

QuickBooks®

TRAINING GUIDE

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First edition: August 2005

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Course introduction

This training guide introduces the basic features in QuickBooks, QuickBooks Pro, QuickBooks Premier and QuickBooks Premier Accountant, Intuit's accounting systems for small businesses. We'll talk about the types of information you need to track in your business and you'll see how to enter that information and track it in QuickBooks. By the time you complete the course, you'll have a good idea of all that QuickBooks offers, you'll be familiar with the most common tasks through lots of hands-on practice, and you'll know where to find out about more advanced features.

The guide contains eighteen lessons. Lessons 1 to 13 cover features available in QuickBooks, QuickBooks Pro and QuickBooks Accountant. Lessons 14 to 18 cover features available only in QuickBooks Pro and QuickBooks Accountant.

Objectives

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

- Create a new QuickBooks company.
- Modify the preset chart of accounts to suit your needs.
- Add to or edit information in company lists.
- Open and use registers for QuickBooks balance sheet accounts.
- Reconcile a QuickBooks bank account.
- Track credit card transactions.
- Invoice customers.
- Receive payments from customers and make bank deposits.
- Write QuickBooks cheques and assign amounts to specific expense accounts.
- Work with asset and liability accounts.
- Enter and pay bills in QuickBooks accounts payable.
- Create and customise QuickBooks reports and graphs.
- Export a QuickBooks report to Microsoft Excel.
- Set up stock, use units of measure and stock assemblies.
- Track and pay Value Added Tax.
- Set up and do payroll, including SSP, SMP and SPP.
- Customise a QuickBooks sales form.
- Write a letter in Microsoft Word using QuickBooks data.
- Create estimates, sales orders, purchase orders and progress invoices.
- Use multiple currencies.
- Do time tracking and pay non-employees for time worked.

- Track vehicle mileage and invoice a customer for billable mileage.

Specific objectives for each lesson are shown at the beginning of the lesson.

About the lesson file

To complete each lesson in this guide, you'll create a new lesson file from the master lesson file supplied with QuickBooks.

Installing the lesson file

The lesson file is installed on your computer's hard disk as follows:

To install the lesson file on your hard disk:

- 1 From the Windows Start menu, choose Run.
- 2 Type **Explorer**, and then click OK.
- 3 From Windows Explorer, select your hard drive (usually C:).
- 4 From the File menu, choose New, then choose Folder.
- 5 Type **qbtrain** and press Enter.
- 6 Open QuickBooks.
- 7 From the File menu, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 8 In the "Get Company Backup From" section, click Browse and select the **qblesson.qbb** file in the folder
C:\Program Files\Intuit\QuickBooks\Backup
(this may differ if QuickBooks is installed in a different location), and then click Open.
- 9 In the "Restore Company Backup To" section, type **qblesson.qbw** in the Name field.
- 10 Click Browse and select your **c:\qbtrain** folder.
- 11 Click Restore.
If a window appears asking you if you want to update the company file to work with the current version of QuickBooks, type YES, then click OK. In the Update Company information box, click Yes. When QuickBooks has finished updating the file, click OK.
- 12 Click Restore.
- 13 Click OK in the information box when the restore finishes, to open the master lesson file.
- 14 From the File menu, choose Back Up.
- 15 Leave the filename as **qblesson.qbb**. Click Browse and select your **c:\qbtrain** folder, then click Save.

16 Click OK.

The master lesson file **qblesson.qbb** is now installed in the **qbtrain** directory on your hard drive.

Using the lesson file

For lessons 1 to 18, you'll restore a new copy of the lesson file **qblesson.qbb** from the **qbtrain** folder on your hard drive and use that file to complete the lesson. The **qblesson.qbb** file is a QuickBooks backup file, so you'll be restoring a new file at the start of each lesson. Instructions on restoring the file are given at the start of each lesson.

- If you want to repeat a lesson, first delete the lesson file created the first time, then follow the instructions to recreate it. (e.g., before repeating lesson 6, first delete the restored lesson file **lesson6.qbw** from the **qbtrain** folder, then restore a new **lesson 6.qbw**).
- If you need to replace the original lesson file at any time, repeat the entire procedure "Installing the lesson file".
- When you open the lesson file, the current date is set to 15 December 2007 (some screen illustrations may show a different date). This does not apply to your company file, which will use the current date. Because the data in the file contains transactions up to March 2003, there are places in the instructions where it is recommended that you use 31/03/2003 when entering transactions, and the month of March 2003 or the year 2002/3 for reports.
- The instructions and screen illustrations in this guide were created with QuickBooks in Windows 2000. Your screens (and some procedures) may differ if you are using a different version of QuickBooks or Windows.

Now keep QuickBooks open and continue with lesson 1.



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Lesson objectives

- To know how QuickBooks works and how you can get around in QuickBooks
 - To introduce common business terms used by QuickBooks
 - To learn how to exit QuickBooks
-

To start this lesson

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

Follow these steps to restore the lesson file to its original state so that the data in the file matches what you see on the screen as you proceed through the lesson.

To restore the lesson file (qblesson.qbb):

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

Introducing QuickBooks

Although most small business owners are worried about revenue, running a business involves many other tasks. Depending on the type of business, you need to invoice customers and record their payments, record and pay your bills from outside suppliers, manage stock, and analyse your business’s financial data to see where you need to focus your next efforts. QuickBooks is a tool you can use to automate the tasks you’re already performing as a business owner. When you’re working in QuickBooks, you’ll spend most of your time using a form, a list, or a register. Since these are so basic, we’re going to spend a few minutes introducing them.

Using forms

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

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

Using lists

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

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

When you're filling in an invoice form, and you select a customer name from the Customer:Job list, QuickBooks not only fills in the name but also fills in the address, payment terms and VAT.

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

Name	Balance	Notes
↳ Carolyn Leslie	2,167.88	
↳ Cranberry's	4,099.20	
↳ Elizabeth Allen	0.00	
↳ Franklin Guest House	376.00	
↳ Kitchen	0.00	
↳ Private Dining Room	376.00	
↳ Residents Dining Room	0.00	
↳ Hartley Furnishings Ltd	7,115.80	
↳ Martina Freeman	0.00	
↳ Mr Williams	0.00	
↳ Offa Kitchens	8,920.60	
↳ R Jackson	0.00	
↳ Sutton Housing Association	5,883.46	
↳ Kitchen refurbishment Flats 1-6	0.00	
↳ Kitchen refurbishment Flats 7-12	0.00	
↳ Kitchen refurbishment Flats 13-18	5,883.46	
↳ Kitchen refurbishment Flats 19-24	0.00	

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

Using registers

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

Here's an example of the register for an Accounts Receivable account:

Date	Number	Customer	Item	Qty	Rate	Amt Chrg	Amt Paid
Ex. Rate	Type	Description	Class			Billed Date	Due Date
05/03/2003	24	Franklin Guest Hou:				376.00	
	INV						05/03/2003
10/03/2003		Offa Kitchens					2,885.80
	PMT						
10/03/2003	23	Sutton Housing Ass				10,883.46	
	INV						10/03/2003
11/03/2003		Cranberry's					5,000.00
	PMT						
17/03/2003		Sutton Housing Ass					5,000.00
	PMT						
18/03/2003	27	Carolyn Leslie				-117.50	
	CREDMEM						18/03/2003
19/03/2003	25	Offa Kitchens				2,951.60	
	INV						18/04/2003
26/03/2003	26	Hartley Furnishings				7,115.80	
	INV						25/04/2003
						Ending balance	28,562.94

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

Getting around in QuickBooks

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

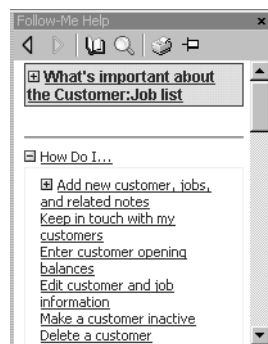
- Find information to help you get started using QuickBooks
- Manage your open windows
- Compare windows side by side
- Customise navigation features

Finding information to help you get started

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

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

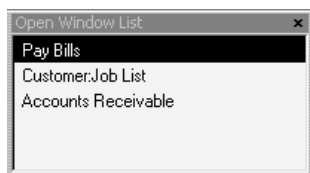
As you are working, the Follow-Me Help automatically displays help about the window you are working with. For example, if you are currently using the Customer:Job list, the Follow-Me Help displays topics about the list and related subjects.



Managing your open windows

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

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



To show or hide the Open Window list:

- From the View menu, choose Open Window List.

If the list is currently displayed, a tick appears to the left of the menu item.

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

To view multiple windows:

- From the View menu, choose Multiple Windows.

Using the menu bar

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



Many commands available from the menu bar can be added to the Icon Bar.

Using the Icon Bar

Another feature that makes it easy to get around in QuickBooks is the Icon Bar. It comes preset with shortcuts to several windows, such as Create Invoices and Enter Bills. You can add other features and reports you use often.

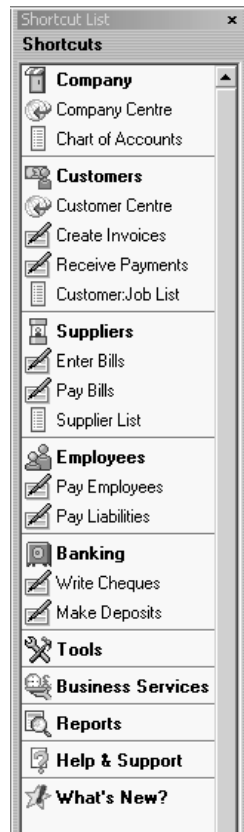


In addition to deciding which features to add to the Icon Bar, you can add or remove icons, change the order in which the icons display, insert spaces between icons, and edit icons by changing the icon text, graphic, or tooltip.

For instructions on how to customise the Icon Bar, refer to the onscreen Help.

Using the Shortcut list

The QuickBooks Shortcut list groups together related lists and forms in an easy-to-follow format that helps you work more efficiently. The Shortcut list displays vertically and is an alternative to the Icon Bar:



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

To show or hide the Shortcut list:

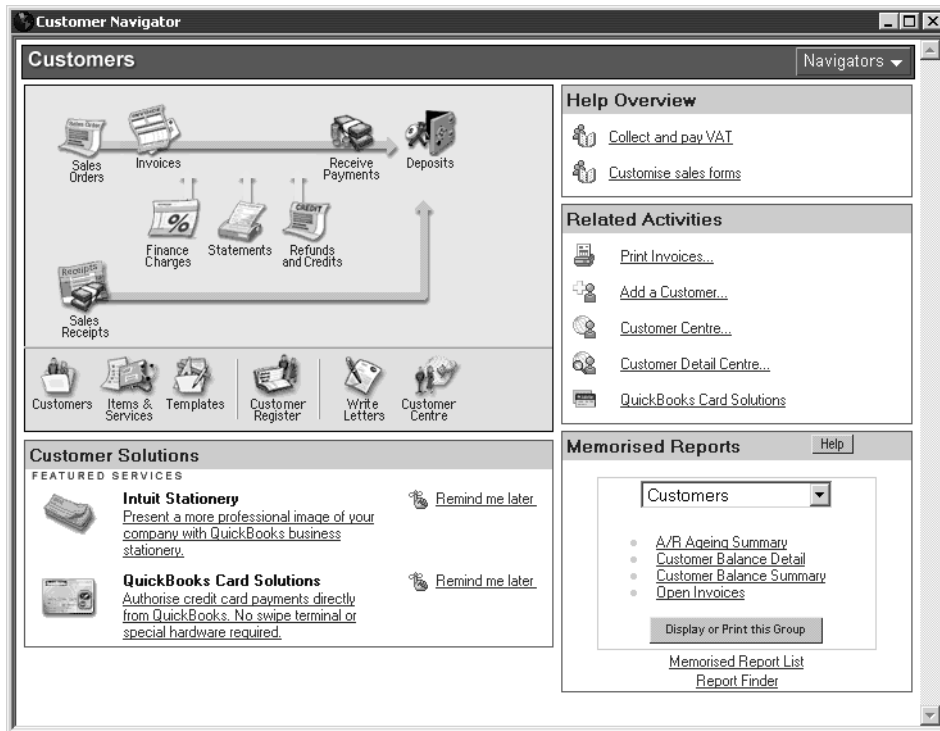
- From the View menu, choose Shortcut List.

Like the Icon Bar, the Shortcut list can be customised, so you can add the forms, lists, and registers that you use frequently, rename shortcuts or remove those that you don't use.

For instructions on how to customise the Shortcut list, refer to the onscreen Help.

Making navigators your starting point

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



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

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

To display a navigator, select its name from the Navigators list:



All the accounting you need to know

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

A business's chart of accounts

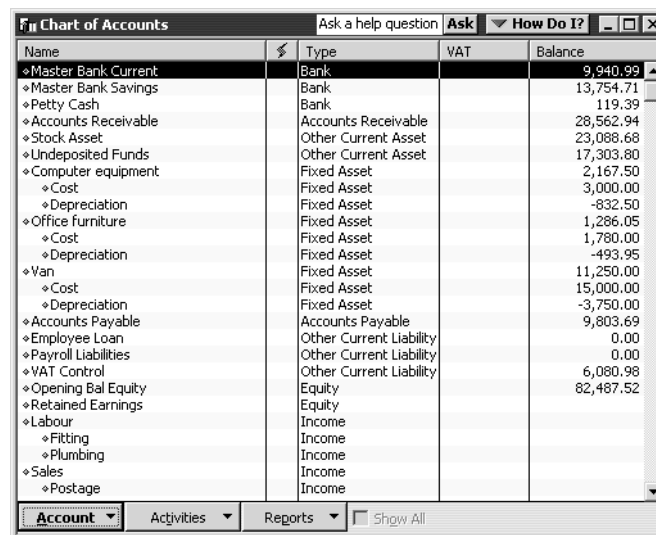
When you keep books for a company, you want to track where your income comes from, where you put it, what your expenses are for, and what you use to pay them. You track this flow of money through a list of accounts called the chart of accounts.

You can display the QuickBooks chart of accounts by choosing it from the Company menu or by clicking Chart of Accounts on the navigation bar. We'll use the Company menu.

To display the chart of accounts:

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

The chart of accounts for Grangeworth Kitchens Ltd. is displayed:



Name	Type	VAT	Balance
Master Bank Current	Bank		9,940.99
Master Bank Savings	Bank		13,754.71
Petty Cash	Bank		119.39
Accounts Receivable	Accounts Receivable		28,562.94
Stock Asset	Other Current Asset		23,088.68
Undeposited Funds	Other Current Asset		17,303.60
Computer equipment	Fixed Asset		2,167.50
Cost	Fixed Asset		3,000.00
Depreciation	Fixed Asset		-832.50
Office furniture	Fixed Asset		1,286.05
Cost	Fixed Asset		1,780.00
Depreciation	Fixed Asset		-493.95
Van	Fixed Asset		11,250.00
Cost	Fixed Asset		15,000.00
Depreciation	Fixed Asset		-3,750.00
Accounts Payable	Accounts Payable		9,803.69
Employee Loan	Other Current Liability		0.00
Payroll Liabilities	Other Current Liability		0.00
VAT Control	Other Current Liability		6,080.98
Opening Bal Equity	Equity		82,487.52
Retained Earnings	Equity		
Labour	Income		
Fitting	Income		
Plumbing	Income		
Sales	Income		
Postage	Income		

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

About assets, liabilities, and equity

Assets

Assets include both what you have and what other people owe you. The money people owe you is called your accounts receivable, or A/R for short. QuickBooks uses an accounts receivable account to track the money owed you. The rest of your company's assets may include current accounts, savings accounts, petty cash, fixed assets (such as equipment or trucks), stock, and undeposited funds (money you've received from customers but haven't yet deposited in the bank).

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

Liabilities

Liabilities are what your company owes to other people. The money you owe for unpaid bills is your accounts payable, or A/P for short. QuickBooks uses an accounts payable account to track the money you owe different people for bills. A liability can be a formal loan, an unpaid bill, or taxes you owe to the government.

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

Equity

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

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

If you sold all your assets today, and you paid off your liabilities using the money received from the sale of your assets, the money you'd have left would be your equity. Your equity reflects the health of your business, since it is the amount of money left after you satisfy all your debts. Equity comes from three sources:

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

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

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

Cash versus accrual bookkeeping

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

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

Cash basis

Many small businesses record income when they receive the money and expenses when they pay the bills. This method is known as bookkeeping on a cash basis. If you've been recording deposits of your customers' payments but 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.

Accrual basis

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

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

How your bookkeeping method affects QuickBooks

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

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

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

Measuring business profitability

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

The balance sheet

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

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

To see an example of a balance sheet:

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

The profit and loss statement

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

To see a profit and loss report:

- 1** From the Reports menu, choose Report Finder.
- 2** From the Select a type of report drop-down list, choose Company & Financial.
- 3** In the Select a report list, click Profit & Loss Standard.
- 4** Click Display.
- 5** Scroll the report window as needed to see all parts of the report.

The statement of cash flows

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

To see a sample statement of cash flows report:

- From the Reports menu, choose choose Company & Financial, then Statement of Cash Flows.

Exiting QuickBooks

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

To exit QuickBooks:

- From the File menu, choose Exit.

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

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

For more information about the recommended backup routine, see the *QuickBooks User Guide*.

Moving between company files

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

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

To open a previously opened file:

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

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

To increase the number of company files displayed:

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

Note: Leave the lesson file open in QuickBooks and proceed to lesson 2.



LESSON 2 Setting up QuickBooks

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Lesson objectives

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

Creating a QuickBooks company

A QuickBooks company contains all the financial records for a single business. Before you can use QuickBooks, you need to tell QuickBooks about your company so that it can set up your company file.

Quicken or If you've been using Quicken or an older version of QuickBooks to keep your company's financial records, you don't need to create a new company; QuickBooks can convert your data for you. However, in this lesson, you'll see how to create a new QuickBooks company.

How many companies should you set up?

If you operate a business, the Inland Revenue expects you to clearly show all sources of income and to document any business expenses you claim as deductions. If you operate more than one business, therefore, it's usually best to set up a separate QuickBooks company for each.

About the EasyStep Interview

The EasyStep Interview walks you through the process of setting up your entire business on QuickBooks. The Interview is broken down into sections. You must complete the required General section first. If you are not sure how to answer a question, you can always go back and change your answer later. A few questions ask you to make a decision that's not easily reversed. When this is the case, you'll see this symbol on the screen:



The EasyStep Interview has six sections:

- **General**—Lets you enter company information, choose a chart of accounts appropriate for your business, decide on QuickBooks preferences, and specify a business start date.
- **Income & Expenses**—Lets you review the income and expense accounts on your business's chart of accounts, and lets you enter new accounts.
- **Income Details**—Lets you specify whether your business income is from services and/or products you sell. Based on the information provided, QuickBooks determines which income and accounts receivable features you will be using.
- **Opening Balances**—Lets you enter information about the customers who owe you money as of your start date, suppliers to whom you owe money as of your start date, and balances in your balance sheet accounts as of your start date.
- **Payroll**—Lets you enter basic payroll information, specify pay frequency, create payroll items, enter information about employees and record year-to-date payroll amounts.
- **What's Next**—This section describes some common tasks in QuickBooks that you may want to complete after you've gone through the other sections of the Interview.

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

Navigating through the Interview

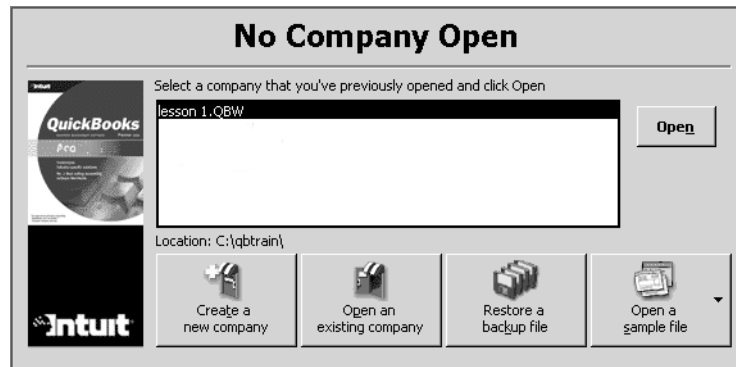
- Click Next to display the next window in the Interview.
- Click Prev to display the previous window in the Interview.
- When a window has a More button (in the lower right corner), click it to see more detailed information about the question being asked in the Interview. After you read the detailed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

Starting the EasyStep Interview

To begin adding a new company:

- 1 Start QuickBooks.

If this is the first time you have started QuickBooks, or if you have closed an existing company, you'll see this dialog box:



- 2 Select "Create a new company" and click OK.
- 3 If you don't see this dialog box, choose New Company from the File menu. QuickBooks displays the EasyStep Interview screen.

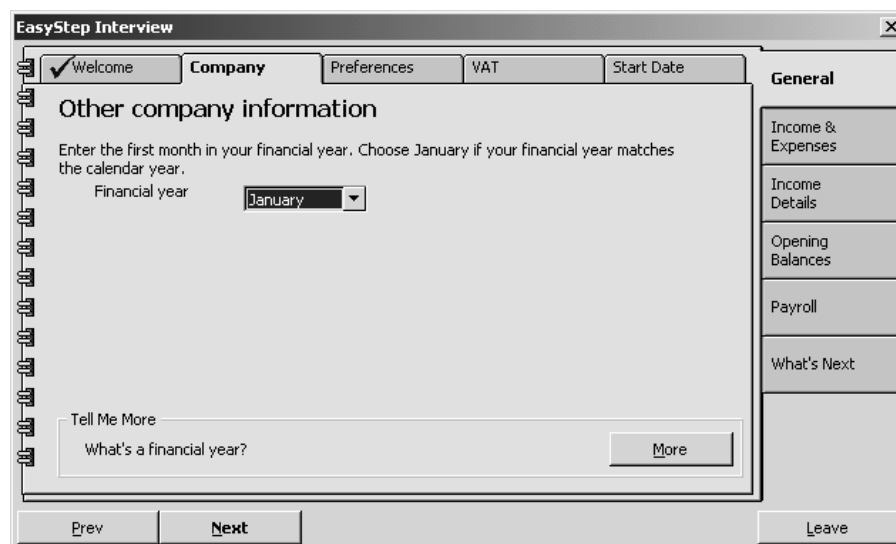


Entering company information

When you use the EasyStep Interview to create a new QuickBooks company, QuickBooks asks you questions about the type of business you own and uses your answers to set up the appropriate accounts and lists. In this lesson, you'll create a new QuickBooks company for a business named Lockhart Design. Margaret Lockhart is the sole proprietor of this interior design firm. Most of her income comes from consulting services, but she also sells products such as fabrics and room accessories to clients.

To create a new QuickBooks company file:

- 1 On the EasyStep Interview Welcome page, click Next to begin.
Since you are creating a new QuickBooks company in this lesson—not upgrading from a previous version—click Next to continue the Interview.
- 2 Keep clicking Next, reading the information presented on the Welcome pages, until you have completed that section.
When you finish the section, QuickBooks places a tick mark on the Welcome tab and displays the Company tab.
- 3 Click Next to display the Your Company Name page.
- 4 In the Company Name field, type **Lockhart Design** and press Tab.
When you press Tab, QuickBooks automatically enters the same name you typed into the Legal Name field. QuickBooks uses the company name on all reports.
- 5 Click Next.
- 6 On the Your Company Information page, type in the relevant fields:
9 Park Avenue
Pinner
TW6 2KK
and select UK. QuickBooks prints this company address on cheques, invoices and other forms.
- 7 Click Next.
- 8 On the Other company information page, make sure that January is selected for the first month of the financial year. Then click Next.
QuickBooks uses the financial year you choose to create year-to-date reports.



- 9 In the Your company income tax form page, select Self-Assessment Tax Return from the drop-down list.
- 10 Click Next to display the next page, where you can choose a chart of accounts for your business.

Using a preset chart of accounts

As you learned in Lesson 1, the chart of accounts lists balance sheet accounts, income accounts, and expense accounts. When you create a new QuickBooks company, you can select a company type that most closely matches your type of business, and QuickBooks sets up a chart of accounts for you. It also sets up other lists that are appropriate for your type of company, such as payment methods, customer and supplier types, and payment terms.

The next screen in the Interview displays a list of industries. Even if you own a type of company that isn't specifically listed, you should select the one that's closest and get a head start on creating your own chart of accounts. Once QuickBooks creates a chart of accounts for you, you can modify it as you wish.

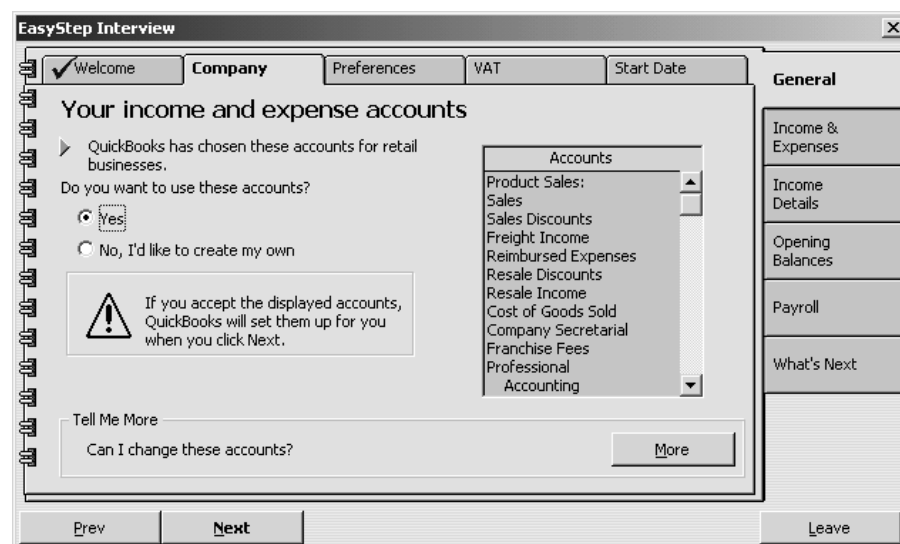
To create a chart of accounts:

- 1 On the Select Your Type of Business page, scroll down the Industry list, and select Product Sales/Retail.

Although Lockhart Design receives most of its income from consulting, not from retail sales, this company type will give us most of the accounts we need. We'll need to modify the chart of accounts later to include an income account for Consulting Income.

- 2 Click Next three more times.
- 3 On the Save As page, click Save to accept the default filename of "Lockhart Design" (be sure to save the file in the Qbtrain folder you set up earlier).

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



- 4 Scroll through the preset income and expense accounts to get an idea of what is included, and then select Yes (that you want to use these accounts).
- 5 Click Next to go to the next page.

- 6 On the Accessing your company page, leave the number of people who need to have access to the QuickBooks files at 0 and click Next.
Margaret Lockhart is the only one who needs access to the company file.
- 7 Click Next, and type **admin** as the password. (If you were setting up your own company file, you should choose a more obscure password for security reasons.)
- 8 Click Next until you move from the Company section to the Preferences section.

Setting up QuickBooks preferences

The Preferences section of the EasyStep Interview is where you indicate which QuickBooks features you want to use:

- Stock
- Multicurrency (QuickBooks Pro/Accountant only)
- Invoice format
- Payroll
- Estimates (QuickBooks Pro/Accountant only)
- Progress invoicing (QuickBooks Pro/Accountant only)
- Time tracking (QuickBooks Pro/Accountant only)
- Classes
- Bill entry mode (by entering cheques directly or bills first and then payments)
- Reminders

Enabling Stock

The first page in the Preferences section asks whether you keep stock. Margaret Lockhart typically keeps stock, so we'll turn on stock in her company file.

Turning on Stock from the EasyStep Interview is not available for all industries. When this is the case for the industry you selected, you can turn it on from the Preferences screen. (From the Edit menu, choose Preferences. Click Purchases & Suppliers, then click the Company Preferences tab, and then click the "Stock and purchase orders are active" tick box.)

To set up QuickBooks to track stock:

- 1 On the second Preferences page, click Yes to the question, "Does your company maintain stock?" Then click Next.
- 2 Click Yes to enable the QuickBooks Stock feature.
- 3 Click Next to move to Enabling Stock page.
- 4 Select Yes for the question, "Do you want to use the Stock feature?".
- 5 Click Next to move to Enable Units of Measure page. (Pro/Accountant only)

- 6 Since Margaret Lockhart will resell stock items in different units of measure, select Yes to the question, “Do you want to enable units of measure?”.
- 7 Click Next to move to the next page.

Enabling Multicurrency (Pro/Accountant only)

If you do business in currencies other than sterling, you can enable the QuickBooks Multicurrency facility. This lets you set up all the bank, credit card, receivables and payables accounts needed for transactions with foreign customers and suppliers. QuickBooks integrates multicurrency dealings with the rest of your accounts, tracking foreign-exchange gains and losses.

Note: The Multicurrency page appears only if you are using QuickBooks Pro or Accountant. Once you turn on Multicurrency, it cannot be turned off again and you cannot return to this part of the EasyStep Interview.

Since Margaret plans to purchase stock from France, we’ll enable multicurrency.

To enable Multicurrency:

- 1 On the Enabling Multicurrency page, click Yes to the question, “Do you want to enable Multicurrency?”.
- 2 Click Next to move to the next page.
- 3 Ensure United Kingdom Pound is the selected Home Currency.
- 4 Click Next to move to the next page.

Choosing an invoice format

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

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

You can customise any of these formats to suit your needs. You’ll see how to do this in Lesson 13 of this guide. For Lockhart Design, which primarily sells consulting services, but also sells the occasional product, we’ll choose the Service invoice format.

To select the invoice format for Lockhart Design:

- 1 In the Your invoice format screen, select Service.
- 2 Click Next to continue.

Choosing remaining preferences

The rest of the Preferences section is a series of simple questions. Select the desired option, then click Next to continue. For Lockhart Design, complete as follows:

For this item...	Do this...
Employees	Type 1
Payroll	Click Yes.
Estimates (Pro/Accountant only)	Click No.
Progress invoicing (Pro/Accountant only)	Click No.
Time tracking (Pro/Accountant only)	Click No.
Reimbursable expenses	Click No.
Classifying transactions	Click Yes.
Bills and payments	Select "Enter the bills first and then enter the payments later"
Reminders list	Select "At start up"

This completes the Preferences portion of the EasyStep Interview.

Entering VAT information

In this section of the Interview, you enter the information QuickBooks uses to track Value Added Tax. If you are registered for VAT, you should enter Yes on the first page and complete this section. If you enter No, you will skip this section. For Lockhart Design, we'll turn on VAT tracking with the standard options.

To turn on VAT tracking:

- 1 On the first Value Added Tax page, click Next.
- 2 On the VAT page, click Yes, then click Next.
- 3 On the General VAT Information page, click Next again.

4 Fill in the VAT Information page as shown below:

- 5 Click Next.
- 6 On the VAT reporting basis page, accept Accrual basis, and click Next.
- 7 On the Entering your sales figures page, accept Net, and click Next.
- 8 Click Next to complete the VAT section of the Interview.

If you report VAT on a cash basis, or prefer to enter your sales figures gross rather than net, you can change the defaults on these pages.

Choosing a start date

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

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

To set the company start date:

- 1 Continue clicking Next to move through the Start Date section of the Interview.
- 2 When you get to the Choose your QuickBooks start date page, select "I want to start entering detailed transactions as of" and enter 1/1/2005.
- 3 Click Next twice more to complete this section.

Setting up income and expense accounts

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

To streamline the Interview process, you won't add income or expense accounts in this lesson. You'll see how to add new accounts to the chart of accounts in Lesson 3, "Working with lists."

For now, move through this portion of the Interview by clicking No to these questions:

- "Do you want to add an income account now?"
- "Would you like a more detailed explanation of expense accounts and subaccounts?"
- "Do you want to add an expense account now?"

Providing details about your income

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

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

To complete the Income Details section:

- 1** In the Income Details Introduction page, click Next.
- 2** For the question, "Do you receive full payment at the time (or before) you provide a service or sell a product?" select Sometimes, and then click Next until you reach the Service Items page.
- 3** In the Items section, click No on the next three pages when asked if you want to set up service items, non-stock part items, or other charge items.
You'll see how to set up a new service item in Lesson 6, "Entering sales and invoices."
- 4** Click Next until you reach the Adding a Stock Item page.
- 5** Click No, then Next, to complete the Stock page.

Entering opening balances

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

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

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

The easiest way to determine an account's opening balance is to work from an accurate balance sheet. If you have a balance sheet as of your start date, you can take the opening balance from there.

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

To enter the current account opening balance:

- 1** Click the Accounts tab in the Opening Balances section and click Next.
- 2** Click No, then Next, when QuickBooks asks if you want to set up a credit card account, and again for a loan account.
- 3** For "Would you like to set up a bank account?", click Yes. Then click Next.
- 4** Type **Current** as the name of the account and then click Next. If you see a message about preprinted cheques, click No.
- 5** For Statement Ending Date, enter Lockhart Design's start date.
- 6** In the Statement Ending Balance field, type **8359.00** and then click Next.
- 7** When QuickBooks shows you the bank account you have set up and asks if you want to add another bank account, click No, then click Next.

The rest of the Opening Balances section lets you add asset and equity accounts. In the interest of time, we won't be adding any other accounts from within the Interview.

Setting up payroll

If you plan to use QuickBooks for payroll, the Payroll section of the EasyStep Interview is where you specify the frequency of your pay periods, payroll items you want to create, information about employees, and year-to-date payroll amounts. (An annual subscription is required to use the Payroll functions.)

Providing basic payroll information

The Introduction pages are where you specify Tax District, how often you pay your employees and what method you use. Suppose Margaret Lockhart has a student she wants to hire part-time to help in the shop. She wants to use QuickBooks to create payroll cheques.

To enter payment frequency and method:

- 1** From the first Payroll page, click Next until you see the Tax District page. Leave these fields blank.
- 2** Click Next to display the Pay Frequency page.
- 3** Select Weekly for the principal pay frequency.
- 4** Click Next.
- 5** Select Cheque for the principal payment method.
- 6** Click Next.

This completes the Introduction section of the Payroll tab. The next step is to set up your company's payroll items. Click Next to move to the Payroll Items section.

Creating payroll items

QuickBooks uses payroll items to track everything that affects the amount on a payroll payment, and for every company expense related to payroll. QuickBooks adds some of the items for you automatically (it stores them on the Payroll Items list), and you add others as you need them.

To create payroll items:

- 1** Click the Payroll Items tab, and then click Next until you see the Remuneration page.
- 2** Select "Employees can be paid hourly." Then click Next.
- 3** Click Next on the remaining Payroll Items pages without making any entries.

The remaining pages in the Payroll Items section do not apply to Lockhart Design (they let you specify further additions and deductions on payroll payments). When you see the Payroll Item Setup Completed page, you are finished with the section.

Setting up employee payroll information

Margaret Lockhart has one employee she wants to hire on a part-time basis. She has not issued any payroll payments for this person yet, so in the EasyStep Interview, she simply needs to add the employee data. She does not need to add any year-to-date payroll information.

To add employee data

- 1 Click the Employees tab, and click Next
- 2 In the Sick Time page, click No, and then click Next.
- 3 In the Holiday Time page, click No, and then click Next.
- 4 Click Next until you see the Adding an Employee page.
- 5 Click Add Employee.

QuickBooks displays the New Employee window. Because Margaret Lockhart already knows the person she wants to hire, she should enter the information for him while in the EasyStep Interview.

To enter a new employee

- 1 On the the Address Info tab of the New Employee screen, make sure Personal Info is selected, and fill in the employee information as shown below:

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

Field	Value
Mr./Ms./...	Mr.
First Name	Jim
Last Name	Pace
Address	27 Johnson Road
City	Hatfield
Postcode	CF3 1NQ
Print As	Jim Pace
NI No.	JK 34 76 23 C
DOB	03/03/1984
Joined	01/01/2005
Sex	Male
Marital Status	Single

- 2 Change tabs by selecting Payroll and Compensation Info, and fill in the Payroll Info form as shown below:

The screenshot shows the 'New Employee' dialog box with the 'Payroll Info' tab selected. The 'Information for:' field contains 'Jim Pace'. The 'Change tabs:' dropdown is set to 'Payroll and Compensation Info'. The 'Payroll Info' section is active, showing the 'Earnings' table with one row: 'Hourly Pay' with a rate of 7.50. To the right of the table are dropdowns for 'Pay Frequency' (Weekly), 'Pay Method' (Cheque), and 'Class'. Below the table is a section for 'Additions, Deductions, Employer Contributions, and Tax Credits' with an empty table. To the right of this table are buttons for 'Sick/Holiday...', 'Tax/NI Details...', 'Bank Details...', and 'Previous Employment...'. On the far right of the dialog are 'OK', 'Cancel', and 'Next' buttons, and a checkbox for 'Employee is inactive'.

- 3 Click the Tax/NI Details button, then enter the tax code 438L and NI code A, both effective from 05/04/2003.
- 4 Click OK, then click OK at the message that you have changed the Income Tax and NI setup.
- 5 Click OK on the Payroll Info form.
- 6 When QuickBooks asks whether you want to set up other payroll information, click the Leave As Is button.
- 7 Click Next to finish.

You don't need to do the YTD Amt's tab of the Payroll section because Margaret Lockhart has not yet done payroll for her company.

Finishing the Interview

The final section in the EasyStep Interview is What's Next. We will not cover it in this lesson, but we recommend that you read through the What's Next pages when you set up your own company for advice on how to proceed.

To leave the EasyStep Interview:

- Click Leave. QuickBooks saves your changes and opens your new company file.

Completing the company setup process

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

To display the Getting Started screen:

- From the Help menu, choose Getting Started.

After you have completed the EasyStep Interview, Intuit recommends that you not use the Interview to make changes to your company file. Instead, use the information on the Getting Started screen and the help options described in the next section to help you make adjustments. If you have upgraded from an earlier version of QuickBooks, choose What's New from the Getting Started screen, or see the New features section in the Introduction chapter.

Getting help while using QuickBooks


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

- Follow-Me Help, which is displayed automatically and provides information relevant to where you are in the program.
- Step-by-step instructions, available from the Help and How Do I? menus and the Ask fields.
- Explanations of how to apply QuickBooks to your business, available from the Help menu.

Finding a topic in the onscreen Help Index

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

To find a topic in onscreen Help using the index:

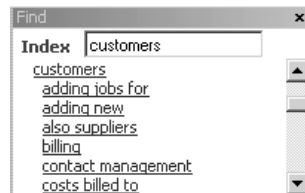
- 1 Click the Index button in the Follow-Me-Help panel 

Alternatively, from the Help menu, choose Help Index.

The Find panel displays the index.

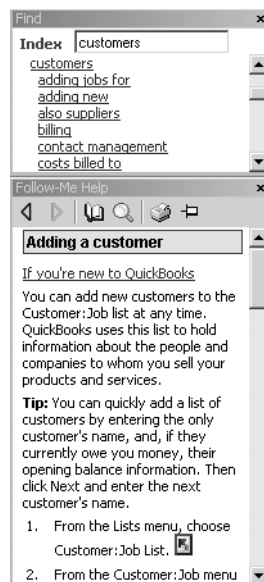
- 2 In the Find panel, type **customers**.

QuickBooks displays topics indexed by the keyword “customers”. You can see there is a topic for “adding new”:




- 3 Click “adding new”.

QuickBooks displays the topic in the lower Follow-Me Help pane:



This means that you can click on the button to launch the function or screen described (in this case, the Customer:Job list).

Notice the Back button  , which you can use to return to the previous topic.

Finding answers from the How Do I? menu

Many windows throughout QuickBooks have a drop-down How Do I? menu.



This menu provides quick access to information and instructions for the current window.

To use the How Do I? menu:

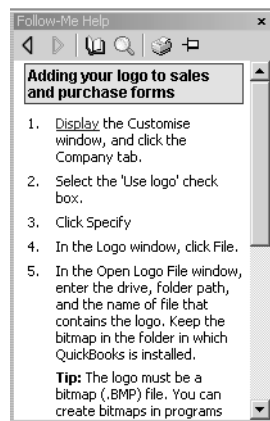
- 1 From the Customers menu, choose Create Invoices.

QuickBooks displays the Create Invoices window.

Notice that the Follow-Me Help has changed to display a list of topics relating to invoices. You could select the topic from here, but for this exercise you will use the How Do I? menu.

- 2 From the How Do I menu, choose “Reformat and print invoices.” Then choose “Add my logo.”

The Follow-Me Help panel displays a Help topic on how to add a company logo to an invoice:



- 3 Close the invoice.

Using the Ask fields

You can look for help in QuickBooks using the Search option in the Find panel:



If this option is not displayed, click the Search button in the Follow-Me-Help panel:



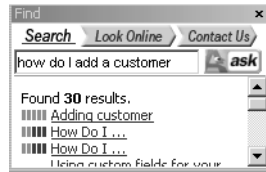
You will also find an Ask field alongside the How Do I? menu in the title bar on many windows:



To ask a help question:

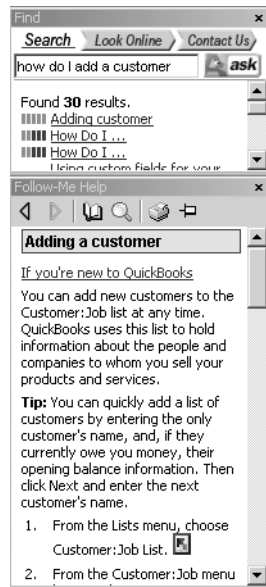
- 1 Highlight the words “Ask a help question” in the Ask field, or click in the box below Search in the Find panel.
- 2 Type *How do I add a customer?*
- 3 Click Ask.

The QuickBooks Find panel displays search results.



- 4 Click on the topic “Adding customer”.

The topic is displayed in the Follow-Me Help pane:



Note that this is the same topic as we retrieved from the Help index above.

Tip: You can print any Help topic by clicking the Printer icon: 

Finding further information

If you need further information, you can search QuickBooks' eXceed Support online knowledge base. This also contains new or late-breaking information.

To do this, you need to be connected to the Internet.

To find information online:

- 1 In the Find panel, click Look Online.
- 2 In the box, type *customise invoices*.
- 3 Click Search.

A browser window opens, with a list and summary of search results.

- 4 Select the topics that interest you.



LESSON 3 Working with lists

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Lesson objectives

- To edit the company chart of accounts
- To add a new customer to the Customer:Job list
- To add a new employee to the Employee list
- To add a new supplier to the Supplier list
- To learn about custom fields, and to practice adding custom fields
- To see how to manage lists in QuickBooks

To start this lesson

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

Follow these steps to restore the lesson file to its original state so that the data in the file matches what you see on the screen as you proceed through the lesson.

To restore the lesson file (qblesson.qbb):

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

Using QuickBooks lists

QuickBooks lists organise a wide variety of information, including data on customers, suppliers, stock items, and more. Lists save you time by helping you enter information consistently and correctly. When you store information on a list, you enter it once and never need to retype it. Think about how many names, addresses and other information you use more than once in your business:

- Customers who purchase from you on a regular basis
- Suppliers from whom you purchase your supplies
- Products or services you sell again and again

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

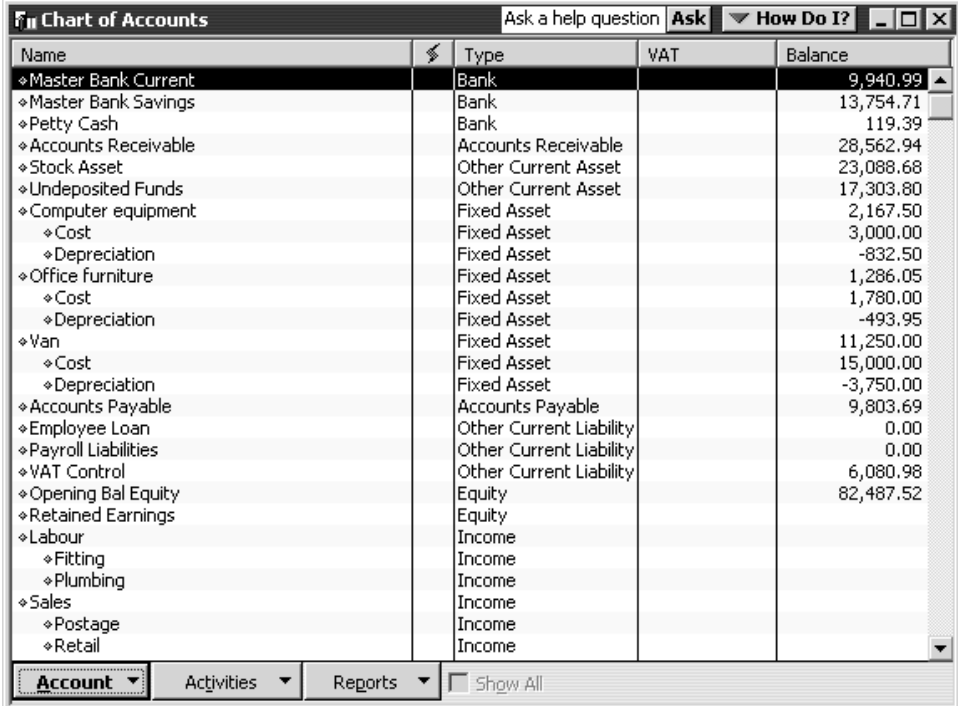
Editing the chart of accounts

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

To display the chart of accounts:

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

QuickBooks displays the chart of accounts for Grangeworth Kitchens:



Name	Type	VAT	Balance
Master Bank Current	Bank		9,940.99
Master Bank Savings	Bank		13,754.71
Petty Cash	Bank		119.39
Accounts Receivable	Accounts Receivable		28,562.94
Stock Asset	Other Current Asset		23,088.68
Undeposited Funds	Other Current Asset		17,303.80
Computer equipment	Fixed Asset		2,167.50
Cost	Fixed Asset		3,000.00
Depreciation	Fixed Asset		-832.50
Office furniture	Fixed Asset		1,286.05
Cost	Fixed Asset		1,780.00
Depreciation	Fixed Asset		-493.95
Van	Fixed Asset		11,250.00
Cost	Fixed Asset		15,000.00
Depreciation	Fixed Asset		-3,750.00
Accounts Payable	Accounts Payable		9,803.69
Employee Loan	Other Current Liability		0.00
Payroll Liabilities	Other Current Liability		0.00
VAT Control	Other Current Liability		6,080.98
Opening Bal Equity	Equity		82,487.52
Retained Earnings	Equity		
Labour	Income		
Fitting	Income		
Plumbing	Income		
Sales	Income		
Postage	Income		
Retail	Income		

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

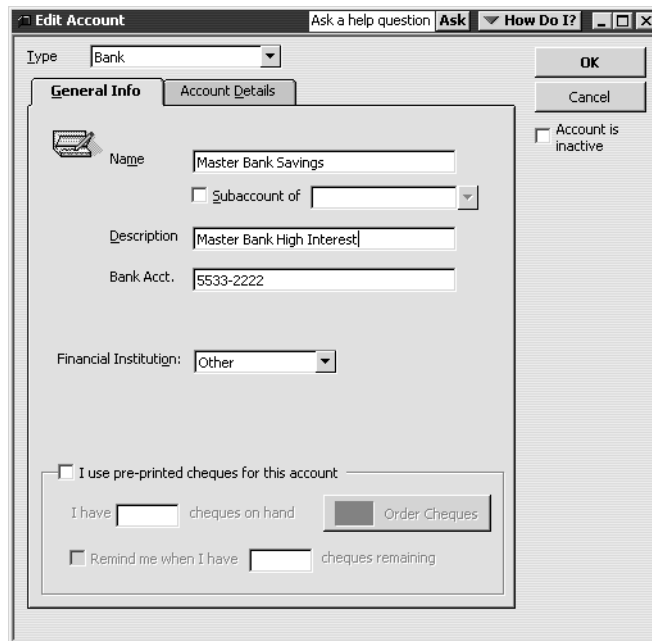
Editing an account

If any of the accounts don't suit your needs, you can edit them. In this exercise, you'll edit Grangeworth Kitchens's Master Savings Account to provide the account number.

To edit an account:

- 1 In the chart of accounts, select Master Bank Savings.
- 2 Click the Account menu button (at the bottom of the window) and select Edit. QuickBooks displays the Edit Account window.
- 3 In the Description field, type **Master Bank High Interest**.
- 4 In the Bank Acct. field, type **5533-2222**.

Your screen should look like this:



- 5 Click OK.

Adding subaccounts

The Telephone expense account has two subaccounts called Fax and Mobile. Grangeworth Kitchens wants to add a third subaccount called Phone.

To add a subaccount:

- 1 In the chart of accounts, click the Account menu button and then choose New. QuickBooks displays the New Account window.
- 2 In the Type field, select Expense from the drop-down list.
- 3 In the Name field, type **Phone**.
- 4 Select the "Subaccount of" tick box, and then select Telephone from the drop-down list.

- 5 In the Description field, type *Main phone line*.
- 6 In the Usual VAT Code field select S from the drop-down list.
Your screen should look like this:

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

Name	Type	VAT	Balance
↳ Telephone	Expense	S	
↳ Fax	Expense	S	
↳ Mobile	Expense	S	
↳ Phone	Expense	S	
↳ Tools	Expense	S	

- 8 Close the chart of accounts.

Working with the Customer:Job list

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

Adding a new customer

In this exercise, you'll add a new customer to the Customer:Job list.

To add a new customer:

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

QuickBooks displays the Customer:Job list.

Name	Balance	Notes
◇ Carolyn Leslie	2,167.88	
◇ Cranberry's	4,099.20	
◇ Elizabeth Allen	0.00	
◇ Franklin Guest House	376.00	
◇ Kitchen	0.00	
◇ Private Dining Room	376.00	
◇ Residents Dining Room	0.00	
◇ Hartley Furnishings Ltd	7,115.80	
◇ Martina Freeman	0.00	
◇ Mr Williams	0.00	
◇ Offa Kitchens	8,920.60	
◇ R Jackson	0.00	
◇ Sutton Housing Association	5,883.46	
◇ Kitchen refurbishment Flats 1-6	0.00	
◇ Kitchen refurbishment Flats 7-12	0.00	
◇ Kitchen refurbishment Flats 13-18	5,883.46	
◇ Kitchen refurbishment Flats 19-24	0.00	

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

- 2** Click the Customer:Job menu button at the bottom of the list window. QuickBooks displays the menu.
- 3** Choose New.

QuickBooks displays the New Customer window.

The New Customer window is where you enter all the information regarding a new customer, including billing and shipping addresses, contacts, credit limit, and payment terms. QuickBooks uses the information you enter to complete invoices, bills and receipts.

4 In the Customer field, type **Walker Homestyle**.

This is the name QuickBooks displays in the Customer:Job list. By default, QuickBooks sorts the list alphabetically.

Tip: If you enter individual names in last name, first name order, your Customer:Job list displays the names with the last name first.

5 In the Opening Balance field, type **546.00**.

6 Press Tab to move to the Company Name field.

7 In the Company Name field, type **Walker Homestyle (Preston) Ltd**.

8 Press Tab several times to move to the Bill To field.

Notice that QuickBooks has entered the company name in the first line of the Bill To field.

9 In the Bill To field, click the line below the company name. Type **9 Lower Ivory Street**, and then press Enter.

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

10 On the next line of the Bill To field, type **Preston PR2 1JN**.

Note: If you will need to display individual address fields in reports, click the **Address Details** button to make sure you enter details in the correct fields.

11 Click Copy to have QuickBooks copy the billing address to the Ship To field.

12 In the Contact field, type **Mary Miller**.

13 In the Phone field, type **01772-559841**.

14 In the FAX field, type **01772-550012**.

15 In the Alt. Contact field, type **John Firmin**.

Your screen should now look like this:

Providing additional customer information

You've just completed the Address Info tab for a new customer. The Additional Info tab is where you can enter other important information, such as customer type (if you want to categorise your customers in some way), payment terms, credit limit, VAT registration number, and the customer's opening balance

To add additional information to a customer record:

- 1 Click the Additional Info tab.

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

- 2 Press Tab to move to the Type field.

The Type field lets you track customers in any way that is meaningful for your business. For example, if you run television, radio and print adverts, and you want to know which advertising method brings you the most customers, you can assign customers a "type" (TV, Radio, or Print) and run reports that tell you which referral source is most effective. Grangeworth Kitchens uses the Type field to categorise customers by type of business.

- 3 Type **Repeat non-commercial** and press Tab.

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

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

- 5 In the Terms field, choose Net 30 from the drop-down list.

- 6 Click the 'Use customer tax code' tickbox, because Grangeworth Kitchens wants to use a default customer VAT code for this customer.
- 7 Leave the VAT code as S (standard rate). If this were a different type of customer, for example a charity, you could choose a different default VAT rate

Your screen should look like this:

Providing customer payment information

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

To add payment and credit information to a customer record:

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

When you finish, your window should look like this:

The screenshot shows the 'New Customer' dialog box. The 'Customer' field contains 'Walker Homestyle'. The 'Opening Balance' is '546.00' as of '31/03/2003'. The 'Payment Info' tab is selected, showing fields for 'Account No.', 'Credit Limit' (2,000.00), 'Preferred Payment Method' (Cheque), 'Credit Card No.', 'Exp. Date', 'Name on card', 'Address', and 'Post Code'. There are 'OK', 'Cancel', and 'Next' buttons on the right, and a checkbox for 'Customer is inactive'.

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

Working with the Employee list

The Employee list stores information about your employees such as name, address and National Insurance number. If you are using QuickBooks for payroll, it also stores information needed to calculate pay cheques. You'll learn how to enter employee payroll information later in this course. For now, enter only the basic information.

Adding a new employee

Suppose that Grangeworth Kitchens has hired a new employee and you want to add her information to the Employee list.

- 1 From the Employees menu, choose Employee List. QuickBooks displays the Employee list.

NI No.	Name	Notes
LA 59 57 09 C	Andrew G Turner	
PH 61 91 01 C	Charlie S Walker	
JA 21 90 01 B	Gemma T Curtis	
KT 52 16 67 D	James E MacDonald	
AB 12 94 29 D	Lynda J Hamilton	

The screenshot shows the 'Employee List' window. The table has columns for 'NI No.', 'Name', and 'Notes'. The data rows are: LA 59 57 09 C, Andrew G Turner; PH 61 91 01 C, Charlie S Walker; JA 21 90 01 B, Gemma T Curtis; KT 52 16 67 D, James E MacDonald; AB 12 94 29 D, Lynda J Hamilton. There are dropdown menus for 'Employee', 'Activities', and 'Reports', and a 'Show All' checkbox.

You can add a new employee to the Employee list, edit information for an existing employee, or delete an employee name (as long as you have not used the employee name in any transactions).

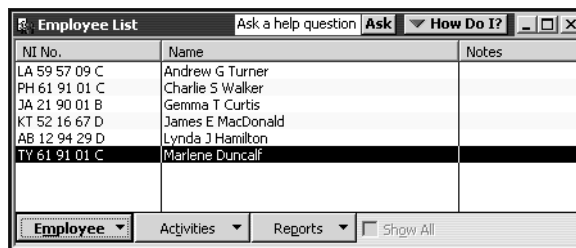
- Click the Employee menu button and choose New.

QuickBooks displays the Address Info section of the Personal Info tab in the New Employee window:

- In the First Name field, type **Marlene**.
- In the Last Name field, type **Duncalf**.
- In the Address field, type **73 St. Bernards Drive**.
- For the City field, type **Slough**.
- For the Post Code field, type **SL2 7YS**.
- In the Phone field, type **01753 876645**.
- For the National Insurance number, type **TY 61 91 01 C**.
- For the DOB field, type **10/10/72**.
- Click Female.
- For Marital Status, select Divorced from the drop-down list.

When you finish, your window should look like this:

- 13 Click OK.
- 14 When QuickBooks asks if you want to set up payroll information, click Leave As Is. QuickBooks displays the Employee list with the new employee's name added:



NI No.	Name	Notes
LA 59 57 09 C	Andrew G Turner	
PH 61 91 01 C	Charlie S Walker	
JA 21 90 01 B	Gemma T Curtis	
KT 52 16 67 D	James E MacDonald	
AB 12 94 29 D	Lynda J Hamilton	
TY 61 91 01 C	Marlene Duncalf	

- 15 Close the Employee list.

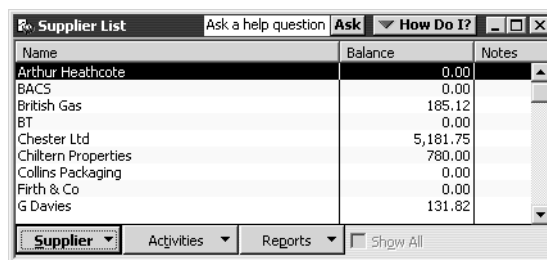
Working with the Supplier list

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

Adding a new supplier

In this exercise, you'll add a new supplier to the Supplier list. Suppose Grangeworth Kitchens is working with a new subcontractor, and it needs to add information about the new supplier to its QuickBooks Supplier list.

- 1 From the Suppliers menu, choose Supplier List. QuickBooks displays the Supplier list.



Name	Balance	Notes
Arthur Heathcote	0.00	
BACS	0.00	
British Gas	185.12	
BT	0.00	
Chester Ltd	5,181.75	
Chiltern Properties	780.00	
Collins Packaging	0.00	
Firth & Co	0.00	
G Davies	131.82	

- Click the Supplier menu button, and then choose New from the menu. QuickBooks displays the New Supplier window.

The New Supplier window is where you enter all of the information regarding a new supplier, such as name, phone, contact, address, and opening balance. Just as when you add a new customer or employee, you start by providing basic information on the Address Info tab.

- In the Supplier field, type **Heathcote A**.
This is the name QuickBooks displays for this supplier in the Supplier list. If the supplier is an individual, you may wish to enter the surname first, then the first name.
- In the Opening Balance field, type **105.90**. Leave the date as is.
- In the Company Name field, type **Heathcote A**.
- Click in the Address field, below the company name displayed on the first line. Notice that QuickBooks displays the company name on the first line of the Address field.
- On the second line of the Address field, type **6 Fountain Rd**.
- Press Enter to move to the next line.
- Type **Leicester**.
- Press Enter to move to the next line.
- Type **LE1 2US**.

Note: If you will need to display individual address fields in reports, click the **Address Details** button to make sure you enter details in the correct fields.

- In the Contact field, type **A Heathcote**.
- In the Phone field, type **0116 789400**.
- In the FAX field, type **0116 789500**.

When you finish, your window should look like this:

New Supplier

Supplier name: Heathcote A.

Opening Balance: 105.90 as of 31/03/2003

Address Info

Company Name: Heathcote A. Contact: A. Heathcote

Mr./Ms./... Phone: 0116 789400

First Name M.I. FAX: 0116 789500

Last Name Alt. Ph.

Address: Heathcote A., 6 Fountain Rd., Leicester, LE1 2US

Alt. Contact

E-mail

Print on Cheque as: Heathcote A.

Address Details

Supplier is inactive

Providing additional supplier information

The Additional Info tab in the New Supplier window is where you can enter a supplier type (if you want to categorise your suppliers), payment terms, credit limit, the supplier's VAT registration number, and your opening balance. You'll add this information now for A Heathcote.

To add information to a supplier record:

- 1 Click Additional Info.

QuickBooks displays the Additional Info tab in the New Supplier window.

New Supplier

Supplier name: Heathcote A.

Opening Balance: 105.90 as of 31/03/2003

Additional Info

Account No.

Categorising and Defaults

Type

Terms

Credit Limit

VAT Reg Number

Custom Fields

Mobile

Website

Define Fields

Supplier is inactive

- 2 In the Account field, type **123-445**.

- 3 In the Type field, type **Contractor**.
Notice that as you type **Cont**, QuickBooks fills in the rest.
- 4 In the Terms field, choose 2% 10 Net 30 from the drop-down list.
- 5 In the Credit Limit field, type **2000**.

Your New Supplier window should resemble this one:

- 6 Click OK.

QuickBooks displays the updated Supplier list:

Name	Balance	Notes
Heathcote A	105.90	
HM Customs & Excise	0.00	
Inland Revenue	0.00	
Linden May Ltd	0.00	
Mercia Supplies	0.00	
Post Office	0.00	
Sava Cash & Carry	0.00	
Southeast Water	0.00	
Southern Electric	0.00	

Notice that Heathcote A. has been added.

- 7 Close the Supplier list.

Adding custom fields

QuickBooks lets you add custom fields to your Customer:Job, Supplier, Employee, and Item lists. Custom fields give you a way to track additional information specific to your business. For example, you can add a field for pager numbers to your Supplier and Employee lists, a field for customers' birthdays to your Customer:Job list, and fields for colour and finish to your Item list.

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

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

For each customer, supplier, and employee, you can add up to seven custom fields, including fields that overlap. For example, if you add a custom birthday field for customers, suppliers and employees, QuickBooks counts it as one field used for each. You can add up to five custom fields for each item your company sells.

Adding custom fields for customers, suppliers, and employees

You can enter information in the custom fields only through the New or Edit windows (for example, New Customer or Edit Customer). Information from the custom fields can be displayed only on a form. You can also add custom fields to reports.

First, look at the custom fields that Grangeworth Kitchens has already added to its Customer:Job, Supplier, and Employee lists. Then, you'll add two new custom fields.

To add custom fields:

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

QuickBooks displays the Customer:Job list.

- 2 In the Customer:Job list, select Walker Homestyle.

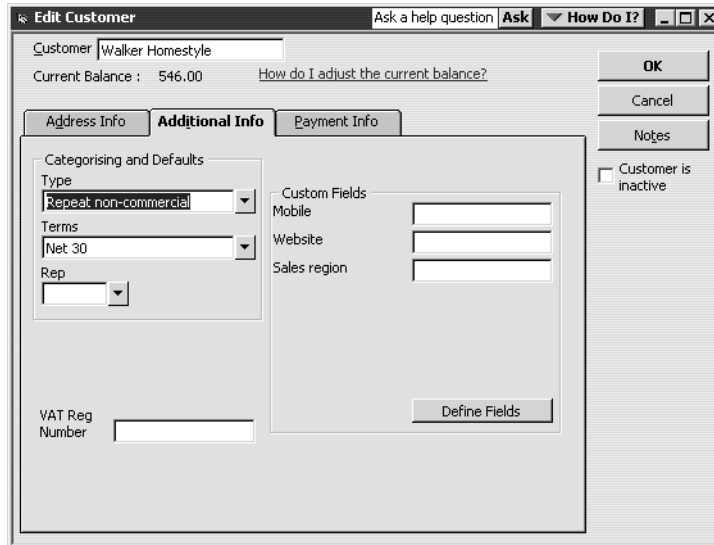
- 3 Click the Customer:Job, menu button and then choose Edit from the menu.

QuickBooks displays the Edit Customer window:

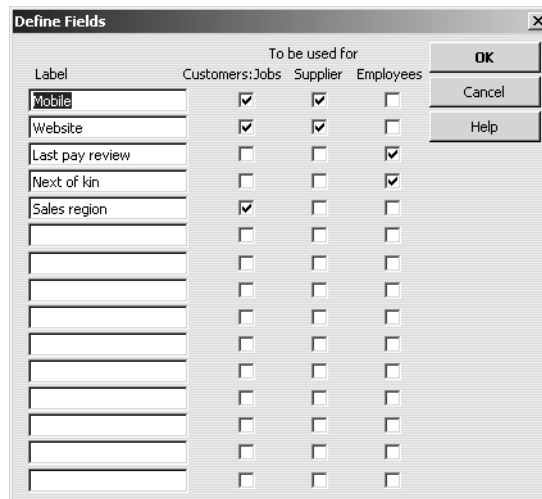
The screenshot shows the 'Edit Customer' window for 'Walker Homestyle'. The 'Current Balance' is 546.00. The 'Address Info' tab is selected, showing fields for Company Name, Contact, Mr./Ms./..., First Name, Last Name, Phone, FAX, Alt. Ph., Alt. Contact, and E-mail. The 'Addresses' section shows 'Bill To' and 'Ship To' addresses for Walker Homestyle (Preston) Ltd. The 'Additional Info' tab is also visible.

- 4 Click the Additional Info tab.

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



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



Notice that Grangeworth Kitchens has already set up some custom fields: in the Customer:Job list for mobile, website, and sales region; in the Supplier list for mobile and website; in the Employee list for last pay review and next of kin. Now, you'll add a custom field for alternative email address to the Customer:Job and Supplier lists. You'll also add a custom field to the Employee list that tracks the date of each employee's last review.

- 6 In the first blank Label field, type **Alt. email**.
- 7 Select the Customers:Jobs tick box.
A tick mark appears in the box.
- 8 Select the Suppliers tick box.
- 9 In the next blank Label field, type **Date of last review**.

10 Select the Employees tick box.

Your Define Fields window should now look like this:

Label	To be used for		
	Customers:Jobs	Supplier	Employees
Mobile	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Website	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Last pay review	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Next of kin	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sales region	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alt. email	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Date of last review	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11 Click OK.

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

QuickBooks has added the Alt. email field to the Edit Customer window.

13 Click OK to close the Edit Customer window.

14 Close the Customer:Job list.

Adding custom fields for items

Now suppose that Grangeworth Kitchens wants to add a custom field to its Item list. The company purchases several types of sink. The Item list already has a custom field for Colour, but now Grangeworth wants to add a field for Finish.

To add custom fields for items:

- 1 From the Lists menu, choose Item List.

QuickBooks displays the Item list, as shown below.

Name	Description	Type	VAT	Account	On Hand	Price	Gross Price
▶ Fitting	Fitting kitchen	Service	S	Labour:Fitting		50.00	58.75
▶ Plumbing	Plumbing	Service	S	Labour:Plumbing		60.00	70.50
▶ Chairs						0	0.00
▶ Oak chair	Oak chair	Stock Part	S	Sales:Retail	4	50.00	58.75
▶ Pine chair	Pine chair	Stock Part	S	Sales:Retail	54	30.00	35.25
▶ Dressers						0	0.00
▶ Oak Welsh dresser	Oak Welsh dresser	Stock Part	S	Sales:Retail	15	400.00	470.00
▶ Pine Welsh dresser	Pine Welsh dresser	Stock Part	S	Sales:Retail	8	360.00	423.00
▶ Pine Kitchen Cabinets						0	0.00
▶ Pine base cabinet	Pine base cabinet	Stock Part	S	Sales:Retail	38	140.00	164.50
▶ Pine base with drawer	Pine base cabinet with dr	Stock Part	S	Sales:Retail	18	170.00	199.75
▶ Pine double wall	Pine double wall cabinet	Stock Part	S	Sales:Retail	22	150.00	176.25
▶ Pine single wall	Pine single wall cabinet	Stock Part	S	Sales:Retail	9	70.00	82.25
▶ Sinks						0	0.00
▶ Butler's sink	Butler's sink	Stock Part	S	Sales:Retail	8	80.00	94.00
▶ Double sink	Double sink	Stock Part	S	Sales:Retail	5	70.00	82.25
▶ Tables						0	0.00
▶ Oak table	Oak table	Stock Part	S	Sales:Retail	23	250.00	293.75
▶ Pine table	Pine table	Stock Part	S	Sales:Retail	62	200.00	235.00
▶ Taps						0	0.00
▶ Mixer taps	Mixer taps	Stock Part	S	Sales:Retail	16	35.00	41.13
▶ Silver taps	Silver taps	Stock Part	S	Sales:Retail	23	25.00	29.38
▶ Work Tops						0	0.00
▶ Granite worktop	Granite worktop	Stock Part	S	Sales:Retail	67	85.00	99.88
▶ Steel worktop	Steel worktop	Stock Part	S	Sales:Retail	3	65.00	76.38
▶ Packaging						0	0.00
▶ Large carton	Large carton	Non-stock Part	S	Cost of Goods Sold		2.00	2.35
▶ Small carton	Small carton	Non-stock Part	S	Cost of Goods Sold		1.50	1.76
▶ Post and packing	Post and packing	Other Charge	S	Sales:Postage		0.00	0.00
▶ Oak table and chairs	Oak table and 4 oak chair	Group					0.00
▶ Pine table and chairs	Pine table and 4 pine cha	Group					0.00

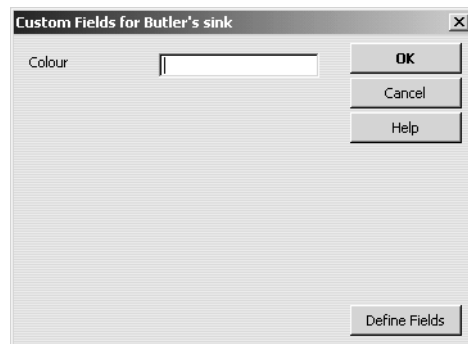
- 2 In the Item list, select Butler's sink.
- 3 Click the Item menu button, and then choose Edit.

QuickBooks displays the Edit Item window.

Type				
Stock Part	Use for goods you purchase, track as stock, and resell.			
<input type="button" value="OK"/> <input type="button" value="Cancel"/>				
<input type="button" value="Custom Fields"/> <input type="button" value="Spelling"/>				
Item Name/Number	Subitem of			
Butler's sink	Sinks			
Purchase Information				
Description on Purchase Transactions				
Butler's sink				
Cost	40.00			
Purch VAT Code	S			
COGS Account	Cost of Goods Sold			
Preferred Supplier	Firth & Co			
Sales Information				
Description on Sales Transactions				
Butler's sink				
Sales Price	80.00			
Sales VAT Code	S			
Income Account	Sales:Retail			
Stock Information ()				
Asset Account	Reorder Point	On Hand	Avg. Cost	On P.O.
Stock Asset	10	8	40.00	0

- 4 Click the Custom Fields button.

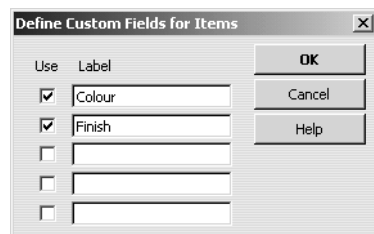
QuickBooks displays the custom fields already defined for this item:



- 5 Click Define Fields.

QuickBooks displays the Define Custom Fields for Items window.

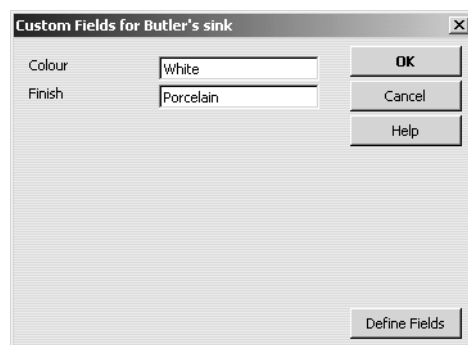
- 6 Under Use, click the first blank tick box to select it. Then type **Finish** in the Label field.



- 7 Click OK to close the window.

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

- 9 In the Custom Fields for Butler's sink window, type **White** in the Colour field and **Porcelain** in the Finish field.



- 10 Click OK to close the Custom Fields for Butler's sink window, and then click OK to close the Edit Item window.

- 11 Close the Item list.

Managing lists

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

Sorting lists

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

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

Sorting a list manually

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

To sort a list manually:

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

QuickBooks displays the chart of accounts for Grangeworth Kitchens.

Name	Type	VAT	Balance
↳ Master Bank Current	Bank		9,940.99
↳ Master Bank Savings	Bank		13,754.71
↳ Petty Cash	Bank		119.39
↳ Accounts Receivable	Accounts Receivable		29,108.94
↳ Stock Asset	Other Current Asset		23,088.68
↳ Undeposited Funds	Other Current Asset		17,303.80
↳ Computer equipment	Fixed Asset		2,167.50
↳ Cost	Fixed Asset		3,000.00
↳ Depreciation	Fixed Asset		-832.50
↳ Office furniture	Fixed Asset		1,286.05
↳ Cost	Fixed Asset		1,780.00
↳ Depreciation	Fixed Asset		-493.95
↳ Van	Fixed Asset		11,250.00
↳ Cost	Fixed Asset		15,000.00
↳ Depreciation	Fixed Asset		-3,750.00
↳ Accounts Payable	Accounts Payable		9,909.59
↳ Employee Loan	Other Current Liability		0.00
↳ Payroll Liabilities	Other Current Liability		0.00
↳ VAT Control	Other Current Liability		6,080.98
↳ Opening Bal Equity	Equity		82,487.52
↳ Retained Earnings	Equity		
↳ Labour	Income		
↳ Fitting	Income		
↳ Plumbing	Income		
↳ Sales	Income		
↳ Postage	Income		

- 2 Click the diamond to the left of the Plumbing subaccount of the Labour account. The mouse pointer becomes a four-directional arrow.
- 3 Click and hold the mouse button, and drag the pointer upward until you see a dotted line directly below Labour.

- Release the mouse button to drop the account in the new position.
The Plumbing account is now directly under the Labour account.

↳ Labour	Income		
↳ Plumbing	Income		
↳ Fitting	Income		

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

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

Note: If you sort a list manually, you must keep list items, accounts, etc., of the same type together.

Sorting a list in ascending or descending order

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

To sort a list in descending order:

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

Name	Balance	Notes
↳ Walker Homestyle	546.00	
↳ Carolyn Leslie	2,167.88	
↳ Cranberry's	4,099.20	
↳ Elizabeth Allen	0.00	
↳ Franklin Guest House	376.00	
↳ Kitchen	0.00	
↳ Private Dining Room	376.00	
↳ Residents Dining Room	0.00	
↳ Hartley Furnishings Ltd	7,115.80	
↳ Martina Freeman	0.00	
↳ Mr Williams	0.00	
↳ Offa Kitchens	8,920.60	
↳ R Jackson	0.00	
↳ Sutton Housing Association	5,883.46	
↳ Kitchen refurbishment Flats 1-6	0.00	
↳ Kitchen refurbishment Flats 7-12	0.00	
↳ Kitchen refurbishment Flats 13-18	5,883.46	
↳ Kitchen refurbishment Flats 19-24	0.00	

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

- 3 Click the column heading again.

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

Name	Balance	Notes
Offa Kitchens	8,920.60	
Hartley Furnishings Ltd	7,115.80	
Sutton Housing Association	5,883.46	
Kitchen refurbishment Flats 13-18	5,883.46	
Kitchen refurbishment Flats 1-6	0.00	
Kitchen refurbishment Flats 7-12	0.00	
Kitchen refurbishment Flats 19-24	0.00	
Cranberry's	4,099.20	
Carolyn Leslie	2,167.88	
Walker Homestyle	546.00	
Franklin Guest House	376.00	
Private Dining Room	376.00	
Kitchen	0.00	
Residents Dining Room	0.00	
Elizabeth Allen	0.00	
Martina Freeman	0.00	
Mr Williams	0.00	
R Jackson	0.00	

- 4 To return to the order you started with, click the large diamond in the column title.
- 5 Close the Customer:Job list.

Merging list items

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

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

Suppose you want to merge Heathcote A (the supplier you added earlier in the lesson) with Arthur Heathcote. To merge them, you can edit the incorrect name to match the spelling of the correct name.

To merge items on a list:

- 1 From the Suppliers menu, choose Supplier List.
QuickBooks displays the Supplier list.

Name	Balance	Notes
Arthur Heathcote	0.00	
BACS	0.00	
British Gas	185.12	
BT	0.00	
Chester Ltd	5,181.75	
Chiltern Properties	780.00	
Collins Packaging	0.00	
Firth & Co	0.00	
G Davies	131.82	
Heathcote A	105.90	
HM Customs & Excise	0.00	
Inland Revenue	0.00	
Linden May Ltd	0.00	
Mercia Supplies	0.00	
Post Office	0.00	
Sava Cash & Carry	0.00	
Southeast Water	0.00	
Southern Electric	0.00	
Thurlow Repro	0.00	
Windsor & Wycombe	3,525.00	

- 2 Select Heathcote A.
- 3 Click the Supplier menu button, and then choose Edit.
QuickBooks displays the Edit Supplier window.

Supplier name: **Heathcote A.**

Current Balance: 105.90

Address Info

Company Name: Heathcote A. Contact: A. Heathcote

Mr./Ms./... Phone: 0116 789400

First Name M.I. FAX: 0116 789500

Last Name Alt. Ph.

Address: Heathcote A, 6 Fountain Rd, Leicester LE1 2U5

Alt. Contact

E-mail

Print on Cheque as: Heathcote A.

Supplier is inactive

- 4 In the Supplier Name field, type **Arthur Heathcote** (the name of the supplier you want to merge with).
- 5 Click OK.
QuickBooks asks if you would like to merge the names.
- 6 Click Yes.
QuickBooks merges the two names and you now have only Arthur Heathcote in the Supplier list.
- 7 Close the Supplier list.

Renaming list items

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

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

To rename a list item in the chart of accounts:

- 1 From the Lists menu, choose Chart of Accounts to display the chart of accounts for Grangeworth Kitchens.

Name	Type	VAT	Balance
↳ Master Bank Current	Bank		9,940.99
↳ Master Bank Savings	Bank		13,754.71
↳ Petty Cash	Bank		119.39
↳ Accounts Receivable	Accounts Receivable		29,108.94
↳ Stock Asset	Other Current Asset		23,088.68
↳ Undeposited Funds	Other Current Asset		17,303.80
↳ Computer equipment	Fixed Asset		2,167.50
↳ Cost	Fixed Asset		3,000.00
↳ Depreciation	Fixed Asset		-832.50
↳ Office furniture	Fixed Asset		1,286.05
↳ Cost	Fixed Asset		1,780.00
↳ Depreciation	Fixed Asset		-493.95
↳ Van	Fixed Asset		11,250.00
↳ Cost	Fixed Asset		15,000.00
↳ Depreciation	Fixed Asset		-3,750.00
↳ Accounts Payable	Accounts Payable		9,909.59
↳ Employee Loan	Other Current Liability		0.00
↳ Payroll Liabilities	Other Current Liability		0.00
↳ VAT Control	Other Current Liability		6,080.98
↳ Opening Bal Equity	Equity		82,487.52
↳ Retained Earnings	Equity		
↳ Labour	Income		
↳ Fitting	Income		
↳ Plumbing	Income		
↳ Sales	Income		
↳ Postage	Income		

- 2 In the chart of accounts, select Fitting.
- 3 Click the Account menu button, and choose Edit. QuickBooks displays the Edit Account window.

Type: Income

Name: Fitting

Subaccount of: Labour

Description: _____

Note: _____

OK

Cancel

Account is inactive

- 4 In the Name field, type *Installation*.
- 5 Click OK.

QuickBooks changes the name in the chart of accounts.

Name	Type	VAT	Balance
↳ Opening Bal Equity	Equity		82,487.52
↳ Retained Earnings	Equity		
↳ Labour	Income		
↳ Installation	Income		
↳ Plumbing	Income		
↳ Sales	Income		
↳ Postage	Income		
↳ Retail	Income		

6 Close the chart of accounts.

Deleting items and making list items inactive

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

To make a list item inactive:

1 From the Customers menu, choose Customer:Job List.

QuickBooks displays the Customer:Job list as shown below:

Name	Balance	Notes
↳ Offa Kitchens	8,920.60	
↳ Hartley Furnishings Ltd	7,115.80	
↳ Sutton Housing Association	5,883.46	
↳ Kitchen refurbishment Flats 13-18	5,883.46	
↳ Kitchen refurbishment Flats 1-6	0.00	
↳ Kitchen refurbishment Flats 7-12	0.00	
↳ Kitchen refurbishment Flats 19-24	0.00	
↳ Cranberry's	4,099.20	
↳ Carolyn Leslie	2,167.88	
↳ Walker Homestyle	546.00	
↳ Franklin Guest House	376.00	
↳ Private Dining Room	376.00	
↳ Kitchen	0.00	
↳ Residents Dining Room	0.00	
↳ Elizabeth Allen	0.00	
↳ Martina Freeman	0.00	
↳ Mr Williams	0.00	
↳ R Jackson	0.00	

2 Select Martina Freeman in the list.

3 Click the Customer:Job menu button, and choose Make Inactive.

Notice that Martina Freeman no longer appears on the Customer:Job list. The customer:job item is only removed from the list—transactions associated with this customer:job will still appear in reports.

Name	Balance	Notes
Offa Kitchens	8,920.60	
Hartley Furnishings Ltd	7,115.80	
Sutton Housing Association	5,883.46	
Kitchen refurbishment Flats 13-18	5,883.46	
Kitchen refurbishment Flats 1-6	0.00	
Kitchen refurbishment Flats 7-12	0.00	
Kitchen refurbishment Flats 19-24	0.00	
Cranberry's	4,099.20	
Carolyn Leslie	2,167.88	
Walker Homestyle	546.00	
Franklin Guest House	376.00	
Private Dining Room	376.00	
Kitchen	0.00	
Residents Dining Room	0.00	
Elizabeth Allen	0.00	
Mr Williams	0.00	
R Jackson	0.00	

- 4 To see inactive list items, tick the Show All box in the list window. QuickBooks displays all the list items again, but the Xs signify that this customer is still inactive (you make the customer active again by choosing Make Active from the Customer:Job menu button).
- 5 Leave the Customer:Job list open; you will print it in the next exercise.

Printing a list

You can print a QuickBooks list for reference, or you may print a list to a file to use in your word processor or spreadsheet.

To print a list of customers:

- 1 Click the Customer:Job menu button, and then choose Print List. QuickBooks displays a message telling you that you can also print list information from the Reports menu.
- 2 Click OK to bypass the List Reports message. QuickBooks displays the Print Lists window, which displays the name of your printer and printer port. You can select to print to a printer or to a file.
- 3 Click Print. QuickBooks displays a message as it sends the print job to your printer, then redisplay the Customer:Job list.
- 4 Close the Customer:Job list.



LESSON 4 Working with bank and credit card accounts

Lesson objectives 4-2

To start this lesson 4-2

Writing a QuickBooks cheque 4-2

Using bank account registers 4-4

Opening a register 4-4

Common features of QuickBooks registers 4-6

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Marking cleared transactions 4-11

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Tracking credit card transactions 4-16

Setting up a credit card account 4-16

Entering credit card charges 4-19

Reconciling and paying a credit card bill 4-20

Other reconciliations 4-24

Lesson objectives

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

To start this lesson

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

Follow these steps to restore the lesson file to its original state so that the data in the file matches what you see on the screen as you proceed through the lesson.

To restore the lesson file (**qblesson.qbb**):

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

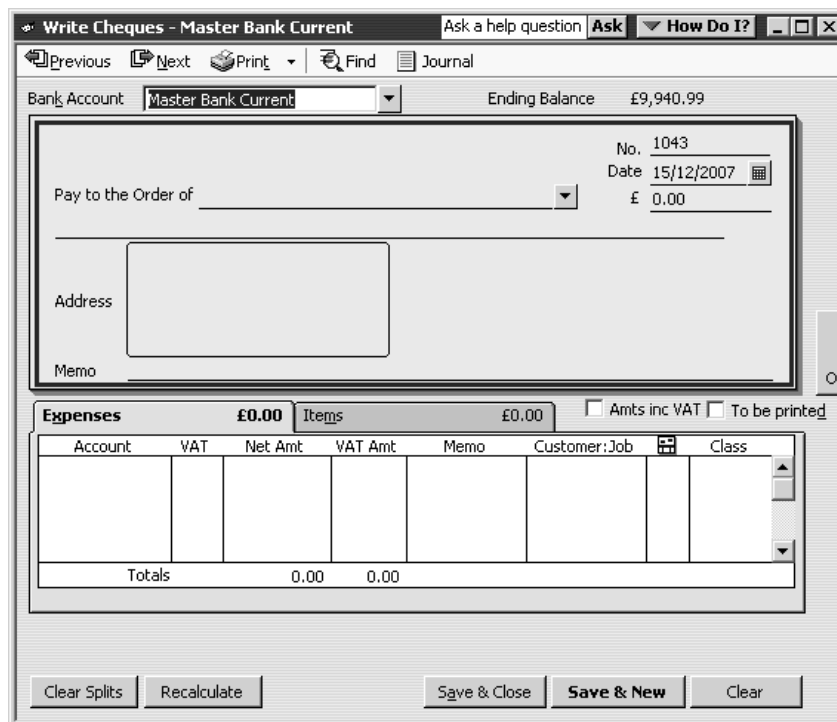
Writing a QuickBooks cheque

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

Suppose that you need to write a cheque to pay Grangeworth Kitchens’s water bill.

To write a cheque:

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



The Bank Account field shows which account you are using for this cheque. The Date field displays the current date. You can change either if you wish, but they are fine for our example.

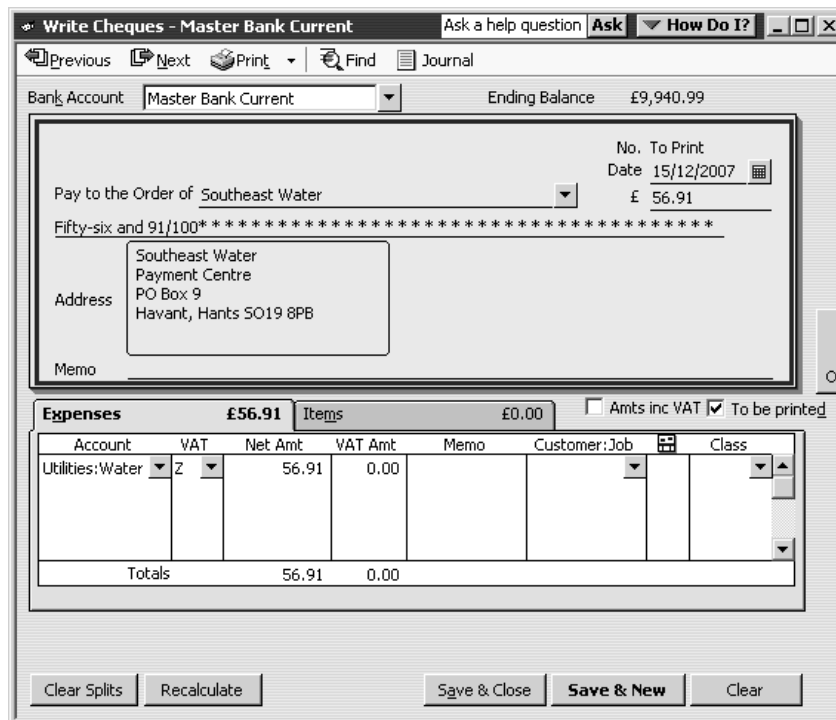
- 2 Select the “To be printed” tick box.
QuickBooks displays a tick mark in the box.
- 3 In the Pay to the Order of field, type **Sout**.
QuickBooks fills in Southeast Water in the field.
- 4 Press Tab to move to the Amount field.

Tip: The QuickBooks AutoRecall feature fills in the amount from the last transaction with a payee. This is convenient when you have recurring payments of the same amount. You can turn on AutoRecall by choosing Preferences from the Edit menu. Click General in the left scroll bar, and then click on “Automatically recall last transaction for this name.”

- 5 Type **56.91** (the amount of the water bill), and then press Tab.
Notice that QuickBooks spells out the amount of the cheque for you on the line below the payee.

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

Your screen should resemble this one:



The Expenses tab is where you assign the amount of the cheque to one of the expense accounts on your chart of accounts. In this case, Grangeworth Kitchens assigns the cheque to its Utilities account and the Water subaccount. You use the Items tab only when purchasing items you plan to stock.

- 7 Click Save & Close.

Using bank account registers

When you work in QuickBooks, you often use forms, such as a cheque or an invoice, to enter information. Behind the scenes, QuickBooks records your entries in the appropriate account register. Each balance sheet account on the chart of accounts has a register (except for Retained Earnings).

Opening a register

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

To open a register from the Banking menu

- 1 From the Banking menu, choose Use Register

Grangeworth Kitchens has more than one type of bank account, so QuickBooks displays the Use Register dialog box so you can specify the account you want:

Date	Number	Type	Account	Payee	Memo	Payment	Deposit	Balance
28/02/2003							3,683.63	19,602.71

- 2 Click OK.

QuickBooks opens the Master Bank Current account register:

Date	Number	Type	Account	Payee	Memo	Payment	Deposit	Balance	
28/02/2003							3,683.63	19,602.71	
28/02/2003	DEP	-split-		Deposit					
28/02/2003			BACS			5,093.75		14,508.96	
03/03/2003	1044	BILLPMT	Accounts Payable	Firth & Co		2,602.63		11,906.33	
15/03/2003				Inland Revenue		1,965.34		9,940.99	
31/03/2003				Southeast Water		56.91		9,884.08	
31/03/2003		CHQ							
								Ending balance	9,884.08

Notice that the cheque you just wrote is listed as “To print”.

- 3 Close the Master Bank Current account register.

To open a register from the Chart of Accounts:

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

QuickBooks displays the Chart of Accounts window.

Name	Type	VAT	Balance
Master Bank Current	Bank		9,884.08
Master Bank Savings	Bank		13,754.71
Petty Cash	Bank		119.39
Accounts Receivable	Accounts Receivable		28,562.94
Stock Asset	Other Current Asset		23,088.68
Undeposited Funds	Other Current Asset		17,303.80
Computer equipment	Fixed Asset		2,167.50

- 2 In the chart of accounts, double-click on the Master Bank Savings account.

QuickBooks opens the Master Bank Savings account register for Grangeworth Kitchens:



Date	Ex.Rate	Number	Type	Payee	Memo	Payment	✓	Deposit	Balance
31/12/2002			DEP	Interest Income	Deposit			245.12	22,135.08
15/01/2003			TRANSFR	Master Bank Current	Money Transfer	20,000.00			2,135.08
17/01/2003			DEP	Undeposited Funds	Deposit			3,495.63	5,630.71
07/02/2003			DEP	-split-	Deposit			8,124.00	13,754.71
Ending balance									13,754.71

Common features of QuickBooks registers

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

- The register lists every transaction affecting the account balance in chronological order (though you can change the order by choosing a different option from the Sort by drop-down list). For example, in a current account, the register shows cheques you've written (either in QuickBooks or by hand), deposits to the account, and other withdrawals from the account.
- The columns in the register show information about the transaction. The first column is the date. The second column is for a reference number (a cheque number or a supplier's P.O. number) and type (whether the transaction represents a cheque or a bill payment, for example). The next column lists the payee, the account to which you've assigned the transaction, and any descriptive memo. The final columns for a bank account show the transaction amount (either in the Payment or Deposit column) and whether the transaction has cleared the bank (indicated by a tick in the column).
- On every transaction line, QuickBooks shows the account's running balance. The bottom of the register window shows the account's ending balance—the balance includes all transactions entered in the register, including cheques not yet printed.

To complete the exercise:

- 1 Close the Master Bank Savings account register window.
- 2 Close the Chart of Accounts window.

Entering a handwritten cheque

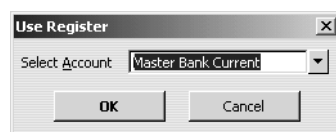
Sometimes you need to write a cheque on the spot for items you did not plan to purchase. QuickBooks lets you write the cheque, then enter it later in the current account register or on the cheque form.

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

To enter a handwritten cheque in the current account register:

- 1 From the Banking menu, choose Use Register.

QuickBooks displays the Use Register dialog box:



- 2 Click OK to accept Master Bank Current Account.

QuickBooks displays the account register:

Date	Number	Payee		Payment	✓	Deposit	Balance
Ex. Rate	Type	Account	Memo				
28/02/2003	DEP	-split-	Deposit			3,683.63	19,602.71
28/02/2003	PAYROLL C	BACS		5,093.75	✓		14,508.96
03/03/2003	1044	Firth & Co		2,602.63			11,906.33
15/03/2003	Internet	Accounts Payable					
	LIAB CHQ	Inland Revenue		1,965.34			9,940.99
31/03/2003	To Print	Southeast Water		56.91			9,884.08
	CHQ	-split-					
31/03/2003	Number	Payee	Memo	Payment		Deposit	
	Account						
Ending balance							9,884.08

Splits

1-Line

Sort by Date, Type, Number/Ref

Record Restore

Save time. Email invoices directly from QuickBooks.

- 3 Click the Number field in the blank transaction at the bottom of the register.

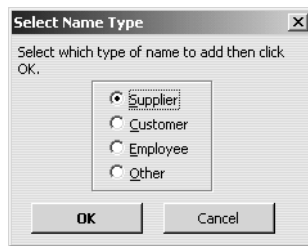
- 4 Type **1204**, and then press Tab.

- 5 In the Payee field, type **Newton Office Supplies**, and then press Tab.

QuickBooks displays a message that Newton Office Supplies is not on the Name list.

- 6 Click Quick Add.

QuickBooks displays the Select Name Type dialog box:



Newton Office Supplies is a supplier, so you can accept the displayed choice.

7 Click OK.

QuickBooks adds the new supplier to the Supplier list.

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

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

QuickBooks fills in Office Furniture.

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

The current account register on your screen should resemble this one:

Date	Number	Payee	Payment	Deposit	Balance
28/02/2003				3,683.63	19,602.71
	DEP	-split- Deposit			
28/02/2003		BACS	5,093.75		14,508.96
	PAYROLL	-split-			
03/03/2003	1044	Firth & Co	2,602.63		11,906.33
	BILLPMT	Accounts Payable			
15/03/2003		Internet	1,965.34		9,940.99
	LIAB CHQ	-split-			
15/12/2007		To Print	56.91		9,884.08
	CHQ	-split-			
15/12/2007	1204	Newton Office Supplies	99.95	Deposit	
	CHQ	Office furniture Office chair			
Ending balance					9,884.08

11 Click Record.

12 Close the Master Bank Current Account register.

Transferring money between accounts

You can easily move money between accounts using the QuickBooks Transfer Money Between Accounts form. Grangeworth Kitchens needs to transfer £2,000.00 from the savings account to the current account, to cover a quarterly VAT payment.

To transfer money:

- 1 From the Banking menu, choose Transfer Money.
QuickBooks displays the Transfer Money Between Accounts window.
- 2 In the Transfer Money From field, select Master Bank Savings (if not shown):

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

- 3 In the Transfer Money To field, select Master Bank Current from the drop-down list.
The balance of this account is also displayed.
- 4 In the Transfer Amt field, type **2000.00**.

Tip: If you prefer,, you can set QuickBooks to insert the decimal point automatically, like an adding machine. To enable this feature, choose Preferences from the Edit menu, click General and tick “Automatically place decimal point” on the My Preferences tab.

- 5 In the Memo field, type **Money Transfer** if not already shown.

Your screen should now resemble this one:

Transfer Money	
Date	15/12/2007
Transfer Money From	Master Bank Savings
Ending Balance	13,754.71
Transfer Money To	Master Bank Current
Ending Balance	9,784.13
Transfer Amt	£ 2,000.00

Memo: Money Transfer

Buttons: Save & Close, Save & New, Clear

6 Click Save & Close.

QuickBooks decreases the balance in the savings account by £2,000 and increases the balance in the Master Current Account by £2,000.

Reconciling bank accounts

Reconciling is the process of making sure that your bank account record matches the bank's record. When you keep your records with QuickBooks, you don't have to worry about addition or subtraction errors as you do when you're using a paper cheque register. Even so, it is important to get in the habit of reconciling your QuickBooks bank accounts on a monthly basis to make sure that your QuickBooks records and bank statement agree. This helps you avoid overdraft charges for bad cheques, spot possible bank errors and keep more accurate financial records.

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

- The opening balance (amount in your account as of the previous statement)
- The ending balance (amount in your account as of the closing date for this statement)
- The amount of interest, if any, you've received for this statement period
- Any service charges assessed by the bank for this statement period
- Cheques that have cleared the bank
- Deposits you've made to the account
- Any other transactions that affect the balance of your account (for example, automatic payments or deposits or cash dispenser withdrawals or deposits)

When you receive a statement from your bank or from a credit card company, you need to reconcile the statement with your QuickBooks records. You can reconcile any QuickBooks bank account, including accounts for savings and money market funds.

Note: If you have an Internet connection, you can set up online banking, which allows you to download online bank statements directly into QuickBooks so you can use them to reconcile your bank account in QuickBooks. For details, search in the Help for online banking.

Marking cleared transactions

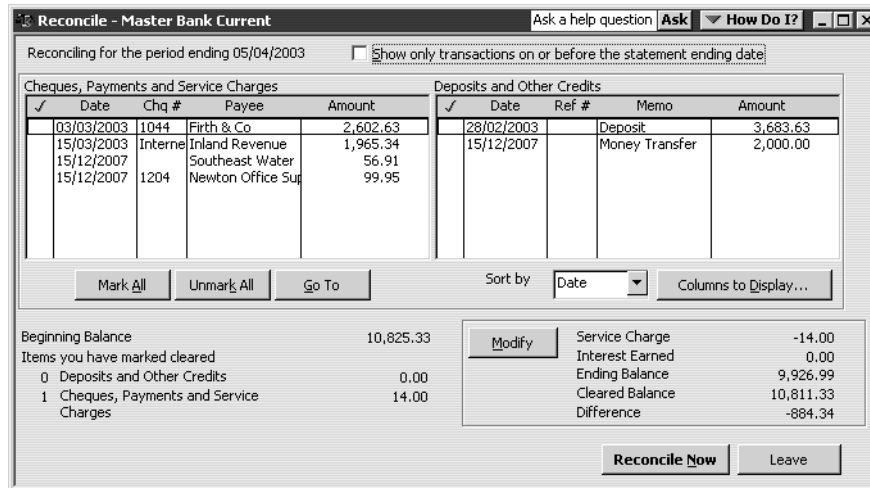
To begin reconciling an account, you need to tell QuickBooks the account you want to reconcile. Then you can provide information from your bank statement.

To reconcile your account:

- 1 From the Banking menu, choose Reconcile.

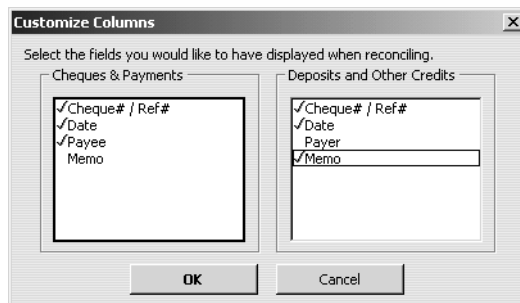
QuickBooks displays the Begin Reconciliation window:

- 2 In the Account To Reconcile field, choose Master Bank Current from the drop-down list if not shown.
- 3 In the Ending Balance field, type **9926.99**.
- 4 In the Service Charge field, type **14.00** and select Bank Service Charges from the drop-down list in the Account field.
- 5 Click Continue to display the Reconcile window:



6 Click Columns to Display.

QuickBooks displays the Customize Columns window.



7 Under Cheques and Payments, select Memo, then click OK.

QuickBooks adds the extra column.

You can resize the Reconcile window to display the columns more clearly, or to display more transactions at once.

8 Under Deposits and Other Credits, select the 28/02/2003 deposit for 3683.63.

QuickBooks places a tick in front of it.

9 Under Cheques and Payments, select the payment dated 03/03/2003 to Firth & Co. for 2602.63.

10 Under Cheques and Payments, select the payment dated 15/03/2003 to Inland Revenue for 1965.34.

Your screen should now resemble this one:

Reconciling for the period ending 05/04/2003 Show only transactions on or before the statement ending date

Cheques, Payments and Service Charges					Deposits and Other Credits					
✓	Date	Inq	Payee	Memo	Amount	✓	Date	Ref #	Memo	Amount
✓	03/03/2003	1044	Firth & Co		2,602.63	✓	28/02/2003		Deposit	3,683.63
✓	15/03/2003	Intel	Inland Rev		1,965.34		15/12/2007		Money Transfer	2,000.00
	15/12/2007		Southeast		56.91					
	15/12/2007	1204	Newton O	Office cha	99.95					

Mark All Unmark All Go To Sort by Date Columns to Display...

Beginning Balance 10,825.33
 Items you have marked cleared 3,683.63
 1 Deposits and Other Credits 3,683.63
 3 Cheques, Payments and Service Charges 4,581.97

Modify Service Charge -14.00
 Interest Earned 0.00
 Ending Balance 9,926.99
 Cleared Balance 9,926.99
 Difference 0.00

Reconcile Now Leave

If you need to make a correction to a transaction, select the transaction, then click the Go To button. When you have corrected the transaction in the register you can then return to the Reconcile window where you left off.

11 Click Reconcile Now.

QuickBooks displays the Select Reconciliation Report dialog box:

Select Reconciliation Report

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

Select what type of reconciliation report you'd like to run.

Summary
 Detail
 Both

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

Display Print... Cancel

12 Make sure Both is selected, then click Display.

13 Click OK at the message.

QuickBooks displays both the Reconciliation Summary and Reconciliation Detail reports.

It's a good idea to save each reconciliation report, but for the purposes of this lesson it is sufficient to view the reports.

Because Regular and Pro overwrite the previous reconciliation report with data from the latest reconciliation, you may want to print a copy of the report, print the report to a file, export to an Excel file (or in Pro/Accountant you can also save the report in PDF format) in case you need to reference it again. (To save a report in PDF format, with the report displayed, choose Save as PDF from the File menu.) If you're using QuickBooks Accountant, you can print the reconciliation reports for all previous reconciliations.

14 Close both report windows.

Now you know that the balance in the QuickBooks Master Bank Current account register is accurate as of the latest bank statement. The next time you look at the cheque register, you'll see a tick mark in the Clr (Cleared) column next to each reconciled transaction. You'll see this column in certain reports, too.

Viewing cleared transactions in the register

Next, open the Master Current Account register to see the cleared transactions.

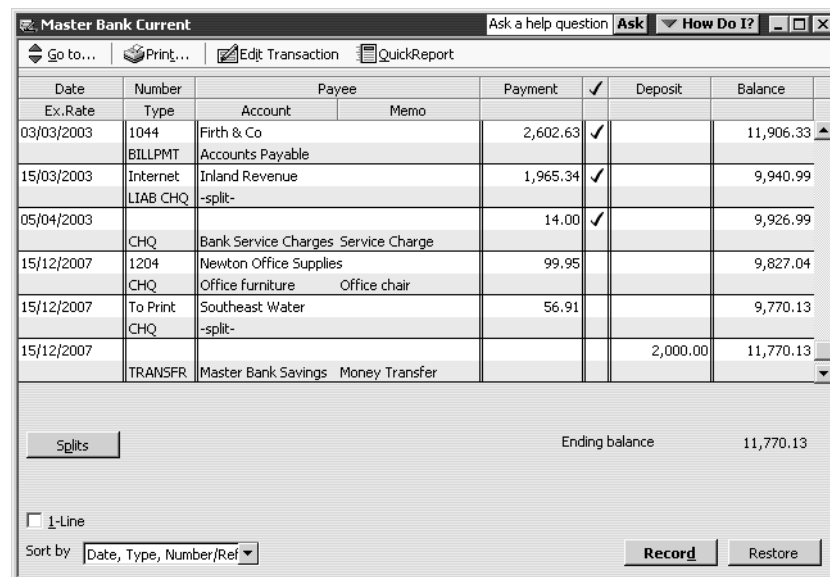
To view cleared transactions:

- 1 From the Banking menu, choose Use Register.
- 2 If QuickBooks displays the Use Register window, select Master Bank Current Account and click OK.

QuickBooks displays the Master Bank Current Account register.

- 3 Scroll the register to view the cleared items.

Your register should look like this:



Date	Number	Payee	Payment	✓	Deposit	Balance
03/03/2003	1044	Firth & Co	2,602.63	✓		11,906.33
	BILLPMT	Accounts Payable				
15/03/2003	Internet	Inland Revenue	1,965.34	✓		9,940.99
	LIAB CHQ	-split-				
05/04/2003			14.00	✓		9,926.99
	CHQ	Bank Service Charges Service Charge				
15/12/2007	1204	Newton Office Supplies	99.95			9,827.04
	CHQ	Office furniture Office chair				
15/12/2007	To Print	Southeast Water	56.91			9,770.13
	CHQ	-split-				
15/12/2007					2,000.00	11,770.13
	TRANSFR	Master Bank Savings Money Transfer				

Splits Ending balance 11,770.13

1-Line
Sort by Date, Type, Number/Ref

Record Restore

Notice that QuickBooks displays a tick mark next to all cleared items.

In order to illustrate how QuickBooks makes it easy to find discrepancies, you are now going to make a change to one of the reconciled transactions.

- 4 Select the Bank Service Charge transaction.
- 5 From the Edit menu, choose Delete Cheque.
- 6 When QuickBooks asks you to confirm, click OK.
- 7 Close the Master Current Account register.

Locating reconciliation discrepancies

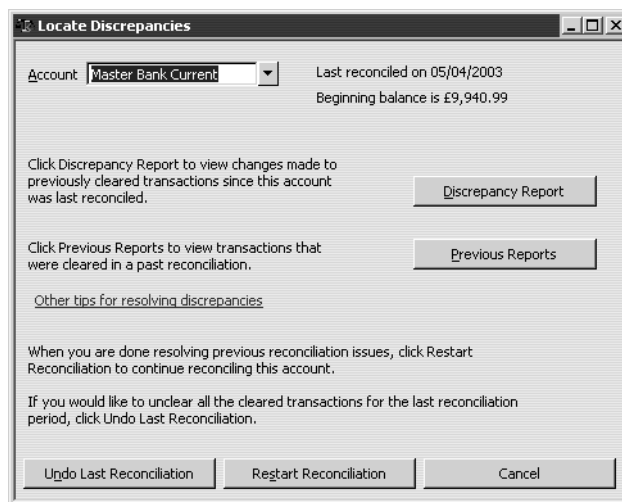
In addition to the summary and detail reports (which you can view as PDF files), there is an additional report option: the Reconcile Discrepancy report. The Reconcile Discrepancy report shows changes and deletions made to previously reconciled transactions, making it easier to find discrepancies. This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

In this exercise, you'll see the discrepancy caused by your having deleted a reconciled transaction.

To find discrepancies in the last reconciliation:

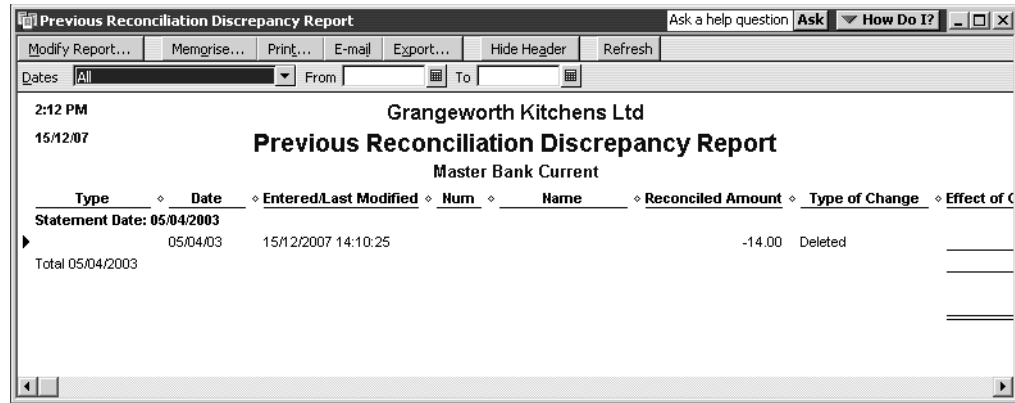
- 1 From the Banking menu, choose Reconcile f.
- 2 Click Locate Discrepancies.

QuickBooks displays the Locate Discrepancies window.



- 3 Click Discrepancy Report.

QuickBooks displays the Discrepancy Report. In this case, it shows that the Bank Service Charge of £14.00 was deleted.



If the last reconciliation was in error, you can click Undo Previous Reconciliation in the Locate Discrepancies window. This undoes the reconciliation without your having to identify and manually clear each affected transaction.

Note: If you need to take this action, you are recommended to make a backup of your company file first.

Tracking credit card transactions

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

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

Setting up a credit card account

There are two steps to setting up a credit card account: to record the credit card transactions, you need to create the new account itself; to record payments to the card issuer, you must set up the card issuer as a supplier.

To create the credit card account:

- 1 From the Lists menu, choose Chart of Accounts.
The Chart of Accounts window is displayed.
- 2 Click the Account menu button, then choose New.
Quick Books displays the New Account dialog box:

The screenshot shows the 'New Account' dialog box with the 'Type' dropdown set to 'Bank'. The 'General Info' tab is active. The 'Name' field is empty. Below it is a 'Subaccount of' dropdown. The 'Description' and 'Bank Acct.' fields are also empty. The 'Financial Institution' dropdown is set to 'Other'. The 'Opening Balance' field is empty, followed by 'as of' and a date field set to '31/03/2003'. There is a checkbox for 'I use pre-printed cheques for this account'. Below it, there is a field for 'I have' cheques on hand, an 'Order Cheques' button, and a checkbox for 'Remind me when I have' cheques remaining. On the right side, there are 'OK', 'Cancel', and 'Next' buttons, and a checkbox for 'Account is inactive'. A help message reads: 'Am I entering the correct opening balance and date?'.

- 3 In the Type field, select Credit Card from the drop-down list.
- 4 In the Name field, type **Master Bank VISA**.
- 5 In the Card No. field, type **4929 4123 4567 8910**.

Your screen should look like this:

The screenshot shows the 'New Account' dialog box with the 'Type' dropdown set to 'Credit Card'. The 'Name' field now contains 'Master Bank VISA'. The 'Card No.' field contains '4929 4123 4567 8910'. The 'Subaccount of' dropdown is empty. The 'Description' field is empty. The 'Opening Balance' field is empty, followed by 'as of' and a date field set to '31/03/2003'. The 'I use pre-printed cheques for this account' checkbox is unchecked. The 'Remind me when I have' cheques remaining checkbox is also unchecked. The 'Order Cheques' button is visible. The right side of the dialog box remains the same with 'OK', 'Cancel', 'Next' buttons and the 'Account is inactive' checkbox.

- 6 Click OK.
Master Bank VISA now appears in the Chart of Accounts.

To set up the card issuer:

- 1 From the Suppliers menu, select Supplier List.
The Supplier List window is displayed.
- 2 Click the Supplier menu button, then select New.
Quick Books displays the New Supplier dialog box:

The screenshot shows the 'New Supplier' dialog box with the following fields and options:

- Supplier name: [Empty]
- Opening Balance: [Empty] as of 31/03/2003
- How do I determine the opening balance? [Help icon]
- Buttons: OK, Cancel, Next
- Supplier is inactive:
- Address Info tab selected
- Company Name: [Empty]
- Contact: [Empty]
- Mr./Ms./...: [Empty]
- Phone: [Empty]
- First Name: [Empty] M.I. [Empty]
- FAX: [Empty]
- Last Name: [Empty]
- Alt. Ph.: [Empty]
- Address: [Empty]
- Alt. Contact: [Empty]
- E-mail: [Empty]
- Print on Cheque as: [Empty]
- Buttons: Address Details, To Clipboard

- 3 In the Supplier Name field, type **Master Bank VISA**.
- 4 In the Company Name field, type **Master Bank VISA**.
- 5 In the Address field, type **PO Box 1000, London EC1A 2YR**.

Your screen should look like this:

The screenshot shows the 'New Supplier' dialog box with the following fields and options:

- Supplier name: Master Bank VISA
- Opening Balance: [Empty] as of 31/03/2003
- How do I determine the opening balance? [Help icon]
- Buttons: OK, Cancel, Next
- Supplier is inactive:
- Address Info tab selected
- Company Name: Master Bank VISA
- Contact: [Empty]
- Mr./Ms./...: [Empty]
- Phone: [Empty]
- First Name: [Empty] M.I. [Empty]
- FAX: [Empty]
- Last Name: [Empty]
- Alt. Ph.: [Empty]
- Address: PO Box 1000
London EC1A 2YR
- Alt. Contact: [Empty]
- E-mail: [Empty]
- Print on Cheque as: Master Bank VISA
- Buttons: Address Details, To Clipboard

- 6 Click OK.
Master Bank VISA now appears in the Supplier List.

Entering credit card charges

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

Suppose you have a £30 office supplies charge you want to enter into QuickBooks. The form you use is the Enter Credit Card Charges form.

To enter a credit card charge:

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

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

- 2 In the Credit Card field, make sure QuickBooks has Master Bank VISA listed as the credit card.
- 3 In the Purchased From field, select Sava Cash & Carry from the drop-down list.
The next field is called Ref No. Most credit card receipts have some sort of transaction number near the top, for identification and tracking. Entering this number from a credit card receipt gives you additional information for the credit card charge, but you don't have to use it. You don't need to enter one for this example.
- 4 Double-click in the Amount field to select the entire amount.
- 5 Type **30.00** and then press Tab.
- 6 Click the Expenses tab.

- 7 In the Account field, select the Office Supplies account, as shown below:

Enter Credit Card Charges - Master Bank ... Ask a help question Ask How Do It?

← Previous → Next Find

Credit Card Master Bank VISA Ending Balance £0.00

Purchased From Sava Cash & Carry Ref No. _____

Charge DATE 31/03/2003

Credit

AMOUNT £ 30.00

Memo _____

Expenses		£30.00	Items		£0.00	Amts inc VAT	
Account	VAT	Net Amt	VAT Amt	Memo	Customer:Job	Class	
Office Supplie	S	25.53	4.47				
Totals		25.53	4.47				

Clear Splits Recalculate Save & Close Save & New Clear

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

After you record this credit card charge, QuickBooks adds a £30 transaction to the credit card account register (increasing the liability by £30). It also adds £25.53 to the Office Supplies account and £4.47 to the VAT Control liability account. You will see the increases when you create reports on these accounts.

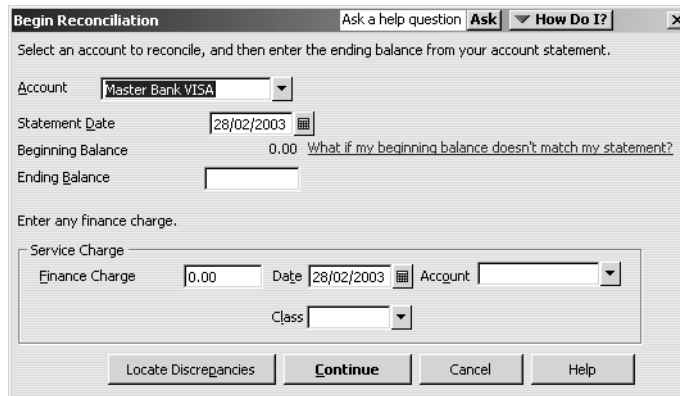
Reconciling and paying a credit card bill

As with a bank account, you should reconcile your credit card receipts with your credit card statement. Reconciling a credit card account is almost identical to reconciling a bank account (as in a previous exercise).

To reconcile a credit card statement:

- 1 From the Company menu, choose Chart of Accounts.
QuickBooks displays the chart of accounts.
- 2 Click Master Bank VISA in the list to select it.

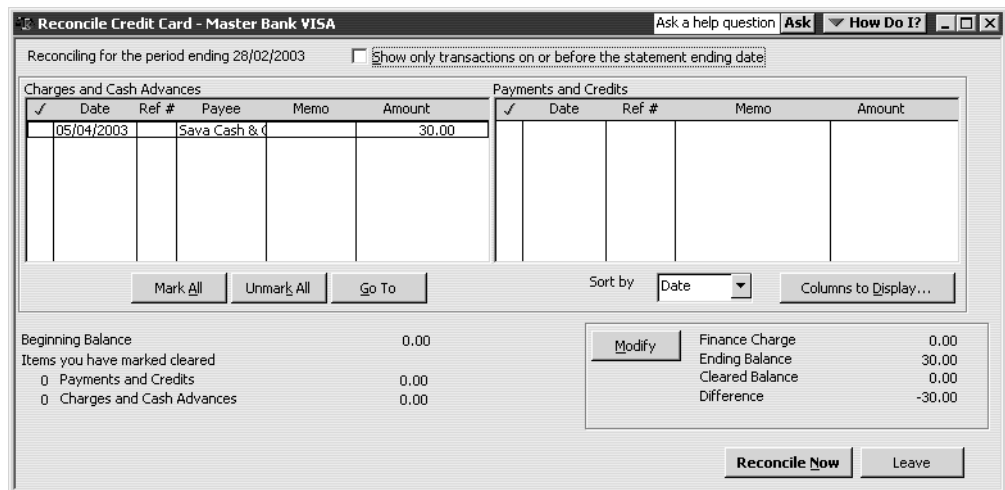
- Click the Activities menu button, then choose Reconcile Credit Card. QuickBooks displays the Begin Reconciliation window.



In the Opening Balance field, QuickBooks displays the balance of all cleared transactions in the credit card register.

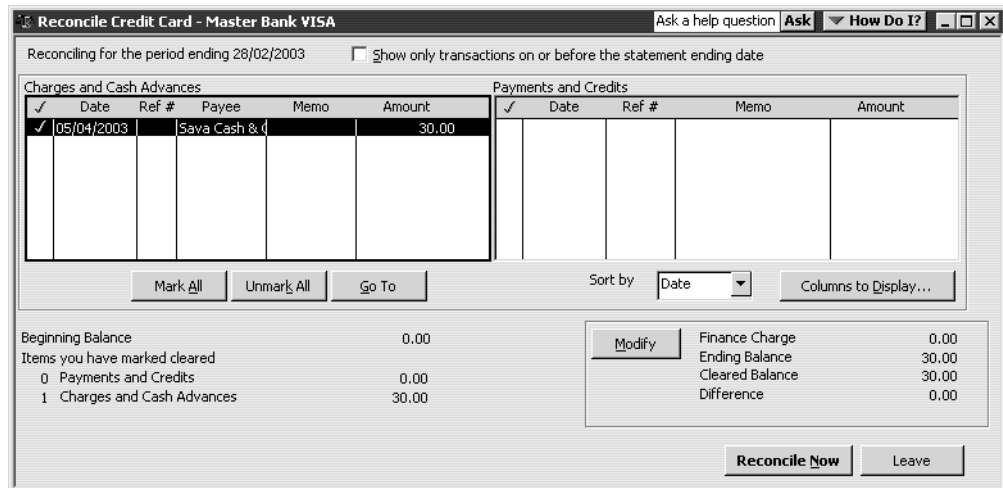
- In the Ending Balance field, type **30.00**, and click Continue.

The Reconcile Credit Card window shows all the transactions for the credit card account that have not yet cleared.



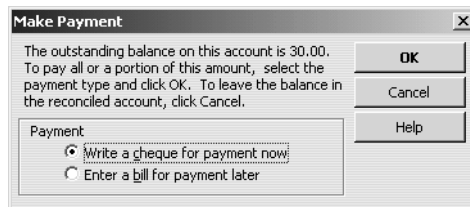
- In the Payments and Credits section of the window, select the payment for 30.00. QuickBooks places a tick in the column to the left of the transaction.

Your Reconcile Credit Card window should look like this:



6 Click Reconcile Now.

QuickBooks displays the Make Payment dialog box:



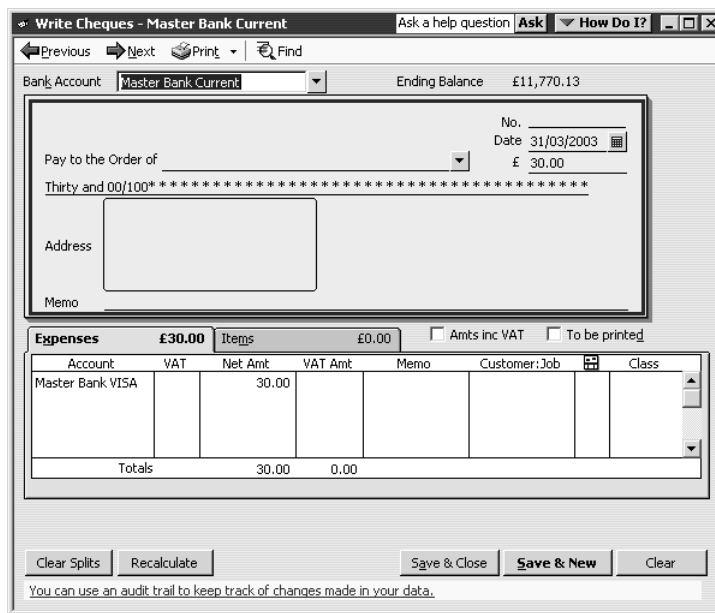
7 Click OK.

QuickBooks displays the Select Reconciliation Report dialog box:



8 Normally, you'd click either Display or Print. For now, click Cancel.

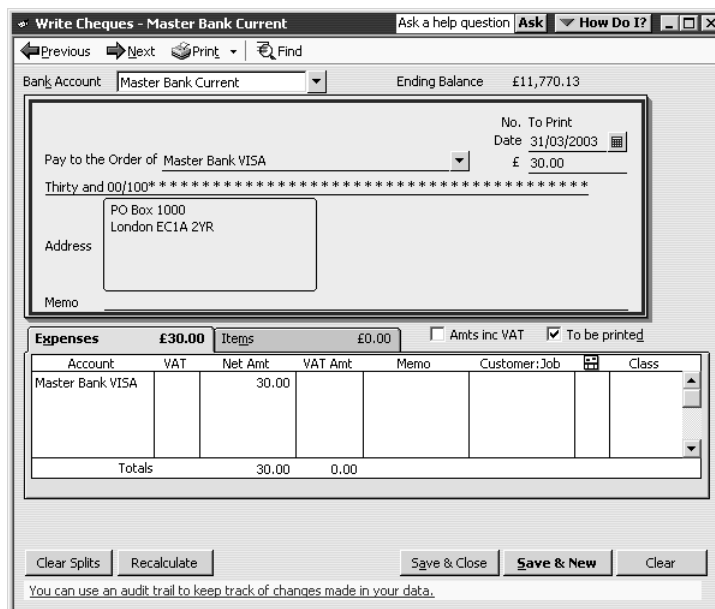
QuickBooks displays the Write Cheques window:



Notice that QuickBooks has already filled in the amount of the payment and assigned the expense to the Visa account. (If you decide you only want to make a partial payment, you can change the amount here.)

- 9 Make sure Master Bank Current is shown as the bank account.
- 10 Make sure Master Bank VISA is shown as the payee in the Pay to the Order of field.
- 11 Click in the "To be printed" tick box.

The transaction should now look like this:



- 12 Click Save & Close to record the transaction.

QuickBooks subtracts £30.00 from the current and credit card accounts.

Other reconciliations

If you are signed up to the QuickBooks Card Solutions, a new option would be available on the Banking menu: Reconcile Merchant Account Service. This would take you to the merchant card service page, where you would log on to get the statement. This is in the form of an IIF file, which will be downloaded for you to reconcile.

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LESSON 5 Using other accounts in QuickBooks

Lesson objectives 5-2

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Other account types in QuickBooks 5-2

Working with asset accounts 5-3

Setting up an Other Current Asset account 5-3

Setting up asset accounts to track depreciation 5-4

Entering a depreciation transaction 7

Working with liability accounts 5-7

Tracking a loan with a long-term liability account 5-8

Tracking Fixed Assets 5-10

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Understanding equity accounts 5-13

Working with journal entries 5-14

Making journal entries 5-14

Producing a journal entries report 5-16

Lesson objectives

- To introduce the other account types available in QuickBooks
- To discuss the different types of asset and liability accounts you can create and see how to track assets and liabilities in QuickBooks
- To introduce the subject of equity and QuickBooks equity accounts
- To see how to make journal entries

To start this lesson

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

Follow these steps to restore the lesson file to its original state so that the data in the file matches what you see on the screen as you proceed through the lesson.

To restore the lesson file (qblesson.qbb):

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

Other account types in QuickBooks

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

- **Asset accounts**—Used to track both current assets (those you’re likely to convert to cash or use up within one year, such as stock on hand) and fixed assets (long-term notes receivable and depreciable assets that aren’t liquid, such as equipment, furniture, or buildings).
- **Liability accounts**—Used to track both current liabilities (those liabilities scheduled to be paid within one year, such as VAT, payroll taxes, and short-term loans) and long-term liabilities (such as loans or mortgages scheduled to be paid over longer terms).

- **Equity accounts**—Used to track owner’s equity, including capital investment, drawings, and retained earnings.

Working with asset accounts

QuickBooks has two account types for tracking the value of your assets:

- **Other Current Asset** accounts track assets with a life of less than a year. If you buy and sell stock, the value of all your stock on hand is usually shown in an Other Current Asset account called something like “Stock Asset”. Other current assets might include certificates of deposit, prepaid expenses (amounts already paid for services yet to be received), prepaid deposits (to be returned at a later date), reimbursable expenses, and notes receivable (if due within one year).
- **Fixed Asset** accounts track assets your business owns that are *not* likely to be realised within a year. A fixed asset is usually something necessary for the operation of your business, like a van, cash register, computer or photocopier.

Setting up an Other Current Asset account

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

- 1 Display the chart of accounts.
- 2 Click the Account menu button, and then choose New.
QuickBooks displays the New Account window.
- 3 For the Type, choose Other Current Asset from the drop-down list.
- 4 In the Name field, type **Prepaid Rent**.
- 5 For the opening balance, type **6000.00**.

The window should look like this:

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

- Type:** Other Current Asset (dropdown menu)
- Name:** Prepaid Rent (text field)
- Subaccount of:** (checkbox and dropdown menu)
- Description:** (text field)
- Bank Acct. No.:** (text field)
- Opening Balance:** 6000.00 (text field)
- as of:** 31/03/2003 (date field)
- Buttons:** OK, Cancel, Next
- Account is inactive:** (checkbox)

6 Click OK.

QuickBooks displays the new account in the chart of accounts.

Name	Type	VAT	Balance
Prepaid Rent	Other Current Asset		6,000.00
Stock Asset	Other Current Asset		23,088.68
Undeposited Funds	Other Current Asset		17,303.80
Computer equipment	Fixed Asset		2,167.50
Cost	Fixed Asset		3,000.00
Depreciation	Fixed Asset		-832.50
Office Furniture	Fixed Asset		1,286.05
Cost	Fixed Asset		1,780.00
Depreciation	Fixed Asset		-493.95

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

Setting up asset accounts to track depreciation

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

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

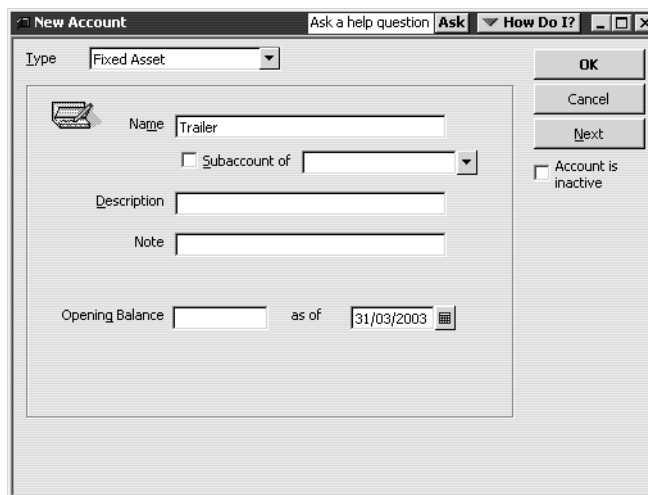
Usually, you'll want your balance sheet to show the original cost of an asset (plus any subsequent improvements) on one line, with the accumulated depreciation subtracted from the original cost on a second line, and the current value (net) on a third line.

The method you'll learn in this lesson lets you see each asset's cost and its accumulated depreciation separately on your balance sheet. You set up a separate fixed asset account for each asset, and two subaccounts under each fixed asset account: one for cost and one for accumulated depreciation. The asset in this case is a new trailer purchased by Grangeworth Kitchens.

To set up asset accounts to track depreciation:

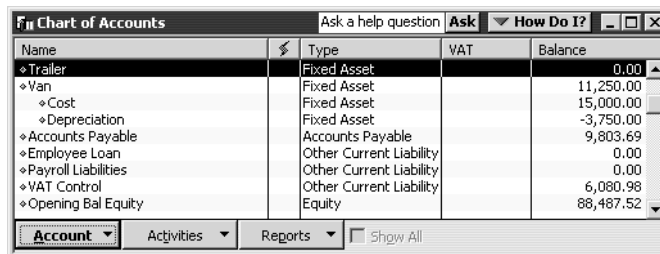
- 1 In the Chart of Accounts window, click the Account menu button, then choose New.
QuickBooks displays the New Account window.
- 2 In the Type field, choose Fixed Asset from the drop-down list.
- 3 In the Name field, type **Trailer**.

Your window should look like this:



- 4 Leave the opening balance blank, and click OK.

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



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

To add subaccounts:

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

Your screen should resemble this one:

The screenshot shows the 'New Account' dialog box. The 'Type' dropdown is set to 'Fixed Asset'. The 'Name' field contains 'Cost'. The 'Subaccount of' dropdown is set to 'Trailer'. There are fields for 'Description' and 'Note'. The 'Opening Balance' field is empty, and the 'as of' date is '31/03/2003'. Buttons for 'OK', 'Cancel', and 'Next' are visible on the right.

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

6 Click OK.

7 Repeat steps 1–6 to add a second subaccount to the Trailer fixed asset account. Call this subaccount "Depreciation" and leave the opening balance blank.

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

Name	Type	VAT	Balance
Trailer	Fixed Asset		0.00
Cost	Fixed Asset		0.00
Depreciation	Fixed Asset		0.00
Van	Fixed Asset		11,250.00
Cost	Fixed Asset		15,000.00
Depreciation	Fixed Asset		-3,750.00
Accounts Payable	Accounts Payable		9,803.69
Employee Loan	Other Current Liability		0.00
Payroll Liabilities	Other Current Liability		0.00

Note: The amount you enter as the opening balance depends on whether you acquired the asset after or before your QuickBooks start date. If after your QuickBooks start date, you leave the opening balance blank. If before, you enter—as a negative number—the accumulated depreciation of the asset as of the start date.

Entering a depreciation transaction

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

To enter a transaction for depreciation:

- 1 In the chart of accounts, select the Depreciation subaccount for Trailer.
- 2 Click the Activities menu button, and then select Use Register.
QuickBooks displays the register for the Trailer:Depreciation asset account.
- 3 In the Decrease column, type **1300.00** (the depreciation amount) and press Tab.
- 4 In the Account field, select Depreciation Expense from the drop-down list. Your register should resemble this one:

Date	Ref	Payee	Decrease	Increase	Balance
	Type	Account			
31/03/2003	GENJRNL	Depreciation Expense	1,300.00		
Ending balance					0.00

- 5 Click Record.
QuickBooks subtracts the depreciation amount from the current value of the corresponding fixed asset account and adds the same amount to your company's depreciation expense account.
- 6 Close the register window.

Note: With QuickBooks Pro/Accountant, you can track fixed asset items (Lesson 16).

Working with liability accounts

QuickBooks has two account types for tracking values of liabilities:

- **Long-term Liability** accounts track debts that your business is *not* likely to pay off within a year. The most common long-term liabilities are loans that you expect to pay off in more than one year.

- **Other Current Liability** accounts track liabilities that your company expects to pay within a year. Other current liabilities might include short-term loans.

Tracking a loan with a long-term liability account

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

To add a long-term liability account:

- 1 In the chart of accounts, click the Account menu button, and then choose New. QuickBooks displays the New Account window.
- 2 For the account type, choose Long Term Liability from the drop-down list.
- 3 In the Name field, type **Trailer Loan**.
- 4 For the Opening Balance, type **0.00**.

Your screen should resemble this one:

The screenshot shows the 'New Account' dialog box. The 'Type' dropdown menu is set to 'Long Term Liability'. The 'Name' field contains the text 'Trailer Loan'. Below the name field, there is a 'Subaccount of' dropdown menu which is currently empty. There are fields for 'Description' and 'Bank Acct. No.', both of which are empty. At the bottom, the 'Opening Balance' is set to '0.00' and the date is '31/03/2003'. On the right side, there are buttons for 'OK', 'Cancel', and 'Next', and an unchecked checkbox labeled 'Account is inactive'.

- 5 Click OK.

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

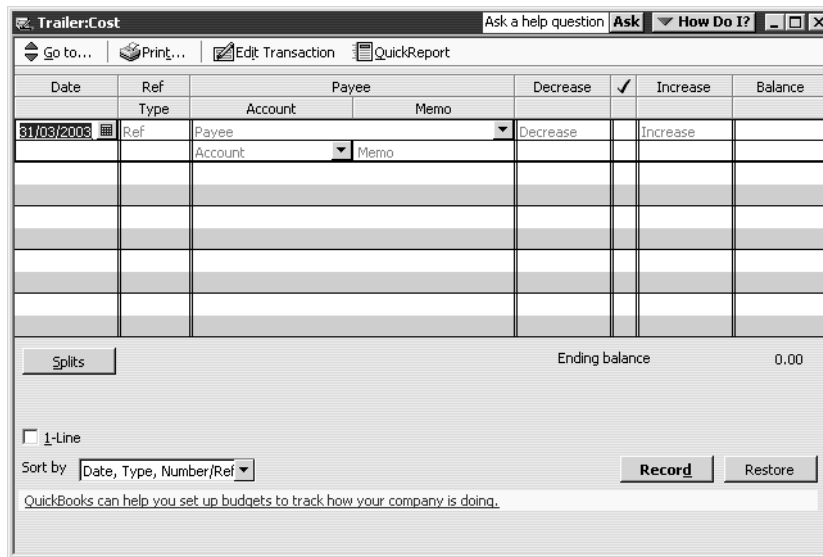
The screenshot shows the 'Chart of Accounts' window. It displays a list of accounts with columns for Name, Type, VAT, and Balance. The 'Trailer Loan' account is highlighted at the top of the list. Below it are other accounts like 'Opening Bal Equity', 'Retained Earnings', 'Labour', 'Fitting', 'Plumbing', 'Sales', 'Postage', and 'Retail'. The 'Account' menu is open at the bottom left.

Name	Type	VAT	Balance
Trailer Loan	Long Term Liability		0.00
Opening Bal Equity	Equity		88,487.52
Retained Earnings	Equity		
Labour	Income		
Fitting	Income		
Plumbing	Income		
Sales	Income		
Postage	Income		
Retail	Income		

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

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

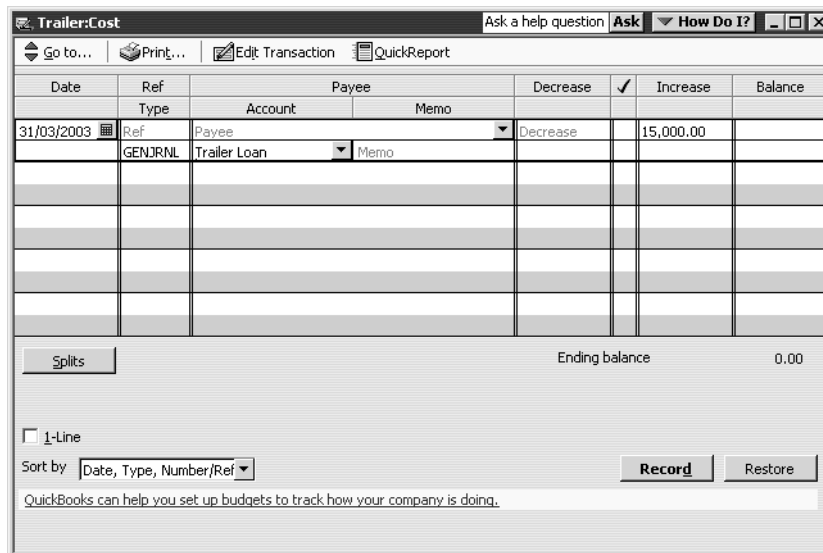
- 1 In the chart of accounts, double-click the Trailer:Cost subaccount.
QuickBooks displays the Trailer:Cost register:



- 2 In the Increase field, type **15000.00**.
- 3 In the Account field, select the Trailer Loan liability account from the drop-down list.

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

Your screen should resemble this one:



- 4 Click Record.
- 5 Close the register window.
- 6 Close the chart of accounts.

When you complete these steps, QuickBooks increases the value of your asset cost account to 15,000. It also enters a liability of 15,000 in the liability account you use to track the loan. This effectively sets the opening balances for both accounts.

Tracking Fixed Assets

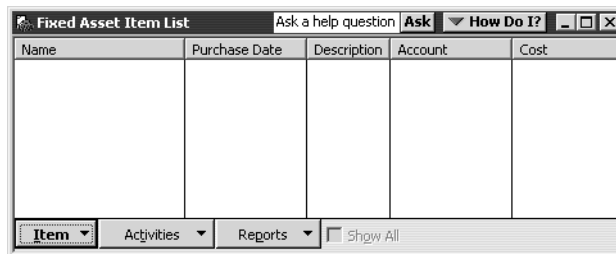
If you're using QuickBooks Pro or higher, you can enter a fixed asset onto the Fixed Asset Item list. This enables you to record such information about an asset as purchase date and price, whether the asset was new or used when you bought it, and the asset's sale price if you decide to sell it. You can also generate customisable reports listing all your fixed assets.

The information you enter in the Fixed Asset Item list does not transfer to the chart of accounts. If you want to track depreciation, refer to lesson 5.

To create a fixed asset item:

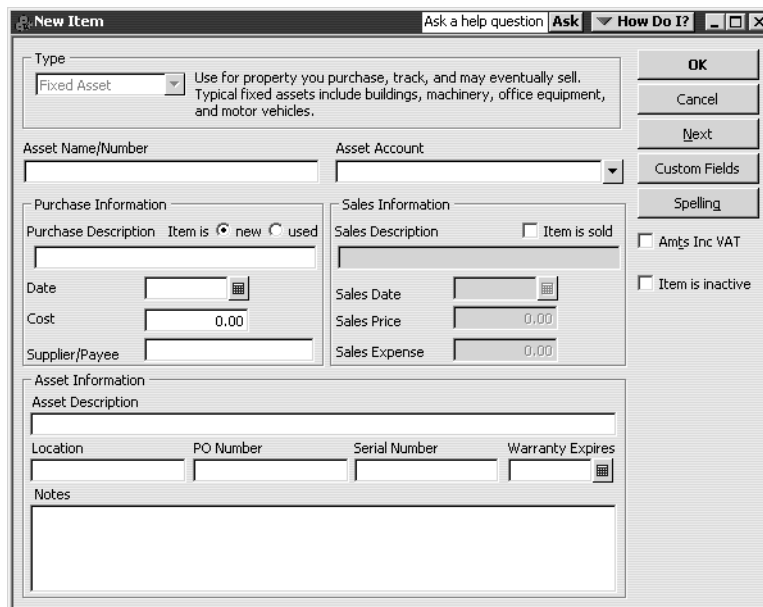
- 1 From the Lists menu, choose Fixed Asset Item List.

QuickBooks displays the Fixed Asset Item list.



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

QuickBooks displays the New Item window, with the item preset to Fixed Asset.



- 3 In the Asset Name/Number field, type Van.

- 4 Enter the following information to complete the Purchase Information section:
 - Item is – new
 - Purchase Description – Ford Transit Van
 - Date – 31/03/2003
 - Cost – 15,000
 - Supplier/Payee – A1 Motors
- 5 Enter the following information to complete the Asset Information section:
 - Asset Description – White van with company logo
 - Serial Number – 123456789
 - Warranty Expires – 30/03/2006
- 6 From the Asset Account drop-down list, choose Van:Cost.
 The New Item window should look like the following illustration:

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

- Type:** Fixed Asset
- Asset Name/Number:** Van
- Asset Account:** Van:Cost
- Purchase Information:**
 - Item is: new used
 - Purchase Description: Ford Transit Van
 - Date: 31/03/2003
 - Cost: 15,000.00
 - Supplier/Payee: A1 Motors
- Sales Information:**
 - Item is sold:
 - Sales Date: (empty)
 - Sales Price: 0,00
 - Sales Expense: 0,00
 - Amts Inc VAT:
 - Item is inactive:
- Asset Information:**
 - Asset Description: White van with company logo
 - Serial Number: 123456789
 - Warranty Expires: 30/03/2006

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

Recording a payment on a loan

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

To record a payment on a loan:

- 1** From the Banking menu, choose Write Cheques.
QuickBooks displays the Write Cheques window.
- 2** In the "Pay to the Order of" field, type **Master Building Society** and press Tab.
QuickBooks prompts you to add this supplier.
- 3** Click Quick Add, then select Supplier and click OK.
- 4** For the amount of the cheque, type **500.00**.
- 5** On the Expenses tab, click in the Account field and choose the Interest Expense:Loan Interest expense account from the drop-down list.
- 6** In the Net Amt column, type **225.00**.
- 7** Assign the remainder of the expense (275.00) to the Trailer Loan long-term liability account.
- 8** Click To be printed.

Your screen should look like this:

The screenshot shows the 'Write Cheques - Master Bank Current' window. At the top, it displays 'Bank Account: Master Bank Current' and 'Ending Balance: £9,940.99'. The cheque details include 'Pay to the Order of: Master Building Society', 'Date: 31/03/2003', and 'Amount: £ 500.00'. The amount is written in words as 'Five hundred and 00/100'. Below this is a table for recording expenses:

Account	VAT	Net Amt	VAT Amt	Memo	Customer:Job	Class
Interest Expense...	E	225.00	0.00			
Trailer Loan		275.00				
Totals		500.00	0.00			

At the bottom of the window, there are buttons for 'Clear Splits', 'Recalculate', 'Save & Close', 'Save & New', and 'Clear'. A small note at the very bottom says 'Did you know that you can track time without running QuickBooks? Use our Timer program.'

- 9** Click Save & Close to record the payment.

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

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

Understanding equity accounts

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

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

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

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

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

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

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

Working with journal entries

QuickBooks helps you to make general journal entries by:

- Auto-numbering journal entries
- Repeating a memo on every line of a journal entry
- Producing a Journal Entries Today report

Making journal entries

To see how these functions work, you'll make a series of journal entries for some new computer equipment purchased by Grangeworth Kitchens.

Tip: Normally, QuickBooks numbers journal entries automatically. If this feature happens to be turned off, here's how to turn it on. From the Edit menu, choose Preferences. Select Accounting in the left-hand panel and click the Company tab. Click the "Automatically assign general journal entry number" tickbox and click OK.

To create multiple journal entries:

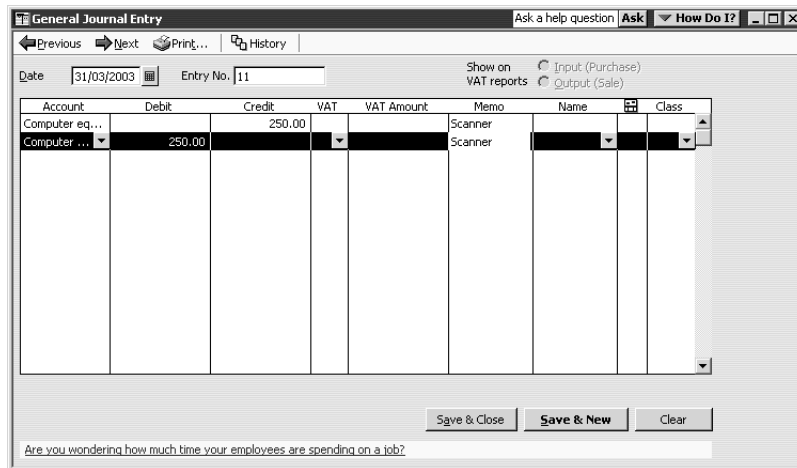
- 1 From the Banking menu, choose Make Journal Entry. If QuickBooks displays a message about automatic numbering, click OK.

QuickBooks displays the General Journal Entry window:

Account	Debit	Credit	VAT	VAT Amount	Memo	Name	Class

- 2 Click on the first line in the Account column, select Computer Equipment:Cost from the drop-down list and press Tab twice.
- 3 Type **250.00** in the Credit column and press Tab three times.
- 4 Type **Scanner** in the Memo column.

- 5 Now click on the second line in the Account column.
QuickBooks fills in the amount in the Debit column.
- 6 Select the Computer Equipment:Depreciation account from the drop-down list and press Tab.
- 7 Type **Scanner** in the Memo field on the second line.
Your window should look like this:



- 8 Click Save & New.
QuickBooks clears the window, ready for the next entry. The Entry No. is now 2.
- 9 Repeat steps 3 to 8 for entry 2, this time typing **500.00** for the Credit amount and **LCD monitor** for Memo.
- 10 Repeat steps 3 to 8 for entry 3, this time typing **795.00** for the Credit amount and **Printer** for Memo.

Producing a journal entries report

When you have made a number of journal entries in a session, it can be helpful to produce a report listing them.

To produce the report:

- 1 From the Reports menu, select Memorised Reports, then Accountant, then Journal Entries Entered/Modified Today.

QuickBooks displays the report.

- 2 Scroll to the right.

The report shows all the entries you've just made:

Trans no	Type	Entered/Last Modified	Date	Num	Name	Memo	Account	Debit	Credit
289	General Journal	31/03/2003 14:39:27	31/03/2003	9			Depreciation Depreciation Exp...	1,300.00 1,300.00	1,300.00
290	General Journal	31/03/2003 14:44:12	31/03/2003	10			Cost Trailer Loan	15,000.00 15,000.00	15,000.00
292	General Journal	31/03/2003 15:09:57	31/03/2003	11	Scanner	Scanner	Cost Depreciation	250.00 250.00	250.00
293	General Journal	31/03/2003 15:11:03	31/03/2003	12	LCD monitor	LCD monitor	Cost Depreciation	500.00 500.00	500.00
297	General Journal	31/03/2003 15:21:21	31/03/2003	13	Printer	Printer	Depreciation Cost	795.00 795.00	795.00
TOTAL								17,845.00	17,845.00

- 3 Close the report.



LESSON 6 Entering sales and invoices

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Entering a new service item 6-10

Lesson objectives

- To demonstrate the different formats available for sales forms
- To practice creating a new invoice
- To discuss the purpose and use of the QuickBooks Item list
- To see how QuickBooks records the information you enter on sales forms
- To memorise an invoice transaction for reuse
- To add a new item to the Item list

To start this lesson

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

Follow these steps to restore the lesson file to its original state so that the data in the file matches what you see on the screen as you proceed through the lesson.

To restore the lesson file (qblesson.qbb):

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

Using sales forms in QuickBooks

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

When to use different types of sales forms

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

For payment in the future

If you expect to receive payment at some future date, you enter an invoice. The invoice lists the customer's name and address and itemises what that customer owes.

To display a completed invoice form in QuickBooks:

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

QUANTITY	ITEM	DESCRIPTION	PRICE	VAT	VAT AMT	CLASS	AMOUNT
5	Oak table and c...						
5	Tables:Oak table	Oak table	200.00	5	175.00		1,000.00
20	Chairs:Oak chair	Oak chair	40.00	5	140.00		800.00
		Oak table and 4 oak chairs					1,800.00
6	Pine table and c...						
6	Tables:Pine table	Pine table	160.00	5	168.00		960.00
24	Chairs:Pine chair	Pine chair	24.00	5	100.80		576.00
		Pine table and 4 pine chairs					1,536.00
4	Dressers:Oak ...	Oak Welsh dresser	320.00	5	224.00		1,280.00
5	Dressers:Pine ...	Pine Welsh dresser	288.00	5	252.00		1,440.00
						VAT TOTAL	1,059.80
						TOTAL	7,115.80

Grangeworth Kitchens charges customers for both products and services (such as labour). A business selling mainly services, such as a consulting firm, would want a different type of sales form. QuickBooks lets you choose from three different preset formats for your sales forms, or you can create your own.

- 3 Close the Create Invoices window.

For payment at the time of sale

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

To display a completed cash sales receipt in QuickBooks:

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

Because payment is made at the time of sale, the sales receipt lets you enter deposit information at the bottom of the window.

Note: If you are signed up to QuickBooks Card Solutions and the payment method was by credit or debit card, an additional option is displayed at the bottom of the Enter Sales Receipts window to process online when saving:

When you saved the cash sales receipt, you could then have processed the credit or debit card immediately. Once the card had been processed, the completed sales receipt would indicate this:

- 3 Close the Enter Sales Receipts window.

Choosing a format for sales forms

QuickBooks has four different formats for sales forms:

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

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

You'll learn how to customise forms in Lesson 13.

Filling in a sales form

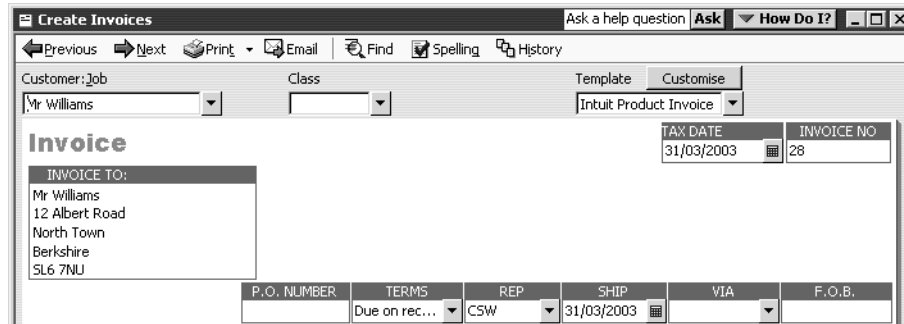
Suppose Grangeworth Kitchens wants to bill a customer for a portion of a kitchen remodelling job. Because they expect payment to be made in the future (rather than cash on the spot), they need to create an invoice.

Filling in the customer information

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

To enter customer information on an invoice:

- 1** From the Customers menu, choose Create Invoices.
Notice that the new invoice already has the current date (15/12/2007 in the sample file) entered in the Date field, and the next invoice number assigned in the Invoice No. field.
- 2** In the Customer:Job field, click the arrow next to the drop-down list.
QuickBooks shows you a list of Grangeworth Kitchens's existing customers and jobs.
- 3** Choose Mr. Williams for the customer and job.
Because this name has already been entered on the Customer:Job list, QuickBooks knows the billing name, the address, and the payment terms. It provides this information for you on the top half of the form.



Filling in the line item area

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

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

But items are not just products you sell or services you provide to clients. Line items can be anything you might want to put in the detail area of an invoice, like a discount, a subtotal line, a markup, or other description. QuickBooks has ten different types of items.

Grangeworth Kitchens has already entered the items for which it bills customers on its Item list.

To complete the line item area of an invoice:

- 1 In the Quantity field, type **3**.
- 2 In the Item field, type the letters **Chairs:P** (for pine chairs).

QuickFill is an alternative to choosing from a list. Whenever you're in a field where you'll use a list item, you can start typing the first few letters of the list item you want, and QuickBooks fills in the field with the item that matches the letters you're typing.

- 3 Press Tab.

When you press Tab to accept a QuickFill entry, QuickBooks fills in other information about the item, like its description, price and VAT rate. In this case, QuickBooks displays "Pine chair" in the Description column, a price of £30, and a total amount of £90 plus VAT:

QUANTITY	ITEM	DESCRIPTION	PRICE	VAT	VAT AMT	CLASS	AMOUNT
3	Chairs:Pine c...	Pine chair	30.00	S	15.75		90.00
						VAT TOTAL	15.75
						TOTAL	105.75

Completing the sales form

To complete and record the invoice:

- 1 On the Create Invoices window toolbar, click the Print drop-down arrow, and then choose Preview.
QuickBooks asks if you wish to save the invoice.
- 2 Click Yes.
QuickBooks displays the invoice page as it will look when printed.

Print Preview -- Page 1 of 1

Print Prev page Next page Zoom In Help Close

Invoice

Tax Date	Invoice No
13/02/2007	28

Invoice To: Mr Williams 12 Albert Road North Town South Side SL6 7NU		Ship To: Mr Williams 12 Albert Road North Town South Side SL6 7NU	
--	--	---	--

P.O. Number	Terms	Rep	Ship Date	Ship Via	F.O.B.	Project
	On account	CSW	13/02/2007			

Quantity	Item	Description	Price	Amount	VAT %
3	Pine chair	Pine chair	30.00	90.00	17.50%

VAT%	VAT AMOUNT	VAT%	VAT AMOUNT	SUBTOTAL	Amount
@ 17.5%	15.75			90.00	
				VAT TOTAL	15.75
				TOTAL	105.75

VAT Registration Number 392 4231 24

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

QuickBooks records the invoice in your Accounts Receivable register. If this had been a cash sales receipt, QuickBooks would have recorded the sale in your Undeposited Funds account until you deposited the money at the bank.

The Accounts Receivable register keeps track of the money your customers owe you.

To see the Accounts Receivable register:

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

Date	Number	Customer	Item	Qty	Rate	Amt Chrg	Amt Paid
Ex. Rate	Type	Description	Class			Billed Date	Due Date
10/03/2003	23	Sutton Housing As				10,883.46	
	INV						10/03/2003
11/03/2003		Cranberry's					5,000.00
	PMT						
17/03/2003		Sutton Housing As					5,000.00
	PMT						
18/03/2003	27	Carolyn Leslie				-117.50	
	CREDMEM						18/03/2003
19/03/2003	25	Offa Kitchens				2,951.60	
	INV						18/04/2003
26/03/2003	26	Hartley Furnishing:				7,115.80	
	INV						25/04/2003
15/12/2007	28	Mr Williams				105.75	
	INV						15/12/2007

1-Line Show open balance Ending balance 28,668.69

Sort by: [Date, Type, Number/Ref] Restore

- 3 Select the sale you just recorded in the register.
- 4 Double-click the entry.
When you double-click an entry in a register, QuickBooks displays the original form (in this case, Mr. Williams's invoice).
- 5 Leave the invoice open ready to use in the next exercise.

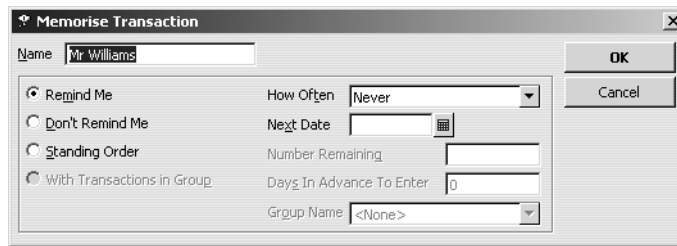
Memorising a sale

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

To memorise the invoice:

- 1 Make sure you have the invoice you want to memorise displayed on your screen. In this case, we'll use the Mr. Williams invoice that we just created.

- From the Edit menu, choose Memorise Invoice.
QuickBooks displays the Memorise Transaction window.



- Type a description that helps you recognise the memorised invoice, or keep the default description QuickBooks has provided. For now, type **Pine chairs** after the words “Mr. Williams”.
You can enter any description you like. Notice that you can also have QuickBooks remind you when to use the memorised transaction (for an invoice you always send at the end of the month, for example).
- From the How Often drop-down list, select Monthly.
- In the Next Date field, type **15/01/2008**.
- Click OK.
- From the Window menu, choose Close All.

QuickBooks adds the memorised invoice to the Memorised Transaction list.

To recall a memorised sale:

- From the Lists menu, choose Memorised Transaction List.
QuickBooks displays the Memorised Transaction List window.

Transaction Name	Type	Source Account	Amount	Frequency	Auto	Next Date
Mr Williams Pine chairs	Invoice	Accounts Receivable	105.75	Monthly		15/01/2008

- Double-click the Mr Williams invoice you just added.
QuickBooks displays the Create Invoices window, with the information you memorised displayed on the form. It gives you a new invoice number and displays the next invoice date based on the settings you recorded. You can modify the information as you wish, or just save the invoice as it is.
- Click Save & New to record the invoice.
- Close the Memorised Transaction list.

Emailing an invoice

If you prefer, you can send an invoice by email to your customer instead of printing it. To do this, you must have an Internet connection, an email account, and your default email package must be MAPI-compliant.

To email an invoice:

- 1 Click Previous to return to the new invoice for Mr Williams.
- 2 Click the Email button.

QuickBooks prompts you to enter an email address for this customer.

- 3 Type *williams1@email.net* and click OK.

Your default email package opens, with the invoice as a PDF attachment.

If your default email package is not MAPI-compliant, you have the option instead of saving the invoice as a PDF file. You can then create your own email and attach the file.

- 4 You would then amend the message if you wish, and send the email message as usual, but for this exercise you can close the message without sending it.

Note: If you have Pro or above and are signed up to QuickBooks Card Solutions, you can also use the drop-down arrow that appears next to the Email button and choose Email invoice with online payment option. The email would include a link to a secure payment page to enable the customer to pay their invoice online.

Entering a new service item

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

Grangeworth Kitchens already has a service item called Fitting that it uses when it wants to charge for general installation work. Suppose Grangeworth Kitchens wants to add a subitem for plastering to the Item list. (The company charges a higher rate for plastering, so they want a separate item for it on their Item list.)

To create a new service item:

- 1 From the Customers menu, choose Item List.

QuickBooks displays the Item list for Grangeworth Kitchens:

Type	Date	Trans no	Num	Memo	Account	Clr	Split	Amount
Chester Ltd								
Bill Pmt -Cheque	10/02/03	206	1041		Master Bank Current	✓	Accounts Pa...	-2,820.00
Purchase Order	19/02/03	114	23		Purchase Orders		-SPI IT...	-2,526.25

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

QuickBooks displays the New Item window.

- 3 In the Type field, select Service from the drop-down list if not shown.
- 4 In the Item Name/Number field, type **Plastering**, and then press Tab.
- 5 Click the “Subitem of” tick box to select it.
- 6 In the drop-down list below the “Subitem of” field, select Fitting.
- 7 In the Description field, type **Plastering and skimming**.
- 8 In the Rate field, type **70**.
- 9 In the Sales VAT Code field, select S from the drop-down list.
- 10 Next, assign this item to a Grangeworth Kitchens income account. In the Account field, select Labour:Fitting from the drop-down list.

Your screen should look like this:

- 11 Click OK to add the new item to Grangeworth Kitchens’s Item list.

Entering sales and invoices

Item List								Ask a help question	Ask	How Do I?
Name	Description	Type	VAT	Account	On Hand	Price	Gross Price			
◊ Fitting	Fitting kitchen	Service	5	Labour:Fitting		50.00	58.75			
◊ Plastering	Plastering and skimmin	Service	5	Labour:Fitting		70.00	82.25			
◊ Plumbing	Plumbing	Service	5	Labour:Plumbing		60.00	70.50			
◊ Chairs		Stock Part		Sales:Retail	0	0.00	0.00			
◊ Oak chair	Oak chair	Stock Part	5	Sales:Retail	4	50.00	58.75			
◊ Pine chair	Pine chair	Stock Part	5	Sales:Retail	48	30.00	35.25			
◊ Dressers		Stock Part		Sales:Retail	0	0.00	0.00			
◊ Oak Welsh dresser	Oak Welsh dresser	Stock Part	5	Sales:Retail	15	400.00	470.00			
◊ Pine Welsh dresser	Pine Welsh dresser	Stock Part	5	Sales:Retail	8	360.00	423.00			

Item Activities Reports Show All

Now that the new item is on the Item list, Grangeworth Kitchens can invoice for plastering separately from their general fitting work. It can also create sales reports that show sales for fitting separately from sales for plastering.

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LESSON 7 Receiving payments and making deposits

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Lesson objectives

- To learn how to record customer payments in QuickBooks
 - To learn how to handle customer discounts, partial payments, overpayments, or down payments
 - To see how to record a deposit in QuickBooks, and learn how QuickBooks treats the deposit behind the scenes
 - To learn how to enter cash back from a deposit in QuickBooks
-

To start this lesson

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

Follow these steps to restore the lesson file to its original state so that the data in the file matches what you see on the screen as you proceed through the lesson.

To restore the lesson file (qblesson.qbb):

- 1** From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
 - 2** In the “Get Company Backup From” section of the window, click Browse and select your **c:\qbtrain** directory.
 - 3** Select the **qblesson.qbb** file, and then click Open.
 - 4** In the “Restore Company Backup To” section of the window, type **lesson 7.qbw** in the Name field.
 - 5** Click Browse and select your **c:\qbtrain** directory.
 - 6** Click Save.
 - 7** Click Restore.
-

Recording customer payments

If you’re receiving payment at the time of a sale, and you fill in a cash sales receipt, QuickBooks records a customer payment. When you invoice a customer, and you receive payment later, you enter the payment in the QuickBooks Receive Payments window.

The Receive Payments window lets you match up payments you receive with invoices you’ve written. You’ll be working with the Receive Payments window in this lesson.

If you're signed up to the QuickBooks Card Solutions you can receive a credit or debit card payment that a customer has made direct or online, or you can create a sales receipt for the credit/debit card payment.

Recording a payment in full

The simplest case is when a customer has one outstanding invoice and sends you a payment for the full amount. Suppose that Grangeworth Kitchens receives a cheque for £376.00 from Franklin Guest House. Here's how you'd enter the payment:

To record a payment in full:

- 1 From the Customers menu, choose Receive Payments.

QuickBooks displays the Receive Payments window.

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

Your first step is to enter the name of the customer from whom you've received a payment.

- 2 In the Received from field, select Franklin Guest House:Private Dining Room from the drop-down list.

QuickBooks displays details of the outstanding invoice for Franklin Guest House in the Applied To fields.

Note: If you're tracking individual jobs, make sure to select the job name from the Customer list. If you select only the customer's name and not the job, QuickBooks won't apply your payment to the job you want to track.

- 3 In the Amount field, type **376.00** and press Tab.

QuickBooks applies the payment to the one outstanding invoice.

- 4 In the Pmt. Method field, select Cheque from the drop-down list.

- 5 In the Cheque No. field, type **6745**.

Receiving payments and making deposits

- 6 Click “Group with other undeposited funds” if it is not selected already.

✓	Date	Job	Number	Orig. Amt.	Amt. Due	Credits	Payment
✓	05/03/2003	Private Dining Room	24	376.00	376.00	0.00	376.00
Totals				376.00	376.00	0.00	376.00

- 7 Click Save & New.

This records the payment and clears the window so you can enter another one. A “PAID” stamp will appear on the invoice the next time it is retrieved.

Note: If you are signed up to QuickBooks Card Solutions and the payment method was by credit or debit card, an additional option is displayed at the bottom of the Receive Payments window to process online when saving:

Process online when saving

Save & Close Save & New Clear

When you saved the payment record, you could then process the credit or debit card immediately. You would need to record the cardholder’s name and card details before sending:

Enter information for online payment processing Amount: £1.00

Cardholder Information

* Name
Address
Postcode
Telephone
Email

Card Information

* Card Number
* Expiry Date
Valid from
Card Security Code
Card Issue Number (Debit Cards only)

* Required Field

Send Cancel Help

Entering a partial payment

Grangeworth Kitchens has also received a cheque for £2,000.00 from Offa Kitchens, which owes £8920.60.

To enter a partial payment in the Receive Payments window:

- 1 In the Received from field, select Offa Kitchens from the drop-down list.
Under “Applied To”, QuickBooks shows you the invoices still outstanding for the customer. Next, you need to enter the amount of the payment.
- 2 In the Amount field, type **2000.00**. Then press Tab.
QuickBooks automatically applies the payment:

Customer Payment

Received From: Offa Kitchens Customer Balance: 8,920.60

Pmt. Method: Date: 15/12/2007

Card No.: Exp. Date: / Amount: 2,000.00

Memo: Cheque No.:

Applied To: Show credit information

Date	Number	Orig. Amt.	Amt. Due	Credits	Payment
25/02/2003	20	3,290.00	3,290.00	0.00	2,000.00
03/03/2003	22	2,679.00	2,679.00	0.00	0.00
19/03/2003	25	2,951.60	2,951.60	0.00	0.00
Totals		8,920.60	8,920.60	0.00	2,000.00

Set Credits Clear Selections Go To Unused Payment 0.00
Unused Credits 0.00

Group with other undeposited funds

Deposit To: Master Bank Savings Save & Close Save & New Clear

If there is more than one outstanding invoice, QuickBooks applies the payment to the oldest one. If you wanted to apply a payment differently, you would click Clear Payments, type the amounts to apply to each invoice, and then press Tab.

- 3 Click “Group with other undeposited funds” if it is not selected already.
- 4 Click Save & New to record the partial payment and clear the window.

Entering overpayments

If a customer sends you an overpayment, you simply enter the amount in the Receive Payments window, and QuickBooks keeps track of the additional payment. When the customer has future invoices, you can apply the overpayment to those amounts.

Suppose that Grangeworth Kitchens has received a payment of £4,500.00 from Cranberry’s. The outstanding invoice for that job is £4099.20.

To enter the payment:

- 1 In the Customer:Job field of the Receive Payments window, select Cranberry's from the drop-down list.

QuickBooks displays the invoice details and an outstanding balance of £4099.20.

- 2 In the Amount field, type **4500.00** and press Tab.

Customer Payment

Received From: Cranberry's Customer Balance: **4,099.20**

Pmt. Method: Cheque Date: 15/12/2007

Amount: 4,500.00

Cheque No.:

Applied To: Show credit information

Date	Number	Orig. Amt.	Amt. Due	Credits	Payment
18/02/2003	18	9,099.20	4,099.20	0.00	4,099.20
Totals		9,099.20	4,099.20	0.00	4,099.20

Buttons: Set Credits, Clear Selections, Go To

Unused Payment: **400.80**
Unused Credits: **0.00**

Group with other undeposited funds
 Deposit To: Master Bank Savings

Buttons: Save & Close, Save & New, Clear

QuickBooks shows an Unused Payment of £400.80. QuickBooks keeps track of the credit amount for you, and you can apply it to any future invoices for the customer. The next time you invoice Cranberry's and receive a payment, the Receive Payments window will show £400.80 for Unused Credits.

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

Handling down payments or prepayments

If a customer makes a payment before you've invoiced them for services (for example, as a down payment or retainer fee), you can still record the payment at the Receive Payments window. However, because you don't have any invoices to which to apply the payment, QuickBooks records the payment as an Unused Credit (just like an overpayment).

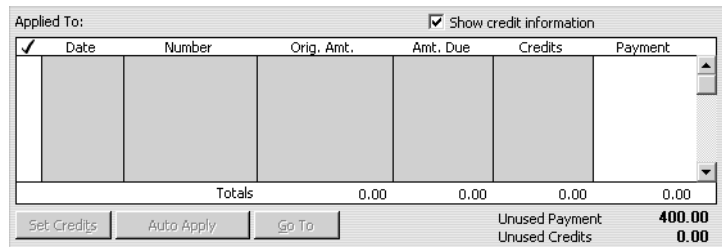
QuickBooks holds the unapplied amount with the customer's name. The next time you enter that customer in the Receive Payments window, QuickBooks displays the credit amount in the Unused Credits field. The customer's balance also reflects the credit amount.

Suppose Elizabeth Allen wants Grangeworth Kitchens to supply two oak dressers. She's sent a cheque for £400 as a down payment, but Grangeworth hasn't invoiced her yet.

To enter the down payment:

- 1 In the Received from field, select Elizabeth Allen from the drop-down list.
- 2 In the Amount field, type **400.00**. Then press Tab.

QuickBooks displays the amount as an Unused Payment.



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

A few days later, Grangeworth Kitchens is ready to prepare invoices. They need to invoice Elizabeth Allen for the dressers.

To create an invoice for the customer who made a down payment:

- 1 From the Customers menu, choose Create Invoices.
QuickBooks displays the Create Invoices window.
- 2 In the Customer:Job field, select Elizabeth Allen from the drop-down list.
- 3 In the Quantity field, type **2**.
- 4 In the Item field, select Dressers:Oak Welsh dresser from the drop-down list
- 5 Click Save & Close to record the invoice and close the Create Invoices window.

Now you can see how QuickBooks applies the payment Elizabeth Allen made earlier.

Applying customer credits

So far you've dealt with two types of customer credits (an overpayment and a down payment). Next, you'll see how QuickBooks applies an unused credit to an invoice.

You'll apply the down payment by Elizabeth Allen to the invoice you just created.

Receiving payments and making deposits

To apply the down payment:

- 1 From the Customers menu, choose Receive Payments.
- 2 In the Customer:Job field, select Elizabeth Allen from the drop-down list. QuickBooks shows an Unused Credit of £400.00.
- 3 Highlight (don't tick) the invoice for £940.00 that you just created:

Customer Payment

Received From: Elizabeth Allen Customer Balance: **940.00**

Pmt. Method: _____ Date: 15/12/2007

Card No. _____ Exp. Date ____ / ____ Amount: 0.00

Memo _____ Cheque No. _____

Applied To: Show credit information

<input checked="" type="checkbox"/>	Date	Number	Orig. Amt.	Amt. Due	Credits	Payment
<input checked="" type="checkbox"/>	15/12/2007	28	940.00	940.00	0.00	0.00
Totals			940.00	940.00	0.00	0.00

Set Credits Auto Apply Go To Unused Payment **0.00**
Unused Credits **400.00**

Group with other undeposited funds
 Deposit To: Master Bank Savings Save & Close Save & New Clear

- 4 Click the Set Credits button to display the Credits window.

The full amount of the credit appears in the Amt To Use column. You can change this amount if you don't want to use the entire credit.

Credits

Invoice

Customer:Job Elizabeth Allen Amount Due 940.00
Number 28 Credits Used **400.00**
Date 15/12/2007 Balance Due 540.00
Original Amt. 940.00

<input checked="" type="checkbox"/>	Date	Credit No.	Credit Amt.	Amt. To Use	Credit Balance
<input checked="" type="checkbox"/>	15/12/2007		400.00	400.00	0.00
Totals			400.00	400.00	0.00

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

Done Cancel Help

- 5 Click the Done button.
- 6 Click Save & New to record the payment.
- 7 Now click Previous until this payment is redisplayed.

QuickBooks has applied the existing credit to the new invoice:

Invoices paid (with this payment) and those still outstanding: Show credit information

<input checked="" type="checkbox"/>	Date	Number	Orig. Amt.	Amt. Due	Credits	Payment
<input checked="" type="checkbox"/>	15/12/2007	28	940.00	940.00	0.00	400.00
Totals			940.00	940.00	0.00	400.00

Unused Payment **0.00**
Unused Credits **0.00**

- 8 Close the Receive Payments window.

Entering and applying credit memos

If a customer has returned goods or cancels their order, you'll need to enter a credit memo and then apply it to the original invoice to reduce the balance owing. (If you have Pro or above and are signed up to QuickBooks Card Solutions, and the original payment was by credit or debit card, you also have the option to go online and make a credit to the customer's credit or debit card.)

Suppose Elizabeth Allen cancels her order for the dresses. You need to create a credit memo, write a refund cheque for the down payment, and apply the credit memo to the invoice.

Note: Since Mrs. Allen's cheque hasn't yet been deposited, you could simply return it, but for this exercise you'll write a refund cheque.

To enter a credit memo:

- 1 From the Customers menu, choose Create Credit Memos/Refunds.

QuickBooks displays the Credit Memos/Refunds window:

- 2 In the Customer:Job field, select Elizabeth Allen from the drop-down list.

Receiving payments and making deposits

- 3 In the Item field, select Dressers:Oak Welsh dresser from the drop-down list.
- 4 In the Qty field, type 2 and press Tab.

The window should look like this:

Create Credit Memos/Refunds

Customer: Job: Elizabeth Allen Class: [] Template: Customise Custom Credit Memo

Credit Memo

Customer: Elizabeth Allen, 20 Garfield Place, Solihull, B12 3YE

Tax Date: 15/12/2007 Credit No.: 29

Item	Description	Qty	Rate	VAT	VAT AMT	Class	Amount
Dressers:Oak...	Oak Welsh dresser	2	400.00	5	140.00		800.00
						VAT TOTAL	140.00
						Total	940.00

Customer Message: []

To be printed Amts inc VAT Remaining Credit: 940.00

Memo: []

Buttons: Save & Close, Save & New, Clear

- 5 Click on the Cheque Refund button.
- QuickBooks displays the Write Cheques window with the full amount of the credit (£940.00) already filled in. Since you only need to refund the amount of her down payment (£400.00), you need to amend the details.
- 6 Change the cheque number to **1200**, and the amount to **400.00** and press Tab.

The refund cheque should look like this:

Write Cheques - Master Bank Current

Bank Account: Master Bank Current Ending Balance: £9,940.99

No. 1200 Date: 15/12/2007

Pay to the Order of Elizabeth Allen £ 400.00

Four hundred and 00/100* *****

Address: Elizabeth Allen, 20 Garfield Place, Solihull, B12 3YE

Memo: []

Order Cheques

Account	VAT	Net Amt	VAT Amt	Memo	Customer:Job	Class
Accounts Receivable		400.00			Elizabeth Allen	
Totals		400.00	0.00			

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

- 7 Click Save & Close.
QuickBooks returns to the Credit Memos/Refunds window.
- 8 Click Save & Close.
Now you need to apply the remaining £540.00 from the credit memo to the invoice.
- 9 From the Customers menu, select Receive Payments.
QuickBooks displays the Receive Payments window.
- 10 In the Received From field, select Elizabeth Allen from the drop-down list.
The window now shows the £540.00 still due on the invoice:

Date	Number	Orig. Amt.	Amt. Due	Credits	Payment
15/12/2007	28	940.00	540.00	0.00	0.00
Totals		940.00	540.00	0.00	0.00

- 11 Highlight (don't tick) the invoice line and click the Set Credits button.
QuickBooks displays the Credits window.
- 12 Click Done
QuickBooks redisplay the Receive Payments window, now showing £540.00 in the Credits column.
- 13 Click Save & Close to apply the credit.

Applying credits to specific invoices

Normally, if the customer has more than one outstanding invoice, QuickBooks applies the credit to the oldest invoice first. However, you can choose to apply any credit to any invoice, or distribute a credit across multiple invoices, using the same general procedure as for the down payment.

For further information, see "Applying customer credits to specific invoices" in the Quick Books *User Guide*.

Making deposits

When you use the Enter Sales Receipts window (for a sales receipt where you receive payment on the spot, for example for a cash sale), the Receive Payments window (for payments on invoices), or a payment item on an invoice, QuickBooks keeps track of the money you've received until you deposit it in the bank.

Selecting payments to deposit

At your office, you might hold payments in a locked cash drawer until you can get to the bank; QuickBooks holds them in an asset account called Undeposited Funds. When you're ready to take your payments to the bank, you can record the deposit in QuickBooks, print a deposit slip to bring with you, and enter cash-back amounts.

To select payments to deposit:

- 1 From the Banking menu, choose Make Deposits.

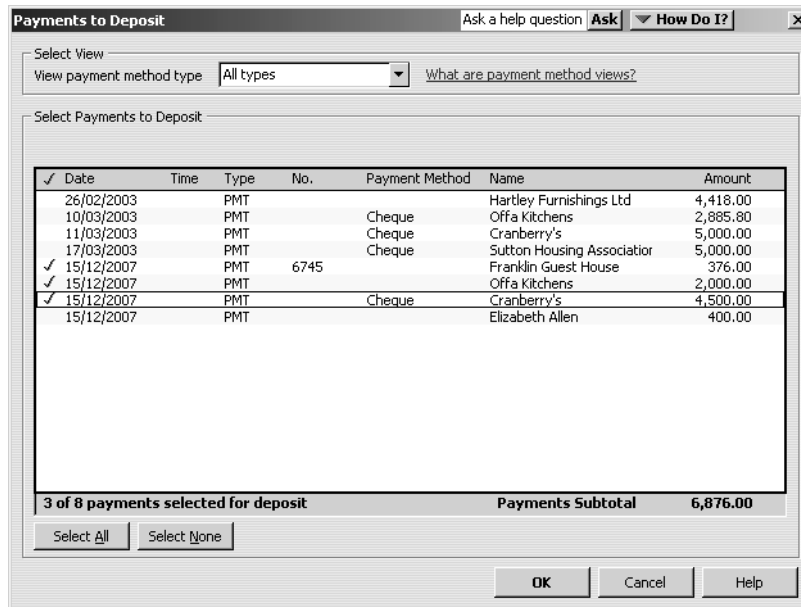
QuickBooks displays the Payments to Deposit window, which lists the payments you have not yet deposited. Notice that you can filter the list by the type of payment, which could be useful for example if you deposit cash in one account and cheques in another.

✓ Date	Time	Type	No.	Payment Method	Name	Amount
26/02/2003		PMT			Hartley Furnishings Ltd	4,418.00
10/03/2003		PMT		Cheque	Offa Kitchens	2,885.80
11/03/2003		PMT		Cheque	Cranberry's	5,000.00
17/03/2003		PMT		Cheque	Sutton Housing Associator	5,000.00
15/12/2007		PMT	6745		Franklin Guest House	376.00
15/12/2007		PMT			Offa Kitchens	2,000.00
15/12/2007		PMT		Cheque	Cranberry's	4,500.00
15/12/2007		PMT			Elizabeth Allen	400.00

0 of 8 payments selected for deposit Payments Subtotal 0.00

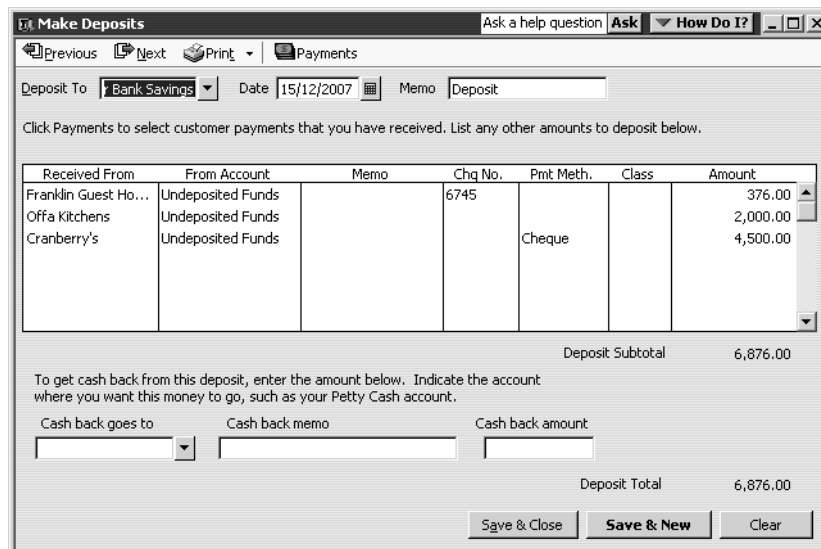
- 2 Click the payments you want to bring to the bank.

For this exercise, select three of the payments you recorded in this lesson (for Offa Kitchens, Franklin Guest House, and Cranberry's):



3 Click OK.

QuickBooks displays the Make Deposits window:



The detail area shows the payments you just selected. If you have money to deposit that was not received for a sale (for example, an insurance premium refund), you would enter it here as well.

4 In the Deposit To field, select Master Bank Current (if not shown) as the account in which you want the money deposited.

QuickBooks shows the deposit total at the bottom of the window. If you wanted to print a deposit slip to take to the bank, you could click Print.

5 Click Save & Close to record the deposit.

How QuickBooks handles the deposit

QuickBooks updates your Undeposited Funds account to show that you've made a deposit, and it also adds the deposit to your bank account register.

To view the Undeposited Funds account:

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

QuickBooks displays your deposits and reduces the balance in the account by the amount of the deposits (you may need to scroll up to see them).

Date	Ref	Payee	Decrease	Increase	Balance
Type	Account	Memo			
06/03/2003	6			29.38	0.00
	RCPT	-split-			
15/12/2007		Offa Kitchens		2,000.00	2,000.00
	PMT	Accounts Receivable			
15/12/2007		Cranberry's		4,500.00	6,500.00
	PMT	Accounts Receivable			
15/12/2007		Offa Kitchens	2,000.00		4,500.00
	DEP	Master Bank Current [
15/12/2007		Cranberry's	4,500.00		0.00
	DEP	Master Bank Current [
15/12/2007	6745	Franklin Guest House		376.00	376.00
	PMT	Accounts Receivable			
15/12/2007	6745	Franklin Guest House	376.00		0.00
	DEP	Master Bank Current [
26/02/2003		Hartley Furnishings Ltd		4,418.00	4,418.00
	PMT	Accounts Receivable			
Ending balance					17,703.80

Now you can look at the deposit transaction in the Master Bank Current account.

- 3 In the chart of accounts, double-click the Master Bank Current account.

QuickBooks has entered the deposit as a transaction in the Master Bank Current account register and has updated the balance:

Date	Number	Payee	Payment	Deposit	Balance
Ex. Rate	Type	Account	Memo		
27/02/2003	1043	Firth & Co	2,602.63		15,919.08
	BILLPMT	Accounts Payable			
28/02/2003		-split- Deposit		3,683.63	19,602.71
	DEP				
28/02/2003		BACS	5,093.75		14,508.96
	PAYROLL C	-split-			
03/03/2003	1044	Firth & Co	2,602.63		11,906.33
	BILLPMT	Accounts Payable			
15/03/2003	Internet	Inland Revenue	1,965.34		9,940.99
	LIAB CHQ	-split-			
15/12/2007				6,876.00	16,816.99
	DEP	-split- Deposit			
Ending balance					16,416.99

- 4 Close the register windows and the chart of accounts.

Getting cash back from a deposit

When you are recording the deposit in the Make Deposits window, you can enter information about any cash you took out of the deposit

To record cash back from a deposit:

- 1 From the Banking menu, choose Make Deposits.

QuickBooks displays the Payments to Deposit window. Notice that the deposits you made in the last exercise are no longer listed.

- 2 Select the £400.00 payment from Elizabeth Allen:

✓	Date	Time	Type	No.	Payment Method	Name	Amount
	26/02/2003		PMT			Hartley Furnishings Ltd	4,418.00
	10/03/2003		PMT		Cheque	Offa Kitchens	2,885.80
	11/03/2003		PMT		Cheque	Cranberry's	5,000.00
	17/03/2003		PMT		Cheque	Sutton Housing Associator	5,000.00
✓	15/12/2007		PMT			Elizabeth Allen	400.00

1 of 5 payments selected for deposit Payments Subtotal 400.00

- 3 Click OK to display the Make Deposits window.
- 4 Type **Float** in the “Cash back goes to” field and press Tab.
- 5 When QuickBooks tells you that Float is not on the account list, click Set Up. QuickBooks displays the New Account window with Type shown as Bank and Name preset to Float:

Receiving payments and making deposits

New Account Ask a help question Ask How Do I?

Type: Bank

General Info Account Details

Name: Float

Subaccount of: [dropdown]

Description: [text box]

Bank Acct.: [text box]

Financial Institution: Other

Opening Balance: [text box] as of: 31/03/2003

I use pre-printed cheques for this account

I have [text box] cheques on hand **Order Cheques**

Remind me when I have [text box] cheques remaining

Account is inactive

Am I entering the correct opening balance and date?

OK Cancel

- 6 Click OK to return to the Make Deposits window. (If you see a message about preprinted cheques, click No.)
- 7 In the Cash back amount field, type **60.00** and press Tab.

Make Deposits Ask a help question Ask How Do I?

Previous Next Print Payments

Deposit To: Master Bank C Date: 31/03/2003 Memo: Deposit

Click Payments to select customer payments that you have received. List any other amounts to deposit below.

Received From	From Account	Memo	Chq No.	Pmt Meth.	Class	Amount
Elizabeth Allen	Undeposited Funds					400.00

Deposit Subtotal 400.00

To get cash back from this deposit, enter the amount below. Indicate the account where you want this money to go, such as your Petty Cash account.

Cash back goes to: Float Cash back memo: [text box] Cash back amount: 60.00

Deposit Total 340.00

Save & Close Save & New Clear

QuickBooks displays the Deposit Subtotal amount (£400.00) and the Deposit Total (the subtotal less the cash back amount: £340.00).

- 8 Click Save & Close.

QuickBooks records the Deposit Total amount in the Master Bank Current account, and the cash back amount in the Float account:

The screenshot shows the 'Chart of Accounts' window in QuickBooks. The window title is 'Chart of Accounts' and it includes a search bar 'Ask a help question' and a 'How Do I?' dropdown menu. The main area is a table with the following columns: Name, Type, VAT, and Balance. The table lists several accounts, including 'Float', 'Master Bank Current', 'Master Bank Savings', 'Petty Cash', 'Accounts Receivable', 'Stock Asset', and 'Undeposited Funds'. The 'Balance' column shows values for each account, with 'Float' having a balance of 60.00. At the bottom of the window, there are dropdown menus for 'Account', 'Activities', and 'Reports', along with a 'Show All' checkbox.

Name	Type	VAT	Balance
Float	Bank		60.00
Master Bank Current	Bank		16,756.99
Master Bank Savings	Bank		13,754.71
Petty Cash	Bank		119.39
Accounts Receivable	Accounts Receivable		21,686.94
Stock Asset	Other Current Asset		23,088.68
Undeposited Funds	Other Current Asset		17,303.80

.....

LESSON 8 Entering and paying bills

Lesson objectives 8-2

To start this lesson 8-2

Handling bills in QuickBooks 8-2

Using QuickBooks for accounts payable 8-3

Entering bills 8-4

Memorising bills 8-6

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How QuickBooks records your bill payment 8-9

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Paying bills through e-Payments Solutions (Pro and above) 8-13

Lesson objectives

- To discuss the different ways you can handle your bills in QuickBooks
- To learn how to enter a bill in QuickBooks
- To use the Pay Bills window to pay a bill in QuickBooks

To start this lesson

Before you start the lesson, make sure you have installed the backup lesson file (**qblesson.qbb**) on your hard disk. See “Installing the lesson file” in the Introduction to this guide if you haven’t installed it. Follow these steps to restore the lesson file to its original state so that the data in the file matches what you see on the screen as you proceed through the lesson.

To restore the lesson file (**qblesson.qbb**):

- 1** From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2** In the “Get Company Backup From” section of the window, click Browse and select your **c:\qbtrain** directory.
- 3** Select the **qblesson.qbb** file, and then click Open.
- 4** In the “Restore Company Backup To” section of the window, type **lesson 8.qbw** in the Name field.
- 5** Click Browse and select your **c:\qbtrain** directory.
- 6** Click Save.
- 7** Click Restore.

Handling bills in QuickBooks

When you have a business expense, you can handle it in one of the following ways:

- Write a cheque manually and enter the information into a QuickBooks cheque register later. This doesn’t take best advantage of QuickBooks, but sometimes it’s necessary. For example, if you purchase supplies at a retail store, they expect payment on the spot, and you may not know the amount in advance.
- Use QuickBooks to write and print a cheque. When you receive a bill for which you want to make immediate payment, you can write a QuickBooks cheque more quickly and accurately than you can by hand, and QuickBooks makes the entry in your current account register for you.
- Use QuickBooks accounts payable to track your cash flow needs, the amounts you owe to suppliers and bills you want to pay later.
- Pay by credit card and enter the credit card receipt into QuickBooks later.

In Lesson 4, you learned how to enter handwritten cheques, QuickBooks cheques, and credit card payments. This lesson shows you how to use QuickBooks for accounts payable. Using accounts payable involves two steps: entering the bill and paying the bill. You'll practice both in this lesson.

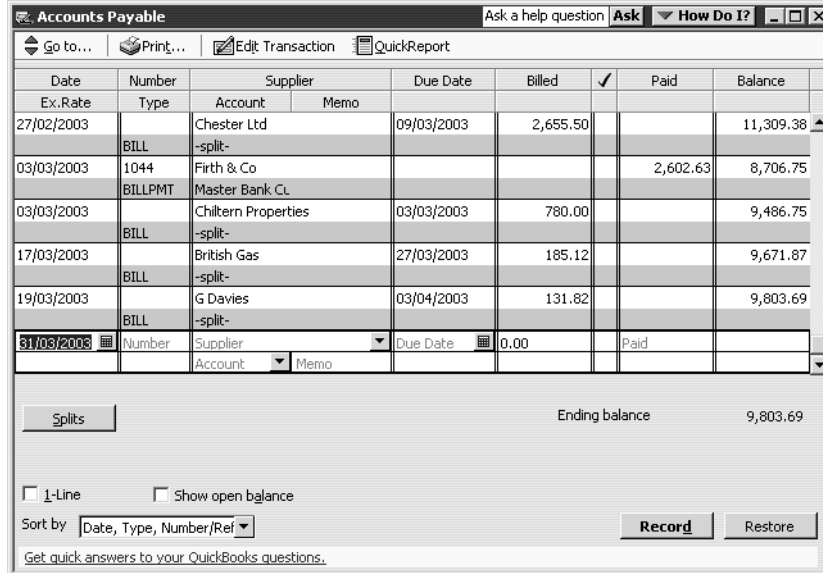
Using QuickBooks for accounts payable

Some business owners, especially if they own smaller, home-based businesses, pay their bills when they receive them. Most business owners, however, find it more convenient to pay bills less often. (They also like keeping the cash in the company for as long as possible.) If you don't plan to pay your bills right away, QuickBooks can help you keep track of what you owe and when you owe it.

The money you owe for unpaid bills is called your accounts payable. QuickBooks uses the Accounts Payable account to track all the money you owe. Like any QuickBooks balance sheet account, the Accounts Payable account has a register where you can view all your bills at once.

To see the Accounts Payable register:

- 1 From the Company menu, choose Chart of Accounts.
QuickBooks displays the chart of accounts.
- 2 Double-click Accounts Payable in the list to open the register.
QuickBooks displays the Accounts Payable register.



The register keeps track of each bill you have entered, shows you the due date, and keeps a running balance of all the bills you owe. This helps you forecast your cash flow, and the QuickBooks reminder system helps you pay your bills on time.

- 3 From the Window menu, choose Close All to close all open QuickBooks windows.

Entering bills

When you receive a bill from a supplier, you should enter it into QuickBooks as soon as you can. This keeps your cash flow forecast reports up to date and doesn't give you the chance to set aside a bill and forget about it.

Grangeworth Kitchens has just received a bill from the company that created their new brochures. The bill includes a charge for courier delivery. Grangeworth Kitchens doesn't plan to pay the bill until close to its due date, but the company wants to keep an eye on the accounts payable total, so it enters the bill now.

To enter a bill:

- 1 From the Suppliers menu, choose Enter Bills (not Enter Bills for Received Items). QuickBooks displays the Enter Bills window:

The top half of the window is where you enter the bill. The bottom half is the detail area where you can assign the bill amount to different expense accounts, customers, or jobs.

Notice that the Bill Received box has a tick. The only time the Bill Received tick box should be cleared is if you're using QuickBooks for stock and you want to record items you've received that you haven't actually been billed for yet.

- 2 In the Supplier field, type **Willis Advertising**, and then press Tab.
- 3 When QuickBooks displays a message telling you that Willis Advertising is not on the Supplier list, click Quick Add.
- 4 In the Date field, type **31/03/2003**.
- 5 In the Amount Due field, type **1200.00**.

6 Click in the Bill Due field.

Notice that QuickBooks supplies a date for you in the Bill Due field. The date displayed is ten days from the date in the Date field. You can change the date if you wish. If your Supplier list had payment terms entered for this supplier, QuickBooks would have used those terms to calculate the bill's due date.

For this exercise, change the date to **31/03/2003**.

7 Click in the Account column on the Expenses tab and start to type **Printing**.

QuickFill completes the entry for you, and displays Printing and Reproduction as the account. QuickBooks lets you assign transactions to more than one account, so you can keep close track of where your company spends its money. Grange-worth Kitchens wants to assign most of this bill to the Printing and Reproduction expense account, and the rest to the Freight & Delivery expense account.

8 Press Tab to accept Printing and Reproduction as the account.

9 Press Tab to accept S (standard) as the VAT code.

QuickBooks automatically splits out the VAT.

10 Highlight the Net Amt figure of 1,021.28 and overtype **1000.00**.

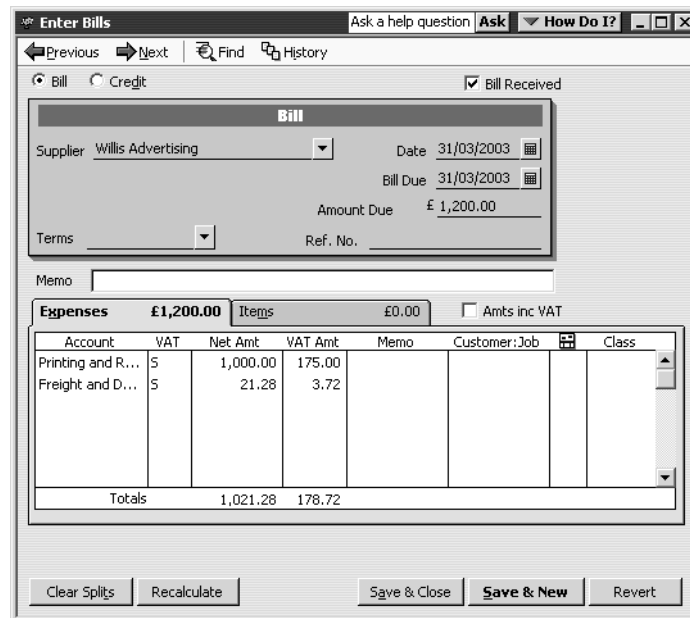
11 Click in the Account column below Printing and Reproduction.

The remainder of the bill (£25.00) appears on the second line.

12 From the drop-down list, choose Freight & Delivery.

QuickBooks automatically recalculates VAT for both lines and assigns the net amount remaining (£21.28) to Freight & Delivery, with £3.72 to VAT.

Your screen should now resemble this one:



13 Click Save & Close to record the bill.

Memorising bills

If you have regular bills for the same amount from a supplier, QuickBooks lets you set up a memorised bill so you don't have to keep entering the same information.

Suppose that Grangeworth Kitchens has set up a standing order with the bank to pay the rent every month, having previously paid by cheque.

To enter a memorised bill:

- 1 From the Suppliers menu, choose Enter Bills.
QuickBooks displays the Enter Bills window.
- 2 Click Previous several times until you see the last bill for Chiltern Properties, dated 03/03/2003:

The screenshot shows the 'Enter Bills' window in QuickBooks. The 'Bill' section is populated with the following information:

- Supplier: Chiltern Properties
- Date: 03/03/2003
- Bill Due: 03/03/2003
- Amount Due: £ 780.00
- Terms: Due on receipt

Below the bill information is a table for 'Expenses' with the following data:

Account	VAT	Net Amt	VAT Amt	Memo	Customer:Job	Class
Rent	E	780.00	0.00			
Totals		780.00	0.00			

- 3 From the Edit menu, choose Memorise Bill.
QuickBooks displays the Memorise Transaction dialog box.
- 4 In the Name field, type **Rent** after "Chiltern Properties".
- 5 Click Standing Order.
- 6 In the How Often field, select Monthly from the drop-down list.
- 7 For Next Date, type **03/04/2003**.
- 8 In the Number Remaining field, type **23** (there is to be a rent review in April 2005).
- 9 For Days in Advance to Enter, type **2**.

Your screen should look like this:

- 10** Click OK to record the memorised bill.

QuickBooks adds the bill to the Memorised Transactions list. When you start QuickBooks on 1 April (two days before the bill is due), it will display a message that the standing order is due:

If you then click Now, QuickBooks records the standing order in the current account register. This will happen on the first of every month until March 2005.

Paying bills

When you start QuickBooks or open a QuickBooks company, a Reminders list appears on the Company Navigator that tells you if you have transactions to complete, such as bills to pay or money to deposit. When QuickBooks tells you that you have bills due, you can open the Pay Bills window and select the bills you want to pay.

Tip: If you don't see the Reminders list when you start QuickBooks, enable it by choosing Preferences from the Edit menu. Click Reminders, click the My Preferences tab, and select "Show Reminders List when opening a Company file."

To pay a bill:

- 1 From the Suppliers menu, choose Pay Bills.
QuickBooks displays the Pay Bills window.

Select Bills to be Paid

Show bills: Due on or before 31/03/2003 Show all bills

Sort Bills By: Due Date

Date Due	Supplier	Ref. No.	Amt. Due	Credits Used	Amt. To Pay
01/03/2003	Windsor & Wycombe		3,525.00	0.00	0.00
02/03/2003	Chester Ltd		2,526.25	0.00	0.00
03/03/2003	Chiltern Properties		780.00	0.00	0.00
09/03/2003	Chester Ltd		2,655.50	0.00	0.00
27/03/2003	British Gas		185.12	0.00	0.00
31/03/2003	Willis Advertising		1,200.00	0.00	0.00
Totals			10,871.87	0.00	0.00

Credit Information for Highlighted Bill

Supplier: _____ Number of Credits: 0

Bill Ref. No.: _____ Total Credits Available: 0.00

Payment Account: Master Bank Current

Payment Method: Cheque To be printed Assign cheque no.

Payment Date: 31/03/2003

Ending Balance: 9,940.99

Buttons: Select All Bills, How do I process e-Payment transactions?, Pay & Close, Pay & New, Clear

The Pay Bills window shows your unpaid bills as of any date you enter. For this exercise, type **31/03/2003**.

You can select which bills you want to pay, whether by printed or handwritten cheque, debit card, or credit card. For this exercise, you'll pay using a QuickBooks cheque.

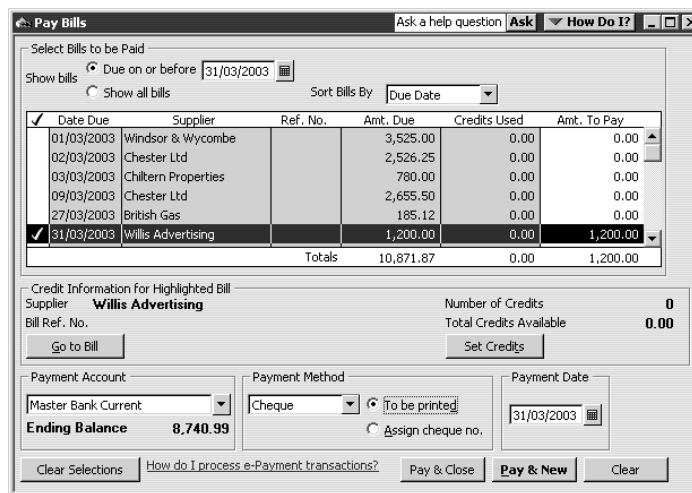
- 2 Under Payment Method, select "To be printed".

For other payment methods, you would select "Assign cheque no." and enter the handwritten cheque number, debit card or direct debit reference when prompted. If you have QuickBooks Pro or above you can also make a BACS payment, which you'll see in a later exercise.

- 3 Select the Willis Advertising bill by clicking in the tick column.

QuickBooks displays a tick next to the bill and changes the amount in the Ending Bank Balance to reflect a payment of £1,200.00. If you want to make a partial payment, you can enter the amount you want to pay in the Amt. To Pay field.

Your screen should resemble this one:



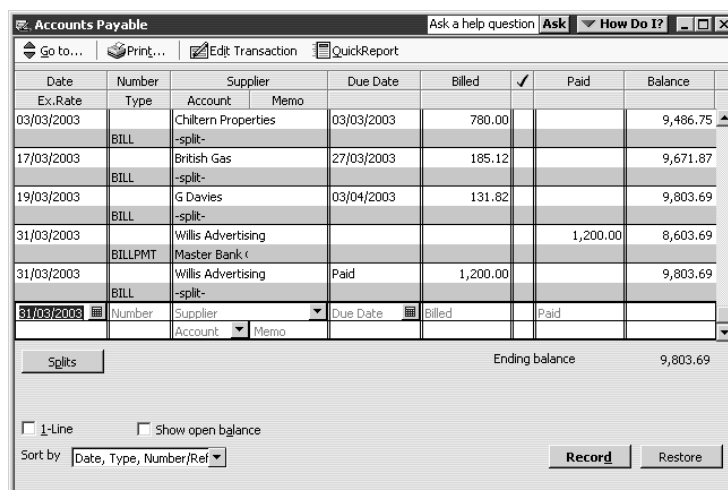
- 4 Click Pay & Close.

How QuickBooks records your bill payment

When you pay the bill through the Pay Bills window, QuickBooks makes an entry in the Accounts Payable register, showing a decrease of £1,200 in the total payables. It also creates a cheque from your current account to pay the bill.

To see the entry in the accounts payable register:

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



The register now shows the bill payment to Willis Advertising.

- 3 Close the Accounts Payable register.

Entering and paying bills

At the same time QuickBooks recorded the entry in your Accounts Payable register, it made an entry in your current account.

To see the entry in the current account register:

- 1 In the chart of accounts, double-click Master Bank Current account. QuickBooks displays the current account register.

Date	Number	Type	Payee	Memo	Payment	Deposit	Balance
28/02/2003		DEP	-split-	Deposit		3,683.63	19,602.71
28/02/2003		PAYROLL	BACS		5,093.75		14,508.96
03/03/2003	1044	BILLPMT	Firth & Co		2,602.63		11,906.33
15/03/2003		LIAB CHQ	Internet	Inland Revenue	1,965.34		9,940.99
31/03/2003		BILLPMT	To Print	Willis Advertising	1,200.00		8,740.99
Ending balance							8,740.99

Notice the cheque to print for the payment to Willis Advertising.

- 2 Select the Willis Advertising transaction. QuickBooks highlights the Willis transaction to show that it is selected.
- 3 On the toolbar, click Edit Transaction. QuickBooks displays the Bill Payments (Cheque) window.

Bank Account: Master Bank Current Ending Balance: £8,740.99

No. To Print: 1
Date: 31/03/2003

Pay to the Order of: Willis Advertising £ 1,200.00

One thousand two hundred and 00/100*****

Address: Willis Advertising

Memo:

Bill Payment Information: To be printed

Pay	Date Due	Supplier	Ref. No.	Bill Amt.	Amt. Due	Disc. Date	Amt. Paid
<input checked="" type="checkbox"/>	31/03/2003	Willis Advertising		1,200.00	1,200.00		1,200.00

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

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

Printing cheques and remittances

If you've paid by printable cheque, you need to print off the cheques and remittances to send to the suppliers. When you print cheques, you have a choice of styles:

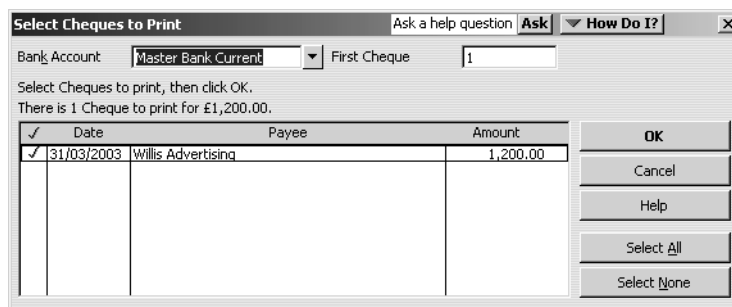
- Standard – prints only cheques, so you would need to print a separate remittance advice
- Voucher – prints a cheque with remittance advice attached.

If you've paid by another method – for example, handwritten cheque, debit card, direct debit, BACS – you may need to print a separate remittance advice.

For this exercise, you'll print the cheque and remittance advice separately.

To print a cheque:

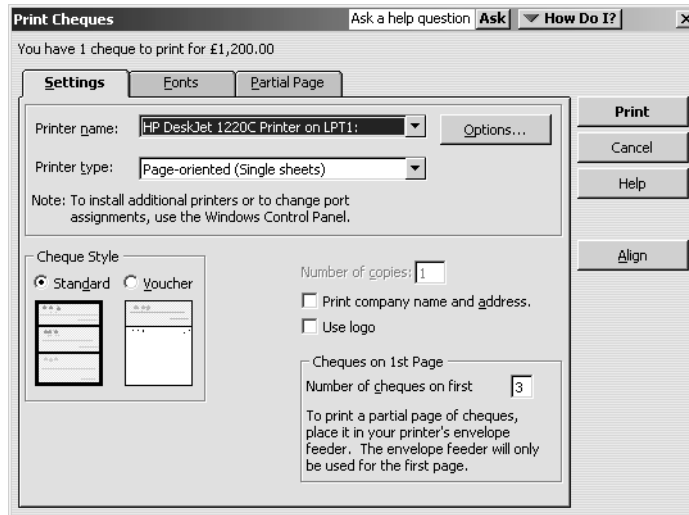
- 1 If you were printing onto preprinted cheque forms, you would make sure they were loaded into the printer. For this exercise, you can just print onto blank paper.
- 2 From the File menu, choose Print Forms, then choose Cheques.
- 3 Change the dates from **31/03/2003** to **31/03/2003**.



At this point you would select which cheques you wanted to print. In this example there is only one, and it is already selected.

You need make sure the number shown for First Cheque was set to match the first cheque number. Suppose the first cheque number in your batch was 000231.

- 4 In the First Cheque field, type **231**.
 - 5 Click OK.
- QuickBooks displays the Print Cheques window.

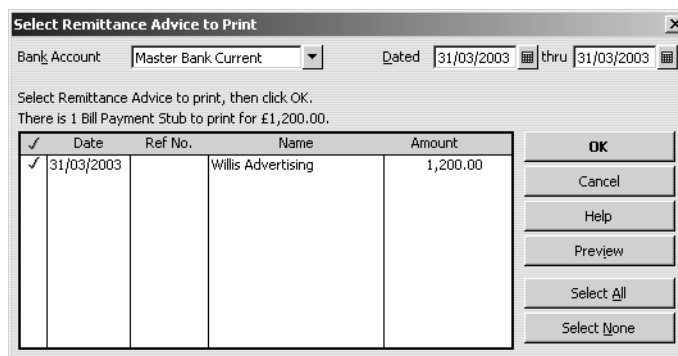


Here you can switch between Standard and Voucher cheque styles, and if you are using Standard style you can set the number of cheques left on the first page if you are printing a partial page. For now, leave the settings as they are.

6 Click Print.

To print a remittance advice:

- 1** From the File menu, choose Print Forms, then choose Remittance Advice.
- 2** Change the dates from **31/03/2003** to **31/03/2003**.



At this point you would select which remittance advices you wanted to print. In this example there is only one, and it is already selected.

- 3** Click OK, and print the remittance advice.
- 4** From the Window menu, choose Close All to close all the open QuickBooks windows.

Paying bills through e-Payments Solutions (Pro and above)

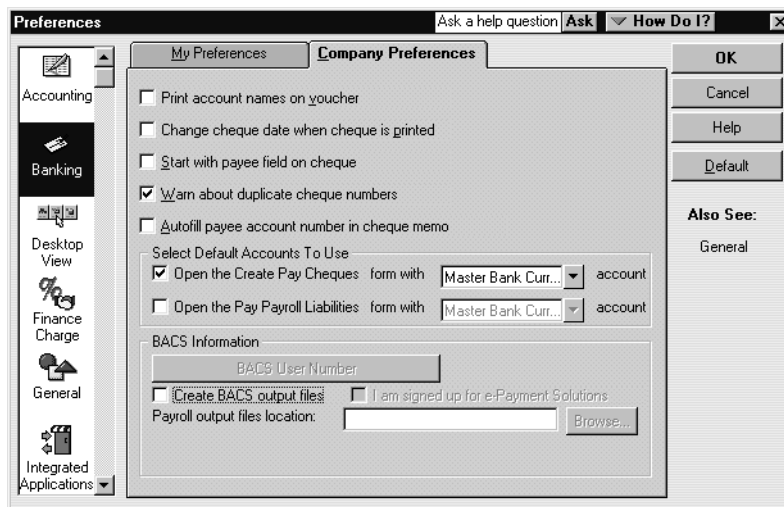
You can subscribe to QuickBooks' e-Payment Solutions to make a BACS payment through an online BACS agent. In order for this to work, you would need to apply to your bank for a BACSTEL-IP. You would also need Internet access.

For the following exercises, you will see how to set up the details in QuickBooks for paying suppliers through e-Payment Solutions.

You then will see how to make a payment using e-Payment Solutions.

To set up banking preferences to use BACS for e-Payment Solutions:

- 1 From the Edit menu, choose Preferences.
- 2 Select Banking, and click the Company Preferences tab.

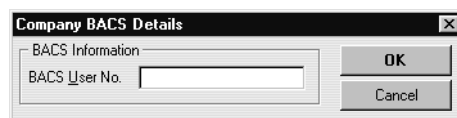


- 3 Tick the boxes next to “Create BACS output files” and “I am signed up for e-Payment Solutions”.

Note: If you tick the e-Payment Solutions box, the file will be encrypted ready for submission using the QuickBooks e-Payment Solutions. If you use another system to submit files directly, you would not tick the second box. The file would not be encrypted, and you would use your existing system to encrypt and submit it.

- 4 Click BACS User Number.

QuickBooks displays the Company BACS Details window.



- 5 Type **123456** then click OK.

Note: This number must always be 6 digits.

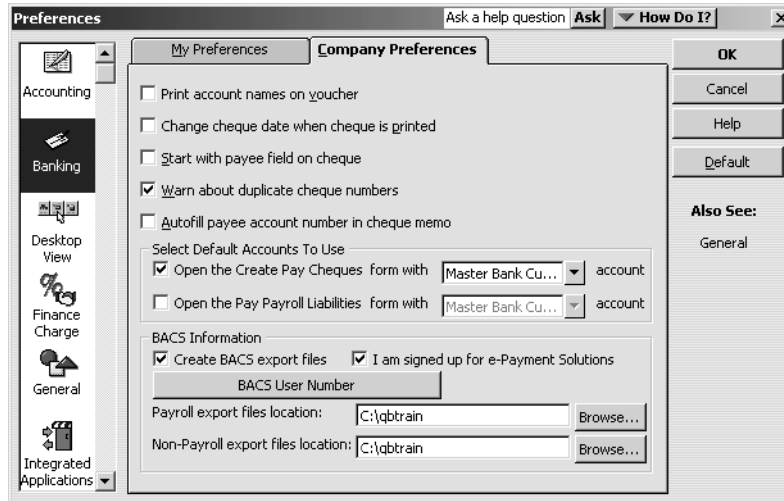
- 6 Click OK.

- 7 For Non-Payroll export file location, type **c:\qbtrain**, or click Browse and select your training folder.

This is the location where your encrypted BACS files will be stored.

Type the same location for output files for Payroll export files.

Your screen should resemble this:



- 8 Click OK.

Next, you need to set up the BACS details in your bank account.

To set up BACS details in your bank account:

- 1 From the Lists menu, choose Chart of Accounts.
- 2 Select Master Bank Current.
- 3 Click the Account menu button, and choose Edit.
- 4 Click the BACS Information tab.
- 5 Complete the BACS details as follows:

Account Name: **BACS E-Payments**

Sort Code: **01-02-03**

Account Number: **12345678**

Your screen should resemble this:

The screenshot shows a window titled 'Edit Account' with a help button and a 'How Do I?' dropdown. The 'Type' dropdown is set to 'Bank'. There are three tabs: 'General Info', 'Account Details', and 'BACS Information'. The 'BACS Information' tab is active, showing three input fields: 'Account Name' with 'BACS E-Payments', 'Sort Code' with '01-02-03', and 'Account Number' with '12345678'. To the right of these fields are buttons for 'OK', 'Cancel', and a checkbox labeled 'Account is inactive' which is currently unchecked.

6 Click OK.

If you see a message about preprinted cheques, click No.

The next stage is to set up suppliers to enable them to be paid by BACS. In this exercise you will do this for just one employee, but in practice you would need to do this for all suppliers that you want to pay by this method.

You can use BACS only for UK suppliers (or for foreign suppliers with UK bank accounts into which you can pay in UK sterling). The supplier needs to provide you with details of the bank account into which they want you to pay. If they want you to notify them by fax or email that you have made the payment, they will need to provide these details as well.

To set up suppliers to be paid by BACS:

- 1** From the Suppliers menu, choose Suppliers List.
- 2** Select Chester Ltd from the list.
- 3** Click the Supplier menu button, and choose Edit.
- 4** On the Address Info tab, for E-mail type **accounts@chester.co.uk**.
- 5** Click the BACS Information tab.
- 6** Complete the supplier's bank details as follows:

Account Name: **Chester Ltd**

Sort Code: **10-20-30**

Account Number: **87654321**

Your screen should resemble this:

Entering and paying bills

Supplier Name: Chester Ltd
Current Balance: 5,181.75
How do I adjust the current balance?
BACS Information
Account Name: Chester Ltd
Sort Code: 10-20-30
Account Number: 87654321
Supplier is inactive

7 Click OK.

You are now ready to pay your supplier.

To pay a supplier through e-Payments Solutions:

- 1 From the Suppliers menu, choose Pay Bills.
QuickBooks displays the Pay Bills window.
- 2 Select the Chester Ltd bill dated 09/03/2003 for 2655.50.
Note: You could select more than one bill and pay them in a batch.
- 3 For Payment Account, choose Master Bank Current (if it is not shown already) since this is the account for which you set up BACS payment details.
- 4 For Payment Method, choose BACS from the drop-down list.

Your screen should resemble this:

Select Bills to be Paid
Show bills: Due on or before 10/04/2003
 Show all bills
Sort Bills By: Due Date

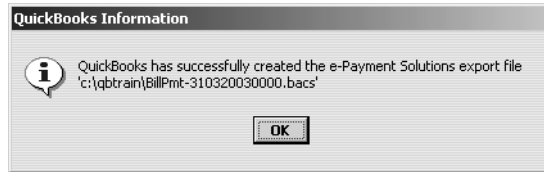
Date Due	Supplier	Ref. No.	Amt. Due	Credits Used	Amt. To Pay
01/03/2003	Windsor & Wycombe		3,525.00	0.00	0.00
02/03/2003	Chester Ltd		2,526.25	0.00	0.00
03/03/2003	Chiltern Properties		780.00	0.00	0.00
<input checked="" type="checkbox"/> 09/03/2003	Chester Ltd		2,655.50	0.00	2,655.50
27/03/2003	British Gas		185.12	0.00	0.00
03/04/2003	G Davies		131.82	0.00	0.00
Totals			9,803.69	0.00	2,655.50

Credit Information for Highlighted Bill
Supplier: Chester Ltd
Number of Credits: 0
Bill Ref. No.:
Total Credits Available: 0.00
Go to Bill Set Credits

Payment Account: Master Bank Current
Ending Balance: 6,085.49
Payment Method: BACS
BACS Agency Payee: BACS
Payment Date: 31/03/2003
Clear Selections How do I process e-Payment transactions? Pay & Close Pay & New Clear

- 5 Click Pay & Close.

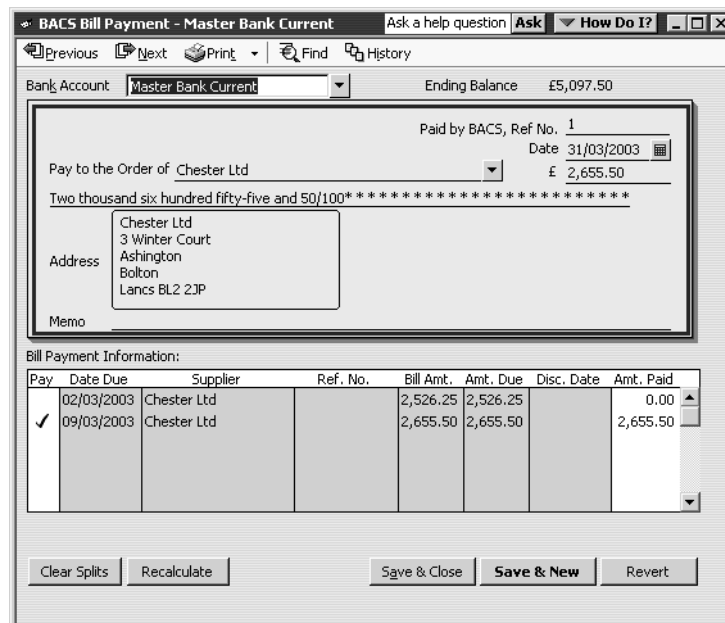
At this stage QuickBooks produces an encrypted BACS payment file for each supplier in this batch, in this example one file for the payment to Chester Ltd. The filename starts **QBOut-**, and has the suffix **.bacs**. It is saved in the folder you specified earlier, in this case qbtrain.



- 6 Click OK.
- 7 Close the Suppliers List.

QuickBooks has also produced a BACS Bill Payment Cheque. You'll now review the cheque.

- 8 From the Banking menu, choose Write Cheques.
- 9 Click the Back button until you see the BACS Payment to Chester Ltd:



The next stage would be to make the electronic payment using the encrypted file. To do this, you would carry out the following steps:

- 1 Go to the Supplier Navigator, and choose Process BACS Payments online using e-Payment Solutions.
- 2 Log in to the payment services page.
- 3 Select the relevant file to transmit (in this example QBOut-310320030000.bacs), and click Upload File.

A summary message would appear when transmission was complete.

Entering and paying bills

You can then notify your supplier that you have made payment. You can use an additional e-Payment Solutions service so that they send remittance advices by email or fax.

Otherwise you can print the remittance advice and send it by fax or post.



LESSON 9 Analysing financial data

Lesson objectives 9-2

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Zooming in on a QuickReport 9-4

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Lesson objectives

- To discuss some of the tools QuickBooks gives you for analysing financial data: QuickReports, preset reports, graphs, and centres
- To create a QuickReport
- To learn about the types of preset reports QuickBooks offers
- To practice creating reports and viewing them onscreen
- To customise a report by changing how it looks and the data it covers (filtering)
- To learn how to export a report to Microsoft Excel
- To learn about the types of graphs QuickBooks offers
- To create and customise several graphs
- To learn to use QuickBooks Centres

To start this lesson

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

Follow these steps to restore the lesson file to its original state so that the data in the file matches what you see on the screen as you proceed through the lesson.

To restore the lesson file (qblesson.qbb):

- 1** From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2** In the “Get Company Backup From” section of the window, click Browse and select your **c:\qbtrain** directory.
- 3** Select the **qblesson.qbb** file, and then click Open.
- 4** In the “Restore Company Backup To” section of the window, type **lesson 9.qbw** in the Name field.
- 5** Click Browse and select your **c:\qbtrain** directory.
- 6** Click Save.
- 7** Click Restore.

Reports and graphs help you understand your business

So far, you've been learning all the ways to track your data in QuickBooks. In this lesson, you'll work with two of the most valuable tools in QuickBooks: reports and graphs. The insight they give you into your finances is one of the most important benefits of tracking your data in QuickBooks.

Often, perceptions of business profitability don't match the facts. If you enter your data in QuickBooks, but don't take the time to analyse the data, your business decisions are based on incomplete knowledge. Reports let you summarise your financial data so you make decisions based on analysis of the numbers.

Reports give you the "bottom line"—you can see exactly how profitable your business is. If it's not doing as well as you'd hoped, you can create reports that show you which areas need improvement. QuickBooks has dozens of preset reports, but if you have specific reporting needs, you can customise any QuickBooks report to show exactly the data you want. And if you're interested in getting quick information, you can use a QuickReport that lets you summarise information from your lists, forms, or registers with one click of a button.

Some people find it easier to see a visual picture of their financial data. If you're interested in learning more about trends or patterns in your business data (for example, what proportion of your income comes from consulting services as compared to product sales), QuickBooks offers six types of QuickInsight graphs.

Creating QuickReports

One of the fastest ways to see a report on your QuickBooks data is to create a QuickReport. QuickReports are pre-designed reports that give you information about the items you're currently viewing onscreen. Whenever you have a list, a register, or a form displayed, you can click a button to have QuickBooks create a QuickReport.

When to use a QuickReport

Suppose you're viewing the Supplier list, and you want to see a history of all transactions for a certain supplier. Select the supplier's name, click the Report menu button, and then select QuickReport. You'll see a report listing information about each bill for that supplier.

In this exercise, Grangeworth Kitchens wants to see what it owes to Chester Ltd.

To see what you owe a supplier:

- 1 From the Lists menu, choose Supplier List.

QuickBooks displays the Supplier list.

Name	Balance	Notes
Arthur Heathcote	0.00	
BACS	0.00	
British Gas	185.12	
BT	0.00	
Chester Ltd	5,181.75	
Chiltern Properties	780.00	
Collins Packaging	0.00	
Firth & Co	0.00	
G Davies	131.82	

- 2 Highlight Chester Ltd..
- 3 Click the Reports menu button and choose QuickReport:Chester Ltd.
- 4 In the From and To fields, type **01/02/2003** and **28/02/2003**, and click Refresh.

This QuickReport is displayed:

Type	Date	Num	Memo	Account	Clr	Split	Amount
Chester Ltd							
Bill Pmt -Cheque	10/02/2003	1041		Master Bank Current	✓	Accounts Pa...	-2,820.00
Purchase Order	19/02/2003	23		Purchase Orders		-SPLIT-	-2,526.25
Bill	20/02/2003			Accounts Payable		-SPLIT-	-2,526.25
Purchase Order	26/02/2003	24		Purchase Orders		-SPLIT-	-2,655.50
Bill	27/02/2003			Accounts Payable		-SPLIT-	-2,655.50

A supplier QuickReport shows all transactions for this month for the selected supplier, Chester Ltd. The transactions can include purchase orders, item receipts, bills, bill payments, and credits received from the supplier.

- Tip:** If you want to see only unpaid bills and unapplied credits for the selected supplier, select **Open Balance** instead of **QuickReport** in step 3.

Zooming in on a QuickReport

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

When you position the mouse pointer over a number in a report and you see the QuickZoom symbol (a magnifying glass with a Z in it), you can double-click the number to display the original transaction in QuickBooks.

Suppose you want more detail about the bill shown in the report.

To see more detail about an item:

- 1 Position the mouse pointer over the bill dated 20/02/2003.
The arrow pointer turns into a magnifying glass with the letter Z (Z for zoom).
- 2 Double-click the bill.
QuickBooks displays the Enter Bills window for the selected transaction:

Item	Description	Qty	Cost	VAT	Net Amt	VAT Amt	Class	PO No.
Dressers:Oak ...	Oak Welsh dresser	10	215.00	S	2,150.00	376.25		23
Totals					2,150.00	376.25		

- 3 Close the window.
QuickBooks returns you to the QuickReport.

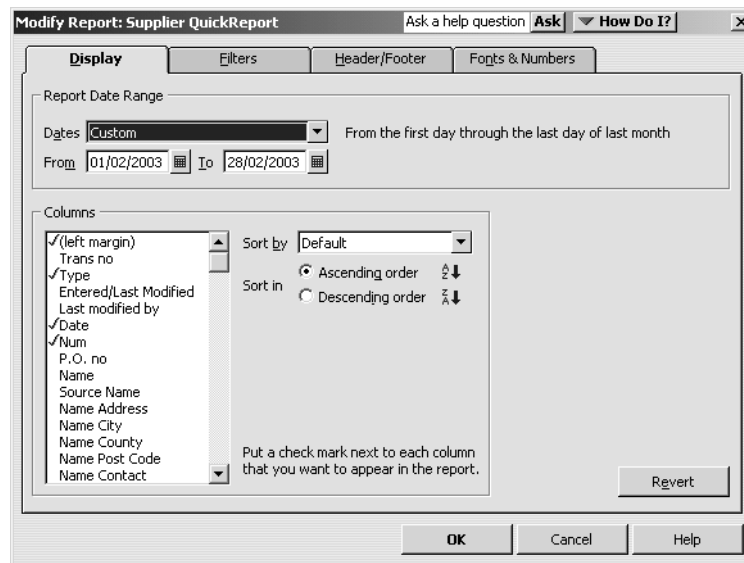
Customising QuickReports

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

In this exercise, you'll customise the QuickReport you just created to display transaction numbers on the report.

To add a column to a QuickReport:

- 1 In the QuickReport window, click Modify Report.
QuickBooks displays the Modify Report window.



The Display tab lets you select the columns and date range to include in the report.

- 2 In the Columns list, select Trans no.
QuickBooks displays a tick next to Trans no.
- 3 Click OK to display the customised Supplier QuickReport:

Trans no	Type	Date	Num	Memo	Account	Clr	Split	Amount
Chester Ltd								
206	Bill Pmt -Cheque	10/02/2003	1041		Master Bank Current	✓	Accounts Pa...	-2,820.00
114	Purchase Order	19/02/2003	23		Purchase Orders		-SPLIT-	-2,526.25
116	Bill	20/02/2003			Accounts Payable		-SPLIT-	-2,526.25
123	Purchase Order	26/02/2003	24		Purchase Orders		-SPLIT-	-2,655.50
124	Bill	27/02/2003			Accounts Payable		-SPLIT-	-2,655.50

Notice that the bill dated 20/02/2003 is now listed as transaction 116.

Next, you'll move the Trans no. column to a new position in the report.

To move a report column:

- 1 Position your mouse pointer over the Trans no. column that you added to the QuickReport (the mouse pointer changes to a hand).
- 2 Hold down the left mouse button and drag the Trans no. column to the right until you see an arrow between the Date Column and the Num column.

- 3 Release the mouse button.

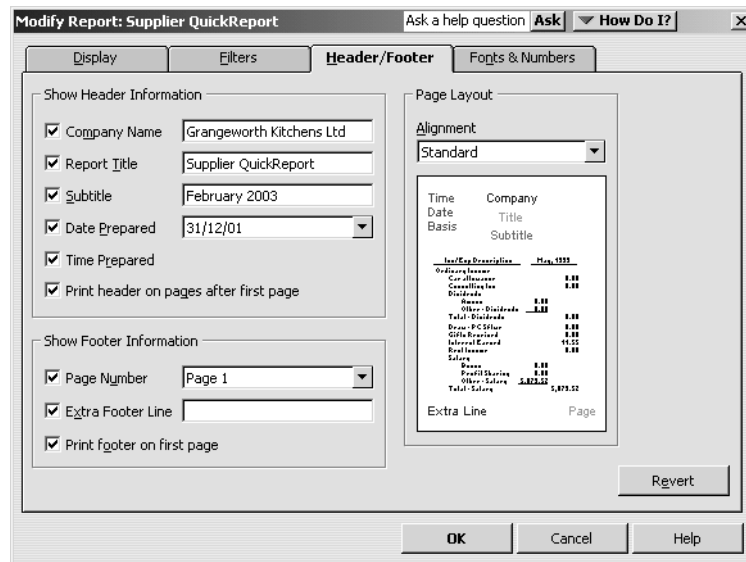
QuickBooks places the Trans no. column between the Date and Num columns:

Type	Date	Trans no	Num	Memo	Account	Clr	Split	Amount
Chester Ltd								
Bill Pmt -Cheque	10/02/2003	206	1041		Master Bank Current	✓	Accounts Pa...	-2,820.00
Purchase Order	19/02/2003	114	23		Purchase Orders		-SPLIT-	-2,526.25
Bill	20/02/2003	116			Accounts Payable		-SPLIT-	-2,526.25
Purchase Order	26/02/2003	123	24		Purchase Orders		-SPLIT-	-2,655.50
Bill	27/02/2003	124			Accounts Payable		-SPLIT-	-2,655.50

Next, you'll customise the report header.

To change information in the report heading:

- 1 In the QuickReport window, click Modify Report, and then click the Header/Footer tab.



On the Header/Footer tab, you can change the company name, report title, subtitle, and format for date and time prepared. You can also specify whether you want the header printed on all pages or on just the first page. The Header/Footer tab is the same for all QuickBooks reports.

Now change the report title from Supplier QuickReport to Supplier History Report.

- 2 In the Report Title field, select the text "Supplier QuickReport," and overtype **Supplier History Report** as the new title.
- 3 Click OK to close the Modify Report window.

QuickBooks changes the title of the report and redisplay it:

2:46 PM		15/12/07		Grangeworth Kitchens Ltd						
							Supplier History Report			
							February 2003			
Type	Date	Trans no	Num	Memo	Account	Clr	Split	Amount		
Chester Ltd										
Bill Pmt -Cheque	10/02/2003	206	1041		Master Bank Current	✓	Accounts Pa...	-2,820.00		
Purchase Order	19/02/2003	114	23		Purchase Orders		-SPLIT-	-2,526.25		
Bill	20/02/2003	116			Accounts Payable		-SPLIT-	-2,526.25		
Purchase Order	26/02/2003	123	24		Purchase Orders		-SPLIT-	-2,655.50		
Bill	27/02/2003	124			Accounts Payable		-SPLIT-	-2,655.50		

- 4 Close the report and Supplier List windows.

Creating and customising preset reports

In addition to QuickReports, QuickBooks has dozens of preset report formats. You can create profit and loss reports, balance sheet reports, accounts receivable reports, sales reports, accounts payable reports, stock reports, and many others.

To create a QuickBooks report, all you have to do is choose the type of report you want from the Reports menu, including:

- **Company & Financial:** include profit and loss statements, balance sheets and cash flows.
- **Customers & Receivables:** which invoices are due (or overdue) and how much each customer owes your company.
- **Sales:** what you have sold and to whom.
- **Jobs, Time & Mileage:** (QuickBooks Pro/Accountant only) the status and profitability of the jobs and projects you track in QuickBooks.
- **Suppliers & Payables:** which bills are due and current balances with each supplier.
- **Purchases:** what you have bought and from whom.
- **Stock:** values and quantities of stock you have on hand or on order.
- **Employees & Payroll:** what you need to pay your employees, meet current payroll liabilities and fill in your P11 and P35 tax forms (only if Payroll is turned on).
- **Banking:** deposit detail, cheque detail, and missing cheques.
- **Accountant & Taxes:** income tax summary and detail, general ledger, trial balance, journal, transaction journal, and audit trail.
- **Budgets (& Forecasts):** how your income and expenses compare to the budgets you have set up, and (QuickBooks Accountant only) compare to forecasts.
- **List:** information stored in QuickBooks lists.
- **VAT:** keep track of your VAT liability.

Creating a balance sheet report

The balance sheet report summarises assets and liabilities to show equity.

To create a balance sheet report:

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

The report on your screen should look like this:

Grangeworth Kitchens Ltd		Balance Sheet	
As of December 15, 2007		As of Dec 15, 2007	
ASSETS			
Fixed Assets			
Computer equipment			
Cost	3,000.00		
Depreciation	-832.50		
Total Computer equipment		2,167.50	
Office furniture			
Cost	1,780.00		
Depreciation	-493.95		
Total Office furniture		1,286.05	
Van			
Cost	15,000.00		
Depreciation	-3,750.00		
Total Van		11,250.00	
Total Fixed Assets		14,703.55	
Current Assets			
Other Current Assets			
Stock Asset		23,088.68	
Total Other Current Assets		23,088.68	

- 2 Scroll the report window to see more of the report.
Notice that the button bar in this window is the same as for the QuickReport.
- 3 Keep the report displayed on your screen. You'll use it in the next exercise.

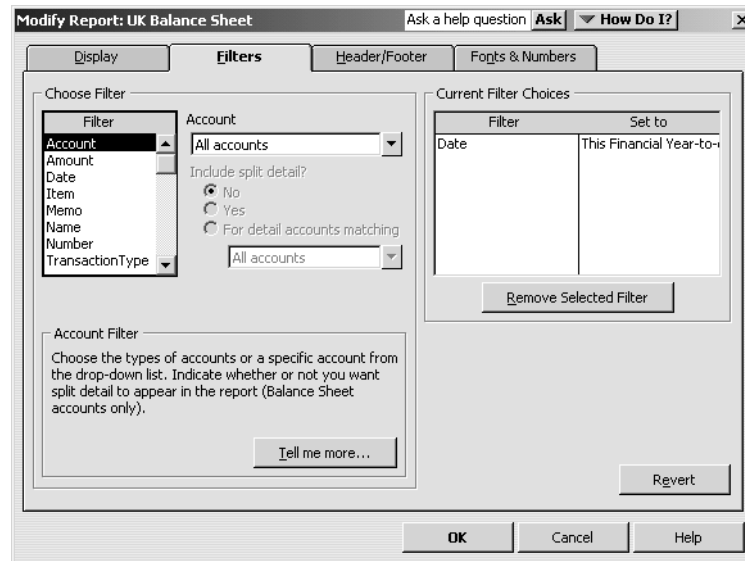
Filtering reports

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

To filter a preset report:

- 1 With the balance sheet report displayed, click Modify Report on the report buttonbar, and then click Filters.

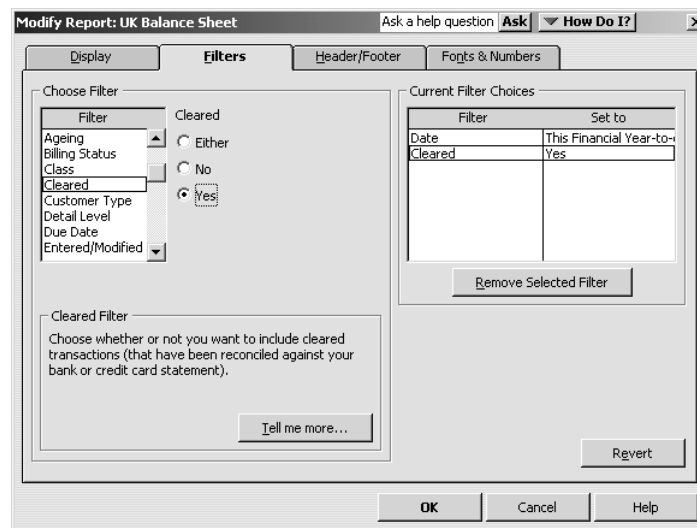
QuickBooks displays the Filters tab of the Modify Report window:



The Filters tab lets you set custom criteria for the transactions you want included in the report. QuickBooks includes only those transactions that match the rules you create.

Suppose you want to filter uncleared transactions out of the balance sheet.

- 2 In the Filter scroll box, select Cleared.



Notice that QuickBooks provides a description of the selected filter below the filters list. To find out more about applying a particular filter, click Tell me more.

- 3 Under Cleared, click Yes.
- 4 Click OK.

QuickBooks displays the customised balance sheet report:

2:55 PM
15/12/07
Accrual Basis

Grangeworth Kitchens Ltd
Balance Sheet
As of December 15, 2007

◊ Dec 15, 2007 ◊

ASSETS	
Fixed Assets	
Computer equipment	
Cost	3,000.00
Depreciation	-450.00
Total Computer equipment	2,550.00
Office furniture	
Cost	1,780.00
Depreciation	-267.00
Total Office furniture	1,513.00
Van	
Cost	15,000.00
Depreciation	-3,750.00
Total Van	11,250.00
Total Fixed Assets	15,313.00
Current Assets	
Other Current Assets	
Stock Asset	16,272.00
Total Other Current Assets	16,272.00

If you scroll down to the bottom of the report, you'll see that the figures have changed since QuickBooks removed uncleared transactions from the report.

- 5 Close the report window.

Creating and customising a sales report

In this exercise you'll create a QuickBooks sales report. Then you can customise it by changing the date range it covers.

To create a custom sales report:

- 1 From the Reports menu, choose Sales, then Sales By Customer Summary.

QuickBooks displays the Sales by Customer Summary report:

2:57 PM
15/12/07
Accrual Basis

Grangeworth Kitchens Ltd
Sales by Customer Summary
March 2003

◊ Mar 2003 ◊

Carolyn Leslie	-100.00
Franklin Guest House	
Private Dining Room	320.00
Total Franklin Guest House	320.00
Hartley Furnishings Ltd	6,056.00
Offa Kitchens	4,792.00
Sutton Housing Association	
Kitchen refurbishment Flats 13-18	9,262.50
Total Sutton Housing Association	9,262.50
TOTAL	20,330.50

The Dates field in the buttonbar shows that the report covers "This Month-to-date." Customise the report to show sales figures from the company start date.

- In the Dates field, choose All from the top of the drop-down list. QuickBooks updates the report and displays the new data:

Grangeworth Kitchens Ltd		
Sales by Customer Summary		
All Transactions		
		As of March 26, 2003
Carolyn Leslie		1,845.00
Cranberry's		12,208.00
Franklin Guest House		
Kitchen	2,975.00	
Private Dining Room	320.00	
Total Franklin Guest House		3,295.00
Hartley Furnishings Ltd		14,616.00
Martina Freeman		4,070.00
Offa Kitchens		31,272.00
Sutton Housing Association		
Kitchen refurbishment Flats 1-6	10,060.50	
Kitchen refurbishment Flats 7-12	9,804.00	
Kitchen refurbishment Flats 13-18	9,262.50	
Total Sutton Housing Association		29,127.00
TOTAL		96,433.00

Using QuickZoom in a preset report

As with most QuickBooks reports, you can QuickZoom on any item in the report to see more detail.

Note: QuickZoom is not available on cash-basis reports.

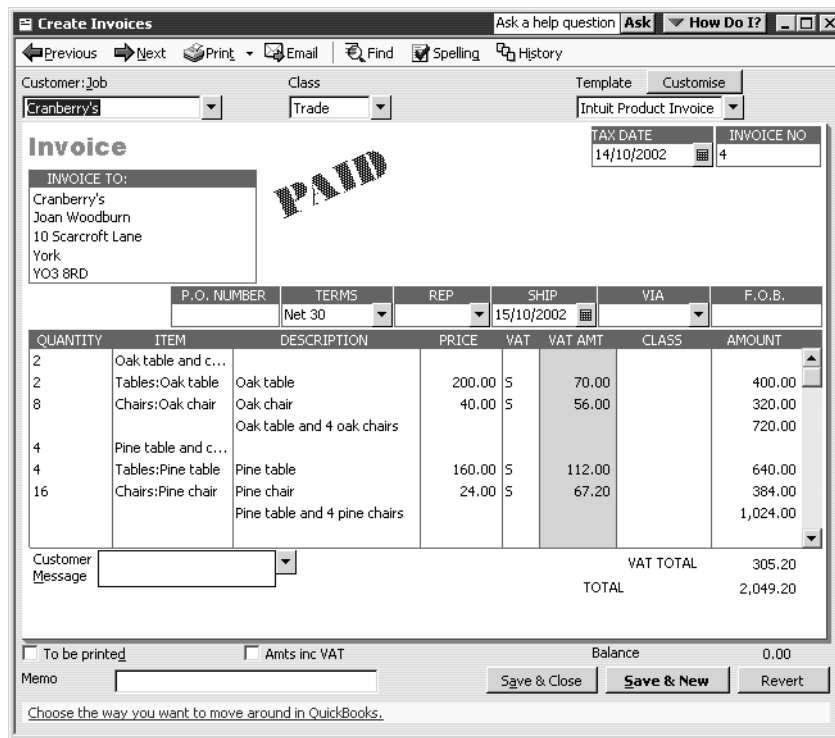
To QuickZoom on a report item:

- Position the mouse pointer over the £12,208.00—the amount for Cranberry's. The cursor turns into a magnifying glass with a Z in it.
- Double-click on the £12,208.00. QuickBooks displays a Sales by Customer Detail report for Cranberry's:

Type	Date	Num	Memo	Name	Item	Qty	Sales Price	Amount	Balance
Cranberry's									
Invoice	14/10/2002	4	Oak table	Cranberry's	Tables:Oak table	2	200.00	400.00	400.00
Invoice	14/10/2002	4	Oak chair	Cranberry's	Chairs:Oak chair	8	40.00	320.00	720.00
Invoice	14/10/2002	4	Pine table	Cranberry's	Tables:Pine table	4	160.00	640.00	1,360.00
Invoice	14/10/2002	4	Pine chair	Cranberry's	Chairs:Pine chair	16	24.00	384.00	1,744.00
Invoice	18/12/2002	6	Oak table	Cranberry's	Tables:Oak table	4	200.00	800.00	2,544.00
Invoice	18/12/2002	6	Oak chair	Cranberry's	Chairs:Oak chair	16	40.00	640.00	3,184.00
Invoice	18/12/2002	6	Pine table	Cranberry's	Tables:Pine table	5	160.00	800.00	3,984.00
Invoice	18/12/2002	6	Pine chair	Cranberry's	Chairs:Pine chair	20	24.00	480.00	4,464.00
Invoice	18/02/2003	18	Oak Welsh dres...	Cranberry's	Dressers:Oak We...	6	320.00	1,920.00	6,384.00
Invoice	18/02/2003	18	Oak table	Cranberry's	Tables:Oak table	6	200.00	1,200.00	7,584.00
Invoice	18/02/2003	18	Oak chair	Cranberry's	Chairs:Oak chair	24	40.00	960.00	8,544.00
Invoice	18/02/2003	18	Pine Welsh dres...	Cranberry's	Dressers:Pine We...	6	288.00	1,728.00	10,272.00
Invoice	18/02/2003	18	Pine table	Cranberry's	Tables:Pine table	6	160.00	960.00	11,232.00
Invoice	18/02/2003	18	Pine chair	Cranberry's	Chairs:Pine chair	24	24.00	576.00	11,808.00
Invoice	18/02/2003	18	Oak chair	Cranberry's	Chairs:Oak chair	10	40.00	400.00	12,208.00
Total Cranberry's								12,208.00	12,208.00
TOTAL								12,208.00	12,208.00

To QuickZoom to the original invoice for a transaction:

- 1 Double-click anywhere in the first line of the report (invoice 4 dated 14/10/2003). QuickBooks displays Invoice 4 for Cranberry's:



- 2 Close the Create Invoices window.
- 3 Close the Sales by Customer Detail report window.
- 4 Keep the Sales by Customer Summary report on your screen for the next exercise.

What you see when you use QuickZoom in a report depends on the type of report you have displayed:

- If the report shows summary figures (like the sales by customer summary report we just displayed), and you QuickZoom an amount, QuickBooks displays a transaction report that includes the transactions which comprise that amount.
- If the report shows transactions, and you QuickZoom a transaction, QuickBooks displays the invoice, bill, or other form for the requested transaction.

Saving report settings

After you have customised a report to provide the information you need, you can have QuickBooks *memorise* the settings so you can quickly produce the same report in the future. (QuickBooks memorises a report's settings, not the actual data.)

Creating memorised report groups

In addition to saving report settings, you can create memorised report groups that you can use to organise your memorised reports in a way that makes sense for your business and to allow you to quickly process a group of reports at once.

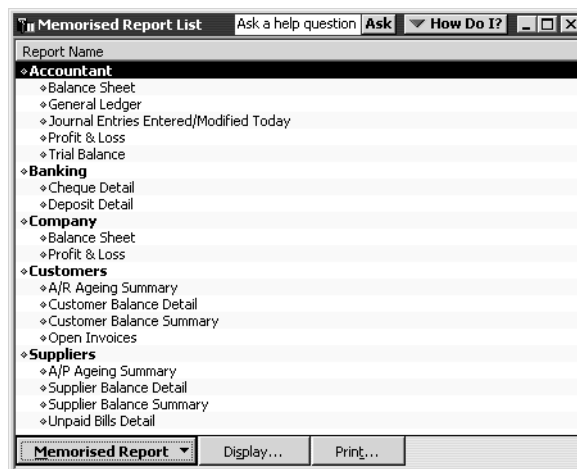
QuickBooks comes preset with a number of memorised report groups each containing common reports for each area. You can add your own reports to these groups, modify the groups to meet your needs, and even create your own groups.

In this exercise, you'll create a memorised group called "End of Year" to which you will add some memorised reports. Later, you'll learn how you can batch process memorised reports.

To create a memorised report group:

- 1 Choose Memorised Reports from the Reports menu, then choose Memorised Report List.

QuickBooks opens the Memorised Report list:



- 2 Click the Memorised Report menu button and choose New Group. QuickBooks opens the New Memorised Report Group dialog box.
- 3 In the Name field, type **End of Year**.

The dialog box should look like this.



- 4 Click OK.

QuickBooks adds the new group to the Memorised Report list.

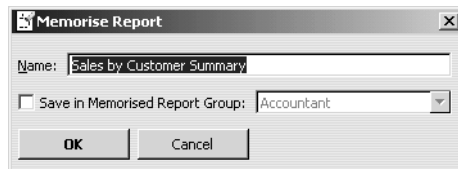
Memorising preset reports

Now, you'll memorise a report and add it to the memorised report group you just created.

To memorise a report:

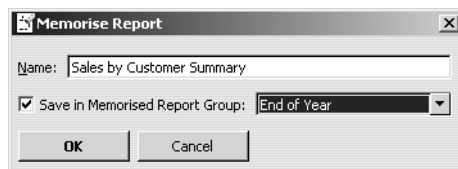
- 1 Redisplay the customised Sales by Customer Summary report.
- 2 On the report buttonbar, click Memorise.

QuickBooks displays the Memorise Report dialog box:



- 3 Leave the name of the report as is.
- 4 Click the "Save in Memorised Report Group" box to select it, and then choose End of Year from the drop-down list.

The dialog box should look like this:



- 5 Click OK to memorise the report and add it to the End of Year memorised report group.
- 6 Close the report.

Adding reports to memorised report groups

Now, you'll add two previously memorised reports to the End Of Year group.

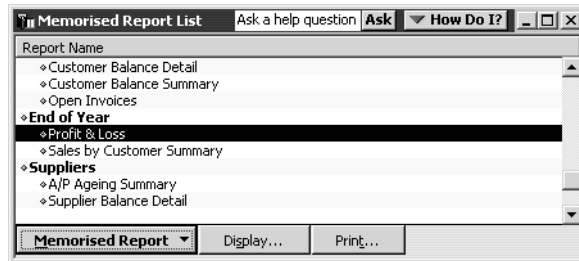
To add memorised reports to a memorised report group:

- 1 In the Memorised Report List window, select the Profit & Loss report.
- 2 Click the Memorised Report menu button, then choose Edit.

QuickBooks opens the Edit Memorised Report window.

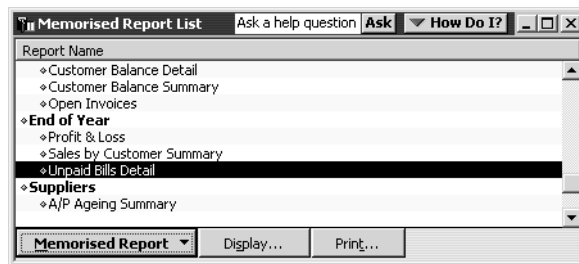
- 3 Leave the report name as is.
- 4 Choose End of Year from the drop-down list.
- 5 Click OK.

QuickBooks moves the Profit & Loss report to the End of Year report group:



- 6 In the Memorised Report List window, select the Unpaid Bills Detail report.
- 7 Click the Memorised Report menu button, and then choose Edit.
- 8 Leave the report name as is.
- 9 Choose End Of Year from the drop-down list.
- 10 Click OK.

The End Of Year group in the Memorised Report List window now shows all three reports you've added:



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

To display a memorised report:

- 1 In the Memorised Report list, select Sales by Customer Summary.
- 2 Click Display.

QuickBooks displays the report.

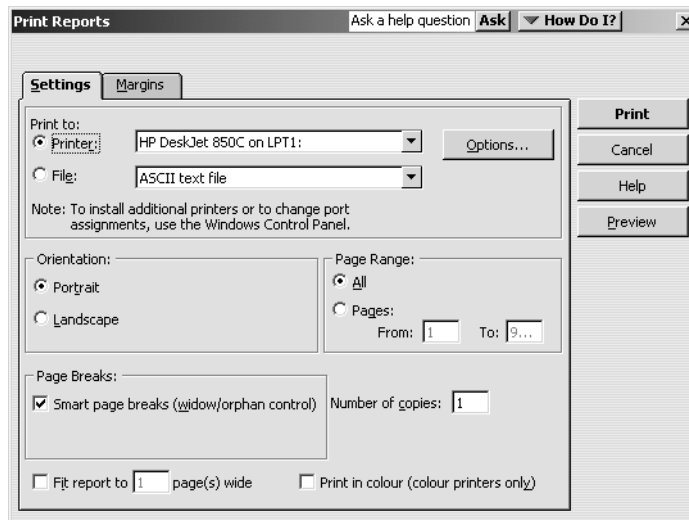
- 3 Leave the report open.

Printing reports

Any time you have a report displayed in the report window, you can print it by clicking the Print button in the report buttonbar.

To print a report:

- 1 With the Sales by Customer Summary report displayed, click Print. QuickBooks displays the Print Reports window.



You can see how your report will look by clicking the Preview button.

- 2 Click Preview. QuickBooks displays a preview of your report onscreen.
- 3 Click Close to close the Print Preview window.
- 4 Close the Print Report window, and then close the report window.

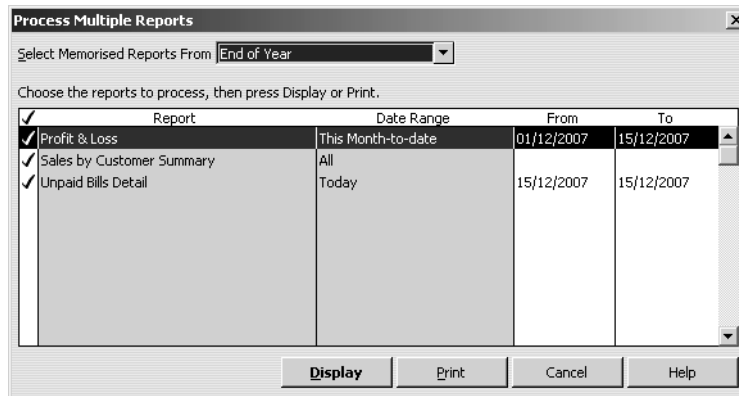
Processing reports in groups

Organizing your memorised reports in groups makes it fast and easy to process several reports at once. Now, you'll process the reports you added to the End Of Year report group created in the previous exercise.

To batch process reports:

- 1 In the Memorised Report list, select End of Year.
- 2 Click Display.

QuickBooks opens the Process Multiple Reports window, which you can use to display or print the selected reports. You can also change the date range for reports before you display or print them by clicking in the From or To columns.



- 3 Leave all three reports selected and click Display.
QuickBooks opens the three reports in the End Year group.
- 4 From the Window menu, choose Close All.

Exporting reports to Microsoft Excel or a CSV file

Occasionally, you may want to change a report's appearance or contents, or filter the data, or run "what if" scenarios on your data in ways that you cannot in QuickBooks.

You can send your QuickBooks reports to Microsoft Excel or to a comma-separated values (CSV) file to use in another spreadsheet. Since the changes you make in your spreadsheet do not affect your QuickBooks data, you are free to customise reports as needed, and even change data to run "what if" scenarios.

Note: To export to Excel, you need Microsoft Excel 97 or higher (Excel 2000 illustrated). If you don't have this, you can export to a CSV file instead.

Sending a report to Microsoft Excel

When exporting a report to Microsoft Excel, you indicate whether or not you want to preserve the formatting from your QuickBooks report. You also have the option of turning on or off several Excel features from within QuickBooks.

By default, QuickBooks preserves the look of your report when exporting to Microsoft Excel, and turns on the following Excel features:

- **AutoFit** sets column widths in Excel wide enough to display your data without cutting off words or numbers.
- **Freeze panes** let you scroll through data and keep row and column headers visible.

- **Show Gridlines** turns on gridlines in Excel.

In this exercise, you'll learn how to preserve QuickBooks report formatting options in Excel, and how to control certain Excel features from within QuickBooks.

To send a report to Microsoft Excel:

- 1 From the Reports menu, choose Company & Financial, then Balance Sheet Standard.
- 2 On the Report buttonbar, click Modify Report.

QuickBooks displays the Modify Report window.

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

- Report Date Range:**
 - Dates: This Financial Year-to-date
 - From: 01/09/2007
 - To: 15/12/2007
- Report Basis:**
 - Accrual (selected)
 - Cash
- Columns:**
 - Display columns by: Total only
 - Sort by: Default
 - Sort in: Ascending order
- Add subcolumns for:**
 - Previous Period (checked)
 - £ Change (checked)
 - % Change (checked)
 - Previous Year (unchecked)
 - % of Row (unchecked)
 - % of Column (unchecked)

- 3 For Dates, type **01/03/2003** and **31/03/2003**.
- 4 Under Columns, click the Previous Period, £ Change and % Change tick boxes. Your screen should resemble this one:

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

- Report Date Range:**
 - Dates: Custom
 - From: 01/03/2003
 - To: 31/03/2003
- Report Basis:**
 - Accrual (selected)
 - Cash
- Columns:**
 - Display columns by: Total only
 - Sort by: Default
 - Sort in: Ascending order
- Add subcolumns for:**
 - Previous Period (checked)
 - £ Change (checked)
 - % Change (checked)
 - Previous Year (unchecked)
 - % of Row (unchecked)
 - % of Column (unchecked)

5 Click OK.

Your balance sheet should now look like this:

Grangeworth Kitchens Ltd				
Balance Sheet				
As of March 31, 2003				
	Mar 31, 2003	Feb 28, 2003	£ Change	% Change
ASSETS				
Fixed Assets				
Computer equipment				
Cost	3,000.00	3,000.00	0.00	0.0%
Depreciation	-832.50	-832.50	0.00	0.0%
Total Computer equipment	2,167.50	2,167.50	0.00	0.0%
Office furniture				
Cost	1,780.00	1,780.00	0.00	0.0%
Depreciation	-493.95	-493.95	0.00	0.0%
Total Office furniture	1,286.05	1,286.05	0.00	0.0%
Van				
Cost	15,000.00	15,000.00	0.00	0.0%
Depreciation	-3,750.00	-3,750.00	0.00	0.0%
Total Van	11,250.00	11,250.00	0.00	0.0%
Total Fixed Assets	14,703.55	14,703.55	0.00	0.0%
Current Assets				
Other Current Assets				
Stock Asset	23,088.68	31,963.18	-8,874.50	-27.8%
Total Other Current Assets	23,088.68	31,963.18	-8,874.50	-27.8%
Accounts Receivable				
Accounts Receivable	28,562.94	17,560.38	11,002.56	62.7%
Total Accounts Receivable	28,562.94	17,560.38	11,002.56	62.7%

6 On the Report buttonbar, click Excel.

QuickBooks displays the Export Report window.

Export Report

Ask a help question Ask How Do I?

Basic Advanced

Export QuickBooks report to:

a comma separated values (.csv) file

a new Excel workbook

an existing Excel workbook

use an existing sheet in the workbook

create a new sheet in the workbook

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

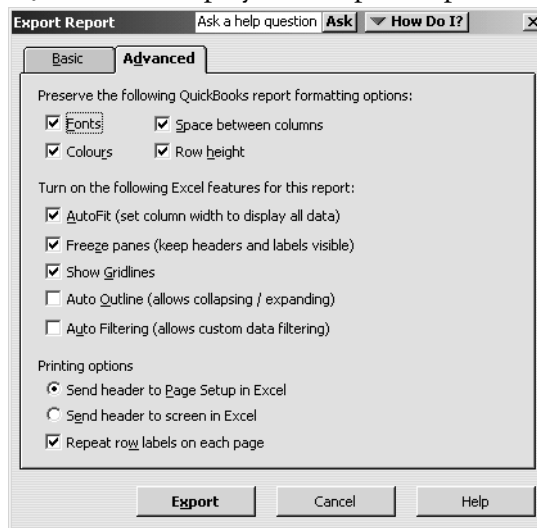
Export Cancel Help

7 Click “a new Excel workbook.”

8 Tick the option “Include a new worksheet in the workbook that explains Excel worksheet linking”.

9 Click Advanced.

QuickBooks displays the Export Report - Advanced options window.

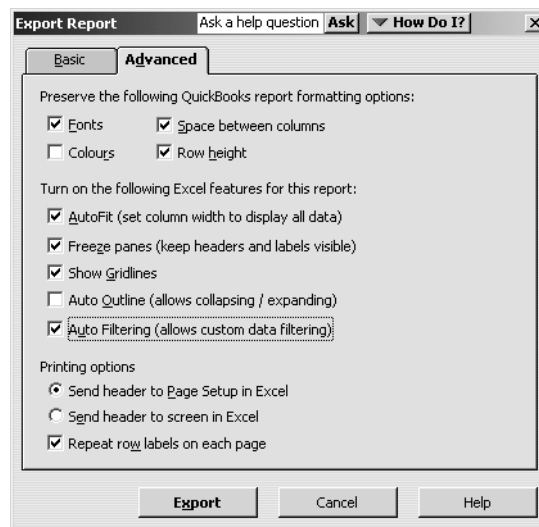


10 Under Preserve formatting options, click the Colours tick box to clear it.

The title font will remain blue in QuickBooks, but display in black in Excel.

11 Under Turn on Excel features, select the Auto Filtering tick box.

Your screen should now resemble this one:



12 Click Export.

QuickBooks starts Excel (if not open) and sends the report to a new spreadsheet, with the report displayed on the current worksheet, and an additional worksheet with tips about exporting and linking (you can review it at your convenience):

	Mar 31, 2003	Feb 28, 2003	£ Change	% Change
ASSETS				
Fixed Assets				
Computer equipment				
Cost	3,000.00	3,000.00	0.00	0.0%
Depreciation	-832.50	-832.50	0.00	0.0%
Total Computer equipment	2,167.50	2,167.50	0.00	0.0%
Office furniture				
Cost	1,780.00	1,780.00	0.00	0.0%
Depreciation	-493.95	-493.95	0.00	0.0%
Total Office furniture	1,286.05	1,286.05	0.00	0.0%
Van				
Cost	15,000.00	15,000.00	0.00	0.0%
Depreciation	-3,750.00	-3,750.00	0.00	0.0%
Total Van	11,250.00	11,250.00	0.00	0.0%
Total Fixed Assets	14,703.55	14,703.55	0.00	0.0%
Current Assets				
Other Current Assets				
Stock Asset	23,088.68	31,963.18	-8,874.50	-27.77%
Total Other Current Assets	23,088.68	31,963.18	-8,874.50	-27.77%
Accounts Receivable				
Accounts Receivable	28,562.94	17,560.38	11,002.56	62.66%
Total Accounts Receivable	28,562.94	17,560.38	11,002.56	62.66%

If you wanted to save the report, you would choose Save As from the Excel File menu. Leave the report open in Excel; you'll use it in the next exercise.

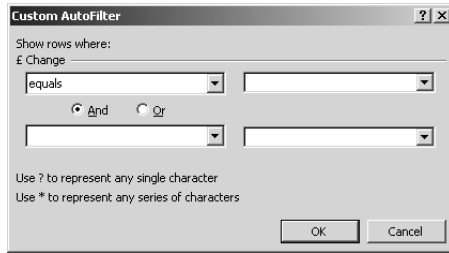
Filtering a report in Microsoft Excel

Within Microsoft Excel, you can filter any column of data using a drop-down list at the top of the column. Using the drop-down list, you can apply a number of preset filters, or create your own custom filter.

In this exercise, you'll filter the balance sheet report in order to find out if any of Grangeworth Kitchens's account balances have decreased since the previous period.

To filter a report in Microsoft Excel:

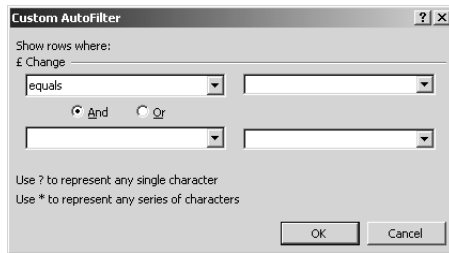
- 1 In the Excel window, click the Down Arrow in the £ Change column of the balance sheet report, and choose (Custom...) from the drop-down list. Excel displays the Custom AutoFilter dialog box:



2 In the £ Change field, choose “is less than” from the drop-down list.

3 In the field to the right, type 0.

Your screen should resemble this one:



4 Click OK.

Excel filters the £ Change column for negative amounts and displays the results, which should look something like this:

			Mar 31, 2003	Feb 28, 2003	£ Change	% Change
20	Stock Asset		23,088.68	31,963.18	-8,874.50	-27.77%
21	Total Other Current Assets		23,088.68	31,963.18	-8,874.50	-27.77%
27	Master Bank Current		9,940.99	14,508.96	-4,567.97	-31.48%
34	Accounts Payable		9,803.69	11,309.38	-1,505.69	-13.31%
35	Total Accounts Payable		9,803.69	11,309.38	-1,505.69	-13.31%
37	Payroll Liabilities		0.00	1,965.34	-1,965.34	-100.0%

5 Close Excel without saving the report and close the report in QuickBooks.

Creating QuickInsight graphs

A report gives you numbers that are essential if you want to stay on top of your business's finances. But when you want a visual picture to plan current or future business decisions, a graph is another invaluable tool.

A QuickInsight graph shows your data pictured as either a bar graph or a pie chart. These are simply different views of the same company financial information.

QuickBooks has six types of graphs, providing up to 15 different views of your data:

- **Income and Expenses**
- **Sales**
- **Accounts Receivable**
- **Accounts Payable**
- **Net Worth**
- **Budget v Actual**

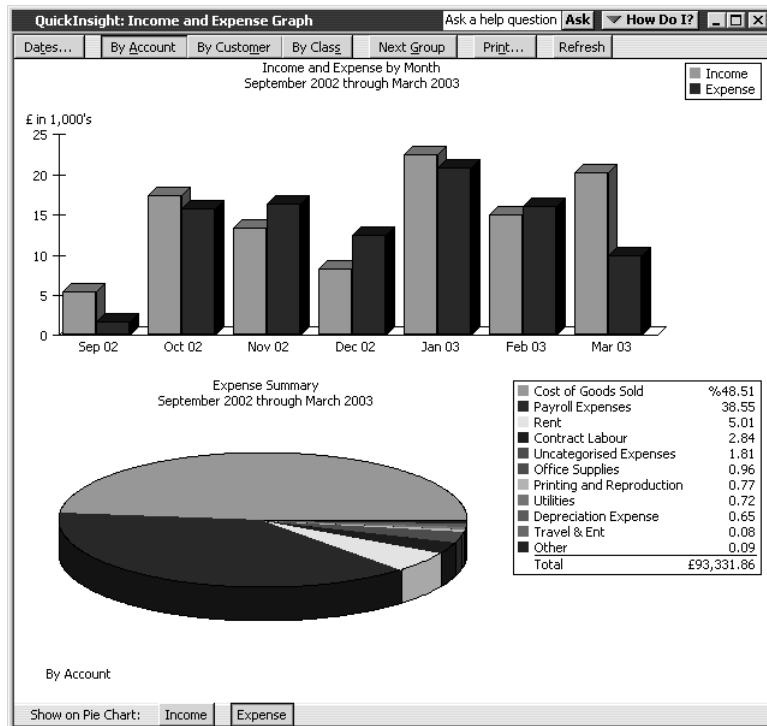
To create a QuickInsight graph, select the type of graph you want from one of the report submenus.

Creating an Income and Expense graph

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

To create an income and expense graph:

- 1** From the Reports menu, choose Company & Financial, then Income & Expense Graph.
- 2** Click Dates, change the date range to **01/09/2002** to **31/03/2003**, and click OK.
QuickBooks displays this graph:



In the top portion of the graph window, QuickBooks displays a bar graph and legend showing total income and expenses. In the lower portion, QuickBooks displays a pie chart and legend showing expense percentages by account (ten accounts at a time).

- 3 To display more accounts, click Next Group on the upper buttonbar in the graph window (the button is greyed-out if no other accounts were active in this period).

Features of QuickInsight graphs

These features are common to all QuickInsight graphs:

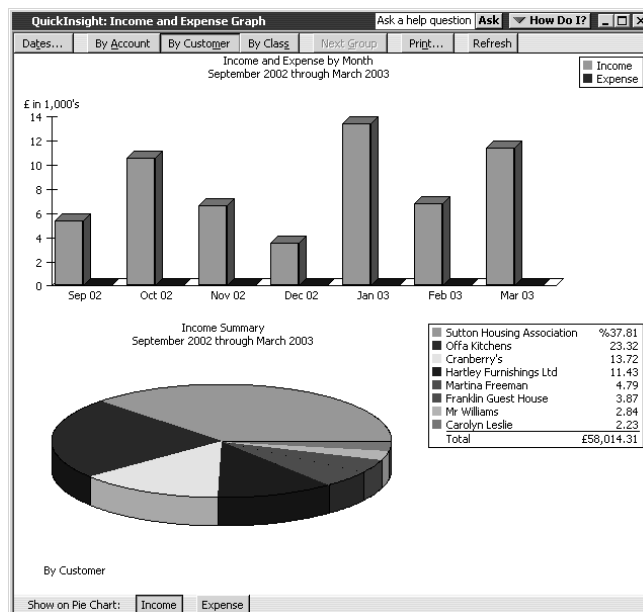
- Every graph window, except for the Net Worth and the Budget vs Actual graphs, shows a bar graph in the top half of the window and a pie chart in the bottom half. The bar graph usually shows totals. For example, the Income and Expense graph shows the total for income and the total for expenses in each month of the period. The pie chart shows a breakdown of the information in the bar graph; each pie slice in the Income and Expense graph represents a type of income or expense. Next to the pie chart is a legend showing which income or expense accounts correspond to which colours and what percentage of the pie each slice represents.
- Every graph window has a buttonbar you can use to customise the graph. For example, you can change the time period shown in the graph by clicking the Dates button. If you want the pie chart to show a breakdown by customer or class rather than a breakdown by account, just click By Customer or By Class.
- Just as you can use QuickZoom in a report to get more detail, you can use QuickZoom in a graph to see the numbers behind the picture. When you move the mouse pointer over a bar or pie slice, QuickBooks shows you the numbers it represents. When you zoom in on a pie slice, you can find out exactly how much you received or spent (in pounds) for each account.

Customising graph data

To display income accounts instead of expense accounts:

- 1 Click Income at the bottom of the graph window.
- 2 Click By Customer on the buttonbar.

QuickBooks changes the pie chart to display income by customers:



Using QuickZoom with graphs

To help you better understand the information shown in the graphs, QuickBooks lets you trace graphical data using QuickZoom graphs.

To display the sales for Offa Kitchens:

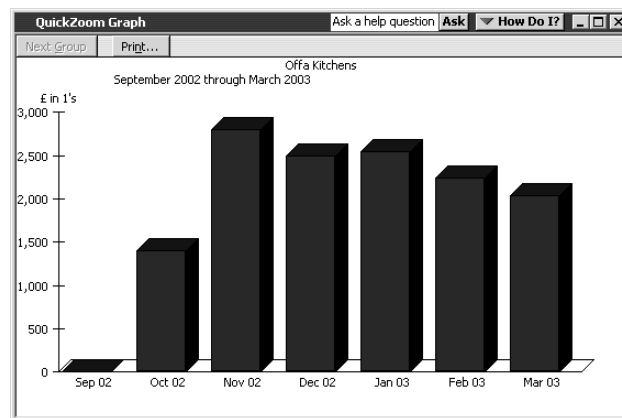
- 1 Position the mouse pointer over the Offa Kitchens wedge in the pie chart.

Note: If a wedge is too small to click, click on its line in the legend instead.

The pointer changes to a magnifying glass with the letter Z inside.

- 2 Double-click the Offa Kitchens wedge.

QuickBooks displays a QuickZoom graph of sales by month for Offa Kitchens:



To display a report describing the transactions for a given month:

- 1 Position the mouse pointer over the bar representing February 2003.

The pointer turns into the QuickZoom symbol.

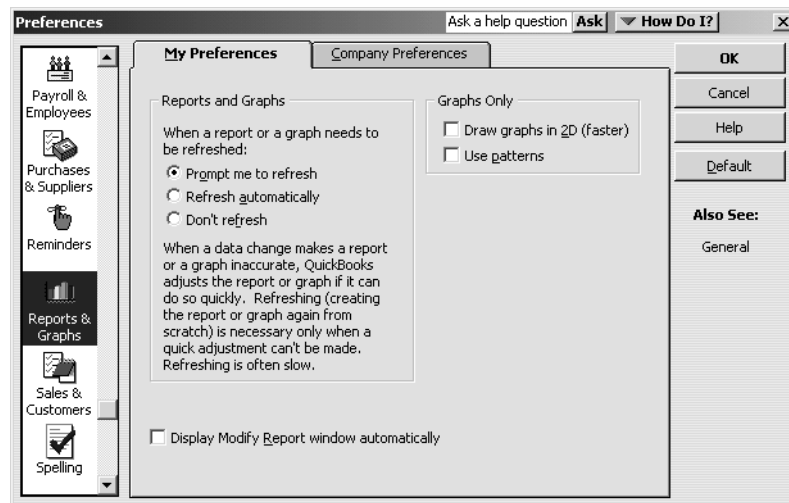
- 2 Double-click the bar.

QuickBooks displays the custom transaction detail report for February 2003:

Type	Date	Num	Name	Memo	Account	Clas.	Split	Amount	Balance
Invoice	12/02/20...	19	Offa Kitchens	Pine base ca...	Retail		Accounts Re...	560.00	560.00
Invoice	12/02/20...	19	Offa Kitchens	Pine base ca...	Cost of Goods Sold		Accounts Re...	-310.00	250.00
Invoice	12/02/20...	19	Offa Kitchens	Pine base ca...	Retail		Accounts Re...	680.00	930.00
Invoice	12/02/20...	19	Offa Kitchens	Pine base ca...	Cost of Goods Sold		Accounts Re...	-400.00	530.00
Invoice	12/02/20...	19	Offa Kitchens	Pine double ...	Retail		Accounts Re...	600.00	1,130.00
Invoice	12/02/20...	19	Offa Kitchens	Pine double ...	Cost of Goods Sold		Accounts Re...	-347.17	782.83
Invoice	12/02/20...	19	Offa Kitchens	Pine single w...	Retail		Accounts Re...	280.00	1,062.83
Invoice	12/02/20...	19	Offa Kitchens	Pine single w...	Cost of Goods Sold		Accounts Re...	-150.00	912.83
Invoice	12/02/20...	19	Offa Kitchens	Butler's sink	Retail		Accounts Re...	152.00	1,104.83
Invoice	12/02/20...	19	Offa Kitchens	Butler's sink	Cost of Goods Sold		Accounts Re...	-120.00	984.83
Invoice	12/02/20...	19	Offa Kitchens	Silver taps	Retail		Accounts Re...	60.00	1,044.83
Invoice	12/02/20...	19	Offa Kitchens	Silver taps	Cost of Goods Sold		Accounts Re...	-36.00	1,008.83
Invoice	12/02/20...	19	Offa Kitchens	Mixer taps	Retail		Accounts Re...	84.00	1,092.83
Invoice	12/02/20...	19	Offa Kitchens	Mixer taps	Cost of Goods Sold		Accounts Re...	-48.00	1,044.83
Invoice	25/02/20...	20	Offa Kitchens	Pine table	Retail		Accounts Re...	960.00	2,004.83
Invoice	25/02/20...	20	Offa Kitchens	Pine table	Cost of Goods Sold		Accounts Re...	-540.00	1,464.83
Invoice	25/02/20...	20	Offa Kitchens	Pine chair	Retail		Accounts Re...	576.00	2,040.83
Invoice	25/02/20...	20	Offa Kitchens	Pine chair	Cost of Goods Sold		Accounts Re...	-336.55	1,704.28
Invoice	25/02/20...	20	Offa Kitchens	Pine Welsh d...	Retail		Accounts Re...	1,152.00	2,856.28
Invoice	25/02/20...	20	Offa Kitchens	Pine Welsh d...	Cost of Goods Sold		Accounts Re...	-651.58	2,204.70
Invoice	25/02/20...	20	Offa Kitchens	Double sink	Retail		Accounts Re...	112.00	2,316.70
Invoice	25/02/20...	20	Offa Kitchens	Double sink	Cost of Goods Sold		Accounts Re...	-88.00	2,248.70
								2,248.70	2,248.70

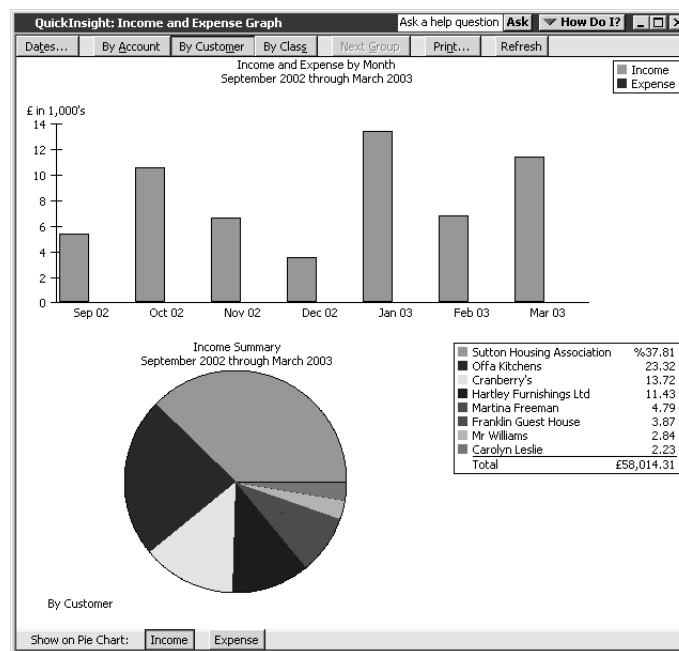
You may need to scroll the window to the right to see the entire report.

QuickBooks displays the Preferences window for Reports and Graphs:



- 3 Click the Draw graphs in 2D (faster) tick box.
- 4 Click OK.
- 5 From the Reports menu, choose Sales, then Sales Graph.

QuickBooks displays the sales graph in 2D:



- 6 Close the graph.

.....

LESSON 10 Setting up stock

Lesson objectives 10-2

To start this lesson 10-2

Turning on the stock feature 10-2

Entering products into stock 10-3

Ordering products 10-6

 Creating purchase orders 10-6

 Generating a report of purchase orders 10-7

Receiving stock 10-8

Entering a bill for stock 10-9

Manually adjusting stock 10-11

Lesson objectives

- To give you an overview of stock in QuickBooks
- To practice filling in a purchase order for stock items
- To track the receipt of the stock items in QuickBooks
- To adjust stock manually, to enter a stock loss or increase

To start this lesson

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

Follow these steps to restore the lesson file to its original state so that the data in the file matches what you see on the screen as you proceed through the lesson.

To restore the lesson file (qblesson.qbb):

- 1** From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2** In the “Get Company Backup From” section of the window, click Browse and select your **c:\qbtrain** directory.
- 3** Select the **qblesson.qbb** file, and then click Open.
- 4** In the “Restore Company Backup To” section of the window, type **lesson 10.qbw** in the Name field.
- 5** Click Browse and select your **c:\qbtrain** directory.
- 6** Click Save.
- 7** Click Restore.

Turning on the stock feature

The QuickBooks stock feature is turned on in your lesson file, but you’ll review how to turn on this feature so you become familiar with QuickBooks preferences. If you need to track stock for your company, you can turn the feature on while completing the EasyStep Interview. If you want to turn on the stock feature after you’ve completed the EasyStep Interview, follow this procedure.

To turn on the stock feature:

- 1** From the Edit menu, choose Preferences.
- 2** Select Purchases & Suppliers from the scroll box.

- 3 Click the Company Preferences tab.
Note: Only the QuickBooks Administrator can change company preferences.
- 4 Click the “Stock and purchase orders are active” tick box to select it.
 A tick shows that the stock feature is turned on.
- 5 Click OK.

Entering products into stock

Many small businesses that carry stock don't know the number of units they have on hand or on order at any given time, and have no way of getting that information quickly. Using QuickBooks to manage your stock, you'll be able to track the number of items in stock and the value of your stock after every purchase and sale. As you order stock items, receive and later sell the items, QuickBooks tracks each stock-related transaction. You will know the status of your stock and will have a more accurate picture of your business's assets.

To track stock, you must enter each product into the Item list as a stock part. Once you enter a product, QuickBooks tracks it as you sell or reorder the product.

To enter a product into stock:

- 1 From the Suppliers menu, choose Item List.
 QuickBooks displays the Item list.
- 2 Click the Item menu button, and then choose New.
 QuickBooks displays the New Item window.

The screenshot shows the 'New Item' dialog box. The 'Type' dropdown is open, with 'Service' selected. Below it, a list of item types is visible: Service, Stock Part, Non-stock Part, Other Charge, Subtotal, Group, Discount, and Payment. The 'Rate' field contains '0.00'. The 'Sales VAT Code' and 'Account' fields are empty. On the right side, there are buttons for 'OK', 'Cancel', 'Next', 'Custom Fields', and 'Spelling'. There are also two checkboxes: 'Amts Inc VAT' (unchecked) and 'Item is inactive' (checked).

You'll enter one new item into your stock.

- 3 In the Type field, choose Stock Part from the drop-down list.

QuickBooks changes the New Item window to accept information for a stock part:

The screenshot shows the 'New Item' window in QuickBooks. The 'Type' dropdown is set to 'Stock Part'. The 'Purchase Information' section includes fields for 'Description on Purchase Transactions', 'Cost' (0.00), 'Purch VAT Code', 'COGS Account' (Cost of Goods Sold), and 'Preferred Supplier'. The 'Sales Information' section includes fields for 'Description on Sales Transactions', 'Sales Price' (0.00), 'Sales VAT Code', and 'Income Account'. The 'Stock Information' section at the bottom includes 'Asset Account' (Stock Asset), 'Reorder Point' (0.00), 'On Hand' (0.00), 'Total Value' (0.00), and 'As of' (31/03/2003). Buttons for 'OK', 'Cancel', 'Next', 'Custom Fields', and 'Spelling' are on the right side.

- 4** In the Item Name/Number field, type **Maple dresser**.
- 5** Select the “Subitem of” tick box, and then choose Dressers from the drop-down list.
- 6** In the Description on Purchase Transactions field, type **Maple Welsh dresser**, and then press Tab to move to the Cost field.
Notice that QuickBooks fills in the Description on Sales Transactions field with the same description you entered for the purchase side. You can leave the sales description the same or change it later.
- 7** In the Cost field, type **169.00**.
- 8** For Purch VAT Code, select S from the drop-down list.
- 9** In the Preferred Supplier field, choose Windsor & Wycombe from the drop-down list (or type the first few letters; QuickBooks fills in the rest).
- 10** In the Sales Price field, type **300.00**.
- 11** For Sales VAT Code, select S from the drop-down list.
- 12** In the Income Account field, choose Sales:Retail.
- 13** Press Tab to move to the Asset Account field.
Stock Asset was filled in when you selected Stock Part as the type of item. Leave this default setting.
- 14** In the Reorder Point field, type **15**.

- 15** In the On Hand field, type **20**, and then press Tab to move to the Total Value field. Notice that QuickBooks has calculated the value of your item by multiplying the On Hand quantity by the Cost.

Your New Item window should resemble this one:

- 16** Click OK to close the New Item window.

QuickBooks adds the new item to the Item list:

Name	Description	Type	VAT	Account	On Hand	Price	Gross Price
↳ Fitting	Fitting kitchen	Service	S	Labour:Fitting		50.00	58.75
↳ Plumbing	Plumbing	Service	S	Labour:Plumbing		60.00	70.50
↳ Chairs					0	0.00	0.00
↳ Oak chair	Oak chair	Stock Part	S	Sales:Retail	4	50.00	58.75
↳ Pine chair	Pine chair	Stock Part	S	Sales:Retail	54	30.00	35.25
↳ Dressers					0	0.00	0.00
↳ Maple dresser	Maple Welsh dresser	Stock Part	S	Sales:Retail	20	300.00	352.50
↳ Oak Welsh dresser	Oak Welsh dresser	Stock Part	S	Sales:Retail	15	400.00	470.00
↳ Pine Welsh dresser	Pine Welsh dresser	Stock Part	S	Sales:Retail	8	360.00	423.00

- 17** Close the Item List window.

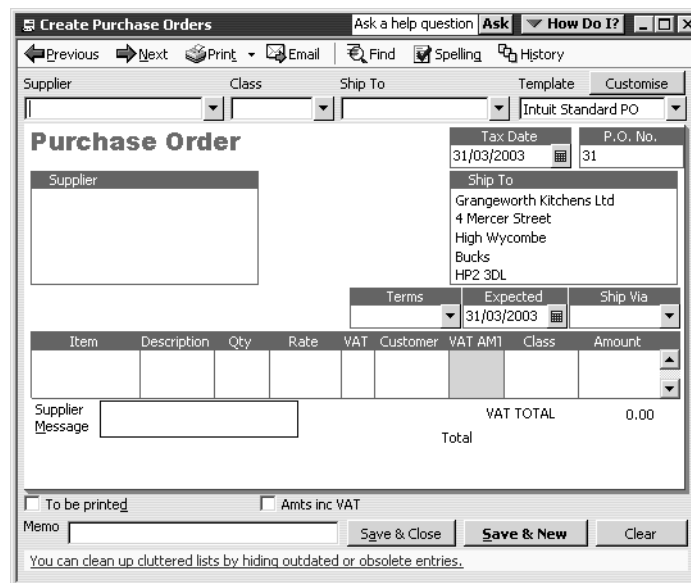
Ordering products

Once you enter your current products and suppliers into the Item and Supplier lists, you'll need to order products to maintain your stock levels.

Creating purchase orders

To order a product using a purchase order:

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

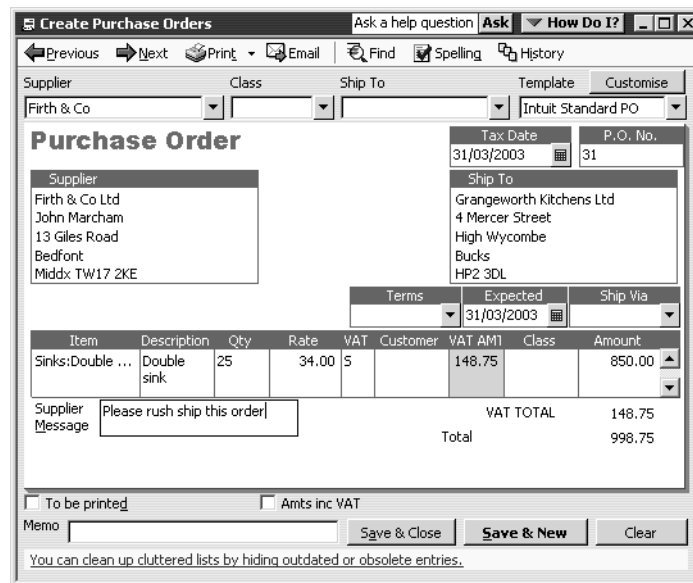


You use the Create Purchase Orders window to enter the products you wish to order, the quantities, and the supplier. As you fill in this information, QuickBooks automatically calculates purchase order number, item cost, and total cost.

Notice that QuickBooks has already entered today's date and a sequential purchase order number.

- 2 In the Supplier field, choose Firth & Co. from the drop-down list. Notice that QuickBooks displays all of the information about Firth & Co. in the appropriate places on the purchase order form.
- 3 In the Item field, choose Sinks:Double sink from the drop-down list.
- 4 In the Qty field, type **25**.
- 5 In the Supplier Message field of the purchase order, type ***Please rush ship this order.***

Your Purchase Order should resemble this one.



- 6 Click Save & Close to record the purchase order.

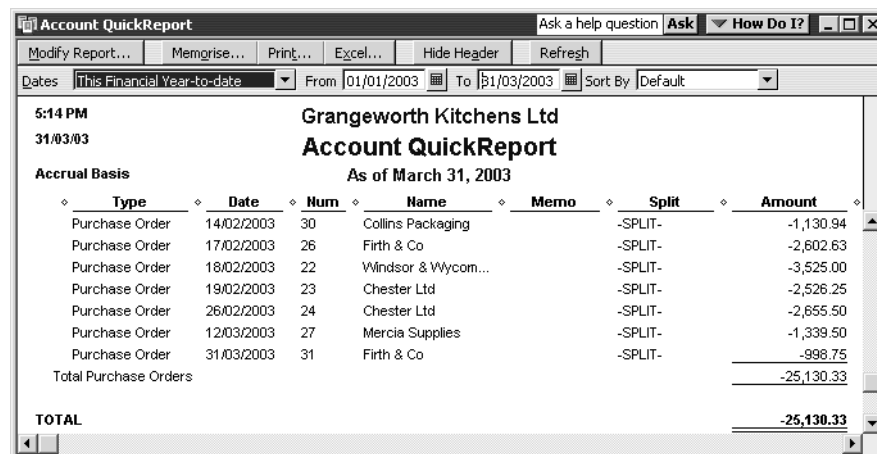
After you have created a purchase order, QuickBooks adds the Purchase Orders account to the chart of accounts. This is a non-posting account and does not affect your balance sheet or income statement. The Purchase Orders account is used to produce a QuickReport showing current purchase orders so you always know what is on order.

Generating a report of purchase orders

To generate a purchase orders report:

- 1 Display the chart of accounts.
- 2 In the chart of accounts, click Purchase Orders once to select it.
- 3 Click the Reports menu button and choose QuickReport:Purchase Orders.

QuickBooks displays a report of all purchase orders, including the one just created:



- 4 Close the QuickReport and the chart of accounts.

Receiving stock

When you receive the items on your purchase order, you have to enter them into stock. You can receive items with or without a bill.

This exercise shows you how to enter stock items you've received for which the bill will follow later.

To receive stock without a bill attached:

- 1 From the Suppliers menu, choose Receive Items.

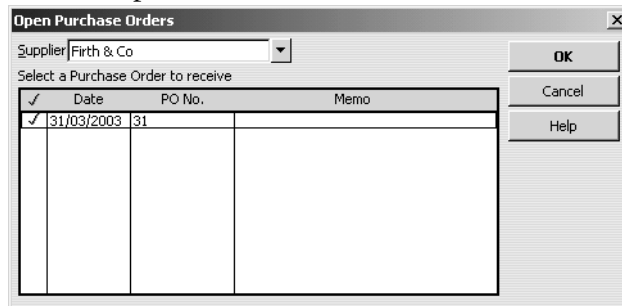
QuickBooks displays the Create Item Receipts window:

Item	Description	Qty	Cost	VAT	Net Amt	VAT Amt	Class
					Totals	0.00	0.00

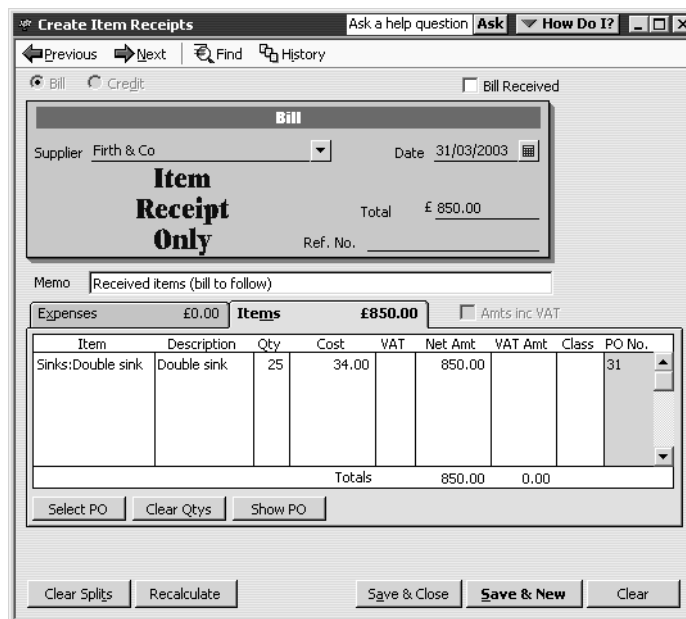
The Create Item Receipts window lets you enter details of stock parts received.

- 2 In the Supplier field, choose Firth & Co. from the drop-down list.
QuickBooks tells you that there are open purchase orders for this supplier and asks if you wish to receive against one of these orders.
- 3 Click Yes.
QuickBooks displays the Open Purchase Orders window for Firth & Co.

- Click the purchase order to select it.



- Click OK to move the information to the item receipt.
Your Create Item Receipts window should resemble this one:



- Click Save & Close to process the receipt.
QuickBooks adds the items to your stock. If you display the Item list, you'll see that you now have 25 additional double sinks on hand.

Entering a bill for stock

If you've entered an item receipt for stock, but the bill hasn't arrived yet, you can still record the bill in QuickBooks. Entering the bill as shown in this exercise records the amount in your accounts payable account so you can track how much you owe. When the bill comes, you pay the bill from the Pay Bills window in the usual way.

To enter the bill:

- From the Suppliers menu, choose Enter Bill for Received Items.

QuickBooks displays the Select Item Receipt window, where you can select the supplier and the item for which you have a bill.

Setting up stock

Select Item Receipt Ask a help question Ask How Do I? X

Supplier: []

Choose the Item Receipt which corresponds to your bill

Date	Ref No.	Memo

OK Cancel Help

- 2 In the Supplier field, choose Firth & Co. from the drop-down list. QuickBooks fills in the Date and Memo fields.

Select Item Receipt Ask a help question Ask How Do I? X

Supplier: Firth & Co

Choose the Item Receipt which corresponds to your bill

Date	Ref No.	Memo
31/03/2003		Received items (bill to follow)

OK Cancel Help

- 3 Select "Received items (bill to follow)".
- 4 Click OK. QuickBooks displays the details in the Enter Bills window.

Enter Bills Ask a help question Ask How Do I? - X

Previous Next Find History

Bill Credit Bill Received

Bill

Supplier: Firth & Co Date: 31/03/2003 Bill Due: 10/04/2003 Amount Due: £ 998.75

Terms: Ref. No.:

Memo:

Expenses: £0.00 **Items: £998.75** Amts inc VAT

Item	Description	Qty	Cost	VAT	Net Amt	VAT Amt	Class	PO No.
Sinks:Double sink	Double sink	25	34.00	5	850.00	148.75		31
Totals					850.00	148.75		

Select PO Clear Qtys Show PO

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

- 5 Click Save & Close. QuickBooks reminds you that the transaction is linked to others.

6 Click Yes.

QuickBooks changes the item receipt to a bill in the Accounts Payable account and lists the bill in the Pay Bills window. If you look at Accounts Payable, you'll see that the Firth & Co. bill has increased the balance by £998.75.

Because you must have stock on hand before you can enter a sale for stock parts, we recommend that you enter your item receipts before entering sales.

Manually adjusting stock

When you have spoilage or send out samples of your products, you can adjust your stock manually.

To adjust the stock manually:

- 1 From the Suppliers menu, choose Stock Activities, and then choose Adjust Quantity/Value on Hand.

QuickBooks displays the Adjust Quantity/Value on Hand window.

Item	Description	Current Qty	New Qty	Qty Difference
Chairs		0		
Chairs:Oak c...	Oak chair	4		
Chairs:Pine c...	Pine chair	54		
Dressers		0		
Dressers:Ma...	Maple Welsh dresser	20		
Dressers:Oa...	Oak Welsh dresser	15		
Dressers:Pin...	Pine Welsh dresser	8		
Pine Kitchen ...		0		
Pine Kitchen ...	Pine base cabinet	38		
Pine Kitchen ...	Pine base cabinet wit...	18		

The Adjust Quantity/Value on Hand window lets you enter the adjustment account, and either the New Qty or the Qty Difference.

You'll adjust the stock account to remove two damaged units from the Maple dresser stock.

- 2 In the Adjustment Account field, type **Stock Adjustment** and press Tab.
- 3 Click Set Up when prompted that Stock Adjustment is not in the account list. QuickBooks opens the New Account window:

Setting up stock

New Account Ask a help question Ask How Do I?

Type: Expense

Name: Stock Adjustment

Subaccount of: [dropdown]

Description: [text box]

Note: [text box]

Usual VAT Code: [dropdown]

Account is inactive

OK Cancel

4 Click OK.

QuickBooks creates the new account.

5 In the Qty Difference column for Dressers:Maple dresser, type **-2** (the number of damaged units), and then press Tab.

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

Adjust Quantity/Value on Hand Ask a help question Ask How Do I?

← Previous → Next

Adjustment Date: 31/03/2003

Ref. No.: 1

Adjustment Account: Stock Adjustment Class: [dropdown]

Item	Description	Current Qty	New Qty	Qty Difference
Chairs		0		
Chairs:Oak c...	Oak chair	4		
Chairs:Pine c...	Pine chair	54		
Dressers		0		
Dressers:Ma...	Maple Welsh dresser	20	18	-2
Dressers:Oa...	Oak Welsh dresser	15		
Dressers:Pin...	Pine Welsh dresser	8		
Pine Kitchen ...		0		
Pine Kitchen ...	Pine base cabinet	38		
Pine Kitchen ...	Pine base cabinet wit...	18		

Value Adjustment Memo: [text box]

Total Value of Adjustment: -338.00

Save & Close Save & New Cancel

6 Click Save & Close.

.....

LESSON 11 Tracking, reporting and paying VAT

Lesson objectives 11-2

To start this lesson 11-2

Overview of VAT in QuickBooks 11-2

Charging VAT 11-3

 Preparing for trade with other EC member states 11-5

 Handling import VAT from non-EC countries 11-7

 Handling fuel scale charges 11-7

Viewing the VAT Control account 11-8

 Adjusting the VAT Control account 11-9

Paying VAT to HM Revenue and Customs 11-10

VAT reports 11-12

Lesson objectives

- To give an overview of VAT in QuickBooks (the steps involved in tracking, collecting, and paying it)
- To demonstrate how to prepare your company for VAT
- To see how to apply VAT to a item
- To show how to determine a business's sales tax liability
- To show how to pay VAT liability to HM Customs & Excise (from April 2005: HM Revenue and Customs)

To start this lesson

Before you start the lesson, make sure you have installed the backup lesson file (**qblesson.qbb**) on your hard disk. See "Installing the lesson file" in the Introduction to this guide if you haven't installed it.

Follow these steps to restore the lesson file to its original state so that the data in the file matches what you see on the screen as you proceed through the lesson.

To restore the lesson file (qblesson.qbb):

- 1** From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2** In the "Get Company Backup From" section of the window, click Browse and select your **c:\qbtrain** directory.
- 3** Select the **qblesson.qbb** file, and then click Open.
- 4** In the "Restore Company Backup To" section of the window, type **lesson 11.qbw** in the Name field.
- 5** Click Browse and select your **c:\qbtrain** directory.
- 6** Click Save.
- 7** Click Restore.

Overview of VAT in QuickBooks

Value Added Tax (VAT) is a simple tax in principle, but can be very complicated in practice. You must account for VAT on all the goods and services you purchase and sell in the course of your business. It requires careful bookkeeping and periodic returns to HM Customs and Excise (or HM Revenue and Customs). QuickBooks can help you meet these obligations efficiently.

In Lesson 2, "Setting up QuickBooks," you saw how to set up your VAT preferences in QuickBooks. In this lesson, you'll learn how to set up the VAT so that you can produce

invoices with VAT amounts, and track and report VAT as HM Customs and Excise (HMRC) requires. Besides normal VAT reporting, you can use other approved methods such as cash and annual accounting. You can also set up QuickBooks to handle the VAT aspects of trade with other European Community (EC) member states.

You become liable to register for VAT once your income goes over a certain threshold. Below this threshold your registration is voluntary. Once registered, when you supply taxable goods or services you must charge VAT to your customers as part of your invoice to them. This is known as output tax.

When you purchase goods and services for your business, your suppliers may charge you VAT if they are also registered. This is known as input tax and is usually recoverable.

If you supply only taxable goods or services, the difference between the VAT you charge to your customers and the VAT you have incurred is the amount that you must pay to HMRC. If you have incurred more VAT than you have charged, HMRC will refund you the difference.

QuickBooks keeps track of all your input and output VAT in three ways:

- Up-to-date maintenance of your VAT Control account. QuickBooks records in your VAT Control account all the VAT due on sales invoices as well as the VAT that can be recovered on expenses and bills paid to suppliers.
- Production of invoices with VAT amounts. Every time your company sells products or services, QuickBooks can produce a “VAT invoice” to send to your customer. QuickBooks can deal with part payments and credit notes.
- Production of VAT reports needed for your VAT return. QuickBooks tracks the total VAT charged and incurred for each period. At the end of your tax period, QuickBooks makes it easy to complete your VAT return and pay the tax you owe.

Charging VAT

It is important that you establish the correct VAT status of the types of products your business makes.

If your business makes exempt products, you may find that the amount of input tax that you can recover in your VAT return is restricted by partial exemption rules. Check with your accountant or the local VAT office for further details of these rules and how they might apply to your business.

Who your customers are and where they are located can affect whether you charge VAT on a particular product. You can normally zero-rate the goods you supply to customers in another member state of the EC if you have a record of their VAT registration number and print it on your invoice to them. If your EC customer does not provide you with a VAT number, you must treat the sale in the same way as you treat a sale to a UK customer.

When you create a new item, the default VAT code is always S for Standard. However, if the item is zero-rated or exempted from VAT, you can assign it the correct VAT code.

On sales forms, each line item gets the default VAT code you set up when you created the item. If you don't charge want to charge VAT on a certain invoice, you must assign a zero-rated VAT code to each line item on the sales form.

In the company preferences, you can set a default VAT code that you normally use. You you can specify in the company preferences that you want to be able to set customer VAT codes, and you can also specify a default VAT rate for customers:

The screenshot shows the 'Company Preferences' dialog box. Key settings include: 'Do you track VAT?' (Yes), 'VAT Registration ID' (098098), 'VAT Agency' (HM Customs & Excise), 'VAT Reporting' (Quarterly), 'Ending' (Mar/Jun/Sep/Dec), 'Return due' (30 days), 'VAT reporting basis' (Accrual basis), 'Sales figures' (Net), 'Default VAT Code' (S), and 'Allow customer VAT codes' (checked).

If you have a customer (e.g. a charity), for whom you usually charge a different rate of VAT from that on the item list, you must have the option 'Allow customer VAT codes' turned on in company preferences (as above). Then when you set up the customer, you can specify their default VAT rate. In this example, a VAT-exempt company has the VAT code E (instead of S), which will be used by default on sales forms:

The screenshot shows the 'New Customer' dialog box. The 'Customer Name' is 'Exempt Customer' and the 'Opening Balance' is 0.00 as of 31/03/2003. The 'Additional Info' tab is selected, showing 'Categorising and Defaults' with 'Type', 'Terms', and 'Rep' dropdowns. The 'VAT Reg Number' field is empty. The 'Use customer tax code' checkbox is checked, and the 'VAT code' is set to E.

For more details of setting up customers from the Customer:Job list, see Lesson 3.

Preparing for trade with other EC member states

QuickBooks' standard VAT reports do not give you the VAT return amounts for sales to and purchases from companies in other EC member states. To track the value of these sales and purchases, you must add new VAT codes to the VAT table.

To add EC VAT codes:

- 1 From the Lists menu, choose VAT Codes List.

QuickBooks displays the VAT Code List window.

VAT Code	Description	Rate	EC Code
E	Tax Exempt	0.0%	
N	Not Registered	0.0%	
R	Reduced	5.0%	
S	Standard	17.5%	
Z	Zero Rated	0.0%	

- 2 Click the VAT Code menu button, and then select New.

QuickBooks displays the New VAT Code window:

You need to enter three new VAT codes, rates, and descriptions:

EZ - 0.0% - European sales and purchases, zero-rated (used for all zero-rated sales to EC member states and all purchases from EC member states that would be exempt acquisitions in the UK).

EP - 0.0% - European purchases, standard-rated (used for all purchases of goods from EC member states that would be standard-rated acquisitions in the UK).

ES - 17.5% - European sales, standard-rated (used for all standard-rated sales to customers in EC member states who are not registered for VAT).

- 3 Enter the first VAT Code, Rate, Description, and click EC VAT Code.
- 4 Click Next, enter the second VAT Code, Rate, Description, and click EC VAT Code.
- 5 Click Next, enter the third VAT Code, Rate, Description, and click EC VAT Code.

6 Click OK.

QuickBooks closes the New VAT Code window. The new codes appear in the VAT Code list:

VAT Code	Description	Rate	EC Code
E	Tax Exempt	0.0%	
EP	European Purchases, Standard Rated	0.0%	✓
ES	European Sales, Standard Rated	17.5%	✓
EZ	European Sales and Purchases, Zero Rated	0.0%	✓
N	Not Registered	0.0%	
R	Reduced	5.0%	
S	Standard	17.5%	
Z	Zero Rated	0.0%	

7 Close the VAT Code List window.

Grangeworth Kitchens has a new German customer, the Müller GmbH company in Munich. Its VAT registration number is already known. Grangeworth sells to Müller GmbH three oak Welsh dressers.

To invoice a European customer:

1 From the Customers menu, choose Create Invoices.

QuickBooks displays the Create Invoices window.

2 In the Customer:Job field, type *Muller GmbH*, and press the Tab key.

3 Click QuickAdd in the Customer:Job Not Found box.

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

5 Click in the Item column, choose Dressers:Oak Welsh dressers from the drop-down list and press Tab.

6 In the VAT column, choose EZ.

Notice that in the VAT AMT column, the VAT amount has been changed to 0:

QUANTITY	ITEM	DESCRIPTION	PRICE	VAT	VAT AMT	CLASS	AMOUNT
3	Dressers:Oa...	Oak Welsh dresser	400.00	E.	0.00		1,200.00
						VAT TOTAL	0.00
						TOTAL	1,200.00

7 Click Save & Close

Handling import VAT from non-EC countries

When you import a shipment from outside the EC, it must be cleared through HMRC before being imported into the UK. Customs clearance usually involves paying import VAT.

Grangeworth Kitchens has a new supplier from the U.S., John Rush Inc., from whom they buy 50 pine tables. As John Rush Inc. is outside the EC, it doesn't charge any VAT.

To enter an import bill:

- 1 From the Suppliers menu, choose Enter Bills.
- 2 In the Supplier field, type **John Rush Inc.** and press Tab.
- 3 Click QuickAdd in the Supplier Not Found box.
- 4 Enter the bill from John Rush Inc., your non-EC supplier, by clicking the Items tab, choosing Tables:Pine table in the Item column and entering **50** in the Qty column.
- 5 Select Z in the VAT code column.

The bill should not have any VAT on it, and your screen should look like this:

Item	Description	Qty	Cost	VAT	Net Amt	VAT Amt	Class
Tables:Pine t...	Pine table	50	90.00	Z	4,500.00	0.00	
Totals					4,500.00	0.00	

- 6 Click Save & Close.

Handling fuel scale charges

QuickBooks can handle the VAT owing if you provide fuel to employees for business and private use. For each VAT period you should calculate the VAT due using the HMRC fuel scale charge table (we recommend you use a spreadsheet).

To enter fuel scale charges:

- 1 From the Company menu, choose Make Journal Entries. (If QuickBooks displays a message about automatic journal numbering, click OK.)

- 2 On the first line, select the Motor Expense account and enter a Debit of **232.09** for the VAT-inclusive amount of the fuel benefit.
- 3 On the second line, select the Motor Expense account and enter a Credit of **202.00** to the Motor Expense account for the VAT-exclusive amount.
- 4 On the same line, select S for VAT Code and enter **30.09** for the VAT Amount at the standard rate.
- 5 Next to “Show on VAT reports”, click Output (Sale).

Your window should resemble this one:

Account	Debit	Credit	VAT	VAT Amount	Memo	Name	Class
Motor Exp...	232.09						
Motor Exp...		202.00	S	30.09			

- 6 Click Save & New, leaving the General Journal Entry window open.

Viewing the VAT Control account

Each time you record an invoice or sales receipt that includes VAT, QuickBooks enters the information in the VAT Control account register. This displays all the transactions that are recorded to the VAT Control account, and provides a running balance of the account. You can also see which transactions have already been filed.

To view the VAT Control account:

- 1 From the Company menu, choose Chart of Accounts.
QuickBooks opens the Chart of Accounts.
- 2 Double-click VAT Control.
QuickBooks opens the register for the VAT Control account.
- 3 Scroll up to see earlier transactions that have already been filed (indicated by F in the tick column).
- 4 Close the VAT Control account window.

Adjusting the VAT Control account

You may need to make an adjustment to your VAT Control account to correct an error in your VAT return or to account for a discrepancy in a VAT payment or prepayment. You do this by creating a general journal entry (the adjustments will show on your VAT reports unless you right-click on the adjustment in the VAT control account register and mark it as “filed”). Enter the VAT amount in the Increase field for VAT that is payable or in the Decrease field for VAT that is deductible.

Normally such adjustments are made only by an accountant.

Grangeworth Kitchens has to adjust its VAT Control account, because the balance is £30 higher than it should be.

To adjust the VAT Control account:

- 1 On the first line of the General Journal Entry window, select VAT Control under Account and type **30.00** under Debit.

Remember that this is a liability account—a debit reduces the VAT you owe.

- 2 On the second line, type **VAT Adjustment** in the Account field and press Tab. The Account Not Found box appears.

- 3 Click Set Up.

The New Account window appears, with VAT Adjustment in the Name field.

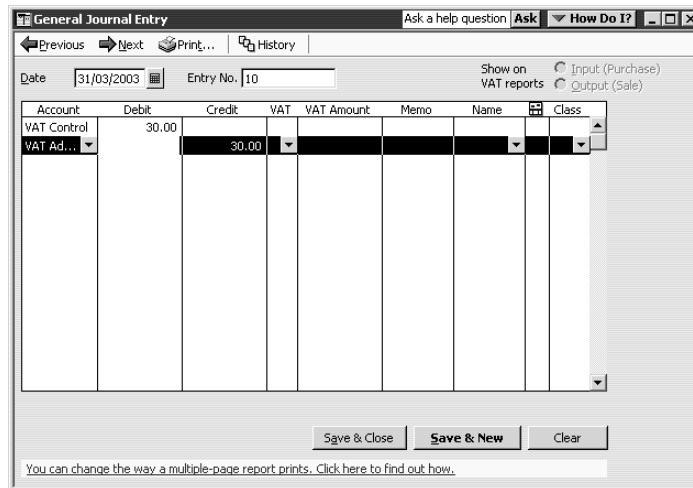
- 4 In the Type field, select Expense from the drop-down list, as shown:

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

- Title:** New Account
- Type:** Expense
- Name:** VAT Adjustment
- Subaccount of:** (unchecked)
- Description:** (empty)
- Note:** (empty)
- Usual VAT Code:** (empty)
- Account is inactive:** (unchecked)
- Buttons:** OK, Cancel

- 5 Click OK to close the New Account window.

QuickBooks has filled in 30.00 in the Credit field for the VAT Adjustment account in the General Journal Entry window.



- 6 Click Output (Sale) for 'Show on VAT reports'.
- 7 Click Save & Close.

Paying VAT to HM Revenue and Customs

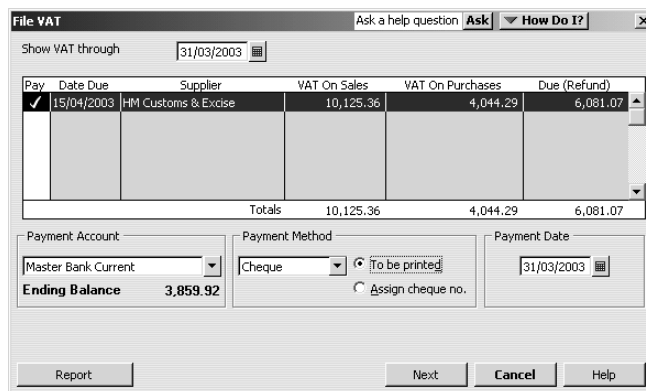
QuickBooks gives you a single procedure for producing the figures you need for your VAT return along with a QuickBooks cheque to pay your VAT liability.

Note: This procedure works only if you are using accrual-based VAT accounting.

To pay VAT liability:

- 1 From the Suppliers menu, select VAT, then File VAT.
QuickBooks displays the Pay VAT window.
- 2 Change the "Show VAT through" date to 31/03/2003 and press Tab.
QuickBooks recalculates the details, and prefills the necessary fields.
- 3 Click in the Pay column so that a tick appears.
- 4 Select "To be printed".

Your Pay VAT window should resemble this one:



5 Click Next.

QuickBooks displays the Value Added Tax Return report:

Registration Number		Name	
392 4231 26		Grangeworth Kitchens Ltd	
Reporting Period		Due Date	
From : 1-1-2003 To: 31-3-2003		15-4-2003	
VAT due in this period on sales and other outputs	1	10125.36	
VAT due in this period on acquisitions from other EC member states	2	0.00	
Total VAT due (the sum of boxes 1 and 2)	3	10125.36	
VAT reclaimed in this period on purchases and other inputs	4	4044.29	
Net VAT to be paid to Customs or reclaimed by you	5	6081.07	
Total value of sales and all other outputs excluding any VAT	6	59260.25	
Total value of purchases and all other inputs excluding any VAT	7	29965.06	
Total value of all supplies of goods and related services to other EC Member States	8	1200.00	
Total value of all acquisitions of goods and related services to other EC Member States	9	0.00	

Next Cancel Help

6 Click Next.

An information message is displayed.

7 Click OK.

QuickBooks redisplay the File VAT window.

8 Click Print.

The Print dialog box appears.

9 Click Print.

QuickBooks sends the VAT return to your printer, records the VAT cheque in the current account register, and deducts the amount from the VAT Control account.

You can use the QuickBooks return to fill in the VAT 100 return that you send to HMRC. The VAT cheque can be printed in the usual way.

Note that VAT payments do not affect VAT reports at all. After you pay your VAT for a reporting period, your VAT reports for that period maintain the amount you paid. This provides you with the necessary support in the event of a VAT audit.

If you are using accrual-based accounting, the VAT control account entries are marked "Filed" once you have completed the return.

This means that when you are completing the next return, any late entries from the previous period that were not included in that VAT return can easily be picked up, because they are not marked “Filed”.

Once an entry is marked as “Filed”, you cannot make any changes to it except to the description or account designation (to do this, in the Register right-click on the entry).

VAT reports

QuickBooks can create reports to show your VAT position at any time, whether cash- or accrual-based. Along with the VAT Return report which you produced in the last exercise, QuickBooks offers these VAT reports:

- **VAT 100:** shows the amounts you need to complete your VAT return, especially if your VAT accounting is cash-based.
- **VAT Detail:** shows individual input and output transactions, with total input and output tax.
- **VAT Summary:** summarises total inputs and outputs by VAT code and shows the balance due to or from HMRC for a reporting period.
- **EC Sales List:** shows all sales using the EC VAT codes (if set up).
- **VAT Exception Report:** The VAT Exception report shows unfiled VAT transactions up to the end of the previous VAT reporting period. This enables you to find any outstanding VAT liabilities from previous VAT reporting periods.

The reports are available from the Reports menu by selecting VAT, then the desired report.

You should print and save all these reports when you are preparing your VAT return. QuickBooks automatically creates each report for the last full VAT quarter using the dates and accounting method (accrual or cash basis) you chose in VAT Preferences. If you're using cash accounting for VAT, QuickBooks prepares two VAT Detail reports.



LESSON 12 Doing payroll

Lesson objectives 12-2

To start this lesson 12-2

Overview of payroll tracking 12-2

Calculating payroll with QuickBooks 12-3

Setting up for payroll 12-4

Adding payroll items you need 12-4

Setting up employee payroll information 12-6

What information does QuickBooks store? 12-6

Using the employee defaults to store common information 12-9

Adding a new employee 12-10

Entering SSP, SMP and SPP 12-12

Paying employees 12-16

Paying by cheque 12-16

Viewing the payroll cheque 12-18

Printing pay cheques and pay slips 12-19

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Tracking your tax liabilities 12-30

Paying payroll taxes 12-32

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Writing a cheque for payroll taxes 12-32

Processing payroll at year-end 12-35

Lesson objectives

- To give an overview of payroll in QuickBooks
- To learn more about payroll setup
- To set up employee payroll information
- To see how to record SSP, SMP and SPP
- To practice writing and printing a payroll cheque
- To learn how QuickBooks tracks your tax liabilities
- To practice paying payroll taxes
- To learn about reviewing P60 forms and printing P35s, and making an electronic submission at payroll year-end

To start this lesson

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

Follow these steps to restore the lesson file to its original state so that the data in the file matches what you see on the screen as you proceed through the lesson.

To restore the lesson file (qblesson.qbb):

- 1** From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2** In the “Get Company Backup From” section of the window, click Change and select your **c:\qbtrain** directory.
- 3** Select the **qblesson.qbb** file, and then click Open.
- 4** In the “Restore Company Backup To” section of the window, type **lesson 12.qbw** in the Name field.
- 5** Click Change and select your **c:\qbtrain** directory.
- 6** Click Save.
- 7** Click Restore.

Overview of payroll tracking

To calculate payroll, QuickBooks uses tax tables. The lesson file includes tax table data needed to complete this lesson. To get the tax tables to use with your own QuickBooks company data file, you need to subscribe to the QuickBooks Payroll Service and keep your tax tables up to date from CD or the Internet. To learn about and subscribe to the

service, choose About Payroll Services—or see the *User Guide* for an overview and contact information.

QuickBooks calculates each employee's gross pay, and then calculates taxes and deductions, including SSP, SMP, SPP or SAP if applicable, to arrive at the net pay. With QuickBooks, you can write the pay cheque, record the transaction in your QuickBooks current account, and keep track of your tax liabilities.

You, as the employer, must subtract income tax (PAYE) and National Insurance contributions (NIC) before issuing an employee's pay cheque. You may also deduct for benefits such as contributions to health insurance or pensions. QuickBooks makes these calculations, including directors' NIC.

Calculating payroll with QuickBooks

To do its payroll calculations, QuickBooks needs four kinds of information:

- **Information about your company**

This includes the company name, address, and PAYE reference number. You enter this information when you set up your QuickBooks company in the EasyStep Interview. (You can view most company information by choosing Company Information from the Company menu.)

- **Information about your employees**

The QuickBooks Employee list stores general information about each of your employees, and specific information related to payroll (such as the employee's salary or hourly rate and miscellaneous additions, deductions, and company contributions). You can store payroll information that most employees have in common in employee defaults. Whenever you have a new employee to add, simply enter information specific to that employee (name, address, and so on).

- **Information about your payroll items**

QuickBooks maintains a list of payroll items that affect the amount on a payroll cheque, including company expenses related to payroll. When you specify you want to use payroll, QuickBooks creates a number of payroll items for you. You add others as you need them.

- **Tax tables**

QuickBooks uses tax tables to calculate payroll. You get the current tax tables and keep them current when you subscribe to the QuickBooks Payroll Service mentioned above. If you choose not to subscribe, you need to calculate and enter PAYE and NICs manually for each pay cheque.

Once you've set up payroll in QuickBooks and subscribed to the QuickBooks Payroll Service, all you do is enter the salary or number of hours worked during the pay period for each employee, and any sick or maternity leave taken. QuickBooks calculates the gross wages for the employee (if necessary), and then refers to its tax tables and the company and employee information you've entered to calculate the net pay figure.

QuickBooks also calculates your company payroll expenses (for example, your contributions to National Insurance).

Note: This lesson is designed to demonstrate some of the payroll features in QuickBooks. How you process payroll for your company may differ.

Note also that because the lesson file is not set to the current tax year, some details do not appear as they would when you use payroll with current tax tables for your own company, and some dates will need to be changed to make the exercises work. In some cases you will use the default current date on the file, but where the instructions specify a date, make sure you use the date specified to ensure you can follow the process described.

Setting up for payroll

The QuickBooks payroll feature is turned on for the lesson (and sample) file. However, payroll is turned off by default for other company files.

To turn payroll on for any QuickBooks company file:

1 From the Edit menu, choose Preferences, and click Payroll & Employees.

2 Click the Company Preferences tab and select “Full payroll features.”

Note: You can also turn on the payroll feature during the EasyStep Interview.

3 Click OK.

Adding payroll items you need

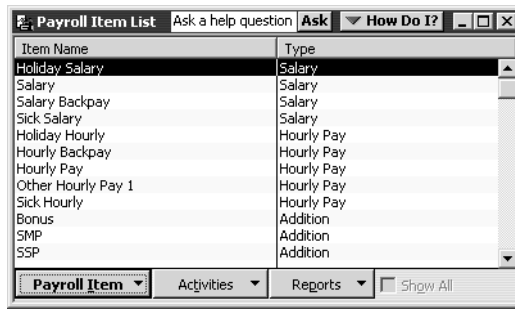
QuickBooks maintains a list for everything that affects the amount on a payroll cheque and for every company expense related to payroll. This list is called the Payroll Item list. QuickBooks adds some of the items for you, and you can add new items of your own to the list.

You work directly with payroll items as you do payroll tasks. Behind the scenes, QuickBooks tracks your payroll liabilities in a Payroll Liabilities account (an Other Current Liability account) and your payroll expenses in a Payroll Expenses expense account. When you create a new payroll item, the Payroll Item Setup wizard helps you assign the item to the correct account or accounts by prefilling the account name.

To view the Payroll Item list:

1 From the Employees menu, choose Payroll Item List. (You must have payroll turned on to see this choice.)

QuickBooks displays the Payroll Item list:

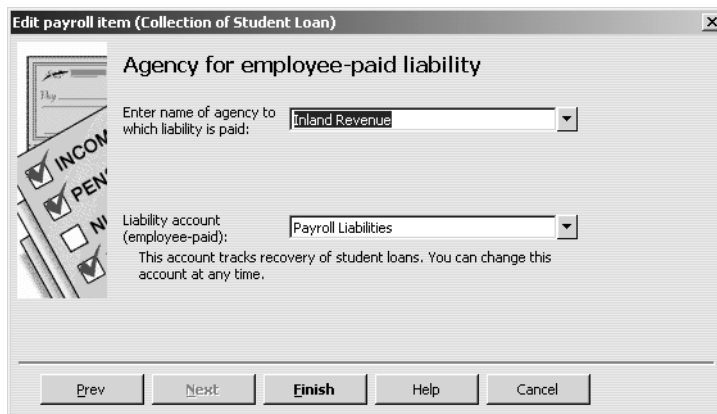


You've already used the QuickBooks Item list, so this list should look familiar. Just like the regular Item list, each payroll item has a Name and a Type. A payroll item can be Salary, Hourly Pay, Deduction, Addition, Commission, Company Contribution, Payroll Tax, SSP, SMP and so on.

- 2 Scroll down the Payroll Item list to Collection of Student Loan and double-click on this item to see how it was set up.

QuickBooks displays the Payroll Item Setup wizard for the Collection of Student Loan payroll item. The first window shows the name used on pay cheques and payroll reports.

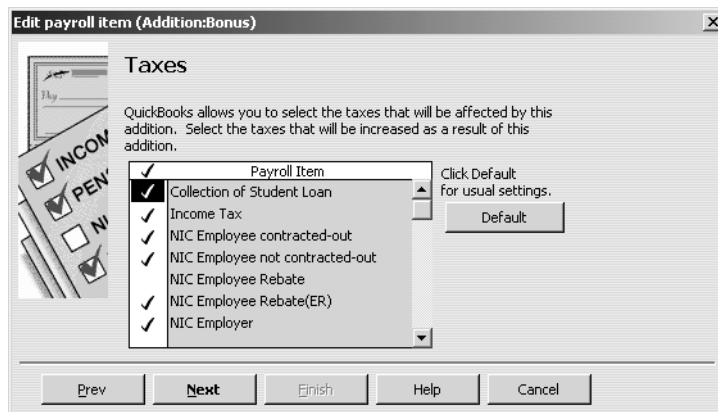
- 3 Click Next.



This window shows the liability agency to whom you pay the tax and the liability account that keeps track of the liability. If you have the supplier name, bank, or agency to whom you pay your payroll taxes in the first field, QuickBooks can create the liability cheque when taxes are due.

For other payroll items, you might see different windows or information:

- The expense account to which your payments are assigned is shown for Payroll Expense items.
- The Company and Employee Tax Rates window shows the rates used by the tax tables.
- The Taxes window (below) lets you select taxes affected by a payroll item.



- 4 Click Finish to return to the Payroll Item list.
- 5 Close the Payroll Item list.

Setting up employee payroll information

QuickBooks calculates payroll for each employee on the basis of that employee's pay rate, tax code, and so on. The Employee list stores general as well as payroll information about each employee.

What information does QuickBooks store?

You are going to add a new employee to Grangeworth Kitchens payroll in a moment. First, look at the information QuickBooks stores in the Employee list.

To view information stored in the Employee list:

- 1 From the Employees menu, choose Employee List.

QuickBooks displays this window:

NI No.	Name	Notes
LA 59 57 09 C	Andrew G Turner	
PH 61 91 01 C	Charlie S Walker	
JA 21 90 01 B	Gemma T Curtis	
KT 52 16 67 D	James E MacDonald	
AB 12 94 29 D	Lynda J Hamilton	

- 2 Select James E MacDonald, then click the Employee menu button and choose Edit. QuickBooks displays the Edit Employee window for James E MacDonald, with the Personal Info tabs selected.

Information for: James E MacDonald

Change tabs: Personal Info

Address Info Additional Info

Mr./Ms./... Print As: James E MacDonald

First Name: James M.I.E Phone: 0181 678 435

Last Name: MacDonald Alt. Ph.: 07756 897618

E-mail: NI No.: KT 52 16 67 D

Address: 12 Silverton Boulevard Emp. No.: 417

City: Hanwell DOB: 13/03/1962

Postcode: W5 6HG Joined: 01/01/1998

Left:

Sex: Male Female

Marital Status: Married

Employee is inactive

The Address Info tab contains the general information QuickBooks has about James MacDonald: his name, address, date of birth, National Insurance number, and joining date. The Additional Info tab lets you add custom fields to the Employee list.

3 Change tabs by selecting Payroll and Compensation Info.

QuickBooks displays the Payroll Info section of the Edit Employee window.

Information for: James E MacDonald

Change tabs: Payroll and Compensation Info

Payroll Info

Earnings

Item Name	Hourly/Annual Rate
Salary	18,000.00

Pay Frequency: Monthly

Pay Method: BACS

Class:

Other Payroll Items

Item Name	Amount	Limit

Sick/Holiday...
Tax/NI Details...
Bank Details...
Previous Employment...

Employee is inactive

The Payroll Info tab contains an employee's specific salary or hourly rate, and any additions, deductions, or company contributions.

4 Click Tax/NI Details.

QuickBooks displays the Taxes for James E MacDonald window.

Taxes for James E MacDonald

Code	Effective from
Tax: 453L	06/04/2001
NI: A	01/01/1998

Subject to Collection of Student Loans

Qualifies for Scottish Variable Rate

Director Information

Is Director

Director has an Appropriate Pension Plan

NIC Calculation Method: Annual

James's tax and NI codes are shown. The tick boxes indicate special types of taxes which can be calculated for each pay cheque.

- 5 Click OK to return to the Edit Employee window.
- 6 Click Bank Details.
QuickBooks displays the Bank Details window.
- 7 Since there are no bank details set up for this employee, you need to enter them. Complete the details as follows:

Bank Details for James E MacDonald

Account Information

Account Name: J E & M L MacDonald

Sort Code: 01-02-03

Account Number: 67674242

Bank Details

Name: County Bank

Address: 3 High Road
Hanwell

- 8 Click OK to return to the Edit Employee window.
- 9 Click OK again to return to the Employee list.

Using the employee defaults to store common information

QuickBooks doesn't require you to enter the same information over and over for each employee. Information that applies to most of your employees can be added to your employee defaults. Then, when you add an employee, QuickBooks automatically fills in the stored default information. You need only add or change any information that is different for a particular employee.

To view the Employee Defaults:

- 1 With the Employee list displayed, click the Employee menu button and choose Employee Defaults.

QuickBooks displays the Employee Defaults window.

Use this window to set up common payroll information.

All Grangeworth Kitchens employees have the same standard holiday allowance, so that is entered in the employee defaults.

- 2 Click Sick/Holiday.

QuickBooks displays the Sick & Holiday Defaults window.

Information regarding earned sick days and holiday days is entered in this window. QuickBooks keeps track of the earned time each pay period.

- 3 Click Cancel to close the Sick & Holiday Defaults window.
- 4 Click OK to close the Employee Defaults window.

Adding a new employee

Suppose you want to add a new employee to the payroll.

To add a new employee:

- 1 With the Employee list displayed, choose New from the Employee menu button. QuickBooks displays the New Employee window.
- 2 Click the Address Info tab and enter the employee data as shown:

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

Field	Value
Mr./Ms./...	Mr.
First Name	Tony
Last Name	Smith
Address	12 Park Avenue
City	Preston
Postcode	PR12 1JN
Print As	Tony Smith
Phone	01772 371614
NI No.	KL 39 52 94 C
DOB	18/09/1967
Joined	15/12/2007
Sex	Male
Marital Status	Single

- 3 Change tabs by selecting Payroll and Compensation Info.
- 4 In the Earnings section of the window, click the Item Name column, choose Hourly Pay from the drop-down list and press Tab.
- 5 In the Hour/Annual Rate column, type **15.00** and press Tab.
- 6 In the Pay Frequency field, select Weekly from the drop-down list.
- 7 In the Pay Method field, select Cheque from the drop-down list. Since he is being paid by this method, you will not need to enter his bank details.

The Payroll Info window should look like this:

- 8** Click Tax/NI Details.

QuickBooks displays the Taxes for Tony Smith window.

This is where you set the tax and National Insurance details. You would also use this window to indicate other tax-related details, for example if the employee was a director.

- 9** Type **233L** in the Tax Code field.
10 Select A from the drop-down list in the NI Code field.
11 Click OK.

QuickBooks displays an information message.

- 12** Click OK.

QuickBooks redisplay the New Employee window.

- 13** Under “Additions, Deductions, Employer Contributions, and Tax Credits”, select Bonus in the Item Name column and press Tab.

- 14** In the Amount column, type **15.00** and press Tab.

Your New Employee window should now look like this:

The screenshot shows the 'New Employee' dialog box in QuickBooks. The title bar reads 'New Employee' and includes a help button and window controls. The main area is titled 'Information for: Tony Smith' and has a 'Change tabs:' dropdown set to 'Payroll and Compensation Info'. The 'Payroll Info' tab is active, showing an 'Earnings' table with one row: 'Hourly Pay' with an amount of 15.00. To the right of this table are dropdowns for 'Pay Frequency' (set to 'Weekly'), 'Pay Method' (set to 'Cheque'), and 'Class'. Below the earnings table is a section for 'Additions, Deductions, Employer Contributions, and Tax Credits' with a table containing one row: 'Bonus' with an amount of 15.00. To the right of this table are buttons for 'Sick/Holiday...', 'Tax/MI Details...', 'Bank Details...', and 'Previous Employment...'. On the far right, there is a checkbox for 'Employee is inactive' which is unchecked, and three buttons: 'OK', 'Cancel', and 'Next'.

15 Click OK.

16 When QuickBooks asks whether you want to set up additional payroll information, click Leave As Is.

QuickBooks returns to the Employee list, now showing the new employee's name.

Entering SSP, SMP and SPP

QuickBooks enables you to record time that employees take off due to sickness or maternity leave, and automatically calculates the amount of any Statutory Sick Pay (SSP), Statutory Maternity Pay (SMP) or Statutory Paternity Pay (SPP) that applies. You can also record Statutory Adoption Pay (SAP).

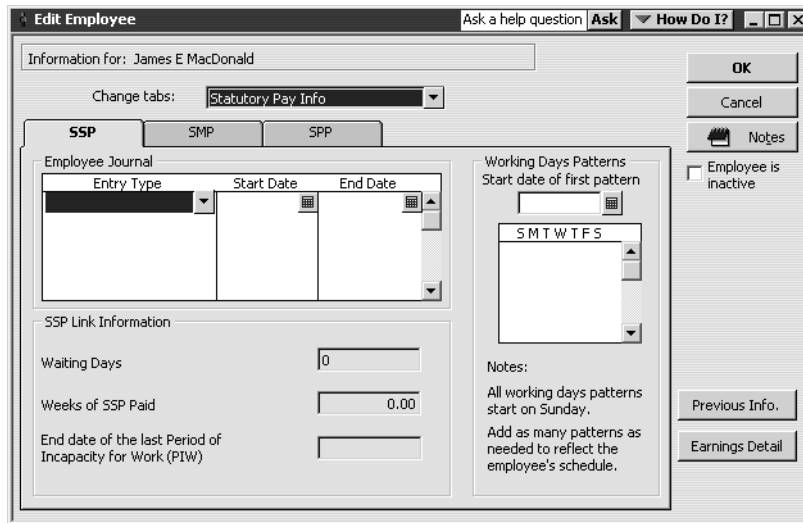
SSP is payable after the first three waiting days. When entering sick leave for an employee, you also need to record their normal working pattern so that QuickBooks can recognise which days qualify for SSP. For example, if an employee works Mondays, Wednesdays and Fridays, and they are sick from Monday of one week until Friday of the next week, this would count as 6 qualifying days: 3 waiting days in the first week, followed by 3 days in the second week for which SSP would be payable. The working patterns all start on a Sunday, and you can record as many patterns as you need for the same employee to reflect their schedule. In this example the working pattern would be NWNWNWN.

For SMP, you need to record the Sunday of the week maternity leave starts, the date on which the employee finishes work, the date the birth is expected, and the actual birth date. SMP is payable for 26 weeks from the date she finished work.

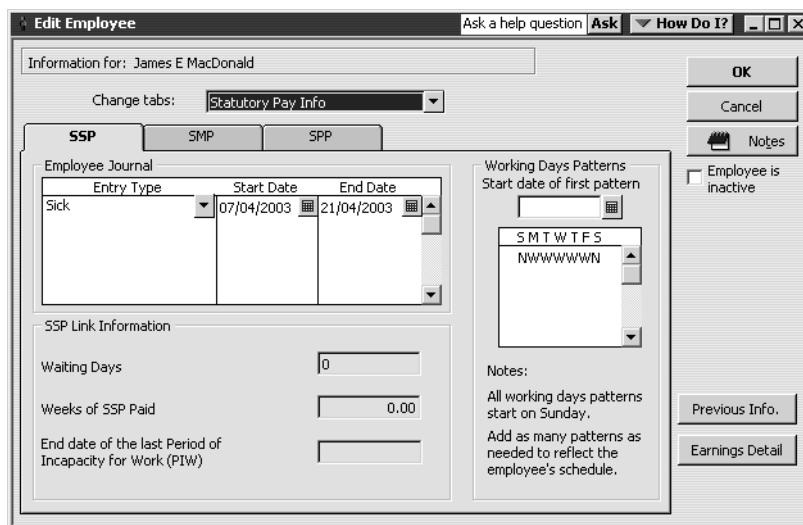
The details you enter for SPP depend on whether the absence is taken for a birth or an adoption. SPP is payable for one or two full weeks within 8 weeks of the birth or adoption.

To enter SSP:

- 1 In the Employee list, double-click James E Macdonald.
- 2 In the Edit Employee window, change tabs by selecting Statutory Pay Info.



- 3 Click below SMTWTFS, and select the working pattern NWWWWWN from the drop-down list. This represents working Monday–Friday.
- 4 Under Entry Type, select Sick from the drop-down list.
- 5 For the Start Date, type **07/04/2003**, and for the end date type **21/04/2003**.
Your screen should look like this:



- 6 Click OK. If a message appears about previous SSP, click No.

To record SMP:

- 1 From the Employee List, double-click Lynda J Hamilton.
- 2 In the Edit Employee window, change tabs by selecting Statutory Pay Info, then click the SMP tab.

Information for: Lynda J Hamilton

Change tabs: Statutory Pay Info

SSP SMP SPP

Entry Type	Start Date	End Date
------------	------------	----------

Current Maternity Info

Expected week of childbirth: [] Intended maternity leave start date: []

The baby was: Born Date of birth: []

The last payment is due on: []

Stop SMP before the final payment on: []

Clear Maternity Info...

Employee is inactive

Previous Info. Earnings Detail

- 3 Under Entry Type, select Maternity Leave from the drop-down list.
 - 4 For the Start Date, type **06/04/2003**. This date must be the Sunday of the first week of maternity leave.
 - 5 Press Tab. QuickBooks automatically calculates the last week of maternity pay.
 - 6 For Expected week of childbirth, type **04/05/2003**. (If a message appears about previous SMP, click No.)
- Once the child was born, you would enter the actual date in the Date of birth box.
- 7 For Intended maternity leave start date, type **09/04/2003**. This is the actual date maternity leave starts, in this case the Wednesday.

Your screen should look like this.

Information for: Lynda J Hamilton

Change tabs: Statutory Pay Info

SSP SMP SPP

Entry Type	Start Date	End Date
Maternity Leave	06/04/2003	04/10/2003

Current Maternity Info

Expected week of childbirth: 04/05/2003 Intended maternity leave start date: 09/04/2003

The baby was: Born Date of birth: []

The last payment is due on: 04/10/2003

Stop SMP before the final payment on: []

Clear Maternity Info...

Employee is inactive

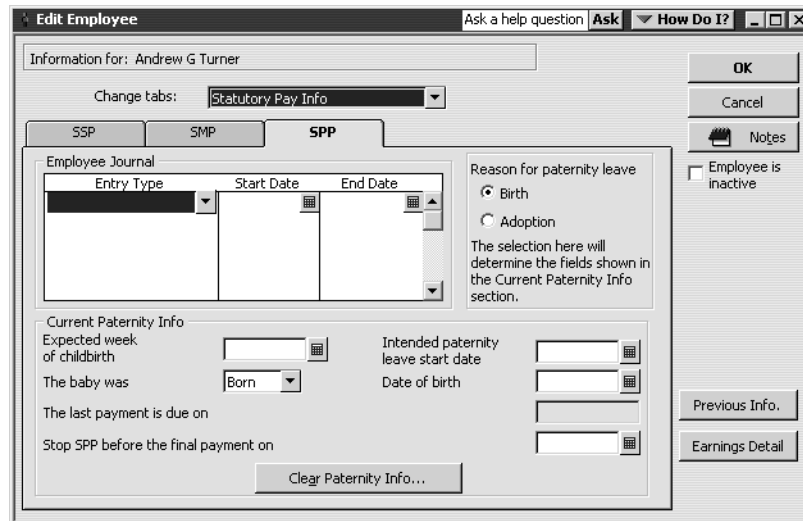
Previous Info. Earnings Detail

- 8 Click OK.

- 9 If QuickBooks displays a message about the employee providing medical evidence, click OK.

To record SPP:

- 1 From the Employee List, double-click Andrew G Turner.
- 2 In the Edit Employee window, change tabs by selecting Statutory Pay Info, then click the SPP tab.

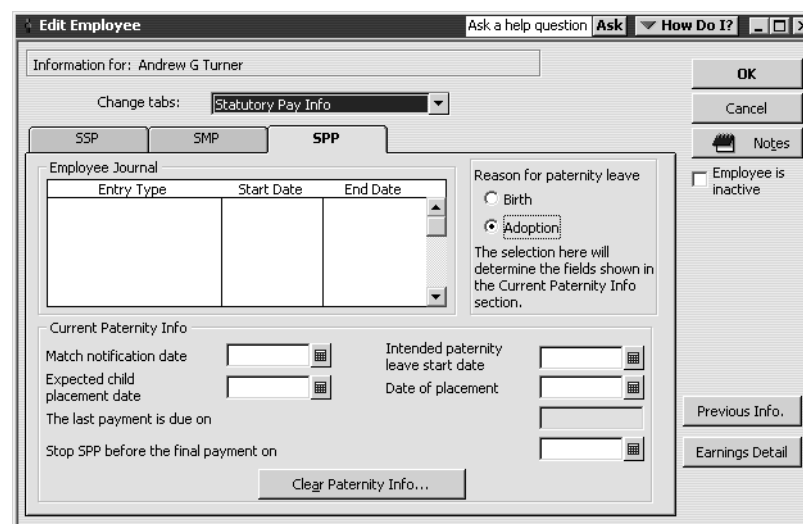


Paternity leave can be one or two full weeks. Under Entry Type, you would select Paternity Leave from the drop-down list.

For a birth, you would then complete the remaining fields in much the same way as for SMP in the previous exercise.

- 3 Click Adoption.

QuickBooks displays a different set of fields that relate to SAP.



For an adoption, you would complete the relevant dates when you were notified by the employee.

- 4 Click Cancel.

5 Close the Employee List.

Note: When you have paid employees, you could refer to the Statutory Payments Detail report. To view this, from the Reports menu choose Employees & Payroll, then choose Statutory Payments Detail.

Paying employees

QuickBooks lets you print payroll cheques in a batch or one at a time. You can also process BACS or Giro payments all in a batch. If you are signed up for the QuickBooks ePayment Solutions, you can transfer money from your bank account to pay employees by BACS (Pro or higher).

You may want to process salaried employees in a batch, and do the hourly employees one at a time.

Paying by cheque

In this exercise, you will create a payroll cheque for the new employee whose details you set up earlier, Tony Smith.

To create a payroll cheque:

- 1 From the Employees menu, choose Pay Employees.
- 2 If a message appears about updating tax tables, click on “Don’t remind me”.

QuickBooks displays the Select Employees To Pay window.

The screenshot shows the 'Select Employees To Pay' window. It includes a 'Payment Options' section with a checked 'To be printed' option and two radio buttons: 'Enter hours and preview payment before creating.' (selected) and 'Create payment without preview using hours below and last quantities.' Below this are dropdowns for 'Bank Account' (Master Bank Current), 'Giro Cheque Payee' (BACS), and 'BACS Agency Payee' (BACS). The 'Payment Date' is 15/12/2009. There are also filters for 'Pay Method' (All) and 'Pay Frequency' (All). A table lists employees with columns for Employee, Pay Method, Pay Frequency, Rate, Hours, and Last Date. Tony Smith is selected with a checkmark in the first column.

Employee	Pay Method	Pay Frequency	Rate	Hours	Last Date
<input checked="" type="checkbox"/> Andrew G Turner	BACS	Monthly	1,833.33		28/02/2...
<input type="checkbox"/> Charlie S Walker	BACS	Monthly	4.00	74:00	28/02/2...
<input type="checkbox"/> Gemma T Curtis	BACS	Monthly	1,000.00		28/02/2...
<input type="checkbox"/> James E MacD...	BACS	Monthly	1,500.00		28/02/2...
<input type="checkbox"/> Lynda J Hamilton	BACS	Monthly	1,250.00		28/02/2...
<input type="checkbox"/> Tony Smith	Cheque	Weekly	15.00		

Tip: If you had a large number of employees, and used different payment methods, you could select a list filter to display only employees paid by one method, in this example by cheque, or you could filter by pay frequency.

- 3 Click in the tick column to the left of Tony Smith’s name.
- 4 Make sure that “Enter hours and preview payment before creating” is selected.

5 Click Create.

QuickBooks displays the Preview Payment window, filling in the earnings and bonus details you entered in the previous exercise when you entered Tony Smith as a new employee.

Preview Payment Tony Smith

NI Code: A Pay Period: 09/12/2007 - 15/12/2007
 Tax Code: 233L Tax Period: 37 Advanced Hol. Payment

Item Name	Rate	Hours	Customer:Job
Hourly Pay	15.00		

Item Name	Rate	Quantity
Bonus	15.00	

Item Name	Amount	YTD
NIC Employer	0.00	0.00
NIC Employer Rebate	0.00	0.00
NIC Employer Rebate(ER)	0.00	0.00

Item Name	Amount	YTD
Hourly Pay	0.00	0.00
Bonus	15.00	15.00
NIC Employee not contracted...	0.00	0.00
Income Tax	0.00	0.00
NIC Employee Rebate	0.00	0.00

Cheque Amount: 15.00

Buttons: Create, Cancel, Help

6 In the Hours column, type 35 and press Tab.

QuickBooks fills in the Employee Summary area of the Preview Payment window, showing all the deductions from Tony's pay cheque. The net amount of the cheque appears at the bottom.

Preview Payment Tony Smith

NI Code: A Pay Period: 09/12/2007 - 15/12/2007
 Tax Code: 233L Tax Period: 37 Advanced Hol. Payment

Item Name	Rate	Hours	Customer:Job
Hourly Pay	15.00	35:00	

Item Name	Rate	Quantity
Bonus	15.00	

Item Name	Amount	YTD
NIC Employer	57.73	57.73
NIC Employer Rebate	0.00	0.00
NIC Employer Rebate(ER)	0.00	0.00

Item Name	Amount	YTD
Hourly Pay	525.00	525.00
Bonus	15.00	15.00
NIC Employee not contracted...	-49.61	-49.61
Income Tax	0.00	0.00
NIC Employee Rebate	0.00	0.00

Cheque Amount: 490.39

Buttons: Create, Cancel, Help

Because payroll tax rates change regularly, your figures may vary from this illustration.

The Company Summary area of the window shows employer-paid taxes and contributions that do not affect the amount of the pay cheque (e.g., employer-paid benefits).

- 7 Click Create.
QuickBooks redisplay the Select Employees To Pay window.
- 8 Click Leave.
QuickBooks writes a payroll cheque for the correct net amount, showing the deductions in the voucher area.

Viewing the payroll cheque

QuickBooks records payroll cheques in your QuickBooks current account register. You can see the cheque by going to the register.

To view the pay cheque from the register:

- 1 From the Lists menu, choose Chart of Accounts.
- 2 Double-click the Master Bank Current account.
QuickBooks displays the Master Bank Current account register.
- 3 Select the pay cheque transaction for Tony Smith, and click Edit Transaction.
QuickBooks displays the Pay Cheque – Master Bank Current Account window:

Pay Cheque - Master Bank Current

Bank Account: Master Bank Current Ending Balance: 9,450.60

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

Pay to the Order of: Tony Smith £ 490.39

Four hundred ninety and 39/100*****

Address: Tony Smith
12 Park Avenue
Preston, PR12 1JN

Memo: []

To be printed

Pay Cheque Summary		Pay Period 09/12/2007 - 15/12/2007	
Earnings	525.00	Hours Worked	35:00
Additions	15.00		
Taxes	-49.61		
Deductions	0.00		
Tax Credits	0.00		
Attachment Orders	0.00		

Payment Detail...

Save & Close Save & New Revert

Notice that the Pay Cheque Summary shows a additions and deductions summary. If you want to see the deductions that make up this total, you can click the Payment Detail button.

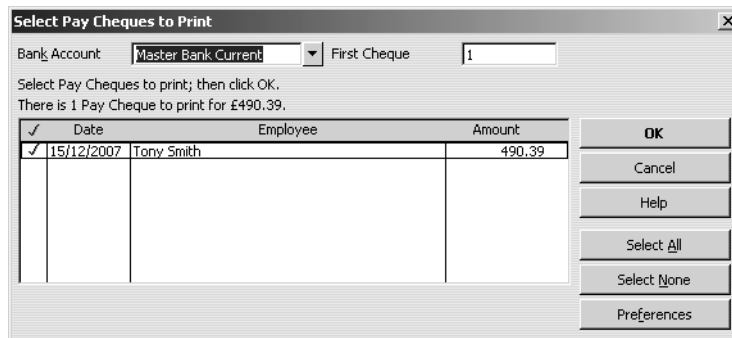
- 4 Make sure that the To be printed box is ticked.
- 5 Click Save & Close to close the Pay Cheque – Master Bank Current account window (click OK if asked to confirm).
- 6 Close the Master Bank Current account register, but leave the chart of accounts open.

Printing pay cheques and pay slips

You print pay cheques as you would any QuickBooks cheque. If you use voucher cheques, QuickBooks prints the payroll item detail on the voucher. If not, you can print pay slips to give your employees.

To print a pay cheque:

- 1 From the File menu, choose Print Forms, and then choose Pay Cheques. QuickBooks displays the Select Pay Cheques to Print window.
- 2 Make sure there is a number in the First Cheque Number field.
- 3 Make sure there is a tick next to Tony Smith's name.



- 4 Click OK.
- 5 Click Print in the Print Cheques window.
- 6 When asked if the cheque printed correctly, click OK.

Making a batch payment

In this exercise, you will see how to make payments to a batch of employees.

To create a payment batch:

- 1 From the Employees menu, choose Pay Employees. QuickBooks displays the Select Employees To Pay window.
- 2 Set the payment date to 30/04/2003.

- Click in the tick column to the left to select Andrew G Turner, James E MacDonald and Lynda J Hamilton.

Select Employees To Pay

Payment Options:
 To be printed
 Enter hours and preview payment before creating.
 Create payment without preview using hours below and last quantities.

Bank Account: Master Bank Current

Giro Cheque Payee: BACS
 BACS Agency Payee: BACS

Payment Date: 30/04/2003

Filters:
 Pay Method: All
 Pay Frequency: All

Employee	Pay Method	Pay Frequency	Rate	Hours	Last Date
<input checked="" type="checkbox"/> Andrew G Turner	BACS	Monthly	1,833.33		28/02/2...
<input type="checkbox"/> Charlie S Walker	BACS	Monthly	4.00	74:00	28/02/2...
<input type="checkbox"/> Gemma T Curtis	BACS	Monthly	1,000.00		28/02/2...
<input checked="" type="checkbox"/> James E MacD...	BACS	Monthly	1,500.00		28/02/2...
<input checked="" type="checkbox"/> Lynda J Hamilton	BACS	Monthly	1,250.00		28/02/2...
<input type="checkbox"/> Tony Smith	Cheque	Weekly	15.00	35:00	15/12/2...

- Make sure that “Enter hours and preview payment before creating” is selected.
- Click Create. (If a message appears warning you that this is a sample file, click OK.) QuickBooks displays the Preview Payment window for Andrew G Turner.
- Under Hours, type **170** and press Tab.

QuickBooks completes the amounts for the payroll items for this employee, with the net amount shown at the bottom. Andrew is a director, and his NICs are calculated annually.

Preview Payment

Andrew G Turner

NI Code: A
 Tax Code: 678H
 Pay Period: 01/03/2003 - 31/03/2003
 Tax Period: 12
 Advanced Hol. Payment

Earnings:

Item Name	Rate	Hours	Customer:Job
Salary	1,833.33	170:00	

Other Payroll Items:

Item Name	Rate	Quantity
Bonus	500.00	

Employer Summary:

Item Name	Amount	YTD
NIC Employer	509.19	2,993.28
NIC Employer Rebate	0.00	0.00
NIC Employee Rebate(ER)	0.00	0.00

Employee Summary:

Item Name	Amount	YTD
Salary	1,833.33	21,999.98
Bonus	500.00	6,000.00
NIC Employee not contracted...	-467.19	-2,572.35
Income Tax	-364.74	-4,431.00
NIC Employee Rebate	0.00	0.00

Cheque Amount: 1,501.40

Because payroll tax rates change regularly, your figures may vary from this illustration.

7 Click Create.

QuickBooks displays the Preview Payment window for the next employee in the batch, in this case James E MacDonald.

8 Under Hours, type **170** and press Tab.**9** Click Create.

QuickBooks displays the Preview Payment window for the next employee in the batch, in this case Lynda J Hamilton.

10 Under Hours, type **170** and press Tab.**11** Click Create.

QuickBooks redisplay the Select Employees To Pay window.

12 Click Leave.

QuickBooks produces a payment for the employees in this batch.

13 Close the Employee List.

If you wish to see the effect of a batch payment, you can view the payment in the Master Bank Current account register, where it is shown as a single transaction of type PAYROLL. By looking at the detail of the transaction, you can see the list of employees paid.

Paying employees through e-Payment Solutions (Pro or higher)

You can subscribe to QuickBooks' e-Payment Solutions to make a payroll BACS payment through an online BACS agent. In order for this to work, you would need to apply to your bank for a BACSTEL-IP. You would also need Internet access.

For the following exercises, you will see how to set up the details in QuickBooks for paying employees through e-Payment Solutions.

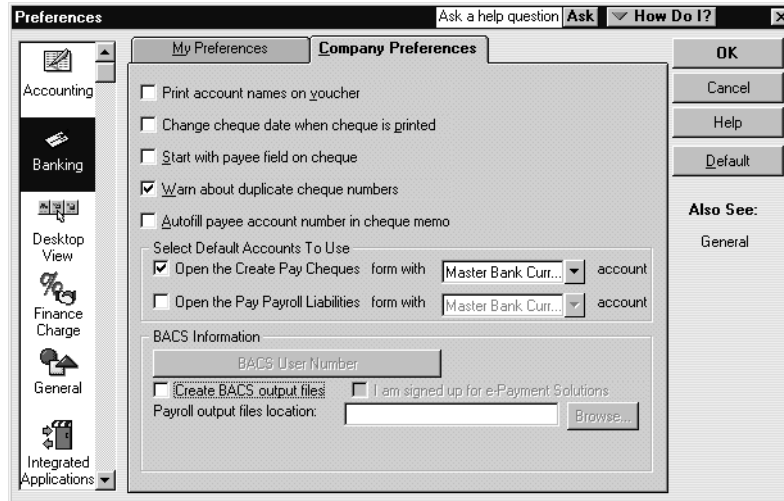
You will also see how to set a director's NIC payments to be calculated on a monthly basis.

You then will see how to make a payment using e-Payment Solutions, which will also show the SSP and SMP payments for the employees whose sick and maternity leave you recorded earlier.

To set up banking preferences to use BACS for e-Payment Solutions:

1 From the Edit menu, choose Preferences.

2 Select Banking, and click the Company Preferences tab.

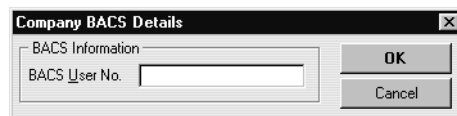


- 3 Tick the boxes next to “Create BACS output files” and “I am signed up for e-Payment Solutions”.

Note: If you tick the e-Payment Solutions box, the file will be encrypted ready for submission using the QuickBooks e-Payment Solutions. If you use another system to submit files directly, you would not tick the second box. The file would not be encrypted, and you would use your existing system to encrypt and submit it.

- 4 Click BACS User Number.

QuickBooks displays the Company BACS Details window.



- 5 Type **123456** then click OK.

Note: This number must always be 6 digits.

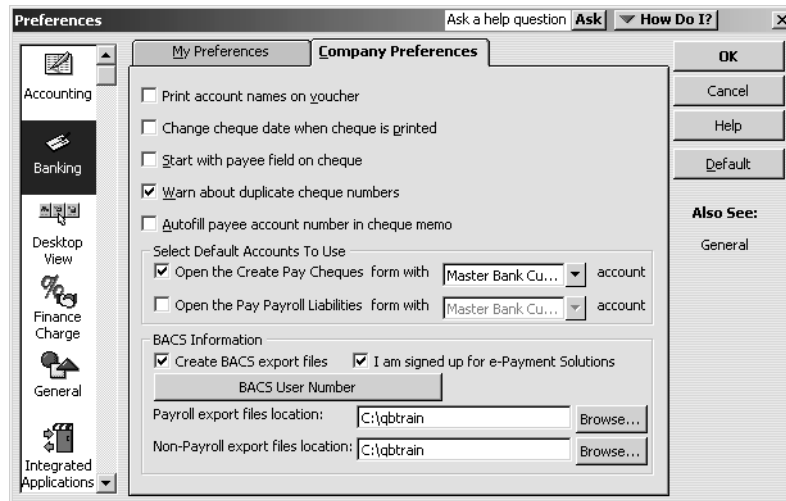
- 6 Click OK.

- 7 For Payroll export file location, type **c:\qbtrain**, or click Browse and select your training folder.

This is the location where your encrypted BACS files will be stored.

Type the same location for output files for Non-Payroll export files.

Your screen should resemble this:



8 Click OK.

Next, you need to set up the BACS details in your bank account.

To set up BACS details in your bank account:

- 1 From the Lists menu, choose Chart of Accounts.
- 2 Select Master Bank Current.
- 3 Click the Account menu button, and choose Edit.
- 4 Click the BACS Information tab.
- 5 Complete the BACS details as follows:

Account Name: **BACS E-Payments**

Sort Code: **010203**

Account Number: **12345678**

Your screen should resemble this:

The screenshot shows a software dialog box titled "Edit Account". At the top, there is a title bar with "Edit Account", "Ask a help question Ask", and "How Do I?". Below the title bar, there is a "Type" dropdown menu set to "Bank". The dialog has three tabs: "General Info", "Account Details", and "BACS Information", with "BACS Information" selected. The "BACS Information" tab contains three text input fields: "Account Name" with the value "BACS E-Payments", "Sgrt Code" with the value "01-02-03", and "Account Number" with the value "12345678". To the right of these fields are "OK" and "Cancel" buttons, and a checkbox labeled "Account is inactive" which is currently unchecked.

6 Click OK.

If you see a message about preprinted cheques, click No.

The next stage is to set up employees to enable them to be paid by BACS. In this exercise you will do this for just one employee, but in practice you would need to do this for all employees that you want to pay by this method.

The exercise also shows how to set a director's NIC to be paid on a monthly basis instead of an annual basis. You would do this in the first pay period of the tax year.

To set up employees to be paid by BACS:

- 1** From the Employees menu, choose Employee List.
- 2** Select Lynda J Hamilton from the list.
- 3** Click the Employee menu button, and choose Edit.
- 4** From the Change tabs drop-down list, choose Payroll and Compensation Info.
- 5** For Pay Method, choose BACS from the drop-down list (if it is not shown already).

Information for: Lynda J Hamilton

Change tabs: Payroll and Compensation Info

Payroll Info

Earnings

Item Name	Hourly/Annual Rate
Salary	15,000.00

Pay Frequency: Monthly
Pay Method: BACS
Class: []

Other Payroll Items

Item Name	Amount	Limit

Sick/Holiday...
Tax/NI Details...
Bank Details...
Previous Employment...

Employee is Inactive

OK
Cancel
Notes

6 Click Bank Details.

QuickBooks displays the Bank Details for Lynda J Hamilton window. Here you would complete the bank details. In this case, the bank details have already been set up, but the account number is incorrect.

Bank Details for Lynda J Hamilton

Account Information

Account Name: L. J. Hamilton
Sort Code: 45-21-90
Account Number: 1284749904

Bank Details

Name: Master Bank Plc
Address: 22 The High Street, Reading, Berkshire, RG1 6NJ

OK
Cancel
Help

7 Delete the last two digits of the account number.

8 Click OK to return to the Edit Employee window.

9 Click OK.

Since Andrew Turner is a director, and he is paid on a regular basis over the LEL, you can apply a per period arrangement for assessing and paying NICs, which he has agreed to. You can make this change only in the first period of the payroll year. You will also update his tax code at the same time.

To set up a director to have NICs calculated per pay period:

- 1** Select Andrew G. Turner from the list.
- 2** Click the Employee menu button, and choose Edit.
- 3** From the Change tabs drop-down list, choose Payroll and Compensation Info.
- 4** Click Tax/NI Details.
- 5** Change the tax code to 678L, with an Effective from date of 01/04/2003.
- 6** For NIC Calculation Method, choose Per Period from the dropdown list.

Code	Effective from
678L	01/04/2003
A	01/01/1999

Subject to Collection of Student Loans

Qualifies for Scottish Variable Rate

Director Information

Is Director Date Appointed 01/01/1999

Director has an Appropriate Pension Plan

NIC Calculation Method: Per Period

7 Click OK. (If you see any warning messages, click OK.)

8 Click OK in the Edit Employee window.

You are now ready to run the payroll payment.

To pay employees through e-Payments Solutions:

1 From the Employees menu, choose Pay Employees.

QuickBooks displays the Select Employees To Pay window.

2 Click in the tick column to the left to select Andrew G Turner, James E MacDonald and Lynda J Hamilton.

3 Change the Payment Date to 30/04/2003.

4 Make sure that “Enter hours and preview payment before creating” is selected.

5 Click Create. (If you see any messages, for example that a bank account name will be truncated, click OK.)

QuickBooks displays the Preview Payment window.

6 For Hours, type 170.

7 Click Create.

8 Make sure that “Enter hours and preview payment before creating” is selected.

9 Click Create. (If a message appears warning you that this is a sample file, click OK.)

QuickBooks displays the Preview Payment window for Andrew G Turner.

10 Under Hours, type **170** if not shown already, and press Tab.

QuickBooks completes the amounts for the payroll items for this employee, with the net amount shown at the bottom. Notice that the NIC Annual Calc box is no longer ticked, since you changed the NIC calculation method.

Preview Payment Andrew G Turner

NI Code: A Pay Period: 01/04/2003 - 30/04/2003
 Tax Code: 678L Tax Period: 1 Advanced Hol. Payment

Earnings

Item Name	Rate	Hours
Salary	1,833.33	170:00

NIC Annual Calc.

Sick Available: 40:00
 Holiday Available: 320:00
 Sick Accrued
 Hol. Accrued
 Do not accrue time

Other Payroll Items

Item Name	Rate	Quantity
Bonus	500.00	

Employee Summary

Item Name	Amount	YTD
Salary	1,833.33	1,833.33
Bonus	500.00	500.00
NIC Employee not contracted...	-214.32	-214.32
Income Tax	-369.13	-369.13
NIC Employee Rebate	0.00	0.00

Employer Summary

Item Name	Amount	YTD
NIC Employer	249.39	249.39
NIC Employer Rebate	0.00	0.00
NIC Employee Rebate(ER)	0.00	0.00

Cheque Amount: 1,749.88

Buttons: Skip, Create, Cancel, Help

Because payroll tax rates change regularly, your figures may vary from this illustration.

11 Click Create. (If you see a message about director’s NIC calculation, click Yes.)

QuickBooks displays the Preview Payment window for the next employee in the batch, in this case James E MacDonald. Because the lesson file is not set to the current date, the SSP payment is not actually shown, but if you were using your own company file with current payroll data, it would look something like this:

Doing payroll

Preview Payment Ask a help question **Ask** **How Do I?**

Trivedi, Jay NI Code **A** Pay Period **01/04/2005** - **30/04/2005**

Tax Code **474L** Tax Period **5** Advanced Hol. Payment

Item Name	Rate	Hours	Customer:Job
Hourly Pay	7.00	168:30	

Sick Available 0:00
 Holiday Available 0:00
 Sick Accrued
 Hol. Accrued
 Do not accrue time

Item Name	Rate	Quantity
Statutory Sick Pay (SSP)	109.12	

Item Name	Amount	YTD
Hourly Pay	1,179.50	1,179.50
Statutory Sick Pay (SSP)	109.12	109.12
NIC Employee not contracted...	-96.87	-96.87
Income Tax	0.00	0.00
NIC Employee Rebate	0.00	0.00

Item Name	Amount	YTD
NIC Employer	112.72	112.72
NIC Employer Rebate	0.00	0.00
NIC Employee Rebate(ER)	0.00	0.00

Cheque Amount: 1,191.75

Create **Cancel** **Help**

12 Click Create.

QuickBooks displays the Preview Payment window for the next employee in the batch, in this case Lynda J Hamilton. Because the lesson file is not set to the current date, the SMP payment is not actually shown, but if you were using your own company file with current payroll data, it would look something like this:

Preview Payment Ask a help question **Ask** **How Do I?**

Kingsley, Dianne J NI Code **D** Pay Period **01/04/2005** - **30/04/2005**

Tax Code **474L** Tax Period **1** Advanced Hol. Payment

Item Name	Rate	Hours	Customer:Job
Salary	1,732.96	1732:58	

Sick Available 0:00
 Holiday Available 0:00
 Sick Accrued
 Hol. Accrued
 Do not accrue time

Item Name	Rate	Quantity
Statutory Maternity Pay (SMP)	799.20	
NHS Pension Employee Cont.	-6.0%	1,732.97
NHS Pension Employer Cont	14.0%	1,732.97

Item Name	Amount	YTD
Salary	1,732.96	1,732.96
Statutory Maternity Pay (SMP)	799.20	799.20
NHS Pension Employee Cont.	-103.98	-103.98
NIC Employee contracted-out	-199.67	-199.67
Income Tax	-426.83	-426.83
NIC Employee Rebate	0.83	0.83

Item Name	Amount	YTD
NHS Pension Employer Cont	242.62	242.62
NIC Employer	197.55	197.55
NIC Employer Rebate	1.82	-1.82
NIC Employee Rebate(ER)	0.00	0.00

Cheque Amount: 1,802.51

Skip **Create** **Cancel** **Help**

13 Click Create.

QuickBooks redisplay the Select Employees To Pay window.

14 Click Leave.

QuickBooks produces a payment for the employees in this batch.

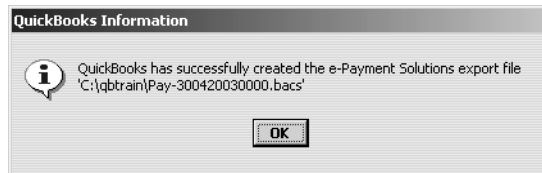
15 Close the Employee List.

16 Click Create.

QuickBooks redisplay the Select Employees To Pay window.

17 Click Leave.

At this stage QuickBooks produces an encrypted BACS payment file for the employees in this batch. The filename starts **QBOut-**, and has the suffix **.bacs**. It is saved in the folder you specified earlier, in this case qbtrain.



18 Click OK.

19 Close the Employee List.

Since the file is encrypted, you can view the BACS report to see details of the payment.

20 From the Reports menu, choose Employees and Payroll, then choose BACS Report.

21 Change the date range to 01/04/2003–30/04/2003 and click Refresh.

QuickBooks displays the BACS report for the payment you just made.

Grangeworth Kitchens Ltd						
BACS Report						
April 2003						
Name	Employee Address	Account Name	Account Number	Sort Code	Amount	Date
Apr 2003						
▶ Andrew G Turner	The Old Barn Little H...	A G Turner	48763487	89-67-45	-1,749.88	30/04/03
James E MacDonald	12 Silverton Boulev...	J E & M L Mac...	67674242	01-02-03	-1,150.34	30/04/03
Lynda J Hamilton	12 Shelbourne Roa...	L. J. Hamilton	12847499	45-21-90	-982.84	30/04/03
Apr 2003					-3,883.06	

The next stage would be to make the electronic payment using the encrypted file. To do this, you would carry out the following steps:

- 1** From the Banking menu, choose Banking Services, then choose Pay Employees via e-Payment Solutions.
- 2** Log in to the payment services page.
- 3** Select the relevant file to transmit (in this example QBOut-300420030000.bacs), and click Upload File.

A summary message would appear when transmission was complete.

You would receive a monthly statement of charges, sent by email. QuickBooks would automatically create a cheque for the direct debit payment.

Tracking your tax liabilities

As an employer, you need to track both payroll expenses and payroll liabilities. These are the company payroll expenses you need to track:

- Employees' gross pay
- Employer payroll taxes, such as PAYE and NICs.

QuickBooks uses the Payroll Expenses account to track these actual costs to your company (deductions from employee pay cheques aren't considered an actual cost because they're monies you are merely holding for the government; they don't come directly from your company assets). When you run your payroll, QuickBooks keeps track of your company's expenses for each employee. You can then see totals for these expenses on the Payroll Summary by Employee report and Profit and Loss Statement.

QuickBooks uses the Payroll Liabilities account (an Other Current Liability account) to track what you owe to the government. When you do your payroll, QuickBooks calculates how much you owe for each tax, deduction, or employer contribution payroll item and records that information as a transaction in the liability account. This produces a record of how much tax you owe at any time, so you can plan to have the cash available for payment. When you pay your payroll taxes or other payroll liabilities, QuickBooks decreases the balance of the liability account.

Look at the payroll expense and liability accounts so you can see how QuickBooks recorded expenses and liabilities related to Tony Smith's pay cheque.

To display the payroll expenses QuickReport:

- 1** In the Chart of Accounts window, scroll down and select the Payroll Expenses account.
- 2** Click the Reports menu button and choose QuickReport: Payroll Expenses.
QuickBooks displays the QuickReport. You can see the expense items paid by the company for Tony Smith's pay cheque.

Account QuickReport

9:22 AM
15/12/07

Grangeworth Kitchens Ltd
Account QuickReport
September 1 through December 15, 2007

Type	Date	Num	Name	Memo	Split	Amount
Payroll Expenses						
Pay Cheque	15/12/07	1	Tony Smith		Master Bank ...	525.00
Pay Cheque	15/12/07	1	Tony Smith		Master Bank ...	15.00
Pay Cheque	15/12/07	1	Tony Smith		Master Bank ...	57.73
Pay Cheque	15/12/07	1	Tony Smith		Master Bank ...	0.00
Pay Cheque	15/12/07	1	Tony Smith		Master Bank ...	0.00
Total Payroll Expenses						597.73
TOTAL						597.73

- 3 Close the QuickReport.
- 4 In the chart of accounts, double-click the Payroll Liabilities account.
QuickBooks displays the account register, showing a separate transaction for each item from Tony's pay cheque. The running balance increases for every liability.

Payroll Liabilities

Date	Ref	Payee	Increase	Decrease	Balance
Type	Account	Memo			
15/12/2007	1	Tony Smith	57.73		4,013.48
	PAY CHQ	Master Bank Current [
15/12/2007	1	Tony Smith	0.00		4,013.48
	PAY CHQ	Master Bank Current [
15/12/2007	1	Tony Smith	0.00		4,013.48
	PAY CHQ	Master Bank Current [
15/12/2007	1	Tony Smith	0.00		4,013.48
	PAY CHQ	Master Bank Current [
15/12/2007	1	Tony Smith	0.00		4,013.48
	PAY CHQ	Master Bank Current [
30/04/2008	Ref	Payee	Increase	Decrease	
		Account			
Splits					Ending balance 4,013.48

Sort by: Date, Type, Number/Ref

Record Restore

- 5 Close the register, then close the chart of accounts.

Paying payroll taxes

As long as you have a valid subscription to the QuickBooks Payroll Service, QuickBooks uses current tax tables to keep track of your tax liabilities as they accrue, so you know how much you owe at any time.

Finding out what you owe

If you're about to pay taxes or other liabilities, the payroll liabilities report shows you how much to pay. Suppose Grangeworth Kitchens is ready to make a tax payment, and wants to see how much is owing.

To create a Payroll Liability Balances report:

- 1 From the Reports menu, choose Employees & Payroll, and then Payroll Liability Balances.

QuickBooks displays a report of what Grangeworth owes for each payroll item. You can scroll across to see each month and the total balance.

	Sep 2007	Oct 2007	Nov 2007	Dec 1 - 15, 2007	BALANCE
Payroll Liabilities					
Income Tax	0.00	0.00	0.00	0.00	0.00
NIC Employee not contracted-out	0.00	0.00	0.00	49.61	49.61
NIC Employee Rebate	0.00	0.00	0.00	0.00	0.00
NIC Employee Rebate(ER)	0.00	0.00	0.00	0.00	0.00
NIC Employer	0.00	0.00	0.00	57.73	57.73
NIC Employer Rebate	0.00	0.00	0.00	0.00	0.00
Total Payroll Liabilities	0.00	0.00	0.00	107.34	107.34

- 2 Close the report.

Writing a cheque for payroll taxes

Each month, use the Liability Cheque window to fill in a QuickBooks cheque to Inland Revenue for payroll taxes.

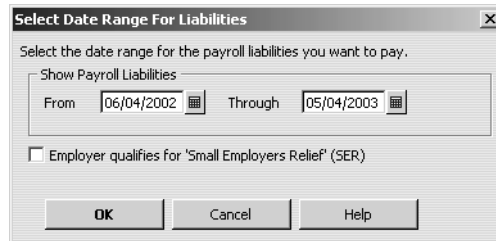
Important: Do not write a cheque from the Write Cheques window. QuickBooks cannot properly adjust your Payroll Liabilities account unless you use the Pay Liabilities feature.

To pay payroll liabilities:

- 1 From the Employees menu, choose Process Payroll Liabilities, then Pay Payroll Liabilities.

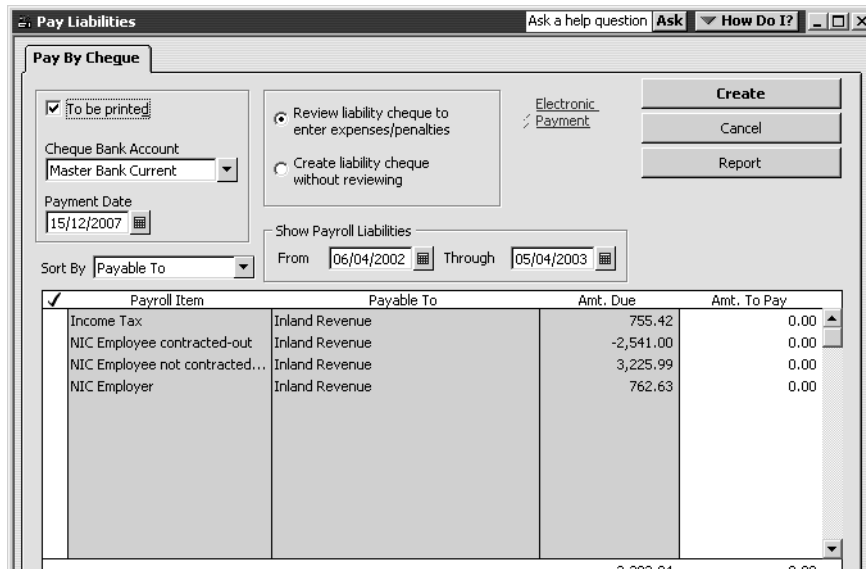
QuickBooks displays the Select Date Range For Liabilities window.

- 2 In the two date fields, type **06/04/2002** and **05/04/2003**



- 3 Click OK.

QuickBooks displays the Pay Liabilities window.

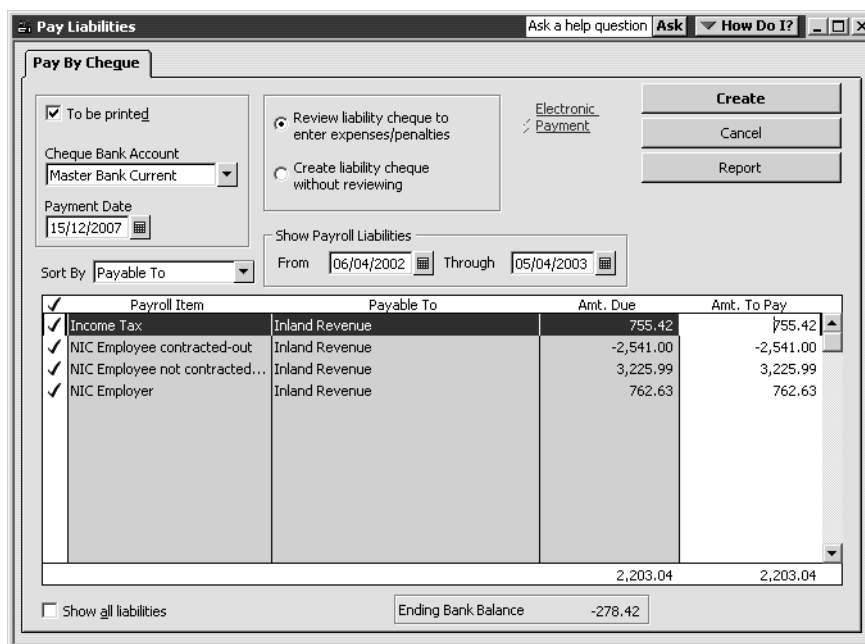


- 4 Click next to the first item.

QuickBooks places ticks against all items for which there are liabilities, and updates the Ending Bank Balance.

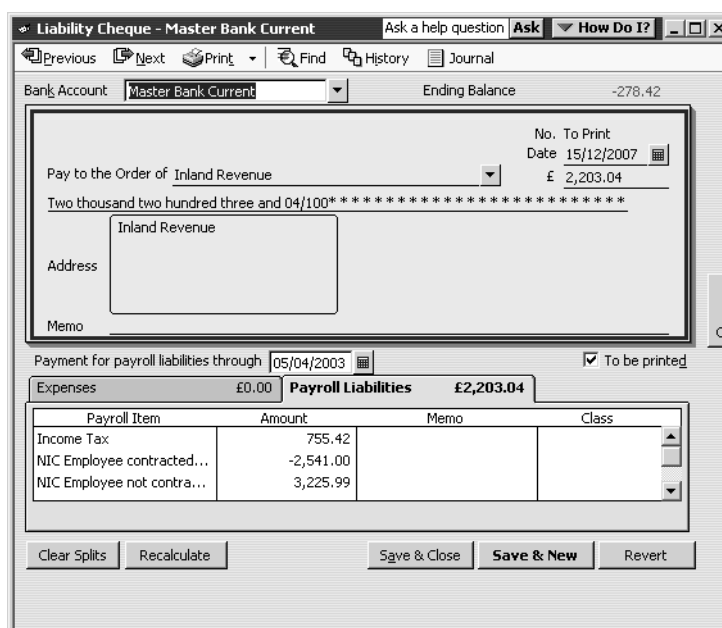
- 5 Click "Review liability cheque to enter expenses/penalties".

Now your Pay Liabilities window should look like this:



- 6 Click Create. (If you see a warning message, click No.)

QuickBooks displays your cheque in the Liability Cheque window:



- 7 In the Memo field, type the PAYE reference for this payment, in this case **976 879A71 0002 12**.
- 8 Tick the To be printed box (if it isn't already).
- 9 Click Save & Close to record the cheque (click Yes if asked to confirm).

Whenever you make a payment and record your cheque this way, QuickBooks decreases the balance of your Payroll Liabilities account.

Processing payroll at year-end

Quick Books can process your P60 end-of-year forms for employees and generate reports covering the information needed for your P35 end-of-year return to Inland Revenue, including P11 Deductions Worksheets.

You can file your end-of-year reports electronically directly from QuickBooks if you have an Internet connection. QuickBooks guides you through all the stages that you would need to carry out in order to complete your online filing.

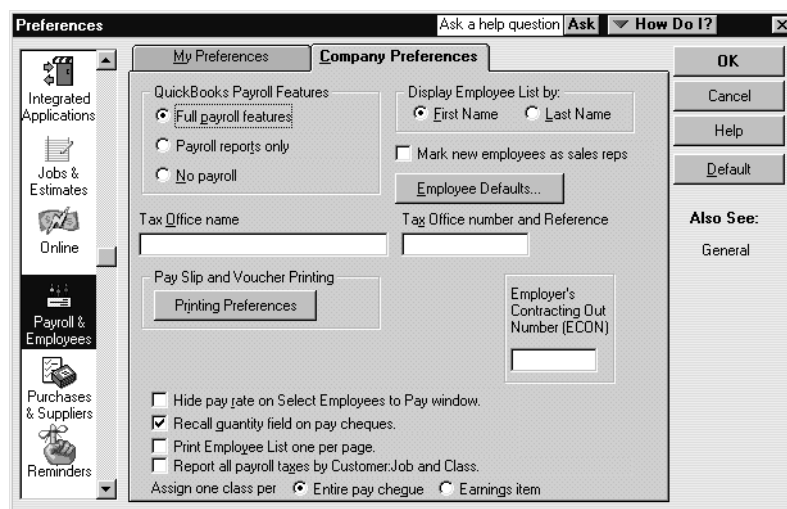
To do this with your own company data, you would need to register in advance with the Inland Revenue and obtain a user ID and Activation PIN so you can activate the service on the Government Gateway website. You would need to be in single-user mode to file the end-of-year returns, and you would need to be connected to the Internet.

For this exercise, you will carry out all the steps except for the final one, since you will not be allowed to file the data from the lesson file!

Before you start, you need to make sure you have recorded the IR Office Number and Employer's PAYE Reference Number in QuickBooks.

To record the Inland Revenue and PAYE numbers:

- 1 From the Edit menu, choose Preferences.
- 2 Select Payroll & Employees, and click the Company Preferences tab.



- 3 Under Tax Office Number and Reference, type **914/55195**.
- 4 Click OK.

To process payroll year-end:

- 1 From the Employees menu, choose Process Payroll Year End. QuickBooks displays the Payroll Year End Process window.

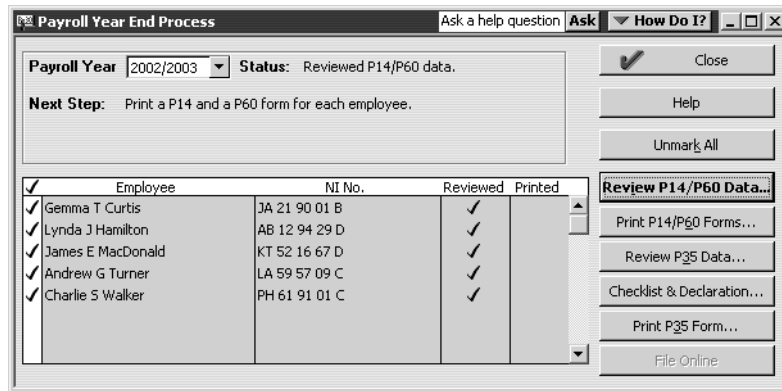
- Change the Payroll Year by selecting 2002/2003 from the dropdown list. QuickBooks lists the Grangeworth's employees. It shows the current status, currently "Process Year End not started".

- Click Mark All.
- Click Review P14/P60 Data.

Quick Books displays the first employee's P14/P60:

- Click Next to continue until you've reviewed each P14/P60.
- Click OK.

QuickBooks returns to the Payroll Year End Process window. Notice that the status has changed, and the next step is indicated.



- 7 Click Print P14/P60 Forms.

QuickBooks displays the Print P60s window.

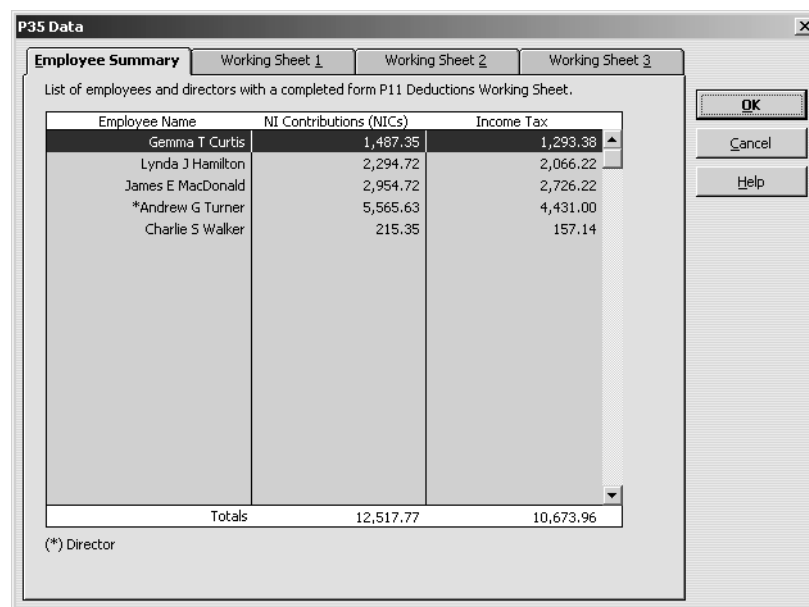
From here, you can select whether you want to print the P60s onto Inland Revenue forms or Intuit pre-printed forms, or onto Laser Mailer P60. You would make sure you had the correct paper loaded in your printer. For this exercise, you can just leave the default style, and use whatever paper is in your printer.

- 8 Click Print.

QuickBooks returns to the Payroll Year End Process window. Again, the status has been updated and the Next Step has changed.

- 9 Click Review P35 Data.

QuickBooks displays the P35 Data window, showing the Employee Summary.



- 10 Select each tab in turn to review the information for each of the working sheets. Some fields are pre-filled, but you can enter or amend information in some boxes.

Working sheet 1 is shown on this tab:

P35 Data

Employee Summary **Working Sheet 1** Working Sheet 2 Working Sheet 3

Important: You should modify the data in each box as required.

NICs		Income Tax	
Total NICs from Part 1	<input type="text" value="12,517.77"/> 1	Total Tax from Part 1	<input type="text" value="10,673.96"/> 4
Total from P35(CS) Continuation Sheets	<input type="text" value="0.00"/> 2	Total from P35(CS) Continuation Sheets	<input type="text" value="0.00"/> 5
Total NICs 1 + 2	<input type="text" value="12,517.77"/> 3	Total Tax 4 + 5	<input type="text" value="10,673.96"/> 6
		Advance from IR to refund tax	<input type="text" value="3.00"/> 7
		Deductions made from subcontractors	<input type="text" value="0.00"/> 8
		Total Tax 6 + 7 + 8	<input type="text" value="10,673.96"/> 9

Combined Amounts	
Total NICs and Tax 3 + 9	<input type="text" value="23,191.73"/> 10
Total Student Loan deductions	<input type="text" value="0.00"/> 11
10 + 11	<input type="text" value="23,191.73"/> 12

OK
Cancel
Help

Working sheet 2 is shown on this tab:

P35 Data

Employee Summary Working Sheet 1 **Working Sheet 2** Working Sheet 3

Important: You should modify the data in each box as required.

Statutory Payments Recovered			
Statutory Sick Pay (SSP) recovered	<input type="text" value="0.00"/> 13		
Statutory Maternity Pay (SMP) recovered	<input type="text"/> 14		
NIC compensation on SMP	<input type="text"/> 15		
Statutory Paternity Pay (SPP) recovered	<input type="text"/> 16		
NIC compensation on SPP	<input type="text"/> 17		
Statutory Adoption Pay (SAP) recovered	<input type="text"/> 18		
NIC compensation on SAP	<input type="text"/> 19		
NIC holiday claimed	<input type="text" value="0.00"/> 20		
Total of boxes 13 to 20	<input type="text" value="0.00"/> 21		
Funding received from IR to pay SSP/SMP/SPP/SAP	<input type="text" value="0.00"/> 22	21 minus 22	<input type="text" value="0.00"/> 23

Tax Credits			
Total Tax Credit paid to employees	<input type="text" value="0.00"/> 24		
Funding received from IR to pay Tax Credits	<input type="text" value="0.00"/> 25	24 minus 25	<input type="text" value="0.00"/> 26

OK
Cancel
Help

Working sheet 3 is shown on this tab:

P35 Data

Employee Summary Working Sheet 1 Working Sheet 2 **Working Sheet 3**

Important: You should modify the data in each box as required.

From Working Sheet 1 **12**

From Working Sheet 2 **23**

From Working Sheet 2 **26**

23 + 26 **27**

Amount payable for the year 12 minus 27 **28**

NICs and Tax paid already **29**

NOW PAYABLE 28 minus 29 **30**

Deductions suffered Total of col E on CIS 132 **31**

Revised amount now payable 30 minus 31 **32**

Note: Fill in boxes 31 and 32 only if you are a limited company that has had CIS deductions made from payments received for work in the construction industry.

OK
Cancel
Help

11 Click OK.

QuickBooks returns to the Payroll Year End Process window. Again, the status has been updated and the Next Step has changed.

12 Click Checklist & Declaration.

QuickBooks displays the Checklist and Employer's Declaration window.

Checklist and Employer's Declaration

You must answer each question by ticking the correct box.

1 Have you completed an End of Year Summary (P14) or P38(S) for every person in your paid employment during the relevant tax year?
 No Yes

2 Did you make any 'Free of tax' payments to any employee?
 No Yes

3 Did anyone else pay expenses or provide vouchers or benefits to any of your employees whilst they were employed by you during the year?
 No Yes

4 Did anyone employed by a person or company outside of the UK work for you in the UK for 30 or more days in a row?
 No Yes
If 'Yes', are these employees included in the 'Continuation Sheet'?
 No Yes

5 Have you paid any of the employee's pay to someone other than the employee?
 No Yes
If 'Yes', have you included the payments on the employee's form P14?
 No Yes

6 Do the rules relating to services provided through an intermediary (sometimes known as IR35) apply to any work carried out by any worker listed on this return?
 No Yes
If 'Yes', have you included a deemed payment or any part of one on their form P14?
 No Yes

I declare and certify that

- forms P14, End of Year Summary for each employee or director for whom I was required to complete a form P11 Deductions Working Sheet (or equivalent) during the year
 are enclosed
- completed form P38A, Employers Supplementary Return
 is enclosed is not due
- completed form P11D and P11D(b), Returns of expense payments, benefits and Class 1A contributions
 are enclosed will be sent later are not due

OK Cancel

13 You would answer all the questions as appropriate for your company.

For this exercise, in the first section, tick Yes for question 1, and No for all the others.

In the Declaration section, tick the boxes next to P14 and P11 are enclosed.

For P38A, tick 'is not due' (because you have ticked Yes for question 1).

Your form should resemble the following:

Checklist and Employer's Declaration

You must answer each question by ticking the correct box.

1 Have you completed an End of Year Summary (P14) or P38(S) for every person in your paid employment during the relevant tax year? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	5 Have you paid any of the employee's pay to someone other than the employee? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes If 'Yes', have you included the payments on the employee's form P14? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
2 Did you make any 'Free of tax' payments to any employee? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	6 Do the rules relating to services provided through an intermediary (sometimes known as IR35) apply to any work carried out by any worker listed on this return? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
3 Did anyone else pay expenses or provide vouchers or benefits to any of your employees whilst they were employed by you during the year? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	
4 Did anyone employed by a person or company outside of the UK work for you in the UK for 30 or more days in a row? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes If 'Yes', are these employees included in the 'Continuation Sheet'? <input type="checkbox"/> No <input type="checkbox"/> Yes	

I declare and certify that

- forms P14, End of Year Summary for each employee or director for whom I was required to complete a form P11 Deductions Working Sheet (or equivalent) during the year
 are enclosed
- completed form P38A, Employers Supplementary Return
 is enclosed is not due
- completed form P11D and P11D(b), Returns of expense payments, benefits and Class 1A contributions
 are enclosed will be sent later are not due

OK Cancel

14 Click OK.

QuickBooks returns to the Payroll Year End Process window. Again, the status has been updated and the Next Step has changed. You are now ready to print the P35 for your own records. The P35 report summarises all the copy P60 forms you are submitting to Inland Revenue. It gives you the information needed for your P35 CS return.

15 Click Print P35 Form.

QuickBooks displays the P35 - Employer's Annual Return window, showing the P35 over stamped 'Office Copy Only':

Part 1 Summary of Employees and Directors

List each employee or director for whom you have completed a form *P11 Deductions Working Sheet* (or equivalent record).

Employee's name <small>(Enter the name of the person if the person is a director)</small>	National Insurance contributions (NICs) <small>Enter the total NICs from column 16 on form P11. Write '0' beside any nil amounts.</small>	Income Tax deducted or refunded <small>in this employment. Write '0' beside an amount to show it is nil.</small>
Gemma T Curtis	£ 1487 35	£ 1293 38
Lynda J Hamilton	£ 2294 72	£ 2066 22
James E MacDonald	£ 2954 72	£ 2726 22
*Andrew G Turner	£ 5565 63	£ 4431 00
Charlie S Walker	£ 215 35	£ 157 14

(continued on next page)

Part 2 Summary of payments for the year

(continued from previous page)

NICs		Income Tax	
Total NICs shown above after deducting amounts marked 'R'	1 £ 12517 77	Total Tax shown above after deducting amounts marked 'R'	4 £ 10673 96
Total from P11(CS) Contribution Sheets	2 £ 0 00	Total from P11(CS) Contribution Sheets	5 £ 0 00
Total NICs 1 + 2	3 £ 12517 77	Total Tax 4 + 5	6 £ 10673 96
		Advance received from Inland Revenue to refund tax Deductions made from a 2001/02 tax year (CIS30 box P)	7 £ 0 00
		Total Tax 6 + 7 + 8	9 £ 10673 96
Combined amounts			
Total NICs and Tax 3 + 9	10 £ 23191 73	Total Statutory Sick Pay (SSP) recovered	11 £ 0 00
		Total Statutory Sick Pay (SSP) recovered (Whole pounds only)	12 £ 23191 73
		Statutory Sick Pay (SSP) recovered	13 £ 0 00

16 If the Print dialog box does not appear automatically, click the Print button in this window.

Print the P35 copy.

17 Close the P35 - Employer's Annual Return window to return to the Payroll Year End Process window.

At this stage, you cannot proceed any further because you are using the lesson file with sample data.

18 If you were working with your own company data, you would click the final button, File Online. This would submit your data to the Inland Revenue.

Note: You would need to be connected to the Internet, and you would need to have your user ID and Activation PIN ready.

Tip: With QuickBooks Payroll, you can also generate BACS reports and P45 forms for leavers—see the onscreen Help for details.



LESSON 13 Customising forms and writing QuickBooks Letters

Lesson objectives 13-2

To start this lesson 13-2

About QuickBooks forms 13-2

Customising an invoice 13-3

Creating a new template 13-3

Changing field order on a form 13-5

Making other changes to the invoice 13-7

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Lesson objectives

- To learn how to modify a preset invoice form
- To design a custom invoice form
- To modify a the layout of an invoice template
- To see how to print invoices
- To learn how to prepare a collection letter for overdue customers
- To learn how to edit a prewritten QuickBooks letter

To start this lesson

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

Follow these steps to restore the lesson file to its original state so that the data in the file matches what you see on the screen as you proceed through the lesson.

To restore the lesson file (**qblesson.qbb**):

- 1 From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2 In the “Get Company Backup From” section of the window, click Browse and select your **c:\qbtrain** directory.
- 3 Select the **qblesson.qbb** file, and then click Open.
- 4 In the “Restore Company Backup To” section of the window, type **lesson 13.qbw** in the Name field.
- 5 Click Browse and select your **c:\qbtrain** directory.
- 6 Click Save.
- 7 Click Restore.

About QuickBooks forms

Each form you use in QuickBooks has its own layout of fields and columns for entering information. If the layout of a particular form doesn’t meet your needs, you can create your own custom layout and use your version instead of the QuickBooks version.

In Lesson 1, you learned about the three preset formats for invoices: professional, service, and product. If these formats don’t precisely fulfil your needs, you can customise them using the Custom invoice template. For each form, you can decide which fields and columns to include, what they are called, and where to place them.

Once you have created your forms, you can save the new layouts as “templates”—to use whenever you wish, and to modify whenever you want.

The forms you can customise in QuickBooks are the invoice, the cash sale (sales receipt), credit memo, statement, purchase order, and (in QuickBooks Pro/Accountant only) estimate and delivery note.

Customising an invoice

QuickBooks lets you customise an invoice form to suit your business. For example, you can change the title, add a due date field, and change the order of fields. But you may sometimes want to design a completely different invoice form. QuickBooks lets you do that, too. In the Layout Designer, you can move or resize columns, turn on or off borders around fields, and control font type and size for each field.

In these exercises, you’ll use both the customising and Layout Designer features in QuickBooks to create a professional-looking invoice.

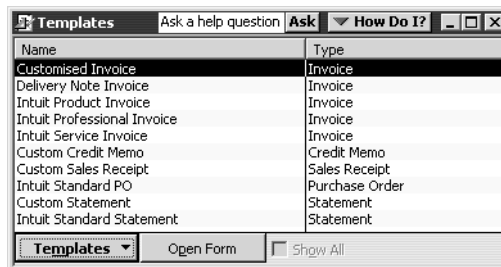
Note: In QuickBooks Pro/Accountant, there are some additional formatting options (not illustrated), and an additional tab where you can customise fields that appear only on estimates.

Creating a new template

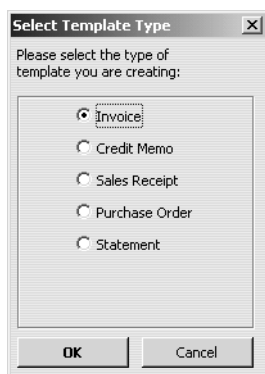
To create a new invoice template:

- 1 From the Lists menu, choose Templates.

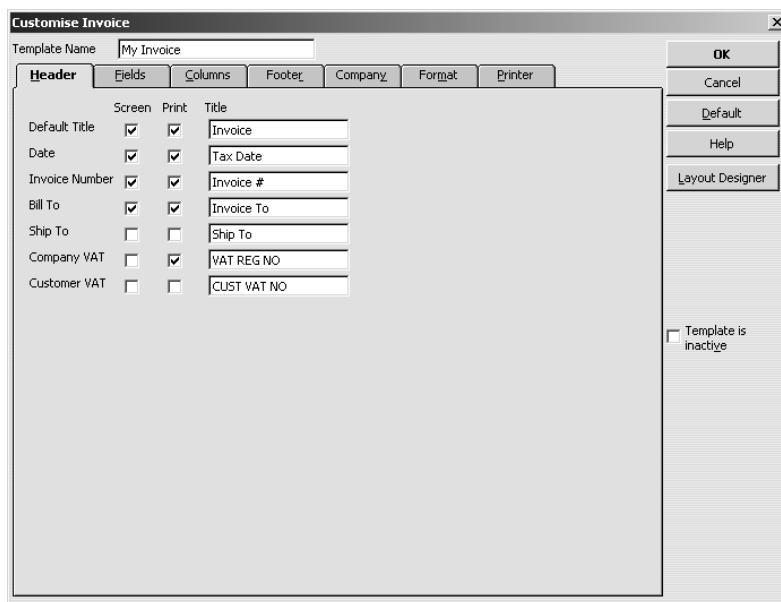
QuickBooks displays the Templates list.



- Click the Templates menu button, and then choose New. QuickBooks displays the Select Template Type window.



- Since Invoice is already selected, click OK. QuickBooks displays the Customise Invoice window.
- In the Template Name field, type **My Invoice**. Your window should look like this:

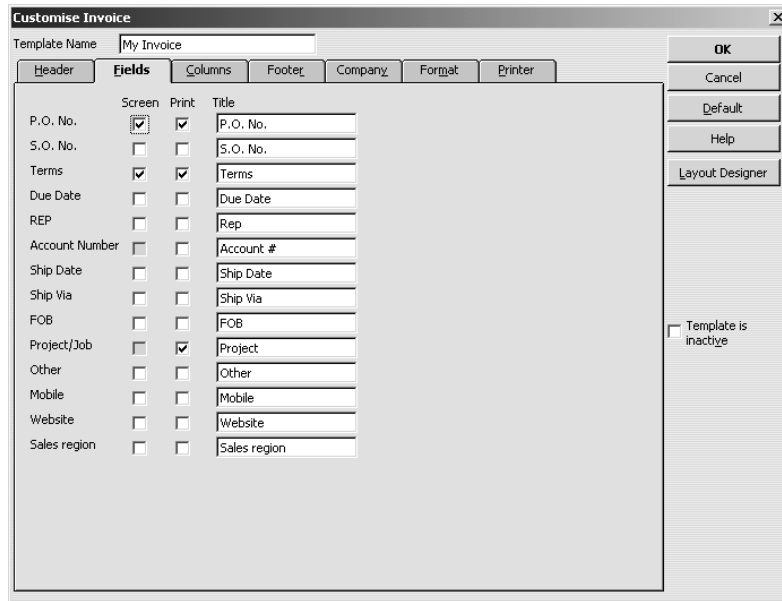


The Customise Invoice window uses multiple tabs to display sets of formatting options for each part of the form. To display the available formatting options, click the tab for the part of the form you want to change.

Notice that the Header tab is currently selected. The Header tab displays the formatting options for the top part of the invoice form. You can specify the title of each field and whether you want it displayed onscreen, on paper, both or neither. You can enter a new title by overtyping the current title text.

Tip: If you want to track information about a particular invoice without displaying it, you can select the Screen tick box and clear the Print tick box.

5 Click the Fields tab.



The Fields tab is where you select which fields you want to appear onscreen and on paper. You can specify your own title (label) for each field.

Suppose you want to remind customers of payment due dates at the time you send the invoice. You can customise the invoice form to display the Due Date field.

- 6** To have the Due Date field display both onscreen and on the printed form, click the Screen and Print columns for Due Date to select both tick boxes.

Changing field order on a form

The lower half of the standard QuickBooks invoice form is where you enter details about the items or services purchased by the customer. You can change the order of these fields as they appear on your invoices.

To change the order of fields on a form:

- 1 Click the Columns tab.

	Screen	Print	Order	Title
Service Date	<input type="checkbox"/>	<input type="checkbox"/>	0	Serviced
Item	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	Item
Description	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2	Description
Quantity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3	Qty
Rate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	Rate
VAT Code	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5	VAT
VAT Rate	<input type="checkbox"/>	<input type="checkbox"/>	0	VAT %
VAT Amount	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	6	VAT AMT
Amount	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	Amount
Class	<input type="checkbox"/>	<input type="checkbox"/>	0	Class
Other 1	<input type="checkbox"/>	<input type="checkbox"/>	0	
Other 2	<input type="checkbox"/>	<input type="checkbox"/>	0	
Colour	<input type="checkbox"/>	<input type="checkbox"/>	0	Colour

The Order column shows you how fields display from left to right on the invoice form. Currently, Item is the first column and Amount the last. Suppose you want the Qty field to appear after the Item field, and before the Description field.

- 2 Type **2** in the Order column in the Quantity row.
- 3 Type **3** in the Order column in the Description row.

Your screen should look like this:

	Screen	Print	Order	Title
Service Date	<input type="checkbox"/>	<input type="checkbox"/>	0	Serviced
Item	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	Item
Description	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3	Description
Quantity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2	Qty
Rate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	Rate
VAT Code	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5	VAT
VAT Rate	<input type="checkbox"/>	<input type="checkbox"/>	0	VAT %
VAT Amount	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	6	VAT AMT
Amount	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	7	Amount
Class	<input type="checkbox"/>	<input type="checkbox"/>	0	Class
Other 1	<input type="checkbox"/>	<input type="checkbox"/>	0	
Other 2	<input type="checkbox"/>	<input type="checkbox"/>	0	
Colour	<input type="checkbox"/>	<input type="checkbox"/>	0	Colour

Tip: You can click the **Default** button to return to original QuickBooks settings.

Making other changes to the invoice

You can also change the information displayed in the footer – which summarises the invoice totals – and the company, format or printer settings.

To make other changes:

- 1 Click the Footer tab.
- 2 Suppose you did not want the outstanding balance total to be shown on the printed version of the invoice. Click the box next to Balance Due in the Print column to clear it.

	Screen	Print	Title
Message	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Customer Message
Display VAT Summary as:			
		<input checked="" type="radio"/> Lines	<input type="radio"/> Columns
VAT Summary (Lines)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	VAT SUMMARY
Subtotal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	SUBTOTAL
VAT Total	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	VAT TOTAL
Total	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Total
Payments/Credits	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Payments/Credits
Balance Due	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Balance Due
Long text (disclaimer)	<input type="checkbox"/>	<input type="checkbox"/>	

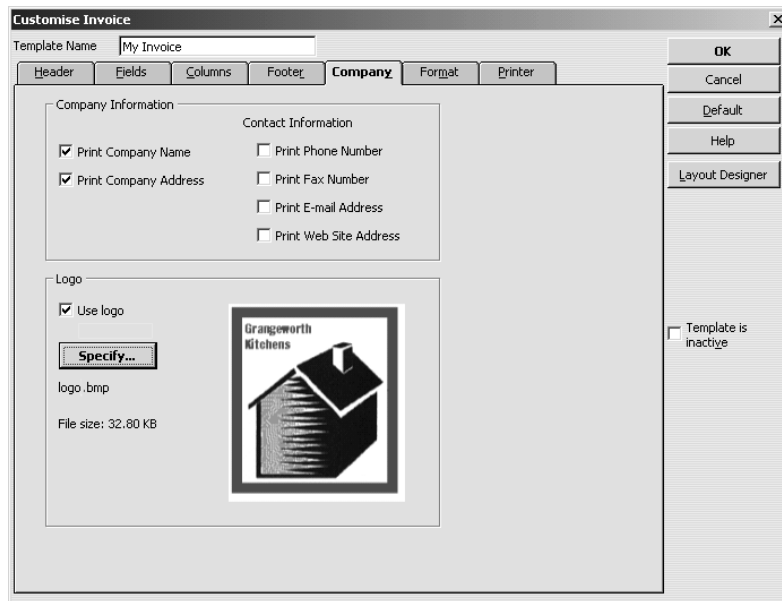
Template Name: My Invoice

Buttons: OK, Cancel, Default, Help, Layout Designer

Template is inactive

- 3 Click the Company tab.
This is where you can change the company information printed on the invoice, for example, to include the company's logo.
- 4 Click in the tickbox for Use logo.

- 5 Navigate to the QuickBooks program folder, and select the file logo.bmp.



If you wanted to change the logo graphic at any time, you would click the Specify button and select a different file.

- 6 When QuickBooks displays a message about copying the file to the lesson directory, click OK.

- 7 Click the Format tab.

This is where you can change the formatting details if you wanted to use a different font for the different fields, include the invoice status, or (for Pro/Accountant) add trailing zeros to align quantities on the decimal point.

For now, leave the settings as they are.

- 8 Click the Printer tab.

This is where you can change printer settings for this invoice type.

For now, leave the settings as they are.

- 9 Click the OK button to save your changes.

Displaying your customised form

Now display the customised form to see your changes.

To display the custom form:

- 1 From the Customers menu, choose Create Invoices.

QuickBooks displays the Intuit Product Invoice template in the Create Invoices window.

- 2 In the Form Template field, choose My Invoice from the drop-down list.

Notice how this form reflects the changes you made. The Due Date field now displays onscreen and the Qty field appears before the Description field.

- 3 Leave the Create Invoices window open.

Designing a custom layout for an invoice form

With the QuickBooks Layout Designer, you can change the design or layout of a form. In the Layout Designer, you can move, resize, change the width of columns, turn on or off borders around fields, and control font type and size for each field.

Here are a few examples of what you can do with a custom layout:

- Give your company name, address, and logo special treatment on the form. For example, you could centre your logo at the top of the form and put your company name and address in a special font immediately below the logo.
- Enlarge a custom field so that it can hold more information. For example, if you're using a custom field to enter e-mail addresses, you can lengthen the field so that it can hold a long e-mail address.
- Position the customer's billing address so that it coincides with the address window in the envelopes you use.

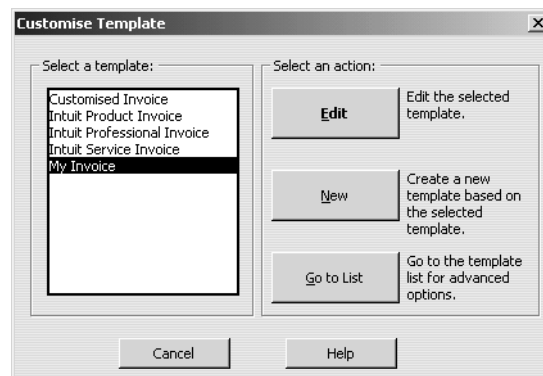
Changing the position of fields on the form

Next, you'll use the Layout Designer to move the P.O. Number and Sample fields, and to decrease the width of the Quantity column.

To move fields on forms:

- 1 With the My Invoice template still selected, click Customise next to the Template field.

QuickBooks displays the Customise Template window.

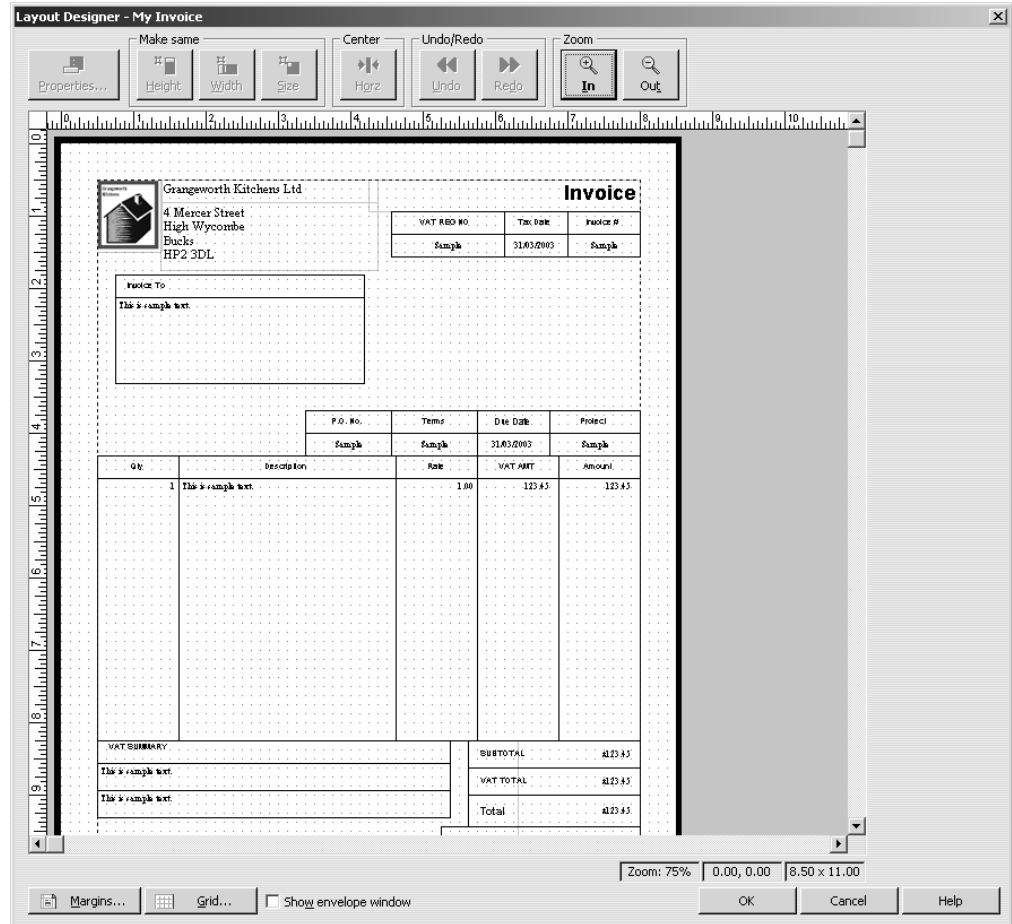


- 2 In the "Select a template" list, select My Invoice if it isn't already selected.
- 3 Click Edit.

QuickBooks displays the Customise Invoice window that you used before. Next, you'll use the Layout Designer to change the design of the form.

4 Click Layout Designer.

QuickBooks displays the Layout Designer window.

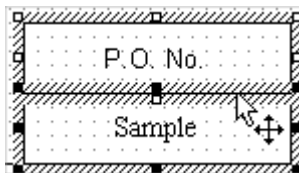


By clicking the Zoom buttons, you can zoom out to see an overall view of the form or zoom in for a closer look at a small section of the form.

- 5** On the form, click the P.O. No. field.
- 6** Press and hold the Shift key.
- 7** On the form, click "Sample" field (below P.O. No.).

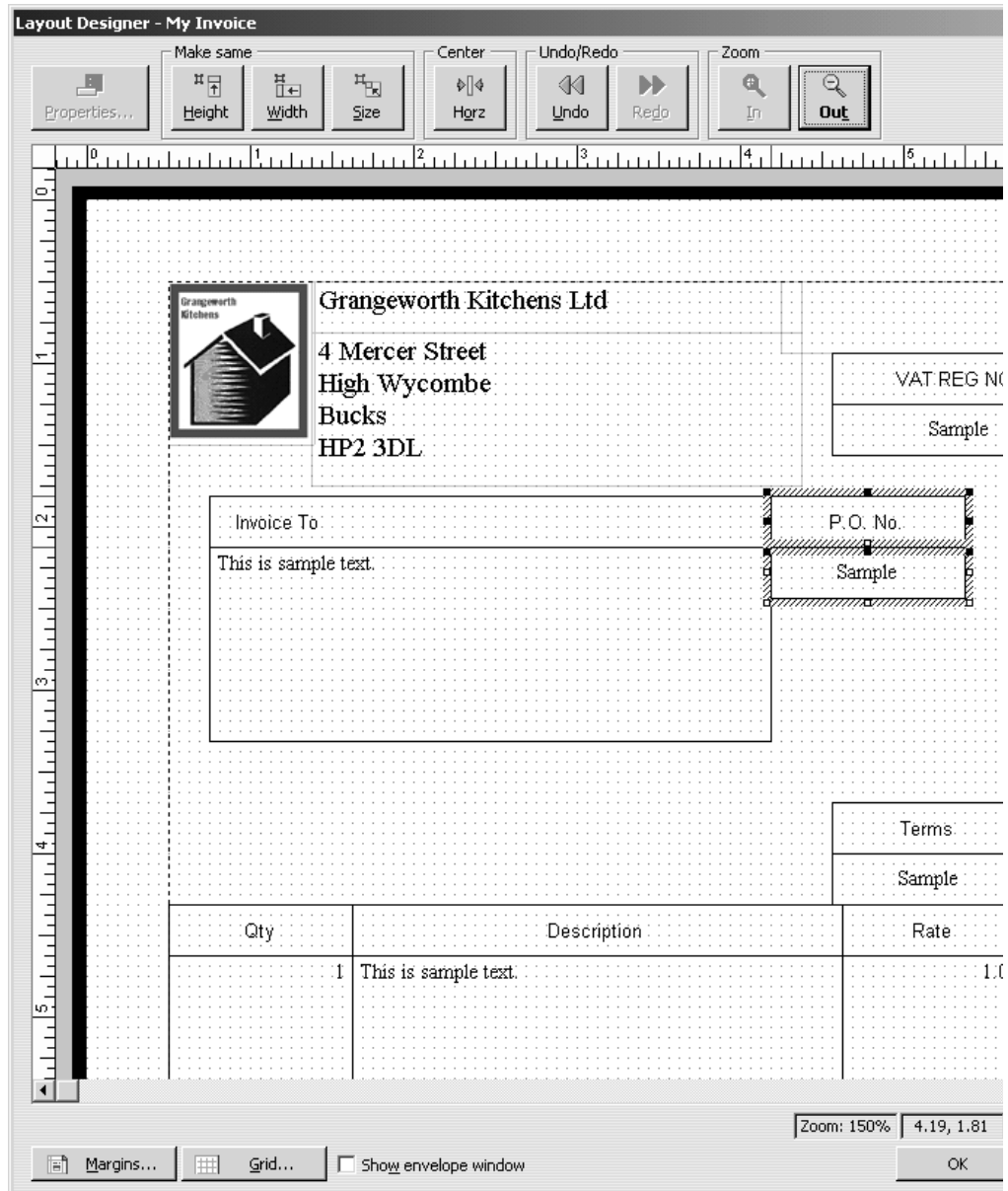
Tip: Holding down the Shift key when clicking on an object allows you to select multiple fields at the same time. This lets you move the fields together.

Notice the four-directional arrow that appears when you move the cursor over the selected fields. The P.O. No. and Sample fields on your screen should look like this:



- 8** Release the Shift key.
- 9** With the cursor over the selected fields, press and hold the left mouse button.
- 10** Drag the selected fields so that the top of the P.O. No. field is even with the top of the Invoice To field.
- 11** Release the mouse button.

Your screen should now look like this:



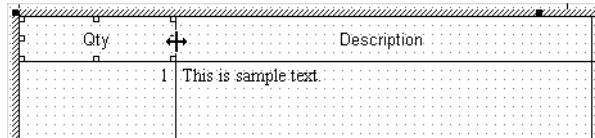
Changing the width of a field

Grangeworth Kitchens Ltd rarely enter a quantity greater than four characters, so you want to make the Qty column smaller. Decreasing the width of the Qty column also increases the width of the Description column.

To change the width of a field:

- 1 Scroll the Layout Designer window so the Qty field is visible.
- 2 Click Qty to select it.

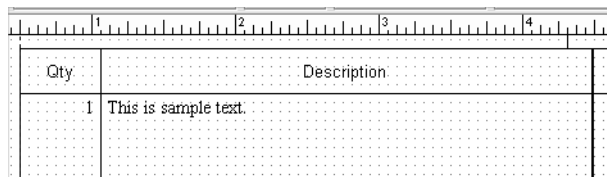
The Qty field should look like this:



Notice that when the cursor is positioned between the Qty and Description columns, it turns into a two-directional arrow:

- 3 Click and hold the left mouse button on the line separating the Qty and Description columns.
- 4 While holding down the mouse button, drag the column line to the left (just right of the one-inch mark on the ruler).
- 5 Release the mouse button.

The forms area on your screen should look like this.



Tip: If you want to change the font or border for any field, double-click the field. QuickBooks displays the Properties window, where you can change the font, font style, size and justification, and you can add or remove a border around the field.

- 6 Click OK to save the changes in the Layout Designer.
- 7 Click OK to close the Customise Invoice window.

Previewing the new form

Notice that the invoice form displayed by QuickBooks doesn't show the changes you just made in the Layout Designer. This is because these changes only affect the printed invoice and not the form QuickBooks displays for data entry.

To preview the invoice:

- 1 To see how the printed invoice form will look, click the Print drop-down list on the Create Invoices window toolbar, and then choose Preview.

QuickBooks displays the Print Preview window.

The screenshot shows a 'Print Preview' window for an invoice. The window title is 'Print Preview -- Page 1 of 1'. The toolbar includes buttons for 'Print', 'Prev page', 'Next page', 'Zoom In', 'Help', and 'Close'. The invoice form is displayed within a frame. At the top left is the company logo and name: 'Grangeworth Kitchens Ltd', '4 Mercer Street', 'High Wycombe', 'Bucks', 'HP2 3DL'. To the right is the word 'Invoice'. Below this is a table with three columns: 'VAT REG NO' (392423124), 'Tax Date' (31/03/2003), and 'Invoice #' (28). Below that is a table with two columns: 'Invoice To' and 'P.O. No.'. To the right of this is another table with three columns: 'Terms', 'Date Date' (31.03/2003), and 'Project'. The main body of the invoice is a table with five columns: 'QTY', 'Description', 'Rate', 'VAT AMT', and 'Amount'. At the bottom is a summary table with two columns: 'VAT SUMMARY' and 'SUBTOTAL', 'VAT TOTAL', 'Total', and 'Payments/Credits'. All monetary values are shown as '#.00'.

The invoice displayed in the Print Preview window shows exactly how the printed invoice will look, including the changes you made in the Layout Designer.

- 2 When you are finished looking at the preview, click Close.
- 3 Click Save & Close.

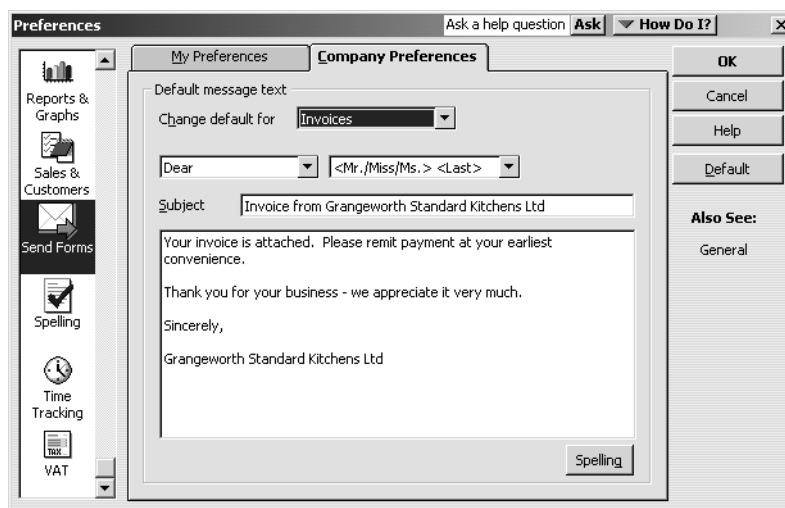
Customising email for sales forms (Pro/Accountant)

When sending a sales form or report by email, QuickBooks displays a default message, which you can override on an ad-hoc basis. However, with QuickBooks Pro/Accountant, you can customise the default messages to use when emailing invoices or other sales forms.

Suppose Grangeworth Kitchens wanted to use the contact's first and last names, and include in the email message a reminder to quote the invoice number when sending payment.

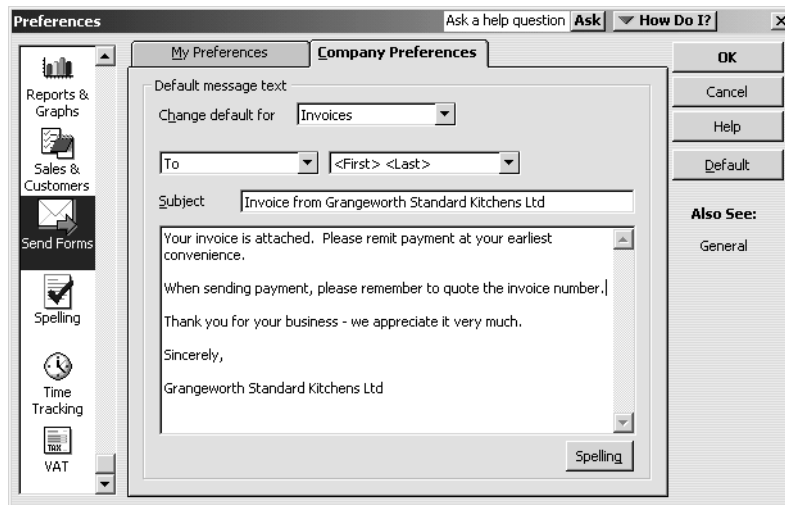
To customise an email message:

- 1 From the Edit menu, choose Preferences.
- 2 Click Send Forms in the left scroll box.
- 3 Click the Company Preferences tab to display the default message text preferences.



- 4 Leave 'Change default for' set to Invoices.
- 5 In the first drop-down list, select To, and in the second select <First> <Last>.

- 6 In the message section, add a new paragraph by typing the following:
When sending payment, please remember to quote the invoice number.



- 7 Click OK.

Next time you chose to email an invoice, QuickBooks would use the new version of the message as the default, although you could still override this.

Using QuickBooks Letters

From time to time, you may need to send a letter to a customer or vendor (or employee or anyone on your Other name list), or to a list of people. With QuickBooks, you can easily add the pertinent QuickBooks data (such as name, address, and balance information) to a letter without having to re-type it.

QuickBooks Pro/Accountant provides a number of business letters focusing on collections, news, and announcements. You can edit these letters as needed to suit your business and style of communication.

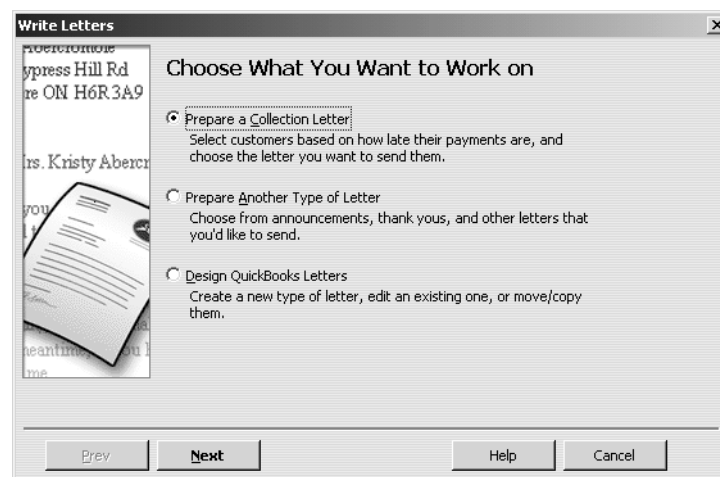
Preparing collection letters

In this exercise, you'll learn how to prepare a collection letter to send to customers with overdue payments.

To prepare a collection letter:

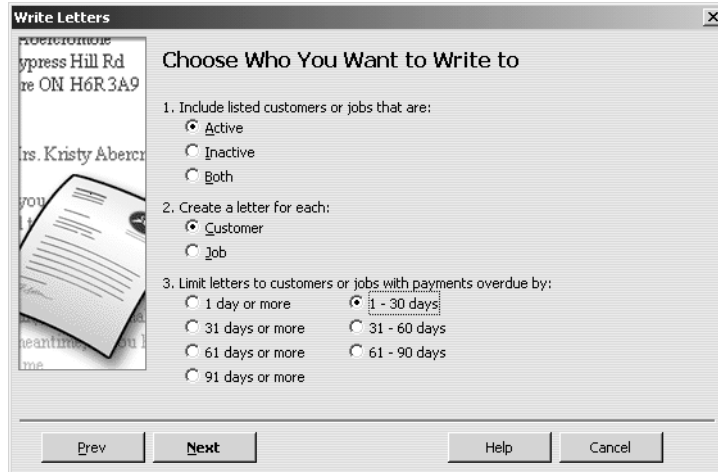
- 1 From the Company menu, choose Write Letters.
- 2 If QuickBooks prompts you to find letters, click Copy. QuickBooks will copy the QuickBooks letters from your installation directory to your Qbtrain folder.

QuickBooks opens the Write Letters wizard.



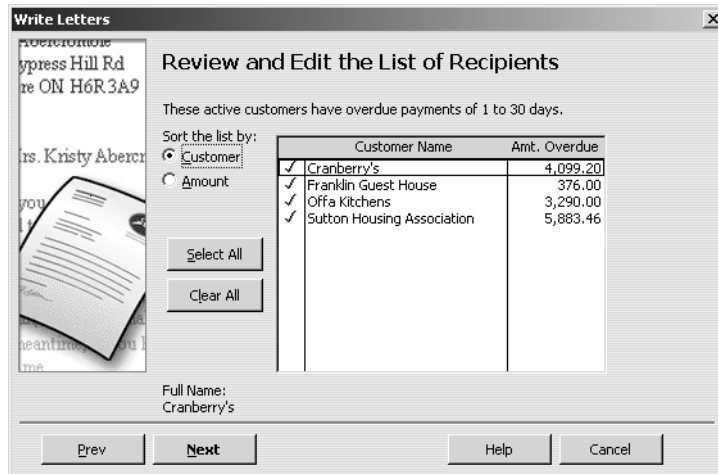
- 3 Click Prepare a Collection Letter and click Next.
- 4 When QuickBooks prompts you to choose who you want to write to:
 - For number 1, choose Active.
 - For number 2, choose Customer.
 - For number 3, choose 1–30 days.

Your screen should look like this:



5 Click Next.

QuickBooks displays a list of all active customers with payments overdue by 1–30 days.

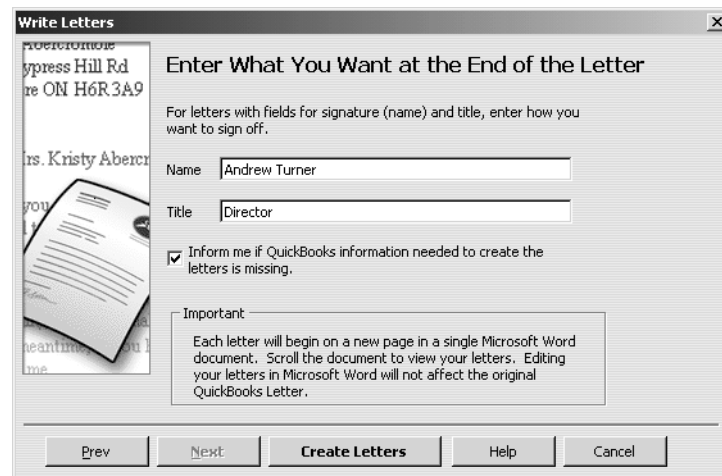


6 Leave all names selected and click Next.

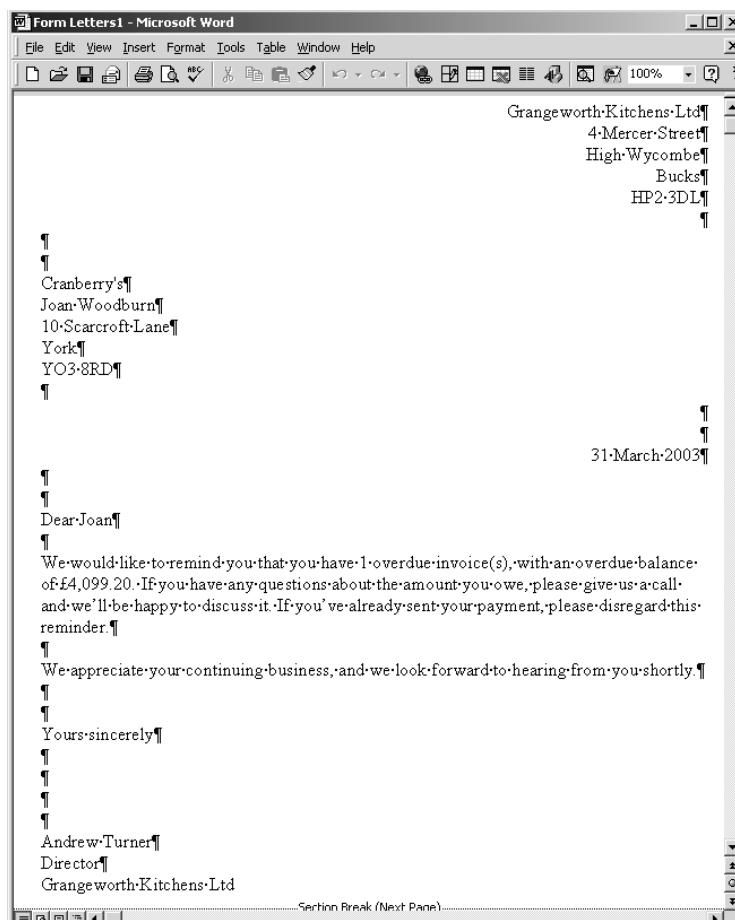
7 When QuickBooks prompts you to choose the letter you want to use, click “Friendly collection” and click Next.

- 8 In the Name field of the next screen, type **Andrew Turner**. In the Title field, type **Director**.

Your screen should look like this:



- 9 Click Create Letters.
- 10 If QuickBooks displays a message about missing information, click OK. QuickBooks starts Microsoft Word (if it's not running already) and displays collection letters for the customers that you selected.



You can scroll through the Microsoft Word document to see the letters. Notice that QuickBooks entered Andrew Turner's name and title at the end of each letter.

- 11 Close the Microsoft Word file without saving.

When you do save letters you've created using QuickBooks Letters, don't save them to the QuickBooks Letters folder. That folder should only be used to store original QuickBooks Letters.

If you wanted to print the letters, you would choose Print from the Microsoft Word File menu.

- 12 Return to QuickBooks Pro/Accountant.

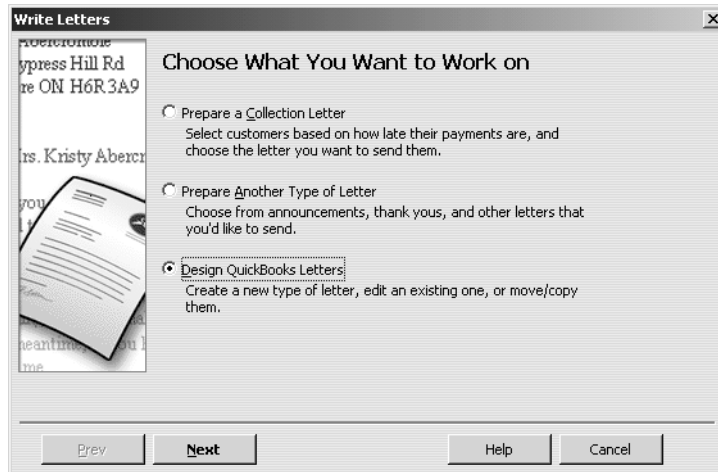
Editing a QuickBooks Letter

You can make changes to individual letters using Microsoft Word, or you can make global changes by editing the QuickBooks Letter used to generate a specific letter.

In this exercise, you'll edit the collection letter you prepared in the last exercise (Friendly collection). However, instead of working with completed letters with customer information already filled in, you'll work with the underlying QuickBooks Letter used to create the letters.

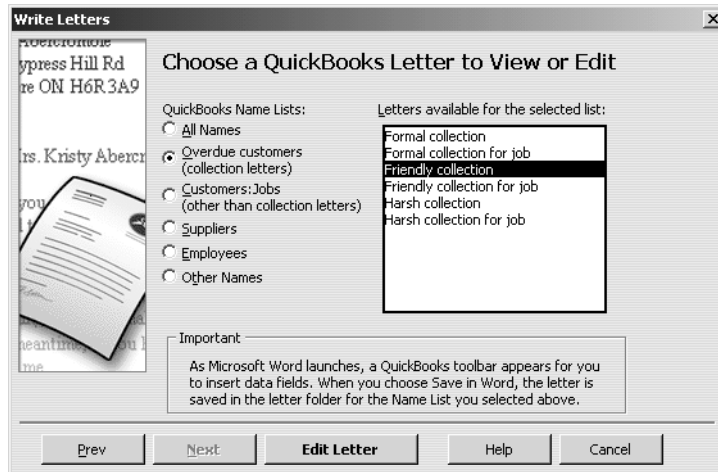
To edit a QuickBooks Letter:

- 1 From the Company menu, choose Write Letters.
QuickBooks opens the Write Letters wizard.
- 2 Click Design QuickBooks Letters and click Next.



- 3 In the screen that appears, click "View or Edit Existing Letters" and click Next.
- 4 When QuickBooks prompts you to choose the QuickBooks Letter you want to view or edit, click Overdue customers (collection letters), and then select "Friendly collection" from the list of available letters.

Your screen should look like this:



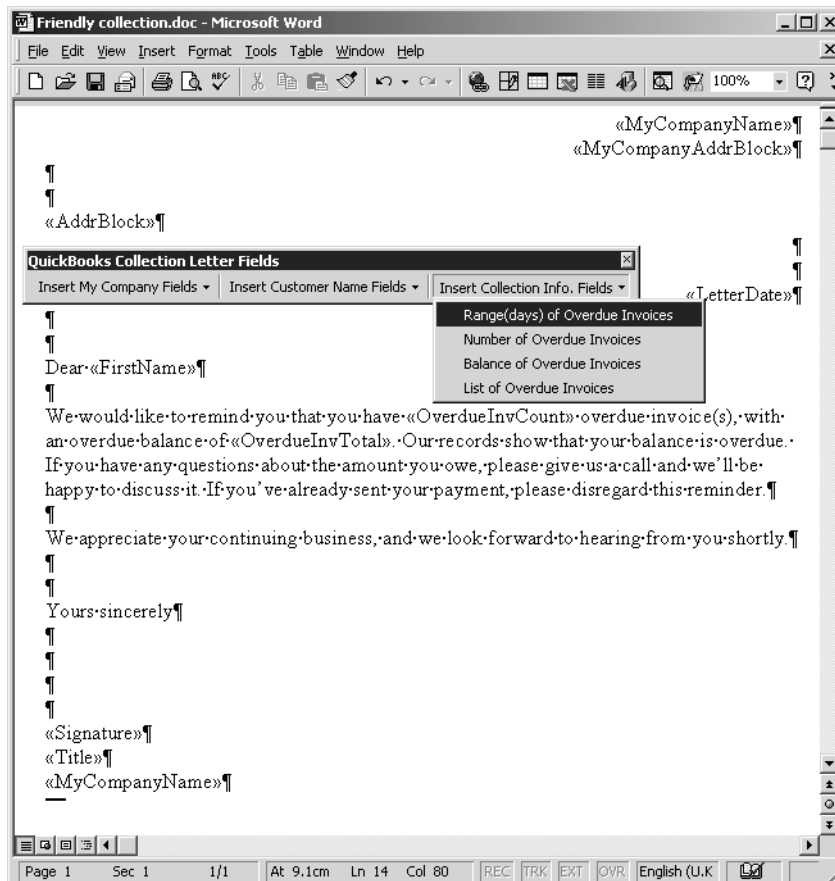
5 Click Edit Letter.

QuickBooks opens Microsoft Word (if it's not running already) and displays the QuickBooks Letter (Friendly collection) and a toolbar (QuickBooks Collection Letter Fields) that you can use to add information from QuickBooks to the letter in Word.

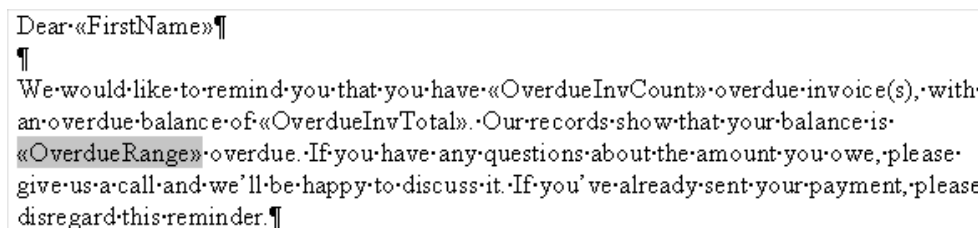


Note that you can move the toolbar by clicking it with your mouse pointer and dragging it to a new location.

- 6 Click your mouse pointer after the full stop at the end of the first sentence and the press the Spacebar once. (You'll insert a sentence into the paragraph.)
- 7 Type ***Our records show that your balance is overdue.***
- 8 Click your mouse pointer after the word *is* in the sentence you just typed, and press the Space bar again.
- 9 From the Insert Collection Info. Fields drop-down list on the QuickBooks Collection Letter Fields toolbar, select Range(days) of Overdue Invoices.



QuickBooks adds the <<OverdueRange>> field to the sentence you just typed:



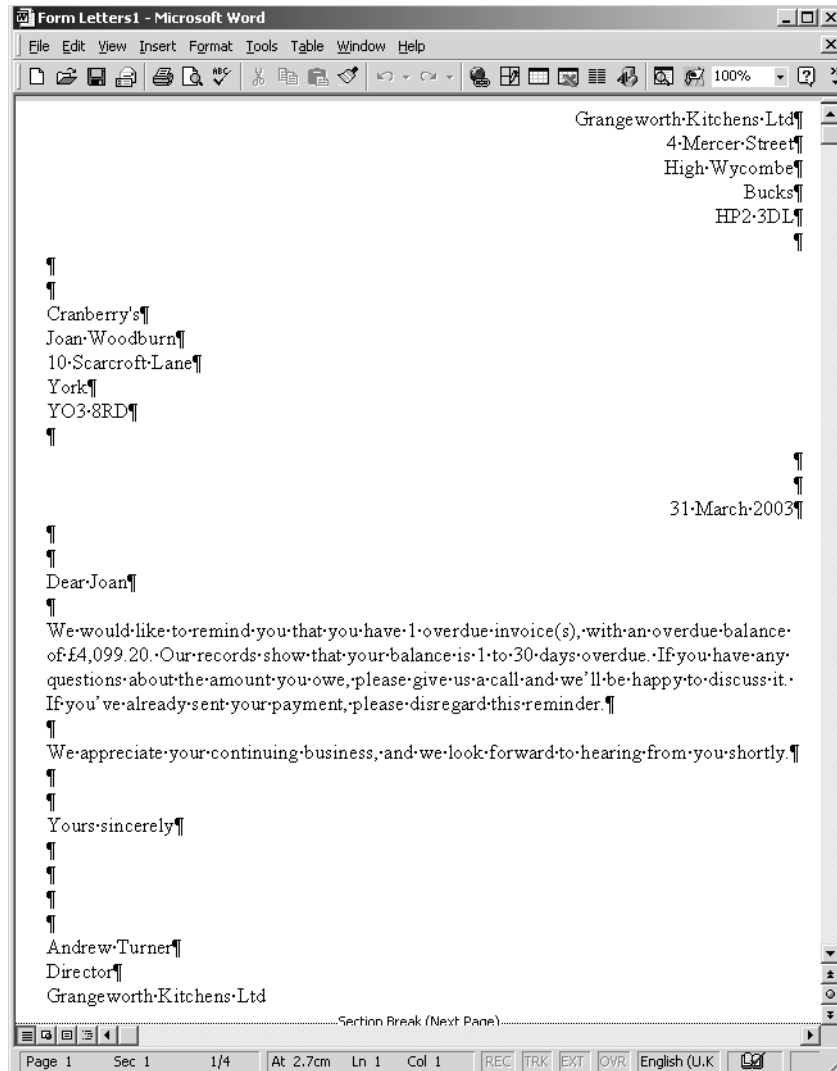
When you create letters using this modified QuickBooks letter, QuickBooks will replace the <<OverdueRange>> field with the number of days each customer you create a letter for is overdue.

- 10 From the Word File menu, choose Save As.

11 Navigate to the Collection Letters folder in your Qbtrain folder and click Save.

Tip: Saving the file to the Qbtrain folder you created to use with this guide (instead of your QuickBooks folder) ensures you do not overwrite the original QuickBooks Letter.

12 To see how this change affects the final letter output, close the letter file in Microsoft Word and go through the “Preparing collection letters” exercise again. Your letters should resemble this one:



13 Close Microsoft Word.

Printing labels

With QuickBooks Pro/Accountant, you can print labels to use when sending items or correspondence to customers, suppliers or employees. You have the option to exclude inactive customers or suppliers, and to control whether to print for specific jobs (so you do not get multiple labels for a customer with several current jobs for example). You can also manually select individual names from a list, or specify a whole or partial postcode.

In the following exercise, you will explore some of the different options available. Note that you can print shipping labels directly from an invoice, or separately as in this exercise.

To print labels:

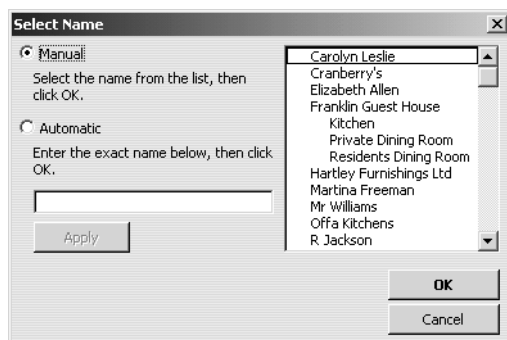
- 1 From the Company menu, choose Print Labels.

QuickBooks displays the Print Labels window.



- 2 In the Name field, select Selected names... from the drop-down list.

QuickBooks displays the Select Names window.



- 3 From here, you could press the Control key and select the individual names you wanted. For now, press Cancel.
- 4 Back at the Print Labels window, select Customer Type.
- 5 Change Sort labels by to Postcode.
- 6 Click the tickbox for Print Ship To addresses where available.

Your screen should look like this:



The screenshot shows a dialog box titled "Select Labels to Print" with a close button (X) in the top right corner. The dialog is divided into two main sections. The top section, "Print labels for Names from", contains three radio buttons: "Name" (selected), "Customer Type", and "Supplier Type". Each radio button is followed by a dropdown menu. The "Name" dropdown is set to "All names", "Customer Type" is set to "All Customer Types", and "Supplier Type" is set to "All Supplier Types". Below these is a checkbox labeled "with postcodes that start with" followed by an empty text input field. The bottom section, "Sort labels by", has a dropdown menu set to "Postcode". At the bottom of the dialog are three checkboxes: "Print Ship To addresses where available" (checked), "Print labels for inactive names" (unchecked), and "Print labels for jobs" (unchecked). On the right side of the dialog, there are three buttons: "OK", "Cancel", and "Help".

- 7** To actually print the labels, you would click OK, then select the type of label stationery. For now, click Cancel.

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LESSON 14 Using price levels, sales orders and estimates

Lesson objectives 14-2

To start this lesson 14-2

Using multiple price levels 14-2

Creating new price levels 14-3

Associating price levels with customers 14-5

Using price levels on sales forms 14-6

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Lesson objectives

- To learn how to use multiple price levels
- To use sales orders and delivery notes with invoices
- To learn how to create job estimates
- To create an invoice from an estimate
- To display project reports for estimates
- To update a job's status

To start this lesson

Before you start the lesson, make sure you have installed the backup lesson file (**qblesson.qbb**) on your hard disk. See “Installing the lesson file” in the Introduction to this guide if you haven't installed it.

Follow these steps to restore the lesson file to its original state so that the data in the file matches what you see on the screen as you proceed through the lesson.

Note: To complete this lesson, you must be using QuickBooks Pro or Accountant.

To restore the lesson file (**qblesson.qbb**):

- 1** From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2** In the “Get Company Backup From” section of the window, click Browse and select your **c:\qbtrain** directory.
- 3** Select the **qblesson.qbb** file, and then click Open.
- 4** In the “Restore Company Backup To” section of the window, type **lesson 14.qbw** in the Name field.
- 5** Click Browse and select your **c:\qbtrain** directory.
- 6** Click Save.
- 7** Click Restore.

Using multiple price levels

In lesson 6, you set up a new service item for Grangeworth Kitchens Ltd and assigned a price to that item. Sometimes businesses want to vary an item's price based on who they are selling to. For example, Grangeworth Kitchens Ltd charges different prices depending on whether it is selling to residential or trade customers.

You can associate price levels with specific customers so that each time you create an invoice (or other sales form) for that customer, QuickBooks uses the appropriate price level when calculating rates and amounts on the form. Price levels make it easy to use different rates on sales forms without having to calculate percentage amounts manually. Price levels affect amounts for service, stock, stock assemblies and non-stock parts.

With QuickBooks Accountant, you can also create price levels associated with individual items.

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

Note: The ability to create multiple price levels is available in QuickBooks Pro or Accountant only. You must be using QuickBooks Pro or Accountant to complete the rest of this lesson.

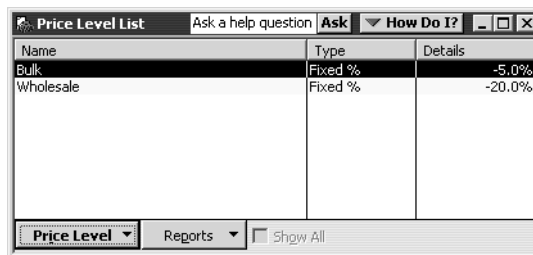
Creating new price levels

Grangeworth Kitchens Ltd charges its residential customers the base sales price it set up on its Item list. The company charges its preferred trade customers 25 percent less than the base sales price. In this exercise, you'll create a new price level for Grangeworth Kitchens to use to reduce the price to its preferred trade customers.

For each price level you create, you assign a name and percentage increase or decrease to the item's base sales price or a specific fixed price. You can create up to 100 price levels to use on invoices, sales receipts and credit memos.

To create a new fixed % price level:

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



- 2 From the Price Level menu button, choose New.
QuickBooks displays the New Price Level dialog box.
- 3 In the Price Level field type **Preferred Wholesaler**.
- 4 For the Price Level Type, select Fixed % from the drop-down list.

- 5 Select “Reduce sales price by” and then type **25** in the Percentage field. Always enter the percentage as a positive number.

The dialog box should look like this:

The dialog box shows the following details:

- Price Level Name: Preferred Wholesaler
- Price Level Type: Fixed %
- This price level will: decrease
- item prices by: 25%

- 6 Click OK.

The new price level appears in the list.

To create an item type price level (Accountant only):

- 1 From the Price Level menu button, choose New.
QuickBooks displays the New Price Level dialog box.
- 2 In the Price Level field type **Spring Promotion**.
- 3 For the Price Level Type, select Per Item from the drop-down list.
QuickBooks displays a list of items.

The dialog box shows the following details:

- Price Level Name: Spring Promotion
- Price Level Type: Per Item

Item	Cost	Standard Price	Custom Price
<input checked="" type="checkbox"/> Fitting		50.00	
<input type="checkbox"/> Plumbing	45.00	60.00	
<input type="checkbox"/> Chairs	0.00	0.00	
<input type="checkbox"/> Chairs:Oak chair	25.00	50.00	
<input type="checkbox"/> Chairs:Pine chair	14.00	30.00	
<input type="checkbox"/> Dressers	0.00	0.00	
<input type="checkbox"/> Dressers:Oak Welsh dresser	215.00	400.00	
<input type="checkbox"/> Dressers:Pine Welsh dresser	170.00	360.00	

- 4 Scroll down the item list and click in the tick column to select
 - Sinks: Butler’s sink
 - Sinks: Double sink
 - Taps: Mixer taps
 You’ll now decrease the prices for these items by a percentage.

- 5 Click on Adjust Selected Prices.

QuickBooks displays the Adjust Selected Prices dialog box.



- 6 Set the prices to be 10% lower than their standard price, and click OK.

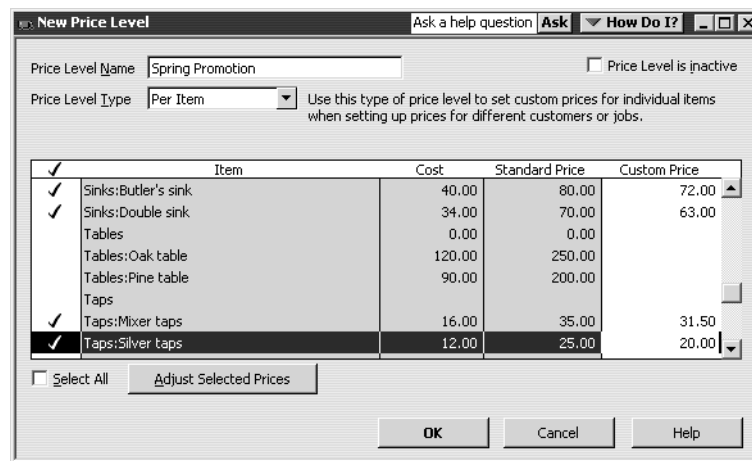
QuickBooks calculates the prices for the selected items and displays them in the right-hand column.

You can also enter specific prices for individual items.

- 7 Click in the tick column next to Taps: Silver taps.

- 8 In the right-hand column, type the price **20.00**.

Your screen should look like this:



- 9 Click OK.

The new price level appears in the list.

- 10 Close the Price Level List.

Associating price levels with customers

When you assign a price level to a customer, QuickBooks applies it when calculating rates and amounts on sales forms.

To associate a price level with a customer:

- 1 From the Customers menu, choose Customer:Job List.
- 2 From the Customer:Job list, choose Offa Kitchens.
- 3 From the Customer:Job menu button, choose Edit, and then click the Additional Info tab.

- From the Price Level drop-down list, choose Preferred Wholesaler. Your screen should look like this.

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

Using price levels on sales forms

In this section, you'll create an invoice for Offa Kitchens to see how the newly-associated Preferred Wholesaler price level affects amounts on the form.

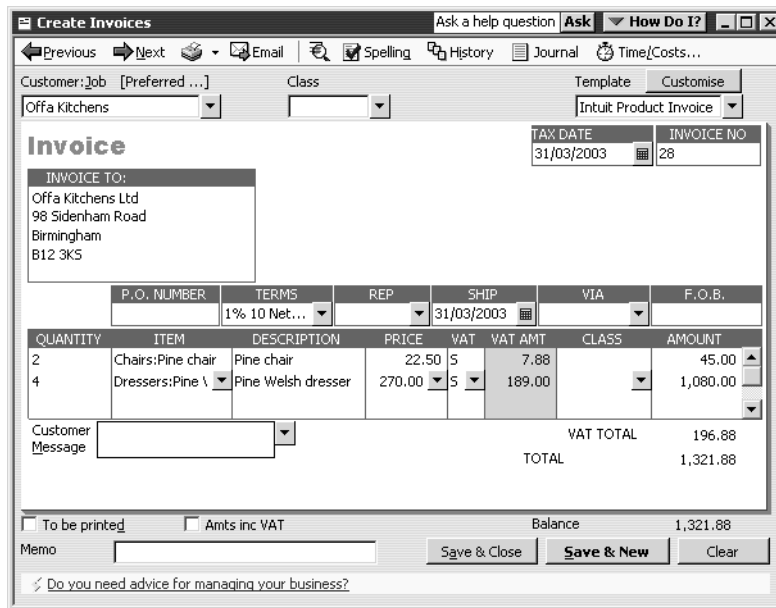
To use a price level associated with a customer:

- From the Customers menu, choose Create Invoices.
- From the Customer:Job drop-down list, choose Offa Kitchens.

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

- In the Qty field, type 2 and press Tab.
- In the Item column, choose Chairs:Pine chair from the drop-down list.
- Click below 2 in the Qty field and type 4.

- In the Item field, choose Dressers:Pine Welsh Dresser. Your screen should look like this:



- Keep the invoice open and choose Item List from the Lists menu.
- In the Item list, go to Chairs:Pine chair. Note that the price for is £30.00, but the rate on the invoice is £22.50. QuickBooks has automatically reduced the rate on the invoice by 25 percent.

Name	Description	Type	VAT	Account	On Hand	On Sales Order	Price	Gross P...
◊ Fitting	Fitting kitchen	Service	S	Labour:Fitting			50.00	58.75
◊ Plumbing	Plumbing	Service	S	Labour:Plumbing			60.00	70.50
◊ Chairs								
◊ Oak chair	Oak chair	Stock Part	S	Sales:Retail	0	0	0.00	0.00
◊ Pine chair	Pine chair	Stock Part	S	Sales:Retail	4	0	50.00	58.75
◊ Pine chair	Pine chair	Stock Part	S	Sales:Retail	54	0	30.00	35.25
◊ Dressers								
◊ Oak Welsh dresser	Oak Welsh dresser	Stock Part	S	Sales:Retail	0	0	0.00	0.00
◊ Pine Welsh dresser	Pine Welsh dresser	Stock Part	S	Sales:Retail	15	0	400.00	470.00
					8	0	360.00	423.00

Note: You can set up QuickBooks to round rates up to the next whole pound. From the Edit menu, choose Preferences. Choose Sales & Customers from the scroll list and then click the Company Preferences tab. Click the “Round all sales prices up to the next whole pound” tickbox and click OK

- Scroll to Dressers:Pine Welsh dresser and note that the base sales price is £360.00, while the rate on the invoice using the Preferred Wholesaler price level is £270.00, or 25 percent less.
- Close the Item list.
- Record the invoice by clicking Save & Close.

Assigning price levels to individual line items

In addition to associating price levels with customers, you can also use price levels on an ad-hoc basis on sales forms. For example:

- You've associated a price level with a customer, but want to charge the base sales price for an item on a sale to that customer.
- You want to use a price level for one or more items, but you don't want to assign a price level to the customer for whom you're recording the sale.

To apply a price to a single line item:

- Click in the Price column and select the price level you want to use from the drop-down list.
QuickBooks applies the price and recalculates the amount and balance due.

Using sales orders and delivery notes

If you're using QuickBooks Pro or Accountant, you can use sales orders to manage customer orders for products not in stock or services not yet available, without affecting your account balances. You can use sales orders in two ways:

- Create a sales order, then create an invoice based on the sales order.
- Create a sales order from an invoice on which one or more items are out of stock.

In addition, you can create a delivery note from a sales order (or from an invoice) to include with the goods when you ship them.

With QuickBooks Accountant, you can also generate a purchase order from a sales order.

In this exercise, you'll create a sales order for Franklin Guest House which you'll use as the basis of an invoice and delivery note. First, you must enable the sales orders function.

To enable sales orders:

- 1** From the Edit menu, select Preferences.
- 2** In the left panel of the Preferences window, select Sales & Customers.
- 3** Click the Company Preferences tab.
- 4** Click the tick boxes for "Enable Sales Orders" and the two tick boxes beneath it, if they are not already ticked.
- 5** Click OK.

QuickBooks closes all active windows in order to change the settings.

Creating sales orders

The sales order form works like the other sales forms in QuickBooks.

To create a sales order:

- 1 From the Customers menu, select Create Sales Orders.

QuickBooks displays the Create Sales Orders window:

- 2 In the Customer:Job field, select Franklin Guest House:Residents Dining Room. QuickBooks fills in the address details.
- 3 Click in the Item field on the first line and select Chairs:Oak chair from the drop-down list. QuickBooks fills in the description and price details.
- 4 Click in the Ordered field on the first line, type **4** and press Tab. QuickBooks calculates the totals for the first line.
- 5 Click in the Item field on the second line and select Tables:Oak table from the drop-down list. QuickBooks fills in the description and price details.
- 6 Click in the Ordered field on the second line, type **1** and press Tab. QuickBooks calculates the totals for the second line.
- 7 Click in the Item field on the third line and select Dresser:Oak Welsh dresser from the drop-down list. QuickBooks fills in the description and price details.

- 8 Click in the Ordered field on the third line, type **1** and press Tab. QuickBooks calculates the totals for the third line. Your screen should now look like this:

Sales Order

Name / Address
Franklin Guest House
1 Church Lane
Old Windsor
Berks SL3 1NU

Ship To
Franklin Guest House
1 Church Lane
Old Windsor
Berks SL3 1NU

Item	Description	Ordered	Rate	VAT	VAT AMT	Amount	
Chairs:Oak chair	Oak chair	4	50.00	5	35.00	200.00	
Tables:Oak table	Oak table	1	250.00	5	43.75	250.00	
Dressers:Oa...	Oak Welsh dresser	1	400.00	5	70.00	400.00	
Customer						VAT TOTAL	148.75
Memo						Total	998.75

To be printed Amts inc VAT

Buttons: Save & Close, Save & New, Clear

Send letters to customers or vendors with pre-written, pre-formatted business letters.

- 9 Click Save & Close.

Creating invoices from sales orders

When you are ready to send Franklin Guest House an invoice, you can generate it directly from the sales order you've created.

To create an invoice from a sales order:

- 1 From the Customers menu, select Create Sales Orders. QuickBooks displays the Create Sales Orders window.

- Click the Previous button until your Franklin Guest House sales order is displayed:

The screenshot shows the 'Create Sales Orders' window. At the top, there are navigation buttons: Previous, Next, Spelling, History, Journal, and Create Invoice. The 'Customer: Job' is 'Use: Residents Dining Room'. The 'Sales Order' section shows the customer name and address: Franklin Guest House, 1 Church Lane, Old Windsor, Berks SL3 1NU. The 'Tax Date' is 31/03/2003 and the 'S.O. No.' is 1. The 'Ship To' address is the same as the customer address. The 'P.O. No.' field is empty. Below this is a table of items:

Item	Description	Ordered	Rate	VAT	VAT AMT	Amount	Invoiced	Clsd
Chairs:Oak c...	Oak chair	4	50.00	S	35.00	200.00	0	
Tables:Oak t...	Oak table	1	250.00	S	43.75	250.00	0	
Dressers:Oa...	Oak Welsh dresser	1	400.00	S	70.00	400.00	0	
VAT TOTAL						148.75		
Total						998.75		

At the bottom, there are checkboxes for 'To be printed', 'Closed', and 'Amts inc VAT'. There is also a 'Memo' field and buttons for 'Save & Close', 'Save & New', and 'Revert'. A warning message at the bottom states: 'Passwords can help you limit access to important company data.'

Note that the Invoiced and Clsd (closed) columns now appear to the right of the Total column.

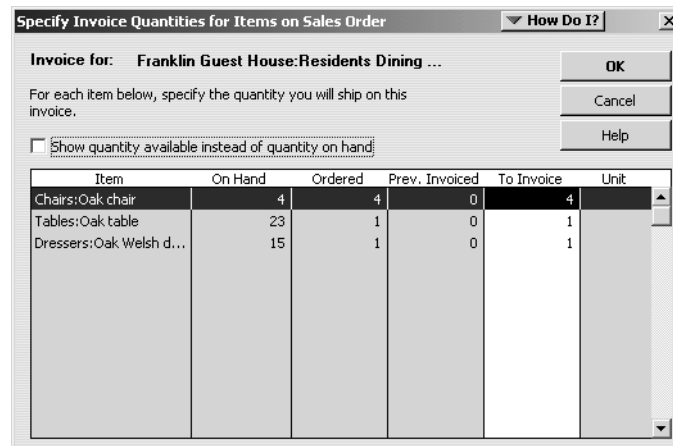
- Click the Create Invoice button (top right).

QuickBooks displays the Create Invoice Based On Sales Order dialog box:

The dialog box is titled 'Create Invoice Based On Sales Order'. It contains the text 'Specify what to include on the invoice.' and two radio button options: 'Create invoice for the entire sales order.' (which is selected) and 'Create invoice for selected items.'. At the bottom, there are buttons for 'OK', 'Cancel', and 'Help'.

- Click "Create invoice for selected items", then click OK.

QuickBooks displays the Specify Invoice Quantities dialog box:



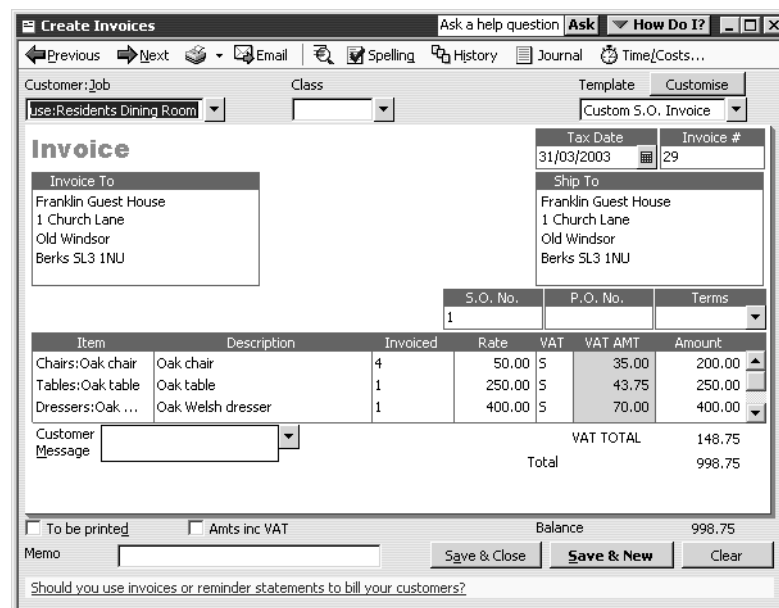
The dialog box is titled "Specify Invoice Quantities for Items on Sales Order". It shows the invoice for "Franklin Guest House:Residents Dining ...". Below the title, there are instructions: "For each item below, specify the quantity you will ship on this invoice." There are three buttons: "OK", "Cancel", and "Help". A checkbox labeled "Show quantity available instead of quantity on hand" is unchecked.

Item	On Hand	Ordered	Prev. Invoiced	To Invoice	Unit
Chairs:Oak chair	4	4	0	4	
Tables:Oak table	23	1	0	1	
Dressers:Oak Welsh d...	15	1	0	1	

For each item, the quantities on hand, ordered, previously invoiced, and to invoice are shown.

- Click OK.

QuickBooks displays the invoice:



The "Create Invoices" window shows the invoice for "Franklin Guest House". The customer is "Use:Residents Dining Room". The tax date is 31/03/2003 and the invoice number is 29. The shipping address is "Franklin Guest House, 1 Church Lane, Old Windsor, Berks SL3 1NU".

Item	Description	Invoiced	Rate	VAT	VAT AMT	Amount
Chairs:Oak chair	Oak chair	4	50.00	5	35.00	200.00
Tables:Oak table	Oak table	1	250.00	5	43.75	250.00
Dressers:Oak ...	Oak Welsh dresser	1	400.00	5	70.00	400.00
					VAT TOTAL	148.75
					Total	998.75

The total amount is 998.75. There are buttons for "Save & Close", "Save & New", and "Clear".

Note: If there are any items which are out of stock, they would be shown on the form but not printed. You can check this in the Print Preview window.

- Click Save & New.
- Click Back to return to the saved invoice.

Creating delivery notes

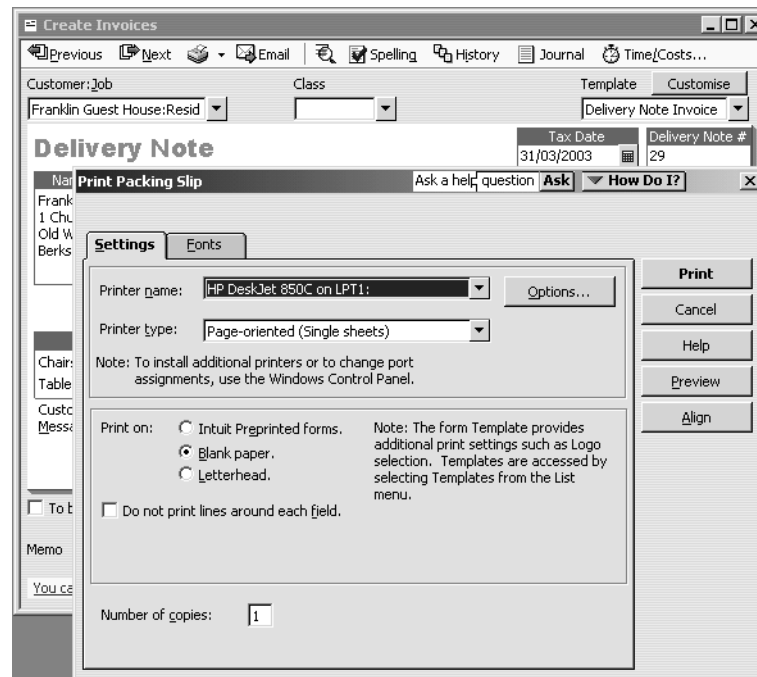
You can now print a delivery note corresponding to your invoice. If you wished, you could also print a shipping label in a similar way.

To print a delivery note:

- 1 From the drop-down menu next to the Print button, select Print Delivery Note:



QuickBooks creates the delivery note and displays the Print window:



- 2 Click Preview.
You can see the delivery note includes the items and quantities, but not the prices.
- 3 At this stage you would normally print the delivery note, but for now click Close then Cancel.
The invoice is redisplayed.
- 4 Click Save & Close.

Creating sales orders from invoices

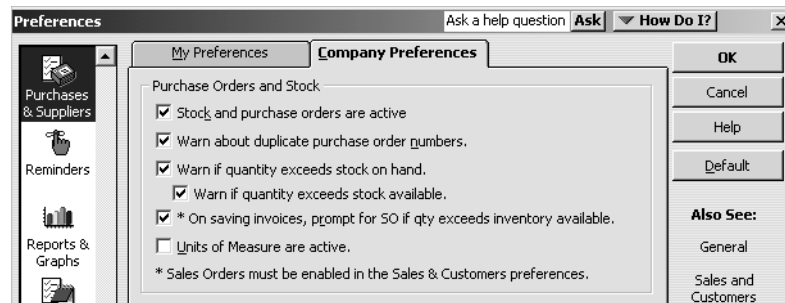
If you choose items on an invoice which are out of stock, you can create a sales order for the items which you are unable to supply. In this exercise, you'll see how to set QuickBooks to warn you when items aren't in stock, then you'll create a sales order for such an item.

With QuickBooks Accountant, you can then create a purchase order from that sales order.

To enable out-of-stock warnings:

- 1 From the Edit menu, select Preferences.
- 2 In the left panel of the Preferences window, select Purchases and Suppliers.
- 3 Click the Company Preferences tab.

Make sure the tick boxes for "Purchase Orders and Stock" are ticked as shown:

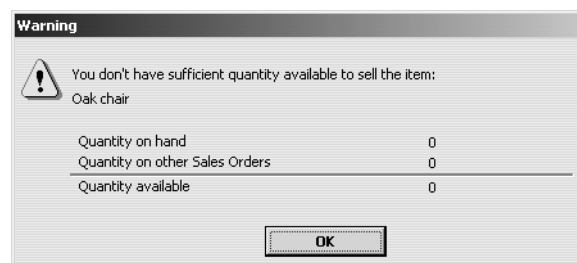


- 4 Click OK.

QuickBooks closes all active windows in order to change the settings.

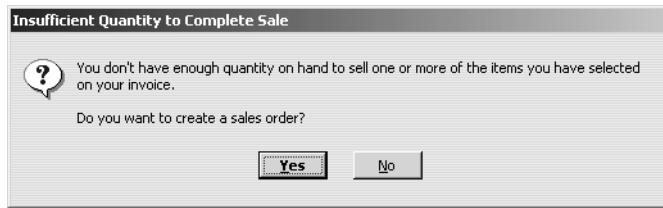
To create a sales order from an invoice:

- 1 From the Customers menu, select Create Invoices.
QuickBooks displays the Create Invoices window.
- 2 In the Customer:Job field, select Mr Williams from the drop-down list.
QuickBooks fills in the address details.
- 3 Click on the Quantity field on the first line and type 5.
- 4 Click on the Item field and select Chairs:Oak chair from the drop-down list.
QuickBooks displays this warning:

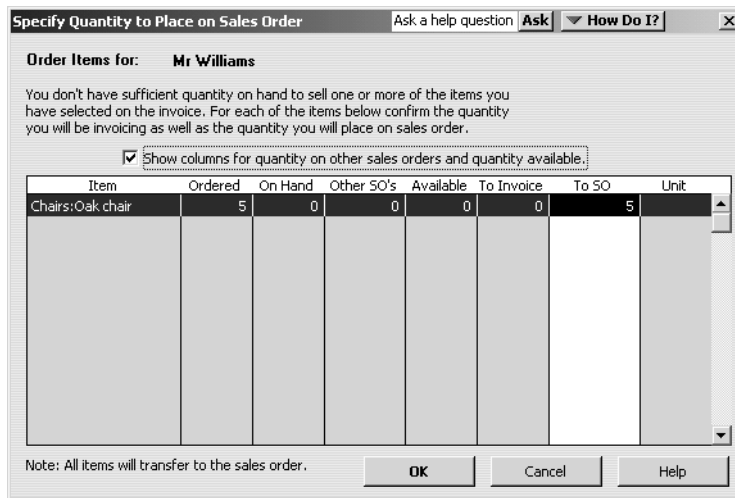


- 5 Click OK.
QuickBooks fills in the item description and price.

- 6 Click Save & Close.
QuickBooks displays this warning:



- 7 Click Yes.
QuickBooks displays the Specify Quantities to Place on Sales Order window:



This shows the quantities ordered, on hand, on other sales orders, available (on hand less other SOs). You can amend the quantities to invoice and to transfer to the sales order, or add other out-of-stock items.

Since there are no oak chairs in stock, the To Invoice column shows zero and To Sales Order shows five oak chairs.

- 8 Click OK.

QuickBooks displays the order in the Create Sales Orders window.

Create Sales Orders Ask a help question **Ask** How Do I? _ _ X

Customer: Job Class Template Customise
Mr Williams Custom Sales Order

Sales Order

Name / Address
Mr Williams
12 Albert Road
North Town
Berkshire
SL6 7NU

Ship To
Mr Williams
12 Albert Road
North Town
Berkshire
SL6 7NU

Tax Date 31/03/2003 S.O. No. 2
P.O. No.

Item	Description	Ordered	Rate	VAT	VAT AMT	Amount	Invoiced	Clsd
Chairs:Oak c...	Oak chair	5	50.00	5	43.75	250.00	0	
VAT TOTAL						43.75		
Total						293.75		

Customer Message

To be printed Closed Amt's inc VAT

Memo

Save & Close Save & New Revert

You can export your report data to Microsoft Excel and use it to run "what if" scenarios.

9 Click Save & Close.

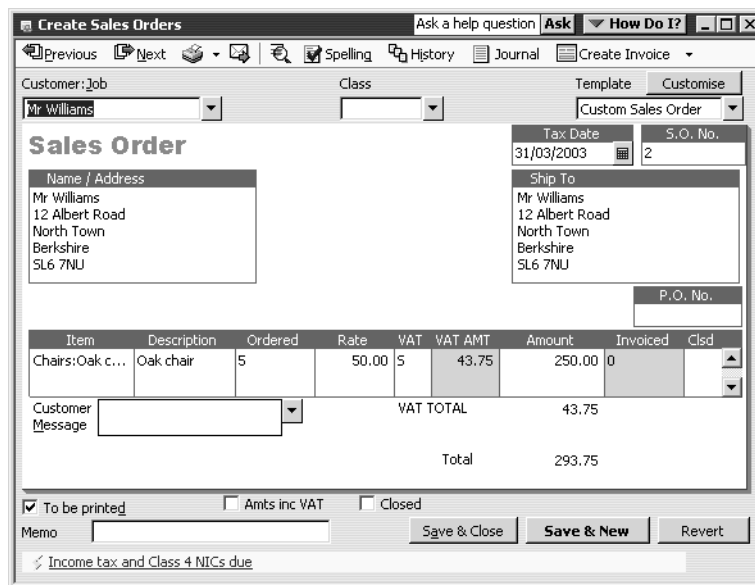
Creating purchase orders from sales orders (Accountant only)

With QuickBooks Accountant, if you do not have sufficient stock (or if you wanted to order additional stock for items that appear on a sales order), you can generate a purchase order directly from the sales order you've created.

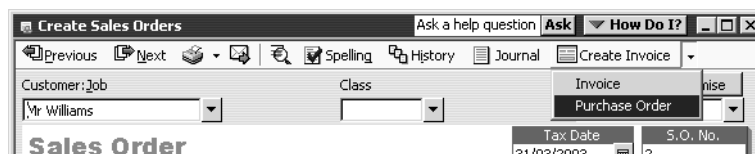
In this exercise, you'll create a purchase order for the oak chairs on Mr Williams' sales order. You must have QuickBooks Accountant to carry out this exercise, otherwise proceed to the next section, 'Creating jobs and estimates'.

To create a purchase order from a sales order:

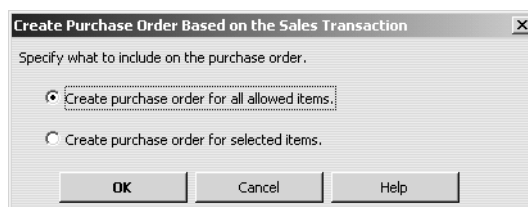
- 1 From the Customers menu, select Create Sales Orders.
QuickBooks displays the Create Sales Orders window.
- 2 Click the Previous button until your Mr Williams sales order is displayed:



- 3 Click the down arrow next to the Create Invoice button (top right) and choose Purchase Order.



QuickBooks displays the Create Purchase Order Based On The Sales Transaction dialog box:



- Click “Create purchase order for all allowed items”, then click OK.

QuickBooks displays the purchase order, with Grangeworth Kitchens’ usual supplier for oak chairs already filled in. Notice that the memo field shows which sales order it relates to:

Item	Description	Qty	Rate	VAT	Customer	VAT AMT	Class	Amount
Chairs:Oak c...	Oak chair	5	25.00	5	Mr Williams	21.88		125.00

Supplier: Windsor & Wycombe
145 Greendale Ind. Est.
Slough
Berkshire
SL2 1NY

Ship To: Grangeworth Standard Kitchens Ltd
4 Mercer Street
High Wycombe
Bucks
HP2 3DL

Supplier Message: [Empty]

VAT TOTAL: 21.88
Total: 146.88

Memo: Sales Order 2:

- Click Save & Close.

Creating jobs and estimates

An estimate is a description of work or products you propose to sell to a current or prospective customer. You can have more than one estimate for each name (customer or customer:job combination). If the customer accepts the estimate, you can turn the estimate into an invoice, modifying it as necessary. When you have actual costs and revenues, you can compare them to your estimated costs and revenues to see if you were over or under the estimate.

Estimates are “non-posting” transactions—they do not affect any financial reports or income and expense balances. QuickBooks allows you to create invoices from estimates either by transferring the entire estimate to an invoice or by allowing you to choose a percentage or selected items to invoice from the estimate. The ability to bill for only a percentage of the estimate or selected items on an estimate is called progress invoicing.

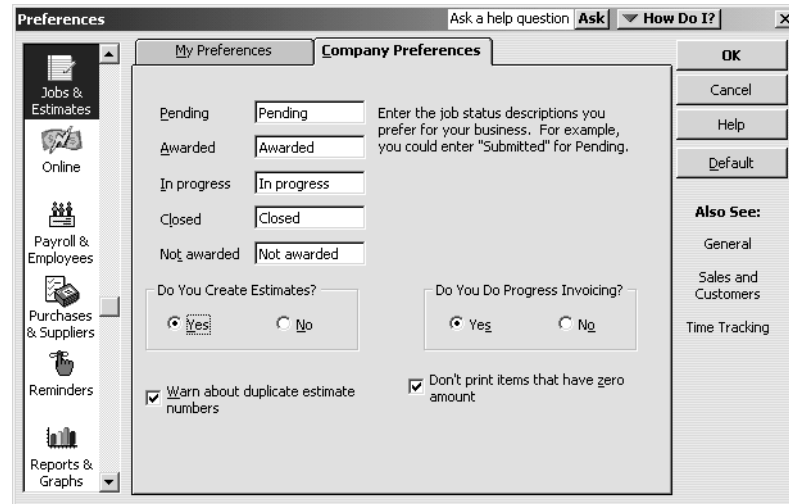
When you create a new QuickBooks company using the EasyStep Interview, QuickBooks asks you if you use estimates and/or progress invoicing. If you respond yes, QuickBooks turns on these features for you (Pro/Accountant only). If you respond no, you need to turn on these features in order to use them.

Turning on estimates and progress invoicing

To turn on estimates and progress invoicing in QuickBooks:

- 1 From the Edit menu, choose Preferences.
- 2 Click Jobs & Estimates in the left scroll box.
- 3 Click the Company Preferences tab to display the job and estimate preferences.

QuickBooks displays the Jobs and Estimates Preferences window:



- 4 Click Yes for “Do You Create Estimates?”
- 5 Click Yes for “Do You Do Progress Invoicing?”
- 6 Click OK to record and close the Preferences window.

Creating a new job

Now that you’ve turned on estimating, you can add a new job for a kitchen renovation project for your customer, Sutton Housing Association. Then you’ll create an estimate for the job.

To create a new job:

- 1 From the Customers menu, choose Customer:Job List.
- 2 In the Customer:Job list, select Sutton Housing Association.
- 3 Click the Customer:Job menu button, and then choose Add Job.

QuickBooks displays the New Job window.

- 4 In the Job Name field, type ***Kitchen refurbishment Flats 25-30.***
- 5 Click the Job Info tab.

QuickBooks displays the Job Info portion of the New Job window.

- 6 In the Job Status field, select Pending from the drop-down list.
- 7 In the Start Date field, type ***05/05/2008.***
- 8 In the Projected End field, type ***12/05/2008.***
- 9 In the Job Description field, type ***Remodel kitchens.***

10 In the Job Type field, type Renovations and press Tab, then click QuickAdd.

Job types give you a way to classify your jobs so you can group and subtotal similar jobs on your reports. By using them, you'll be able to determine which kinds of jobs are the most profitable for your business.

Your screen should resemble this one:

11 Click OK.

QuickBooks returns you to the Customer:Job List.

Name	Balance	Notes	Job Status	Estimate Total
Private Dining Room	0.00			
Residents Dining Room	998.75			0.00
Hartley Furnishings Ltd	7,115.80			0.00
Martina Freeman	0.00			0.00
Mr Williams	0.00			
Offa Kitchens	10,242.48			0.00
R Jackson	0.00			0.00
Sutton Housing Association	5,883.46			
Kitchen refurbishment Flats 25-30	0.00		Pending	

Notice that the new kitchen refurbishment job is listed as a pending job for Sutton Housing Association.

Writing an estimate

Now that you've created a new job for the kitchen refurbishment, you can create an estimate for it.

To create an estimate:

1 In the Customer:Job list, select Sutton Housing Association:Kitchen refurbishment Flats 25-30 (make sure you don't select one of their other jobs).

2 Click the Activities menu button, and then choose Create Estimates.

If QuickBooks displays a message about change tracking, click OK.

QuickBooks displays the Create Estimates window for this customer and job. You learned in Lesson 6 how to fill in an invoice form, so this form should be familiar.

3 Press Tab to accept Sutton Housing Association:Kitchen refurbishment Flats 25-30 in the Customer:Job field.

Notice that QuickBooks enters the customer's name and address in the appropriate area of the form.

4 In the Estimate No. field, type **11**.

5 In the Item column, type **Fitting**.

Before you can finish typing, QuickBooks has filled it in for you, and QuickBooks fills in any default description for this item.

6 Press Tab twice to move to the Qty field.

7 Type **69** in the Qty field, and then press Tab.

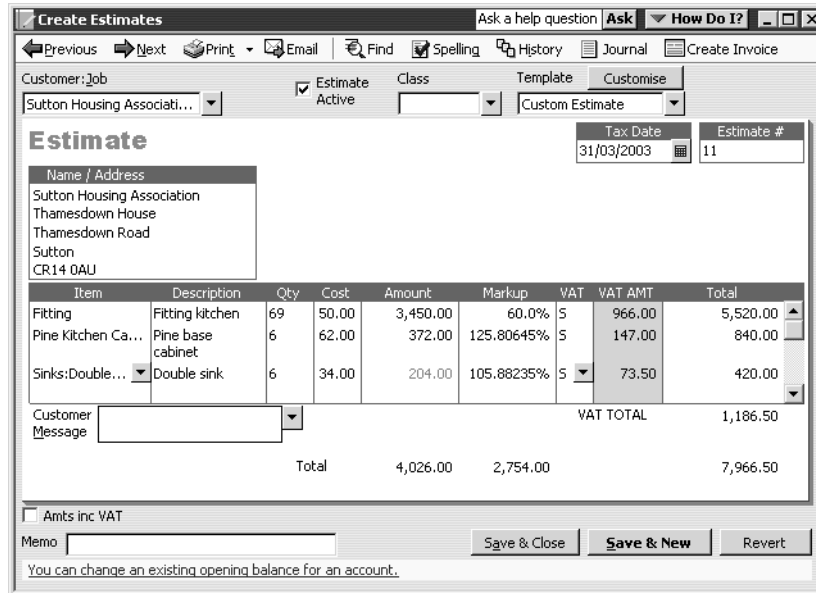
The total amount is calculated by QuickBooks when you move out of this field.

8 In the Markup field, type **60%**.

9 Click the line under "Fitting" in the Item column.

- 10 Select Pine Kitchen Cabinets:Pine base cabinet.
- 11 Press Tab twice to move to the Qty field, and then type 6.
- 12 On the next line in the Item column, choose Sinks:Double sink.
- 13 Press Tab twice to move to the Qty field, and then type 6.

Your estimate should look like this:

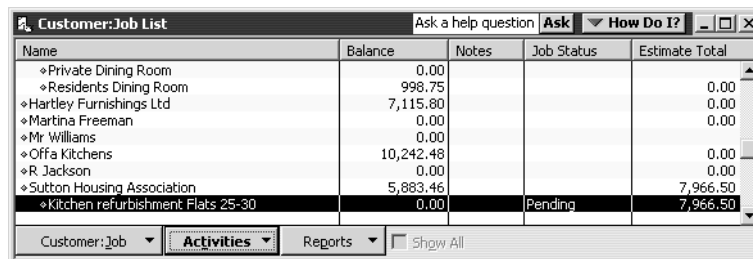


Notice that QuickBooks has filled in most of the information for the estimate based on the items selected.

Note: The version on screen shows all the markup information, but the version you send to the customer does not show this. Click the arrow next to the Print button, and choose Preview to see the customer's version.

- 14 Click Save & Close to save the estimate.

QuickBooks returns you to the Customer:Job list. Notice the Estimate Total column for the Pending kitchen refurbishment job for Sutton Housing Association Flats 25-30 now has a balance of 7966.50.



Creating multiple estimates

You can create multiple estimates for a customer or job. This is useful if you wish to issue estimates reflecting “best-case” and “worst-case” scenarios, or based on different grades of materials. Any one of these estimates can be used to create invoices in the usual way.

To create an additional estimate:

- 1 From the Customers menu, select Create Estimates.
- 2 In the Customer:Job field, select Sutton Housing Association:Kitchen refurbishment Flats 25-30, and press Tab.
- 3 For the first item line, select Fitting, with a quantity of 75 and a markup of 80%.
- 4 For the second item line, select Pine base with drawer, with a quantity of 6.
- 5 For the third item line, select Sinks:Butler’s sink, with a quantity of 6.
- 6 Click Save & New.
- 7 On the Customer:Job list, notice the Estimate Total column for the Pending kitchen refurbishment job for Sutton Housing Association Flats 25-30 now has a balance of 17660.25.

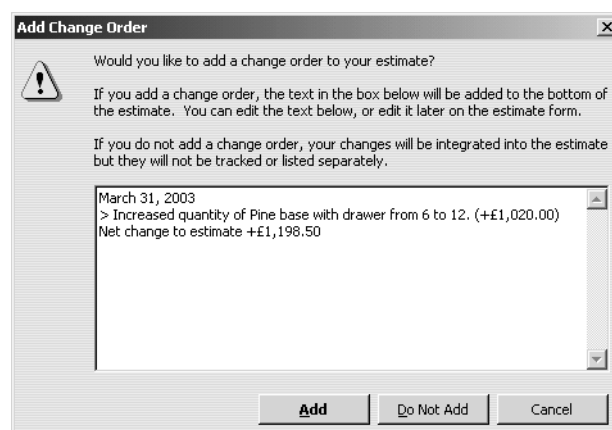
Tracking changes to an estimate (Accountant)

If you wish, you can amend an estimate and track the changes on the estimate itself (Accountant only).

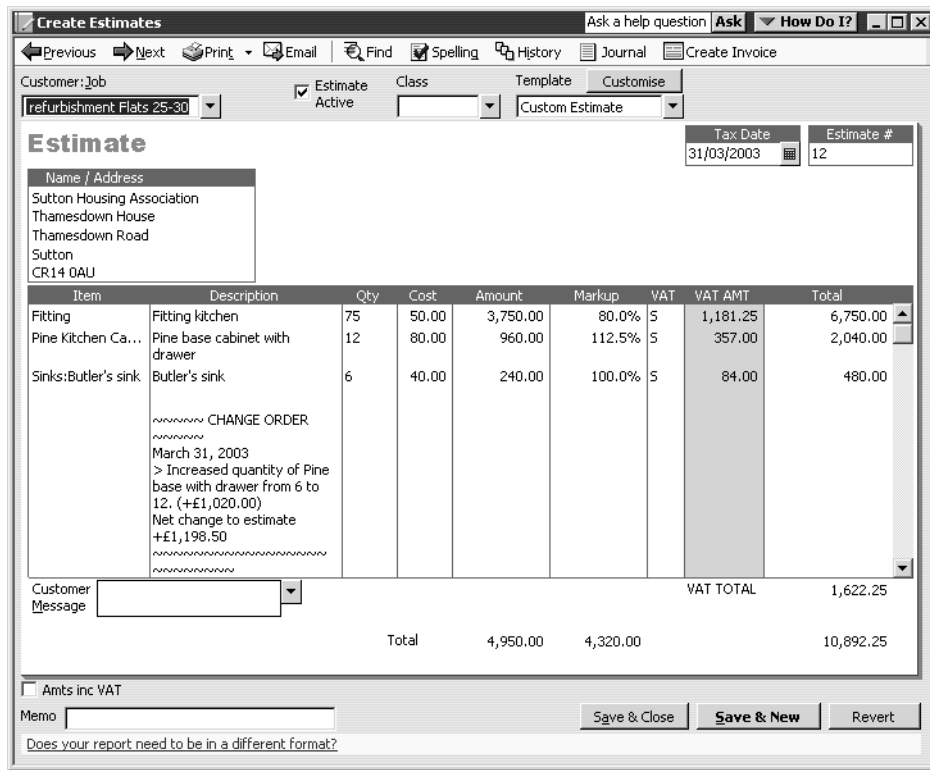
To track changes to an estimate (Accountant only):

- 1 In the Create Estimates window, click Previous to return to the estimate you just created.
- 2 On the pine base cabinets with drawers line, amend the quantity to 12.
- 3 Click Save & Close.

QuickBooks displays a message asking if you want to track the change on the estimate:



- 4 Click Add.
QuickBooks records the changes on the estimate.
- 5 Click Previous to redisplay estimate 12 if not shown, and scroll down or enlarge the estimate window to see the change record (in the Description column):



- 6 On the Customer:Job list, notice the Estimate Total column for the Pending kitchen refurbishment job for Sutton Housing Association Flats 25-30 now has a balance of 18858.75.

Creating an invoice from an estimate

Once you have created your estimate(s) and the customer has approved the job, you can use the appropriate estimate to invoice the customer. There are two methods of doing this: you can open the estimate and choose to create the invoice from there (in much the same way as you did when creating an invoice or purchase order from a sales order in earlier exercises), or you can create an invoice and choose the estimate on which to base it. In the following exercise, you'll use the latter method.

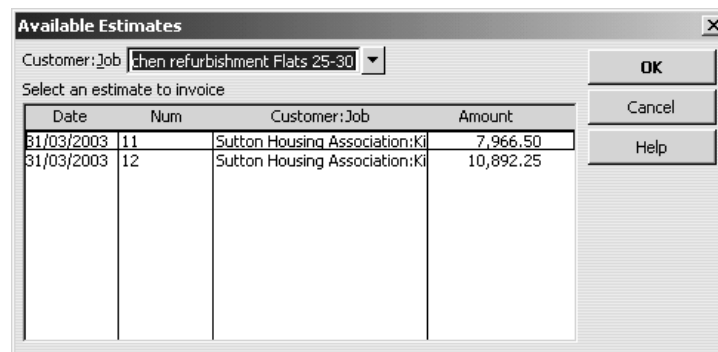
This exercise uses QuickBooks Pro/Accountant's progress invoicing feature.

Progress invoicing (also known as progress billing), lets you invoice for jobs that you work on and complete in phases. When using progress invoicing, you start by creating an estimate for the job (you don't have to give this estimate to the customer). Then, as you complete each phase, you can easily transfer items from the original estimate to an invoice. You can specify which items to include on each invoice and change estimated amounts or percentages. When you use estimates to create progress invoices, you can run reports to help you track your estimated versus actual costs.

To create an invoice from an estimate:

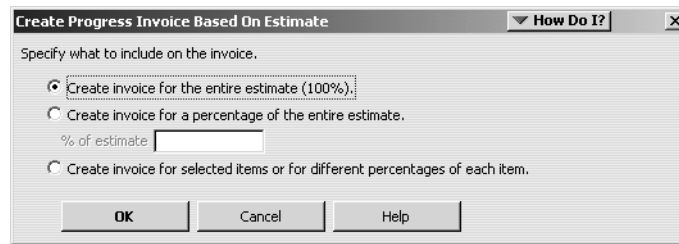
- 1 In the Customer:Job list, select Sutton Housing Association:Kitchen refurbishment Flats 25-30.
- 2 Click the Activities menu button, and then choose Create Invoices. QuickBooks displays the Create Invoices window.
- 3 Press Tab in the Customer:Job field.

QuickBooks displays the available estimates for this job:



- 4 Highlight the first estimate (11) and click OK.

QuickBooks displays the Create Progress Invoice Based On Estimate dialog box.



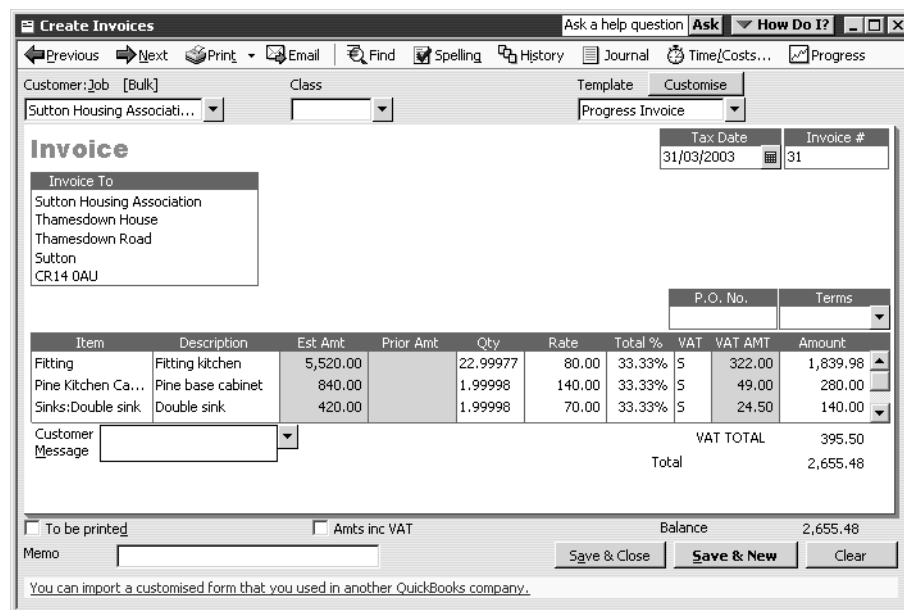
Grangeworth Kitchens Ltd are going to bill for one-third of the job before starting work, one-third when the project is one-third complete, and the final one-third when the job is completed.

- 5 Select "Create invoice for a percentage of the entire estimate."
- 6 Type **33.333** in the "% of estimate" field.

If you needed to invoice for only selected items on an estimate or for varying percentages or amounts for different items, you would select the option "Create invoice for selected items or for different percentages of each item." QuickBooks then displays a table of all items on the estimate and allows you to select which items you want to include and the amounts for each item.

- 7 Click OK.

QuickBooks completes the invoice for one-third of each item on the estimate. Your invoice should resemble this one:



Notice that QuickBooks changed the invoice template to Progress Invoice and added fields for estimate amount, prior amount, and total %. QuickBooks will also keep track that one-third of the Sutton Housing Association kitchen refurbishment job has been invoiced and that two-thirds has not yet been invoiced.

Note: If you don't want your customers to see this level of detail on the invoice you send them, you can customise the invoice to remove some of these columns from the printed form. See Lesson 13, "Customising forms", for more information.

- 8 Click Save & Close to record the invoice.
- 9 Close the Customer:Job List window.

Creating sales or purchase orders from estimates (Accountant)

With QuickBooks Accountant, you also have the ability to create a sales order or a purchase order based on an estimate.

In this case, you would open the estimate, click the button next to Create Invoice, and choose either Sales Order or Purchase Order (there is also the option to create an invoice). This is much the same as the method you used when creating a sales order from Mr Williams' invoice earlier.

Item	Description	Qty	Cost	Amount	Markup	VAT	VAT AMT	Total
Fitting	Fitting kitchen	69	50.00	3,450.00	60.0%	5	966.00	5,520.00
Pine Kitchen Ca...	Pine base cabinet	6	62.00	372.00	125.80645%	5	147.00	840.00
Sinks:Double sink	Double sink	6	34.00	204.00	105.88235%	5	73.50	420.00
							VAT TOTAL	1,186.50
Total				4,026.00	2,754.00			7,966.50

Displaying reports for estimates

QuickBooks provides five reports on estimates, as described in the following table. You can create these reports from the Jobs, Time & Mileage submenu in the Reports menu.

Report	Description
Job Estimates vs. Actuals Summary	Compares estimated cost to actual cost and estimated revenue to actual revenue for all customers and jobs.
Job Estimates vs. Actuals Detail (for one job)	For a particular customer or job, compares estimated costs to actual costs and estimated revenues to actual revenues.
Job Progress Invoices vs. Estimates	Compares each estimate with progress invoices based on the estimate.
Item Estimates vs. Actuals	For each item, compares estimated cost to actual cost and estimated revenue to actual revenue.
Estimates by Job	Shows for all estimates whether they are active and the amount, sorted by Customer:Job..

Displaying the job progress invoices vs. estimates report

Since you've just completed a progress invoice, you can see how QuickBooks Pro/Accountant records this on the Job Progress Invoices vs. Estimates report.

To display the job progress invoices vs. estimates report:

- 1 From the Reports menu, choose Jobs & Time, then Job Progress Invoices vs. Estimates to display this report (you may need to change the Dates to show All):

Type	Date	Num	Estimate Active	Estimate Total	Progress Invoice	% Progress
Sutton Housing Association						
Kitchen refurbishment Flats 25-30						
Estimate	31/03/2003	11	✓	7,966.50	2,655.48	33.33%
Estimate	31/03/2003	12	✓	10,892.25	0.00	0.00%

In this case, only the estimates and progress invoice you completed for Sutton Housing Association are shown. The amount of the progress invoice is shown in the Progress Invoice column. The % Progress column shows how much of the total estimate you've invoiced so far.

- 2 Close the report window.

Updating job status

Every time you change the status of a job, you should update its job status in the Customer:Job list. For example, the estimate for the kitchen remodel is no longer pending: Sutton Housing Association awarded you the job and you have started work.

To update the status of a job:

- 1 From the Customers menu, choose Customer:Job List.
QuickBooks displays the Customer:Job list.
- 2 In the list, select Sutton Housing Association:Kitchen refurbishment Flats 25-30.
- 3 Click the Customer:Job menu button, and then choose Edit.
QuickBooks displays the Edit Job window.
- 4 Click Job Info.
- 5 In the Job Status field, select "In progress."

Your screen should look like this:

The screenshot shows the 'Edit Job' window with the following details:

- Job Name: Kitchen refurbishment Flats 2
- Current Balance: 2,655.48
- Job Status: In progress
- Start Date: 05/05/2003
- Projected End: 12/05/2003
- End Date: (empty)
- Job Description: Remodel kitchens
- Job Type: Renovation
- Buttons: OK, Cancel, Notes
- Checkbox: Job is inactive

- 6 Click OK.
QuickBooks returns you to the Customer:Job list. The Customer:Job list now shows this project as being in progress.
- 7 Close the Customer:Job list.

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LESSON 15 Using multiple currencies

Lesson objectives 15-2

To start this lesson 15-2

Turning on multicurrency 15-2

Updating the Currency list 15-4

Setting up foreign accounts 15-5

Creating foreign customers and suppliers 15-7

Adding foreign prices to items 15-10

Creating a foreign invoice 15-12

Entering and paying foreign bills 15-14

Exchange rate gains and losses 15-17

Lesson objectives

- To turn on the multicurrency preference in QuickBooks Pro/Accountant
 - To learn how to set up foreign accounts
 - To create foreign customers and suppliers
 - To see how to add foreign prices to items
 - To produce foreign invoices
 - To maintain foreign-exchange rates
 - To describe how QuickBooks treats the Exchange Gain/Loss account
-

To start this lesson

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

Follow these steps to restore the lesson file to its original state so that the data in the file matches what you see on the screen as you proceed through the lesson.

Note: To complete this lesson, you must be using QuickBooks Pro or Accountant.

To restore the lesson file (qblesson.qbb):

- 1** From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
 - 2** In the “Get Company Backup From” section of the window, click Browse and select your **c:\qbtrain** directory.
 - 3** Select the **qblesson.qbb** file, and then click Open.
 - 4** In the “Restore Company Backup To” section of the window, type **lesson 15.qbw** in the Name field.
 - 5** Click Browse and select your **c:\qbtrain** directory.
 - 6** Click Save.
 - 7** Click Restore.
-

Turning on multicurrency

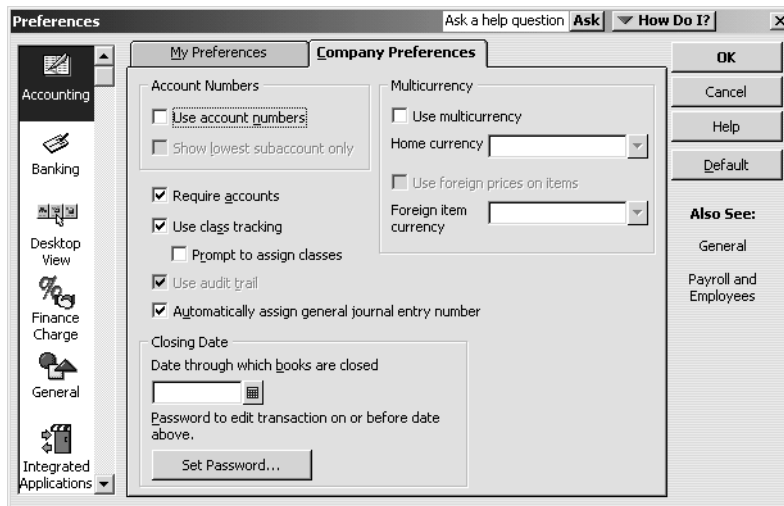
In this lesson, you’ll learn how to set up QuickBooks to record transactions in currencies other than pounds sterling. Once this is done, QuickBooks accounts for and integrates foreign currency transactions seamlessly with the rest of the business.

Note: Once multicurrency has been selected for a company, it cannot be turned off again for that company.

Suppose Grangeworth Kitchens Ltd arranges to supply kitchen fittings to a Belgian firm, Maisons Magritte. The first thing you need to do is to turn on the multicurrency preference.

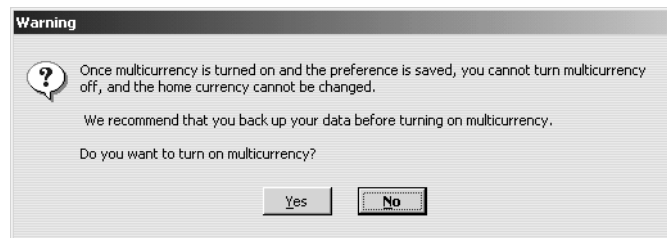
To turn on multicurrency:

- 1 From the Edit menu, select Preferences to display the Preferences window.
- 2 From the scroll box on the left, select Accounting.
- 3 Click on the Company Preferences tab to display it:



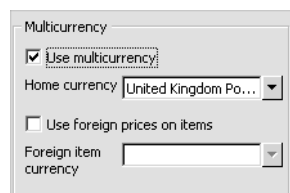
- 4 Click the “Use multicurrency” tickbox.

QuickBooks displays this message:



- 5 Click Yes to confirm.

QuickBooks fills in “United Kingdom Pounds” as the home currency (in which Grangeworth Kitchens Ltd normally deals). The multicurrency section on the tab now looks like this:



- 6 Click OK.

Updating the Currency list

If you are doing business in a foreign currency, it's important to keep the Currency list in QuickBooks up to date.

Grangeworth Kitchens Ltd needs to update the Euro rate. In QuickBooks, you can keep up to date with currency rates by downloading them, or amend them manually.

To update a foreign-exchange rate:

- 1 From the Lists menu, select Currency List to display it:

Currency	Exchange Rate	Hotkey	EMU
Australia Dollar	0.358600	A	
Austria Schilling	0.044700	S	✓
Belgium Franc	0.015250		✓
Canada Dollar	0.429200	C	
Denmark Krone	0.082560	K	
Euro	0.615100	E	✓
France Franc	0.093770	F	✓
Germany Deutsche Mark	0.314500	M	✓
Hong Kong Dollar	0.088180	H	

If you wanted to download the latest rates, you would click the Currency menu button and select Download Current Exchange Rates. For this exercise, you'll update the Euro rate manually.

- 2 Highlight Euro.
- 3 Click the Currency menu button and select Edit.
QuickBooks displays the Edit Currency window:

Currency Name:	Euro	Format Sample:	€123,456.00	OK
Country:	European Union	Symbol Position:	Leading	Cancel
Currency Code:	EUR	Decimal Separator:	.	<input type="checkbox"/> Currency is inactive
Currency Symbol:	€	Decimal Places:	2	
Hotkey:	E	Thousand:	,	
Exchange Rate:	0.6151			
<input checked="" type="checkbox"/> EMU Member				
EMU Rate:	1			

- 4 In the Exchange Rate field, type **0.6186**.
- 5 Click OK.
QuickBooks updates the rate in the Currency List:

Currency	Exchange Rate	Hotkey	EMU
Australia Dollar	0.358600	A	
Austria Schilling	0.044700	S	✓
Belgium Franc	0.015250		✓
Canada Dollar	0.429200	C	
Denmark Krone	0.082560	K	
Euro	0.618600	E	✓
France Franc	0.093770	F	✓
Germany Deutsche Mark	0.314500	M	✓
Hong Kong Dollar	0.088180	H	

Setting up foreign accounts

Now that you have turned multicurrency on and updated the Euro exchange rate, the next step is to set up Euro accounts for Accounts Receivable (for invoices to Maison Magritte) and Accounts Payable (for travel expenses, shipping, etc.).

To set up a foreign Accounts Receivable account:

- 1 From the Company menu, choose Chart of Accounts.
- 2 Click the Account menu button and select New.

QuickBooks displays the New Account window.

The screenshot shows the 'New Account' dialog box in QuickBooks. The 'Type' dropdown is set to 'Bank'. The 'General Info' tab is selected, showing the following fields and options:

- Name:** A text input field.
- Subaccount of:** A checkbox and a dropdown menu.
- Description:** A text input field.
- Bank Acct.:** A text input field.
- Financial Institution:** A dropdown menu set to 'Other'.
- Currency:** A dropdown menu set to 'United Kingdom ...'.
- Exchange rate:** A text input field set to '1'.
- Opening Balance:** A text input field followed by 'as of' and a date field set to '31/03/2003'.
- Checkboxes:**
 - Subaccount of
 - Account is inactive
 - I use pre-printed cheques for this account
- Order Cheques:** A button next to 'I have [] cheques on hand'.
- Remind me:** A checkbox and text 'Remind me when I have [] cheques remaining'.

Buttons on the right side include 'OK', 'Cancel', and 'Next'. A note at the bottom right asks: 'Am I entering the correct opening balance and date?'.

- 3 In the Type field, select Accounts Receivable.
- 4 In the Name field, type **European A/R**.
- 5 In the Currency field, select Euro from the drop-down list.
QuickBooks fills in the exchange rate held in the Currency list.

The window now looks like this:

- 6 Click OK.

Now set up the European Accounts Payable account.

To set up a foreign Accounts Payable account:

- 1 In the Chart of Accounts window, click the Account menu button and select New Account to redisplay the New Account window.
- 2 In the Type field, select Accounts Payable.
- 3 In the Name field, type *European A/P*.
- 4 In the Currency field, select Euro from the drop-down list.
- 5 Click OK.

The Chart of Accounts now shows the two new accounts (you may need to enlarge the window or scroo down to display both):

Name	Type	VAT	Currency	Balance
→Master Bank Current	Bank		United Kingdom Pound	9,940.99
→Master Bank Savings	Bank		United Kingdom Pound	13,754.71
→Petty Cash	Bank		United Kingdom Pound	119.39
→Accounts Receivable	Accounts Receivable		United Kingdom Pound	28,562.94
→European A/R	Accounts Receivable		Euro	0.00
→Stock Asset	Other Current Asset		United Kingdom Pound	23,088.68
→Undeposited Funds	Other Current Asset		United Kingdom Pound	17,303.80
→Computer equipment	Fixed Asset		United Kingdom Pound	2,167.50
→Cost	Fixed Asset		United Kingdom Pound	3,000.00
→Depreciation	Fixed Asset		United Kingdom Pound	-632.50
→Office furniture	Fixed Asset		United Kingdom Pound	1,286.05
→Cost	Fixed Asset		United Kingdom Pound	1,780.00
→Depreciation	Fixed Asset		United Kingdom Pound	-493.95
→Van	Fixed Asset		United Kingdom Pound	11,250.00
→Cost	Fixed Asset		United Kingdom Pound	15,000.00
→Depreciation	Fixed Asset		United Kingdom Pound	-3,750.00
→Accounts Payable	Accounts Payable		United Kingdom Pound	9,803.69
→European A/P	Accounts Payable		Euro	0.00

Creating foreign customers and suppliers

Now you need to create Maisons Magritte as a new customer.

To create a new foreign customer:

- 1 From the Customers menu, select Customer:Job list to display it.
- 2 Click the Customer:Job menu button and select New.

QuickBooks displays the New Customer window:

- 3 In the Customer and Company Name fields, type **Maisons Magritte**. QuickBooks fills in the first line of the Bill To field.
- 4 In the Currency field, select Euro from the drop-down list. QuickBooks fills in the Exchange Rate field.
- 5 On the second line of the Bill To field, type **222 Rue de Commerce**, then press Return.
- 6 On the third line of the Bill To field, type **1000 Brussels**, then press Return.
- 7 On the fourth line of the Bill To field, type **Belgium**, then press Return.
- 8 Click the Copy button to copy the address to the Ship to field.

Using multiple currencies

Your screen should look like this:

New Customer Ask a help question Ask How Do I?

Customer Name: Maisons Magritte
Opening Balance: [] as of: 31/03/2003 How do I determine the opening balance?
OK
Cancel
Next

Address Info Additional Info Payment Info Job Info

Company Name: Maisons Magritte Contact: []
Mr./Ms./...: [] Phone: []
First Name: [] M.I.: [] FAX: []
Last Name: [] Alt. Ph.: []
Alt. Contact: []
E-mail: []

Addresses

Bill To: Maisons Magritte, 222 Rue de Commerce, 1000 Brussels, Belgium
Ship To: Maisons Magritte, 222 Rue de Commerce, 1000 Brussels, Belgium
Copy

Address Details Address Details

Customer is inactive
Currency: Euro
Exchange Rate: 0.6186

9 Click the Additional Info tab to display it:

New Customer Ask a help question Ask How Do I?

Customer Name: Maisons Magritte
Opening Balance: [] as of: 31/03/2003 How do I determine the opening balance?
OK
Cancel
Next

Additional Info Address Info Payment Info Job Info

Categorising and Defaults
Type: []
Terms: []
Rep: []

Price Level: []
Custom Fields
Mobile: []
Website: []
Sales region: []
Define Fields

VAT Reg Number: []
Use customer tax code: []
Tax Code: S

Customer is inactive
Currency: Euro
Exchange Rate: 0.6186

10 In the Price Level field, type Overseas Customer and press Tab.

11 When QuickBooks displays a message that this price level is not on the Price Level list, click Set Up.

12 Select Fixed % as the Price Level Type.

13 Select Increase and type 5 for the Percentage.

New Price Level Ask a help question Ask How Do I?

Price Level Name: Overseas Customer Price Level is inactive
Price Level Type: Fixed % Use this type of price level to apply a fixed percentage increase or decrease to all your standard sales prices when setting up prices for different customers or jobs.
This price level will: increase Item prices by: 5%
OK Cancel Help

14 Click OK to confirm the Price Level details.

15 Click OK to confirm the new Customer details.

The Customer:Job list now shows Maisons Magritte:

Name	Currency	Balance	Notes	Job Status
↳ Maisons Magritte	Euro	0.00		
↳ Carolyn Leslie	United Kingdom F	2,167.88		
↳ Cranberry's	United Kingdom F	4,099.20		
↳ Elizabeth Allen	United Kingdom F	0.00		
↳ Franklin Guest House	United Kingdom F	376.00		
↳ Kitchen	United Kingdom F	0.00		
↳ Private Dining Room	United Kingdom F	376.00		
↳ Residents Dining Room	United Kingdom F	0.00		
↳ Hartley Furnishings Ltd	United Kingdom F	7,115.80		

Grangeworth Kitchens Ltd employees stay at the Hotel Brel when visiting Maisons Magritte in Brussels. Now set up Hotel Brel as a supplier.

To create a foreign supplier:

- 1 From the Suppliers menu, select Suppliers List to display it.
- 2 Click the Supplier menu button and select New.

QuickBooks displays the New Supplier window:

3 In the Supplier and Company Name fields, type **Hotel Brel**.

QuickBooks fills in “Hotel Brel” on the first line of the Address field and in the Print on Cheque as field.

4 In the Currency field, select Euro from the drop-down list.

QuickBooks fills in the Exchange Rate field.

5 On the second line of the Address field, type **Konigstraat 240**.

6 On the third line of the Address field, type **1000 Brussels**.

7 On the fourth line of the Bill To field, type **Belgium**, then press Tab.

Your screen should look like this:

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

- Supplier name: Hotel Brel
- Opening Balance: [Empty] as of 31/03/2003
- Address Info tab selected
- Company Name: Hotel Brel
- Address: Hotel Brel, Konigstraat 240, 1000 Brussels, Belgium
- Currency: Euro
- Exchange Rate: 0.6186

8 Click OK.

The Hotel Brel now appears in the Supplier list:

Name	Currency	Balance	Notes
Hotel Brel	Euro	0.00	
Inland Revenue	United Kingdom F	0.00	
Linden May Ltd	United Kingdom F	0.00	
Mercia Supplies	United Kingdom F	0.00	
Post Office	United Kingdom F	0.00	
Sava Cash & Carry	United Kingdom F	0.00	
Southeast Water	United Kingdom F	0.00	
Southern Electric	United Kingdom F	0.00	
Thurlow Repro	United Kingdom F	0.00	

Adding foreign prices to items

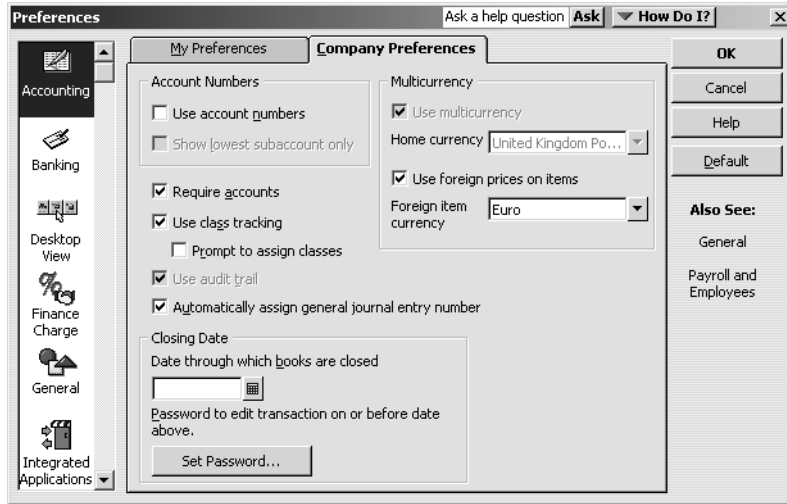
If you regularly buy or sell items in a foreign currency, you can add a foreign price to these items. This protects you from fluctuations in the exchange rate.

Grangeworth Kitchens Ltd wants to set up a European price for its oak dressers. First you have to turn on the foreign pricing preference.

To turn on foreign pricing:

- 1 From the Edit menu, select Preferences to display the Preferences window.
- 2 From the scroll box on the left, select Accounting.
- 3 Click on the Company Preferences tab to display it.
- 4 Click the "Use foreign prices on items" tickbox.

- 5 Select Euro from the drop-down list in the Foreign item currency field.
The window looks like this:



- 6 Click OK.

Now add the foreign price for oak dressers.

To add a foreign price:

- 1 From the Lists menu, select Item List to display it:

Name	Description	Type	VAT	Account	On Hand	On Sales Order	Price	Gross P...
↳Fitting	Fitting kitchen	Service	5	Labour:Fitting			50.00	58.75
↳Plumbing	Plumbing	Service	5	Labour:Plumbing			60.00	70.50
↳Chairs		Stock Part		Sales:Retail	0	0	0.00	0.00
↳Oak chair	Oak chair	Stock Part	5	Sales:Retail	4	0	50.00	58.75
↳Pine chair	Pine chair	Stock Part	5	Sales:Retail	54	0	30.00	35.25
↳Dressers		Stock Part		Sales:Retail	0	0	0.00	0.00
↳Oak Welsh dresser	Oak Welsh dresser	Stock Part	5	Sales:Retail	15	2	400.00	470.00
↳Pine Welsh dresser	Pine Welsh dresser	Stock Part	5	Sales:Retail	8	0	360.00	423.00
↳Pine Kitchen Cabinets		Stock Part		Sales:Retail	0	0	0.00	0.00

- 2 Highlight Oak Welsh dresser in the list.
- 3 Click the Item menu button and select Edit.

QuickBooks displays the Edit Item window:

The screenshot shows the 'Edit Item' window in QuickBooks. The window title is 'Edit Item' and it includes a 'How Do I?' help button. The 'Type' is set to 'Stock Part'. The 'Item Name/Number' is 'Oak Welsh dresser' and it is a 'Subitem of' 'Dressers'. The 'Purchase Information' section shows a 'Cost' of 215.00, 'Purch VAT Code' of 5, 'COGS Account' of 'Cost of Goods Sold', and 'Preferred Supplier' of 'Chester Ltd'. The 'Sales Information' section shows a 'Sales Price' of 400.00, 'Foreign Price' of 0.00, 'Sales VAT Code' of 5, and 'Income Account' of 'Sales:Retail'. The 'Stock Information' section shows an 'Asset Account' of 'Stock Asset', a 'Reorder Point' of 10, and a table with columns 'On Hand', 'Avg. Cost', 'On P.O.', and 'On Sales Order' with values 15, 203.16, 0, and 2 respectively. On the right side, there are buttons for 'OK', 'Cancel', 'Custom Fields', and 'Spelling', along with checkboxes for 'Amts Inc VAT' and 'Item is inactive'.

- 4 In the Sales Information section, type **650.00** in the Foreign Price field.
- 5 Click OK.

Creating a foreign invoice

To see how this all fits together, create an invoice for Maisons Magritte's first shipment of oak dresser.

To create a foreign invoice:

- 1 Click the Invoice button on the toolbar.
QuickBooks displays the Create Invoice window.
- 2 In the Customer:Job field, select Maisons Magritte from the drop-down list.
- 3 In the Quantity field, type **3**.
- 4 In the Item field, select Dressers:Oak Welsh dresser from the drop-down list.

QuickBooks has selected the European A/R account for this invoice and displays a price (682.50 euros) which is the foreign price you have just entered (650 euros) increased by the overseas customer price level (+5%):

- In the VAT column, you would use a European VAT code (like those you set up in lesson 11). For now, select Z (zero-rated) from the drop-down list.

Your invoice form should now look like this, showing a total amount of 2047.50 euros.

The screenshot shows the 'Create Invoices - European A/R' window in QuickBooks. The customer is 'Maisons Magritte' and the account is 'European A/R'. The invoice date is 31/03/2003 and the invoice number is 1. The invoice is addressed to 'Maisons Magritte, 222 Rue de Commerce, 1000 Brussels, Belgium'. The invoice includes a table with the following data:

QUANTITY	ITEM	DESCRIPTION	PRICE	VAT	VAT AMT	CLASS	AMOUNT	
3	Dressers:Oa...	Oak Welsh dresser	682.50	Z	0.00		2,047.50	
Customer Message							VAT TOTAL	0.00
Exchange Rate 0.6186							TOTAL	€2,047.50

The window also shows a 'Balance' of €2,047.50 and buttons for 'Save & Close', 'Save & New', and 'Clear'. A note at the bottom says: 'Do you end up saving transactions instead of moving between fields? Click here for help!'.

- Click Save & Close.
- To see how QuickBooks automatically converts foreign amounts for reports, generate a Customer Balance Summary. From the Reports menu, select Customers and Receivables, and then Customer Balance Summary.

Note that QuickBooks has converted Maison Magritte's 2047.50 euro balance into £1266.58:

The screenshot shows a QuickBooks window titled "Customer Balance Summary" for "Grangeworth Kitchens Ltd". The report is dated "01/04/03" and "12:15 AM". It displays a list of customer balances as of "Mar 31, 2003". The total balance is £29,829.52.

Grangeworth Kitchens Ltd	
Customer Balance Summary	
All Transactions	
◇ Mar 31, 2003 ◇	
Maisons Magritte	1,266.58
Carolyn Leslie	2,167.88
Cranberry's	4,099.20
Franklin Guest House	
Private Dining Room	376.00
Total Franklin Guest House	376.00
Hartley Furnishings Ltd	7,115.80
Offa Kitchens	8,920.60
Sutton Housing Association	
Kitchen refurbishment Flats 13-18	5,883.46
Total Sutton Housing Association	5,883.46
TOTAL	<u>29,829.52</u>

8 Close the report.

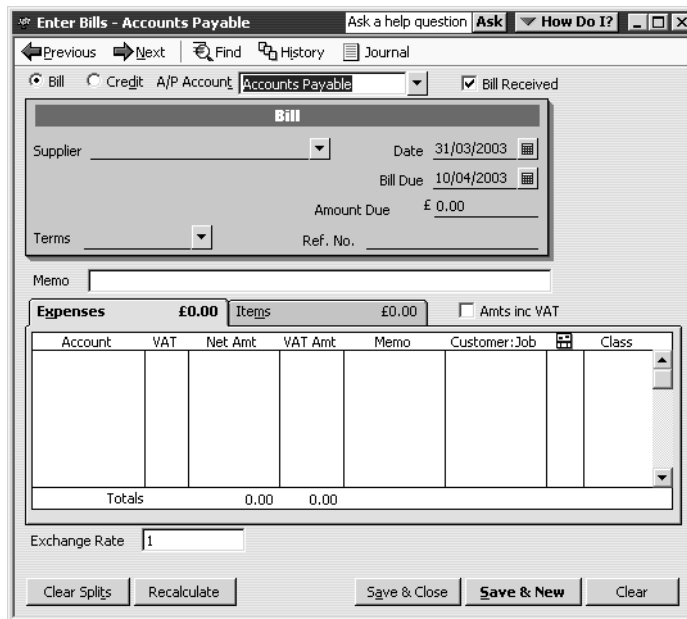
Entering and paying foreign bills

As with foreign customers, handling bills from foreign suppliers is quite similar to the procedure for domestic suppliers.

Andrew Turner pays a visit to Maisons Magritte and stays at the Hotel Brel. You need to enter and then pay the bill.

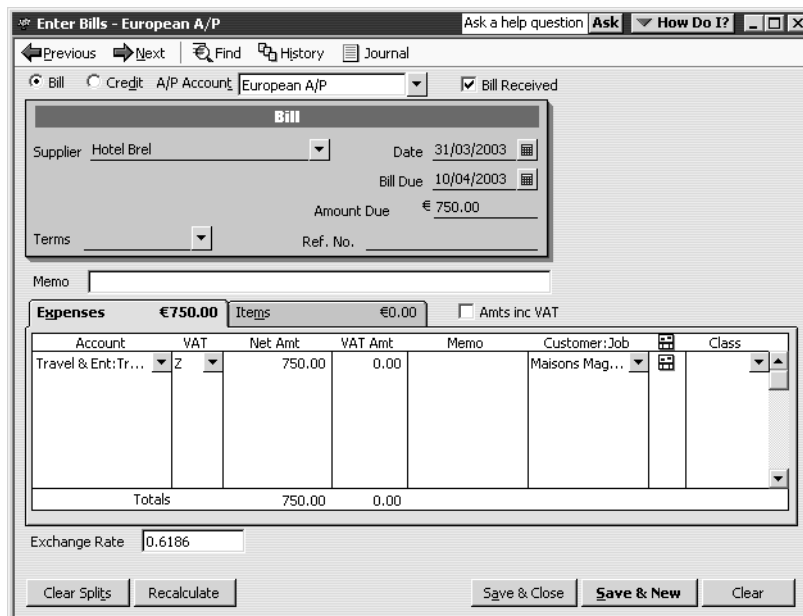
To enter a foreign bill:

- 1 Click the Bill button on the toolbar to display the Enter Bills window:



- 2 In the Supplier field, select Hotel Brel from the drop-down list. QuickBooks changes to the European A/P account and the Amount Due field is now prefixed with the euro symbol.
- 3 Type **750** in the Amount Due field.
- 4 On the Expenses tab, type **Travel & Ent:Travel** in the Account column.
- 5 Select Maisons Magritte in the Customer:Job column.

Your screen should look like this:



- 6 Click Save & Close.

To pay a foreign bill:

- From the Suppliers menu, select Pay Bills to display the Pay Bills window:

Pay Bills Ask a help question Ask How Do I? - _ □ ×

Select Bills to be Paid

Show bills Due on or before 10/04/2003 Show all bills A/P Account Accounts Payable

Sort Bills By Due Date Exchange Rate 1

Date Due	Supplier	Ref. No.	Amt. Due	Credits Used	Amt. To Pay
<input checked="" type="checkbox"/>	01/03/2003 Windsor & Wycombe		3,525.00	0.00	0.00
<input type="checkbox"/>	02/03/2003 Chester Ltd		2,526.25	0.00	0.00
<input type="checkbox"/>	03/03/2003 Chiltern Properties		780.00	0.00	0.00
<input type="checkbox"/>	09/03/2003 Chester Ltd		2,655.50	0.00	0.00
<input type="checkbox"/>	27/03/2003 British Gas		185.12	0.00	0.00
<input type="checkbox"/>	03/04/2003 G Davies		131.82	0.00	0.00
Totals			9,803.69	0.00	0.00

Credit Information for Highlighted Bill

Supplier: _____ Number of Credits: 0

Bill Ref. No.: _____ Total Credits Available: £0.00

Payment Account: Master Bank Current Ending Balance 9,940.99

Payment Method: Cheque To be printed Assign cheque no.

Payment Date: 31/03/2003

Do you need instant financial information? Run a QuickReport!

- In the A/P Account field, select European A/P from the drop-down list. The bill from the Hotel Brel now appears:

Pay Bills Ask a help question Ask How Do I? - _ □ ×

Select Bills to be Paid

Show bills Due on or before 10/04/2003 Show all bills A/P Account European A/P

Sort Bills By Due Date Exchange Rate 0.6186

Date Due	Supplier	Ref. No.	Amt. Due	Credits Used	Amt. To Pay
<input checked="" type="checkbox"/>	10/04/2003 Hotel Brel		750.00	0.00	0.00
Totals			750.00	0.00	0.00

Credit Information for Highlighted Bill

Supplier: _____ Number of Credits: 0

Bill Ref. No.: _____ Total Credits Available: £0.00

Payment Account: Master Bank Current Ending Balance 9,940.99

Payment Method: Cheque To be printed Assign cheque no.

Payment Date: 31/03/2003

Do you need instant financial information? Run a QuickReport!

- Click in the tick column to select the Hotel Brel bill.
- Under Payment Method, select Cheque.
- Note: If you do much business in a foreign currency, you will probably want to open a bank account in that currency.
- Click the "To be printed" option.
- Click Pay & Close.

Exchange rate gains and losses

If you do business in foreign currencies, changes in exchange rates produce two types of gains and losses:

- **Unrealised** gains and losses arise on transactions that haven't been completed.
- **Realised** gains and losses arise once transactions have been completed.

Example: Grangeworth Kitchens Ltd's invoice for 2047.50 euros was worth £1266.56 at the exchange rate of .6186 prevailing on the day it was written.

If the rate goes up to .6273 a week later, the invoice is now notionally worth £1284.40, an unrealised gain of £17.84.

If the rate is down to .6224 when the invoice is paid, its actual worth is £1274.36, a realised gain of £7.80.

For a full explanation of how QuickBooks treats foreign-exchange gains and losses, as well as descriptions of more advanced multicurrency operations, see "Using multiple currencies (Pro only)" in the QuickBooks *User's Guide*.



LESSON 16 Tracking time and mileage

Lesson objectives 16-2

To start this lesson 16-2

Tracking time and mileage 16-3

Tracking time 16-3

 Turning on time tracking in QuickBooks 16-3

 Entering time data in QuickBooks 16-4

 Recording employee time on a weekly timesheet 16-5

Tracking mileage 16-7

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 Invoicing a customer for time and mileage 16-9

Displaying project reports for time and mileage tracking 16-13

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 Viewing mileage reports 16-15

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Paying non-employees for time worked 16-16

 Creating service items for subcontractors, owners or partners 16-16

 Recording non-employee time worked 16-18

 Preparing a cheque for non-employee time worked 16-20

Lesson objectives

- To learn how to track time worked on a project
- To learn how to invoice a customer for time worked on a project
- To create project reports for time tracking and learn about other project reports in QuickBooks
- To learn how to set up items used to track time worked by owners or partners
- To learn how to pay non-employees for time worked

To start this lesson

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

Follow these steps to restore the lesson file to its original state so that the data in the file matches what you see on the screen as you proceed through the lesson.

Note: To complete this lesson, you must be using QuickBooks Pro or Accountant.

To restore the lesson file (qblesson.qbb):

- 1** From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2** In the “Get Company Backup From” section of the window, click Browse and select your **c:\qbtrain** directory.
- 3** Select the **qblesson.qbb** file, and then click Open.
- 4** In the “Restore Company Backup To” section of the window, type **lesson 16.qbw** in the Name field.
- 5** Click Browse and select your **c:\qbtrain** directory.
- 6** Click Save.
- 7** Click Restore.

Tracking time and mileage

Tracking time

QuickBooks Pro/Accountant provides time tracking for any job. Time tracking lets you keep track of the time a person spends on each job (including sick and holiday time and time spent for general overhead). The person whose time you track can be an employee, an owner or partner, or a subcontractor.

You can use time data to:

- Invoice the customer for the time spent doing a job.
- Provide hours worked on an employee's pay cheque, or a cheque to a non-employee (supplier, owner, or partner).
- Track the cost of employees' gross pay by job.
- Report on the number of hours worked—by person, by job, or by item.

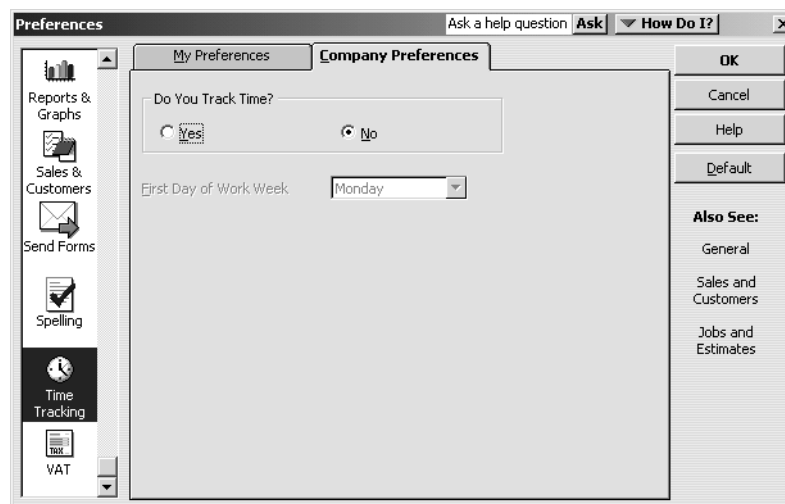
Turning on time tracking in QuickBooks

First you must turn on time tracking if this has not been done.

To turn on time tracking:

- 1 From the Edit menu, choose Preferences.
- 2 Click Time Tracking in the left scroll box. Then click the Company Preferences tab.

This screen is displayed:



- 3 Click Yes for “Do You Track Time?” if not already selected.
- 4 You have the option to change the first day of the week, but for now leave it as Monday.
- 5 Click OK to save the preferences.

Entering time data in QuickBooks

There are three ways to get time data into a QuickBooks company file:

- Enter time directly on a weekly timesheet or single activity form.
- Use the Stopwatch to time an activity while you are performing it.
- Use the QuickBooks Timer program to track time and then import the time data directly into QuickBooks.

When you track time with QuickBooks, you have a choice of two forms to enter time: Weekly Timesheet or Time/Enter Single Activity window. If you want to enter time for multiple jobs or multiple days, then the Weekly Timesheet is the best choice.

Weekly Timesheet
 Week Of **Mar 31 to Apr 6, 2003**

Customer:Job	Service Item	Payroll Item	Notes	M 31	Tu 1	W 2	Th 3	F 4	Sa 5	Su 6	Total
											0:00
Totals				0...	0...	0...	0...	0...	0...	0...	0:00

Wrap text in Notes field

Buttons: Set Date ..., Copy Last Sheet, Save & Close, **Save & New**, Clear

If you tend to enter detailed notes about your activities, or you prefer to enter time data as you complete an activity, use the Time/Enter Single Activity window instead.

Time/Enter Single Activity
 Date: **31/03/2003**

Not Billed
 Billable

Name: _____ Payroll Item: _____

Customer:Job: _____

Service Item: _____

Notes: _____

Duration
 0:00
 Start Stop Pause

Buttons: Save & Close, **Save & New**, Clear

Information you enter in the Time/Enter Single Activity window displays in the Weekly Timesheet, and vice versa. They're different views of the same information.

The Timer program is useful when you have employees or subcontractors who need to track their time but don't need or want to run QuickBooks. When time is imported into QuickBooks from the Timer application, you view the imported data on the same timesheets you would use if you entered the data directly into QuickBooks.

If you have employees who don't have access to a computer, you can print blank copies of the weekly timesheet for your employees to fill in by hand.

To print a blank timesheet:

- 1 From the Employees menu, choose Time Tracking, then Use Weekly Timesheet.
- 2 From the Print drop-down menu, choose Print Blank Timesheet.
- 3 In the Print Timesheets window, click Print.

Recording employee time on a weekly timesheet

In this exercise, you'll complete a weekly timesheet for Charlie Walker. In a later exercise, you'll learn how to invoice a customer for the time Charlie spent working on a job for that customer.

To enter information on a weekly timesheet:

- 1 From the Employees menu, choose Time Tracking, then Use Weekly Timesheet. QuickBooks displays the Weekly Timesheet window.

Customer:Job	Service Item	Payroll Item	Notes	M 10	Tu 11	W 12	Th 13	F 14	Sa 15	Su 16	Total
											0:00
Totals				0...	0...	0...	0...	0...	0...	0...	0:00

By default this window shows the current week, but you can choose to record time spent on a different week. To do this, you would click Set Date, and type in a new date.

- 2 In the Name field, select Charlie S. Walker from the drop-down list.

QuickBooks will track the time you enter for this employee and display it when you are ready to pay employees.

- 3 Click in the Customer:Job column, and then choose Sutton Housing Association: Kitchen refurbishment Flats 19-24 from the drop-down list.

QuickBooks will associate the time that you enter in this window with the kitchen refurbishment being completed on flats 19-24 for Sutton Housing Association.

- 4 In the Service Item column, type *Fitting*.

After you type a few characters, QuickBooks fills in the rest of the item for you. The Item list, which contains all the services and goods your business provides, is the same list that is available to you on invoice forms and throughout QuickBooks.

Notice that QuickBooks fills in the information in the Payroll Item column for you.

Charlie Walker is paid by the hour. QuickBooks has his hourly rate stored in the Employee list, on the Payroll Info tab.

Tip: If you try to select a payroll item that is not associated with this employee, QuickBooks displays a warning message. For example, if you try to select Salary as the payroll item for Charlie Walker, QuickBooks tells you that you do not have that type of payroll item set up for the employee. (It still lets you make the selection, but it warns you that the Salary is set up with a £0.00 rate.)

- 5 In the Payroll Item column, select Hourly Pay.

- 6 Click in the M 31 column.

M stands for Monday and 31 for the date: Monday, 31 March 2003. Monday is shown as the first day of the working week, as you specified in Preferences earlier.

- 7 Type **8** to enter the number of hours worked on Monday and press Tab.

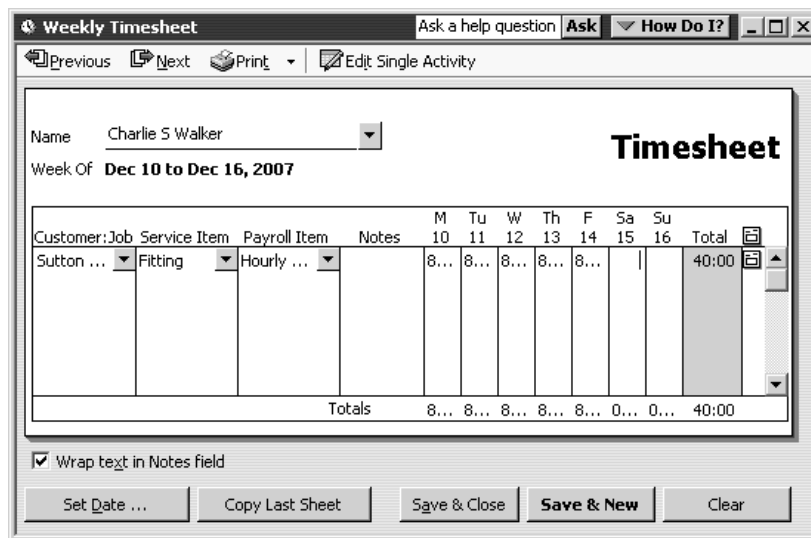
- 8 If a warning appears, click Yes to clear it.

- 9 In the Tu field, type **8** and press Tab.

As you enter each day's hours, the week's total hours appear in the Total column.

10 Type **8** in the fields for W, Th and F, and press Tab.

Your screen should resemble this one:



The invoice icon to the right of the Total column tells QuickBooks if the time will be transferred onto an invoice. In its current setting, you're telling QuickBooks that you *do* want to invoice the customer for time worked.



If you do not plan to invoice the customer for time worked, you can click the invoice icon and QuickBooks displays a red "X" over it.

11 Click Save & Close to record the Weekly Timesheet.

QuickBooks records the time for Charlie Walker and for Sutton Housing Association's kitchen refurbishment job.

This time can now be transferred onto an invoice for Sutton Housing Association's kitchen refurbishment job or used to create a pay cheque for Charlie Walker.

Tracking mileage

By tracking your vehicle mileage, you can enter, sort, and print lists of your vehicles and the mileage you've driven for work-related tasks. You can use this information for your tax deductions (if applicable) and for billing your customers.

You cannot use this feature to reimburse employees or suppliers for mileage. Nor can you track specific vehicle expenses, such as fuel or tolls with this feature. However, you can track these types of expenses by entering bills for them as the expenses are incurred by employees.

Important: Intuit recommends that you consult your tax advisor, accountant, Inland Revenue or HMRC to determine if you can deduct the costs of operating and maintaining your vehicle and which method you should use.

Entering mileage

To record mileage:

- 1 From the Company menu, choose Enter Vehicle Mileage.
- 2 In the Vehicle field, type **Ford Transit Van** and press Tab.
- 3 When QuickBooks tells you that Ford Transit Van is not on the Vehicle List, click QuickAdd.
- 4 Change the Trip Start Date and Trip End Date to 17/12/2007.
- 5 For Total Miles, type **24**.
- 6 Make sure the box for Billable is ticked.
- 7 For Customer: Job, select Sutton Housing Association: Kitchen refurbishment Flats 19-24.
- 8 For Item, type **Mileage** and press Tab.
- 9 When QuickBooks tells you that Mileage is not on the Item list, click Set Up. QuickBooks displays the New Item window.
- 10 Set up the Mileage item as follows:
 - Type – Other Charge
 - Description – Chargeable mileage
 - Amount or % – 0.43
 - Sales VAT Code – S
 - Account – Motor Expense

The screenshot shows the 'New Item' dialog box in QuickBooks. The window title is 'New Item' and it includes a help button 'Ask a help question Ask' and a 'How Do I?' dropdown. The 'Type' is set to 'Other Charge' with a tooltip: 'Use for miscellaneous labour, material, or part charges, such as delivery charges, setup fees, and service charges.' The 'Item Name/Number' is 'Mileage' and the 'Subitem of' dropdown is empty. There is a checkbox for 'This is a reimbursable charge' which is unchecked. The 'Description' field contains 'Chargeable mileage'. The 'Amount or %' is set to '0.43'. The 'Sales VAT Code' is 'S' and the 'Account' is 'Motor Expense'. On the right side, there are buttons for 'OK', 'Cancel', 'Custom Fields', and 'Spelling'. There are also checkboxes for 'Amts Inc VAT' (unchecked) and 'Item is inactive' (unchecked).

- 11** Click OK to return to the Enter Vehicle Mileage window.
Your screen should resemble the following:

- 12** Click Save & New.
13 Add two more entries for the same vehicle and customer:job as follows:

- 18 December – 12 miles
- 19 December – 12 miles

Since you have already set up the Ford Transit Van vehicle and the Mileage item, you can select them from the relevant drop-down lists when you enter these fields. Remember to tick the Billable box.

Invoicing a customer for time and mileage

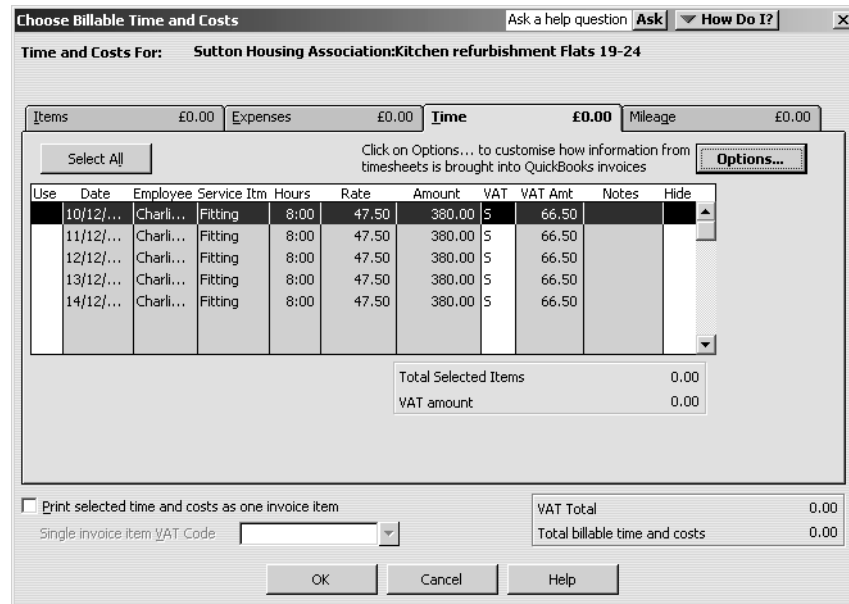
Now you can invoice Sutton Housing Association for the time Grangeworth Kitchens Ltd’s employee, Charlie Walker, spent on the kitchen refurbishment job, and for the mileage incurred.

To create an invoice based on time:

- 1** From the Customers menu, choose Create Invoices.
- 2** Select Sutton Housing Association:Kitchen refurbishment Flats 19-24 in the Customer:Job field.
- 3** If QuickBooks displays a reminder that the customer has outstanding billable time or costs, click OK.
- 4** In the Date field, type **21/12/2007**, if it is not shown already.
- 5** Click Time/Costs in the Create Invoices window.
QuickBooks displays the Choose Billable Time and Costs window.

6 Click the Time tab.

QuickBooks displays the information entered on Charlie Walker’s timesheet for the Sutton Housing Association kitchen refurbishment job:

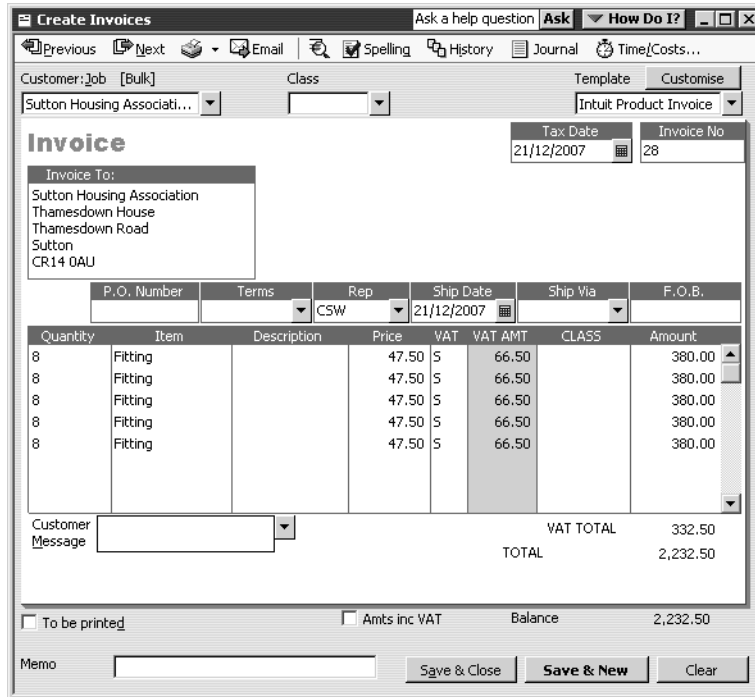


Note: QuickBooks by default displays each line from the timesheet with the same service item as a line item on the invoice. If you prefer to combine all lines into one line item, click the Options button and select “Combine activities with the same service item”. In the Options for Transferring Billable Time window, you can also select to transfer notes about time activities (in addition to descriptions) onto invoices.

7 Click Select All to use all lines representing time worked by Charlie Walker. QuickBooks places a tick in the Use column to the left of each entry.

8 Click OK.

Your invoice should now resemble this:

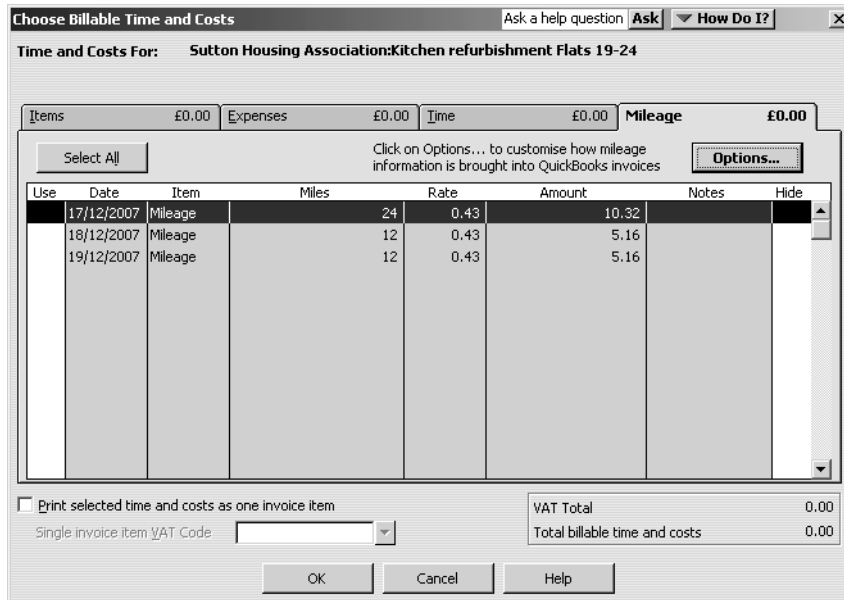


9 Keep the invoice open to use in the next exercise.

To create an invoice based on mileage:

- 1 In the Create Invoices window, click Time/Costs.
- 2 Click the Mileage tab.

QuickBooks displays the information you entered for the three trips for this job:



3 Click Select All.

Tracking time and mileage

4 Click OK.

Your invoice should now resemble this:

Create Invoices Ask a help question Ask How Do I?

Customer: Job [Bulk] Class Template Customise
Sutton Housing Associati... Intuit Product Invoice

Invoice Tax Date: 21/12/2007 Invoice No: 28

Invoice To:
Sutton Housing Association
Thamesdown House
Thamesdown Road
Sutton
CR14 0AU

P.O. Number	Terms	Rep	Ship Date	Ship Via	F.O.B.
		CSW	21/12/2007		

Quantity	Item	Description	Price	VAT	VAT AMT	CLASS	Amount
8	Fitting		47.50	5	66.50		380.00
8	Fitting		47.50	5	66.50		380.00
8	Fitting		47.50	5	66.50		380.00
8	Fitting		47.50	5	66.50		380.00
8	Fitting		47.50	5	66.50		380.00
24	Mileage		0.43	5	1.81		10.32
12	Mileage		0.43	5	0.90		5.16
12	Mileage		0.43	5	0.90		5.16

Customer Message: [] VAT TOTAL: 336.11
TOTAL: 2,256.75

To be printed Amts inc VAT Balance: 2,256.75

Memo: [] Save & Close Save & New Clear

5 Click Save & Close to record the invoice.

Displaying project reports for time and mileage tracking

QuickBooks provides four reports on time, as described in this table. You can create these reports by choosing Jobs, Time & Mileage from the Reports menu.

Project report	Description
Time by Job Summary	Shows hours worked subtotalled first by customer or job and then by service item.
Time by Job Detail	Lists each time activity (that is, work done by one person for a particular customer or job on a specific date), and shows whether the work is billed, unbilled, or not billable. The report groups and subtotals the activities first by customer and job and then by service item.
Time by Name	Shows hours worked (or tracked as sick or holiday time), subtotalled first by the name of the person who performed the work and then by the customer or job the person performed the work for.
Time by Item	Shows the hours worked, subtotalled first by service item and then by customer or job.

There are also four mileage reports, available from the same menu:

Project report	Description
Mileage by Vehicle Summary	Shows mileage and expense amount based on Inland Revenue published guidelines (mileage allowance for employees who use their own cars for business travel), subtotalled by vehicle.
Mileage by Vehicle Detail	Shows the mileage for each vehicle on a specific date, and shows the expense amount based on Inland Revenue published guidelines (mileage allowance for employees who use their own cars for business travel).
Mileage by Job Summary	Shows mileage subtotalled by customer and job.
Mileage by Job Detail	Lists each mileage entry for a particular customer or job on a specific date, with the amount billable to the customer. It also shows the billing status for each entry: billed, unbilled or not billable. The report groups and subtotals the entries by customer and job.

Displaying the Time by Job report

The Time by Job summary report summarises the total hours for each job, and the Time by Job detail report breaks down those summary figures into hours for each service item and hours for each customer:job.

To create a Time by Job report:

- From the Reports menu, choose Jobs, Time & Mileage, then Time by Job Summary. QuickBooks displays the Time by Job Summary report, showing the total time worked for the Sutton Housing Association kitchen refurbishment Flats 17-24 job:

Grangeworth Kitchens Ltd	
Time by Job Summary	
September 1 through December 15, 2007	
◁ Sep 1 - Dec 15, 2007 ▷	
Sutton Housing Association:Kitchen refurbishment Flats 19-24	
Fitting	40:00
Total Sutton Housing Association:Kitchen refurbishment Flats 19-24	40:00
TOTAL	40:00

Viewing time data in more detail

Like all QuickBooks reports, you can QuickZoom any of the numbers in a report to see more detail.

Suppose you want to see who worked on installation for Sutton Housing Association. You can point to the item in the report (the pointer changes into the QuickZoom symbol) and double-click to get more information.

- Double-click on the 40 hours for Fitting on the kitchen refurbishment job.

QuickBooks displays a Time by Job Detail report for the time data you selected:

Grangeworth Kitchens Ltd			
Time by Job Detail			
September 1 through December 15, 2007			
◁ Date ▷			
◁ Name ▷			
◁ Billing Status ▷			
◁ Duration ▷			
Sutton Housing Association:Kitchen refurbishment Flats 19-24			
Fitting			
10/12/07	Charlie S Walker	Billed	8:00
11/12/07	Charlie S Walker	Billed	8:00
12/12/07	Charlie S Walker	Billed	8:00
13/12/07	Charlie S Walker	Billed	8:00
14/12/07	Charlie S Walker	Billed	8:00
Total Fitting			40:00
Total Sutton Housing Association:Kitchen refurbishment Flats 19-24			40:00
TOTAL			40:00

You can see that Charlie Walker did the work and the time has already been billed to the customer.

- Close the Time by Job Detail and the Time by Job Summary reports.

- If QuickBooks asks you if you want to memorise the report, click No.
You can generate other time reports by selecting them from the Jobs, Time & Mileage submenu in the Reports menu.

Viewing mileage reports

In a similar way, you can view mileage reports and zoom in to see more detail.

To create mileage by vehicle reports:

- From the Reports menu, choose Jobs, Time & Mileage, then Mileage by Vehicle Summary.

QuickBooks displays the Mileage by Vehicle Summary report, showing the total number of miles and the expense incurred:

Apr '2007 - Mar 2008		
	Miles	Mileage Expense
Ford Transit Van	48	17.28
TOTAL	48	17.28

- Double-click on the mileage or mileage expense figure.

QuickBooks displays the Mileage by Vehicle Detail report, showing the breakdown for each trip:

Vehicle	Trip End Date	Total Miles	Mileage Rate	Mileage Expense
Ford Transit Van	17/12/07	24	0.36	8.64
Ford Transit Van	18/12/07	12	0.36	4.32
Ford Transit Van	19/12/07	12	0.36	4.32
Total Ford Transit Van		48		17.28
TOTAL		48		17.28

- Close the report windows.

Displaying other project reports

In addition to the estimate and time reports, QuickBooks provides several project reports to track job profitability, as described in the following table.

Project report	Description
Job Profitability Summary	Compares the actual cost to the actual revenue for all customers and jobs. The report subtotals the data first by customer and then by job.
Job Profitability Detail (for one customer:job)	For a particular customer or job, compares actual costs to actual revenues and shows the difference between the two amounts. The report subtotals the data first by item type and then by item.
Item Profitability	For each item, compares the actual cost to actual revenue and shows the difference between the two amounts. The report subtotals the data first by item type and then by item.
Profit & Loss by Job	For each job, shows income, cost of goods sold, profit, expenses and net income.

Paying non-employees for time worked

When the company file has time data for a person who is not on your payroll, you can write cheques based on the time worked. QuickBooks can transfer time data for a specified date range to a cheque, prefilling the Items tab of a cheque with the time data, including hours worked and rate.

You can pay a subcontractor, owner or partner for time worked. The person must be on one of these lists:

- Supplier (appropriate for subcontractors)
- Other Names (appropriate for owners and partners)

Note: To pay an ordinary employee for time worked, use the payroll feature.

Creating service items for subcontractors, owners or partners

When you use service items for subcontractors, QuickBooks records expenses and income for the work in separate accounts. You can use such items on both purchase forms and sales forms.

In this section you'll learn how to do the following:

- Set up a service item to use to track work performed by a subcontractor
- Enter time worked for a subcontractor
- Prepare a cheque to pay a subcontractor for time worked

To set up a service item for subcontractors:

- 1 From the Lists menu, choose Item List.
- 2 Click the Item menu button, and choose New.
- 3 In the Type field of the New Item window, choose Service from the drop-down list.
- 4 In the Item Name/Number field, type **Planning**.
- 5 Tick the “This service is performed by a subcontractor, owner, or partner” tick box.
QuickBooks displays fields for sales and purchase information.

- 6 In the Description on Purchase Transactions field, type **Job Planning** and press Tab. QuickBooks copies the text into the Description on Sales Transactions field.
- 7 In the cost field, type **50.00** and press Tab.
- 8 Type **S** for Purch VAT Code.
- 9 From the drop-down list in the Expense Account field, choose the expense subaccount called Contract Labour.
- 10 In the Sales Price field, type **90.00**.
- 11 Type **S** for Sales VAT Code.
- 12 In the Income Account field, type **Planning** and press Tab.
- 13 When QuickBooks tells you that Planning is not on the Account list, click Set Up.
- 14 In the New Account window, choose Income from the Type field drop-down list.

15 Click OK.

Your screen should now look like this:

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

- Type:** Service (dropdown)
- Item Name/Number:** Planning (text field)
- Cost:** 50.00 (text field)
- Sales Price:** 90.00 (text field)
- Expense Account:** Contract Labour (dropdown)
- Income Account:** Planning (dropdown)
- Buttons:** OK, Cancel, Next, Custom Fields, Spelling

16 Click OK to close the New Item window.

17 Close the Item list.

In the next section, you learn how to use the Planning item you've just created to track time performed by a subcontractor for Grangeworth Kitchens Ltd.

Recording non-employee time worked

You record data for time worked by non-employees the same way as for employees.

To enter non-employee time worked:

- 1 From the Employees menu, choose Time Tracking and Time/Enter Single Activity. QuickBooks displays the Time/Enter Single Activity window.

The screenshot shows the 'Time/Enter Single Activity' window with the following details:

- Date:** 15/12/2007 (calendar icon)
- Name:** (dropdown)
- Customer:Job:** (dropdown)
- Service Item:** (dropdown)
- Payroll Item:** (dropdown)
- Duration:** 0:00 (clock icon)
- Buttons:** Start, Stop, Pause
- Other Buttons:** Previous, Next, Spelling, Timesheet

- 2 In the Name field, type William Phillips and press Tab.

- 3 Click Quick Add when prompted, then select Other as the name type and click OK.
- 4 In the Customer:Job field, choose Elizabeth Allen.
- 5 In the Service Item field, select Planning from the drop-down list and press Tab.
- 6 Type **8:00** in the Duration field and press Tab.

Your screen should look like this:

The screenshot shows the 'Time/Enter Single Activity' window. The title bar includes 'Ask a help question Ask' and 'How Do I?'. The window contains a form with the following fields and controls:

- Date: 15/12/2007
- Name: William Phillips
- Customer:Job: Elizabeth Allen
- Service Item: Planning
- Class: (empty)
- Duration: 8:00 (with a stopwatch icon and Start, Stop, Pause buttons)
- Notes: (empty text area)
- Not Billed: Billable
- Buttons: Save & Close, Save & New, Clear

- 7 Click Save & Close.
- 8 If QuickBooks displays a message about classes, click Save Anyway.

Preparing a cheque for non-employee time worked

In this section, you'll learn how to create a cheque to reimburse a subcontractor for time worked on a specific job.

Note: This procedure applies for subcontractors who are responsible for their own tax (i.e. suppliers rather than employees). If your business uses subcontractors, you need to ascertain whether they or you are responsible for processing their tax payments.

- 1 From the Banking menu, choose Write Cheques.

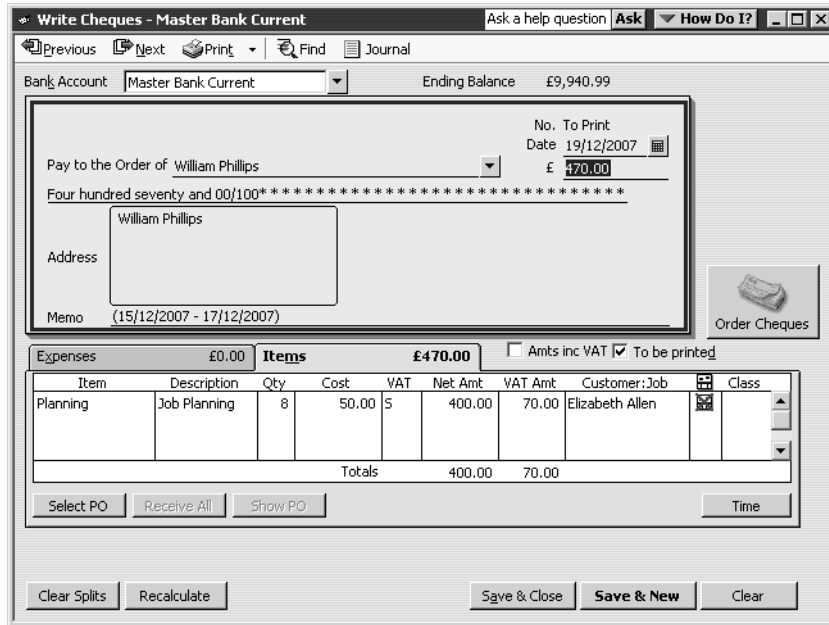
QuickBooks displays the Write Cheques window.

Account	VAT	Net Amt	VAT Amt	Memo	Customer:Job	Class
		0.00	0.00			
Totals		0.00	0.00			

- 2 Select Master Bank Current Account from the Bank Account drop-down list if not shown.
- 3 Click the To be printed tick box.
- 4 In the Pay to the Order field, choose William Phillips from the drop-down list, and press Tab.
- 5 Click Yes when QuickBooks asks if you want this cheque to pay for time worked. QuickBooks displays the Select time period dialog box.

- 6 Type **15/12/2007** in the Start Date field and press Tab.
- 7 Type **17/12/2007** in the End Date field and click OK.

QuickBooks prefills the Items tab of the cheque with the time data, including hours worked and rate.



Notice that time activity is marked unbillable (icon in right-hand column of Items tab) so that it is not billed twice—as a time activity and an item.

- 8 Click Save & Close in the Write Cheques window.



LESSON 17 Using advanced stock features

Lesson objectives 17-2

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Creating items with units of measure 17-3

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Building an assembly 17-21

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Lesson objectives

- To learn how you can set different units of measure for stock, sales and purchases
- To see how these stock parts appear in purchase orders and invoices
- To learn how to create and build stock assemblies
- To see how QuickBooks tracks assemblies and their costs

To start this lesson

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

Follow these steps to restore the lesson file to its original state so that the data in the file matches what you see on the screen as you proceed through the lesson.

Note: To complete this lesson, you must be using QuickBooks Pro or Accountant.

To restore the lesson file (**qblesson.qbb**):

- 1 From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2 In the “Get Company Backup From” section of the window, click Browse and select your **c:\qbtrain** directory.
- 3 Select the **qblesson.qbb** file, and then click Open.
- 4 In the “Restore Company Backup To” section of the window, type **lesson 17.qbw** in the Name field.
- 5 Click Browse and select your **c:\qbtrain** directory.
- 6 Click Save.
- 7 Click Restore.

Using units of measure

You may find that when you purchase stock items, your suppliers use different units of measure from you. Similarly, you may store items in a warehouse in boxes, for example, but sell them as individual units.

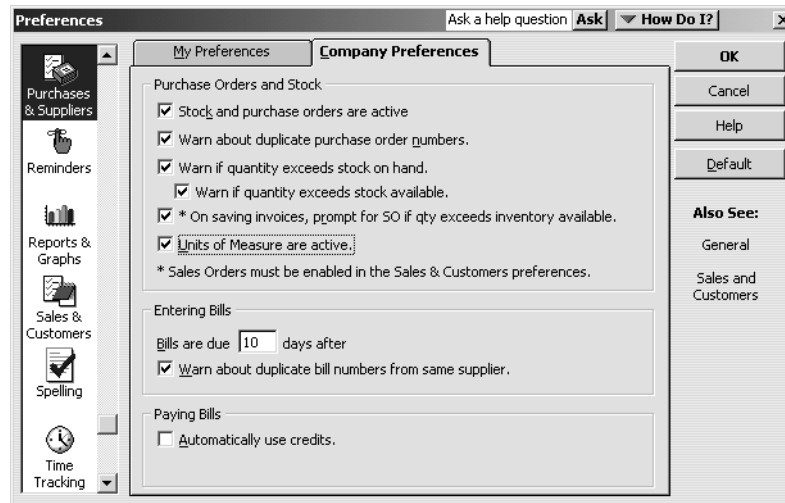
QuickBooks enables you to record stock items using different units of measure for the stock (or inventory) unit, the purchase unit and the sales unit. It automatically calculates costs and prices for you. You can view reports in whichever units of measure you choose.

Turning on units of measure

The first thing you need to do is to turn on Units of Measure.

To turn on units of measure:

- 1 From the Edit menu, select Preferences to display the Preferences window.
- 2 From the scroll box on the left, select Purchases & Suppliers.
- 3 Click on the Company Preferences tab to display it.
- 4 Tick the “Units of measure are active” tick box.



- 5 Click OK.

Creating items with units of measure

In these exercises, you’ll create several new items with different combinations of units of measure.

Note: Once a stock item has been used in transactions, you cannot change the units of measure. It’s recommended that you set the units of measure when you first create items.

Using the same units of measure

By default, QuickBooks will assign identical units of measure. However, if you want this unit of measure to be named on forms such as invoices, you must set up the unit. For example, you might want labour or service charges to be shown in hours, while timber or fabric is to be shown in metres.

Grangeworth Kitchens Ltd is going to buy, stock and sell oak drawer fronts. They will label the unit of measure “each”.

To set a unit of measure:

- 1 From the Suppliers menu, choose Item List.
QuickBooks displays the Item List.
- 2 Click the Item menu button, then choose New.
QuickBooks displays the New Item dialog box.
- 3 From the Type drop-down list, choose Stock Part.
- 4 In the Item Name/Number field, type **Oak Drawer Front**.
- 5 Click the Units of Measure button.
QuickBooks displays the Define Units of Measure for Oak Drawer Front dialog box.

Define Units of Measure for Oak Drawer Front

Stocking Unit
I stock this item in

Sales Unit
 Same as Stocking
I sell this item by
Association to Stocking: 1 per

Purchasing Unit
 Same as Stocking
I purchase this item by
Association to Stocking: 1 per

* Once a transaction has been created using this item, units of measure cannot be changed

- 6 For "I stock this item in", type **each**.
- 7 Click OK.
QuickBooks returns to the New Item dialog box.
- 8 In the Description on Purchase Transactions box, type **PN818 Oak Dr Fr**.
- 9 For the Description on Sales Transactions, type **Oak Drawer Front**.
- 10 For the Cost, type **12.00**.
- 11 For Sales Price, type **25.00**.
- 12 For both the Purchase VAT and Sales VAT Codes, choose S.
- 13 For Income Account, choose Sales:Retail.
- 14 For Stock on Hand, type **5** and press Tab.
QuickBooks fills in the value of the stock on hand.
- 15 For the As Of date, type **31/03/2003**.

Your screen should look like this:

16 Click OK.

QuickBooks adds the new stock part to the Item List.

Using a different purchase unit

Suppose Grangeworth Kitchens Ltd are going to buy kitchen cupboards, which they will stock (and sell) in individual units. Linden May supply them in pallets of ten cupboards.

To set a different purchase unit:

- 1** From the Item List, click the Item menu button, then choose New.
QuickBooks displays the New Item dialog box.
- 2** From the Type drop-down list, choose Stock Part.
- 3** In the Item Name/Number field, type ***Kitchen Cupboard***.
- 4** Click the Units of Measure button.
QuickBooks displays the Define Units of Measure for Kitchen Cupboard dialog box.
- 5** For “I stock this item in”, type ***each***.
- 6** Under Purchasing Unit, click the tick box next to “Same as Stocking” to clear it.
- 7** For “I purchase this item by”, type ***pallet*** and press Tab.
- 8** For Association to Stocking, type ***10*** and make sure that “each per pallet” is shown.

Using advanced stock features

Your screen should look like this:

Define Units of Measure for Kitchen Cupboard

Stocking Unit
I stock this item in: each

Sales Unit
 Same as Stocking
I sell this item by: each
Association to Stocking: 1 each per each

Purchasing Unit
 Same as Stocking
I purchase this item by: pallet
Association to Stocking: 10 each per pallet

* Once a transaction has been created using this item, units of measure cannot be changed

9 In the Description on Purchase Transactions box, type **PN443 Kit Cab**.

10 For the Description on Sales Transactions, type **Base Kitchen Cupboard**.

11 For the Cost, type **200.00**.

12 For Sales Price, type **45.00**.

13 For both the Purchase VAT and Sales VAT Codes, choose S.

14 For Income Account, choose Sales:Retail.

15 For Stock on Hand, type **5** and press Tab.

QuickBooks fills in the value of the stock on hand as 100.00, which is the cost of 5 individual cupboards in the stock unit (each), not of 5 pallets (the purchase unit).

16 For the As Of date, type **31/03/2003**.

Your screen should look like this:

New Item

Type: Stock Part (Use for goods you purchase, track as stock, and resell.)

Item Name/Number: Kitchen Cupboard

Purchase Information:
Description on Purchase Transactions: PN443 Kit Cab
Cost: 200.00 per pallet
Purch VAT Code: S
COGS Account: Cost of Goods Sold
Preferred Supplier:

Sales Information:
Description on Sales Transactions: Base Kitchen Cupboard
Sales Price: 45.00 per each
Sales VAT Code: S
Income Account: Sales:Retail

Stock Information (each):
Asset Account: Stock Asset
Reorder Point: 0.00
On Hand: 5
Total Value: 100.00
As of: 31/03/2003

17 Click OK.

Using a different sales unit

Suppose Grangeworth Kitchens Ltd are going to buy oak doors, which they will buy and stock as individual items, and sell in pairs.

To set a different sales unit:

- 1 In the Item List, click the Item menu button, then choose New.
QuickBooks displays the New Item dialog box.
- 2 From the Type drop-down list, choose Stock Part.
- 3 In the Item Name/Number field, type **Oak Door**.
- 4 Click the Units of Measure button.
QuickBooks displays the Define Units of Measure for Oak Door dialog box.
- 5 For "I stock this item in", type **each**.
- 6 Under Sales Unit, click the tick box next to "Same as Stocking" to clear it, type **pair** and press Tab.
- 7 For Association to Stocking, type **2** and make sure that "each per pair" is shown.
Your screen should look like this:

- 8 Click OK.
- 9 In the Description on Purchase Transactions box, type **PN815 Door Oak**.
- 10 For the Description on Sales Transactions, type **Pair of Oak Doors**.
- 11 For the Cost, type **35.00**.
- 12 For Sales Price, type **130.00**.
- 13 For both the Purchase VAT and Sales VAT Codes, choose S.
- 14 For Income Account, choose Sales:Retail.
- 15 For Stock on Hand, type **4** and press Tab.
QuickBooks fills in the value of the stock on hand as 140.00, which is the cost of 4 individual oak doors in the purchase/stock unit (each), not of 4 pairs (the sales unit).
- 16 For the As Of date, type **31/03/2003**.

Your screen should look like this:

The screenshot shows the 'New Item' dialog box in QuickBooks. The 'Type' is set to 'Stock Part'. The 'Item Name/Number' is 'Oak Door'. The 'Purchase Information' section shows 'Description on Purchase Transactions' as 'PNBS Door Oak', 'Cost' as '35.00 per each', 'Purch VAT Code' as '5', 'COGS Account' as 'Cost of Goods Sold', and 'Preferred Supplier' as an empty field. The 'Sales Information' section shows 'Description on Sales Transactions' as 'Pair of Oak Doors', 'Sales Price' as '130.00 per pair', 'Sales VAT Code' as '5', and 'Income Account' as 'Sales:Retail'. The 'Stock Information (each)' section shows 'Asset Account' as 'Stock Asset', 'Reorder Point' as '0.00', 'On Hand' as '4', 'Total Value' as '140.00', and 'As of' as '31/03/2003'. There are buttons for 'OK', 'Cancel', 'Next', 'Custom Fields', and 'Spelling'. There are also checkboxes for 'Amts Inc VAT' and 'Item is inactive'.

17 Click OK.

Using a different stock unit

Suppose Grangeworth Kitchens Ltd are going to buy handles, which they will buy and sell as individual items, and stock in pairs.

To set a different stock unit:

- 1** In the Item List, click the Item menu button, then choose New.
QuickBooks displays the New Item dialog box.
- 2** From the Type drop-down list, choose Stock Part.
- 3** In the Item Name/Number field, type **Handle**.
- 4** Click the Units of Measure button.
QuickBooks displays the Define Units of Measure for Handle dialog box.
- 5** For “I stock this item in”, type **pair**.
- 6** For the Sales Unit, click the tick box next to “Same as Stocking” to clear it, type **each** and press Tab.
- 7** For Association to Stocking, type **2** and select “each per pair”.
- 8** For the Purchasing Unit, click the tick box next to “Same as Stocking” to clear it, type **each** and press Tab.
- 9** For Association to Stocking, type **2** and select “each per pair”.

Your screen should look like this:

Define Units of Measure for Handle

Stocking Unit
I stock this item in: pair

Sales Unit
 Same as Stocking
I sell this item by: each
Association to Stocking: 2 each per pair

Purchasing Unit
 Same as Stocking
I purchase this item by: each
Association to Stocking: 2 each per pair

* Once a transaction has been created using this item, units of measure cannot be changed

- 10** Click OK.
- 11** In the Description on Purchase Transactions box, type **PN012 Handle**.
- 12** For the Description on Sales Transactions, type **Handle**.
- 13** For the Cost, type **6.00**.
- 14** For Sales Price, type **10.00**.
- 15** For both the Purchase VAT and Sales VAT Codes, choose S.
- 16** For Income Account, choose Sales:Retail.
- 17** For Stock on Hand, type **4** and press Tab.

QuickBooks fills in the value of the stock on hand as 48.00, which is the cost of 4 pairs of handles (the stock unit), not of 4 each (the purchase/sales unit).

- 18** For the As Of date, type **31/03/2003**.

Your screen should look like this:

New Item Ask a help question Ask How Do I?

Type: Stock Part Use for goods you purchase, track as stock, and resell.

Item Name/Number: Handle Subitem of: Units of Measure

Purchase Information
Description on Purchase Transactions: PN012 Handle
Cost: 6.00 per each
Purch VAT Code: 5
COGS Account: Cost of Goods Sold
Preferred Supplier:

Sales Information
Description on Sales Transactions: Handle
Sales Price: 10.00 per each
Sales VAT Code: 5
Income Account: Sales:Retail

Amt's Inc VAT
 Item is inactive

Stock Information (pair)
Asset Account: Stock Asset Reorder Point: 0.00 On Hand: 4 Total Value: 48.00 As of: 31/03/2003

- 19** Click OK.

Using different stock, sales and purchase units

Now set up a stock part for a Drawer Frame, with the following details:

Units of Measure:

- Stocking unit: **box**
- Sales unit: **each**: 10 each per box
- Purchasing unit: **pallet**: 5 box per pallet

Your screen should look like this:

Define Units of Measure for Drawer Frame

Stocking Unit
I stock this item in:

Sales Unit
 Same as Stocking
I sell this item by:
Association to Stocking:

Purchasing Unit
 Same as Stocking
I purchase this item by:
Association to Stocking:

* Once a transaction has been created using this item, units of measure cannot be changed

Remaining details:

- Purchase Description: **PN449 Dr Fr**
- Sales Description: **Drawer Frame**
- Purchase Cost: **600.00**
- Sales Price: **25.00**
- Purchase/Sales VAT Codes: S
- Income Account: **Sales:Retail**
- On Hand: **1**
- As Of: **31/03/2003**

Your screen should look like this:

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

- Type:** Stock Part (Use for goods you purchase, track as stock, and resell.)
- Item Name/Number:** Drawer Frame
- Purchase Information:**
 - Description on Purchase Transactions: PN449 Dr Fr
 - Cost: 600.00 per pallet
 - Purch VAT Code: 5
 - COGS Account: Cost of Goods Sold
 - Preferred Supplier: (empty)
- Sales Information:**
 - Description on Sales Transactions: Drawer Frame
 - Sales Price: 25.00 per each
 - Sales VAT Code: 5
 - Income Account: Sales:Retail
- Stock Information (box):**

Asset Account	Reorder Point	On Hand	Total Value	As of
Stock Asset	0.00	1	120.00	31/03/2003

Purchasing and selling using units of measure

Now that you've set up some stock parts with different units of measure, you can see the effects when they are used in transactions.

Purchasing items with different units of measure

When you set up the new stock parts, there were only a few items on hand. Grangeworth Kitchens Ltd needs to replenish the stock so there are about 100 each. The purchase order will use the purchase descriptions and purchase units, but when you receive the goods, they will be in the stock units.

To create a purchase order:

- 1** From the Suppliers menu, choose Create Purchase Orders.
QuickBooks displays the Create Purchase Orders windows.
- 2** Select Linden May Ltd as the supplier and press Tab.
- 3** For Tax Date, type **31/03/2003**.
- 4** In the Item field, select Oak Drawer Front and press Tab.
QuickBooks completes the purchase description, cost and unit.
- 5** In the Qty field, type **100** and press Tab.
QuickBooks calculates the total cost.
- 6** Click in the Item field below Oak Drawer Front, and select Kitchen Cupboard.
- 7** In the Qty field, type **10**.
- 8** On the next line, select Oak Door, with a quantity of **100**.
- 9** On the next line, select Handle, with a quantity of **100**.

10 On the next line, select Drawer Frame, with a quantity of 2.

Your screen should look like this:

Create Purchase Orders | Ask a help question | Ask | How Do I? | [Close]

Supplier: Linden May Ltd | Class: | Ship To: | Template: Intuit Standard PO | Customise

Purchase Order

Supplier: Linden May Ltd
45 Mellor Road
Maida Vale
London SW2 3LK

Tax Date: 31/03/2003 | P.O. No.: 31

Ship To: Grangeworth Standard Kitchens Ltd
4 Mercer Street
High Wycombe
Bucks
HP2 3DL

Terms: | Expected: 31/03/2003 | Ship Via: |

Item	Description	Qty	Unit	Rate	VAT	Customer	VAT AMT	Class	Amount
Oak Drawer Front	PN818 Oak Dr Fr	100	each	12.00	S		210.00		1,200.00
Kitchen Cupboard	PN443 Kit Cab	10	pallet	200.00	S		350.00		2,000.00
Oak Door	PN815 Door Oak	100	each	35.00	S		612.50		3,500.00
Handle	PN012 Handle	100	each	6.00	S		105.00		600.00
Drawer Frame	PN449 Dr Fr	2	pallet	600.00	S		210.00		1,200.00
								VAT TOTAL	1,487.50
								Total	9,987.50

Supplier Message: [Text Box]

To be printed | Amts inc VAT

Memo: [Text Box]

[Save & Close] [Save & New] [Clear]

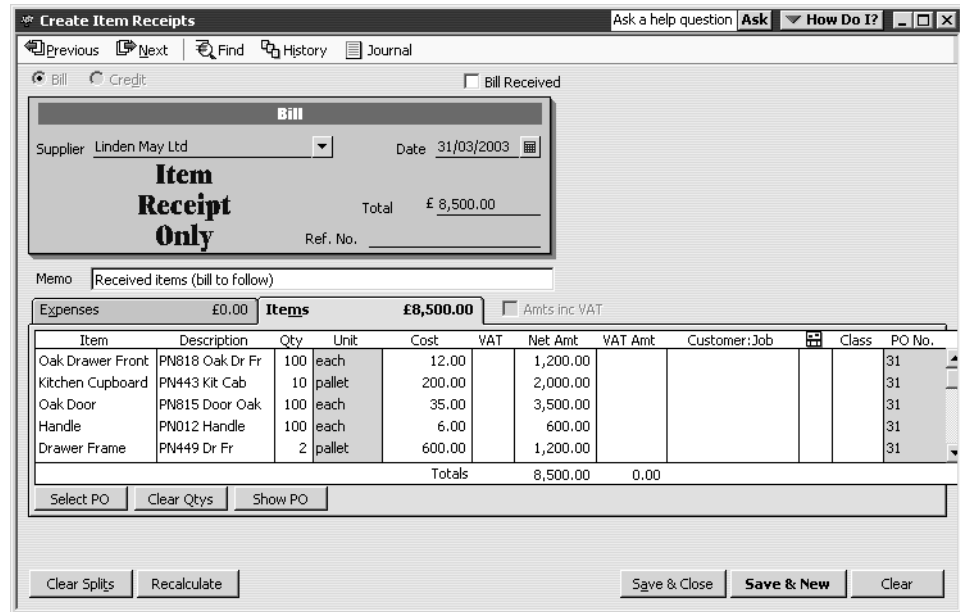
[Does your employee's payroll information look correct? If not, click here](#)

11 Click Save & Close.

To receive the order:

- 1** From the Suppliers menu, choose Receive Items.
QuickBooks displays the Create Item Receipts window.
- 2** Select Linden May Ltd as the supplier.
- 3** When QuickBooks asks if you want to receive against open purchase orders, click Yes.
QuickBooks displays the list of open purchase orders.
- 4** Select the purchase order, and click OK.

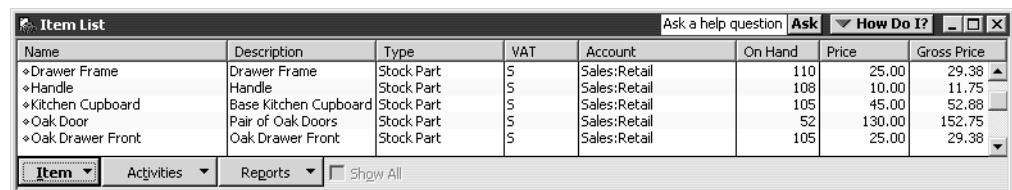
QuickBooks completes the details in the receipt.



5 For Date, type **31/03/2003**.

6 Click Save & Close.

QuickBooks updates the quantity on hand in the Item List.



Note: The quantities shown in the Item List are expressed in sales units, since these stock parts are ready to sell.

Selling items with different units of measure

When you invoice items, QuickBooks uses the sales units.

To create an invoice:

- 1 From the Customers menu, choose Create Invoices.
QuickBooks displays the Create Invoices window.
- 2 From the Customer drop-down list, select Offa Kitchens.
- 3 For Tax Date, type **31/03/2003**.
- 4 Enter the following quantities and items:
 - 20 Kitchen Cupboard
 - 10 Oak Door (= 10 pairs of oak doors)
 - 20 Drawer Frame

Using advanced stock features

- 20 Oak Drawer Front
- 40 Handle

Your invoice should look like this:

The screenshot shows the 'Create Invoices' window in QuickBooks. The customer is 'Offa Kitchens Ltd' and the invoice number is 28. The invoice includes the following items:

Quantity	Unit	Item	Description	Price	VAT	VAT AMT	CLASS	Amount
20	each	Kitchen Cupboard	Base Kitchen Cupboard	36.00	5	126.00		720.00
10	pair	Oak Door	Pair of Oak Doors	104.00	5	182.00		1,040.00
20	each	Drawer Frame	Drawer Frame	20.00	5	70.00		400.00
20	each	Oak Drawer Front	Oak Drawer Front	20.00	5	70.00		400.00
40	each	Handle	Handle	8.00	5	56.00		320.00
							VAT TOTAL	504.00
							TOTAL	3,384.00

5 Click Save & Close.

QuickBooks updates the stock on hand quantities.

Viewing reports

You can see the different units of measure being used in different reports.

By default:

- stock reports show quantities in stock units
- sales reports show quantities in sales units
- purchase reports show quantities in purchase units.

However, you can modify reports to show whichever units you prefer.

In the following exercises, you'll open reports showing each type of unit. You'll also see how to modify a report to show the information expressed in a different unit of measure.

To view the stock status:

1 From the Reports menu, choose Stock, then Stock Status by Item.

QuickBooks displays the Stock Status by Item report.

- Change the dates to: From **01/03/2003** To **31/03/2003** and click Refresh.
On this report, the quantities are shown in stock units.

	Item Description	On Hand	Unit	Order	On Purchas...	Next Deliv
Drawer Frame	PN449 Dr Fr	9	box		0	
Handle	PN012 Handle	34	pair		0	
Kitchen Cupboard	PN443 Kit Cab	85	each		0	
Oak Door	PN815 Door Oak	84	each		0	
Oak Drawer Front	PN818 Oak Dr Fr	85	each		0	

If you prefer, you can change the units on this report.

- Click Modify Report.

QuickBooks displays the Modify Report dialog box.

Modify Report: Stock Status by Item

Report Date Range

Dates: This Month-to-date From the first day of the current month through today

From: 01/03/2003 To: 31/03/2003

Units of Measure

Show Qty and Unit in:

Stocking Unit

Purchasing Unit

Selling Unit

Revert

OK Cancel Help

- Select Purchasing unit, then click OK.

QuickBooks changes the report to show the quantities expressed in purchase units.

	Item Description	On Hand	Unit	Order	On Purchas...	Next De
Drawer Frame	PN449 Dr Fr	1.8	pallet		0	
Handle	PN012 Handle	68	each		0	
Kitchen Cupboard	PN443 Kit Cab	8.5	pallet		0	
Oak Door	PN815 Door Oak	84	each		0	
Oak Drawer Front	PN818 Oak Dr Fr	85	each		0	

To view the purchased quantities:

- 1 From the Reports menu, choose Purchases, then Purchases by Supplier Detail. QuickBooks displays the Purchases by Supplier Detail report.
- 2 Change the dates to: From **01/03/2003** To **31/03/2003** and click Refresh.
- 3 Scroll down to Linden May. This shows the quantities you ordered, expressed in purchase units.

Type	Date	Memo	Name	Item	Qty	Unit	Cost Price	Amount
Item Receipt	31/03/2003	PN818 Oak Dr Fr	Linden May Ltd	Oak Drawer Front	100	each	12.00	1,200.00
Item Receipt	31/03/2003	PN443 Kit Cab	Linden May Ltd	Kitchen Cupboard	10	pallet	200.00	2,000.00
Item Receipt	31/03/2003	PN815 Door Oak	Linden May Ltd	Oak Door	100	each	35.00	3,500.00
Item Receipt	31/03/2003	PN012 Handle	Linden May Ltd	Handle	100	each	6.00	600.00
Item Receipt	31/03/2003	PN449 Dr Fr	Linden May Ltd	Drawer Frame	2	pallet	600.00	1,200.00
Total Linden May Ltd								8,500.00
TOTAL								8,500.00

You can modify the report in a similar way to show different units of measure.

To view quantities sold:

- 1 From the Reports menu, choose Sales, then Sales by Customer Detail. QuickBooks displays the Sales by Customer Detail report.
- 2 Change the dates to: From **01/03/2003** To **31/03/2003** and click Refresh.
- 3 Scroll down to Offa Kitchens. This shows the quantities you invoiced, expressed in sales units.

Type	Date	Hu...	Memo	Name	Item	Qty	Unit	Sales Price	Amount
Invoice	31/03/2003	28	Base Kitche...	Offa Kitchens	Kitchen ...	20	each	36.00	720.00
Invoice	31/03/2003	28	Pair of Oak D...	Offa Kitchens	Oak Door	10	pair	104.00	1,040.00
Invoice	31/03/2003	28	Drawer Frame	Offa Kitchens	Drawer...	20	each	20.00	400.00
Invoice	31/03/2003	28	Oak Drawer...	Offa Kitchens	Oak Dra...	20	each	20.00	400.00
Invoice	31/03/2003	28	Handle	Offa Kitchens	Handle	40	each	8.00	320.00
Total Offa Kitchens									7,672.00

Again, you can modify the report to show different units of measure if you wish.

Working with stock assemblies

By defining a stock assembly, you can create a type of stock item that contains assembled components, which can stock parts or other assemblies).

You initially create the stock assembly as an item and define how many of each constituent part is to be used.

When you come build the assembly, QuickBooks tells you how many you can build with the stock on hand of the component parts. It then automatically increases the quantity on hand of the assembly, and decreases the stock on hand of the component stock parts.

QuickBooks tracks assemblies in the same way as stock parts, for example how many items remain in stock after a sale, and the cost and value of the stock assembly items.

Note: An assembly is different from a group. You use a group for stock parts that you often sell together, so you can enter them quickly on an invoice. The individual parts are still tracked separately. The table and chair sets in the lesson file show an example of this. You use assembly items for finished items that are made up of individual stock parts. The finished assembly is tracked as an item in its own right. For further information, see the online Help.

Creating stock assemblies

Grangeworth Kitchens Ltd want to sell a range of oak cabinets, made up from the stock parts you created earlier in this lesson.

They will sell the finished cabinets at a higher price than the combined sales price of the components, in order to cover their production overheads.

First, you'll create an oak kitchen cabinet with two doors and two corresponding handles.

To create a stock assembly:

- 1 From the Item List, click the Item menu button and choose New. QuickBooks displays the New Item dialog box.

- For the Type, choose Stock Assembly.

QuickBooks changes the dialog box to display the fields associated with stock assemblies.

The screenshot shows the 'New Item' dialog box with the following fields and options:

- Type:** Stock Assembly (selected). A note says: 'Use for stock items that you assemble from other stock items and then sell. What's the difference between an Stock Assembly and a Group?' Buttons: OK, Cancel, Next.
- Item Name/Number:** [Empty field]. Subitem of [Empty dropdown]. **Units of Measure:** [Empty dropdown]. Buttons: Custom Fields, Spelling.
- I purchase this assembly item from a vendor.
- COGS Account:** Cost of Goods Sold (selected). Amt's Inc VAT.
- Description:** [Empty text area]. Item is inactive.
- Sales Price:** 0.00 per. **Sales VAT Code:** [Empty dropdown]. **Income Account:** [Empty dropdown].
- Components Needed:**

Item	Description	Qty	Unit

When you build this assembly, QuickBooks uses the items and quantities you specified and adds the assembly to your stock.
- Stock Information ()**

Asset Account	Build Point	On Hand	Total Value	As of
Stock Asset	0.00	0.00	0.00	31/03/2003

- In the Item Name/Number field, type **Oak Cabinet**.
- Click Units of Measure.
- For the Stocking Unit, type **each**. Leave the sales units the same, and click OK.
- In the Description field, type **Oak Kitchen Cabinet**.
- In the Sales Price field, type **240.00**. (The combined sales price of the components for this assembly would add up to 195.00.)
- Set the Sales VAT Code to S, and the Income Account to Sales:Retail.
- In the Components Needed section, click in the Item field and select Kitchen Cupboard, then press Tab.
- In the Qty field, type **1**.
- On the next line, select Oak Door, with a quantity of **2**. Although the sales description is "Pair of Oak Doors", the stock unit is each.
- On the next line, select Handle, with a quantity of **1**. Since handles are stocked in pairs, this will give you one handle for each of the two doors.
- For the As Of date, type **31/03/2003**.

Your screen should look like this:

New Item Ask a help question Ask How Do I? _ _ X

Type: Stock Assembly Use for stock items that you assemble from other stock items and then sell.
What's the difference between an Stock Assembly and a Group?

Item Name/Number: Oak Cabinet Subitem of: Units of Measure: I purchase this assembly item from a vendor

COGS Account: Cost of Goods Sold Amt's Inc VAT: Item is inactive

Description: Oak Kitchen Cabinet

Sales Price: 240.00 per each Sales VAT Code: 5 Income Account: Sales:Retail

Components Needed			
Item	Description	Qty	Unit
Kitchen CU...	Base Kitchen Cupboard	1	each
Oak Door	Pair of Oak Doors	2	each
Handle	Handle	1	pair

When you build this assembly, QuickBooks uses the items and quantities you specified and adds the assembly to your stock.

More

Stock Information (each)

Asset Account	Build Point	On Hand	Total Value	As of
Stock Asset	0.00	0.00	0.00	31/03/2003

14 Click OK.

15 QuickBooks adds the stock assembly to the Item List.

You can also create an assembly that uses fractional values. In the next example, Grangeworth Kitchens Ltd stock their Drawer Frames in boxes of 10, but they need to create an oak drawer unit that uses only one drawer frame.

To create an assembly with different units of measure:

- 1** From the Item List, click the Item menu button and choose New. QuickBooks displays the New Item dialog box.
- 2** For the Type, choose Stock Assembly.
- 3** In the Item Name/Number field, type **Oak Drawer**.
- 4** Click Units of Measure.
- 5** For the Stocking Unit, type **each**. Leave the sales units the same, and click OK.
- 6** In the Description field, type **Oak Drawer**.
- 7** In the Sales Price field, type **75.00**.
- 8** Set the Sales VAT Code to S, and the Income Account to Sales:Retail.
- 9** In the first line of the Components Needed section, select Drawer Frame, with a quantity of **0.1**. (A box contains 10 drawer frames.)
- 10** On the next line, select Oak Drawer Front, with a quantity of **1**.
- 11** On the next line, select Handle, with a quantity of **0.5** (that is, half of a pair of handles, since you need just one handle).

12 For the As Of date, type **31/03/2003**.

Your screen should look like this:

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

- Type:** Stock Assembly
- Item Name/Number:** Oak Drawer
- Description:** Oak Drawer
- Sales Price:** 75.00 per each
- Sales VAT Code:** 5
- Income Account:** Sales:Retail
- Components Needed:**

Item	Description	Qty	Unit
Drawer Frame	Drawer Frame	0.1	box
Oak Drawe...	Oak Drawer Front	1	each
Handle	Handle	0.5	pair
- Stock Information (each):**

Asset Account	Build Point	On Hand	Total Value	As of
Stock Asset	0.00	0.00	0.00	31/03/2003

13 Click OK.

QuickBooks adds the stock assembly to the Item List.

Grangeworth Kitchens Ltd are going to set up an assembly for an oak cabinet with one door and two drawers. This will include the oak drawer assembly that you've just created.

To create an assembly with a sub-assembly:

- 1** From the Item List, click the Item menu button and choose New. QuickBooks displays the New Item dialog box.
- 2** For the Type, choose Stock Assembly.
- 3** In the Item Name/Number field, type **Oak Cabinet - Drawer**.
- 4** Click Units of Measure.
- 5** For the Stocking Unit, type **each**. Leave the sales units the same, and click OK.
- 6** In the Description field, type **Oak Kitchen Cabinet With Drawers**.
- 7** In the Sales Price field, type **300.00**.
- 8** Set the Sales VAT Code to S, and the Income Account to Sales:Retail.
- 9** In the first line of the Components Needed section, select Kitchen Cupboard, with a quantity of **1**.
- 10** On the next line, select Oak Door, with a quantity of **1**.
- 11** On the next line, select Handle, with a quantity of **0.5**.
- 12** On the next line, select Oak Drawer, with a quantity of **2**.

13 For the As Of date, type **31/03/2003**.

Your screen should look like this:

New Item Ask a help question Ask How Do I? _ _ X

Type: Stock Assembly Use for stock items that you assemble from other stock items and then sell. What's the difference between an Stock Assembly and a Group?

Item Name/Number: Oak Cabinet - Dr... Subitem of: Units of Measure: []

I purchase this assembly item from a vendor

COGS Account: Cost of Goods Sold Amts Inc VAT:

Description: Oak Kitchen Cabinet With Drawers Item is inactive:

Sales Price: 300.00 per each Sales VAT Code: 5 Income Account: Sales:Retail

Item	Description	Qty	Unit
Oak Door	Pair of Oak Doors	1	each
Handle	Handle	0.5	pair
Oak Dra...	Oak Drawer	2	each

When you build this assembly, QuickBooks uses the items and quantities you specified and adds the assembly to your stock.

More

Stock Information (each)				
Asset Account	Build Point	On Hand	Total Value	As of
Stock Asset	0.00	0.00	0.00	31/03/2003

14 Click OK.

QuickBooks adds the stock assembly to the Item List.

Grangeworth Kitchens Ltd will also sell a four-drawer kitchen cabinet, made up of 1 kitchen cabinet and 4 oak drawers, but you don't need to create this now.

Building stock assemblies

So far, you've created the stock assemblies in the Item List, but you have no stock on hand for these item lines.

You need to build the assemblies from the component stock parts, so that you have stock that you can sell.

Building an assembly

First, you'll build the Oak Cabinet.

To build an assembly:

- 1 From the Item List, click the Activities menu button and choose Build Assemblies. QuickBooks displays the Build Assemblies dialog box.

Build Assemblies

Ask a help question Ask How Do I?

Previous Next

Assembly Item: [Empty] Quantity on Hand: 0 Build Point: 0
Quantity on Sales Order: 0
Quantity Available: 0

Components Needed to Build

Component Item	Description	Qty On Hand	Qty Needed	Unit
----------------	-------------	-------------	------------	------

Maximum number you can build from the quantity on hand: 0
Quantity to Build: [Empty]

Date: 31/03/2003 Build Ref. No.: 1
Memo: [Empty]

Build & Close Build & New Clear

- 2 From the Assembly Item drop-down list, select Oak Cabinet.

QuickBooks displays a list of the components and quantities required, and also indicates the maximum quantity you could build from the stock on hand of these components.

Build Assemblies

Ask a help question Ask How Do I?

Previous Next

Assembly Item: Oak Cabinet Quantity on Hand: 0 each Build Point: each
Quantity on Sales Order: 0 each
Quantity Available: 0 each

Components Needed to Build Oak Cabinet

Component Item	Description	Qty On Hand	Qty Needed	Unit
Kitchen Cupboard	Base Kitchen Cupboard	85	0	each
Oak Door	Pair of Oak Doors	84	0	each
Handle	Handle	34	0	pair

Maximum number you can build from the quantity on hand: 34 each
Quantity to Build: [Empty] each

Date: 31/03/2003 Build Ref. No.: 1
Memo: [Empty]

Build & Close Build & New Clear

- 3 In the Quantity to Build field, type 15.
- 4 For the Date, type 31/03/2003.

- 5 You could use the Memo field to add further information about the build. For now, just click Build & Close.

QuickBooks updates the stock on hand for the assembly item, and also reduces the stock for the components.

Name	Description	Type	VAT	Account	On Hand	On Sales Order	Price	Gross Price
↳ Drawer Frame	Drawer Frame	Stock Part	5	Sales:Retail	90	0	25.00	29.38
↳ Handle	Handle	Stock Part	5	Sales:Retail	38	0	10.00	11.75
↳ Kitchen Cupboard	Base Kitchen Cupboard	Stock Part	5	Sales:Retail	70	0	450.00	528.75
↳ Oak Door	Pair of Oak Doors	Stock Part	5	Sales:Retail	27	0	130.00	152.75
↳ Oak Drawer Front	Oak Drawer Front	Stock Part	5	Sales:Retail	85	0	25.00	29.38
↳ Oak Cabinet - Drawer	Oak Kitchen Cabinet	Stock Assembly	5	Sales:Retail	0	0	300.00	352.50
↳ Oak Drawer	Oak Drawer	Stock Assembly	5	Sales:Retail	0	0	75.00	88.13
↳ Oak Cabinet	Oak Kitchen Cabinet	Stock Assembly	5	Sales:Retail	15	0	240.00	282.00

Using pending builds

If an assembly includes a subassembly, you must have stock of the subassembly before you can build the main assembly. The best way to do this is to build the assemblies in the correct order.

However, you can also mark a build as pending, then update it later once you have built the subassembly.

You might also want to use pending builds to keep track of builds you plan for the future, for example if you are setting up a number of assembly items that you don't yet stock.

In this example, suppose that Grangeworth Kitchens Ltd want to build the Oak Cabinet with Drawers, even though they haven't yet built the Oak Drawer assembly.

To create and update a pending build:

- 1 From the Suppliers menu, choose Stock Activities and then Build Assemblies. QuickBooks displays the Build Assemblies window.
- 2 In the Assembly Item drop-down list, select Oak Cabinet - Drawer.

Notice that since there is no stock on hand for the Oak Drawer, the maximum number you can build is shown as 0.

Component Item	Description	Qty On Hand	Qty Needed	Unit
Kitchen Cupboard	Base Kitchen Cupboard	70	0	each
Oak Door	Pair of Oak Doors	54	0	each
Handle	Handle	19	0	pair
Oak Drawer	Oak Drawer	0	0	each

- 3 For the Quantity to Build, type **5**.
- 4 For the Date, type **31/03/2003**.
- 5 Click **Build & Close**.

QuickBooks displays a warning message:

Warning

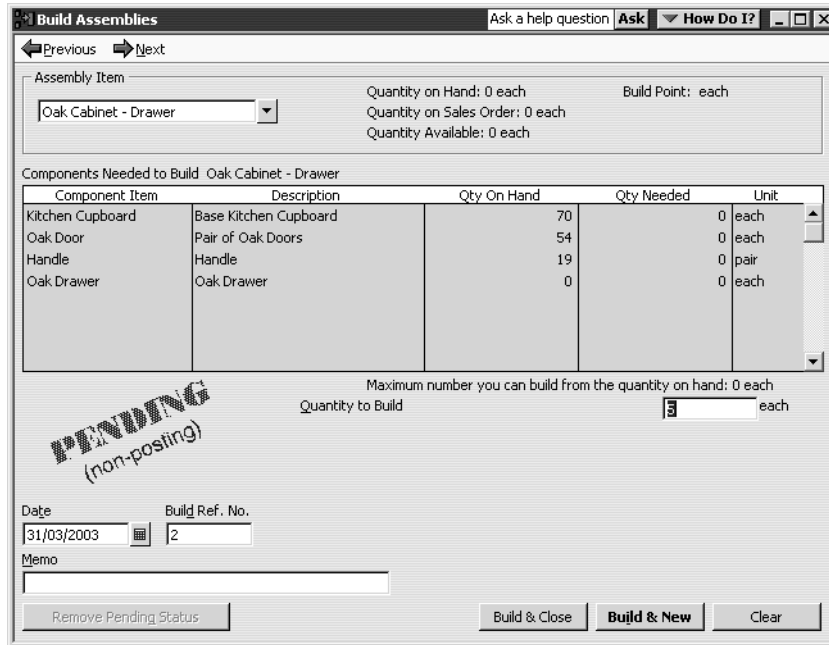
Problem
QuickBooks does not have enough components on hand to build 5 of this assembly.

Solution
You can either reduce the number you wish to build, or you can proceed with this build and mark it as pending. When you have enough components to build 5, you can then mark this build as final.

Click Help for more information on pending builds.

Make Pending Cancel Help

- 6 Click Make Pending.
QuickBooks marks the build as Pending.



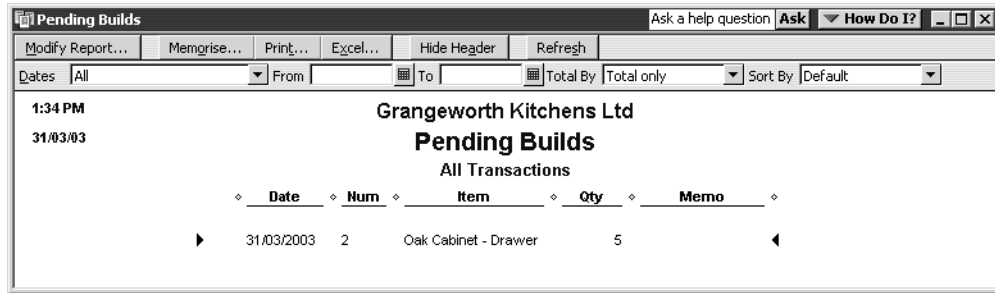
- 7 Click Build & New.
QuickBooks saves the pending build, but the stock on hand is still shown as 0 in the Item List because the assembly hasn't yet been completed.

Name	Description	Type	VAT	Account	On Hand	On Sales Order	Price	Gross Price
▷ Taps		Stock Part		Sales:Retail	0	0		
▷ Mixer taps	Mixer taps	Stock Part	S	Sales:Retail	16	0	35.00	41.13
▷ Silver taps	Silver taps	Stock Part	S	Sales:Retail	23	0	25.00	29.36
▷ Work Taps		Stock Part		Sales:Retail	0	0	0.00	0.00
▷ Granite worktop	Granite worktop	Stock Part	S	Sales:Retail	67	0	85.00	99.88
▷ Steel worktop	Steel worktop	Stock Part	S	Sales:Retail	3	0	65.00	76.38
▷ Oak Cabinet - Drawer	Oak Kitchen Cabinet With	Stock Assembly	S	Sales:Retail	0	0	300.00	352.50
▷ Oak Drawer	Oak Drawer	Stock Assembly	S	Sales:Retail	0	0	75.00	88.13
▷ Oak Cabinet	Oak Kitchen Cabinet	Stock Assembly	S	Sales:Retail	15	0	240.00	282.00

- 8 In the Build Assemblies window, select Oak Drawer.
- 9 For the Quantity to Build, type 10.
- 10 Click Build & Close.
Now you can complete the pending build for the Oak Cabinet - Drawer.
- 11 From the Reports menu, choose Stock and then Pending Builds.
QuickBooks displays the Pending Builds report.

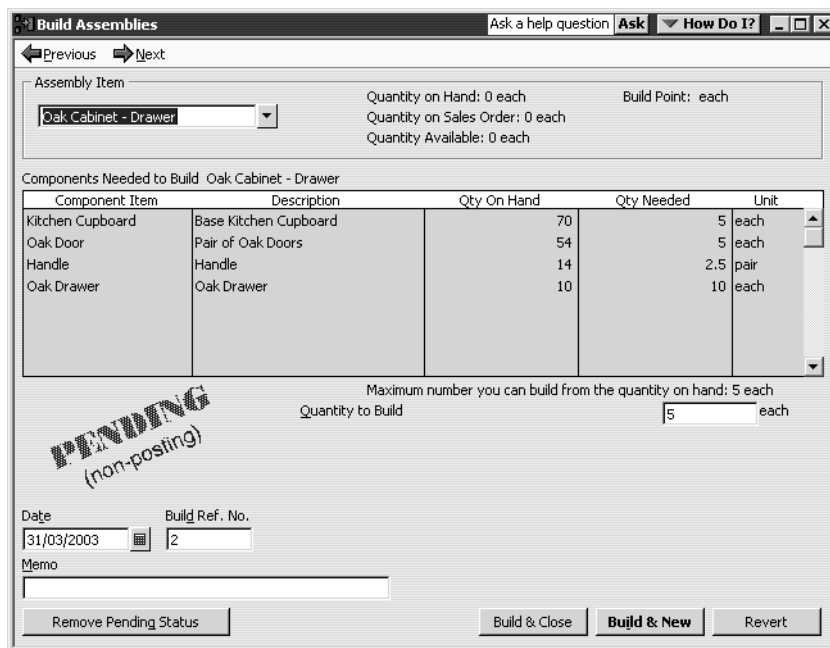
12 Change the dates to: From **01/03/2003** To **31/03/2003** and click Refresh.

This report helps you keep track of builds that are not yet complete.



13 Move the cursor over the pending build until it changes to a Z, then double-click.

14 QuickBooks opens the Build Assemblies window with the pending build for the Oak Cabinet - Drawer. It now shows that you can build 5 of this item.



15 Click the Remove Pending Status button.

16 For the Date, type **31/03/2003**.

17 Click Build & Close.

18 When QuickBooks asks you to confirm the changed transaction, click Yes.
 QuickBooks updates the stock on hand.

Viewing reports

Apart from the Pending Builds report you saw in the last exercise, the various reports show stock assembly items in just the same way as any other stock part. For example, when Grangeworth Kitchens Ltd create a customer invoice that includes 5 Oak Cabinets, this would be reflected in the Sales by Item Detail report.

In these examples, you'll look at QuickReports for an assembly and one of its components. You'll also see how QuickBooks tracks the cost of stock assemblies.

To view QuickReports on assemblies and components:

- 1 From the Item List, select the stock assembly item Oak Drawer.
- 2 Click the Reports menu button and choose QuickReport:Oak Drawer. QuickBooks displays the report.
- 3 Change the dates to: From **01/01/2003** To **31/03/2003** and click Refresh.

This shows the two builds that involved the oak drawer: the first when you built the drawer assembly, and the second when you used this assembly to build the oak cabinet with drawers.

The screenshot shows a window titled "Stock Item QuickReport" for "Grangeworth Kitchens Ltd" as of March 31, 2003. The window includes a menu bar with options like "Modify Report...", "Memorise...", "Print...", "Excel...", "Hide Header", and "Refresh". Below the menu bar, there are date selection fields: "Dates: This Financial Year-to-date", "From: 01/01/2003", and "To: 31/03/2003". The main content area displays a table with the following data:

Type	Date	Num	Name	Memo	Qty	Unit
Assembly						
Oak Drawer (each)						
Build	31/03/2003	3			10	each
Build	31/03/2003	2			-10	each
Total Assembly					0	
TOTAL As Of 31/03/2003					0	

- 4 From the Item List, select the stock part Drawer Frame.
- 5 Click the Reports menu button and choose QuickReport:Drawer Frame. QuickBooks displays the report.
- 6 Change the dates to: From **01/03/2003** To **31/03/2003** and click Refresh.

This shows all the transactions you've created using the drawer frame during this lesson: the stock adjustment for the initial stock on hand when you created the item, the purchase order and item receipt for Linden May, the invoice to Offa Kitchens, and the building of the oak drawers.

1:57 PM
31/03/03

Grangeworth Kitchens Ltd
Stock Item QuickReport
As of March 31, 2003

Type	Date	Num	Name	Memo	Qty	Unit
Stock					0	
Drawer Frame (box)						
Stock Adjust	31/03/2003			Drawer Fram...	1	box
Item Receipt	31/03/2003		Linden May Ltd	PN449 Dr Fr	10	box
Invoice	31/03/2003	28	Offa Kitchens	Drawer Frame	-2	box
Build	31/03/2003	3			-1	box
Tot On Hand As Of 31/03/2003					8	
Purchase Order	31/03/2003	31	Linden May Ltd	PN449 Dr Fr	0	box
Tot On Purchase Order As Of 31/03/2003					0	
Total Stock					8	
TOTAL As Of 31/03/2003					8	

To view stock assembly costs:

- 1 From the Reports menu, choose Stock then Stock Valuation Detail. QuickBooks displays the Stock Valuation Detail report.
- 2 Change the dates to: From **01/03/2003** To **31/03/2003** and click Refresh.

The assemblies (at the bottom of the report) show no figures in the Cost column, because you did not buy these items in ready-made. However, it does show the average cost based on the total costs and quantities of the components used in each assembly.

Stock Valuation Detail										
Ask a help question Ask How Do I?										
Modify Report... Memrise... Print... Excel... Hide Header Refresh										
Dates This Month-to-date From 01/03/2003 To 31/03/2003 Sort By Default										
2:01 PM										
31/03/03										
Grangeworth Kitchens Ltd										
Stock Valuation Detail										
March 2003										
Type	Date	Name	Num	Qty	Unit	Cost	On Hand	Avg Cost	Asset Value	
Assembly										
Oak Cabinet - Drawer										
Build	31/03/2003		2	5	each		5	121	605.00	
Total Oak Cabinet - Drawer							5		605.00	
Oak Drawer										
Build	31/03/2003		3	10	each		10	30	300.00	
Build	31/03/2003		2	-10	each		0	30	0.00	
Total Oak Drawer							0		0.00	
Oak Cabinet										
Build	31/03/2003		1	15	each		15	102	1,530.00	
Total Oak Cabinet							15		1,530.00	
Total Assembly							20		2,135.00	
TOTAL							536.5		27,355.68	

If you were later to buy components in at a higher cost, this would not initially be reflected in the average cost of the assemblies that used these components. The figures would not be updated until next time you built these assemblies.



LESSON 18 Tracking finance

Lesson objectives 18-2

To start this lesson 18-2

Tracking finances 18-3

Cash Flow Projector 18-3

Loan Manager 18-8

Using Loan Manager 18-11

Running “what-if” scenarios 18-15

Lesson objectives

- To use Cash Flow Projector to show cash flow for the next six weeks.
 - To understand how Loan Manager is used to set up and track loans.
 - To see how Loan Manager can show “what-if” scenarios for potential loans.
-

To start this lesson

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

Follow these steps to restore the lesson file to its original state so that the data in the file matches what you see on the screen as you proceed through the lesson.

Note: To complete this lesson, you must be using QuickBooks Pro or Accountant.

To restore the lesson file (qblesson.qbb):

- 1** From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2** In the “Get Company Backup From” section of the window, click Browse and select your **c:\qbtrain** directory.
- 3** Select the **qblesson.qbb** file, and then click Open.
- 4** In the “Restore Company Backup To” section of the window, type **lesson 18.qbw** in the Name field.
- 5** Click Browse and select your **c:\qbtrain** directory.
- 6** Click Save.
- 7** Click Restore.

Tracking finances

QuickBooks provides a wide range of features to help you to track and plan the finances of your company.

This lesson will introduce you to just some of these features.

Cash Flow Projector

Cash Flow Projector guides you through a step-by-step process that helps you combine your existing QuickBooks data with any additional cash flow information, to prepare a six-week view of all your incoming and outgoing cash. This helps your financial planning, for example to anticipate any potential shortfalls, identify sources and uses of cash, see the financial impact of supplier payment terms, or determine whether you can make additional purchases based on your future cash needs.

To get an accurate picture of your cash flow, it is recommended that you make sure your QuickBooks data is up to date before you run the Cash Flow Projector.

To use Cash Flow Projector:

- 1** From the Company Navigator, click Cash Flow Projector.
The Cash Flow Projector displays the Welcome page.
- 2** Click Next.
The Cash Flow Projector displays the Beginning Balance page. This is where you select which accounts you want to use to calculate your balance, and you can also add an adjustment to the balance for example if you know you have additional cash on-hand that you have not yet entered into QuickBooks or if you want to reduce available cash to act as a cash reserve.
- 3** Click in all the account boxes to include them in your projection. The Balance Summary is updated to show the current balance.

Cash Flow Projector

1 Welcome **2 Beginning Balance** 3 Cash Receipts 4 Business Expenses 5 Accounts Payable

How do I?
[Understand how the beginning balance is used](#)
[Calculate the beginning balance](#)
[Decide which accounts to use](#)

Check each account you want to use for calculating your beginning balance, then enter any adjustments to the balance.

Account Information

Account	Balance
<input checked="" type="checkbox"/> Master Bank Current	9,941
<input checked="" type="checkbox"/> Master Bank Savings	13,755
<input checked="" type="checkbox"/> Petty Cash	119

Beginning Balance Summary

Current Balance: 23,815
 Adjust Balance:
 Adjusted Beginning Balance: 23,815

Previous **Next** Preview Projection Close Help

4 Click Next.

The Cash Flow Projector displays the Cash Receipts page. This shows the amount of cash you expect your business to receive and when. It is dated and grouped as a weekly total.

Cash Flow Projector

1 Welcome 2 Beginning Balance **3 Cash Receipts** 4 Business Expenses 5 Accounts Payable

How do I?
[Decide which projection method to choose](#)
[Enter and edit cash receipts](#)
[Understand when to adjust my cash receipt summaries](#)

Choose a method for projecting your cash receipts and add any additional cash receipts. You can also manually adjust your sales receipts summaries.

Itemized Cash Receipts

Choose a projection method:

Date	Description	Amount
23/12/2007	Projected Receipts	0
30/12/2007	Projected Receipts	0
06/01/2008	Projected Receipts	0
13/01/2008	Projected Receipts	0
20/01/2008	Projected Receipts	0

Cash Receipts Summary

	Current Week	16/12/07	23/12/07	30/12/07	6/1/08	13/1/08	20/1/08
Adjustment	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>

Previous **Next** Preview Projection Close Help

In this case, there have been no cash receipts over the last six weeks so each entry is shown as zero.

Initially this page projects your cash receipts based on the default method 'Use a weighted average of last 6 weeks', where the most recent weeks are taken as a more accurate indication of future weeks.

Other methods include:

- Use last 6 weeks – This method assumes the same pattern of receipts will occur over the next six weeks as over the last six weeks.
- Use an average of the last 6 weeks – This method gives equal weighting to each week when calculating the average.

For this exercise, you'll enter adjustments, because the cash receipts are not up to date.

- 5 In the Summary boxes at the bottom, for 16/12/2007 type **2400**, for 13/12/2007, type **2300** and for 30/12/2007 type **2500**.

Your screen should resemble this one:

Choose a method for projecting your cash receipts and add any additional cash receipts. You can also manually adjust your sales receipts summaries.

Itemized Cash Receipts

Choose a projection method: Use a weighted average of last 6 weeks

Date	Description	Amount
16/12/2007	Projected Receipts	0
23/12/2007	Projected Receipts	0
30/12/2007	Projected Receipts	0
06/01/2008	Projected Receipts	0
13/01/2008	Projected Receipts	0
20/01/2008	Projected Receipts	0

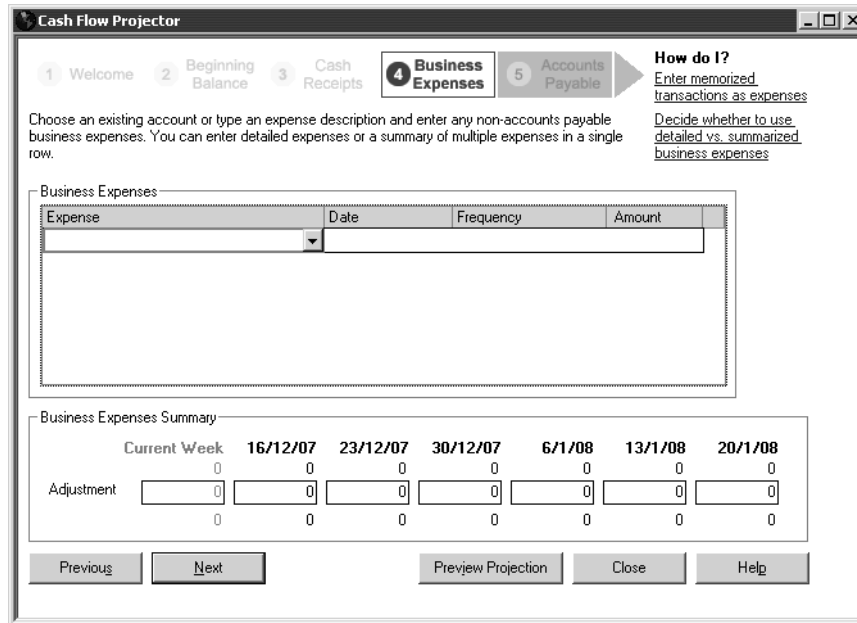
Cash Receipts Summary

	Current Week	16/12/07	23/12/07	30/12/07	6/1/08	13/1/08	20/1/08
Adjustment	0	2,400	2,300	2,500	0	0	0
	0	2,400	2,300	2,500	0	0	0

Previous Next Preview Projection Close Help

6 Click Next.

The Cash Flow Projector displays the Business Expenses page.

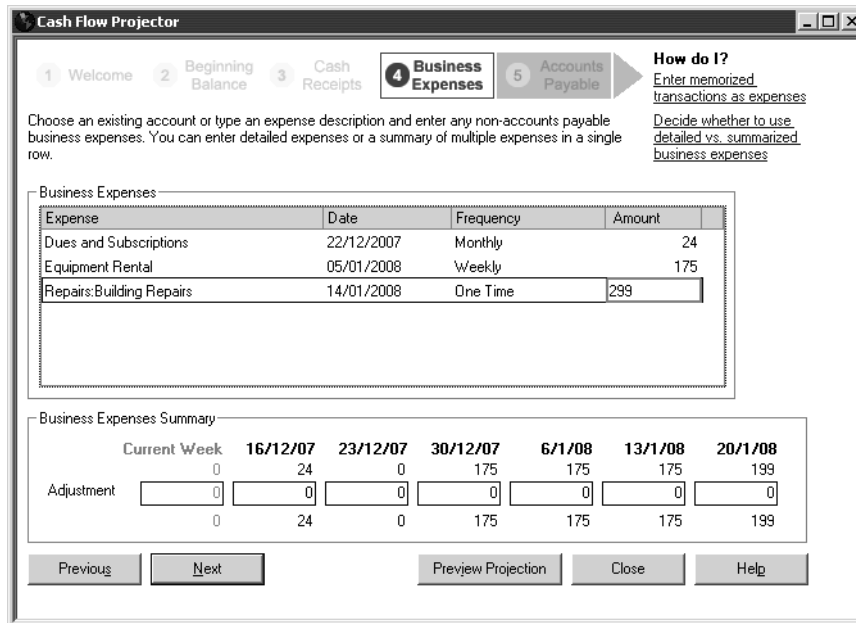


This is where you enter cash business expenses. You can select which accounts to use, and either group them at a high level or use as much detail as you want. For this exercise, you'll just use a few accounts, but for your business you may want to use all the accounts that have an impact on your cash flow.

- 7** In the first line, select Dues and Subscriptions, with a date of 22/12/2007, a frequency of Monthly, and an amount of 24.
- 8** In the next line, select Equipment Rental, with a date of 05/01/2008, a frequency of Weekly, and an amount of 175.

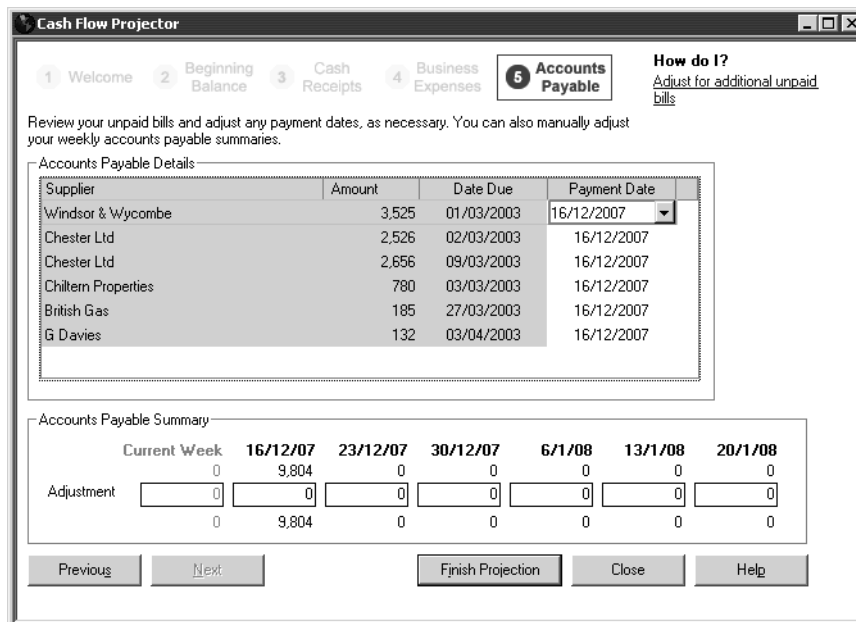
- In the third line, select Repairs: Building Repairs, with a date of 14/01/2008, a frequency of One Time, and an amount of 299.

Your screen should resemble this one.



- Click Next.

The Cash Flow Projector displays the Accounts Payable page.



This is where you select the suppliers with unpaid bills. You can choose what date to use for payment in your projection. For this exercise, leave the due dates as they are.

11 Click Finish Projection.

The Cash Flow Projector displays your projection for the next six weeks. You can scroll across and down to see more information.

	Current Week	16/12/07	23/12/07	30/12/07	6/1/08
Cash:					
Beginning Cash	23,815	23,815	16,387	18,687	21,012
Cash Receipts	0	0	0	0	0
Adjustments	0	2,400	2,300	2,500	0
Total Cash	23,815	26,215	18,687	21,187	21,012
Business Expenses:					
Dues and Subscriptions	0	24	0	0	0
Equipment Rental	0	0	0	175	175
Repairs: Building Repairs	0	0	0	0	0
Adjustments	0	0	0	0	0
Total Business Expenses	0	24	0	175	175
Cash Available for Disbursement	23,815	26,191	18,687	21,012	20,837
Accounts Payable:					
Windsor & Wycombe	0	3,525	0	0	0

If you wish, you can print and/or save the projection as a PDF.

Loan Manager

Loan Manager enables you to track loans and schedule payments. It calculates the principal and interest. You can easily update the information if the interest rate changes or you alter your payment schedule. You can also run “what-if” scenarios to evaluate different loans.

Before you can use the Loan Manager, you need to set up a liability account for the loan, and an expense account to track the loan interest. You also need to set up the lender as a supplier.

In this exercise, you’ll set up an account for a short-term loan using the Other Current Liability account type. For a long-term loan, you’d use Long Term Liability.

To set up the liability account:

- 1** From the Lists menu, choose Chart of Accounts.
- 2** Click the Account menu button, and choose New.
- 3** For the account type, choose Other Current Liability.
- 4** For the name, type **Short Term Loan**.
- 5** As a description, type **Short term loan for expansion**.
- 6** For the Bank Acct. No, type **1234 5678**.

7 Set the opening balance to **0.00**.

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

- Type: Other Current Liability
- Name: Short Term Loan
- Description: Short term loan for expansion
- Bank Acct. No.: 1234 5678
- Opening Balance: 0.00 as of 15/12/2007

Buttons on the right include OK, Cancel, Next, and a checkbox for 'Account is inactive'.

8 Click OK.

To set up the expense account:

- 1** From the Chart of Accounts, click the Account menu button and choose New.
- 2** Enter the expense account details as follows:
 - Account type – Expense
 - Name – Short Term Interest
 - Description – Short term loan interest

3 Click OK.

To set up the lender:

- 1** From the Suppliers menu, choose Suppliers List.
- 2** Click the Supplier menu button, and choose New.
- 3** For Supplier Name, type **Master Bank Loan**.
- 4** Normally, you'd enter full details for the supplier, but for now click OK.

To enter the loan:

- 1** From the Chart of Accounts, click the Activities menu button and choose Make Deposits.
QuickBooks displays the Payments to Deposit window.
- 2** Click Cancel, since you don't want to use any of the customer payments.
QuickBooks displays the Make Deposit window.
- 3** For Account, select Master Bank Current from the drop-down list.
- 4** Click in the From Account column, and select Short Term Loan from the drop-down list.

- 5** In the Amount column, type **5000.00**.

Your screen should resemble this:

Make Deposits Ask a help question Ask How Do I?

Previous Next Print Payments Journal

Deposit To: Master Ban... Date: 15/12/2007 Memo: Deposit

Click Payments to select customer payments that you have received. List any other amounts to deposit below.

Received From	From Account	Memo	Chq No.	Pmt Meth.	Class	Amount
	Short Term Loan					5,000.00

Deposit Subtotal 5,000.00

To get cash back from this deposit, enter the amount below. Indicate the account where you want this money to go, such as your Petty Cash account.

Cash back goes to: Cash back memo: Cash back amount:

Deposit Total 5,000.00

Save & Close Save & New Clear

- 6** Click Save & Close.

Using Loan Manager

To enter a loan in Loan Manager:

- 1 From the Banking menu, choose Loan Manager.
- 2 Click Add a Loan.

Loan Manager displays the Add a Loan window.

Add Loan [X]

Enter account information for this loan

Account Name: [dropdown]

Current Balance: [dropdown]

Lender: [dropdown]

Loan Advance Date: [calendar icon] [text input] [Why should I enter a loan advance date?](#)

Original Loan Amount: [text input] 0.00

Term: [text input] 0 [dropdown] Months

[Previous] [Next] [Finish] [Cancel] [Help]

- 3 For Account Name, select the liability account for the loan, in this case the Short Term Loan.
- 4 For Lender, select the lender, in this case Master Bank Loan.
- 5 For Loan Advance Date, type **15/12/2007**.
- 6 For Original Loan Amount, type **5000.00**.
- 7 For Term, type **12** and leave Months shown in the drop-down list.

Add Loan [X]

Enter account information for this loan

Account Name: [dropdown] Short Term Loan

Current Balance: 5,000.00

Lender: [dropdown] Master Bank Loan

Loan Advance Date: [calendar icon] [text input] 15/12/2007 [Why should I enter a loan advance date?](#)

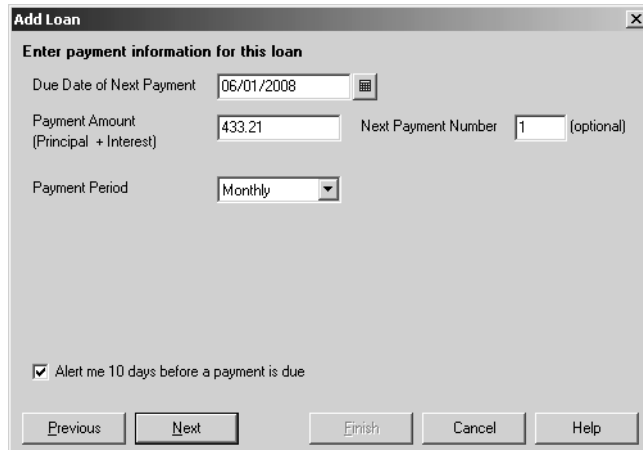
Original Loan Amount: [text input] 5,000.00

Term: [text input] 12 [dropdown] Months

[Previous] [Next] [Finish] [Cancel] [Help]

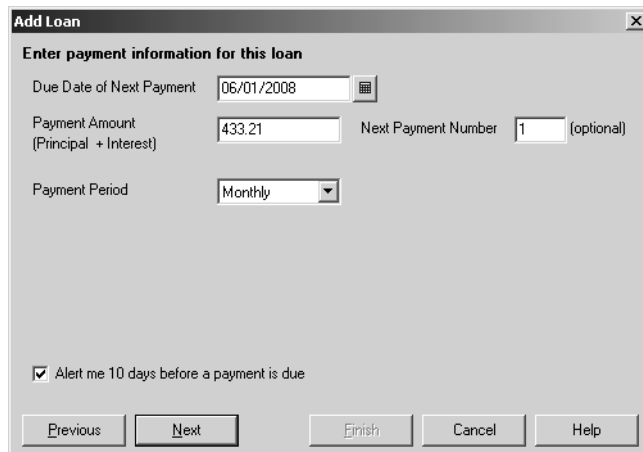
8 Click Next.

Loan Manager displays the payment information page.



The screenshot shows a dialog box titled "Add Loan" with a close button (X) in the top right corner. Below the title bar, the text "Enter payment information for this loan" is displayed. The form contains the following fields and controls:

- "Due Date of Next Payment": A text box containing "06/01/2008" with a calendar icon to its right.
- "Payment Amount (Principal + Interest)": A text box containing "433.21".
- "Next Payment Number": A text box containing "1" with "(optional)" to its right.
- "Payment Period": A dropdown menu currently set to "Monthly".
- A checkbox labeled "Alert me 10 days before a payment is due" which is checked.
- At the bottom, there are five buttons: "Previous", "Next", "Finish", "Cancel", and "Help".

9 For Due Date of Next Payment, type **06/01/2008**.**10** For Payment Amount, type **433.21**.**11** For Payment Period, choose Monthly.

This screenshot is identical to the one above, showing the "Add Loan" dialog box with the same fields and controls. The "Next" button is highlighted with a dark border, indicating it is the active element.

12 Click Next.

Loan Manager displays the interest information page.

13 For Interest Rate, type **7.25**.**14** For Bank Account, choose Master Bank Current.

15 For Interest Expense Account, choose Short Term Interest.

Add Loan

Enter interest information for this loan

Interest Rate: 7.250 %

Compounding Period: Monthly What is an exact days compounding period?

Compute Period: 365/365

Bank Account: Master Bank Current

Interest Expense Account: Short Term Interest

Fees/Charges Expense Account: Bank Service Charges

Previous Next Finish Cancel Help

16 Click Finish.

Loan Manager displays the loan in the main window.

Loan Manager How Do I?

What you need to do before you add a loan

Name	Balance	Next Payment	Amount
Short Term Loan	5,000.00	06/01/2008	433.21

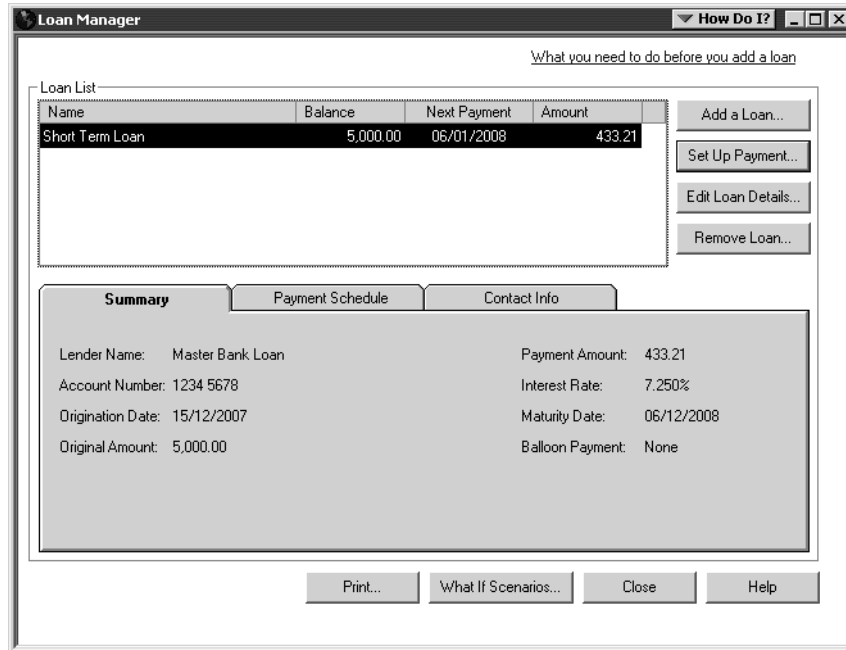
Summary | Payment Schedule | Contact Info

Lender Name: Master Bank Loan Payment Amount: 433.21
 Account Number: 1234 5678 Interest Rate: 7.250%
 Origination Date: 15/12/2007 Maturity Date: 06/12/2008
 Original Amount: 5,000.00 Balloon Payment: None

Print... What If Scenarios... Close Help

17 Click on the Payment Schedule tab.

Loan Manager displays a list of payment dates showing how the payments affect the principal and interest amounts.



Once you've entered the loan, you can set up payments in Loan Manager. You can make regular (scheduled) payments, or one-off extra payments, and choose how to pay: by entering a bill or writing a cheque.

To set up loan payments in Loan Manager:

- 1 Click Set Up Payment.

Loan Manager displays the Set Up Payment window.

- 2 Leave the settings as Regular Payment, to be paid by cheque.
- 3 Click OK.

QuickBooks generates a cheque, showing the split between repayment and interest. It is set to the current date, but you can change this to 06/01/2008 before saving the cheque.

Loan Manager also updates the next payment date.

Running “what-if” scenarios

You can try out different scenarios, for example to see the effect of changing payments or interest rates on an existing loan, or to evaluate or compare new loans.

To run a “what-if” scenario in Loan Manager:

- 1 Click What If Scenarios.
Because you have already set up a loan, the What If Scenarios displays the existing loan with the scenario ‘What if I change my payment amount?’ already selected.
- 2 Choose ‘How much will I pay with a new loan?’ from the drop-down list.
- 3 For Amount Borrowed, type **12000.00**.
- 4 For Loan Advance Date, type **31/01/2008**.
- 5 For Term, type **36**.
- 6 Leave the Payment period set to Monthly.
- 7 For Interest Rate, type **7.10**.

- 8** For First Repayment Date, type **25/06/2008**.

Your screen should resemble the following:

The screenshot shows the 'What If Scenarios' dialog box with the following fields and values:

Choose a scenario	How much will I pay with a new loan?	Why is the loan advance date important?
		What if I don't know my payment amount?
New Loan		
Amount Borrowed	12,000.00	
Loan Advance Date	31/01/2008	
Term	360 Months	
Payment Amount	0.00 (optional)	
Payment period	Monthly	
Interest Rate	7.100 %	
Next Payment Date	25/06/2008	
Calculate		
Total Payments:	£0.00	
Total Interest:	£0.00	
Balloon Payment:	N/A	
Print...		
OK Cancel Help		

- 9** Click Calculate.

Loan Manager calculates the monthly payments, total repayment and total interest.

The screenshot shows the 'What If Scenarios' dialog box with the following fields and values:

Choose a scenario	How much will I pay with a new loan?	Why is the loan advance date important?
		What if I don't know my payment amount?
New Loan		
Amount Borrowed	12,000.00	
Loan Advance Date	31/01/2008	
Term	360 Months	
Payment Amount	80.64 (optional)	
Payment period	Monthly	
Interest Rate	7.100 %	
Next Payment Date	25/06/2008	
Calculate		
Total Payments:	£29,030.27	
Total Interest:	£17,030.27	
Balloon Payment:	£403.07	
Print...		
OK Cancel Help		

- 10** If you wanted to compare loans, you would choose 'Evaluate two new loans', and enter both sets of details alongside each other, in the same way.