates: This Month-to-date From 12/01/13 To 12/15/13

Report Basis: Accrual Cash

Columns: Total only

Other Columns:

<input type="checkbox"/> Previous Period	<input type="checkbox"/> \$ Change	<input type="checkbox"/> % Change
<input type="checkbox"/> Previous Year	<input type="checkbox"/> \$ Change	<input type="checkbox"/> % Change
<input type="checkbox"/> Year-to-date	<input type="checkbox"/> % of YTD	
<input type="checkbox"/> % of Income	<input type="checkbox"/> % of Expenses	
<input type="checkbox"/> % of Row	<input type="checkbox"/> % of Column	

Buttons: Filters..., Advanced..., Help, Cancel, OK

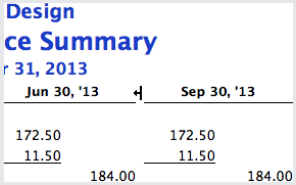


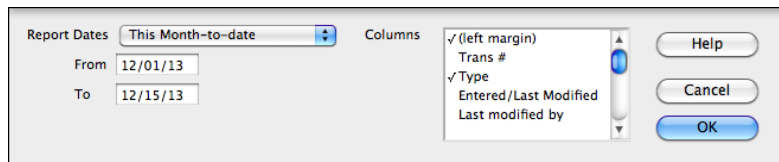
To Make This Change	Do This
Make column wider or narrower	<p>Move your mouse between two columns headings until you see an arrow cursor. Drag the cursor to the right or left. To resize all columns at once, hold down the OPTION key while dragging.</p> 
Sort data by a particular column	<p>Click any column heading to sort on it; click the header again to sort in the opposite direction. The arrow next to the column header shows whether the column is sorted in ascending or descending order.</p> 
Rearrange columns	<p>Drag the column's header to its new position. A red arrow indicates where it will appear when you release the mouse button.</p> 

TABLE 21-2 Making Changes to Columns in a Report Window

And here's what it might look like for a Transaction List report:



The following instructions explain the kinds of things you can do with the report options dialog. To open it, simply click the Options button on a Report window's toolbar.

To Change a Report Date Range

The date range covered in a report is the range in the Dates pop-up menu or From and To fields on the Report window's toolbar. Balance sheet reports show balances as of the last date of the period chosen. Quarterly or yearly date ranges are based on your company's fiscal year unless you customize the report.

There are two ways to change a report's date range:

- Choose another date range from the Report Dates pop-up menu.
- Enter a different start date in the From field and a different end date in the To field.

To Specify Columns in a Report

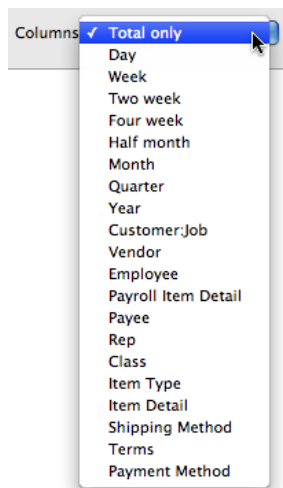
For some kinds of reports, you can add and remove the columns of data that you want to see. Use the Columns scrolling list or pop-up menu in the report options dialog to select the columns to include. The list or menu will display only those columns available for that report. In the scrolling list, each item that you check appears as a column in the report. Click the item to remove the check mark if you don't want the column to be displayed in the report.

Other kinds of reports can include calculated columns of information, such as % Change and Previous Year. Use the Other Columns check boxes in the report options dialog to indicate which columns should be added to the report. Check boxes that are gray are not available for the current report type.

To Subtotal Data in Columns on a Summary Report

Most QuickBooks reports allow you to group and subtotal data by time periods, list items, or other factors.

On the Report window's toolbar or in the report options dialog, choose the element you want to subtotal by from the Columns pop-up menu (shown next).



To Group Data by Row on a Custom Report

As shown next, the report options dialog for a Custom Summary report offers additional options for grouping and summarizing data. You can, for example, group data by row.

The screenshot shows the 'Report Options' dialog box for a Custom Summary report. The 'Report Dates' are set to 'This Month-to-date' from 12/01/13 to 12/15/13. The 'Report Basis' is set to 'Accrual'. The 'Columns' are set to 'Total only'. The 'Row Axis' is set to 'Income statement'. Under 'Display Columns For', 'Amount' is selected. The 'Other Columns' section includes checkboxes for 'Previous Period', 'Previous Year', 'Year-to-date', '% of Row', '\$ Change', '% of YTD', and '% Change'. Buttons for 'Filters...', 'Advanced...', 'Help', 'Cancel', and 'OK' are located on the right side.

- 1 Choose Report | Custom Summary Report to display the default Custom Summary report.
- 2 Click Options to display the report options dialog.
- 3 Choose a row name from the Row Axis pop-up menu.

To Customize How Transactions Are Grouped and Subtotaled

A Custom Transaction Detail report lists individual transactions that can be grouped and subtotaled. Its report customization dialog looks like this:

The screenshot shows the 'Report Options' dialog box for a Custom Transaction Detail report. The 'Report Dates' are set to 'This Month-to-date' from 12/01/13 to 12/15/13. The 'Columns' list includes: (left margin), Trans #, Type, Entered/Last Modified, Last modified by, State, Action, and Date. The 'Include' section has 'Active' selected. The 'Open Balance/Aging' section has 'Current (faster)' selected. The 'Total By' is set to 'Total only'. The 'Report Basis' is set to 'Accrual'. Buttons for 'Filters...', 'Help', 'Cancel', and 'OK' are located on the right side.

- 1 Choose Report | Custom Transaction Detail Report to display the default Custom Transaction Detail report.
- 2 On the Report window's toolbar or in the report options dialog, choose the element you want to subtotal by from the Total By pop-up menu.

To Include All Headings

If you subtotal a transaction detail report by time period, account, or other factor, the report usually includes a subtotal heading only if there are transactions for it.

- 1 Click Options to display the report options dialog.
- 2 Select the All option under Include.

To Create a Comparison Report

You can create reports that compare any year against the previous year. You can also compare any period (month, quarter, and so on) against the previous period.



NOTE: Two preset reports in QuickBooks, the Profit and Loss Previous Year Comparison report and the Balance Sheet Comparison report, already provide yearly comparisons.

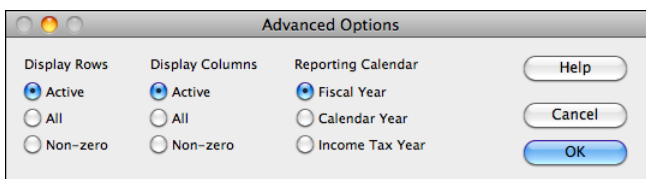
- 1 Create a profit and loss, balance sheet, time, or custom report.
- 2 Click Options on the Report window's toolbar to display the report options dialog.
- 3 Choose the date range you want to compare in the Report Dates list.
- 4 In the Other Columns area, turn on the Previous Period check box, the Previous Year check box, or both.
- 5 If desired, for each comparison, turn on the \$ Change check box, the % Change check box, or both. If you turn on these check boxes, the report displays the dollar change or percentage change from the previous period or year. Note that on time reports, there is an Hour Change check box instead of a \$ Change check box.
- 6 Click OK.

Advanced Options

You can choose which rows and columns to display in the report, and which reporting calendar to use for the report. These options are available only for reports that summarize data.

To Set Advanced Options for a Report

- 1 Click Options to display the report options dialog.
- 2 Click Advanced to display the Advanced Options dialog:



- 3 Select an option for Display Rows and Display Columns:
 - **Active** displays only those rows or columns that showed activity during the period covered by the report. The amount shown may be zero if there were transactions that canceled each other.
 - **All** displays all rows or columns, regardless of whether they showed activity during the period covered by the report.
 - **Non-zero** displays only those rows or columns that show activity during the period and contain an amount.
- 4 Select an option for Reporting Calendar:
 - **Fiscal Year** displays information for your company's fiscal year starting with the month you specified when you set up your company file.
 - **Calendar Year** displays information for the calendar year.
 - **Income Tax Year** displays information for your company's income tax year starting with the month you specified when you set up your company file.
- 5 Click OK in the Advanced Options window.
- 6 Click OK in the report options window.

Formatting Font Characters and Numbers

You can use the Format window (refer to Figure 21-3) to set the font and number format for any report you create with QuickBooks. You can then make your settings the default options for all future reports you create.

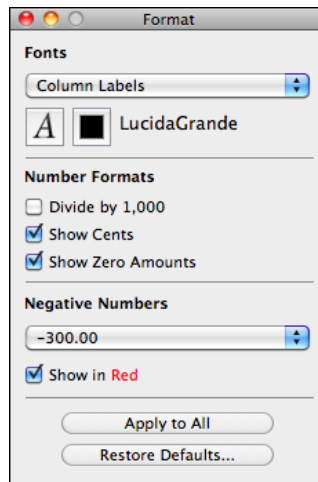


FIGURE 21-3 Use the Format window to set font and number formatting options for a report.

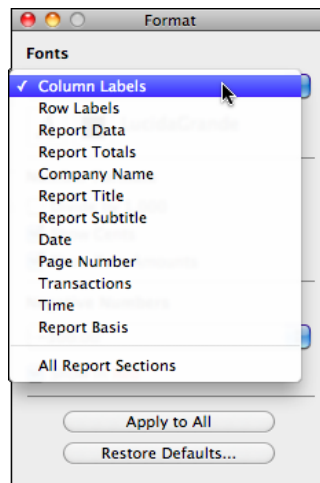


The Format window has been reworked for QuickBooks 2011. It now appears as a window that sits atop the report instead of as a dialog sheet attached to the report window. This makes it possible to see your changes as you make them. It also makes it possible to leave the window open while making other formatting changes—for example, in the Header/Footer window.

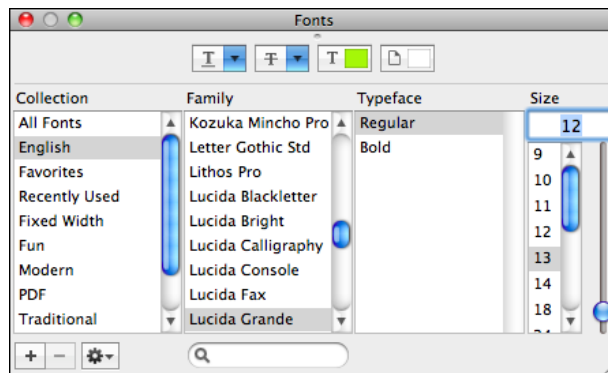
To Format Font Characters

You can set font options for individual report components.

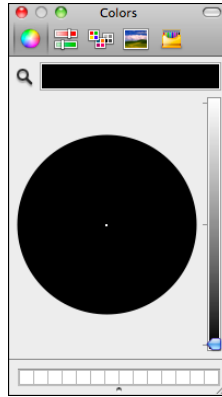
- 1 Click Format on the Report window's toolbar to display the Format window shown in Figure 21-3.
- 2 Select the component you want to format from the pop-up menu at the top of the window.



- 3 To set font formatting options, click the font button to display a standard Mac OS Fonts panel (shown next) and set options as desired.



- 4 To change the color of the selected component, click the color button to display a standard Mac OS Colors panel (shown next) and select the color you want.

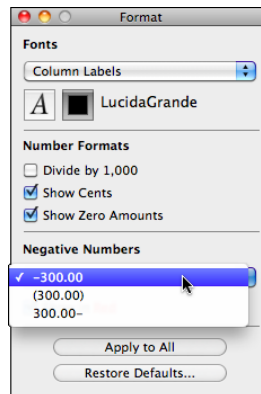


- 5 Repeat steps 1 through 4 for each component you want to change.

To Format Numbers

Number formatting includes options for positive and negative numbers.

- 1 Click Format on the Report window's toolbar to display the Format window shown earlier.
- 2 Toggle check boxes under Number Formats:
 - **Divide By 1,000** displays numbers in thousands.
 - **Show Cents** displays numbers in dollars and cents.
 - **Show Zero Amounts** displays all amounts, including zeros.
- 3 Choose an option from the Negative Numbers pop-up menu. As shown next, each menu option illustrates how the negative number will look if that option is chosen.



- 4 To display negative numbers in red, turn on the Show In Red check box.

To Save Format Settings as Defaults

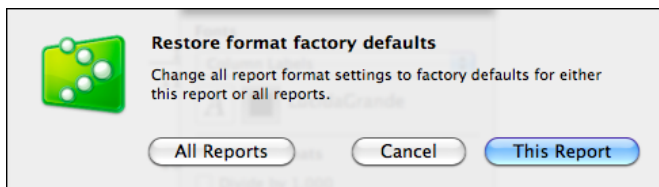
You can save your settings in the Format window as default settings for all reports you create in QuickBooks. This can be a huge time-saver if you want all your reports to look the same with your custom settings.

- 1 In the Format window (refer to Figure 21-3) click the Apply To All button.
- 2 Click OK in the confirmation dialog that appears.

To Restore Default Format Settings

You can reset the default format to QuickBooks “factory settings” for the current report or future reports.

- 1 In the Format window (refer to Figure 21-3), click Restore Defaults.
- 2 A dialog like the one shown next appears. Click the appropriate button:
 - **All Reports** restores the default font settings for all reports, thus removing any customization you may have made.
 - **Cancel** does not restore the defaults at all. Click this if you changed your mind.
 - **This Report** restores the default font settings for the currently active report window only.



Customizing the Report Header and Footer

You can use the Header/Footer window (refer to Figure 21-4) to set options for the report’s header and footer. This makes it possible to include the descriptive information you need on your reports.



The Header/Footer window has been reworked for QuickBooks 2011. It now appears as a window that sits atop the report instead of as a dialog sheet attached to the report window. This makes it possible to see your changes as you make them. It also makes it possible to leave the window open while making other formatting changes—for example, in the Format window.

To Format the Report Header

As you make changes to Header settings in the Header/Footer window, you can see the affect of the changes in the report window.

- 1 Click the Header/Footer button in the report window’s toolbar. The Header/Footer window, which is shown in Figure 21-4, appears.

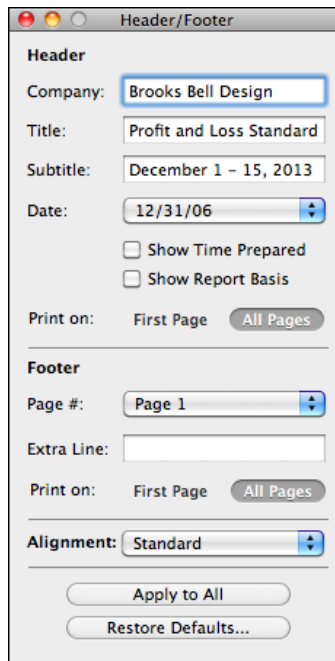
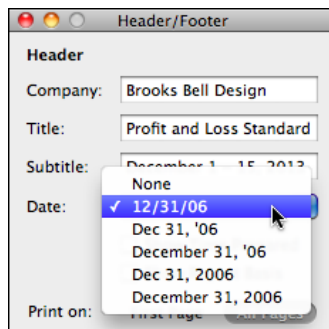


FIGURE 21-4 Use the Header/Footer window to set the header and footer options for a report.

- 2 If desired, modify the default information that will appear in the report header:
 - **Company** is your company name.
 - **Title** is the report title.
 - **Subtitle** is a subtitle for the report. By default, QuickBooks puts the date here, but it can be anything you like.
- 3 Choose a date format option from the Date pop-up menu. Each option illustrates how the date might look:

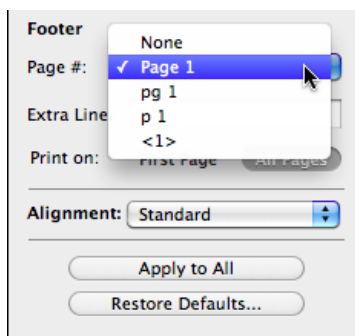


- 4 Toggle check boxes to determine which header or footer elements should appear:
 - **Show Time Prepared** displays the report preparation time in the left side of the header.
 - **Show Report Basis** displays the report basis—cash or accrual—in the left side of the header.
- 5 Click a Print On button to determine whether the header should print on just the First Page or on All Pages.
- 6 To change alignment, choose an option from the Alignment pop-up menu. Your choice will affect both the header and the footer.

To Format the Report Footer

Report footer settings affect only printed copies of the report. The footer does not appear in the report window.

- 1 Click the Header/Footer button in the report window's toolbar. The Header/Footer window, which is shown in Figure 21-4, appears.
- 2 Choose a page number format option from the Page # pop-up menu. Each option illustrates how the page number might look:



- 3 To include an extra line of text in the footer, enter the text in the Extra Line field.
- 4 Click a Print On button to determine whether the header should print on just the First Page or on All Pages.
- 5 To change alignment, choose an option from the Alignment pop-up menu. Your choice will affect both the header and the footer.

To Save Header and Footer Settings as Defaults

You can save your settings in the Header/Footer window as default settings for all reports you create in QuickBooks. This can be a huge time-saver if you want all your reports to have the same basic header and footer settings.



NOTE: The header Title and Subtitle are not saved, since they change for every report.

- 1 In the Header/Footer window (refer to Figure 21-4) click the Apply To All button.
- 2 Click OK in the confirmation dialog that appears.

To Restore Default Format Settings

You can reset the default header and footer to QuickBooks “factory settings” for the current report or future reports.

- 1 In the Header/Footer window (refer to Figure 21-4), click Restore Defaults.
- 2 A confirmation dialog appears. Click the appropriate button:
 - **All Reports** restores the default header and footer settings for all reports, thus removing any customization you may have made.
 - **Cancel** does not restore the defaults at all. Click this if you changed your mind.
 - **This Report** restores the default header and footer settings for the currently active report window only.

Filtering Report Data

You can use the Report Filters window (refer to Figure 21-5) to limit a report to transactions that meet the criteria you specify. For example, you may wish to look at the number of each kind of item sold to one particular customer.

The Report Filters window lists all of the available filters, making it easy to browse them. You can toggle them on or off with a check box. Active filters appear at the top of the dialog, so you can see how they are set with a glance.



TIP: After you filter a report, you can memorize the filters you set to create a similar report later, without having to set the filters again. You can learn how later in this chapter.

Not all filters in the Report Filters window affect all reports. If you choose a filter that does not affect the results in the report, then QuickBooks does not save the filter setting in the window. For example, if you select a filter for Name and leave the default setting All Names, when you close the Report Filters window and reopen it for that report, the Name filter will be gone because filtering for All Names does not affect the results of the report.

To Filter Report Data

Setting up report filters is as easy as toggling check boxes and setting options.

- 1 Click Filters on the Report window’s toolbar to display the Report Filters window shown in Figure 21-5.

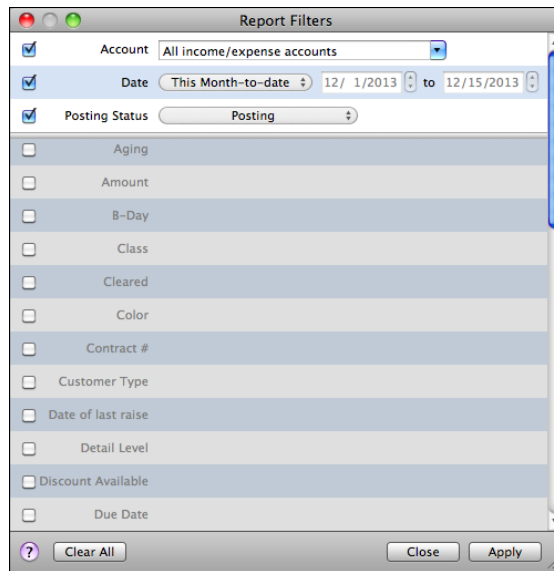


FIGURE 21-5 Use the Report Filters window to set filters for a report.

- 2 To enable a filter, turn on the check box beside it in the list. The filter moves to the top of the list of filters. Set options for the filter to determine how you want transactions filtered to create the report.
- 3 To disable a filter, turn off its check box.
- 4 Click Apply. The report's contents change accordingly behind the window.
- 5 You can repeat steps 2 through 4 as many times as you like to fine-tune the report.

TIP: It's important to keep in mind that the more filters you set, the fewer results will be included in the report. QuickBooks considers *all* filters when calculating report contents.

- 6 When you're finished, click Close to dismiss the dialog. The filters you set are automatically saved for the displayed report.

To Use Filters with Customized Fields

If you use customized fields in transactions, you can filter your reports on data you've entered into the fields.

You can filter only on customized fields that are associated with transactions. For example, to filter a report by a custom Referred By field for customers, those customers must appear on a transaction. Reports cannot show which names on a list (Customer:Job, Vendor, Employee, Item) are associated with a particular customized field.

Using QuickZoom for Report Details

The QuickZoom feature shows which transactions make up any amount in a report.

Using QuickZoom is easy. Simply point to a number on a report. When the mouse pointer changes from an arrow to a magnifying glass (as shown next), double-click the amount or transaction you want to investigate.

		<u>Dec 1 - 15, '13</u>
Ordinary Income/Expense		
Income		
Construction Income		
Design Income	▶	1398.75 ◀
Labor Income		1046.25
Materials Income		5494.00
Subcontracted Labor Income		2252.20

One of two things happens when you double-click a number on a report:

- When you double-click a number that's the sum of multiple transactions, QuickBooks displays a detail report listing the individual transactions that make up the number.
- When you double-click a number that represents the total of a transaction, QuickBooks displays the source document for the transaction so you can see its details. For example, if you double-click a transaction on a Sales report, QuickBooks displays the Invoice or Sales Receipt (or other form) that was used to create that transaction. If you make changes to the form and save them, QuickBooks automatically updates the displayed report.

Printing, Saving, or E-Mailing a Report

There are several ways to output a report or share it with others.

To Print a Report

- 1 Choose File | Print Report, or press COMMAND-P. A standard Mac OS Print dialog like the one in Figure 21-6 appears. (If a much smaller version of the dialog appears, click the disclosure triangle beside the Printer name to expand it.)
- 2 Set print options in the top half of the dialog.

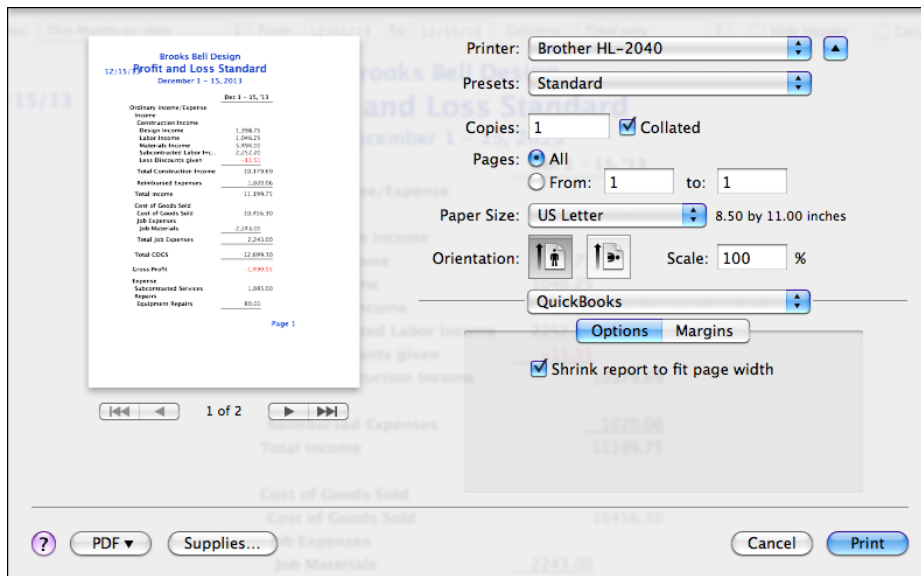


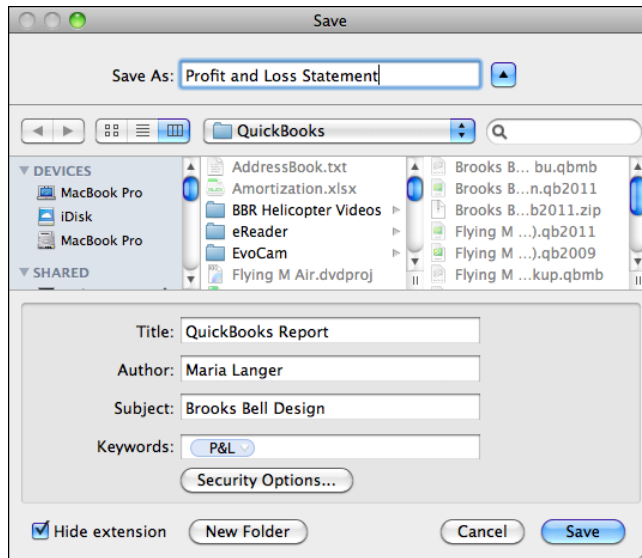
FIGURE 21-6 The Print dialog, expanded to show all options.

- 3 In the bottom half of the dialog, set QuickBooks printing options:
 - **Options** (shown in Figure 21-6) enables you to shrink a wide report so it fits on the page width.
 - **Margins** (shown next) enables you to specify margin widths. Enter a value in each box.
- 4 If necessary, use the pop-up menu in the bottom half of the dialog to access and set other print options.
- 5 Click Print to send the report to your printer.

To Save a Report as a PDF

You can use the Print dialog to save a report as a PDF file.

- 1 Choose File | Print Report, or press COMMAND-P. A standard Mac OS Print dialog like the one in Figure 21-6 appears.
- 2 Choose Save As PDF from the PDF menu in the dialog.
- 3 In the Save dialog that appears (shown next), enter a name and choose a disk location for the report file. (If the dialog does not show as many location options, click the disclosure triangle beside the file name field to expand the dialog.)



- 4 Click Save.

TIP: You can click the Security Options button in the Save dialog to password protect the PDF file. You may want to do this if you want to limit access to the report.

To E-Mail a Report as a PDF

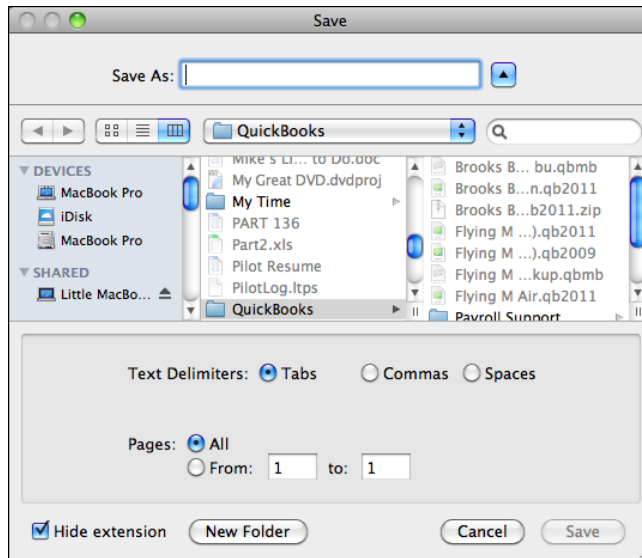
You can also e-mail a report as a PDF from right within QuickBooks.

- 1 Choose File | E-Mail Report As PDF
- 2 QuickBooks launches your default e-mail application, creates a new message, and attaches the report to the message as a PDF. Complete the e-mail form by entering one or more e-mail addresses for recipients, changing the default subject, and entering a message in the form's message area.
- 3 Click Send to send the message.

To Save a Report as Text

You can also save a report as tab, comma, or space delimited text. You might find this useful for incorporating report results in a word processing document.

- 1 Choose File | Save Report As Text. QuickBooks displays a specialized Save dialog:



- 2 Enter a name and select a disk location for the text file.
- 3 To specify the character that should separate each column of report text, select one of the Text Delimiters options.
- 4 To indicate which pages of the report to include, select All or enter page numbers in the From and To boxes beside Pages.
- 5 Click Save.

To Export a Report to Excel or Numbers

You can export reports to spreadsheet programs such as Microsoft Excel or Apple Numbers. You can then use spreadsheet data to manipulate report results and create charts.

- 1 Click the Export button in the report window's toolbar.
- 2 QuickBooks opens a copy of the report in Excel or Numbers (whichever is installed), preserving the fonts and colors you set in the original report (if possible). You can use the software's formatting and data features to further customize the report.
- 3 When saving the report, be sure to use the Save As command to save it in the software's native format.

\$ NOTE: You must also have Microsoft Excel 2004 or 2008 or Apple Numbers '09 installed on your Mac to use this feature. Be sure to set export format options in Reporting preferences before using this feature for the first time; you can learn how in Chapter 22.

Memorizing and Recalling Reports

Whenever you change the settings for a report, you can memorize the customized report with the new settings. Then, whenever you want to create a similar report, you can recall it from your own list of memorized reports.

When you recall a memorized report, it has the same settings as the one you memorized. The data may be different, however, if it has changed since you memorized the report. For example, if the report was set in September to cover last month, and you recall it in December, the recalled report will have data for November, not for August.



NOTE: QuickBooks memorizes report settings, not data. To save actual data, save the report as a PDF, Excel-compatible file, or text file as discussed earlier in this chapter.

To Memorize a Report

- 1 After you have customized a report, click the Memorize button in the report window's toolbar.
- 2 In the dialog that appears (shown next), type a unique name for the report.

Enter name of memorized report:
Quarter End P & L

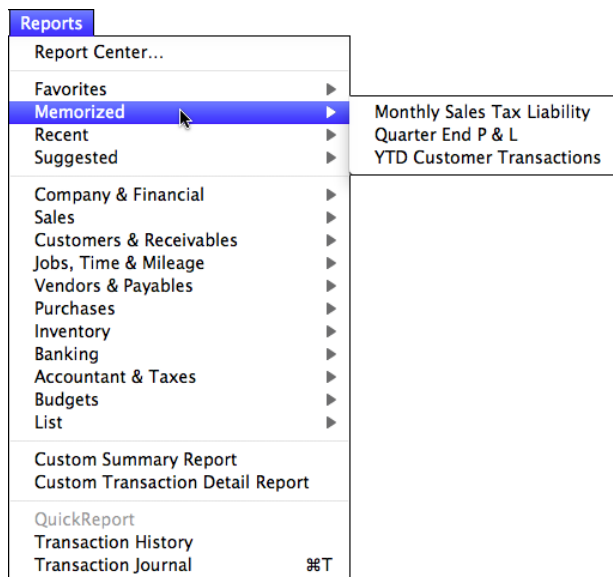
Help Cancel OK

- 3 Click OK. QuickBooks adds the report to the Memorized Report List.

To Recall a Memorized Report

Use one of the following techniques:

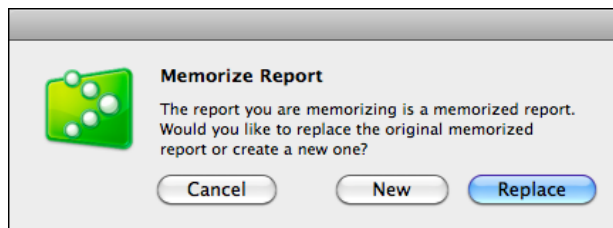
- Choose the name of the report you want to display from the Memorized submenu under the Reports menu:



- In the Memorized Reports area of the Report Center window (refer to Figure 21-7), double-click the name of the report you want to display.

To Change an Existing Memorized Report

- 1 Display the memorized report you want to change.
- 2 Make desired changes to the report settings.
- 3 Click the Memorize button on the Report window's toolbar.
- 4 QuickBooks displays a dialog like the one shown next, telling you that you're saving a memorized report. You have three options:



- **Cancel** does not memorize the changed report at all.
- **New** creates a new memorized report. You can use the dialog shown earlier to name the new report.
- **Replace** copies over the old memorized report with your changes.

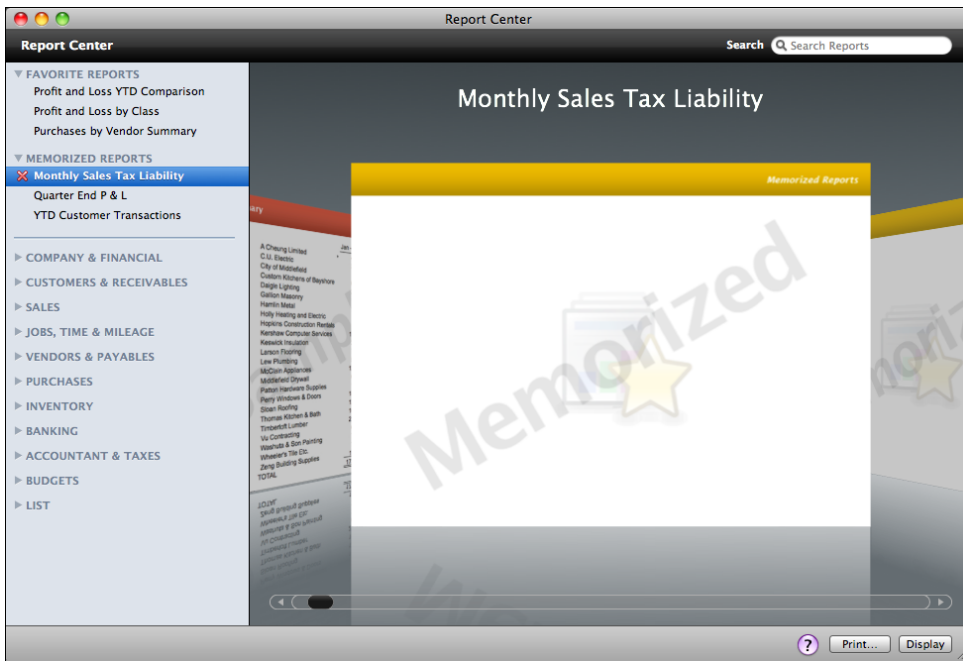


FIGURE 21-7 You can use the Report Center window to open memorized and favorite reports.

To Change the Name of a Memorized Report

- 1 In the Memorized Reports area of the Report Center window, select the name of the report you want to rename.
- 2 Choose Edit | Edit Memorized Report's Name, or press COMMAND-E. An edit box appears around the name of the report.
- 3 Enter the new report name.
- 4 Press RETURN.

To Delete a Memorized Report

- 1 In the Memorized Reports area of the Report Center window, select the report you want to delete.
- 2 Click the X button beside its name.
- 3 Click OK in the confirmation dialog that appears.

To Designate a Report as a Favorite

If there's a report you use often, you can add it to the Favorite Reports list in the Reports menu and Report Center window (refer to Figure 21-7).

- 1 In the Report Center window, select the name of the report you want to designate as a favorite.
- 2 Click the star icon beside the report name. The star turns yellow and the report is added to the Favorite Reports area of the Report Center window, as shown in Figure 21-7.

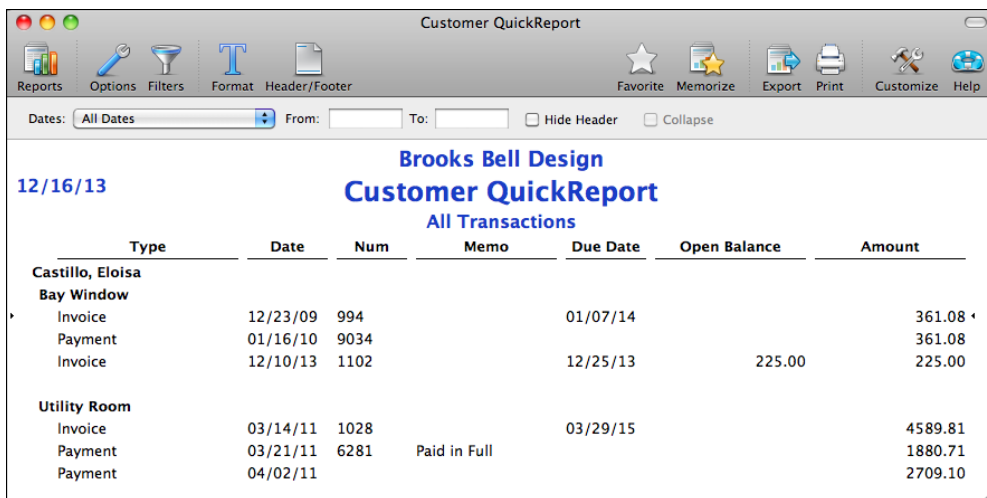
 **TIP:** To remove a report from the Favorite Reports list, select it and click the star to the left of its name.

QuickReports

At key places in QuickBooks, you can use the Reports menu's QuickReport command to display a report of related information. You can create a QuickReport for a list, account register, or form (such as an invoice or a bill) that has a name field (such as customer name or vendor name).

What a QuickReport Shows

The information displayed about each transaction varies by QuickReport. Figure 21-8 shows an example for a specific customer from the Customer Center's customer list.



Customer QuickReport

Reports Options Filters Format Header/Footer Favorite Memorize Export Print Customize Help


Dates: All Dates From: To: Hide Header Collapse

12/16/13

Brooks Bell Design
Customer QuickReport
All Transactions

Type	Date	Num	Memo	Due Date	Open Balance	Amount
Castillo, Eloisa						
Bay Window						
Invoice	12/23/09	994		01/07/14		361.08
Payment	01/16/10	9034				361.08
Invoice	12/10/13	1102		12/25/13	225.00	225.00
Utility Room						
Invoice	03/14/11	1028		03/29/15		4589.81
Payment	03/21/11	6281	Paid in Full			1880.71
Payment	04/02/11					2709.10

FIGURE 21-8 A QuickReport for a customer shows all transactions, organized by job.

 **TIP:** Each QuickReport can be customized like a standard transaction report. You can learn more about customizing reports earlier in this chapter.

QuickReports from a List

Table 21-3 summarizes the transactions included in QuickReports from various lists.

List	Transactions Included in QuickReport
Chart of Accounts (income/expense accounts)	Year-to-date transactions for the income or expense account you have selected
Class	Year-to-date income and expense transactions for the class you have selected
Customer:Job	All unpaid invoices, statement charges, and unapplied payments or credits for the customer or job you have selected; the open balance and original amount of each transaction; total equals balance on Customer:Job
Vendor	All unpaid bills and unapplied credits in your accounts payable (or all sales tax transactions) for the vendor you have selected; the open balance and original amount of each transaction; total equals balance on Vendor List
Other Name	Year-to-date transactions in balance sheet accounts for the name you have selected
Customer Type	Year-to-date income and expense transactions for customers of the type you have selected
Vendor Type	Year-to-date income and expense transactions for vendors of the type you have selected
Terms	Year-to-date transactions containing the terms you have selected
Payment Method	Year-to-date payments you have received of the payment type you have selected
Ship Via	Year-to-date invoices, cash sales, and credit memos containing the shipping method you have selected

TABLE 21-3 Transactions Included in QuickReports from Lists

QuickReports from a Register

When you create a QuickReport after selecting a transaction in a register, the report shows:

- All transactions in that register for that name
- Transaction payment status
- Transaction total, which equals the outstanding balance in the register

QuickReports from a Form

When you create a QuickReport after displaying a form (for example, an invoice or bill), the QuickReport is based on the name on the form.

The QuickReport is the same as if you had created it after selecting the name on the Customer, Vendor, Employee, or Other Name List. For example, the QuickReport from an invoice shows all unpaid invoices (or statement charges) as well as unapplied payments and credits for the customer.

Creating a QuickReport

In most cases, you can create a QuickReport by choosing the QuickReport command from the Reports menu or from the window's Actions pop-up menu (if it has one).



TIP: Sometimes you can create a QuickReport by simply double-clicking an item in a list, but that depends on the item. For example, you can double-click an expense account in the Chart Of Accounts list window to see a QuickReport for that account, but double-clicking an asset account in the same list displays the asset account's register window.

To Create a QuickReport from a List

- 1 On the list, select the name of the list item for which you want to create a QuickReport.
- 2 Choose Reports | QuickReport.

To Create a QuickReport from a Register or a Form

- 1 Display a form or register that has the name you want in the field for customer, vendor, or payee. Alternatively, you can enter the name on a new form.
- 2 On the register, select the name of the list item for which you want to create a QuickReport.
- 3 Choose Reports | QuickReport.

Questions and Answers about Reports

Here are some common questions, with answers, about QuickBooks's reporting feature.

The type (font) on my reports isn't the size I want. How can I change the size of the type?

To change the type size on all reports:

- 1 Create a report.
- 2 Click the Format button to display the Format window.

- 3 Click the Font button to display the Fonts panel and make desired font formatting changes.
- 4 In the Format window, click the Apply To All button.
- 5 In the dialog titled Apply Format Settings To All Reports, click OK.

What does “Other” mean after the name of an account, customer, or class on a report?

When you have subaccounts of a main account and you have some transactions for the subaccounts and others for the main account alone, QuickBooks groups the data for the main account alone in a row or column with the name of the main account followed by a hyphen and “Other.” For example, if you assign some bills to Utilities and others to Utilities:Electric, then the bills for Utilities alone are with “Utilities - Other” on reports.

QuickBooks follows the same procedure for customers not used with their own jobs and for classes not used with their own subclasses.

How can I create a report that shows income and expenses for specific balance sheet accounts?

Filter a profit and loss statement:

- Click Filters and enable the Source Account filter in the Report Filters window. Then, from the Source Account drop-down list, choose a group of accounts or a specific account.
- Be sure that you’re choosing balance sheet accounts and not income or expense accounts.
- Leave the Account filter’s pop-up menu set to All Income/Expense Accounts.

How can I get a list of all transactions for one balance sheet account?

Filter a Transaction Detail by Account report:

- Click Filters and choose the balance sheet account from the Account pop-up menu in the Report Filters window.
- If you have classes, they may not appear on this filtered report for some balance sheet accounts.

How can I get a list of all transactions for one class and for one balance sheet account?

Filter a Transaction Detail by Date report:

- Click Filters and enable the Source Account filter in the Report Filters window. From the Source Account drop-down list, choose the balance sheet account.
- Enable the Class filter, and choose the class from the Class drop-down list.

How can I get a list of all payments from one customer?

To get a list of all payments from one customer:

- 1 Choose Reports | Customers & Receivables | Customer Balance Detail.
- 2 Click Filters.
- 3 Enable the Name filter in the Report Filters window and then choose the customer from the Name drop-down list.
- 4 Enable the Transaction Type filter in the Report Filters window and then choose Payment from the Transaction Type drop-down list.
- 5 Click Apply. The filtered report shows all payments from this customer, subtotaled by job.

To see how any payment was applied, double-click the payment to QuickZoom to the Receive Payments window.

Why doesn't my 1099 report have anything on it?

There may be several reasons:

- This report looks for names on the Vendor List. If your vendors are on the Other Names List, change them to vendors. You can learn more in Chapter 4.
- You need to select the Vendor Eligible For 1099 check box for your vendors. Go to the Additional Info pane in the Edit Vendor window, and select this check box.
- You need to select accounts for tracking 1099-related expenses. Go to the 1099s preference window to set up accounts. Consult Chapter 22 for details.
- You may need to check your threshold amounts for 1099s. Consult Chapter 22 for details.
- This report automatically shows 1099 information for the last calendar year. Change the date range of the report, if necessary.

Does an aging report measure aging from the date on the invoice (or bill) or from the date it's due?

Normally, the report measures aging from the due date. On an invoice, QuickBooks calculates the due date from the terms. If there are no terms, the invoice is due immediately.

To measure aging from the transaction date, choose QuickBooks | Preferences and then click the Reporting icon. Select the Age From Transaction Date option and then close the window to save your settings.

If I create an aging report as of the end of last month, will it include items that were unpaid at the time but have since been paid?

Normally, the report includes all items that were unpaid as of the report date.

To exclude items that have been paid since the report date, click the Options button and then click Current (under Open Balance/Aging) in the report options window.

I see there's a Missing Check report. Is there anything similar for invoices?

You can use the Missing Check report to find missing invoices.

To create a report for missing invoices:

- 1 Choose Reports | Banking | Missing Checks.
- 2 Specify your A/R account in the Specify Account field and click OK. The report lists all invoices in numerical order.

Why are there different income amounts for the same job on a Profit and Loss by Job report, an Income by Customer Summary report, a Sales by Customer Summary report, and a Job Profitability Summary report? (The date range and report basis are the same.)

The Profit and Loss by Job report has the same total income as the Income by Customer Summary report. It shows net income from any source, as long as (1) the income is assigned to the customer or job, and (2) it is assigned to an income account.

- It includes items on sales forms if items are assigned to an income account.
- It includes reimbursed expenses from a sales form or statement charge only if the expense account for the original expense has an income account associated with it.
- It excludes sales tax.
- It excludes income assigned to a balance sheet account instead of an income account.
- (Cash basis only) If the income is from an invoice, payment must be applied to the invoice prior to the report end date.

The sales income for the job on a Sales by Customer Summary report differs from the income on a Profit and Loss by Job report in two ways:

- Sales income must be from sales recorded on an invoice or cash sales receipt.
- Sales income from reimbursed expenses on a sales form or statement charge is not included.

Finally, the revenues for the job on a Job Profitability Summary report differ from the income on a Profit and Loss by Job report in two ways:

- Revenues may be associated with either an income account or a balance sheet account.
- Revenues from reimbursed expenses on a sales form or statement charge are included.

Why are there different expense amounts for the same job on a Profit and Loss by Job report and a Job Profitability Summary report? (The date range and report basis are the same.)

The Profit and Loss by Job report shows net expense for anything, as long as (1) it is assigned to the customer or job, and (2) it is assigned to an expense account.

- It includes items on bills, checks, and so on, if the items are assigned to an expense account.
- It ignores item receipts if the bill has not been received.
- It includes the original cost of reimbursed expenses from a sales form or statement charge only if the expense account for the original expense has an income account associated with it.
- It excludes expenses assigned to a balance sheet account instead of an expense account.
- (Cash basis only) If the expenses are from a bill, the bill must be paid prior to the report end date.

The costs for the job on a Job Profitability Summary report differ from the expenses on a Profit and Loss by Job report in two ways:

- Costs may be associated with either an expense account or a balance sheet account.
- The original cost of reimbursed expenses from a sales form or statement charge is always included.

Graphs

QuickBooks creates graphs for different areas of your company's financial picture with which you can:

- Analyze your income and expenses.
- Study sales income.
- Examine customer and vendor aging.
- Determine changes in your net worth.
- Develop better budgets.

Most of the graphs you create cover the current fiscal year to date, unless you change the date range.

Creating Graphs

You create a graph the same way as you create a report: using commands under the Reports menu's submenus or with the Report Center window.

To Create a Graph

1 Choose one of the following:

- Reports | Company & Financial | Income and Expense Graph
- Reports | Company & Financial | Net Worth Graph
- Reports | Customers & Receivables | Accounts Receivable Graph
- Reports | Sales | Sales Graph
- Reports | Vendors & Payables | Accounts Payable Graph
- Reports | Budgets | Budget vs. Actual Graph

As shown in Figure 21-9, QuickBooks displays the title and date range above the graph. Legends identify the meaning of each bar, line, or pie slice. In bar graphs, QuickBooks displays dollar amounts on the Y axis and months, accounts, or other factors on the X axis.

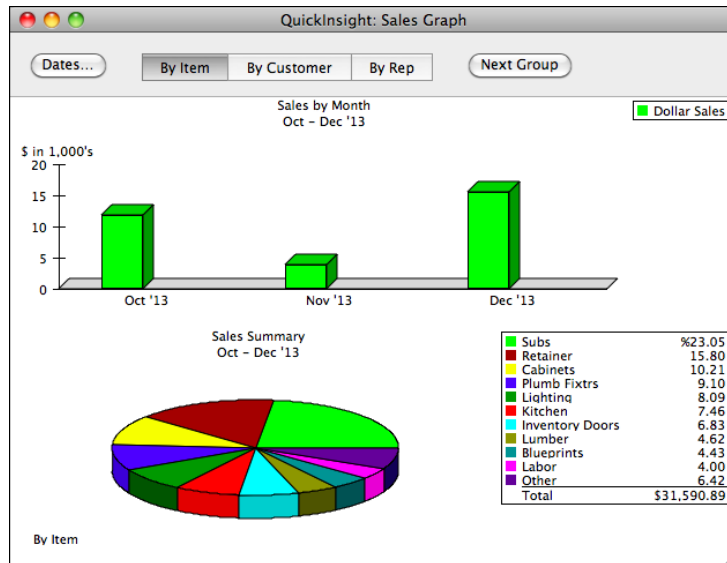
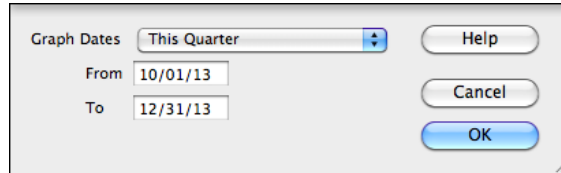


FIGURE 21-9 Here's an example of a Sales Graph.

- 2 If desired, click Dates on the graph toolbar to change the date range for the report. In the dialog that appears (shown next), choose another date range from the pop-up menu or enter dates in the From and To fields and then click OK.



- 3 If desired, click a button on the Graph window's toolbar to group the data in a different way. For example, a sales graph usually displays sales by item, but you can change it to display sales by customer or by rep.
- 4 If desired, click Next Group on the graph toolbar to see the next group of data.
 - In a bar graph, if all of your data doesn't fit on the axis, QuickBooks displays the largest groups first.
 - In a pie chart, if you have more than ten data groups, QuickBooks displays the largest ten groups first and summarizes the rest of the groups in the 11th slice of the pie, which is called "Other."
- 5 To print the graph, choose File | Print Graph, or press COMMAND-P. Then use the Print dialog that appears to set options and send the graph to your printer.

Getting More Graph Details

You can investigate the information you see in a graph in three ways:

- Use QuickZoom.
- View data labels.
- Hide data.

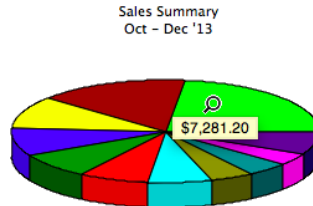
To Use QuickZoom

If you need more detailed information about an item in a graph, you can go to it quickly using QuickZoom. Move the mouse pointer over the graph element you want more information about and then:

- When the mouse pointer changes from an arrow to a magnifying glass, double-click the item you want to investigate. QuickBooks displays another graph showing the details of one bar, one pie slice, or one data point.
- Double-click the new graph to display the related report.
- Double-click a transaction in the report to see the form for that transaction (invoice, check, and so on). If you make changes in the form and save them, QuickBooks automatically updates the graphs and reports affected by the changes.

To View Data Labels


- To see the exact value of a bar, pie slice (shown next), or data point, click on the graph element.



- To see detailed information on a bar, pie slice, or data point, double-click on the graph element.

To Hide Data

To hide a bar or pie slice of the graph, SHIFT-click the mouse (that is, hold down the SHIFT key while you click the bar or pie slice). QuickBooks redraws the graph without that bar or pie slice.

 **TIP:** To display a hidden pie slice or bar, create the graph again.

Part VII

Customizing QuickBooks and Maintaining Data

One of the great things about QuickBooks is how customizable it is. You can change settings in QuickBooks preferences to control how QuickBooks works and what options it offers for your company. And, as you work with QuickBooks, you add information to your company file, which becomes a very important document on your computer.

The two chapters in Part Seven of this book tell you how to customize QuickBooks and protect your company file. The two chapters are:

Chapter 22: Customizing Preferences

Chapter 23: Maintaining Your Data

Customizing Preferences

In this chapter:

- QuickBooks preferences overview
- My Company preferences
- Backup preferences
- Users & Passwords preferences
- Contact Sync preferences
- Reminders preferences
- Transactions preferences
- Inventory preferences
- Sales & Invoicing preferences
- Finance Charges preferences
- Sales Tax preferences
- Time Tracking preferences
- Reporting preferences
- Data Entry preferences
- Checks preferences
- Jobs preferences
- 1099s preferences
- Sounds preferences
- Payroll preferences
- Merchant Services preferences
- Customizing the toolbar
- Customizing the Company Snapshot

QuickBooks preference settings control the way QuickBooks works. They enable you to store basic information about your company and tell QuickBooks what other information it should gather. They enable or disable specific features, and they fine-tune the way QuickBooks features work.

This chapter reviews the individual preference panes you use to fine-tune the way QuickBooks works for you. It also explains how you can customize the QuickBooks toolbar and Company Snapshot so they include the items you need.

QuickBooks Preferences

To set preferences for QuickBooks itself, choose QuickBooks | Preferences, or press COMMAND-, (comma). The Preferences window, which is shown in Figure 22-1, displays icons for each group of preference settings. The icons are organized by category, making them easier to locate. Click an icon to display the corresponding preferences window.



 **TIP:** If you're not sure which preference setting you need to change, you can use the Spotlight search box in the upper-right corner of the window to search for a word or phrase among the preference groups. QuickBooks will highlight the settings groups that match what you type.



FIGURE 22-1 The QuickBooks Preferences window displays a button for each group of preferences.

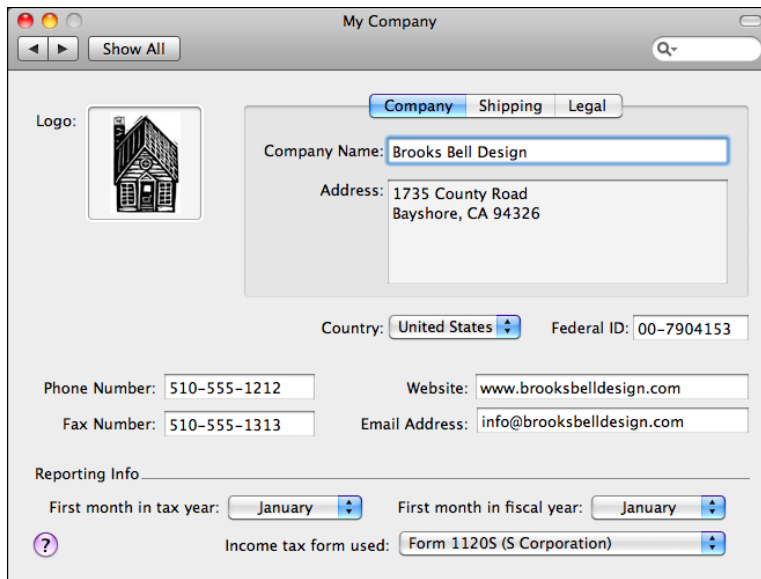
 **NOTE:** Preferences are stored for a company file. The changes you make for one company file will not affect the settings for another company file on the same computer.

This part of the chapter reviews all of the preference panes in the QuickBooks Preferences window.

My Company Preferences

My Company settings (refer to Figure 22-2) include basic information about your company. Some of this information should have been entered when you first set up QuickBooks. You can change or add information in each of the fields:

- **Logo** is your company logo, which you might want to print on invoices, sales receipts, or reports. To add a logo to this field, drag an image file from a Finder window into the image well.
- **Company Name** is the name of your company.
- **Address** is for the three addresses of your company: Company (or main address), Shipping, and Legal. Click a button to display and enter or edit a specific address.
- **Country** is your country. Your choices are United States, Canada, and Other.
- **Federal ID** is your company's Federal ID or EIN.



The screenshot shows the 'My Company' preferences window. The 'Company' tab is active, displaying the following information:

- Logo:** A placeholder image of a house.
- Company Name:** Brooks Bell Design
- Address:** 1735 County Road, Bayshore, CA 94326
- Country:** United States
- Federal ID:** 00-7904153
- Phone Number:** 510-555-1212
- Website:** www.brooksbelldesign.com
- Fax Number:** 510-555-1313
- Email Address:** info@brooksbelldesign.com
- Reporting Info:**
 - First month in tax year: January
 - First month in fiscal year: January
 - Income tax form used: Form 1120S (S Corporation)

FIGURE 22-2 Use the Company Information settings pane to provide basic information about your company.

- **Phone Number** and **Fax Number** are your company phone and fax numbers.
- **Website** is your company's web URL.
- **Email Address** is your main e-mail address.
- **Reporting Info** enables you to set starting months for your tax and fiscal year, as well as the tax form your company uses.

Backup Preferences

You can use the Backup preferences pane, which is shown in Figure 22-3, to set QuickBooks to automatically back up your company file or remind you to back up your company file when you close it.

NOTE: Whether you choose to automatically schedule backups, you can manually back up your company file at any time by choosing File | Back Up | To A Disk | Back Up | To MobileMe. You can learn more in Chapter 23.

Automatic Backup Options If you turn on the Automatically Back Up Company Files To A Disk When Closing check box, you enable QuickBooks' automatic backup feature. Once it's enabled, you can set related options beneath the check box:

- **Back Up Once Every N Times Each Company File Is Closed** controls the frequency of backups.
- **Keep N Backup Files For Each Company** controls the number of backup files kept on disk.

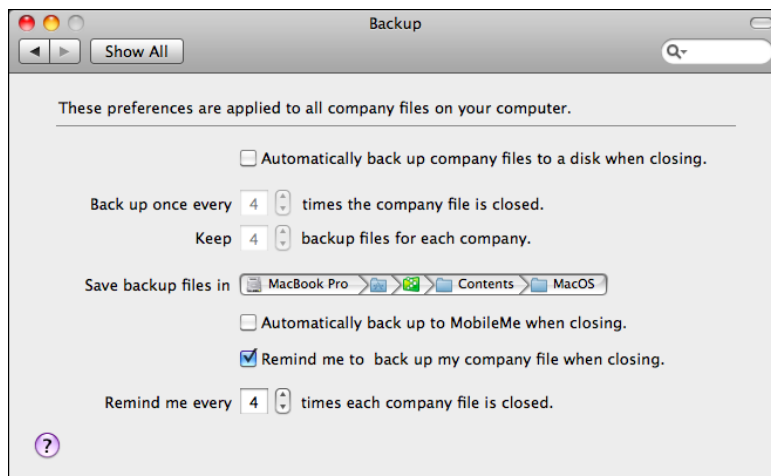


FIGURE 22-3 Use the Backup preferences pane to set up automatic backups and backup reminders.

- **Save Backup Files In** enables you to set the default folder for your backup files. Click one of the buttons in the path to display a dialog you can use to locate and select the folder you want to save the backup file to. By default, your backup files are saved in the QuickBooks folder's Backup Files folder inside your Documents folder.

MobileMe Backup If you have a MobileMe account on Apple, Inc.'s server, you can set up QuickBooks to automatically back up to your MobileMe Backups folder when you close your company file. Just turn on the check box labeled *Automatically Back Up Company Files To MobileMe When Closing*. Keep in mind that you must have an active Internet connection and be logged into MobileMe for the backup to occur.

Backup Reminder Options You can also set up QuickBooks to remind you to back up your company file on a regular basis. Turn on the check box labeled *Remind Me To Back Up My Company File When Closing*. Once this feature is enabled, you can set the value in the Remind Me Every N Times The Company File Is Closed field to specify how often you want to be reminded.



Users and Passwords Preferences

QuickBooks 2011 has multiple user support. This makes it possible for more than one person to access the QuickBooks company file. Through the user of QuickBooks server, which is discussed in Appendix B, multiple users can access the company file at the same time.

QuickBooks' Users and Password Preferences (refer to Figure 22-4) enable you to:

- Create a master “administrator” password.
- Set up users with user names and passwords.
- Specify what features of QuickBooks each user can access.

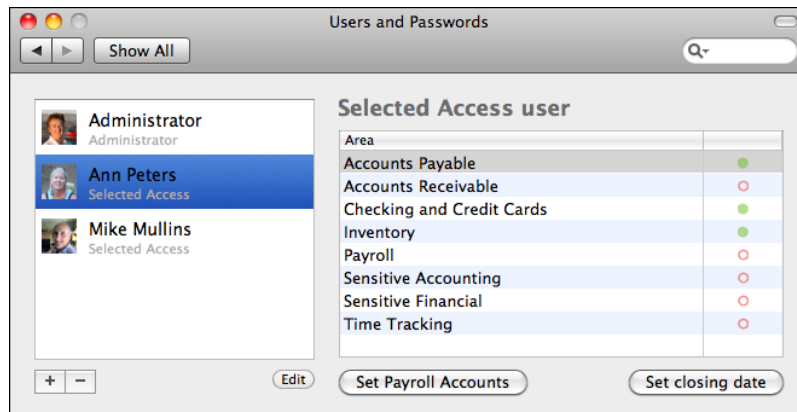




FIGURE 22-4 The Users and Passwords preferences window lists all user accounts.

- Hide payroll-specific accounts from users.
- Protect transactions from prior periods from being changed.

User passwords provide a basic degree of protection for your data, but are not a complete security system. For example, QuickBooks passwords will not prevent someone from using the Finder to delete a company file. Use Mac OS X's security features to password-protect the computer itself. For even stronger protection, keep your computer and backup disks in a secure area.

 **TIP:** A secure password should include a mixture of uppercase and lowercase characters as well as numbers or symbols. Remember that passwords are case-sensitive; *password* is not the same as *PassWord*.

 **NOTE:** Write down the administrator password and store it in a safe place. Once you have set up an administrator password, you will not be able to access all data in your company file without entering the proper password.

To Create an Administrator Account

The administrator account is a master or owner account for the Company file. This password should be given to the person with full responsibility for administering the company file. The administrator has the ability to access all data and create or modify other users accounts. You can have more than one administrator.

- 1 In the Users and Passwords preferences window (refer to Figure 22-4), click the + button under the list of accounts. A User Name and Password window like the one in Figure 22-5 appears. If this is the first account you're creating, it should already have *Administrator* entered into the User Name box.
- 2 Enter a name for the account in the User Name box. You might want to keep this set to *Administrator* to create the main administration account.
- 3 To include a photo for the account, drag an image file into the image area of the dialog.
- 4 Enter the same password in the Password and Confirm Password boxes.
- 5 To help recover a lost password, choose a question from the Security Question pop-up menu. Then enter the corresponding answer to the question in the Security Answer box. When this is properly set up, if you cannot enter the correct password on login, the question will appear; answering the question correctly will log you into QuickBooks.
- 6 To use QuickBooks with iChat, enter your iChat account name in the iChat Account box.

User Name and Password Admin | edit a user

User Name:

Password:

Confirm Password:

Select a security question and enter answer. ?

Security Question:

Security Answer:

iChat Account:

Permissions

Choose type of access:

?

FIGURE 22-5 Typical settings for an administrator account.

- 7 Make sure All areas of QuickBooks (Administrative) is chosen from the Choose Type Of Access pop-up menu. If you are creating the first account, you will not be able to change this, as shown in Figure 22-5.
- 8 Click Save.
- 9 QuickBooks may display a dialog warning that your password is weak. To change your password, click Yes to return to the User Name and Password dialog, repeat step 4, and click Save again. To keep your password, click No. The administrator account is created.

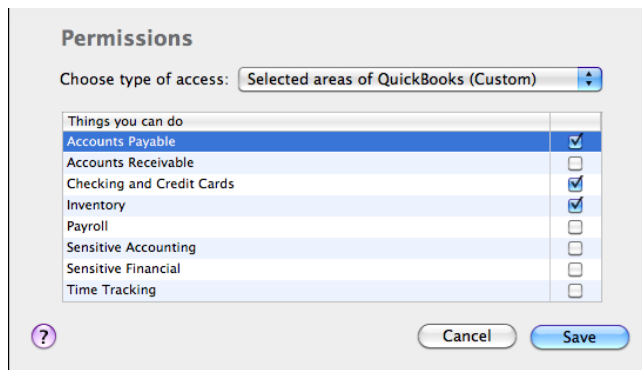
To Create Other User Accounts

If multiple users will be accessing QuickBooks, it's a good idea to create a separate account for each one. This enables you to control access over QuickBooks features and track what each user does when using QuickBooks.

- 1 In the Users and Passwords preferences window (refer to Figure 22-4), click the + button under the list of accounts. A User Name and Password window like the one in Figure 22-5 appears.
- 2 Enter a name for the account in the User Name box.
- 3 To include a photo for the account, drag an image file into the image area of the dialog.
- 4 Enter the same password in the Password and Confirm Password boxes.
- 5 To help recover a lost password, choose a question from the Security Question pop-up menu. Then enter the corresponding answer to the question in the Security

Answer box. You will probably have to get this information from the user. When this is properly set up, if the user cannot enter the correct password on login, the question will appear; answering the question correctly will log him into QuickBooks.

- 6 To use QuickBooks with iChat, enter the user's iChat account name in the iChat Account box.
- 7 Choose an option from the Choose Type Of Access pop up menu. Your choices are:
 - **All Areas of QuickBooks (Administrative)** sets up an administrator account.
 - **Selected areas of QuickBooks (Custom)** expands the dialog so you can check off the QuickBooks features the user has access to. The following illustration shows the Permissions area of the window expanded to show options you might set for someone responsible to accounts payable activities.



- 8 Click Save.
- 9 QuickBooks may display a dialog warning that your password is weak. To change your password, click Yes to return to the User Name and Password dialog, repeat step 4, and click Save again. To keep your password, click No. The account is created.

To Edit or Remove a User Account

You can edit or remove a user account if you need to.

- 1 In the Users and Password window (refer to Figure 22-4), select the user account you want to modify or delete.
- 2 Then:
 - To modify the account, click the Edit button at the bottom of the window. Make changes in the User Name and Password window that appears (refer to Figure 22-5) and click Save.
 - To remove the account, click the – button at the bottom of the window. Click OK in the confirmation dialog that appears and the account is deleted.

To Log In to QuickBooks

Once the QuickBooks company file has been protected with a password, anyone who wants to access the file must log in.

- 1 If necessary, launch QuickBooks.
- 2 In the QuickBooks 2011 Login window (shown next) double-click the login account.



- 3 In the User Login window (shown next), enter the password for the account and click Login.



NOTE: If a user has limited access to a company file, only those features he or she can access will be available. All other buttons and menu commands will be gray.

To Log Out of QuickBooks

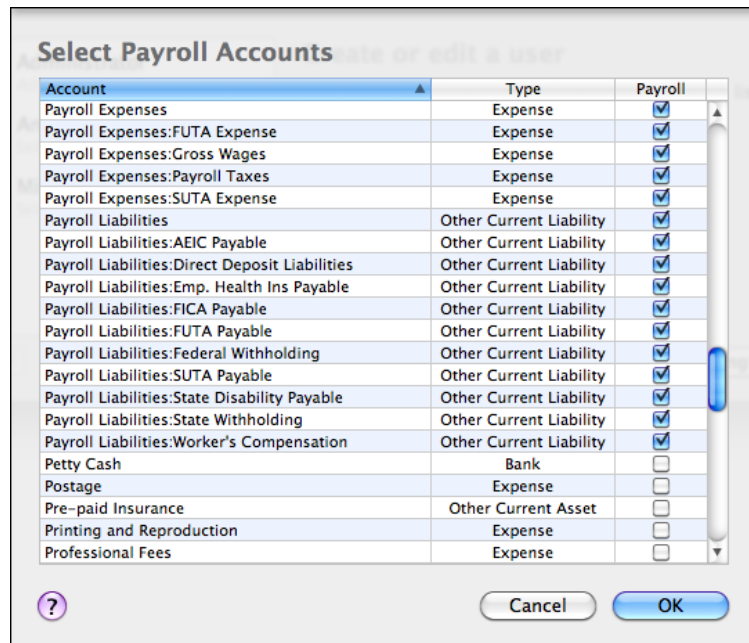
When you're finished using QuickBooks you should close the company file or log out. This will prevent unauthorized users from accessing QuickBooks on your account.

Choose File | Close Company / Log Off, or press SHIFT-COMMAND-W.

To Specify Payroll Accounts

In most companies, payroll information is considered sensitive. As a result, you may want to restrict access to it. You do this by telling QuickBooks which accounts contain payroll information. Then, users who do not have access to sensitive information cannot access these accounts.

- 1 In the Users and Password window (refer to Figure 22-4), click the Set Payroll Accounts button.
- 2 In the Select Payroll Accounts dialog that appears, turn on the check boxes beside any accounts used for payroll. As shown next, QuickBooks automatically turns on a bunch of check boxes for you.



- 3 Click OK.

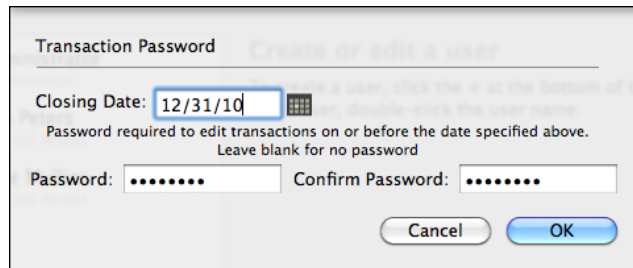
To use a Password to Close a Period

QuickBooks does not require you to “close the books” at the end of a period. Closing books is often a complicated process that involves transferring information from one book to another and summarizing it. QuickBooks does all this as you are entering data. You can ask QuickBooks for reports at any time, not just at the end of a period.

However, you may want to restrict access to the transactions of prior accounting periods to be sure the transactions are not changed without your knowledge. This type of restricted access is independent of whether you have passwords that restrict access to the data as a whole.

By requiring a password to delete, add, or edit any transaction before a chosen date, you can discourage accidental or casual changes to “closed” periods, but still make corrections when necessary by entering the password. You do not need to enter the password to view transactions.

- 1 In the Users and Password window (refer to Figure 22-4), click the Set Closing Date button to display the Transaction Password dialog:



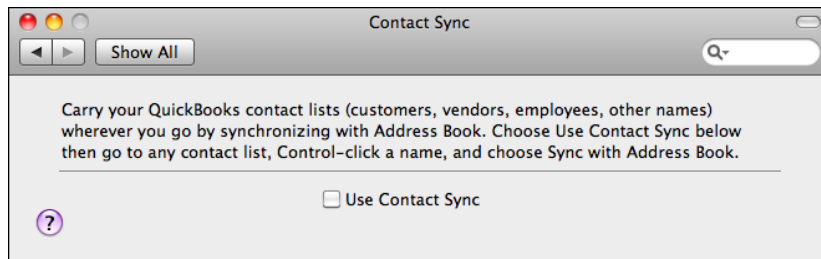
The image shows a dialog box titled "Transaction Password" with a subtitle "Create or edit a user". It contains the following fields and controls:

- Closing Date:** A text field containing "12/31/10" and a calendar icon to its right.
- Instructions:** "Password required to edit transactions on or before the date specified above. Leave blank for no password."
- Password:** A text field with seven dots.
- Confirm Password:** A text field with seven dots.
- Buttons:** "Cancel" and "OK" buttons at the bottom right.

- 2 Enter the last date of the period in the Closing Date field.
- 3 Enter the same password in the Password and Confirm Password fields.
- 4 Click OK. When you try to record a change for the closed period, QuickBooks asks you to enter this password.

Contact Sync Preferences

The Contact Sync preferences pane, which is shown next, enables you to synchronize information in QuickBooks with your Address Book data file. Turn on the check box and follow the instructions that appear. Once enabled, synchronization occurs in the background while you work. You can learn how to use the Contact Sync feature in Chapter 4.



The image shows a window titled "Contact Sync" with a "Show All" button and a search field. The main content area contains the following text and controls:

- Text:** "Carry your QuickBooks contact lists (customers, vendors, employees, other names) wherever you go by synchronizing with Address Book. Choose Use Contact Sync below then go to any contact list, Control-click a name, and choose Sync with Address Book."
- Control:** An unchecked checkbox labeled "Use Contact Sync".
- Icon:** A question mark icon in a circle at the bottom left.

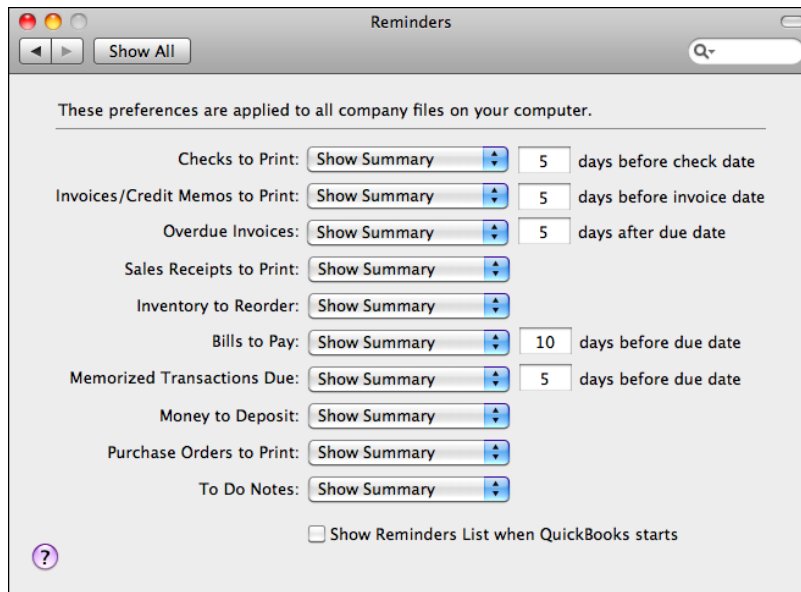


FIGURE 22-6 Use Reminders preferences to set up the Reminders feature.


Reminders Preferences

Reminders preferences, which are shown in Figure 22-6, control how QuickBooks' Reminders feature works. The Reminders list is discussed in Chapter 4.

To Specify What to Show

You use pop-up menus and text boxes to set up which reminders will appear.

- 1 For each item listed in the preferences pane, choose what you want to appear in the Reminders list window. Your options are:
 - **Show Summary** shows a summary total of items in the Reminders window.
 - **Show List** shows a detailed list of items in the Reminders window.
 - **Don't Remind Me** excludes the item from the Reminders window.
- 2 If necessary, modify the value in the text boxes beside some items to set the number of days before the due date you want to be reminded. For example, if the due date of a bill to pay is October 12 and you want to be reminded seven days ahead, enter a 7 in that box and QuickBooks first reminds you on October 5.

 **TIP:** If you don't use QuickBooks every day, make the advance reminder time long enough so you'll see the reminders before the due date.

To Display Reminders at QuickBooks Startup

To have QuickBooks automatically display the Reminders list window when you start QuickBooks, turn on the Show Reminders List When QuickBooks Starts check box.

Transactions Preferences

With Transactions settings (refer to Figure 22-7), you can customize how you track accounts when you enter transactions and whether you track classes on any transactions. You can also specify whether you want to be warned of duplicate bill numbers, how QuickBooks should calculate the due date on bills, and whether you want QuickBooks to maintain an audit trail (a list of all changes made to transactions).

- **Require Accounts** requires that you enter an account from your chart of accounts before you can record a transaction. If you clear this check box, you can record a transaction without assigning an account. QuickBooks automatically assigns the transaction to Uncategorized Income or Uncategorized Expense.
- **Use Account Numbers** uses both numbers and names for any accounts on your chart of accounts. QuickBooks displays a Number field when you create or edit an account or subaccount. Numbers appear before the names on the chart of accounts, in Account fields, and in reports and graphs. When QuickBooks creates an account (for example, Undeposited Funds), it automatically displays the number for that account. You can add a number for each account you created previously. If you clear this check box, QuickBooks does not display numbers for accounts. However, it saves numbers you already entered and displays them if you turn the preference on again.

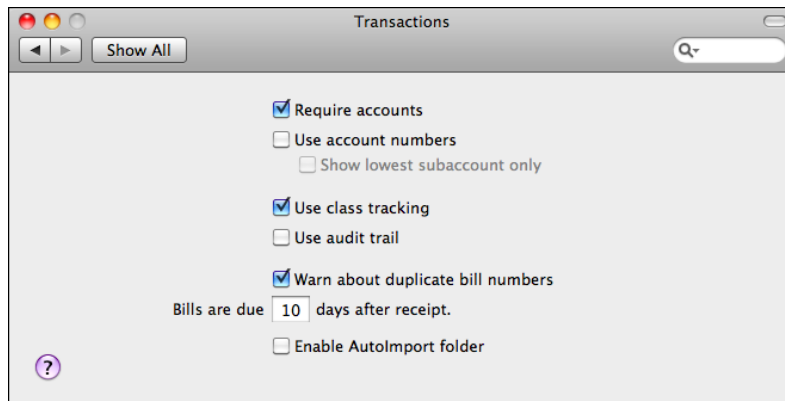


FIGURE 22-7 Use Transactions settings to set basic transaction options.

- **Show Lowest Subaccount Only** tells QuickBooks to display only the lowest-level subaccount on forms and registers when you choose a subaccount in the Account field of a transaction. For example, if you choose the 6410·Liability Insurance subaccount, QuickBooks displays “6410·Liability Insurance” in the field. If you clear this check box, QuickBooks displays the main account and all subaccounts (for example, “6380·Insurance:6410·Liability Insurance: 6420·Worker’s Comp”) up to the maximum character count allowed in the field. You must have the Use Account Numbers check box turned on to set this check box.
- **Use Class Tracking** enables the class-tracking feature of QuickBooks.
- **Use Audit Trail** tells QuickBooks to maintain a record of all changes made to transactions. After enabling this option, you can view an Audit Trail report showing current transactions and how they’ve been modified.
- **Warn About Duplicate Bill Numbers** tells QuickBooks to warn you if you try to record a bill with the same number as one entered previously.
- **Bills Are Due N Days After Receipt** enables you to specify a default due date for all incoming bills. When you enter a bill without terms, QuickBooks automatically enters a due date that is after the bill date. It calculates the due date according to the number you enter here. (You can change the due date when entering the bill.)
- **Enable AutoImport Folder** is used for third-party applications. If you need this option turned on, the documentation for the application that works with QuickBooks will inform you.

Inventory Preferences

The Inventory preferences pane (refer to Figure 22-8) enables you to set basic options for how the inventory feature works.

To enable inventory and purchase order tracking, turn on the Inventory And Purchase Orders Are Used check box. You can use purchase orders even if you don’t

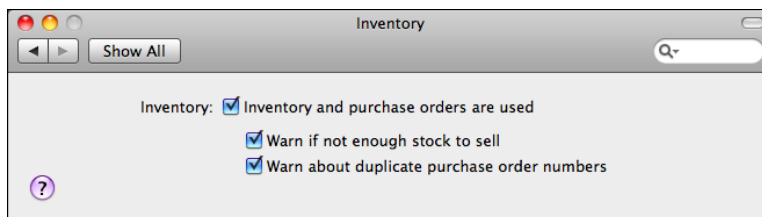


FIGURE 22-8 Use the Inventory preferences pane to enable and configure these features.

have inventory, but purchase orders are best suited to buying inventory. Once the feature is enabled, you can set two other options:

- **Warn If Not Enough Stock To Sell** displays a warning if you enter more items on a sale than you actually have in stock.
- **Warn About Duplicate Purchase Order Numbers** displays a warning if you use duplicate purchase order numbers.

Sales And Invoicing Settings

The Sales And Invoicing settings pane (refer to Figure 22-9) enables you to set default options for invoices and sales receipts.

This preference window offers a number of options:

- **Estimates** controls the estimates feature of QuickBooks. To enable this feature, turn on the **Customer And/Or Job Estimates Are Prepared** check box. You can then toggle the **Warn About Duplicate Estimate Numbers** check box so QuickBooks displays a warning if you use duplicate estimate numbers.
- **Usual FOB** is the FOB location you use most.
- **Usual Shipping Method** is the shipping method you use most. Choose an option from the pop-up menu, which shows all entries on the Shipping Methods List.
- **Default Markup Percentage** is the percentage that should be used to calculate markup if you invoice for reimbursable expenses with a markup. You can override this markup percentage in a sales form. QuickBooks also uses the

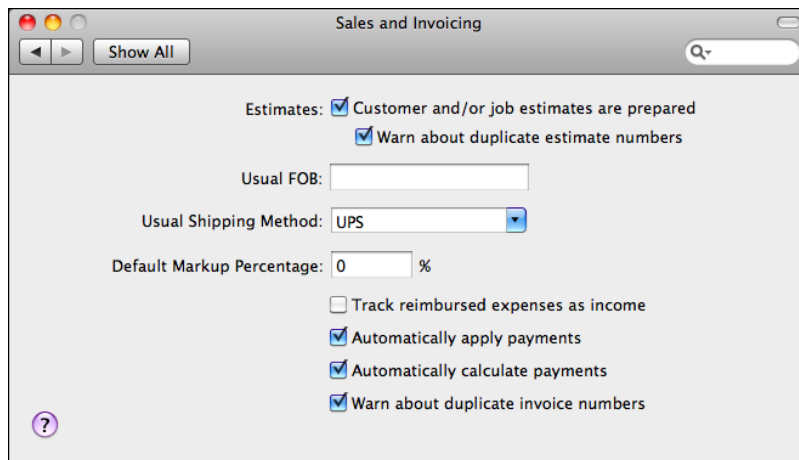


FIGURE 22-9 Set defaults for invoices and sales receipts in the Sales And Invoicing settings pane.

default markup to suggest a sales price when you set up any item that has a separate cost and sales price—for example, inventory items or service items for work performed by subcontractors.

- **Track Reimbursed Expenses As Income** enables you to track an expense and your customer's reimbursement for the expense in separate accounts. For example, an interior designer may want to track both the reimbursement for the cost of delivering a client's furniture and the markup as income, especially if the designer collects sales tax on both. If you turn on this check box, QuickBooks puts an additional check box and Income Account pop-up menu in the New Account and Edit Account windows for expense accounts. Then, when you add reimbursable expenses to an invoice, QuickBooks assigns the income you receive as reimbursement to the income account associated with the expense. On a profit and loss statement, the income increases your total income, while the original expense increases your total expenses. If you do not turn on this check box, QuickBooks assigns the income from the reimbursed expense to the expense account of the original expense. Thus, on a profit and loss statement, the income reduces the amount for the expense account. (Selecting this preference makes no difference in your net income.)



NOTE: If you simply want to make sure you invoice a client for expenses you incurred, don't bother tracking the reimbursement as income. When you invoice the client, the income offsets the amount assigned to the account of the original expense. If the expenses are substantial and you don't want them to be on your profit and loss statement before you invoice the client, consider assigning the expenses themselves to an Other Current Asset account. You may want to ask your accountant for advice on tracking reimbursed expenses.

- **Automatically Apply Payments** affects the Receive Payments window. Turn on this check box to automatically apply the amount received to the outstanding invoices (or statement charges) for the customer or job. If the amount received is less than the total outstanding balance, QuickBooks applies the payments to the oldest invoices or statement charges first.
- **Automatically Calculate Payments** automatically fills in the amount of a selected invoice into the Amount Received field of the Receive Payments form. QuickBooks continues to automatically calculate the amount received based on the invoices you select or deselect for that payment. When this check box is cleared, you must click the Auto Apply button in the Receive Payments form to have QuickBooks apply payments to invoices.
- **Warn About Duplicate Invoice Numbers** warns you when you try to record an invoice that has the same number as an existing invoice. If you clear this check box, you record a duplicate invoice number with no warning.

Finance Charges Preferences

Finance Charges preferences (see Figure 22-10) control the way finance charges work in QuickBooks. There are several options:

- **Annual Interest Rate** is the annual interest rate that you want QuickBooks to use to calculate how much your customers owe in finance charges. For example, if you enter 12%, QuickBooks charges 1% per month. To charge a flat rate instead of a percentage, enter 0 in the Annual Interest Rate field, and your flat rate in the Minimum Finance Charge field. You can change your rate at any time.
- **Minimum Finance Charge** is the lowest possible finance charge. For example, if you enter \$10, and a customer has accrued \$7.50 in finance charges, QuickBooks fills in \$10 for that customer in the Assess Finance Charges window.
- **Grace Period** is the number of days after a payment is due that you will allow a customer to send payment without incurring a finance charge.
- **Finance Charge Title** is the label that appears on finance charge invoices to identify finance charges.
- **Calculate Charges From** enables you to specify if you want to calculate finance charges from the Due Date or the Invoice/Billed date.
- **Finance Charge Account** is the account (usually an income account) you'll use to record finance charge amounts you receive from customers. To create a new account, for example, one called "Finance charges," choose New from the Finance Charge Account pop-up menu and then complete the New Account window.

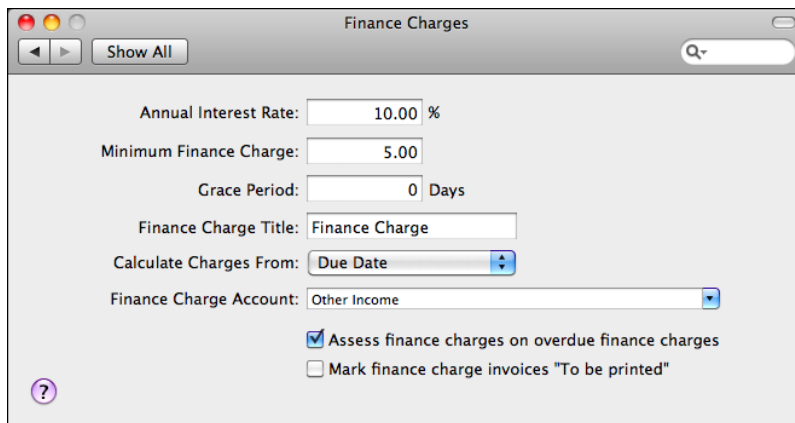



FIGURE 22-10 Set up finance charges in the Finance Charges preferences pane.

- **Assess Finance Charges On Overdue Finance Charges** includes overdue finance charges in its calculation of current finance charges. Laws vary as to whether you can assess finance charges on finance charges. Confirm with the appropriate jurisdiction that you are in compliance with that jurisdiction's lending laws.
- **Mark Finance Charge Invoices “To Be Printed”** causes QuickBooks to mark “To be printed” each finance charge invoice it creates and add the invoice to a list of invoices you can print all at once.

Sales Tax Preferences

Use the Sales Tax settings if your business collects sales tax from customers. To get started, make sure the Customers Are Charged Sales Tax check box is turned on. This enables the other options in the Sales Tax preferences pane (refer to Figure 22-11).

 **NOTE:** It's important to set up your sales tax items correctly, so that you have accurate information when it's time to pay your tax agencies. For details, consult Chapter 11.

Sales Tax Payable Select an option to specify the frequency of sales tax payments: Monthly, Quarterly, or Annually. No matter which choice you make, you can pay tax anytime. This choice helps QuickBooks set up your sales tax reports to be most helpful and remind you when to pay.

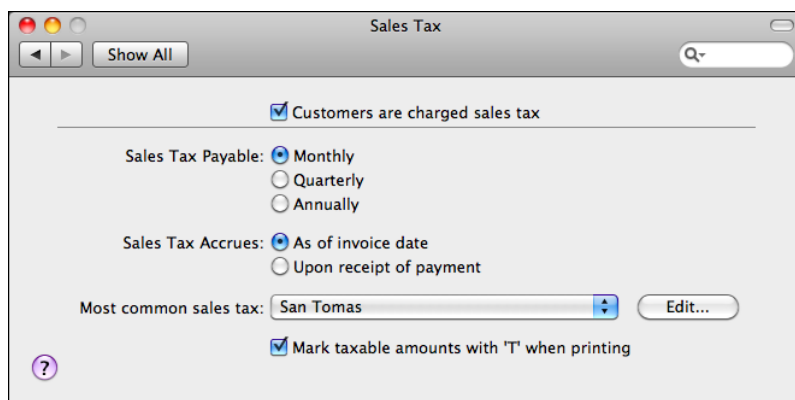


FIGURE 22-11 Set sales tax options in the Sales Tax preferences pane.

Sales Tax Accrues Select one of the options to specify how sales tax is accrued. QuickBooks uses your choice of accrual basis or cash basis to determine the amount you owe for the Pay Sales Tax window and to determine the amounts displayed in the Sales Tax Liability report.

- **As Of Invoice Date** starts accruing sales tax as of the invoice date. This is accrual-basis accounting.
- **Upon Receipt Of Payment** starts accruing sales tax as of the payment date. This is cash-basis accounting.



NOTE: If you collect sales tax for multiple districts, some of which require payment on an accrual basis, some on a cash basis, you can change the sales tax preference back and forth from accrual to cash to view the amount you owe different districts. For example, if you owe most districts on a cash basis, but you owe one district on an accrual basis, you can set the sales tax preference to cash (upon receipt of payment), view the report, noting how much you owe each district that requires cash basis, then change the preference to accrual and note how much you owe the district you pay on an accrual basis. You can also change this preference with a sales tax report open.

Most Common Sales Tax Choose the sales tax item or group you use most often as your default sales tax. QuickBooks prefills each sales form's Tax field and each new customer's Tax Item field with your most common sales tax. You can change to a different tax item or tax group in any of these fields.

Indicating Taxable Items Normally, QuickBooks displays a *T* beside each taxable item on a sales form. If you don't want the *T* to appear, clear the check box labeled Mark Taxable Amounts With A "T" When Printing.

Time Tracking Preferences

Time Tracking preferences (refer to Figure 22-12) allow you to enable the time-tracking feature and set basic options for it. Start by turning on the Keep Track Of Time check box. Then set options beneath it.

- **First Day Of Work Week** is the first day of your work week for the weekly timesheet.
- **'Record Time' Button Opens** enables you to specify which time-recording form opens when you click the Record Time button on the toolbar.

Reporting Preferences

Reporting preferences let you set basic options for the reports you create in QuickBooks. There are two different panes of settings: General and Classify Cash.

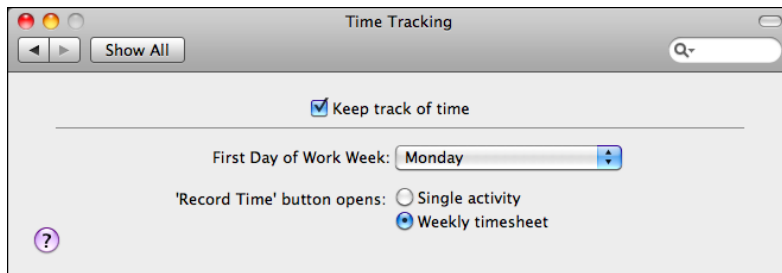


FIGURE 22-12 Set basic time-tracking options in the Time Tracking settings pane.

General

General settings control basic report options (see Figure 22-13).

Summary Report Basis You can select an option to specify whether reports and graphs should show income and expenses one of two ways:

- **Accrual** displays income on reports and graphs as of the invoice date and expenses as of the bill or check date.
- **Cash** displays income on reports and graphs as of the date you receive payment; it displays expenses as of the date you pay for them.

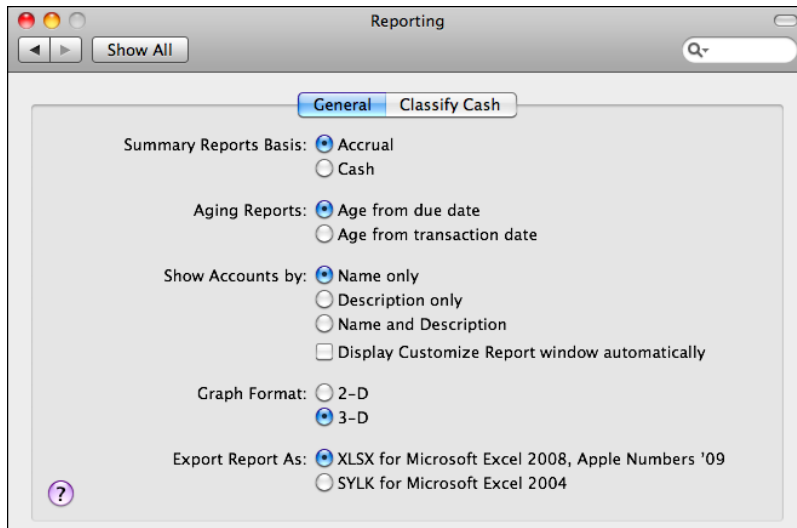


FIGURE 22-13 General reporting settings include basic reporting options.



NOTE: This setting affects summary reports (reports that summarize amounts and do not list transactions). This setting has no effect on transaction or transaction detail reports. This setting does not affect the 1099 reports (which are always cash-based) and the sales tax report.

Aging Reports You can select whether to show aging on reports from the due date or the transaction date. This preference affects all aging reports and graphs for accounts receivable and accounts payable.

- **Age From Due Date** counts the number of days after the due date that an invoice, statement, or bill remains unpaid.
- **Age From Transaction Date** counts the number of days after the transaction date that an invoice, statement, or bill remains unpaid.

Show Accounts By Select an option for how QuickBooks should display accounts in reports:

- **Name Only** displays just the account name.
- **Description Only** displays just the account description.
- **Name And Description** displays the account name and description for each account.

Automatically Displaying the Customize Report Window Turning on the check box labeled *Display Customize Report Window Automatically* tells QuickBooks to automatically display the report's option window for a report you choose from the Reports menu. You can make changes to the report settings before you see the report.

Graph Format You can use this option to specify whether graphs should appear in 2-D or 3-D.

Export Report As Select one of the two formats, depending on the spreadsheet software you use: XLSX for Microsoft Excel 2008 or Apple Number '09 or SYLK for Microsoft Excel 2004.

Classify Cash

Use the Classify Cash pane (refer to Figure 22-14) to determine which accounts should appear in the Statement of Cash Flows report, as well as where the account should appear in the report. To determine where an account should appear, select the account and click the appropriate button in the Classify Selection area at the bottom of the window. Clicking None removes the account from the report.

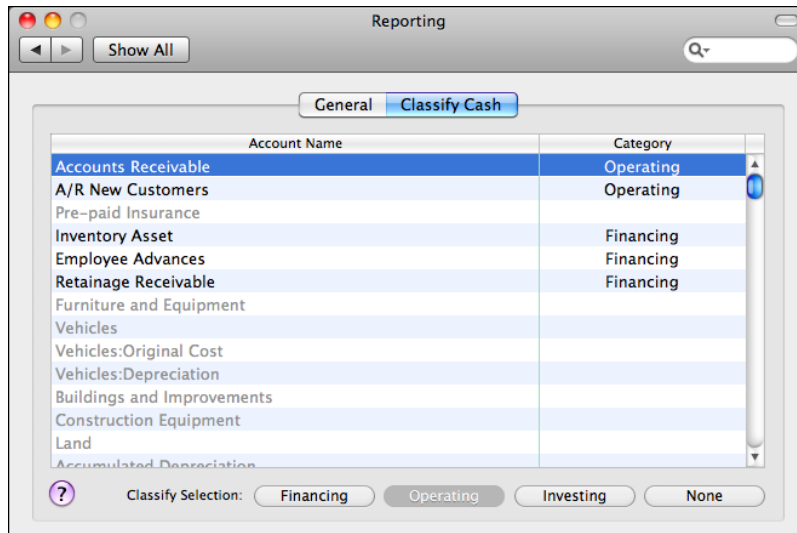


FIGURE 22-14 Use this pane to set options for the Statement of Cash Flows report.

Data Entry Preferences

Data Entry preferences, which are shown in Figure 22-15, control how various data entry features work.

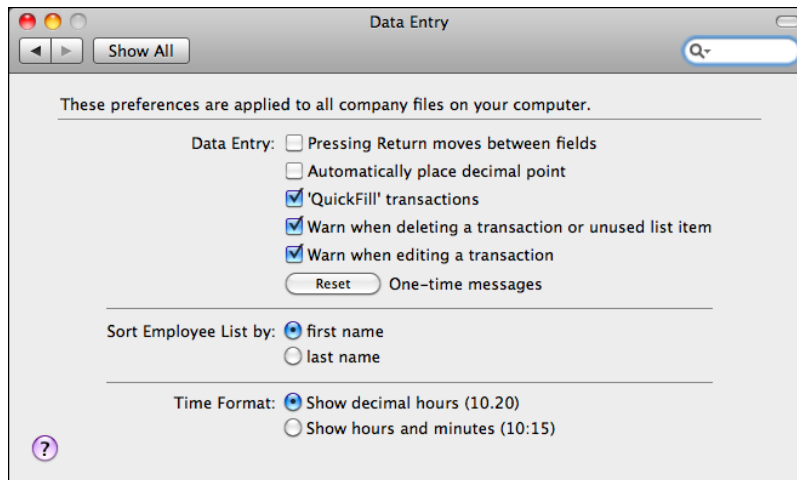


FIGURE 22-15 The default settings in the Data Entry preferences pane

Data Entry The Data Entry area offers a number of check boxes to enable or disable data entry fields:

- **Pressing Return Moves Between Fields** changes the default behavior of the RETURN key. Normally, pressing RETURN is the same as clicking the default button—the one that’s blue—in a dialog or window. To move to the next field, you press TAB or click the field. Turning on this check box changes the behavior of the RETURN key so that pressing it moves from one field to the next in a dialog or form. If you enable this option, you can still press TAB or click to move to a field. To use the default button, you can press COMMAND-RETURN.
- **Automatically Place Decimal Point** tells QuickBooks to place a decimal point between the second and third digits from the right when you enter a number with no decimal point in a numerical field. For example, if you type 4995 and press TAB, QuickBooks enters the number 49.95. If you type 49, QuickBooks enters the number 0.49. If you type 49.953, QuickBooks enters 49.953. If you clear this check box, QuickBooks places a decimal point at the end when you enter a number with no decimal point in a numerical field. For example, if you type 499 and press TAB, QuickBooks enters the number 499.00.
- **‘QuickFill’ Transactions** enables the QuickFill feature, which can save you time if you have many repeat transactions for your vendors. It does not affect invoices or purchase orders. Enable this preference to recall the last transaction of the same type (check, bill, credit card charge) for a particular name as soon as you enter the name on a form. For example, if you are entering a bill and choose a vendor from the pop-up menu and press TAB, QuickBooks fills in the entire bill just like the last one you entered for that vendor.



NOTE: You can also recall a transaction from the Memorized Transaction list. Choose Lists | Memorized Transactions; then choose a transaction. You can learn more in Chapter 4.

- **Warn When Deleting A Transaction Or Unused List Item** tells QuickBooks to warn you when you try to delete a transaction or an unused item on a list. If you clear this check box, QuickBooks allows you to delete a transaction or an unused item on a list without warning you. QuickBooks always warns you if you try to delete a list item that has been used in any transaction.
- **Warn When Editing A Transaction** tells QuickBooks to warn you when you change a transaction and then try to leave it without recording the change. If you clear this preference, QuickBooks lets you change a transaction and leave it without a warning. QuickBooks saves the change.
- **Reset One-Time Messages** resets any warning dialogs you may have disabled while using QuickBooks.

Sort Employee List By This option enables you to specify how employee names should be sorted in the Employee List window: by first name or last name.

Time Format This option enables you to select the way you want tracked or billed time to appear throughout QuickBooks. Your options are:

- **Show Decimal Hours (10.20)** displays portions of hours in a decimal format, such as 10.20.
- **Show Hours And Minutes (10:15)** displays hours and minutes separated by a colon, such as 10:15.

Checks Preferences

Checks preferences (refer to Figure 22-16) control various options for checks that you print from within QuickBooks.

- **Print Account Names On Voucher** prints the name of the account to which you assigned the expense on the voucher portion of the check. This setting affects only voucher checks (not standard or wallet) created in the Write Checks window. This setting has no effect on what prints on the voucher of checks for bill payments or employee paychecks.
- **Change Check Date When Check Is Printed** changes the date on the Date line of your checks to the date on which you print the checks. If you clear this check box, QuickBooks prints the original date you entered in the Write Checks window.
- **Start With Payee Field On Check** affects the position of the insertion point when you open the Write Checks and Enter Credit Card Charges windows. Turn on this check box to place the insertion point in the Payee field of the check, the Vendor field of the bill, and the Purchased From field of the credit card charge form. If you clear this check box, QuickBooks places the insertion point in the first field at the top of the window—the Bank Account field of the check and the Credit Card field of the credit card charge form.
- **Warn About Duplicate Check Numbers** warns you when you try to record a check that has the same number as that of an existing check.

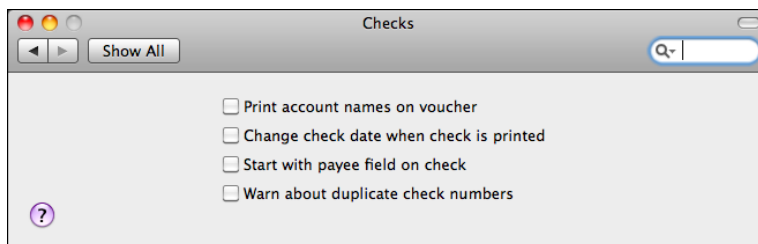


FIGURE 22-16 Set options in the Checks preferences pane to control how checks print.

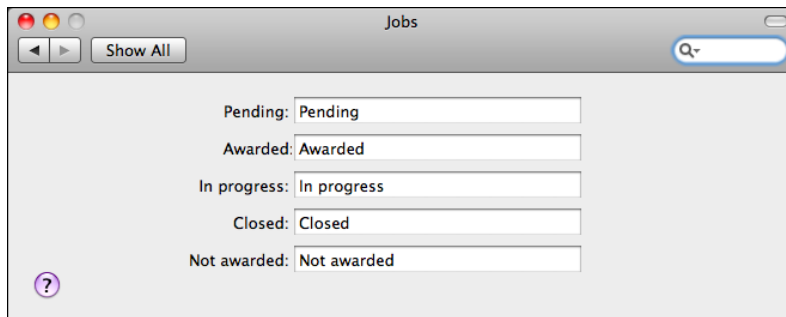


FIGURE 22-17 Use the Jobs preferences pane to change the label for job statuses.

Jobs Preferences

Jobs preferences (refer to Figure 22-17) enable you to set custom labels for each of the five job statuses: Pending, Awarded, In Progress, Closed, and Not Awarded. You can use any five labels that are meaningful to your company. Simply enter the text you prefer in the field beside the label you want to change.

QuickBooks uses the labels in the following places:

- Job Status pop-up menu on the Job Info pane of the New Job, Edit Job, New Customer, and Edit Customer windows
- Job Status column of the Customer:Job List window
- Job administration report

NOTE: QuickBooks does not automatically change the job status of any job on the basis of transactions you enter.

1099s Preferences

If you file Form 1099-MISC for any of your vendors, you can use the 1099s settings pane (refer to Figure 22-18) to associate accounts with 1099 categories. You can also change the threshold amounts for these categories. When you are ready to file the 1099-MISC and 1096 forms, create a 1099 report or print the 1099 forms.

Start by turning on the 1099-MISC Forms Are Filed check box to enable this feature. Then, for each numbered box you expect to use on the 1099 form, choose the account in which those payments will be recorded. You can then enter a threshold value for each box on the form.

TIP: To associate more than one account with a 1099 category, choose Selected Accounts from the pop-up menu, select the accounts from the Select Accounts window, and then click OK.

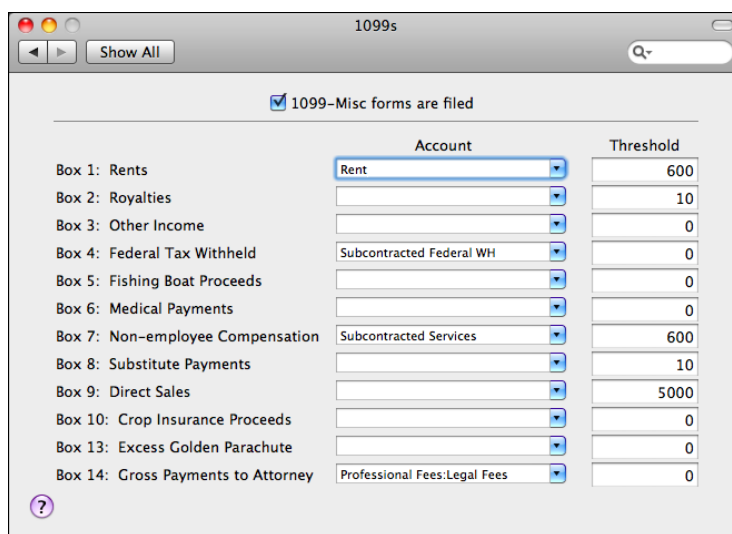


FIGURE 22-18 Use the 1099s preferences pane to match accounts to 1099-MISC form boxes.

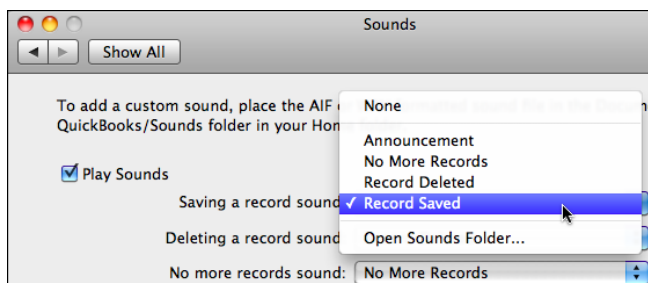
The accounts you select should be accounts you use to track expenses related to Form 1099-MISC. Typically, the accounts are expense accounts. If you need to, you can also associate liability or asset accounts with 1099 categories.

NOTE: By default, QuickBooks uses the thresholds set by the federal government. These amounts may become outdated as the government enacts changes. To make sure that you have the latest threshold information, ask your accountant, call the IRS, or visit the IRS web site at www.irs.gov.

Sounds Preferences



QuickBooks 2011 offers new options for QuickBooks sound effects. You can find them in the Sounds preferences window, shown in Figure 22-19. To enable sound effects, turn on the Play Sounds check box and then choose sounds from the pop-up menus beside each event:



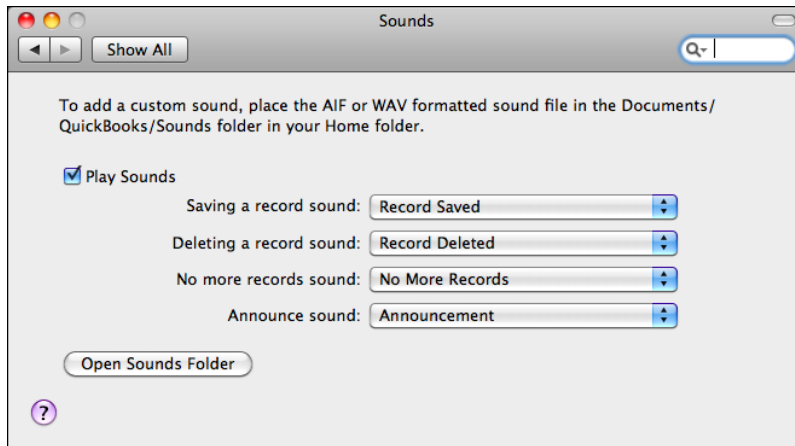


FIGURE 22-19 QuickBooks sound options appear in the Sounds preference window.

You can also create your own custom sounds for use with QuickBooks. Simply store MP3, m4v (except iTunes' protected ACC format), WAV, or AIFF format files in the Sounds folder inside your QuickBooks folder in your Documents folder. For best results, these should be no more than a second or two in length. Then use the pop-up menu for an event to open the sound you want to play.

Payroll Preferences

The Payroll preferences pane (refer to Figure 22-20) offers just one option. Use it to determine how the Employees | Payroll menu should work:

- **Launches QuickBooks Payroll For Mac** opens QuickBooks Payroll for Mac in a built-in browser window.
- **Launches Aatrix Top Pay** launches the Aatrix Top Pay application.



TIP: You can learn more about payroll in Chapter 20.

Merchant Service Preferences

The Merchant Service preferences pane (Figure 22-21) enables you to set up Merchant Services in your QuickBooks company file. This service, which is available at an additional monthly fee, makes it possible to process credit cards from within QuickBooks.

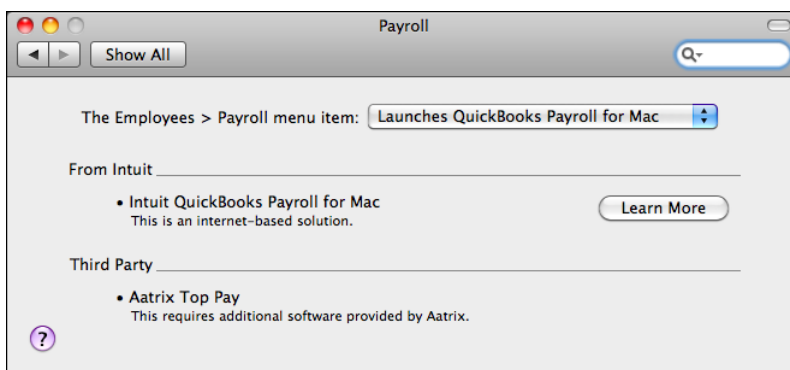


FIGURE 22-20 The Payroll preferences pane offers just one option.

TIP: You can learn more about Merchant Services in Chapter 9.

Customizing the Company Toolbar

You can customize the toolbar for your company file so it includes the buttons you need most in the order in which you want them to appear.

TIP: You can use most of these techniques to customize a report window's toolbar. Just click the Customize button on that toolbar to begin. Working with the report window is discussed in Chapter 21.

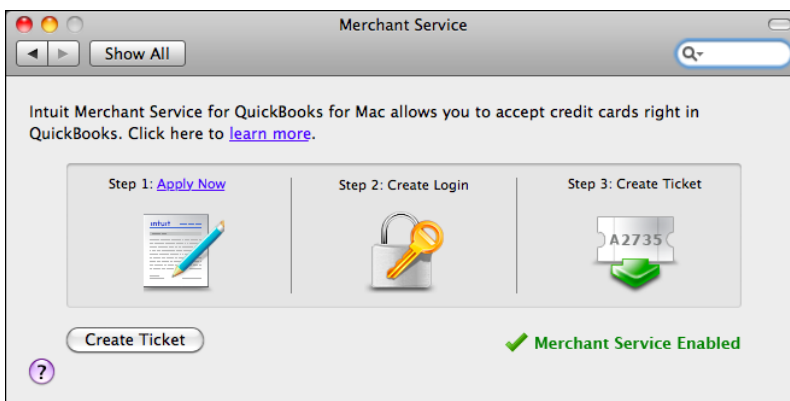


FIGURE 22-21 Use the Merchant Services preferences pane to set up credit card acceptance for your company.

To Customize the Toolbar

- 1 Choose Company | Configure Company Toolbar or click the Customize button on the toolbar. The Customize Toolbar dialog slides out of the toolbar, as shown in Figure 22-22.
 - To add a button, drag it onto the toolbar.
 - To remove a button, drag it off of the toolbar.
 - To move a button, drag the button to its new position on the toolbar.
 - To change the button display, choose Icon & Text, Icon Only, or Text Only from the Show pop-up menu.
 - To display smaller icons in the toolbar, turn on the Use Small Size check box.
 - To restore the toolbar to its default settings, drag the default set near the bottom of the dialog onto the toolbar.
- 2 Click Done.

To Resize the Toolbar

- 1 If necessary, click the green zoom button in the upper-left corner of the toolbar to reduce the toolbar's size to a custom size.
- 2 Drag the lower-right corner of the toolbar to the right to lengthen it, or to the left to shorten it.

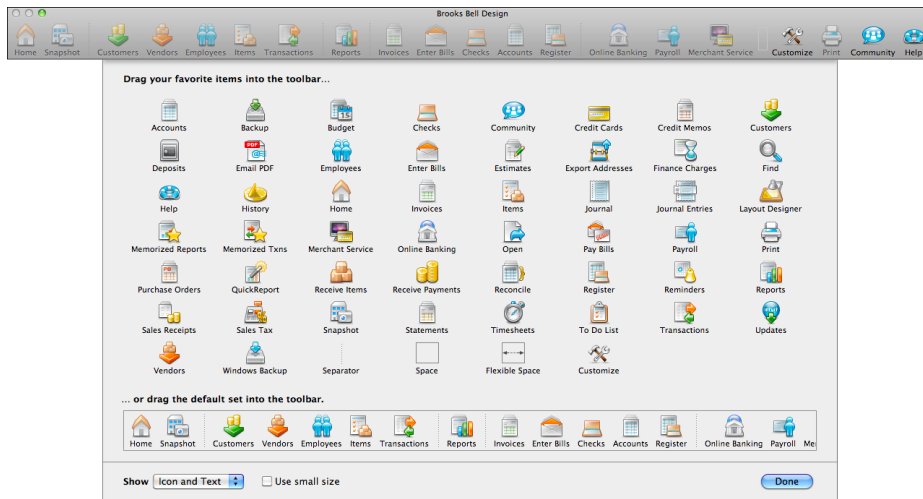


FIGURE 22-22 Drag buttons from this dialog to the toolbar to customize the toolbar.

To Move the Toolbar

Drag the toolbar's title bar to its new position.

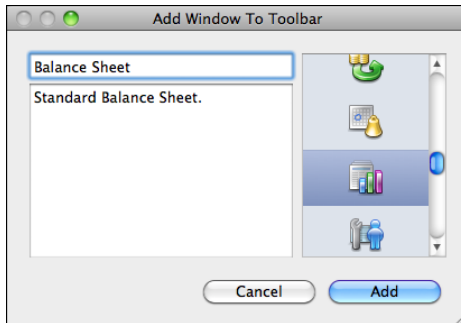
To Hide or Display the Toolbar

- To hide the toolbar, choose Company | Hide Company Toolbar, or click the toolbar's close button.
- To redisplay a hidden toolbar, choose Company | Show Company Toolbar.

To Add a Window to the Toolbar

You can add a window—for example, to display a particular report—to the toolbar for easy access.

- 1 Open the window you would like to add. For example, to add the Standard Balance Sheet report, choose Reports | Company & Financial | Balance Sheet Standard.
- 2 Choose Company | Add Window To Toolbar. The Add Window To Toolbar dialog, which is shown next, appears.



- 3 Enter a name and an optional description for the window.
- 4 Click to select the button you want to assign this window in the toolbar.
- 5 Click Add. The button is added to the far right end of the toolbar. Remember, you can always customize the toolbar to move the button to a new position.

NOTE: If you add more toolbar buttons than will fit on the width of the toolbar, a menu of hidden toolbar buttons appears on the far right end of the toolbar. You can eliminate this menu by removing buttons you don't need to make the toolbar shorter so it fits.

To Delete a Window from the Toolbar

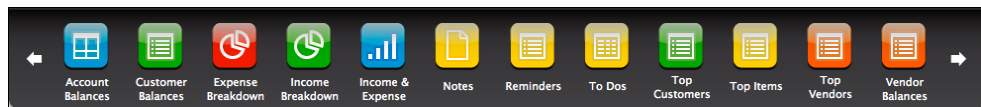
Hold down the **COMMAND** key and then drag the window's button off the toolbar. It disappears in a puff of digital smoke.

Customizing the Company Snapshot Window

You might find the Company Snapshot window useful to display up-to-date information about your company's finances. To display this window, choose Company | Company Snapshot. By default, it has just two widgets of information, but as shown in Figure 22-23, you can customize it.

To Customize the Company Snapshot Window

- 1 Click the + button beside Customize at the bottom of the Company Snapshot window. A panel containing widget icons opens at the bottom of the window:



- 2 To add a widget to the Company Snapshot window, drag the icon for the widget from the panel into the window. When you release the mouse button, the widget window appears. Drag the widget window into position in the Company Snapshot window. You can also drag the corner of the window to resize it.

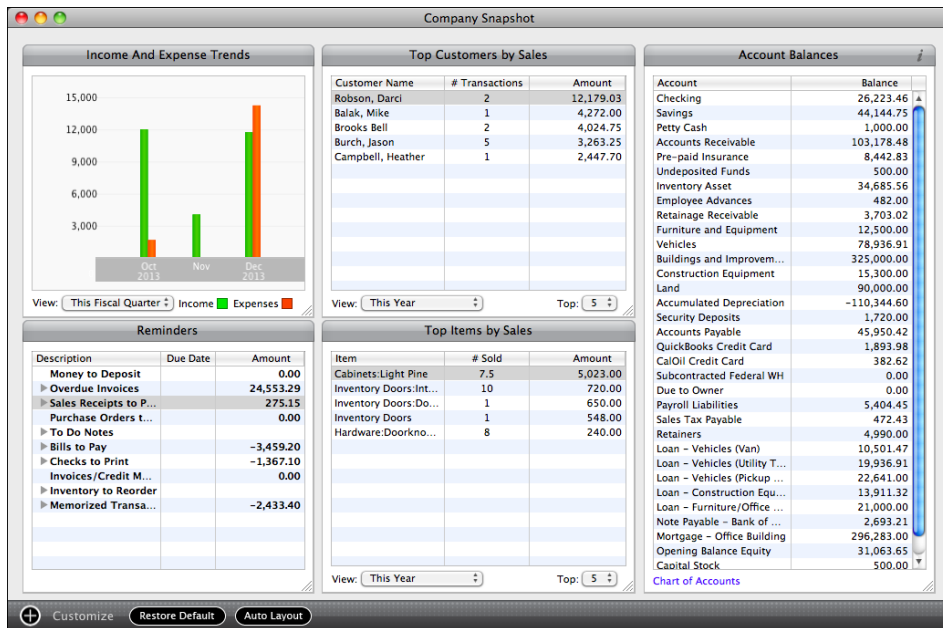


FIGURE 22-23 The Company Snapshot window provides information about your company's finances.

- 3 To remove a widget from the window, point to the widget's title bar. A black close button appears; click it to close the widget.
- 4 Repeat steps 2 and 3 as desired to add, remove, and rearrange widget windows in the Company Snapshot window.
- 5 Click the X button beside Customize at the bottom of the window to close the widget panel.
- 6 To customize a widget in the Company Snapshot window, set options, if available, in the bottom of the widget. Or, if the widget has an *i* button in the title bar, click it to flip the widget over and set options—just like in a Mac OS X Dashboard widget.

Maintaining Your Data

In this chapter:

- Understanding QuickBooks data files
- Changing to a different company file
- Keeping an audit trail
- Backing up your company file
- Restoring company data
- Transferring lists between company files
- Exporting names for mail merge
- Condensing data
- Periodic tasks

As you work with QuickBooks, you enter information into your company file. This file includes all the setup information for your company, as well as all of your transactions. It's an extremely important and valuable file to you—if it's lost and you don't have a backup, you'd have to re-create its contents from scratch!

This chapter takes a closer look at your QuickBooks company file. It explains what you can do to protect it, back it up, and restore from a backup if necessary. It also provides information about several other file-related tasks you might need to perform.

Understanding QuickBooks Company Files

A QuickBooks data or company file contains all the financial transactions you've entered plus any company customization choices you have made (for example, sales tax rate and passwords).

When you create a new company file in QuickBooks, you supply a company name. QuickBooks suggests the company name you entered as a filename for your company's QuickBooks data.

When you open an existing company in QuickBooks by choosing File | Open Company, you see a list of all QuickBooks files. Unless you keep books for several companies, you're likely to have just one file to choose.

Avoiding Company File Problems

Follow these two guidelines to help avoid company file problems:

- **Do not turn off the computer before quitting QuickBooks.** Always quit QuickBooks by choosing QuickBooks | Quit QuickBooks, or by pressing COMMAND-Q, before turning off your computer. When you quit a program, it saves information that has been held in memory.
- **Make regular backup copies of your company file.** Your data is valuable! No technique can recover all possible file damage or protect against theft or natural disasters. When you make regular backup copies, you have easy access to data that may just need some updating.

Different Methods for Transferring QuickBooks Data

Table 23-1 compares the different methods you might use to back up or transfer your QuickBooks data.

Activity	What It Does	Advantages	Disadvantages
Backing up a company file	Makes a compressed copy of everything in the original company file	More data fits on one CD. Backup allows you to divide very large files among multiple CDs.	QuickBooks must restore the backed-up copy before it can open the file.
Saving as text	Makes a copy in a format common to other software programs	You can use the file in a spreadsheet or word processing program.	Only lists and reports can be saved as text. (QuickBooks cannot read files saved as text.)
Exporting	Puts lists into a file in IIF format, with one record per line and one column for each field	You can share lists with another copy of QuickBooks, or use a list in a database or spreadsheet program. You can add to the list and then import it back into QuickBooks.	QuickBooks can export only lists, not transactions or reports.

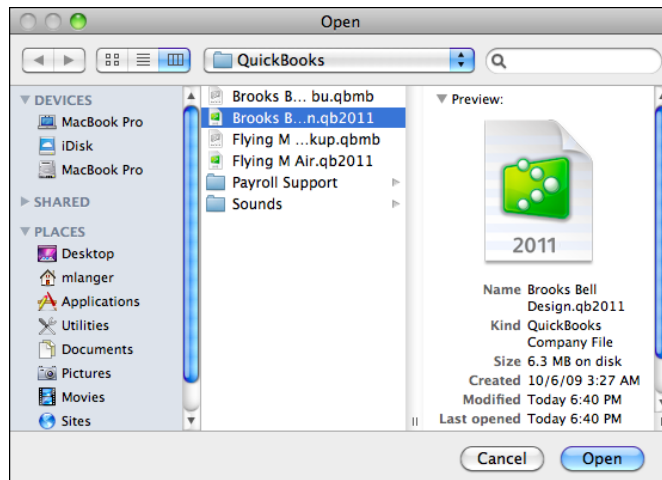
TABLE 23-1 Methods for Transferring QuickBooks Data

Working with Multiple Company Files

If you work with several companies, you'll be keeping their financial records in separate company files.

To Open a Different Company File

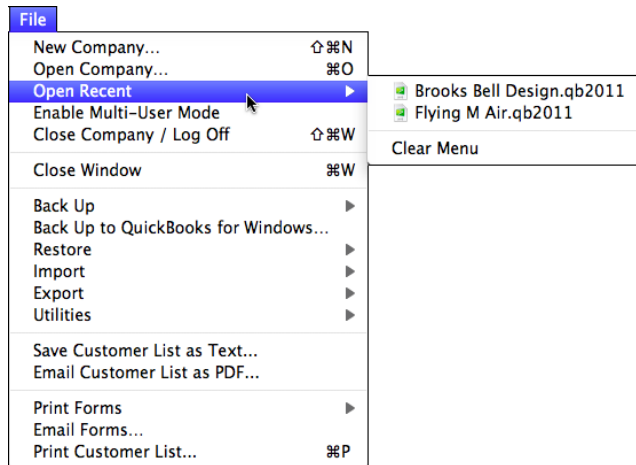
- 1 Choose File | Open Company, or press **COMMAND-O** to display a standard Open dialog:



- 2 Locate and select the company file you want.
- 3 Click Open.

To Open a Recently Accessed Company File

If you only have a few company files, you can probably open them by choosing the one you want from the Open Recent menu under the File menu:



Keeping an Audit Trail

The audit trail feature tells QuickBooks to keep a record of all changes made to transactions.

If you enable this feature, you may find that QuickBooks works a little more slowly, and your data takes up more memory. These changes occur because instead of writing over transactions you change (which is how QuickBooks works with the audit trail feature off), QuickBooks must record not only the new transaction, but also any previous versions of the same transaction.

NOTE: You must have the audit trail preference turned on to keep a record of changed transactions. If the preference is turned off, QuickBooks will no longer keep a record of the changes.

To Turn On the Audit Trail Preference

- 1 Choose QuickBooks | Preferences, or press COMMAND-, (comma) to display the Preferences window.

- 2 Click the Transactions icon to display Transactions preferences (shown next).



- 3 Turn on the Use Audit Trail check box.
- 4 Close the window.

To View the Audit Trail Report

Choose Reports | Accountant & Taxes | Audit Trail.

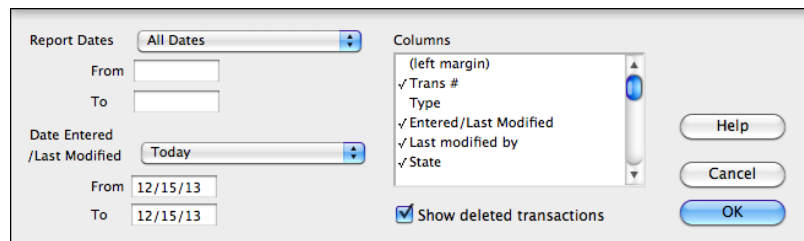


Figure 23-1 shows an example of an Audit Trail report. Any transactions labeled *Prior* in the State column been modified; the current version is reflected by any transaction with *Latest* in the State column. You can compare the previous transaction to the current transaction to see which part or parts of the transaction were modified. QuickBooks also shows you the date and time of the modification. QuickBooks 2011 now also includes a Last Modified By column which lists the user account that made the change. (You can learn more about setting up multiple user accounts in Chapter 22.)

NOTE: If the audit trail was turned off during part of the period covered by the report, QuickBooks may not show the modification date of some transactions.

To Include or Exclude Deleted Transactions in the Audit Trail Report

- 1 Click Options in the Audit Trail report window's toolbar to display the report options dialog:



Trans #	Entered/Last Modified	Last modified by	State	Date	Name	Memo	Account	Split
Payment 1065								
1065	12/15/13 11:52 AM	Administrator	Latest	12/15/11	Abercrombie, KristyRem...		Checking	Accounts Receivable
					Abercrombie, KristyRem...		Accounts Receivable	Checking
1065	12/15/11 6:20 PM	Default User	Prior	12/15/11	Abercrombie, KristyRem...		Checking	Accounts Receivable
					Abercrombie, KristyRem...		Accounts Receivable	Checking
Paycheck 1148								
1148	12/15/13 1:12 PM	Default User	Latest	06/16/11	Dan T. Miller		Checking	-SPLIT-
					Helleboid, Olivier		Gross Wages	Checking
					Dan T. Miller		Emp. Health Ins Payable	Checking
					Helleboid, Olivier		SUTA Expense	Checking
					Dan T. Miller		SUTA Payable	Checking
					Dan T. Miller		Federal Withholding	Checking
					Dan T. Miller		AEIC Payable	Checking
					Helleboid, Olivier		Payroll Taxes	Checking
					Dan T. Miller		FICA Payable	Checking
					Dan T. Miller		FICA Payable	Checking
					Helleboid, Olivier		Payroll Taxes	Checking
					Dan T. Miller		FICA Payable	Checking
					Dan T. Miller		FICA Payable	Checking
					Helleboid, Olivier		FUTA Expense	Checking
					Dan T. Miller		FUTA Payable	Checking

FIGURE 23-1 An Audit Trail report shows changes made to transactions.

- 2 Toggle the Show Deleted Transactions check box to either show or not show deleted transactions.
- 3 Click OK. The report changes accordingly.

\$ TIP: You can customize the Audit Trail report like any other report. Consult Chapter 21 for details.

Backing Up Your Company File


Backups are important. In the event of a data loss, you can restore your data from a backup copy. You might lose data if you delete data by mistake, if your hard disk fails, or if your computer is stolen or damaged.

Recommended Backup Routine

Intuit recommends that you back up your data at the end of each session. If your hard disk has more than one drive, back up onto a different drive from the one where you keep your working data. If you have one hard disk drive, back up onto a CD, a network disk, or removable media, such as a removable USB data stick.

Back up your data on CDs or other media as follows:

- Each day, back up onto a CD to keep in the office. Intuit suggests that you make a set of backup CDs and label the CDs “QuickBooks Backup Monday,” “QuickBooks Backup Tuesday,” and so on. Each day, back up your data onto the CD for that day. If you have a problem with any of your backup CDs, you can still use the data on the previous day’s backup CD.
- At least once a month, make a backup to keep off your premises. This helps protect the data in the event of a fire, flood, or theft.
- At the end of the fiscal year, make an archive copy of your data to keep off your premises. Again, offsite storage helps protect this archival data if something unfortunate happens at your workplace.

 **TIP:** You can set QuickBooks to automatically back up your company file whenever you close the file. Consult Chapter 22 to learn how.

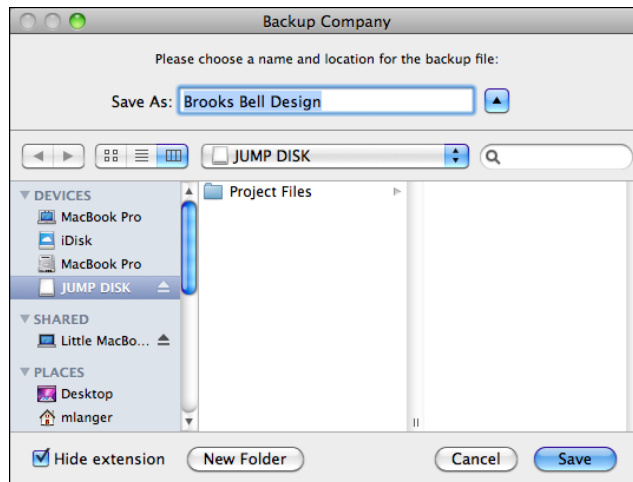
Creating the Backup Files

You can use commands on the File menu’s Back Up submenu to create a backup of your current company file.


To Back Up Your Company File to Disk

Backing up your company file to disk makes it possible to create a backup file on your hard disk, a network disk, or some kind of removable media that can be stored in a safe place offsite.

- 1 Choose File | Back Up | To A Disk.
- 2 Use the Backup Company dialog that appears (shown next) to enter a name and select a location for the backup file.



- 3 Click Save. QuickBooks closes the company file and backs it up to the location you specified.
- 4 Click OK in the dialog that appears to dismiss it. QuickBooks reopens the company file.

 **NOTE:** The Back Up To A Disk command does not simply make a copy of your company file; it also compresses the data into a compact backup file.


To Back Up a QuickBooks Company File to MobileMe

If you have an Apple MobileMe account, you can back up your QuickBooks company file to MobileMe. To do this, you must have an active MobileMe account with available space on your iDisk and an Internet connection.

- 1 Choose File | Back Up | To MobileMe.
- 2 If you're prompted to allow QuickBooks access to your keychain, click Allow or Always Allow.
- 3 A dialog like the one shown next appears. Enter a password twice and click Back Up.



- 4 Wait while QuickBooks backs up the file. You'll see a status dialog as it works. When the dialog disappears, the backup is complete.

 **NOTE:** QuickBooks backs up a password-encrypted disk image file that contains your QuickBooks company file backup. You can find it on your iDisk at the ~Documents/QuickBooks/Backup Files folder.

Restoring Company Data

You may need to restore company data from your backup files if one of the following situations has occurred:

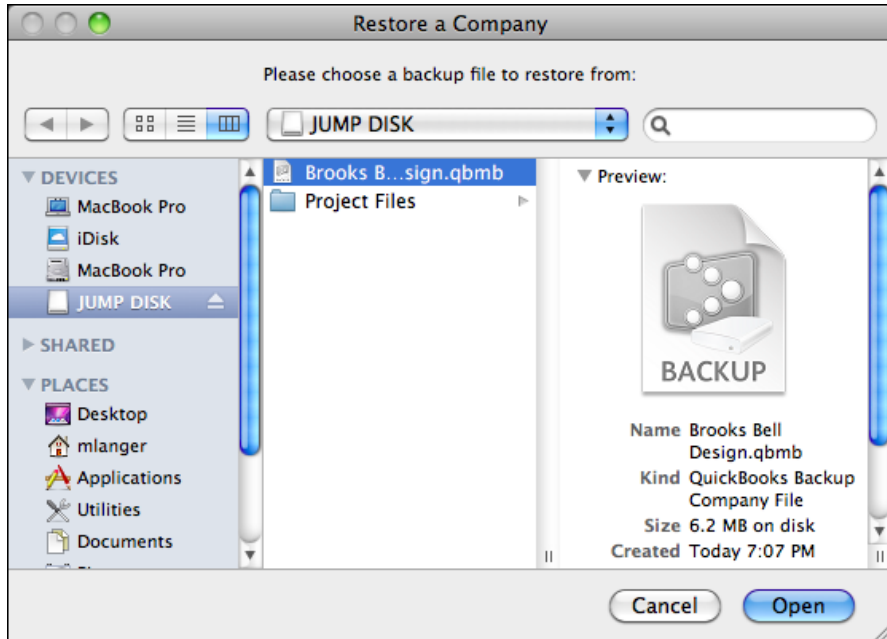
- Your company file is damaged.
- Your hard disk is unreadable.
- You need to put the data on another computer.
- You want your data to revert to the state it was in at an earlier date.

Because the Back Up command creates a compressed file, it must be restored onto your hard disk using the QuickBooks restore feature.

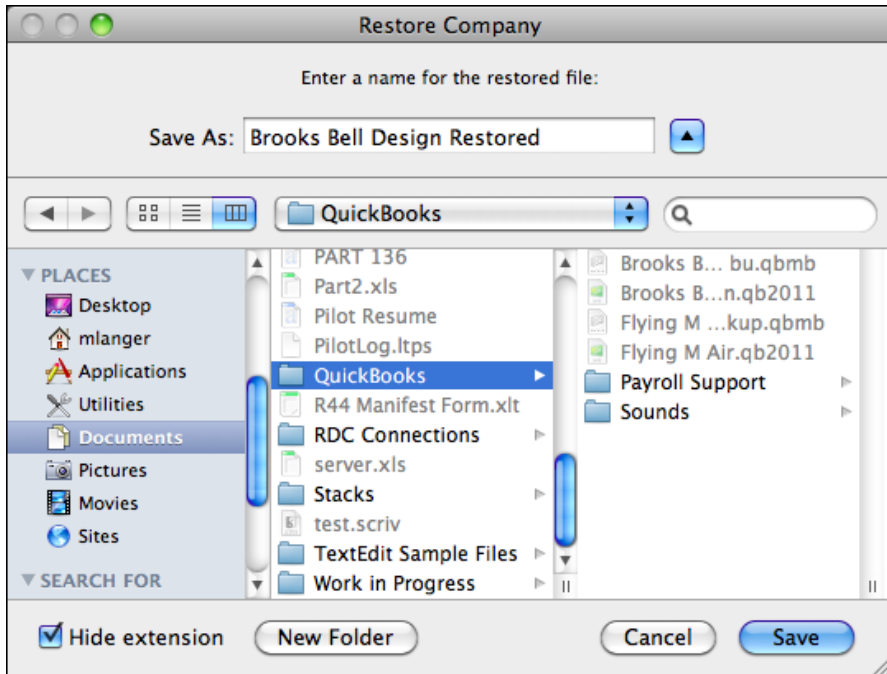
NOTE: If your hard disk has malfunctioned, you first need to reinstall the QuickBooks application on the repaired or new hard disk. See “Transferring Lists Between Company Files” later in this chapter. Then follow these steps to restore your backup data.

To Restore Company Data from Disk

- 1 In QuickBooks, choose File | Restore | From A Disk.
- 2 Use the dialog that appears (shown next) to locate and select the backup file you want to restore from. Then click Open.



- 3 The Restore Company dialog, which is shown next, appears. Enter a name for the restored file and select a disk location. (Normally, QuickBooks files are stored in the QuickBooks folder in the Documents folder in your Home folder.)

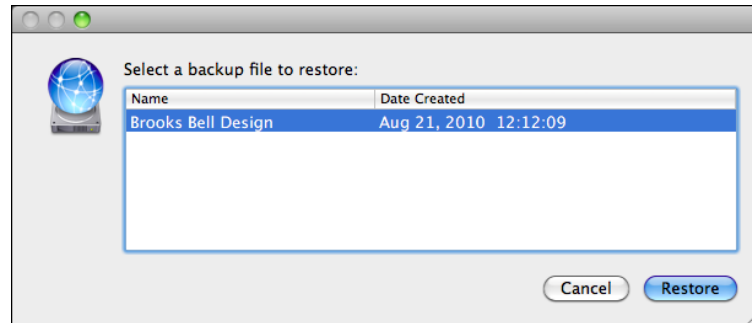


- 4 Click Save.
- 5 If the company file is password-protected, you'll need to enter an administrator password to continue. Consult Chapter 22 for more information about working with user accounts and passwords.
- 6 When the restore process is complete, a dialog appears. You have two options:
 - Show File In Finder opens the Finder window where the file is stored on disk.
 - OK dismisses the dialog and opens the restored company file.

To Restore Company Data from Your iDisk

- 1 In QuickBooks, choose File | Restore | From MobileMe.
- 2 If you're prompted to allow QuickBooks access to your keychain, click Allow or Always Allow.

- 3 A dialog like the one shown next appears. Select the backup file you want to restore and click Restore.



- 4 In the dialog that appears, enter a name and select a disk location to save the restored file. (Normally, QuickBooks files are stored in the QuickBooks folder in the Documents folder in your Home folder.) Then click Restore.
- 5 Wait while the file is restored. It opens automatically.

Sharing Information Between Files

You can use commands under the File menu to export and import data in a number of formats for a variety of purposes. This part of the chapter looks at some common tasks.

Transferring Lists Between Company Files

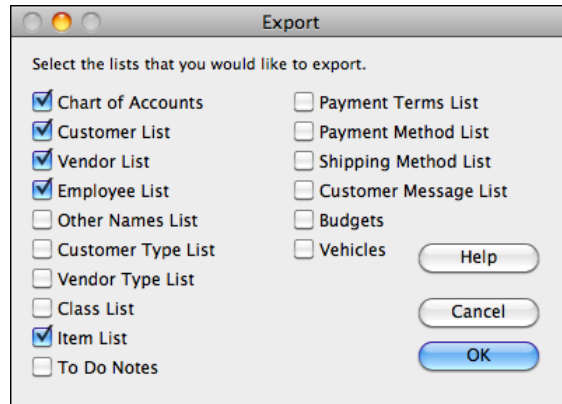
Use Import and Export to copy lists from one QuickBooks company file to another. You can also use Import and Export to move lists between QuickBooks for Windows and QuickBooks for Macintosh.

QuickBooks can export and import data in a format called *IIF* (Intuit Interchange Format). Creating an IIF file from scratch or changing data from another accounting program into an IIF file is technically complex and is not recommended for those who do not have programming experience.

To Export Lists

- 1 Choose File | Export | Lists To IIF File.

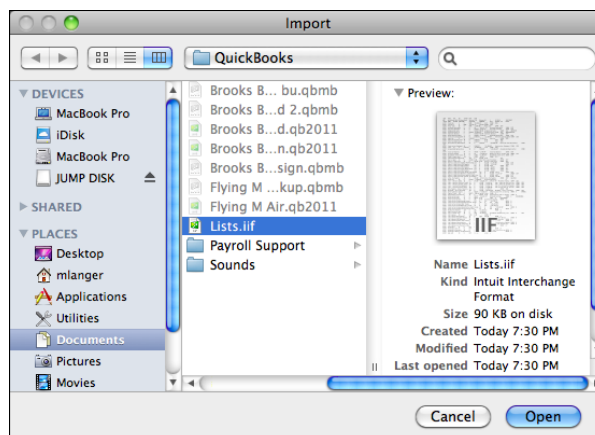
- 2 In the Export dialog that appears (shown next), turn on the check box beside each list you want to export.



- 3 Click OK.
- 4 A standard Save dialog named Export appears. Enter a filename and choose a location for the export file.
- 5 Click OK.
- 6 When the export has completed, a dialog appears. Click OK to dismiss it.

To Import All of an Existing IIF File into the Current File

- 1 Choose File | Import | From IIF Files.
- 2 A dialog appears, telling you that QuickBooks must back up the company file. Click OK, then choose a destination for the backup file and click Save.
- 3 In the Import dialog that appears (shown next), locate and select the IIF file you want to open.



- 4 Click Open.
- 5 When the import has completed, a dialog appears. Click OK to dismiss it.

Exporting Names for Mail Merge

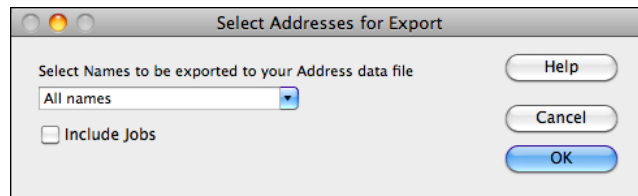
You can export a list of names (customers/jobs, employees, vendors, and other names) to a .TXT file that is compatible with many word processing and spreadsheet programs. Titles, names of contacts and alternate contacts, and both shipping and billing addresses are exported for the list(s) you select. Additional information on how to perform a mail merge can be found in your word processing or spreadsheet program's documentation.

Here are two examples of using mail merge:

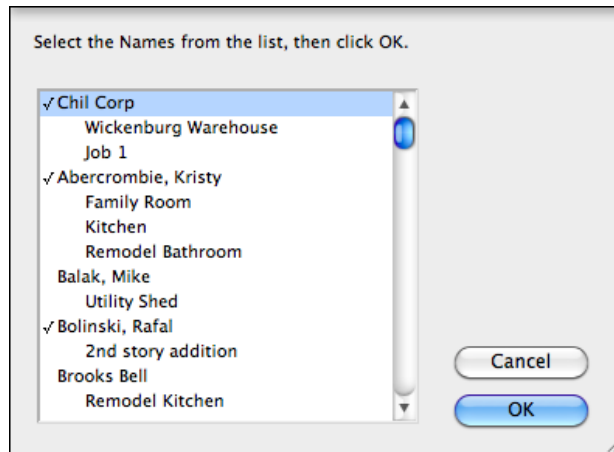
- If you have shipping labels with your company's address preprinted on them, export your customers' names and then print your customer names and addresses on the preprinted labels.
- If your company is moving and you want to send a letter to your customers and vendors about your new address, create a form letter in your word processing program and then mail merge the names from QuickBooks.

To Specify Names for Mail Merge

- 1 Choose File | Export | Addresses To Text File. The Select Addresses For Export dialog, which is shown next, appears.



- 2 Use the drop-down list to choose which names you want to use in your mail merge. If you choose Selected Names, you can use a dialog like the one shown next to select just the names you want to export; click OK in that dialog when you're finished.



- 3 To export all jobs associated with any customers you selected, turn on the Include Jobs check box. This might be useful if there are different names and addresses associated with each of a customer's jobs.
- 4 Click OK.
- 5 In the Save Mail Merge Data File dialog that appears, enter a filename and specify a location to save the .TXT file.
- 6 Click Save.
- 7 If some of the names you selected do not contain mail merge information, a dialog appears to warn you. Click OK.
- 8 QuickBooks saves the information in a .TXT file. When it's finished, it displays a dialog to tell you. Click OK to dismiss it.

Condensing Data

If your company file has grown too large, you can reduce its size by having QuickBooks condense the transactions for a period of time that you designate. QuickBooks accomplishes this in two ways:

- QuickBooks deletes transactions you no longer need to keep your records current.
- QuickBooks adds new transactions that provide monthly summaries of the transactions it deleted.

\$ NOTE: QuickBooks does not condense any transactions that include inventory items.

Condense Time

The amount of time QuickBooks requires to condense your data depends on your computer's speed, the amount of your computer's memory, the size of your company file, and other factors. The process could take anywhere from a few minutes to a few hours. During the process, QuickBooks scans your data three times. Because of this, the completion level may remain the same for a long time, but if your hard disk shows activity, the process is continuing.

What Happens When You Condense Data

When you condense data, you specify an ending date for the period of time you want to condense. This has no effect on transactions dated after the ending date. For example, if your ending date is 12/31/10, all transactions dated 1/1/11 and later remain intact in your company file.

Of the transactions dated on or before the ending date, QuickBooks deletes and summarizes only those that have no effect on transactions dated after the ending date.

Examples of Deleted Data

- If an invoice has been paid in full, QuickBooks deletes the details and includes the amount in a summary transaction showing income accounts. Neither the customer name nor the items sold are retained. However, if an invoice is unpaid, partially paid, or marked as pending, QuickBooks leaves the invoice in your file so you can apply payments to the invoice.
- If you have the audit trail enabled, QuickBooks removes transactions even if they have been changed, if they're dated before the ending date.
- If you have paid a bill for a reimbursable expense, QuickBooks deletes the bill regardless of whether you have invoiced the customer for the expense.
- QuickBooks deletes only those estimates that are dated on or before the ending date and that have a job status of Closed. If an estimate has any other job status (Pending, Awarded, In Progress, or Not Awarded), QuickBooks retains the estimate regardless of its date.
- QuickBooks deletes time data if it is marked as billed or not billable or if its job status is Closed.

Retained Transactions

Table 23-2 gives examples of when QuickBooks retains transactions dated on or before your specified ending date.

Summary Transactions

The summary transactions that QuickBooks creates appear in the registers of your balance sheet accounts (Bank, Accounts Receivable, Accounts Payable, and so on). When you open a register, you can spot the summary transactions by looking for GENJRNL in the Type field.

Situation for Which QuickBooks Retains Transaction with Earlier Date	Example of Retained Transaction
A transaction has an open balance.	Unpaid, partially paid, or pending invoices; undeposited customer payments; unpaid bills; unused credit memos.
A transaction is linked to another transaction that has an open balance.	An undeposited customer payment that you applied to an invoice. Even though the invoice is paid, QuickBooks retains the invoice because it has a link to an open transaction (the undeposited payment).
A checking or credit card transaction is not marked as cleared.	An unreconciled transaction in a checking or credit card account.
A transaction is marked as "To be printed."	Any invoice, credit memo, sales receipt, or check that has a check mark in its To Be Printed check box.

TABLE 23-2 Transactions Retained by QuickBooks when Condensing a Company File



NOTE: You cannot edit or delete a summary transaction.

Each balance sheet account has one GENJRNL summary transaction for each month in which QuickBooks deleted transactions. The transaction amount is the total of the transactions that QuickBooks deleted for the month.

For a given month, the register may also show other transactions that QuickBooks did not delete. These are transactions that could be affected by transactions you have yet to enter. For a list of reasons why QuickBooks retains some transactions, see Table 23-2.

How Condensing Data Affects Your Reports

Condensing data affects different reports in different ways, as summarized here.

Account Balances After you condense your data, you can still create reports that summarize financial activity for the period of time you condensed. For example, if you condense last fiscal year's data, you can still create Profit and Loss reports that compare last year's results to this year's. This is because QuickBooks adds summary transactions to your company file to preserve monthly account balances.

Transaction Detail After you condense your data, you won't be able to create reports that show daily detail for the period of time you condensed. This is because QuickBooks has deleted the individual transactions that would have provided the detail. In addition, you won't be able to create reports that show balances for individual customers or vendors over that period of time. As a result, the totals for sales revenue on sales tax liability reports will be incorrect. As a precaution, QuickBooks creates a backup file in case you need access to the deleted transactions later.

Cash Basis Reports After you condense your data, you won't get an accurate cash basis report for data that includes a condensed time period. This is because QuickBooks has deleted the individual transactions that would have provided the information about whether transactions were paid. As a result, the totals will be incorrect.

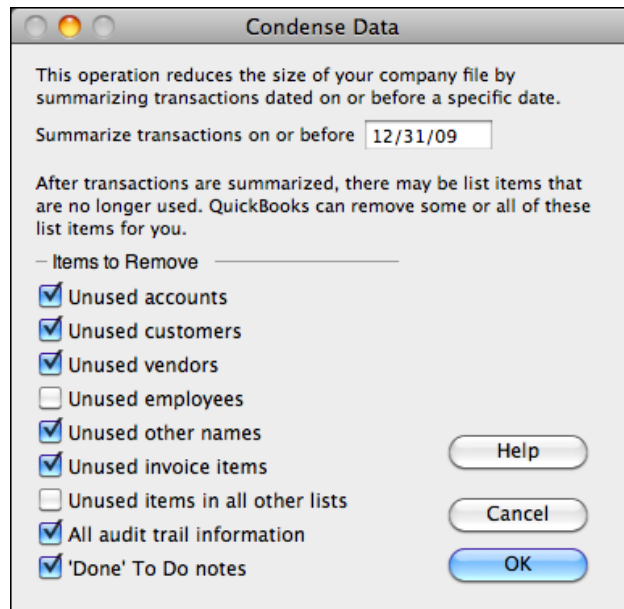
The Condensing Process

You condense data using the Condense Data command.

To Condense Your Data

Before running Condense Data, run several reports, such as Profit and Loss, Balance Sheet, and transaction reports, so that you can compare figures before and after you condense your data.

- 1 Close any open QuickBooks windows.
- 2 Choose File | Utilities | Condense Data to display the Condense Data dialog.
- 3 In the Condense Data dialog that appears (shown next), enter the date through which QuickBooks should summarize transactions.



- 4 Turn on the check box beside each item you want to remove while condensing the data. After QuickBooks condenses the transactions, you may have list items that are no longer in use. QuickBooks removes inactive items from each list that has a check mark in its box.

- 5 If desired, turn on the All Audit Trail Information check box to remove all information on changed or deleted transactions for all dates.
- 6 If desired, turn on the 'Done' To Do Notes check box to remove all notes that you marked as completed.
- 7 Click OK.
- 8 A message appears stating that QuickBooks will make a backup file before it condenses the transactions. The backup file ensures that you will still have a record of the details of any transactions that QuickBooks deletes from your company file. Click OK, then use the Backup Company dialog that appears to enter a name and select a disk location for the backup file and click Save.
- 9 QuickBooks creates the backup file and condenses the data. If your company file is large, the process may take several minutes. When the process has ended, a dialog tells you. Click OK to dismiss it.

Periodic Tasks

Certain tasks fall neatly into weekly, monthly, quarterly, and yearly timeframes. Here's Intuit's suggested schedule of periodic tasks.

Weekly Tasks

- Make a backup copy of each of your QuickBooks companies.
- Use QuickBooks Payroll for Mac to write your weekly paychecks.
- Pay bills due the following week.
- Print unprinted sales forms and checks.
- Create a cash flow forecast report to review your anticipated cash flow for the next few weeks.

Monthly Tasks

- Make a monthly backup copy of each of your QuickBooks companies to keep somewhere away from your company premises. This procedure safeguards you from losing valuable data in case of fire, flood, theft, or other disasters.
- Pay sales tax due monthly.
- Use QuickBooks Payroll for Mac to pay payroll taxes due monthly (or however frequently you are required to pay them).
- Reconcile your checking and credit card accounts when you receive your statements.
- Print monthly reminder or billing statements to send to your customers.
- Print a collections report so that you can contact customers with past-due balances.

Quarterly Tasks

- Make a backup copy of each of your QuickBooks companies.
- Pay sales tax due quarterly.
- Use QuickBooks Payroll for Mac to file Form 941, Employer's Quarterly Tax Return, and state withholding tax forms.
- Create a profit and loss statement and a balance sheet, to review how your business is doing.

Year-End Tasks

Year-end tasks include making any year-end entries, archiving last year's data, and gathering information for your tax forms. The great news for year-end is that QuickBooks does not require you to close your books!

There are two major advantages to not closing your books:

Detail You always have easy access to last year's data, including all the detail of every transaction.

Reporting You can create comparison reports to compare this year with last year.

You can protect the prior year's transactions from accidental change with a password, as discussed in Chapter 22.

What QuickBooks Does at Year-End

QuickBooks makes automatic adjustments to your income and expense accounts at year-end, so that you start the fiscal year with zero net income. In your old bookkeeping system, you may have had to make such adjustments yourself.

Suppose, for example, that your net profit for the year was \$12,000. A year-end balance sheet would show a line for net income of \$12,000 in the equity section of the balance sheet.

At the beginning of the new fiscal year, QuickBooks increases your Retained Earnings or Owners Equity account by the previous year's net income (\$12,000 in this example) and makes your net income zero.

To Make Year-End Accounting Entries

- 1 Reconcile your checking accounts against your bank statements through the final month of the accounting year (for example, December 2010). Reconciling ensures that you have recorded every check, deposit, and other charge and that your records agree with the bank's.

- 2 Talk to your accountant about your year-end procedures:
 - Ask what kind of reports your accountant would like to see.
 - Ask for a list of adjusting entries for the year just ended. Your accountant may give you a list of adjusting entries to correct, change, or add transactions that you have entered throughout the year. For example, you may need to record depreciation of fixed assets at year-end.
- 3 Make the adjusting entries in your company file.
 - For a mistake that needs to be corrected, simply edit the transaction.
 - For depreciation of fixed assets, consult Chapter 19.
 - For distribution of profits in a partnership, consult Chapter 19.

Safeguarding Last Year's Data

- Protect earlier transactions from being changed with a password. (Learn how in Chapter 22.) You'll be able to view the earlier transactions as you normally do, but QuickBooks will ask for the password if you try to change them.
- Make two backups of your company file at year-end, labeled with the year. Keep one on your premises; keep the other away from your premises for added security.

Yearly Tax Forms

Here's how to use QuickBooks to gather information for yearly tax forms:

- For Form 1099-MISC, consult Chapter 22.
- For Forms W-2, W-3, and 940, see the QuickBooks Payroll for Mac web site for information.
- For your personal income taxes or for corporate income taxes, the QuickBooks profit and loss statement will help your accountant get an overview of your business transactions for your fiscal year. This report summarizes your income and expenses by account.
- If your accountant wishes to see details of transactions in specific areas, create a Transaction Detail By Account report or a Transaction Detail By Date report (which you can subtotal by time period or as you wish). These reports are on the Reports | Accountant & Taxes submenu.

Appendixes

What would a book be without appendixes? Shorter, of course. In this final part of the book, you'll find four appendixes of interest to some QuickBooks users:

Appendix A: Accounting Basics

Appendix B: Using Multiuser Features

Appendix C: Sharing QuickBooks Data Between Mac and Windows

Appendix D: For Quicken Users

Accounting Basics

In this appendix:

- Balance sheets
- Chart of accounts
- Payment terms
- Customer and vendor aging
- Cash basis vs. accrual basis for taxes

Appendix A

Intuit, makers of QuickBooks 2011 for Mac and this book, assume that you have some basic knowledge of accounting when you start using QuickBooks. That might not be the case. That's why this book includes this appendix. The information you find here should help fill in the gaps of your basic accounting knowledge and explain some of the bookkeeping terms used in QuickBooks and this book.



NOTE: If you are brand-new to bookkeeping or accounting, you'll find this appendix a good place to start to learn more. You should, however, speak to your accountant or get additional training if there are any bookkeeping concepts presented here that you don't understand. This will prevent errors that may be difficult to correct in the future.

Balance Sheets

A *balance sheet* represents a financial snapshot of your company on one date. It shows the following:

- What you have
- What people owe you
- What your company owes to other people
- The net worth of your company

Figure A-1 shows an example of a balance sheet. (For more information about the QuickBooks balance sheet, see Chapter 19.)

Rock Castle Construction	
Balance Sheet Summary	
As of December 15, 2011	
Dec 15, '11	
ASSETS	
Current Assets	
Checking/Savings	65,379
Accounts Receivable	93,008
Other Current Assets	<u>41,146</u>
Total Current Assets	199,534
Fixed Assets	
Other Assets	433,218
	<u>1,720</u>
TOTAL ASSETS	<u>634,472</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	26,637
Credit Cards	477
Other Current Liabilities	<u>6,362</u>
Total Current Liabilities	33,476
Long Term Liabilities	
	<u>386,967</u>
Total Liabilities	420,443
Equity	
	<u>214,029</u>
TOTAL LIABILITIES & EQUITY	<u>634,472</u>

FIGURE A-1 A Balance Sheet Summary shows account balances as of a specific date.

Business	In Bank	Outstanding Invoices	Total Assets
Company A	\$5,000	\$0	\$5,000
Company B	\$5,000	\$15,000	\$20,000

TABLE A-1 How Outstanding Invoices Affect Asset Totals

Assets

Assets include both what you have and what other people owe you.

Suppose Company A has \$5,000 in the bank. Company B has \$5,000 in the bank, too, but it also has done work and invoiced customers for \$15,000. Company B expects to receive the \$15,000 in the next 30 days. Thus, Company B has total assets of \$20,000 (in comparison with only \$5,000 for Company A). You can see this summarized in Table A-1.

The money that people owe you is called your *accounts receivable*, or *A/R* for short. Even though the word “accounts” is plural, QuickBooks uses a single account to track all the money that people owe you.

The rest of your company’s assets may include checking accounts; savings accounts; petty cash; equipment, trucks, and other fixed assets; inventory; and even money you’ve already received from your customers but have not yet deposited in the bank.

Liabilities

Liabilities are what your company owes to other people.

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

The money you owe for unpaid bills is your *accounts payable*, or *A/P* for short. Again, even though the word “accounts” is plural, QuickBooks uses a single account to track all the money you owe people for bills.

Equity

Equity is the net worth of your company. Equity equals the company’s total assets minus the total liabilities:

$$\text{equity} = \text{assets} - \text{liabilities}$$

A company builds equity from three sources:

- Investment of capital in the business by the owners
- Net profit from operating the business during the current accounting period
- Retained earnings, or net profits from earlier periods that have not been distributed to the owners

All the equity belongs to the owners. In a sense, it is the money that the company owes the owners, so it is a liability from the company's point of view. A balance sheet like the one in Figure A-1 adds equity and liabilities to show that they equal the total assets:

$$\text{assets} = \text{liabilities} + \text{equity}$$

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*.

QuickBooks provides a choice of preset charts of accounts for different businesses while you are setting up. You can then customize the chart of accounts for your business by adding, deleting, and rearranging accounts.

There are three basic kinds of accounts on a chart of accounts: balance sheet, income, and expense. The chart of accounts shows balances only for balance sheet accounts. To see totals for income and expenses for a specified time period, create a profit and loss statement for that period.

Balance Sheet Accounts

Balance sheet accounts appear on a balance sheet (refer to Figure A-1). They include the following:

- Asset accounts (for example, bank accounts, accounts receivable, and fixed asset accounts)
- Liability accounts (for example, accounts payable, credit card accounts, and loan accounts)
- Equity accounts (for example, investment of capital and retained earnings)

As you track daily transactions in your books, QuickBooks changes the balances of your balance sheet accounts. For example, if you write an invoice, QuickBooks increases your accounts receivable. If you pay a bill, QuickBooks decreases both your checking account and your accounts payable. In almost all situations, a transaction affects at least one balance sheet account.

Income Accounts

Income accounts are accounts that track the source of your company's income. You can think of income as money that comes into the company.

There is no single "right" way to organize accounts for any given business.

Account Type	Use For
Income	Income from ordinary business activities (fees, sales)
Other Income	Income not directly related to business activities (such as interest)

TABLE A-2 Types of Income Accounts in QuickBooks

Income accounts appear on a profit and loss statement, also called an *income statement*. This statement, which is illustrated in Figure A-2, shows your income, expenses, and net profit or loss (equal to income minus expenses). When deciding what income accounts to use, think about how much detail you'd like to see on a profit and loss statement for your business. Also think about what you need to list on the tax returns you file.

As shown in Table A-2, QuickBooks has two types of income accounts.

Rock Castle Construction	
Profit and Loss Standard	
November 2011	
	<u>Nov '11</u>
Ordinary Income/Expense	
Income	
40100 — Construction Income	67,551
40500 — Reimbursement Income	<u>225</u>
Total Income	67,776
Cost of Goods Sold	
50100 — Cost of Goods Sold	2,127
54000 — Job Expenses	<u>36,987</u>
Total COGS	<u>39,115</u>
Gross Profit	28,661
Expense	
60100 — Automobile	330
60600 — Bank Service Charges	13
62100 — Insurance	2,087
62400 — Interest Expense	101
62700 — Payroll Expenses	9,103
64800 — Tools and Machinery	350
65100 — Utilities	<u>213</u>
Total Expense	<u>12,197</u>
Net Ordinary Income	16,464
Other Income/Expense	
Other Income	
70100 — Other Income	<u>44</u>
Total Other Income	<u>44</u>
Net Other Income	<u>44</u>
Net Income	<u>16,508</u>

FIGURE A-2 A profit and loss statement summarizes income and expenses.

Account Type	Consultant	Landscape Maintenance
Income	Consulting	Consulting Installation & planting Maintenance Materials sold
Other income	Interest income	

TABLE A-3 Examples of Income for Two Types of Businesses

The essential difference between the two types is the order in which QuickBooks arranges them on a profit and loss statement. If you customize your chart of accounts, you can specify which type you want for each income account in the Type field of the New Account or Edit Account window.

QuickBooks places all income type accounts at the top of the profit and loss statement. QuickBooks places all “other income” type accounts at the bottom, after ordinary income and expenses. You can see this in Figure A-2.

Table A-3 provides some examples of income accounts for two different businesses.

Use items to track sales income. If you write invoices in QuickBooks, assign every item for services and products to an income account. Do this when you set up the item. Then when you enter these items as you write invoices, QuickBooks automatically assigns the income to the correct income accounts. You can learn more about items in Chapter 6.

On a QuickBooks chart of accounts, the income accounts follow all the balance sheet accounts. (You may have to scroll down to see them.) QuickBooks doesn't display balances for them. To see the total income for each income account, you can create a profit and loss statement with a few clicks of the mouse. Other income type accounts are near the bottom of the chart of accounts, after the expense accounts.

Expense Accounts

Expense accounts are accounts that track what your company is spending. (You can think of expenses as money that leaves the company.)

You'll probably have many more expense accounts than income accounts. You may have separate accounts for expenses such as advertising, bank charges, dues, interest on loans, rent, and telephone.

If you enter bills into your accounts payable when you receive them, you tell QuickBooks which expense account the bill is for. On the other hand, if you enter the bill directly into your checking account, you indicate on the QuickBooks check form which expense account to use. If you need to, you can divide a bill or check among several accounts.

Similarly, if you charge company expenses to a credit card, you can indicate the expense accounts when you enter the transaction in QuickBooks.

Account Type	Use For
Expense	Expenses for ordinary business activities
Cost of Goods Sold	Cost of goods and materials sold
Other Expense	Expenses not directly related to business activities (such as corporate income tax)

TABLE A-4 Types of Expense Accounts in QuickBooks

As shown in Table A-4, QuickBooks has three types of expense accounts.

The essential difference among them is the order in which QuickBooks arranges them on a profit and loss statement:

QuickBooks puts cost of goods sold type accounts ahead of expense type accounts. It subtracts cost of goods sold from income to show the company's gross profit (before expenses). For details about tracking cost of goods sold, see Chapter 8.

QuickBooks places other expense type accounts after ordinary income and expenses.

Similarly, on a QuickBooks chart of accounts, the expense accounts follow all the balance sheet accounts, income accounts, and cost of goods sold type accounts. (You may have to scroll down to see them.) QuickBooks doesn't display balances for them. To see the totals for each expense account, create a profit and loss statement. Other expense type accounts are at the very end.

Payment Terms

QuickBooks has a list of commonly used payment terms that you can use on your invoices and bills. For example, one is "1% 10 Net 30." Another is "Net 15."

The word "Net" and the number following it indicate that you expect payment of the full amount within that number of days after the invoice date. Thus, "Net 15" means that you want full payment in 15 days.

A percentage followed by a number indicates that you will give a discount of that percentage if you receive payment within that number of days. Thus, "1% 10" means that the customer can deduct 1% of the total if paying the remainder within 10 days. And "1% 10 Net 30" means there is a 1% discount if paying within 10 days, but the full amount must be paid within 30 days.



TIP: If you're not sure what a term means, choose Lists | Customer & Vendor Profile | Terms. Select an item on the list, and choose Edit from the Actions pop-up menu to display the term's definition.

Customer and Vendor Aging

If you send invoices or billing statements, QuickBooks can help you track whether your customers have paid them. *Aging* refers to the tracking of due dates and amounts of outstanding invoices (and of your own unpaid bills).

When you enter the payment terms (for example, Net 30 days) on an invoice or billing statement, QuickBooks keeps track of when the invoice is due. You can create an A/R aging report to see which customers have overdue balances, for what amounts, and by how many days.

Similarly, when you enter bills in QuickBooks, you indicate the due date. Then you can create an A/P aging report to see whether you have overdue bills: for which vendors, for what amounts, and by how many days.

Cash Basis vs. Accrual Basis for Taxes

Tax forms may ask you to indicate which of two methods of bookkeeping you are using: cash basis or accrual basis.

Cash Basis

Many small businesses track income at the time 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 have not 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.

If you do bookkeeping manually, cash basis is simpler. However, when you use QuickBooks, it is equally easy to use either method, and accrual basis has some added benefits.

Accrual Basis

In bookkeeping on an accrual basis, 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.

Accountants usually recommend accrual basis because it gives you a better picture of how your business is doing by matching income to expenses.

The Choice Is Yours

QuickBooks makes bookkeeping simple by enabling you to enter transactions the same way no matter which method you use for taxes. You can create reports that follow either method, so you are not restricted to one method.

QuickBooks comes set up to create your reports on an accrual basis. That is, 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 are unpaid.

If you prefer to see reports on a cash basis, just change the preference in the Reporting Preferences window as discussed in Chapter 22. For cash-basis sales tax reports, use the Sales Tax Preferences window instead. You can also customize the settings for individual reports.

Using Multiuser Features

In this appendix:

- Overview of multiuser features
- Setting up for multiuser access
- Using the multiuser features of QuickBooks



QuickBooks 2011 is the first version of QuickBooks to allow multiple users to access the same QuickBooks company file at once. This makes it possible, for example, for accounting chores to be delegated among multiple people scattered throughout the workplace. As you might imagine, this is especially useful for large organizations with many transactions or organizations that use segregation of duties for better accounting controls.

The new multiuser features of QuickBooks work through the use of user accounts and the new QuickBooks Server application. This appendix tells you more about how these features work as well as how you can set them up and use them in your organization.

Understanding Multiuser Features

QuickBooks multiuser features combine special server software with multiple user accounts to give access to a single QuickBooks company file to multiple users on a network. This part of the chapter explains how each of these components work.

User Accounts



QuickBooks 2011 introduces a new user accounts feature. For the first time, a QuickBooks company file can be configured with multiple individual user accounts, each with predefined access controls.

For example, you can set up a user account for a person responsible for accounts payable tracking. Her account might give her access to the accounts payable features of QuickBooks, as well as checking and credit cards. Another user might be in charge of payroll processing, with access to payroll, time tracking, and sensitive accounting features. Still another might be in charge of keeping track of inventory and have access to inventory features only.

User accounts are set up with the Users and Passwords preferences within QuickBooks. Chapter 22 tells you more about setting up this new feature.



NOTE: You can use multiple user accounts with a QuickBooks company file without utilizing QuickBooks Server for network access. You might find this useful if you have a smaller organization and want to run QuickBooks on just one computer that each person responsible for accounting can access as needed.

QuickBooks Server



QuickBooks Server is a brand new component of Intuit's QuickBooks for Mac software. This application is what makes it possible for multiple users to access a single QuickBooks company file simultaneously.

Here’s how it works. You purchase a multiuser license for QuickBooks. Then you set up your company file with multiple user accounts using QuickBooks software. You install QuickBooks Server on the same computer where the company file resides. When you enable multiuser mode within QuickBooks, QuickBooks Server starts and gives access to users on the network with QuickBooks accounts for that company file.

Multiuser License Seats

Since QuickBooks Server simply makes a company file accessible to QuickBooks users, each user must have QuickBooks running on his or her computer to access the company file over the network. This requires a special multiuser license for QuickBooks so the software can be installed on multiple computers at the same time.

The number of users allowed by the license is referred to as the number of *seats*. So, for example, if five users will access QuickBooks, you need a five-seat license. If your company’s accounting department grows and a sixth person will need to access the QuickBooks company file, you’ll need to buy another seat for that user.

Simultaneous Connections

Although most features of QuickBooks are available to all connected users (depending on their account access), there are some features that can only be accessed by one user at a time and other features that can only be accessed in single-user mode. Table B-1 lists them.

Tasks Accessible to Only One User at a Time	Tasks Accessible Only in Single-User Mode
<ul style="list-style-type: none"> • Print Checks • Make Deposits • Assess Finance Charges • Reconcile Accounts • E-mail Forms • Work with Budgets • Import Payroll Data • Import IIF File • Import Web Connect File 	<ul style="list-style-type: none"> • Verify Company File • Rebuild Company File • Back Up Company File • Restore Company File • Import Quicken File • Review or Modify Preferences • Update QuickBooks Software • Print 1099s/1096s • Online Banking

TABLE B-1 Features That Are Accessible to One User at a Time and for Users in Single-User Mode

Other Things to Consider

There are a few other things you might want to keep in mind when using the multiuser features of QuickBooks.

- You can disable multiuser mode if you need to access the company file without anyone else connected. Disabling multiuser mode automatically disconnects any other user who is connected.
- You can use iChat to chat with other users accessing a company file. You might find this handy if you have a question for one of the other users while you're working.

Setting Up for Multiuser Access

Setting up multiuser access is basically a three-step process: install the software, set up user accounts, and enable multiuser mode. Here are the details.

Step 1: Install the Software

There are two software programs you need to install to use QuickBooks' multiuser features: QuickBooks and QuickBooks Server.

Installing QuickBooks for Each User

To use QuickBooks, each user must have QuickBooks installed and registered on his or her computer. All user computers must be on the same network within your organization.

The QuickBooks software you install and register on each computer must have a multiuser license for the number of seats you expect to need. Remember, each seat is a simultaneous user. You can buy user seats at any time. In QuickBooks, choose QuickBooks | Manage License | Buy Additional Licenses. Then follow the instructions that appear onscreen to add licenses to your QuickBooks account.

Once user seats have been added, QuickBooks should automatically synchronize your QuickBooks license to make sure you have access to all the seats you purchased. If you don't think this was done or you seem to be having trouble getting QuickBooks to recognize the number of seats you purchased, you can always force a synchronization by choosing QuickBooks | Manage License | Sync License.



NOTE: Your computer must be connected to the Internet to purchase additional seats and make sure they're synchronized to your license.

Remember, the number of seats registered to your QuickBooks license will determine the number of users who are able to connect to the QuickBooks Server simultaneously.

Installing QuickBooks Server

Installing QuickBooks Server is as easy as copying its application file from the QuickBooks 2011 CD (or the opened disk image file if you downloaded QuickBooks) to the computer on which you plan to run it. There are just a few things to keep in mind:

- QuickBooks Server requires a Mac OS computer with an Intel Core 2 Duo processor running Mac OS 10.6 or later. (An Intel Core Duo is not the same processor and does not support QuickBooks Server.)
- You must install QuickBooks Server on the same computer on which your QuickBooks company file resides.
- The QuickBooks Server computer must be on the same network as the users who will need access to it. QuickBooks cannot be accessed from outside that network.
- You do not need to run QuickBooks on the computer where QuickBooks Server is running.

Step 2: Set Up User Accounts

In order to take full advantage of the multiuser features of QuickBooks, you need to set up a separate user account for each person who will need to access the company file. Creating user accounts is covered in detail in Chapter 22.

It's important to distinguish between user accounts and user seats. An *account* is a combination of user name and password assigned to a specific person within the QuickBooks company file. A *seat* is not associated with a specific person; the number of seats is determined by your QuickBooks software license.

Step 3: Enable Multiuser Mode

The last step to setting up QuickBooks for multiuser features is to enable multiuser mode. In QuickBooks, on the computer on which QuickBooks Server has been installed, choose File | Enable Multi-user Mode. QuickBooks Server launches and displays the QuickBooks 2011 Server window (refer to Figure B-1). The name of the file you enabled for multiuser mode appears in the left column of the window under SHARED.

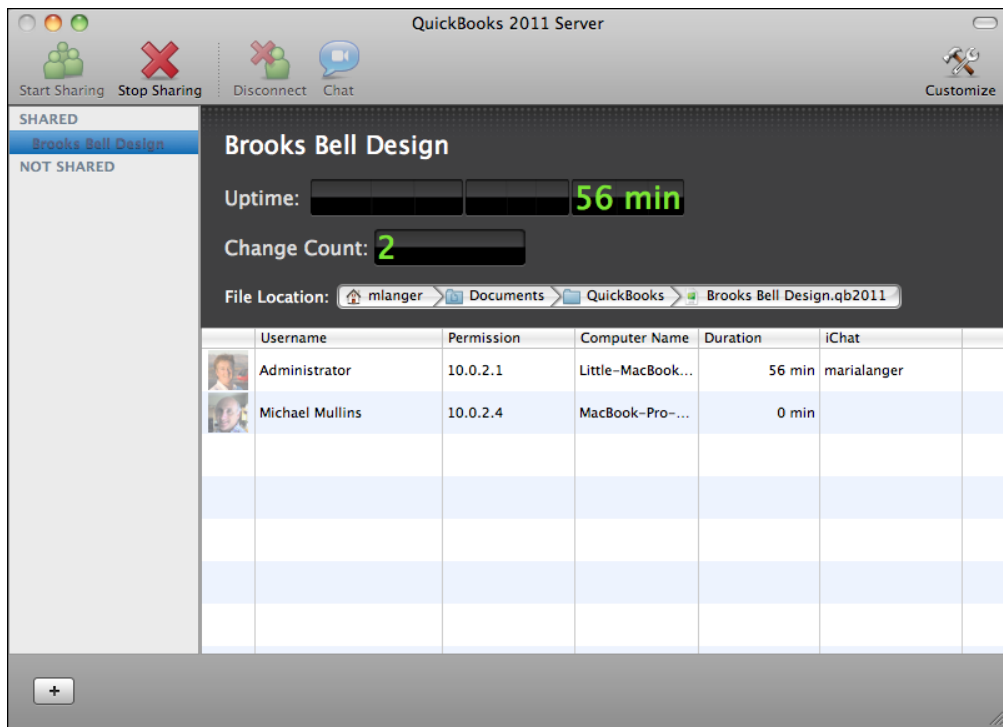


FIGURE B-1 The QuickBooks 2011 Server window looks like this with two users connected.

Once the server is running, you can quit QuickBooks on that computer. You don't, however, want to quit the QuickBooks Server, since that program is required for users to access the QuickBooks company file. In fact, if you quit the server application while users are connected, they'll lose their connection immediately—even if they're in the middle of recording a transaction.

Using the Multiuser Features of QuickBooks

Once QuickBooks multiuser features are enabled and the QuickBooks Server application is running, multiple simultaneous users can connect and work with the company file. Here's some information to help you get started using these features.

Running the Server

The most important thing to remember is that for QuickBooks to be accessible by multiple users, the QuickBooks Server application must be running. If you shut down your computers at day's end, you may want to set up the computer running QuickBooks Server to automatically open QuickBooks Server when the computer starts each day.

To Automatically Start QuickBooks Server on Computer Login

Follow these steps to take advantage of Mac OS X's login items feature to automatically start QuickBooks Server when you log in to the QuickBooks Server computer.

- 1 With QuickBooks Server running, right-click on its icon in the dock to Display a menu.
- 2 Choose Open At Login from the Options submenu:



NOTE: For this feature to work, you must log into (or enable automatic login for) the Mac OS X account on which QuickBooks Server is set up and configured.

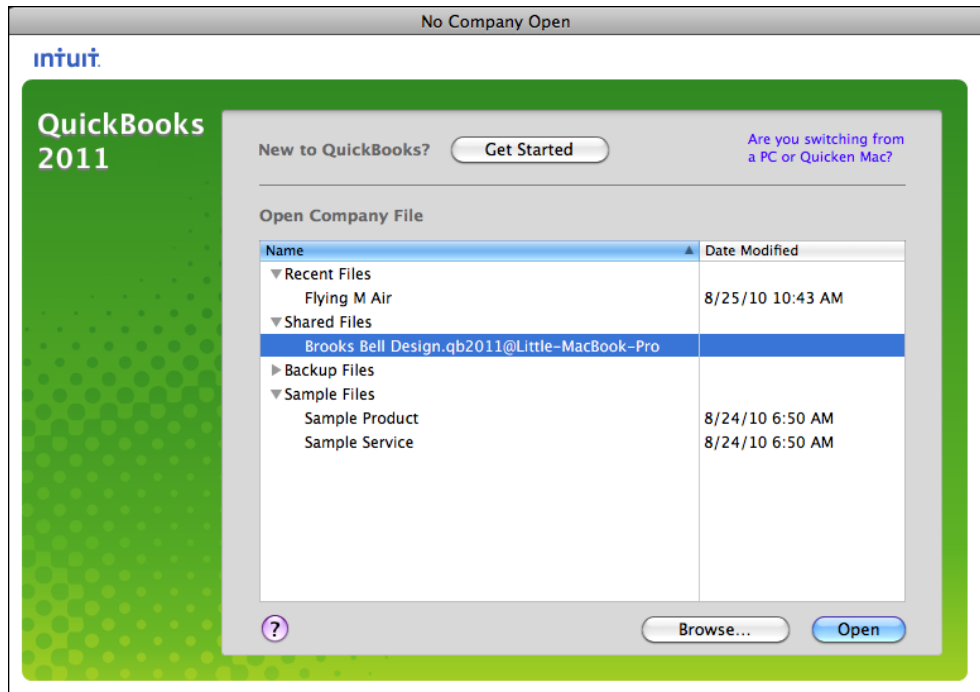
Connecting to the Company File

With QuickBooks Server running on the network, any user with a user name and password for the QuickBooks company file and a copy of QuickBooks registered for multiuser access can log into the file.

To Log Into the Company File

- 1 If necessary, open the QuickBooks application on your computer.
- 2 If another company file opens, choose File | Close Company or press SHIFT-COMMAND-W.

- 3 In the No Company Open window (shown next), select the name of the file you want to open under Shared Files and click Open.



- 4 In the User Login window that appears (shown next), double-click your User Name.



- 5 The dialog changes to display a Password box, as shown next. Enter your password and click Login.



- TIP:** When you are connected to a company file using the multiuser feature of QuickBooks, the toolbar indicates the company name, the word *multiuser*, and your user name.

To Log Out of a Company File

Choose File | Log Off *your user name* or press SHIFT-COMMAND-W. Your connection to the company file is closed and the No Company Open dialog appears.

Working with the Server Application Window

The QuickBooks Server application window (refer to Figure B-1) provides some information about who is connected to the company file. Two buttons in the window's toolbar enable you to work with a selected user:

- **Disconnect** immediately disconnects the user from the company file.
- **Chat** opens an iChat window and begins a chat with the selected user. To use this feature, the user must have an iChat user name specified in his user account setup. (You can learn more about setting up user accounts in Chapter 22.)

Returning to Single-User Mode

If you ever need to return the QuickBooks company file to single-user mode—for example, to perform a backup or maintenance function—you can. Here are two ways to do this:

- When logged into the QuickBooks company file as an administrator, choose QuickBooks | Enable Multi-user Mode. This removes the check mark from this command, thus disabling multiuser mode.

- In the QuickBooks Server window (refer to Figure B-1), click the Stop Sharing button.

Any connected users are immediately disconnected and the company file reopens in the administrator account.



TIP: You can also start sharing again by clicking the Start Sharing button in the QuickBooks Server window (refer to Figure B-1).

Sharing QuickBooks Data Between Mac and Windows

In this appendix:

- Round-tripping defined
- From Mac to Windows
- From Windows to Mac


Appendix C

QuickBooks supports round-tripping between QuickBooks for Mac and QuickBooks for Windows. This makes it possible for a single QuickBooks company file to be used by users on both computer platforms.

This appendix briefly explains how you can open a QuickBooks for Mac file on a Windows PC and how you can open a QuickBooks for Windows file on a Mac.

Round-Tripping Defined


Round-tripping refers to the process of converting a QuickBooks for Mac file to QuickBooks for Windows format and then converting it back to QuickBooks for Mac.

 **TIP:** You might find this useful if you use QuickBooks for Mac and your accountant uses QuickBooks for Windows. You can hand over your QuickBooks file, your accountant can open and modify it on his Windows PC, and you can open the modified file on your Mac.

Unfortunately, because QuickBooks for Mac and QuickBooks for Windows do not have the same feature sets, some data may be lost when the QuickBooks for Windows file is converted back to QuickBooks for Mac. For this reason, it's not a good idea for users on both platforms to share the same company file on an ongoing basis.

From Mac to Windows

To save a QuickBooks for Mac file for use with QuickBooks for Windows, use the Back Up To QuickBooks For Windows command. Here's how.

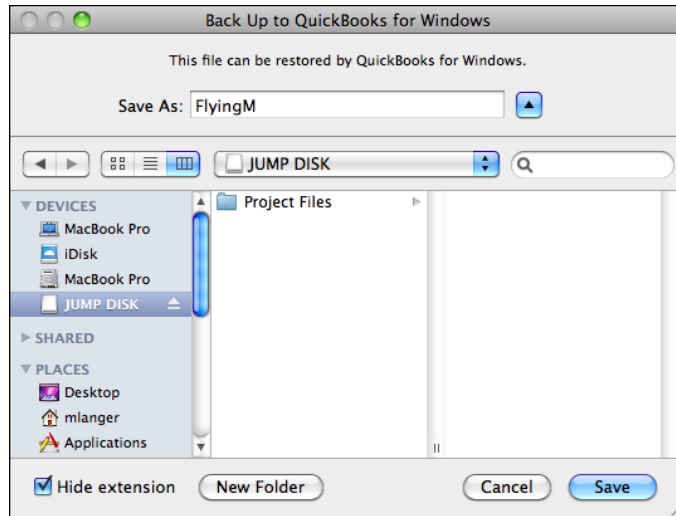
 **NOTE:** Intuit QuickBooks 2011 for Mac .qbb files can be restored in Intuit QuickBooks Accounting Pro, Premier, and Premier Accountant Edition 2011 for Windows (U.S. versions, round-trip: between Mac and Windows).

Exporting the File From Your Mac

Start on your Mac with the company file open in QuickBooks.

- 1 Choose File | Back Up To QuickBooks For Windows.

- 2 In the Back Up To QuickBooks For Windows dialog that appears (shown next), enter a filename and select a location for the file. Then click Save.

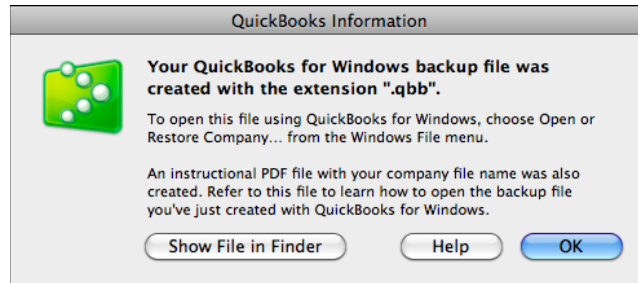


- 3 A dialog like the one shown next appears. Use it to enter the same password twice and click OK. The QuickBooks for Windows user who opens this file will need to provide this password to open it.



- 4 The backup file is created in Windows format. This may take several minutes if your company file contains a lot of data.
- 5 After the backup file is created, a dialog like the one shown next offers several options. Click Show File In Finder to locate the .qbb file on your computer.

You'll see that QuickBooks also creates an instructional PDF file in the same location with the same name as your company file.

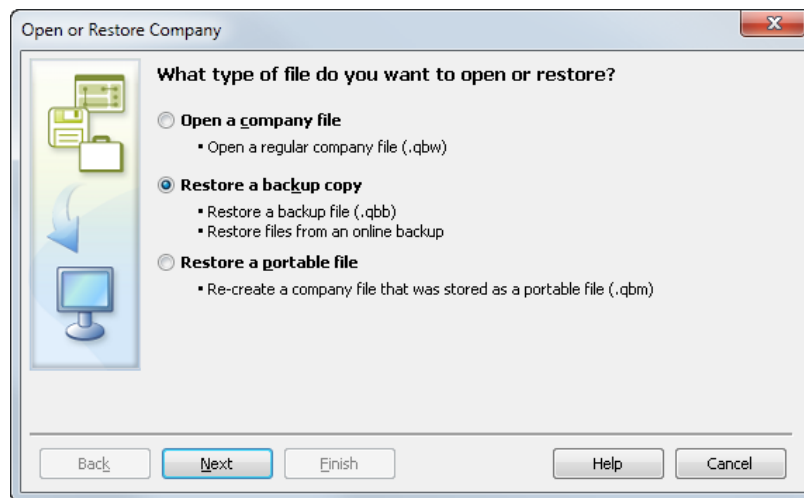


- 6 Send both the .qbb file and the instructional PDF file to the Windows user via network, CD-ROM, USB drive, or flash drive.

Opening the File in Windows

Once the file has been copied to the Windows computer, follow these steps.

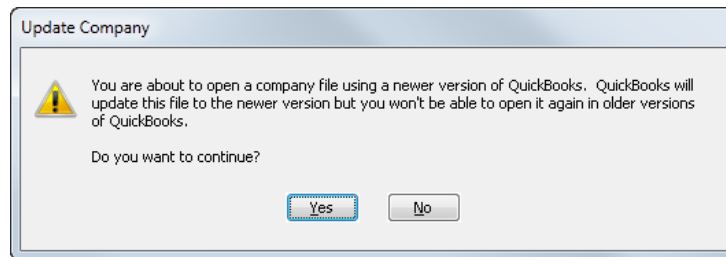
- 1 In QuickBooks 2011 for Windows, choose File | Open Or Restore Company.
- 2 In the Open Or Restore Company dialog (shown next), select the Restore A Backup Copy option and click Next.



- 3 When asked to update the file (shown next), turn on the check box and click Update Now.



- 4 Another dialog appears (shown next), asking you to confirm that you will be opening the file in a newer version of QuickBooks. Click Yes.



- 5 A dialog like the one shown next asks you to log into the QuickBooks file. Enter the password for the converted file and click OK.



The company file opens in QuickBooks for Windows. You can now work with it like any other QuickBooks for Windows company file.

From Windows to Mac

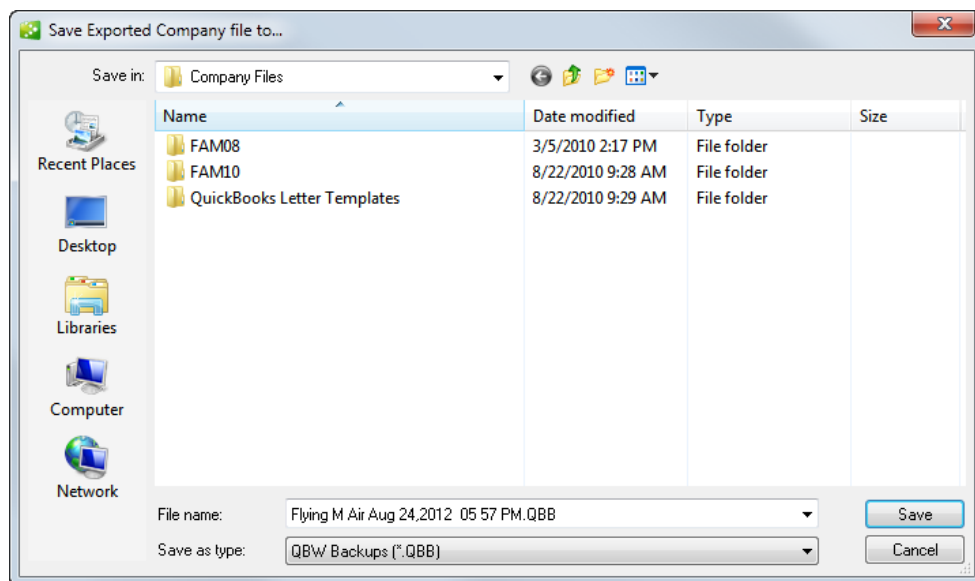
If you're using QuickBooks for Windows, you can convert the file into a format that the Mac version of QuickBooks can read.

NOTE: Intuit QuickBooks 2011 for Mac can convert files from Intuit QuickBooks Accounting Simple Start, Pro, Premier, and Premier Accountant Edition 2011 for Windows (U.S. versions, one way: Windows to Mac).

Exporting the File From Windows

To prepare a QuickBooks for Windows file for use with QuickBooks for Mac, use the Copy Company File For QuickBooks Mac command.

- 1 Open the data file in QuickBooks 2011 for Windows.
- 2 Choose File | Utilities | Copy Company File For QuickBooks Mac and use the Save Exported Company File To dialog (shown next) to save the file as a .qbb backup file.



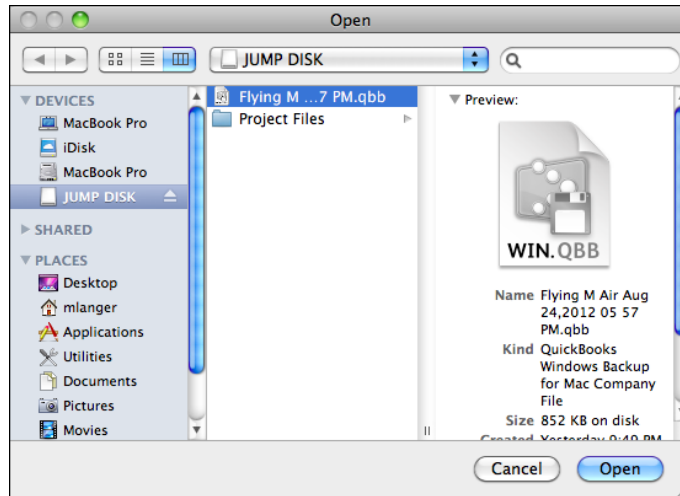
- 3 Send the .qbb file to the Mac user via network, CD-ROM, USB drive, or flash drive.

Opening the File on Your Mac

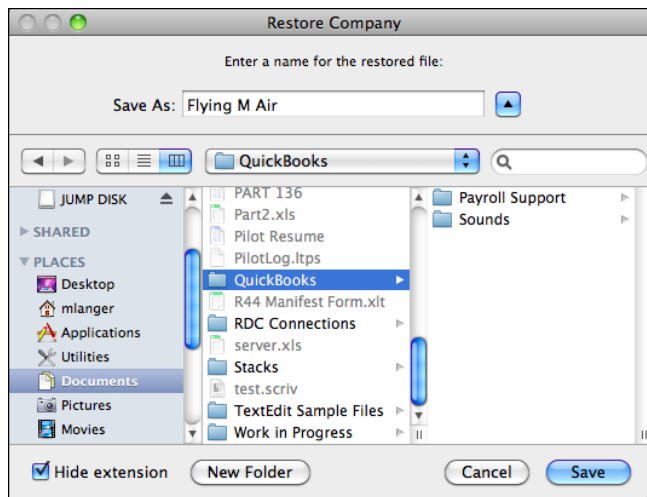
Once the file has been copied to Mac OS computer, follow these steps.

- 1 In QuickBooks 2011 for Mac, choose File | Open Company.

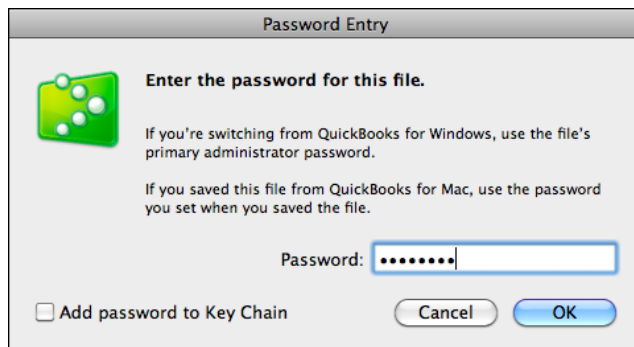
- 2 In the Open dialog that appears (shown next), locate and select the .qbb file. Click Open.



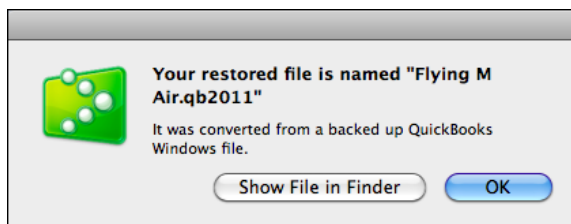
- 3 A Restore Company dialog like the one shown next appears. Enter a name and select a location to save the file. Then click Save.



- 4 In the Password Entry dialog that appears (shown next), enter the password for the file and click OK.



- 5 QuickBooks converts the Windows version file to the Mac OS version of QuickBooks. When it's finished, a dialog like the one shown next appears. Click OK to open the converted file in QuickBooks.



For Quicken Users

In this appendix:

- Comparing QuickBooks and Quicken
- Prepare your Quicken for Mac file
- Convert your Quicken file to QuickBooks
- Differences in your new QuickBooks data

Many small business owners turn to Quicken to help them manage the finances of their businesses. Perhaps they're familiar with Quicken from their personal financial management. Or perhaps they didn't have a need for some of QuickBooks' more advanced features. In any case, as the needs of these people grow, they may want to switch to QuickBooks to manage their business finances. What do they do with the data already stored in a Quicken data file?

The good news is, you can convert a Quicken data file to QuickBooks company file format. This makes upgrading from Quicken to QuickBooks relatively painless. All you need is a Quicken for Mac data file created with, or updated by, Quicken for Mac 2007 or later and QuickBooks 2011 for Mac.

This appendix explains how to convert a Quicken for Mac data file into a QuickBooks for Mac data file.

Comparing QuickBooks and Quicken

Although both QuickBooks and Quicken are Intuit Inc. products, there are some considerable differences in their feature sets and functionality. Here are a few things to consider.

Terminology Differences

Quicken uses terms familiar to anyone who has used a checkbook. QuickBooks uses terms that are standard in business bookkeeping. Table D-1 lists the most important differences in terms.

Quicken Term	QuickBooks Term	Definition
File	Company	All records related to one bookkeeping entity—one set of books.
Account	Balance sheet account	A grouping of records related to one kind of asset, liability, or equity. These accounts appear on a balance sheet.
Category	Income or expense account	A grouping of transactions related to one kind of income or expense. These accounts appear on a profit and loss statement (income statement).
Category and Transfer List <i>plus</i> Account List	Chart of Accounts	The QuickBooks Chart of Accounts is equal to the Quicken Account List (balance sheet accounts) plus the Quicken Category List (income and expense accounts). You can add, edit, or delete any kind of account in QuickBooks.

TABLE D-1 Differences in Terminology Between Quicken and QuickBooks

Feature Differences

Table D-2 lists differences in features that exist in both Quicken and QuickBooks.

New and Renamed Balance Sheet Accounts

Balance sheet accounts (assets, liabilities, and equity) are accounts whose balances affect your balance sheet report. QuickBooks and Quicken have similar kinds of balance sheet accounts, but QuickBooks uses different names for some account types. When you convert a Quicken file for use in QuickBooks, QuickBooks creates accounts most like your Quicken accounts.

Feature	Quicken	QuickBooks
Entering transactions	Enters most transactions in registers.	Enters most transactions in forms (check window, invoice window, and so on). In QuickBooks, you can copy and paste a transaction from one register to another.
Write checks	Displays a check that looks like a paper personal check.	Displays a business check with a voucher area (so the split is part of the check form).
Classes	Uses a slash (/) to separate a category from a class in transactions.	Enters classes in separate fields. No need for a slash (/) as a separator. In QuickBooks, jobs and projects can be associated with customers as part of the Customer:Job List, so you can use classes for different kinds of classification.
Transfers	Uses brackets [] to indicate a transfer to another balance sheet account.	No need to use brackets. QuickBooks handles transfers like any other transaction.
Passwords	One password for entering and viewing data.	True multiuser capabilities, with features assigned by password-protected user account.
Reports	Offers reports for personal finance and investments. Has only a few business reports.	Omits personal finance reports and investment reports. Offers many predesigned reports for businesses.
Subaccounts	Categories can have subcategories, but accounts cannot have subaccounts.	All accounts (including balance sheet accounts) can have subaccounts.
Payroll accounts	A separate liability account is used for each tax withheld and for every other payroll liability.	You can continue using your liability accounts. However, with the system of tracking by using payroll items, you can put all payroll liabilities into a single liability account.

TABLE D-2

Differences in Features Between Quicken and QuickBooks

Continuing to Use Quicken for Some Things

Once you're using QuickBooks for your business, you'll probably want to continue using Quicken for your personal finances.

Here are activities you can perform only with Quicken:

Track Investments Quicken includes investment tracking and reporting. Quicken updates the market values when you enter the latest share prices, and it reports on average annual total return, capital gains, and investment income.

Use More Online Services With Quicken you can use more online services for banking and bill payment. You can also use online investment tools.

Amortize Mortgage Loans Each time you record a payment made on a loan, Quicken updates the dollar amount of payments made and calculates the amount credited to principal and interest.

Create Reports for Personal Finances Quicken has many preset reports designed for personal use.

Step 1: Prepare Your Quicken for Mac File

You may need to make some changes to your Quicken Account List, your Memorized Transaction List, and Customer List to make the transition from Quicken to QuickBooks as smooth as possible.

If you plan to continue using Quicken with this data (for example, if you had combined business and personal finances in your Quicken file), make a copy of your Quicken file to convert *before* you make any of the following changes.

Convert Only the Accounts You Want to Use in QuickBooks

Before you convert to QuickBooks, delete accounts in Quicken that you know you won't want in QuickBooks. In QuickBooks, you cannot delete accounts that contain transactions, but in Quicken you can. So it's easier to delete accounts you know you won't want before you convert.

You might want to delete some accounts from your Quicken file in the following situations:

- You have personal accounts as well as business accounts in your Quicken file.
- You have an investment account in your Quicken file.
- Your Quicken investment account would be converted to a QuickBooks Other Current Asset account because QuickBooks does not have a special feature to track investments. You can keep the QuickBooks Other Current Asset account, using it simply as a way to include the value of your investments in your

QuickBooks balance sheet. Continue tracking your investments in Quicken and update the QuickBooks Other Current Asset account balance periodically. Alternatively, you can delete the investment account from the file you're converting to QuickBooks and continue to track investments only in Quicken.

Review Your Memorized and Scheduled Transactions

QuickBooks converts the following Quicken transactions:

- Memorized QuickFill transactions that are locked in Quicken are converted into memorized transactions with a frequency of Never in QuickBooks. Unlocked memorized QuickFill transactions are not converted.
- Scheduled transactions in Quicken are converted into memorized transactions in QuickBooks.

Make Customer Names Consistent

When you convert to QuickBooks, names in your Accounts Receivable register become customers, and transactions become invoices and payments. If you used different names for the same customer in Quicken, QuickBooks won't link the customer's invoices and payments correctly. (For example, perhaps you have your customer Daniel Miller listed as Dan Miller, D. Miller, and Daniel G. Miller.) To avoid this problem, edit your customer names in Quicken so that each customer goes by only one name.


Step 2: Convert Your Quicken File to QuickBooks

QuickBooks does not change your original Quicken files in any way. You can continue to use those original files with Quicken. You may want to continue using Quicken for personal finance and for investment accounts. There is no connection between your Quicken data and your new QuickBooks company.

To Convert Your Quicken File into a QuickBooks Company File

- 1 Make sure that Quicken is not running.
- 2 Open QuickBooks 2011.
- 3 Choose File | Import | From Quicken Files.
- 4 In the Convert From Quicken dialog that appears, click Yes to read important conversion information. A QuickBooks Help window appears with more information about converting from Quicken. You can leave this window open or close it.


- 5 A Select dialog appears. Use it to locate and select the Quicken file you want to convert. Then click Open.
- 6 In the Create A New QuickBooks File window, enter a name and select a location where you want to save the converted file. Then click Save.
- 7 Answer the question about whether you've been tracking accounts receivable in Quicken. If you click Yes, select the Quicken account or accounts you use for accounts receivable.

 **NOTE:** Do not select a bank account or any account that has employee names in it. You cannot change a customer to an employee or vendor after you have converted. If you select the wrong accounts, you will have to convert again.

- 8 Click OK.
- 9 QuickBooks uses the data from your Quicken accounts receivable account to create a QuickBooks accounts receivable account.

Before You Begin Using QuickBooks

Before you start using QuickBooks with the imported Quicken data, you must set certain QuickBooks options.

 **TIP:** You can learn more about QuickBooks preferences in Chapter 22.

Fill In Your QuickBooks Company Information

- 1 Choose QuickBooks | Preferences to display the Preferences dialog.
- 2 Click the My Company icon to display My Company preferences.
- 3 Fill in your company information.

Set Your QuickBooks Preferences

Set preferences to enable the QuickBooks features you use.

- 1 Choose QuickBooks | Preferences to display the preferences window.
- 2 If you track inventory or write purchase orders, click the Inventory icon to display Inventory preferences and turn on the Inventory And Purchase Orders Are Used check box.
- 3 If you collect sales tax from customers, click the Sales Tax icon to display Sales Tax preferences and turn on the Customers Are Charged Sales Tax check box.
- 4 Close the Preferences window.

Differences in Your New QuickBooks Data

Here's a list of the differences in your new QuickBooks file:

- For each account in the Quicken file, QuickBooks creates a balance sheet account of the type closest to the Quicken account type, as summarized in Table D-3.
- In a few cases, you may not want to continue using the account that QuickBooks created automatically. To learn how to change or delete QuickBooks accounts, see Chapter 5. For example, in Quicken, equity type accounts are other liabilities. In QuickBooks, you can make them equity accounts.
- QuickBooks creates an Opening Balance Equity account. When you create new accounts and enter their opening balances, QuickBooks automatically enters the amount in the Opening Balance Equity account so that your accounts balance. You can leave the Opening Balance Equity amount, or you can distribute the amount to other equity accounts. To learn about distributing the Opening Balance Equity amount, see Chapter 19.
- QuickBooks does not convert memorized reports, because QuickBooks reports are too different from Quicken reports.
- QuickBooks changes your Quicken categories and subcategories into income and expense accounts with subaccounts.

Editing Your Other Names List

QuickBooks places the name (or description) from every Quicken transaction (except in your accounts receivable account) in the Other Names List. This list contains not only names of customers, vendors, and employees but also descriptions such as Deposit, Transfer, and Interest.

Quicken Account Type	Converted to QuickBooks Account Type
Bank	Bank
Credit Card	Credit Card
Cash	Other Current Asset
Asset	Other Current Asset
Liability	Other Current Liability
Investment	Other Current Asset

TABLE D-3 How QuickBooks Converts Quicken Account Types


If you have slightly different versions of the same name (for example, Mike Rhymes, Michael Rhymes, and Michael P. Rhymes), QuickBooks puts each version of the name on the Other Names List.


To Merge Similar Names

- 1 Choose Lists | Other Names to display the Other Names List window.
- 2 Double-click a name you want to merge into another name.
- 3 In the Edit Name dialog that appears, edit the name so that it is exactly like the name you want to keep.
- 4 Click OK.
- 5 When QuickBooks asks to merge this name with the existing name, click Merge.

To Move Customers, Vendors, and Employees to Their Own List

- 1 Choose Lists | Other Names to display the Other Names List window.
- 2 Double-click the name you want to move.
- 3 In the Edit Name dialog, click Change Type.
- 4 In the Select Name Type dialog, choose Vendor, Customer, or Employee.
- 5 Click OK.
- 6 Click OK in the Edit Name dialog.

 **NOTE:** This change cannot be undone after you record it.

 **TIP:** A name can be on only one list. If you need to have the same person or company on two lists, add a new name that is slightly different from the first name.

Your Converted Quicken Accounts Receivable Transactions


The transactions in your Quicken accounts receivable account are converted as summarized in Table D-4.

QuickBooks marks invoices as paid by assigning each payment it converts to the oldest invoices for that customer first. The conversion saves you the time of typing in all your accounts receivable transactions, but you'll probably want to make some changes to the converted data.

For example, if the category you used in most accounts receivable transactions was "Sales income," you'll want to change the name of the converted invoice item from "Sales income" to the product or service you actually sell, such as "Consulting hours." The converted income account, however, may be just fine as "Sales income."

This Item in Your Quicken Accounts Receivable Account...	...Is Converted to This in QuickBooks
Each transaction that increases your accounts receivable balance	An invoice to a customer
Each transaction that decreases your accounts receivable balance and has only one split line	A credit memo
Each transaction that decreases your accounts receivable balance and has more than one split line	A credit memo to a customer
Each payee	A customer on your QuickBooks Customer:Job List
Each category	Both an item on your Item List and an income account on your chart of accounts

TABLE D-4 How Quicken Accounts Receivable Accounts Are Converted for QuickBooks

 **TIP:** To learn about using and viewing QuickBooks accounts receivable, see Chapter 10.

Changing to QuickBooks Accounts Payable

The Quicken manual explains how to use Quicken for cash-basis accounts payable and for accrual-basis accounts payable. For a cash-basis system, the manual recommends using a Bank account and simply postdating checks. For an accrual-basis system, the manual recommends using an Other Liability account. The transition to QuickBooks accounts payable is the same for either system.

- If you used postdated checks to track your bills, treat checks you've already entered in your usual manner.
- If you had a Quicken Other Liability account for accounts payable, it is now a QuickBooks Other Current Liability account. Continue to use it only for bills you already entered that are still outstanding. Track your payments of these bills as you did in Quicken.
- QuickBooks automatically adds a new account named Accounts Payable to your chart of accounts when you enter your first bill. No matter which method you were using in Quicken, from now on, use the Enter Bills window to enter new bills into the new QuickBooks Accounts Payable account.

Change Your Payees to QuickBooks Vendors

Quicken payees are now on the Other Names List in QuickBooks. You must move vendor names from the Other Names List to the Vendor List, as discussed earlier in this chapter, before you can use them in QuickBooks accounts payable.

If the Quicken payee has a balance, continue as you did in Quicken until the balance of your old Quicken accounts payable account equals zero (you've paid off all your bills for that vendor). Enter any new bills into QuickBooks accounts payable.

If QuickBooks converted memorized transactions for Quicken accounts payable, delete them, because they will not work in QuickBooks accounts payable.



TIP: For complete information about using QuickBooks for accounts payable, consult Chapter 13.

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