QuickBooks®

INTUIT®

UK Basic 2008 Training Guide

Make QuickBooks perform. For you, for your business.

UK product

My QuickBooks account details

QuickBooks® Licence Key   _____

QuickBooks® Customer Number   _____

Activation Code   _____

Table of contents

Welcome to QuickBooks®

QuickBooks is easy-to-use accounting software designed for small businesses and to fit your business needs. With QuickBooks, taking care of your money is simple. Whether you've been running your business for years or are just starting out, having an organised, efficient way to manage your business can save you time, money and a lot of frustration.

QuickBooks saves time, reduces errors and always lets you know how your business is doing and you don't have to be an expert in accounting. QuickBooks has a solution to meet your particular needs, whether you just want to do basic bookkeeping tasks or manage a complex, growing business.

Saving time and reducing errors is just the start. By keeping your money transactions in one place and automating routine accounting tasks, QuickBooks helps you stay on top, so you'll be less likely to run short of cash when you need it. QuickBooks can help you make informed decisions about your business in a way you might not have thought possible:

- **Easily get access to your financial information**
  Get the numbers you need for your VAT or accountant in minutes – not days or weeks

- **Track money coming in**
  Quickly create estimates, invoices and sales receipts for customers, whilst keeping a watchful eye on customer payments and bank deposits

- **Track money going out**
  Easily write and print cheques, record your expenses, pay bills from suppliers, and issue refunds to customers

- **Use the power of reports**
  QuickBooks instantly generates key financial reports so you'll know where you're making and spending your money - and that makes it easier to steer your business towards success

- **Get maximum customer satisfaction**
  With customer sales information at your fingertips, you'll be able to serve your customers more efficiently and professionally

What's the aim of this guide?

This training guide is designed to help you learn how to use the most common features of QuickBooks. Use it to get up and running as quickly as possible. In this guide, you'll learn:

- How to set up your company file
- Important QuickBooks terms and concepts
- Where to look for help when you have questions
- How to get around QuickBooks
- How to perform some essential tasks

Note: *Although the information in this guide usually applies to both the Pro and Premier editions of QuickBooks, it is primarily designed for users of QuickBooks Pro and all references will be to QuickBooks Pro. If any information in this guide applies to the Premier edition of QuickBooks, it will be named.*

The training guide contains thirteen chapters and each includes a number of sub-chapters. Each chapter will discuss a specific topic, why it's important, and how to deal with it in QuickBooks. The last chapter, entitled 'Resources' lists and describes sources of additional help and support. The material in this chapter is for your own reference and is not covered during the course.

The sample company

Where possible, you should use your own company as you work through this training guide, so that when you have finished your company will be set up. Sometimes, however, you will need to use a sample company.

QuickBooks comes with a sample company called Port Meadow Locksmiths. Throughout this guide you will see examples that reference this company.

To access the sample company:

1. If you are already within a QuickBooks company file, click on **File** in the **Menu Bar** and select **Close Company** (1).

2. The **No Company Open** window opens. Click **Open a sample file** (2)
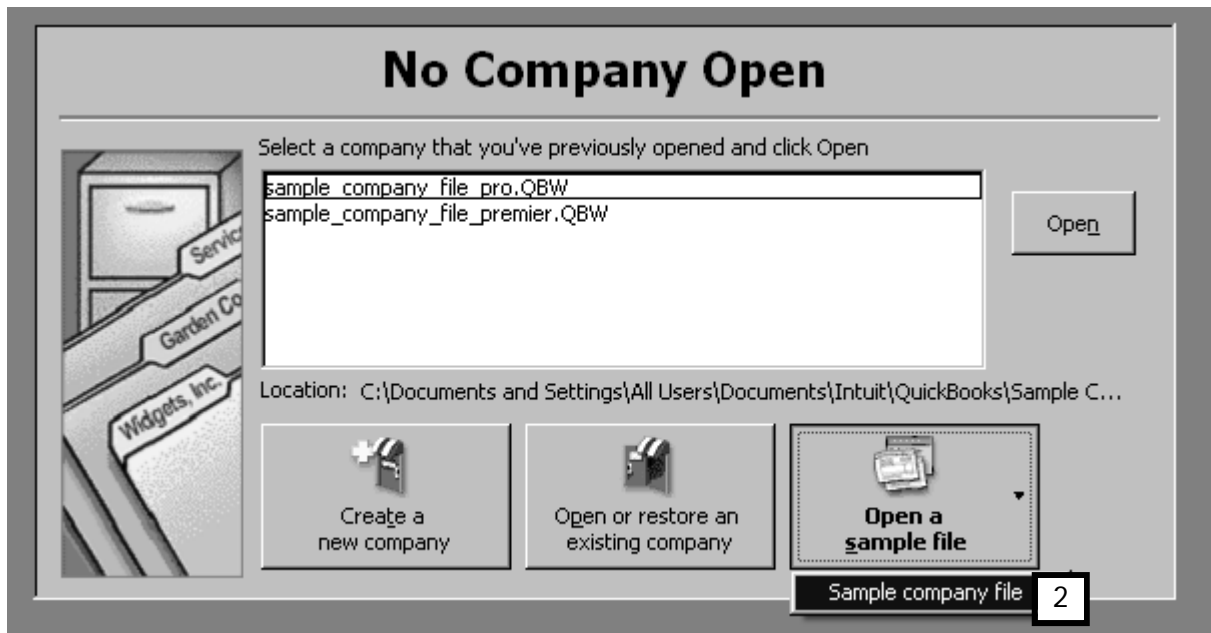
There are times when this guide urges you to use your own company and start setting up your actual company file.

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Getting organised

This chapter discusses the different accounting methods and key accounting terms, and helps you choose a starting date for using QuickBooks.

After completing this chapter, you will know how to:

Choose an accounting method ▶ **Define some key accounting terms** ▶ **Determine your company's start date**

What accounting method should I use?

Cash versus accrual bookkeeping

There are two common methods of bookkeeping: cash and accrual. Your method determines how you report income and expenses on your VAT forms—usually accrual. When you begin your business, you need to decide which bookkeeping method to use.

It's best not to switch to a different accounting system after you've selected one. However, you can switch between cash and accrual reports in QuickBooks at any time, without affecting your accounting records. By default, QuickBooks creates reports on an accrual basis. To change reports (except a transaction report) to a cash basis, search the Help index for "Reports: cash vs. accrual".

Cash basis

Some 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 counting a sale when the customer actually paid, rather than when you made the sale, then you've been using cash basis accounting. Similarly, if you've been tracking expenses at the time you pay them, rather than at the time you first receive the bills, then you've been using cash basis accounting (see diagram on next page).

Accrual basis

In accrual-basis bookkeeping, you record income at the time you make the sale, not at the time you receive the payment from the customer. Similarly, you enter expenses when you receive the bill, not when you pay it. Most accountants feel that the accrual method gives you a truer picture of your business finances (see diagram on next page).

How your bookkeeping method affects QuickBooks

QuickBooks allows you to enter your transactions the same way no matter which accounting method you use for VAT. When you first install QuickBooks, however, it uses the accrual method by default. 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. (For more information, search the Help index for "Reports: cash vs. accrual.")

However, HM Revenue & Customs (HMRC) requires you to use accrual-based bookkeeping if your turnover is above the current taxable turnover threshold. Check with your accountant or HMRC before you make your choice.

How much accounting do I need to know?

Using QuickBooks requires very little accounting knowledge. You need to understand a chart of accounts and the different types of accounts on it. You will need to know some key terms, most of which are listed on the next two pages. You don't have to know other accounting terms such as debits and credits, journal entries or closing periods. QuickBooks will take care of these for you, and prompt you to make any necessary decisions.

Cash Basis Accounting

Accrual Basis Accounting

Write Cheques

Enter Bills

Pay Bills

Print cheques or
make an online payment

Key terms

Company file   The company file is the data file that QuickBooks uses to store and manage all the information and financial transactions for your business. QuickBooks company files have the extension .QBW.

Customers   People or businesses to whom your company sells its products or services.

Suppliers   People or businesses from whom your company buys or rents products or services . Tax agencies such as HMRC and Inland Revenue are also suppliers.

Employees   Everyone to whom your company pays a wage, salary or contract payment.

Historical transactions   All business transactions that happened before you start using QuickBooks.

Assets   Company assets are goods, services and money your company owns or is owed. QuickBooks distinguishes between two types of assets:

Current assets: assets that you are likely to convert to cash within one year (such as your stock, the cash you have on hand, the money in your current and savings accounts, and the money your customers owe you).

Fixed assets: assets that you do not expect to convert to cash within one year. A fixed asset is usually a physical item you use to run your business (such as a van, cash register or computer).

Liabilities   Liabilities are money or services a company owes to someone else. QuickBooks also distinguishes between **Current Liabilities** (due within a year) and **Long Term Liabilities** (due in more than a year, like a mortgage).

Equity   The total value (net worth) of a company. If all a company's assets were sold and all the liabilities were paid, the money left over represents the equity or how much the company is worth to the owner(s).

Balance Sheet   A report that shows the value of a company's assets, liabilities and equity as of a particular day. It is called a balance sheet because the value of the assets minus liabilities is always exactly equal to the equity.

Income   The amount of money generated through sales of goods and/or servces.

Cost of Goods Sold   Money directly spent on materials or labour to generate income.

Expenses   The amount of money spent in running the buiness, such as on rent, utilities, wages, advertising, etc.

Profit and Loss   A report that shows a company's income and expenses over a period of time. A profit and loss report indicates how much money is made or lost over a period of time.

Chart of accounts   The chart of accounts is a list made up of different types of accounts that are used to track how much money your company has, how much it owes, how much is coming in and the amount it is spending.

Cash flow   The process of your company's money coming in and going out, and the resulting bank account balances. A positive cash flow is when more money is coming in than going out, and a negative cash flow is the opposite.

Choosing a start date

The start date is the date chosen as the starting point for a company's financial records. A suitable start date is a point in time where you have complete financial information about your company so you have accurate balances for each asset, liability and equity account.

The start date is important because all transactions between a start date and the current date must be entered into QuickBooks. This ensures that a company's accounting records are complete and accurate.

So that they can see transactions for the entire year, many business owners base their accounting records on their financial year. A financial year is the "business" year and this might not be the same as the calendar year or the tax year. The flowcharts on the next two pages will help you choose a start date and the corresponding opening balances.

Note: Although you can change your start date later, your start date determines much of your setup. It's much easier to decide on the best start date now than change it later.

To choose a start date that's best for your company, consider these questions in addition to working through the flowchart on the next pages:
- When does your company's financial year start?
- How close is today to the end of your financial year?
- Do you have an accurate balance sheet for your current financial year?
- Do you have an accurate profit and loss statement (also called an income statement) for your current financial year?
- How far back in time are you willing to enter historical transactions (old invoices, bills, bank account transactions)
- Will you be tracking payroll in QuickBooks?

Tip: If it's almost the end of your company's financial year, consider finishing it using your old system of bookkeeping. Then set up your company in QuickBooks with a start date of your financial year-end so you can use QuickBooks for the new financial year. You'll have the detail for each financial year, and you won't have to do a lot of work setting up.

Start date flowchart

Are you recording data for your company's first year of operations?

NO

Go to the flowchart on the next page

YES

Do you have many transactions to record?

NO

Use the company's start-up date as the QuickBooks start date

YES

Have these transactions been recorded elsewhere?

NO

YES

Consult your QuickBooks Professional Advisor to determine the start date

Can this other system provide account balances as of a certain period?

NO

YES

Use the previous system's closing date as the QuickBooks start date
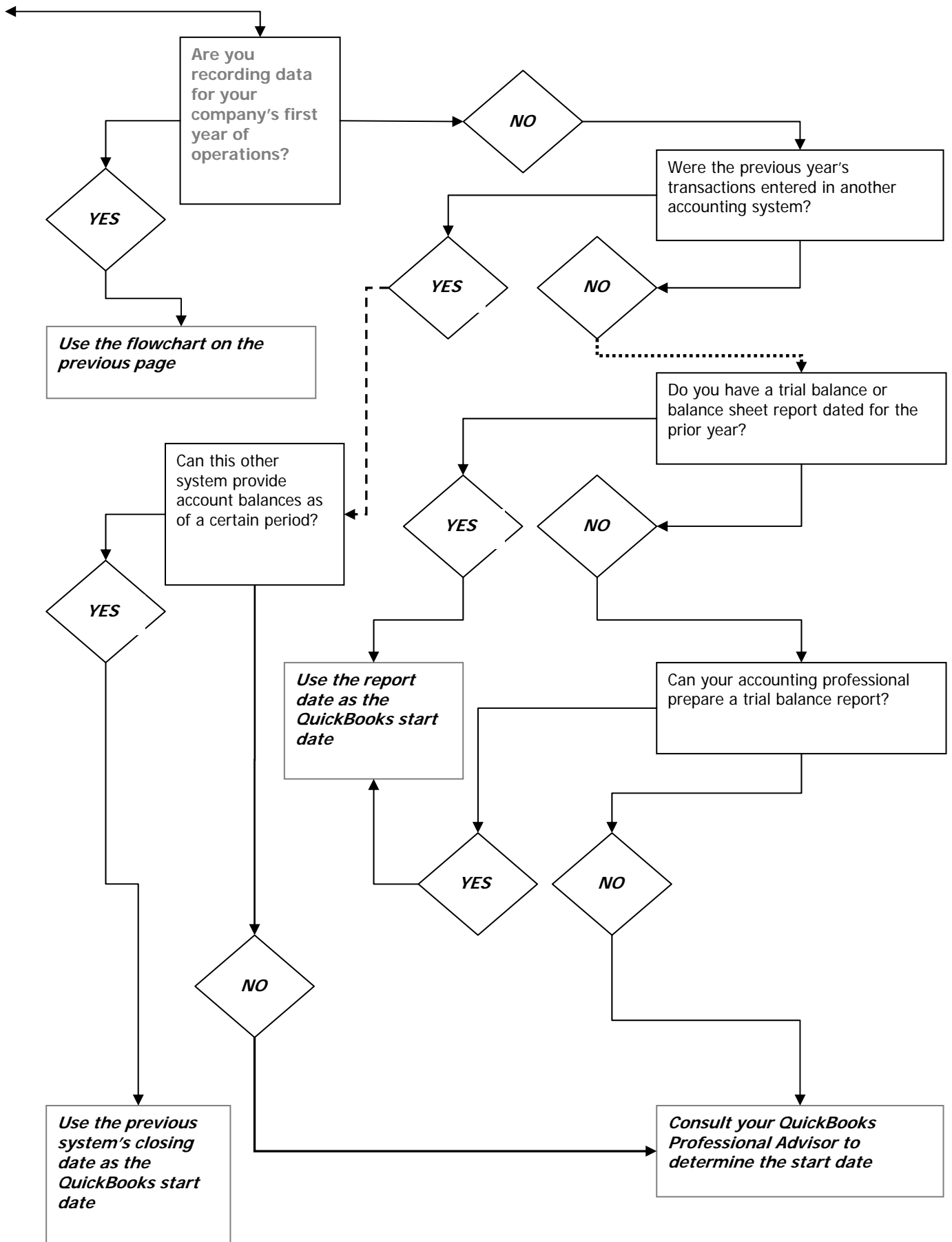
After reviewing the Getting Started Checklist, Tim Grate realised that, in addition to getting his legal company name registered and applying to HMRC for his VAT Number, he must choose a start date and determine the balances on that date.

After analysing the Start date flowchart on these pages, Tim determined that his start date should be the day that he started his company.

Are you recording data for your company's first year of operations?

NO

YES

Were the previous year's transactions entered in another accounting system?

YES

NO

Use the flowchart on the previous page

Do you have a trial balance or balance sheet report dated for the prior year?

Can this other system provide account balances as of a certain period?

YES

NO

YES

NO

Use the report date as the QuickBooks start date

Can your accounting professional prepare a trial balance report?

YES

NO

Use the previous system's closing date as the QuickBooks start date

Consult your QuickBooks Professional Advisor to determine the start date

Chapter summary

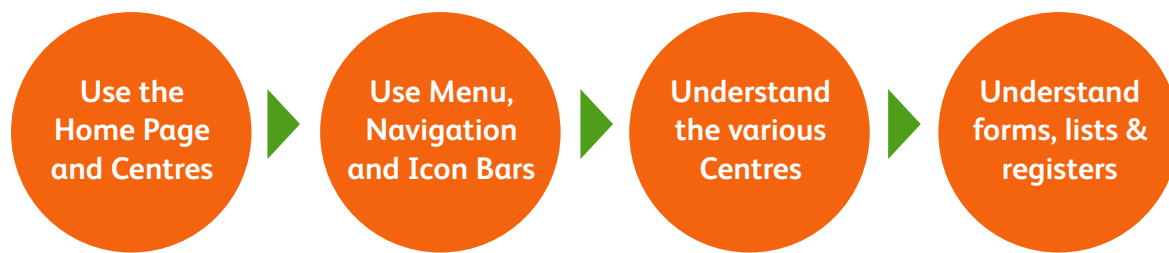You now know some basic accounting terms which will help you use QuickBooks.

You have decided whether to use cash-basis or accrual-basis accounting, and learned about using the Writing Cheques feature versus the Paying Bills feature.

You have worked through the process of determining a start date for your QuickBooks company file.

A quick tour of QuickBooks

This chapter introduces the ways you can navigate in and use QuickBooks.

Upon completing this chapter, you should be able to:

Use the Home Page and Centres ▶ **Use Menu, Navigation and Icon Bars** ▶ **Understand the various Centres** ▶ **Understand forms, lists & registers**

chapter 3

Launching QuickBooks

Before you go any further, you need to learn how to start QuickBooks® and open a company file. To start QuickBooks,

double-click the QuickBooks icon on the desktop, or

click the Windows Start menu, choose Programs, then choose QuickBooks.

Home Page

The Home Page is the first screen that appears when you launch QuickBooks. It provides the big picture of how your essential business tasks fit together, which makes the Home Page more intuitive and easy to work in.

The Home Page is organised into 5 logical groups: Suppliers (1), Customers (2), Employees (3), Company (4), and Banking (5), with workflow arrows to help you learn how tasks relate to each other and to help you decide what to do next.

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

To start a task, click the icon for the specific task you wish to perform. For example, to create an invoice, click the Invoices icon. Placing your cursor on an icon will display a text box with a fuller description of the task.

To return to the Home page at any time, go to the **Menu Bar** and choose **Company**, then choose **Home Page**.

Review Account Balances

The Home Page provides you with an overview of your bank and credit card account balances.

If someone who does not have permission to view this information is logged on, this box does not appear at all.

Setting Home Page Preferences

You can quickly customise the Home Page.

1. From the **Get Started** area on the Home Page, simply click on the **Customise QuickBooks** link (1). (You have to be in single-user mode to do this. To get to single user mode, go to **File** in the **Menu Bar** and select **Switch to Single User Mode**.)
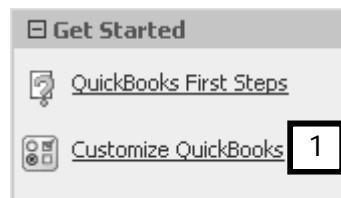
2. The Preferences window launches, with the **Desktop View** preference highlighted (2).
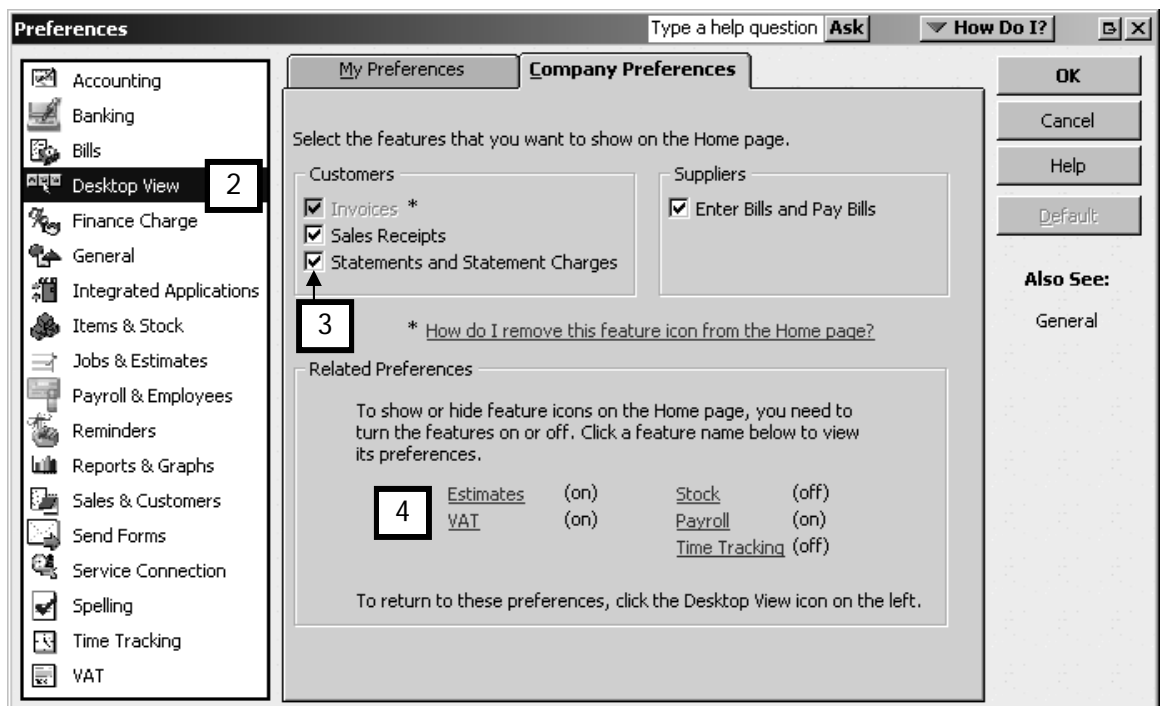
3. Unselect the features you do not wish to appear on the Home Page (3).

4. From here you can also link to other related Preferences to turn features on or off (4), which will show or hide the associated icons on the Home Page.

Menu bar

All of QuickBooks' tasks, features and reporting functions can be reached easily by selecting them from the Menu bar.

To select a task, feature or report, first click on a command and then select an item from the submenu.

1. For example, to create a Customer Invoice, from the **Menu bar** click on **Customers**.

File   Edit   View   Lists   Company   VAT | Customers | Suppliers   Employees   Banking   Reports   Window   Help

2. From the Customers menu, select **Create Invoices**

Customer Centre	Ctrl+J
Create Estimates	
Create Invoices	Ctrl+I
Enter Sales Receipts	
Enter Statement Charges	
Create Statements...	
Assess Finance Charges	
Receive Payments	
Create Credit Notes/Refunds	
Add Credit Card Processing	▶
Item List	
Change Item Prices	

Navigation bar

The Navigation bar gives you one-click access to the Home Page and QuickBooks Centres. To return to the Home page at any time, click the Home button; to open a Centre click on the relevant button for the Centre.

Home   Customer Centre   Supplier Centre   Employee Centre   Report Centre

To show or hide the navigation bar:

1. From the **Menu bar**, choose **View**

2. Then choose **Navigation bar.**

Icon bar

The icon bar is an easy way to access often-performed tasks. You can quickly select a task by selecting its representative from the row of buttons that appear near the top of the QuickBooks desktop.

For example. you can get quick, easy access to the search function by clicking the Search icon on the Icon Bar:


To show or hide the icon bar:

1. From the **Menu bar**, choose **View.**

2. Then choose **Icon Bar.**

You will learn how to customise the Icon Bar on the Advanced Course.

Open Window List

The Open Window List displays all of the screens currently open in QuickBooks, in a list down the left-hand side. Using the Open Window list speeds up your work because you can quickly switch between the windows you have opened by simply clicking the name of the window you wish to bring to the front.
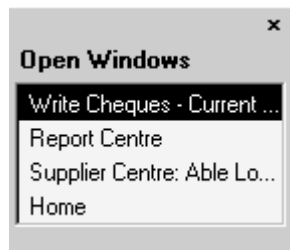
To turn on the Open Window List:

1. From the **Menu bar**, choose **View**

2. Then select **Open Window List.**

Customer, Supplier, Employee and Report Centre

QuickBooks Centres – one each for Customers, Suppliers, Employees, and Reports – give you quick access to common tasks. Each Centre gathers in a single place all the relevant transactions as well as other information, such as names and addresses of customers, suppliers or employees. These Centres can be tailored to filter, sort and call up specific data fields that you want to query within each Centre.

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

The Supplier Centre gives you fast access to all of your suppliers, their contact and purchase information, and supplier transactions. It displays information about all of your suppliers and their transactions in one screen. Here you can add a new supplier, add a transaction to an existing supplier, or print the supplier list or transaction list. You can also edit a supplier's information or the notes you keep about the supplier.

The Employee Centre gathers information for each of your employees, including contact

information, NI numbers, and payroll transactions. Here you can add a new employee, add a transaction to an existing employee, or print employee and transaction information. You can also edit an employee's information or edit a note for an employee. If you have a QuickBooks Payroll subscription, you can pay your employees and payroll tax liabilities.

The Employee Centre also contains a separate Payroll Centre where you can manage your payroll and tax information.

The Report Centre replaces the Report Finder. This new Centre lists all available reports for each business area, along with brief explanation of what each report contains. Placing your mouse on top of a report heading displays a draft preview of that report. These features make it much easier to find the reports you need.

Forms, lists and registers

The most commonly used features of QuickBooks are **forms**, **lists** and **registers**. In this section, we'll look at the basic information about these three features, and look at some examples. As you read, follow along in the sample company, which you have open already. (If you have closed this company, you can now practise opening it again!)

Forms

Forms are intuitive. You already know how to fill in a form and have filled in a lot of them during your business and personal life. In QuickBooks, forms are used to record most of your business information and transactions. A QuickBooks form looks much like a paper form. However, once you fill in the information on a QuickBooks form, QuickBooks does all the accounting in the background.

Forms are associated with the tasks you undertake in your business. You can fill in most forms by selecting entries from a list.

Lists

Lists are one of the important building blocks that make QuickBooks so powerful and efficient. You use information stored in lists to fill in most QuickBooks forms.

In QuickBooks, lists store information about customers, suppliers, employees, items and services. Lists not only save time, they also make sure that the information is consistently and correctly recorded in QuickBooks.

The more detail you enter for each list item, the more information QuickBooks can use to pre-populate forms, track financial data, and display useful reports about your business. Another advantage of lists is that common tasks like adding list entries, editing list information, and deleting list entries are performed the same way.
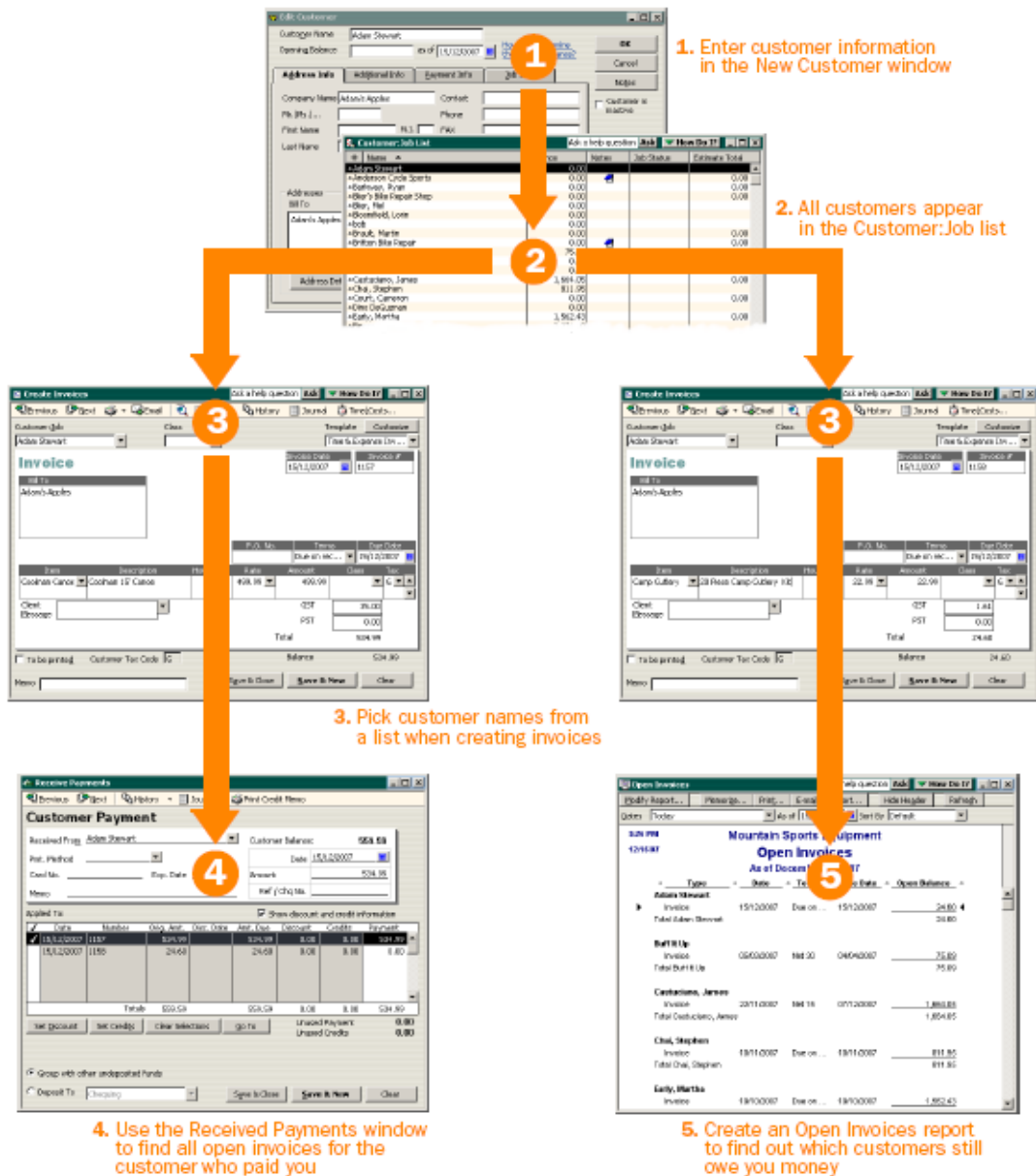
For example, to create an invoice, you choose the customer name from your Customer:Job list. QuickBooks automatically enters the customer information on the form for you. This saves you time and prevents typing errors. You can also change the information directly on the form as needed.

Important QuickBooks lists include:
- Chart of Accounts
- Item
- Customer:Job
- Supplier
- Employee

List records are easy to set up in QuickBooks, but do require careful planning.

The flowchart below illustrates how QuickBooks re-uses list information across multiple windows and tasks. This makes your life easier by simplifying data entry whilst giving you a complete picture of how your business is doing.

1. Enter customer information in the New Customer window

2. All customers appear in the Customer:Job list

3. Pick customer names from a list when creating invoices

4. Use the Received Payments window to find all open invoices for the customer who paid you

5. Create an Open Invoices report to find out which customers still owe you money

Entering list information as you work

There are two basic methods you can use to enter list information in QuickBooks. You can enter account, customer, supplier, product and service information before you enter transactions in QuickBooks, or you can enter this information "on the fly" as you use the product.

If you prefer to enter information as you use QuickBooks to perform your daily tasks, QuickBooks will prompt you to immediately set up any entry it does not know about.

For example, if you try to create an invoice for a customer named Tracey Stewart and you have not entered information about Tracey Stewart into QuickBooks, QuickBooks will ask:
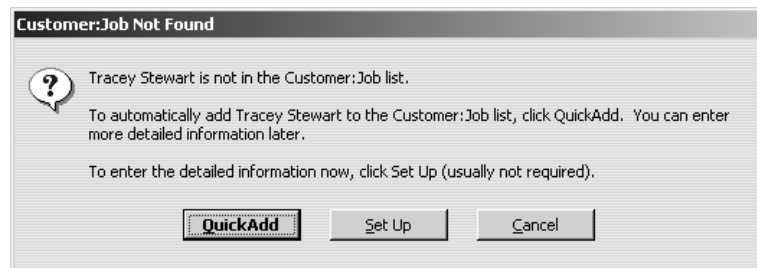
Clicking **QuickAdd** creates a new customer list entry for Tracey Stewart in the Customer:Job list and allows you to add all the information you enter about the customer on the invoice form (billing address, payment terms, etc.) to her customer record.

Clicking **Set Up** takes you to another window where you can enter information not covered by the invoice. For example, you could click Set Up to enter Tracey Stewart's phone number, fax number, and credit limit.

Note: If you choose Quick Add, you can always add more information to the customer's record at a later time.

We'll see how we add a new customer or supplier in the Customer or Supplier Centre, in a later chapter.

Registers

Just as you may have used a paper register for your personal bank account, a QuickBooks register contains a record of all the activity in a given account. A register is a good tool for reviewing the transactions in an account and for viewing an account's running balance. In addition, information within the register can be sorted in a number of ways, making it easier to find transactions or amounts.

For instance, the Accounts Receivable register lists in date order all the invoices, payments received and credits related to your customers, and the Accounts Payable register lists in date order all the bills, payments made and credits related to your suppliers. You can quickly open any transaction listed by double-clicking on it.

A sample current bank account register is shown below.

Use the buttons at the top of the register (1) to find and/or edit transactions in the register, print the list and view reports.

Date	Number	Payee	Account	Payment	✓	Deposit	Balance
18/05/2008	100013	Orange	-split-	88.56			7,870.31
25/05/2008			-split-		✓	9,419.19	17,289.50
25/05/2008	BACS	Robert Nicks	-split-	789.51	✓		16,499.99
28/05/2008	DebitCard	City Safe Wholesale	-split-	337.10	✓		16,162.89
30/05/2008	100015	Wilton Insurance	-split-	227.83	*		15,935.06
31/05/2008			Undeposited Funds		*	845.80	16,780.86
04/06/2008	BACS	Stuart Leven	Accounts Payable	1,000.00	*		15,780.86
05/06/2008	100014	City Safe Wholesale	Accounts Payable	5,247.30			10,533.56
10/06/2008			Undeposited Funds		*	1,363.74	11,897.30
10/06/2008	DD	National Card	Credit Card Account	588.13	*		11,309.17
15/06/2008	BACS	HM Revenue & Customs	-split-	94.81	*		11,214.36
15/06/2008	DD	National Bank	-split-	209.25	*		11,005.11
25/06/2008	BACS	Robert Nicks	-split-	753.61	*		10,251.50
26/06/2008			Undeposited Funds			1,474.48	11,725.98
26/06/2008	100016	Orange	-split-	99.54			11,626.44
03/07/2008	BACS	Stuart Leven	Accounts Payable	1,000.00			10,626.44
07/07/2008		Business Security Ltd	Accounts Receivable			3,750.29	14,376.73
09/07/2008	100017	City Safe Wholesale	Accounts Payable	2,774.18			11,602.55

Ending balance   8,560.53

Splits

☑ 1-Line

Sort by [Date, Type, Number/... ▼]

Record   Restore

Updating QuickBooks

From time to time, Intuit provides updates to QuickBooks that can be downloaded from the internet. These updates might include new features, maintenance fixes or new help information.

You should ensure that QuickBooks automatically checks for updates.

Automatic updates are downloaded without interrupting a QuickBooks session or any other tasks being performed on a computer. Updates can occur when QuickBooks isn't running provided the computer is connected to the internet.

By default, QuickBooks is set to automatically receive and install updates.

To view whether automatic updates are turned on:

1. From the **Menu bar**, click **Help**, then choose **Update QuickBooks**. In the Overview tab, QuickBooks tells you whether the Automatic Update feature is turned on or off (1).

2. To check for other available updates, click **Update Now** (2). You will definitely need to manually check for updates periodically by clicking the Update Now button, if you have turned off Automatic Updates.
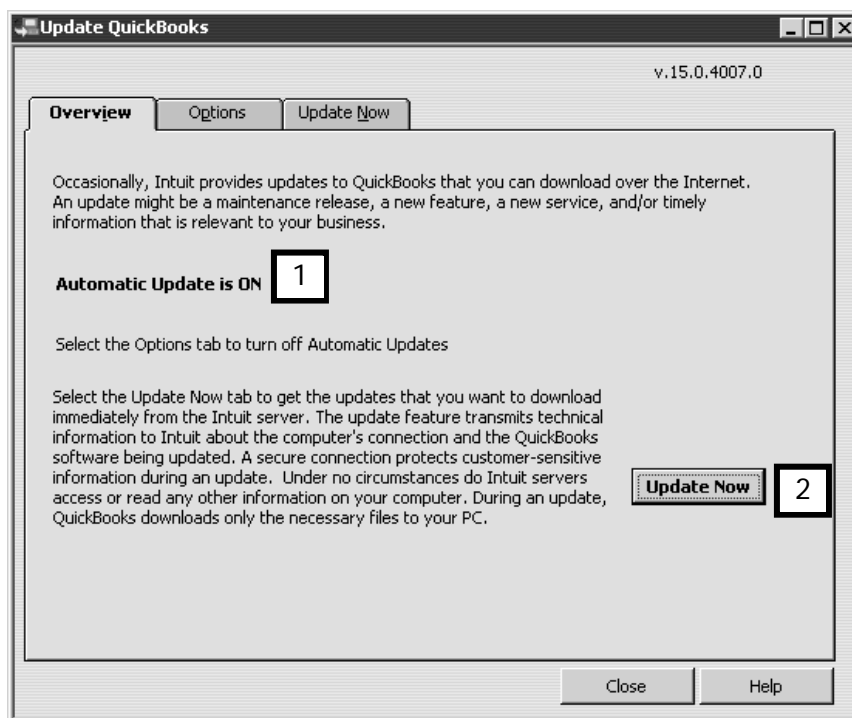
Note: In most cases QuickBooks automatically installs updates once they're downloaded from the Intuit server. However, in some cases, when you are exiting QuickBooks you will see a message box (called an alert) asking to install an update. In the message box click Yes to exit QuickBooks and install the update. You may have to restart your computer for the update to take effect; if so you will be asked if you want to restart now or later.

Chapter summary

This chapter introduced the basic navigation features in QuickBooks. These features include:

- Home Page
- the Menu bar
- the Navigation bar
- the Icon bar
- Centres
- forms, lists & registers.

It also illustrated how to update QuickBooks.

Setting up a company file

This chapter discusses how to create
and set up a company file.

On completing this chapter,
you should be able to:

**Use the
EasyStep
Interview**

**Set up a
company file**

**Enter opening
balances**

What is a company file and how is it set up?

The company file is the data file QuickBooks® uses to store and manage all information and financial transactions for a company. QuickBooks company files have the extension .QBW.

After you have gathered the company information listed in the Getting Started Checklist, you can set up your business using the QuickBooks EasyStep Interview. The EasyStep Interview walks you through the setup procedure and helps you tailor QuickBooks for your business.

The setup interview is divided into sections, so you do not need to complete your setup all in one sitting. You can save your progress and continue another time. If you need to leave the interview and come back later, choose EasyStep Interview from the File menu to return to the interview.

Furthermore, Intuit recommends that you do not skip the interview process. The more information you enter with the EasyStep Interview, the more accurate your company file will be when you begin to use QuickBooks for your business.

Important Note: There are industry-specific suggestions available for you to select as you work through the EasyStep Interview, such as a typical chart of accounts, and there are some guidelines in the Help and Learning Centre. Consult your Professional Advisor for specific advice on how to set up your company. How to access the Help and Learning Centre, and how to find a Professional Advisor are covered in chapter 13 (Resources).

Gathering information you'll need to do the EasyStep Interview

This checklist lists the information you'll need to complete the EasyStep Interview and where to find it. You'll enter most of this information in the Interview, but some you'll need after you finish the Interview and are completing your company setup. Remember, you don't have to complete the EasyStep Interview all at once. If you don't have all the information about banks, for example, you can come back to that section of the EasyStep Interview later.

Information you need	Where to find it
Company legal name and address	Owner, your accountant, VAT forms or Companies House
Company registered number. You must have Registered Company if you have a limited company	Companies House
VAT registration number. You must have a VAT registration number if • your VAT is above the threshold (unless your sales are mainly zero-rated in which case you can apply for exemption) • or if you choose to be registered for VAT	HM Revenue & Customs (HMRC), formerly HM Customs & Excise
The dates of your accounting period: • first month of your financial year • first month of your tax year, and • your QuickBooks start date	Your records or accountant
Income tax form your business will file. If you are self-employed or a sole trader this will be the Self Assessment form, otherwise you can usually leave this blank. Note: QuickBooks uses this information to automatically associate accounts with tax form lines and create tax reports	Your accountant, tax office or tax forms. Check with your accountant or Professional Advisor if you have questions about which tax forms you should use
Chart of accounts for your business Tip: If you do not have an existing chart of accounts, don't worry. The EasyStep Interview helps you choose an appropriate chart of accounts for your industry	Your accountant or previous bookkeeping method
Names of the people in your company who will use QuickBooks, and any restrictions you want to place on each user with regard to access to your financial records	You will need special instructions for working with multiple users. Consult Help or your Professional Advisor
Information and balances for these accounts: • Credit card • Loan • Bank	Statements covering your start date up to today for all bank accounts, including current and savings. Statements covering your start date up to today for all credit card accounts. Balance sheet prepared by your accountant.
All uncleared cheques, deposits, or other items (e.g. credit card receipts and expenditures)	Chequebooks and credit card receipts. Balance sheet prepared by your accountant.
How much VAT you owe	Accountant or HMRC
List of types of items you sell (products and services), including: • Item number or name • Current sales price or hourly rates • The VAT code usually associated with the item • Income account for tracking sales of the item	Your company records
For stock only:	Your company records

Information you need	Where to find it
• Purchase cost • Quantity in stock • Total value of stock for the item	
List of customers, including: • Addresses • Contact names • Phone numbers • Outstanding invoices	Your company records
List of suppliers, including: • Addresses • Contact names • Phone numbers • Outstanding bills	Your company records
Value of your assets For fixed assets, you also need the original cost and accumulated depreciation	Balance sheet prepared by your accountant
Payroll: Setting up payroll is an advanced task, not covered in this Basic Guide. Save this advanced task for later.	You will need to consult your Professional Advisor and Help sources later for detailed instructions.

Importing list data into QuickBooks

If you use Microsoft Outlook or Symantec ACT!, you can import your existing customer and supplier lists into QuickBooks instead of entering them manually. Refer to the QuickBooks in-product Help for instructions on how to prepare your customer and supplier data file for importing into QuickBooks.

Then when you are ready to import your customers, do so according to the instructions in the user guides and QuickBooks in-product help.

You will find the User Guide as a PDF file on your installation disk. You may find it worthwhile to print it out.

Using the EasyStep Interview to set up a company file

In the EasyStep Interview you will use all the information about your company and start date which you have already gathered. The process takes about 30 minutes to complete.

1. To start QuickBooks double-click the QuickBooks icon on the desktop, or choose QuickBooks from the Programs group on the Windows Start menu.

2. To start setting up a company file, click on **File** in the **menu bar** and choose **New Company** (1).

3. The EasyStep Interview launches. Notice that you can view your progress through the EasyStep interview at all times (2). Click **Start Interview** (3) to begin.
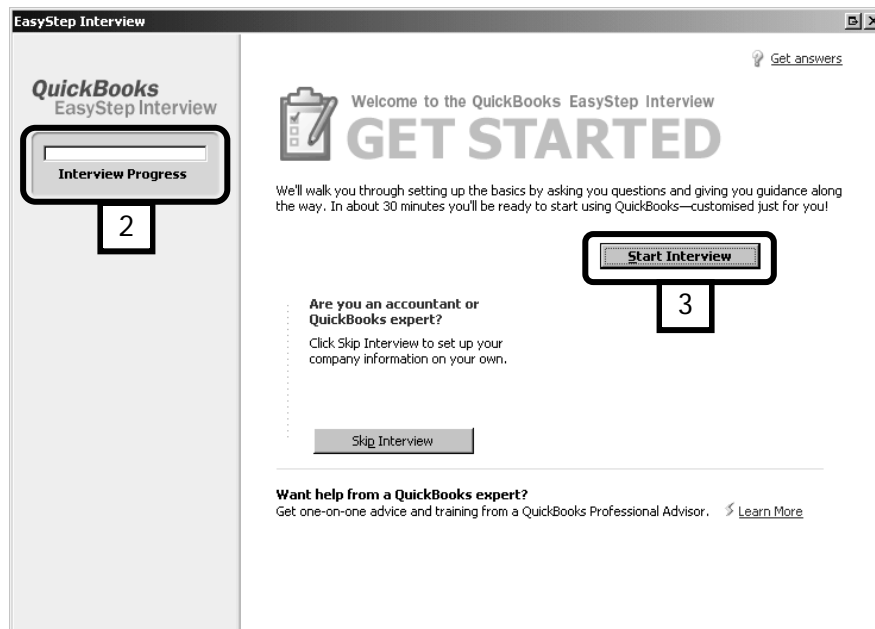
4. The **Enter Company Information** screen appears (4).

Enter your company name. This is the name you will use with your customers and suppliers. If the legal name of your company is different, enter it in the Legal Name field. (From now on, you will see the responses Tim Grate would give when setting up the sample company The Grate Sound Shop.)

Fill in your address, email, and website details.

Click **Next**.

5. In the next window, you select your industry (5). If you do not see your industry listed, scroll to the bottom of the list and select General Product-based Business or General Service-based Business.

Based on the choice you make here, QuickBooks will create a suitable Chart of Accounts for you. This can save you a great deal of work.

You can edit the list of accounts once the file has been created, as long as you have not entered any transactions.

After you finish your EasyStep Interview, we will show you in a later section how to review your Chart of Accounts before you begin entering data. You can change account names and edit, delete, or add accounts as necessary. You may wish to consult your accountant in editing the Chart of Accounts, as he/she may have suggestions on accounts to add or delete.You will be able to review the Chart of Accounts to be sure it accurately reflects the accounts you need to run your business.

Tip: To view your Chart of Accounts any time, from the Lists menu, choose Chart of Accounts.

Click **Next**.

6. In the next window, select the legal format of your business (6). If you are uncertain, click the **Which business entity should I choose**? link to find out more.

Click **Next**.

7. Select the first month in your financial year (7). You can change this later if you need to.

Click **Next**.

8. QuickBooks asks you to set up the Administrator's password (8). We strongly advise that you enter a password to protect your data file.
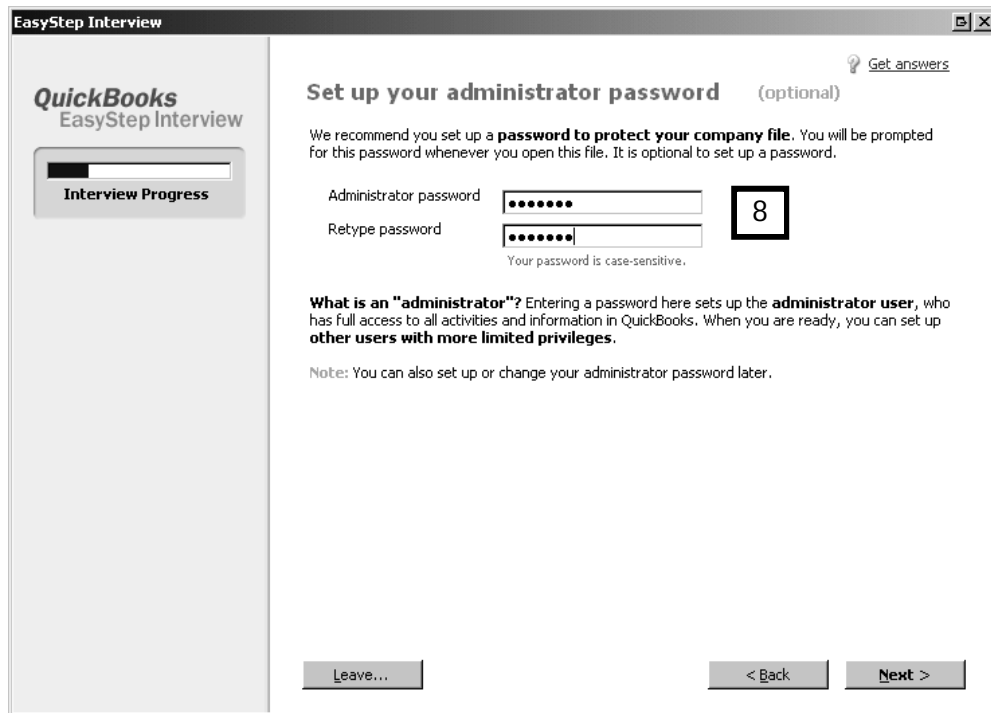
Note: If a password is entered, your company file cannot be opened without it. Remember your password and write it down in a safe place. **If you forget the password you will not be able to access your file unless you pay for help from Intuit.** Another option is to write down a hint or question that will help you remember this password. If you wish, you can write your hint or question here:

My hint is: _____

Click **Next.**

Some important things to remember

Record your password in a safe place
Make sure you write down and save your administrator password in a secure place. Passwords not only protect your company data, but are also required to access your company file if you upgrade your version of QuickBooks. Furthermore, to have a forgotten password removed from a file, you must send the file to Intuit. This process takes several days and costs money.

Choose a password that is not easy for others to guess. Use a password that you can remember easily or can remember with a hint. If you decide to write your password in this guide, you must then keep this book in a secure and private place, as it allows anyone who knows it access to your company data. It is better to write down a hint about your password that no-one else can guess (e.g. "What is the name of my neighbour's cat?" or "What year did my cousin leave school?")

Passwords are case sensitive
Keep in mind that passwords are case sensitive in QuickBooks 2004 and later. When adding or editing a user password, check that the Caps Lock and Num Lock keys are off. If you mistype the password, you will not be able to access the company data.

QuickBooks announces that it is ready to create your company file (9).

Click **Next**.
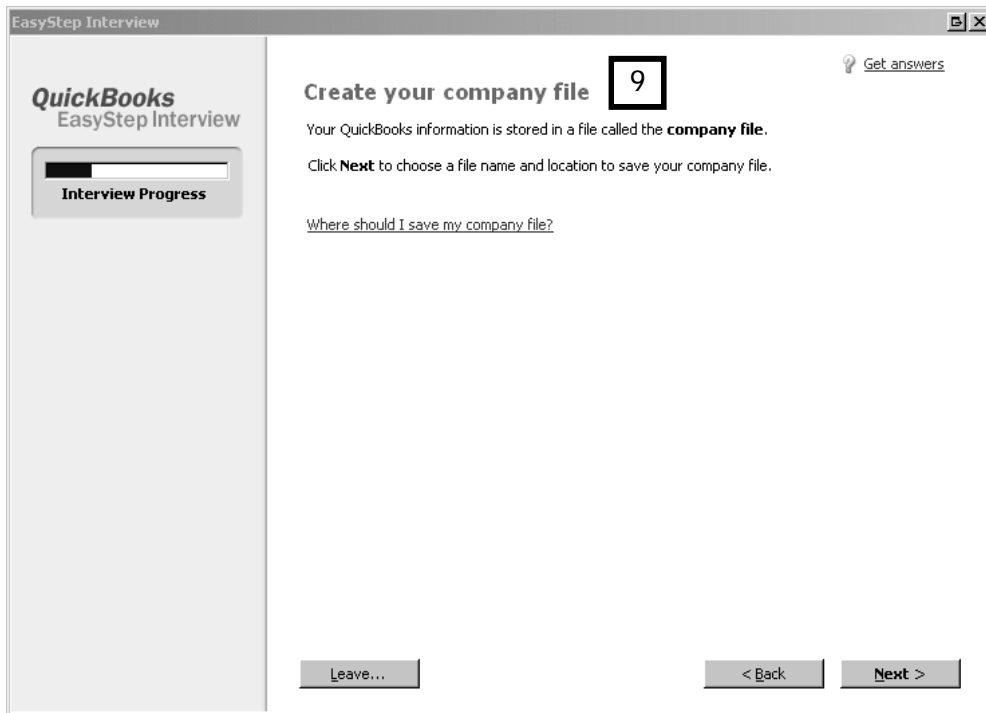
10. Select a location for the company file using the Save in drop-down menu on the Filename for New Company screen (10). The default location is Shared Documents > Intuit > QuickBooks 2008 > Company Files.

Unless you rename, QuickBooks automatically uses your company name as the name of your company file (11).
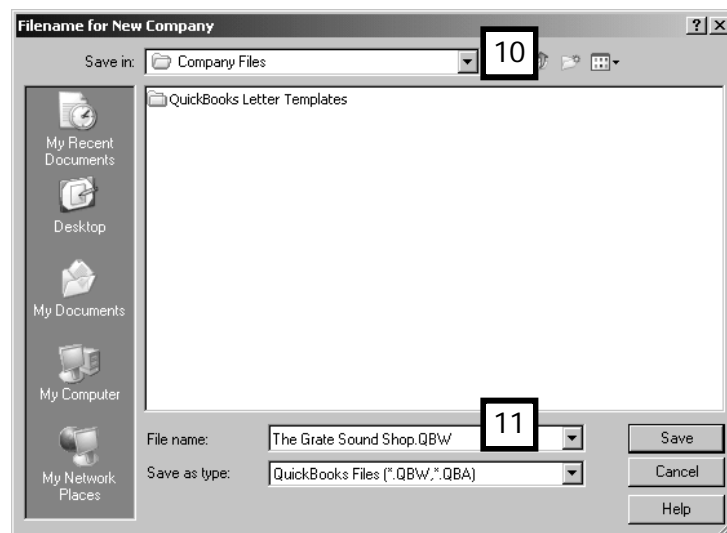
Click **Save**.

Note: If you are going to have more than one company file (i.e., you are tracking two different businesses in QuickBooks), when you set up the second company

you should keep those company files in the same folder. That way, when you update QuickBooks (via a software update for example), you will need to download the update files only once.
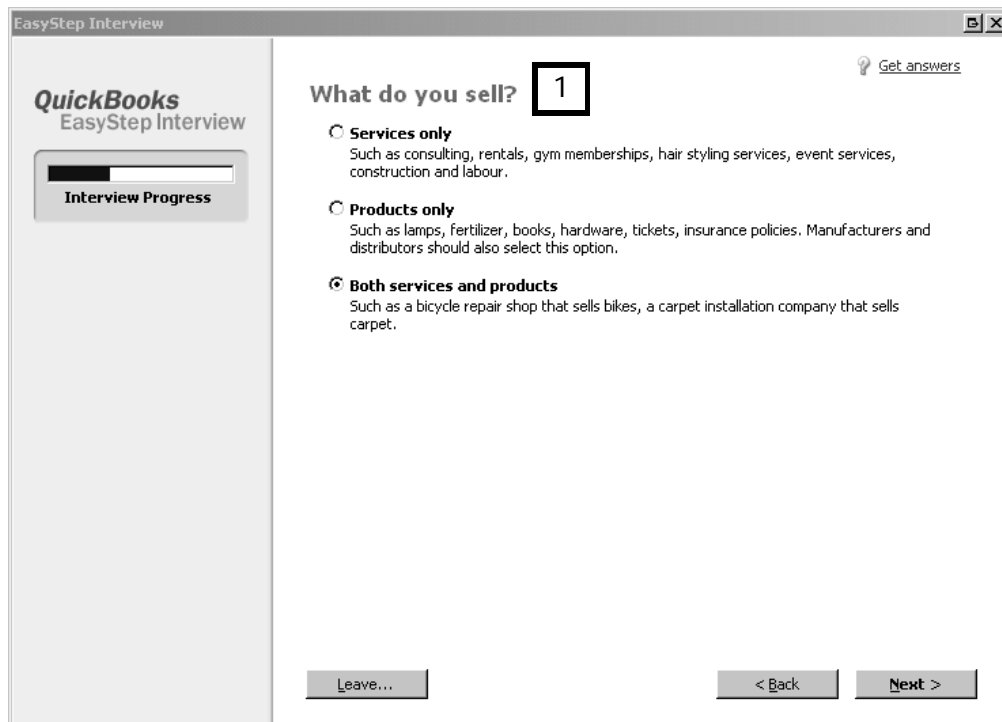
Finishing the EasyStep Interview

The remaining questions in the EasyStep Interview deal with VAT tracking, setting a start date, Preferences, and bank accounts. Preferences provide a way for turning features on or off in QuickBooks, and are used by QuickBooks to suit the needs of your business and your personal working style.

Note: Not all preferences need to be set immediately. They can be turned on at a later date. For more information and for help on preferences, consult a Professional Advisor.

1. To set preferences, click on **Next**, or if you are resuming the EasyStep interview, the Customing QuickBooks for your business window will appear. Read it and click **Next**.

2. Select what you will be selling: Services only, Products only, or Both (1).

    Note: The choice you make here will determine which preferences you will be asked to set later (see point 4 below).

    Click **Next**.

3. QuickBooks can track the rate and amount of VAT on your sales and purchases, and, if you are registered for VAT, makes it easy to prepare your quarterly VAT return.

The Do you charge VAT screen will appear (2). Enter your VAT number if you are registered.

Choose the reporting method (accrual basis or cash basis) you use to complete your VAT return (3). If you are not sure which to use, consult your Professional Advisor.

Click **Next**.

4. The EasyStep Interview will then ask you to set a number of preference, among them:
- Do you want to:
  - Create estimates?
  - Use sales receipts?
  - Send out statements
  - Use invoices, and if so progress invoicing?
- Keep track of bills and bill payments?
- Do you maintain stock?
- Do you track employees' or subcontractors' time?
- Do you have employees?

For help answering some of these questions, you can:
- check back to the decision-making flowcharts in Chapter 3
- look up the topic in the Learning Centre or QuickBooks Help, and/or
- check with your Professional Advisor.

Click **Next** to move through the screens.

5. You now need to tell QuickBooks what start date you have chosen — the date from which you wish to begin entering your business transactions. If you have not chosen a start date, work through the flowchart in Chapter 2 to decide what start date is best for your company.

Tip: It's a good idea to go back one day before your start date, so that you can record your opening balances on that day. For instance if a business's actual start date is 1 January, enter 31 December (the day before) as the start date (4). This is the date you will use for your opening balances.

Click Next.

6. QuickBooks then prompts you to add a bank account (5).

Click **Next**.

7. Enter a bank account name (number optional) and tell QuickBooks whether this bank account was opened before or after your start date (6).

Click **Next**.

8. Enter the statement ending date (in this case 31 Dec 06)(7).

Click **Next**.

9. QuickBooks asks you to review your bank accounts (8), and whether you wish to add more. If you do not need more bank accounts, select No. Otherwise select Yes, click Next and follow the instructions on the screens.

Click **Next** to accept the bank account you just added.

10. Finally, review the income and expense accounts QuickBooks created for you when you selected your type of industry. Income and expense accounts track the sources of income and the purpose of each expense. It's from these accounts that you will see whether your business is operating profitably.

Untick any accounts you DO NOT wish to include in the Chart of Accounts (9).

Click **Next**.
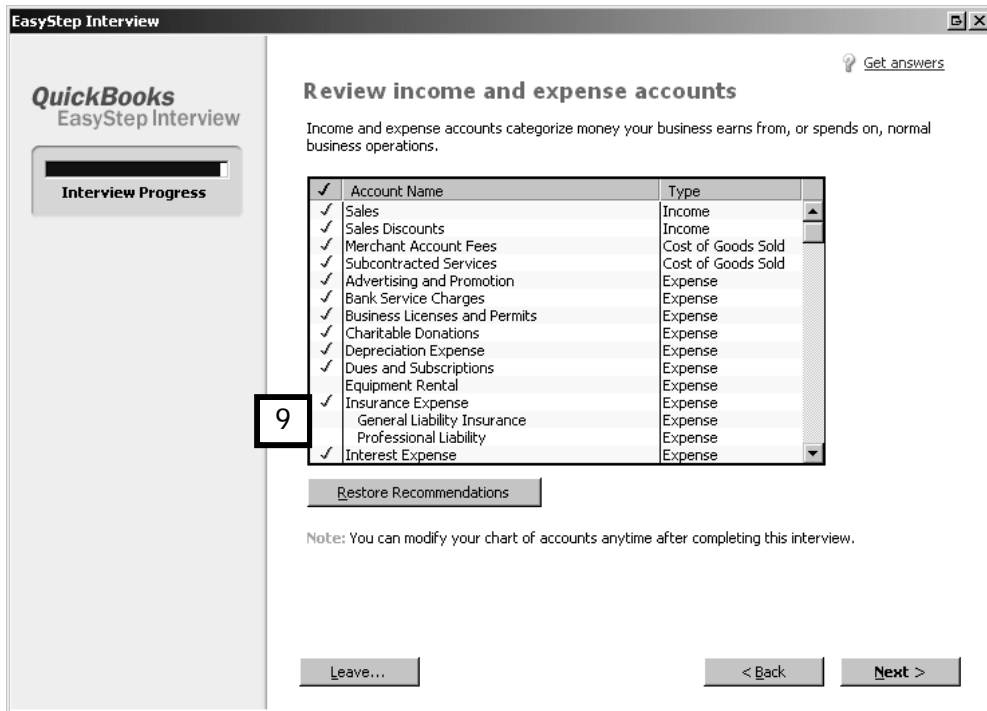
11. Congratulations! You are finished. Click **Finish**.
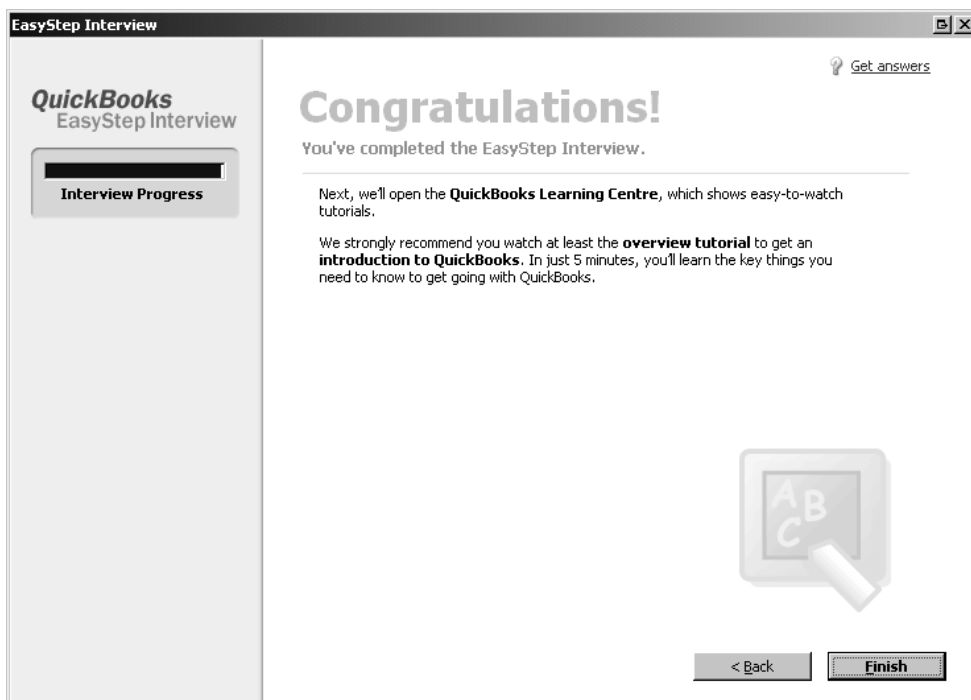
The Chart of Accounts

The accounts that were automatically set up by QuickBooks in the EasyStep Interview, make up the **Chart of Accounts**.

As you keep the books for your company, you want to keep an accurate record of where the money comes from, where it was kept, and on what expenses the money was used. The chart of accounts will provide this information.

To view the chart of accounts:

1. From the **Menu bar**, click on **Lists** and select **Chart of Accounts**.

At any point you may have to set up new accounts. On the following page are the different types of accounts that QuickBooks uses and the nature of the information they store.

This list will help you set up appropriate accounts for the kinds of information with which you want to work in QuickBooks. The ability to change the chart of accounts is one of the ways you customise QuickBooks to meet the needs of your company.

The accounts on the following chart are called balance sheet accounts. The accounts on a balance sheet list the assets (bank accounts, stock, equipment, etc., and accounts receivable) that a company owns, and the liabilities (VAT owed, payroll taxes, debts — referred to as accounts payable — etc.) that a company owes. The difference between what a company owns and what a company owes is called equity. A balance sheet will show you assets, liabilities and equity.

Use the following checklist to decide which opening balances you need to set up any balance sheet accounts.

Set up this type of account…	to keep track of…
Bank	Current, savings and other investment accounts. Petty cash
Accounts Receivable (A/R)	Transactions related to the customers who owe you money: • customer invoices • payments • refunds • credit memos. Most companies only need one A/R account.
Other Current Asset	Assets likely to be used within one year, such as: • stock
Fixed Asset	Long–term assets that depreciate over time and are not sold in the normal course of business, such as: • equipment • furniture • vehicles, etc.
Other Asset	Any asset that is neither a current asset nor a fixed asset, such as goodwill
Accounts Payable (A/P)	Transactions related to money that a company owes, including: • bills • bill payments
Credit Card	Credit card purchases and payments
Other Current Liability	Debts scheduled to be paid within one year. Examples include: • VAT • payroll liabilities, holiday pay owed to employees, etc.
Long Term Liability	Debts such as loans or mortgages that are scheduled to be paid over periods longer than one year
Equity	Owner's investments, such as: • shares in a limited company • owner's drawings for sole traders/ partnerships • prior year profits (also called retained earnings).

At some point you may also need to set up income and expense accounts.

Set up this type of account…	to keep track of…
Income	The main source of money that your company earns: sales to customers of products and/or services. (Grants and donations for a charity.)
Other income	Money received for something other than normal business operations: for example, interest income
Expenses	Money used by your company to purchase goods and services from suppliers
Other expenses	Money spent on something other than normal business operations, such as corporate taxes
Cost of Goods Sold	The cost of the items that your company sells. QuickBooks calculates it using expense and stock data.

Opening balances

Opening balances can be recorded through general journal entries in QuickBooks.

To record opening balances you may have at the QuickBooks start date, please seek the help of a Professional Advisor, as this can be a complex area which requires accounting knowledge. It is very important to get this right from the outset.
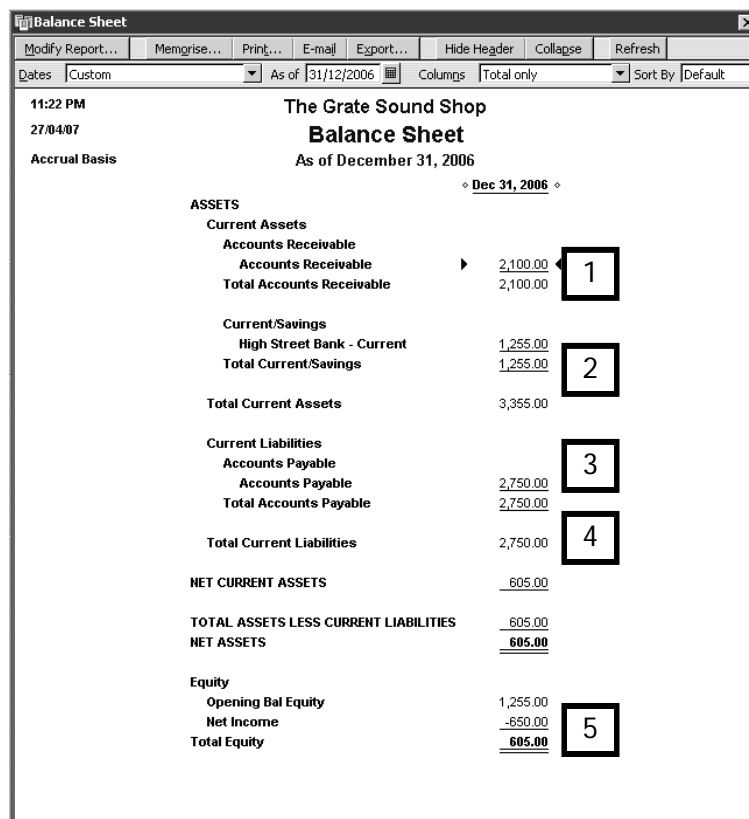
The Balance Sheet

To verify the accuracy of the opening balances, you can call up and review a Balance Sheet report. The Balance Sheet is one of the most important reports in QuickBooks. This report is a financial snapshot of your company at a specific date.

To view a Balance Sheet:

1. From the **Menu bar**, choose **Reports**, click on **Company & Financial**

2. Now choose **UK Standard Balance Sheet**.

To verify your opening balances, make sure that the balance sheet is dated as of your start date.

The balance sheet shows
- money owed by customers (1)
- total assets (2)
- money owed to suppliers (3)
- total liabilities (4), and
- amount of equity (5).

Chapter summary

This chapter detailed the steps required to set up a company file. If you have not already used these instructions to set up your own company file, you could work through them now.

> **Exercise:** If you prefer to practice first on a sample company, you could follow the instructions in this chapter to set up the sample company The Grate Sound Shop.
>
> Use the EasyStep Interview to set up the company file. Pay close attention to
> - type of business
> - first month of income tax and financial year
> - start date

You now should be able to use the EasyStep Interview to set up a company file and define some of the preferences.

Working with Lists and Centres

This chapter expands on the concept
of lists and discusses how to
set up and use lists.

After working through this chapter,
you should be able to:

Understand how lists are used

Create accounts and items

Understand the VAT Codes list

Use the Customer and Supplier Centres

chapter 5

What is a List?

From your quick tour of QuickBooks® , you know that QuickBooks uses lists to store information on customers, suppliers, employees, items, services and so on. You also discovered that by going through the EasyStep Interview, QuickBooks was, in fact, creating a list called the Chart of Accounts.

Lists save time and ensure that information is used consistently and correctly. With lists you need only enter information— such as customer names, addresses, phone numbers; supplier contact information, and item details such as item names, description and price — once. The lists store this information so that it doesn't have to be continually retyped.

The information in these lists is used for filling in forms such as customer invoices, supplier bills or cheques. Most forms are completed by selecting entries from a drop-down list.

In this chapter we will take a closer look at some of the lists you'll need for your company file.

Types of Lists

The chart of accounts, customer:job list, supplier list, item list and employee list are the main QuickBooks lists. You use lists to group data on your customers, suppliers, items and employees. The more detail entered for each list item, the more information that QuickBooks can use to fill in forms and reports.

To view the lists:

1. From the **Menu bar** click **Lists**.

2. Most of the QuickBooks list are displayed here.
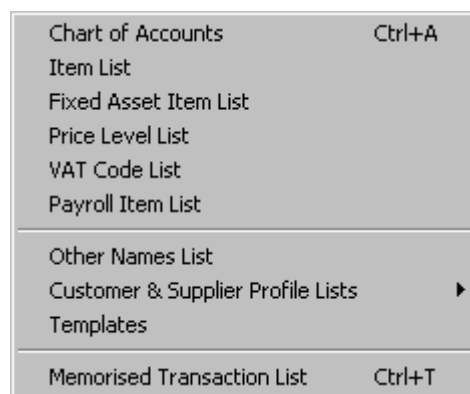
You'll notice that the Customer, Supplier and Employee Lists are not here. That's because they are part of their respective Centres. We'll look at the Customer and Supplier Centres later in the chapter.

Let's first look at the Chart of Accounts, Item List, and VAT Code List, respectively.
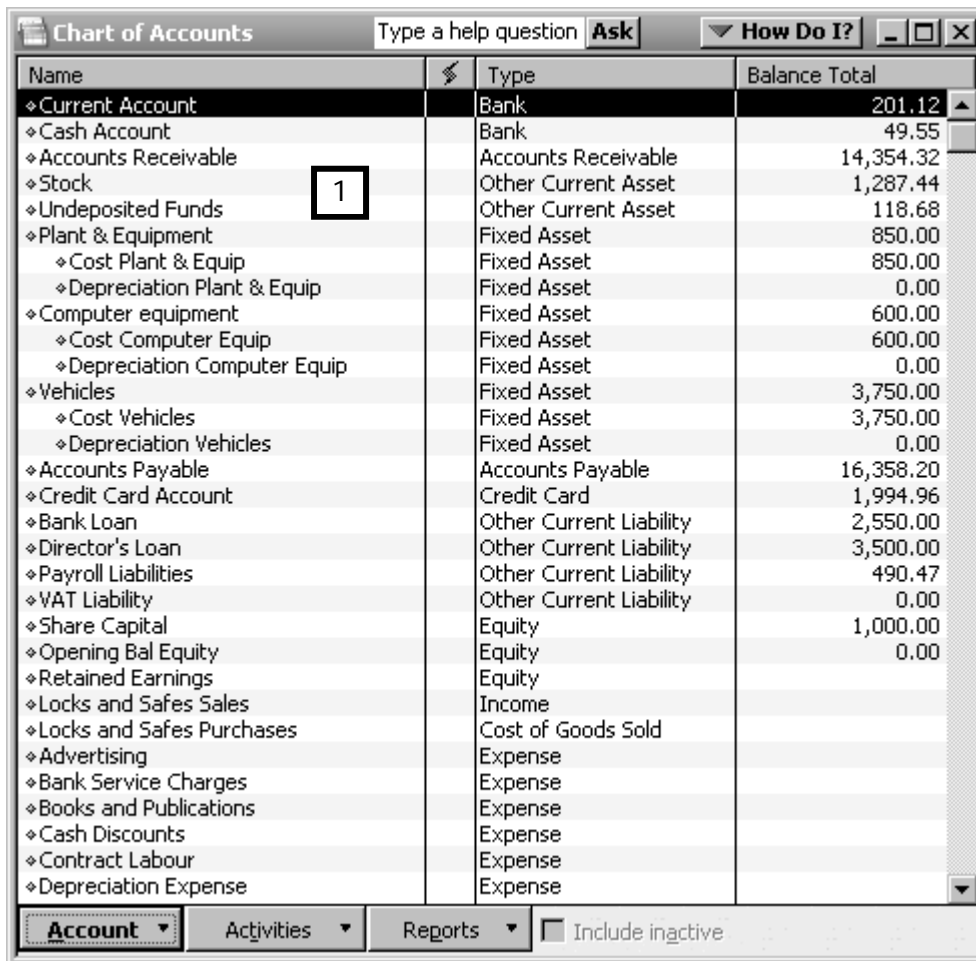
Chart of Accounts List

The Chart of Accounts is one of the most important lists. As described earlier, it defines how you categorise the various transactions in your business, so you can produce meaningful financial and performance reports.

To open the Chart of Accounts:

1. From the **Lists** menu, select **Chart of Accounts** (1).

The three buttons at the bottom of the list can be used to add, edit or delete accounts, enter transactions via the Activities button, and obtain reports about the list.

2. To add a new account, click on the **Account** men button (2) and select **New** (3).
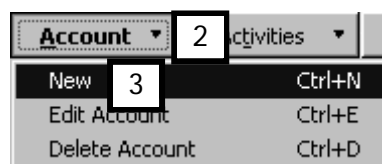
3. Select the correct type of account (for help review the table on pages 52-53).
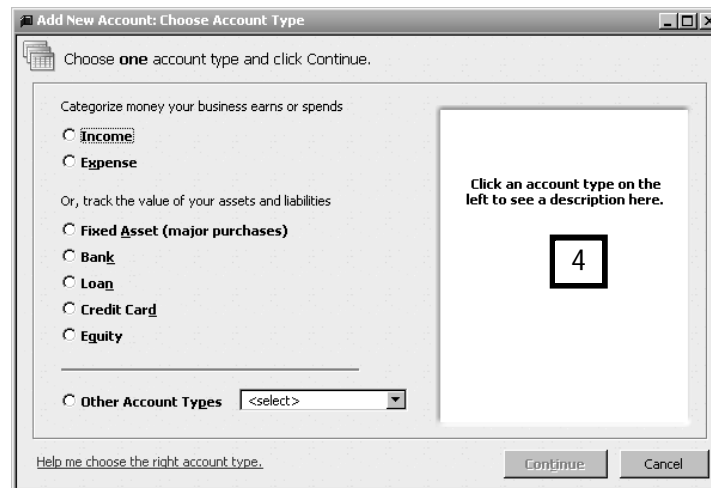
Whenever you create an account, QuickBooks will assist you in determining the correct account type by providing an explanatory narrative in the right hand pane (4).

Click **Continue**.

4. Now fill in the account details, and click **Save & New** to continue adding accounts or **Save & Close** (5) to close down the new account form.
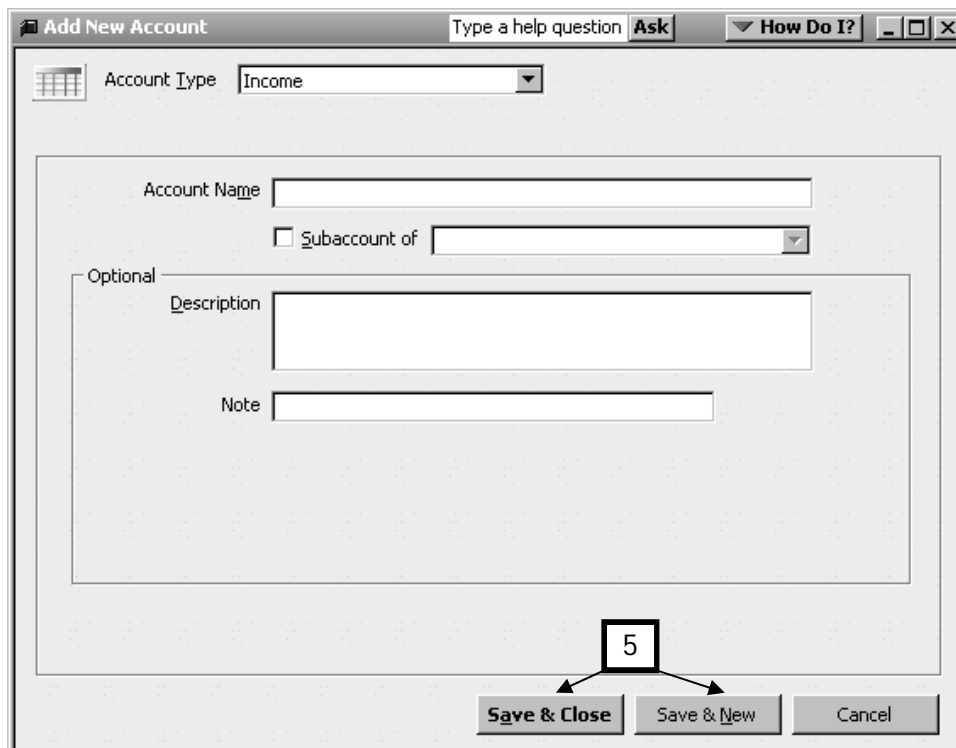
Item List

Items are the goods and services your business sells. Items can also be used to track purchases such as stock items or supplies/services sold to customers (details of how to charge customers are covered on the Advanced Course).

Item type	Explanation
Non-Stock	For goods or products you make or buy and resell but do not keep in stock
Stock Part	For items you make or buy and resell where you want to know the quantity on hand and track the movementes of stock
Other Charge	For miscellaneous fees such as credit card handling and shipping charges.
Discount	Used to subtract a percentage or fixed amount from a total or subtotal. (Not used for early payment discounts)
Subtotal	Totals the items in the main body of the sales form
Payment	For partial payments or deposits received prior to an invoice being raised
Group	Useful for quickly recalling a group of individual items you use together on an invoice

Here's how to open the Item list and add a new item with its price and other information:

1. From the **Lists** menu, choose **Item List** (1).
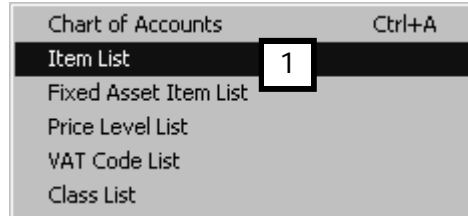
2. From the **Item menu** button, click **New** (2).
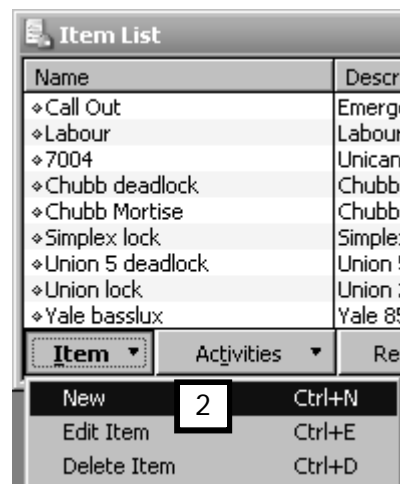
Service and Non-Stock Items

The example below shows you how to enter a service item. It's the same process for adding a non-stock item (not shown).

1. In the **New Item** dialogue box, enter
   - the item type (1)
   - the item's name and/or number (2) and whether it is a subitem of another item
   - an optional item description (3) that will be printed in the Description box on your invoice
   - the rate (for a service) or price (for a product) for this item (4)
   - the VAT code for this item (5)
   - the account that will keep track of the income from this item (6).

   Note that the entry boxes have drop-down menus to present your choices and make the item entry even easier.

Creating Stock Items

A stock item is a physical product that you buy, keep in a warehouse or storeroom and subsequently sell. It is the warehousing aspect of the item that separates stock items from other types of items, which are not kept in stock or may be intangible items such as labour or a service.

If you did not enable stock during the EasyStep Interview, let's do so now:

1. Click **Edit** on the **Menu bar** and choose **Preferences**.

2. Select the **Items and Stock** icon, and click on **Company Preferences**

3. Tick the **Stock and purchase orders are active** box, and press **OK** to save the change.
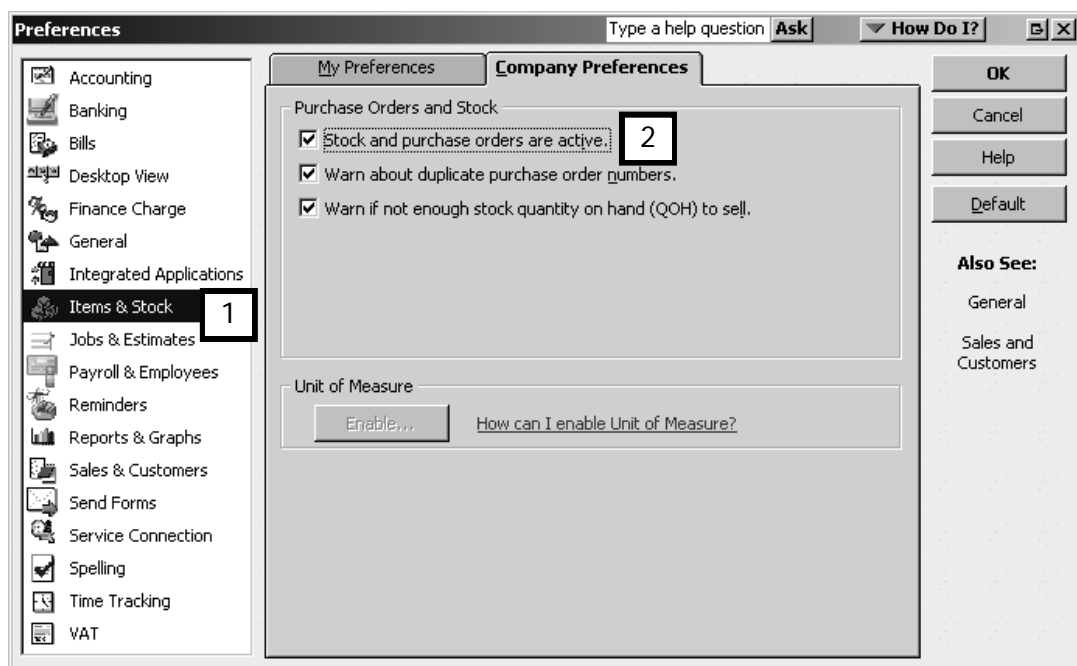
To create a stock item:

1. Open the **Item list**, then choose the **New Item** window as before.

2. From the drop-down menu of the item field (1) at the top left-hand corner of the New Item window, select **Stock Part** as the item type.
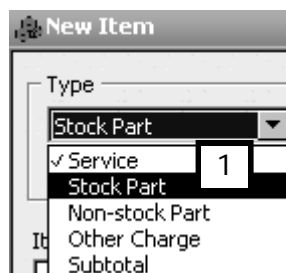
4. Fill in the details of the stock item, starting with the item name/part number.

5. Purchase information is on the left (2), Sales information on the right (3).

6. You can also let QuickBooks keep track of your re-order point, so you know when you are getting low on stock (4).

Fields in the New Item window

The New Item window has many fields. The table below tells you whether these fields are mandatory and the default is noted.

<table>
<tr><td>

Key fields explained:

COGS Account: used to track the cost price of a sold stock item.

Asset Account: used to track the value of stock items still on hand (unsold).

Note: QuickBooks automatically selects the proper account for these two fields. Speak to your Professional Advisor or accounting professional before changing the accounts.

Income Account: used to track the selling price of a sold item. When selecting this mandatory account, make sure the account type is an income account. Ask your accountant or Professional Advisor if you're unsure which income account to use.

</td><td>

Field Name	Mandatory	Optional
Type	★	
Item Name/Number	★	
Subitem of	★	
Description on Purchase Transactions		★
Cost	★	
Purch VAT Code	★(default: S)	
COGS Account	★(default: Cost of Goods Sold)	
Preferred Supplier		★
Description on Sales Transactions		★
Sales Price		★
Sales VAT Code	★(default: S)	
Income Account	★	
Asset Account	★(default: Stock Asset)	
Reorder Point		★
On Hand		★
Total Value		★
As of	★(default: current day's date)	

</td></tr>
</table>

VAT Codes List

QuickBooks tracks VAT charged on sales and purchases through the use of VAT codes that identify the type and percentage of VAT being charged on a transaction. VAT percentages vary according to the type of product or service. When you entered your address at the very beginning of the EasyStep Interview, QuickBooks "populated" (filled) the VAT codes list with the usual codes.

QuickBooks uses these VAT codes to calculate the amount of VAT on a sales invoice or supplier bill.

QuickBooks also uses the VAT codes to record and track VAT liabilities and to report on how much VAT you must pay to HMRC.
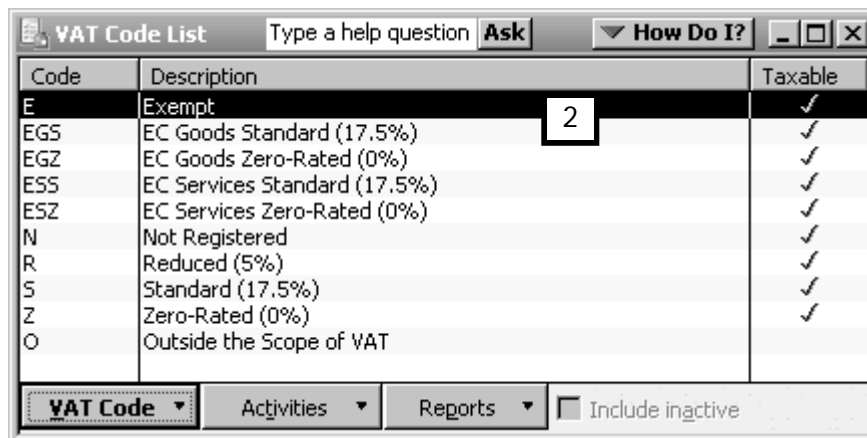
Here's how to open the VAT Codes list and review the VAT codes:

1. From the **Lists** menu, select **VAT Codes List** (1).
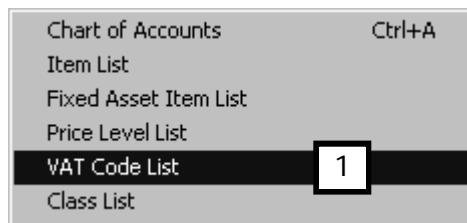
2. QuickBooks assigns descriptive VAT code letters (2) to the different VAT types:

   - S to identify that the standard rate (currently 17.5%) VAT is charged
   - R to identify that the reduced rate (currently 5%) VAT is charged, for example by domestic gas suppliers
   - Z to identify that an item is zero-rated
   - E to identify that an item is exempt from VAT (e.g. postage stamps, insurance)
   - N to identify suppliers who are not VAT registered
   - EC codes (both zero and standard rated, for services and for goods)

Features of the Customer and Supplier Centre

The Customer and Supplier lists are part of their respective Centres. Let's have a look at how centres work in general, then see how to set up a new customer and a new supplier.

The Customer and Supplier Centres work in the same way, so we'll demonstrate the common features using the Customer Centre.

To access the Customer or Supplier Centre:

1. Click **Customers** (1) or **Suppliers** (2) on the **Home Page**. Alternatively, click on the Customer Centre icon (3) or Supplier Centre icon (4) in the Navigation bar.
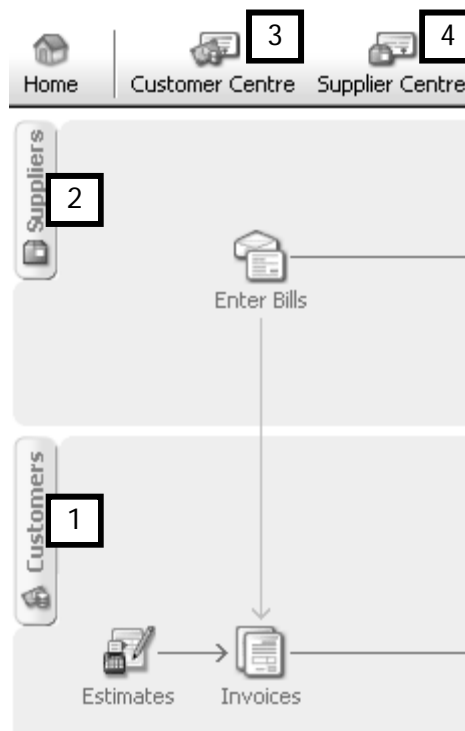
Each Centre has two tabs (3). The first tab contains the Customer & Jobs or the Supplier List. Use this tab to view and edit information for a single customer (or job) or supplier. The Transactions tab lists the relevant transaction types for the Centre. Use this tab to view transactions across all customers or suppliers.
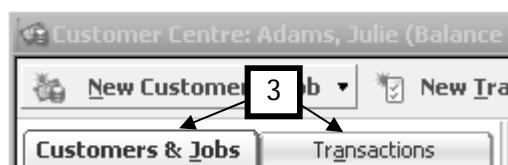
The Customer & Job or Supplier tab has four main areas, highlighted in the figure below:

1. At the **top** are all the activities you can perform (1), such as adding new customers or suppliers, creating new transactions, printing lists or transactions, exporting lists or transactions to MS Excel, and writing letters to your customers or suppliers with MS Word.

2. Displayed on the **left** is the Customers & Jobs list or Supplier list (2). Highlighting a name within the list displays information about that customer or supplier, in the right pane.

3. In the **top right** pane (3) you can view contact information, including any notes that have been entered. To edit the details, click the **Edit Customer...** (or **Edit Supplier...**) button; to edit the notes, click the **Edit Notes**… button.

4. All transactions related to a customer or supplier, are displayed in the **bottom right** pane (4).

Filter Customer & Job or Supplier List

The list of customers or suppliers can be viewed in a variety of ways. For customers for example, you can choose to see all customers, active customers, or customers with open balances. There is also a custom filter for performing more detailed and/or defined searches.

To change the way you view customers:

1. In the **Customers & Jobs** tab, click the drop down arrow the right of the **View** field (1).

2. Select the desired filter (2).
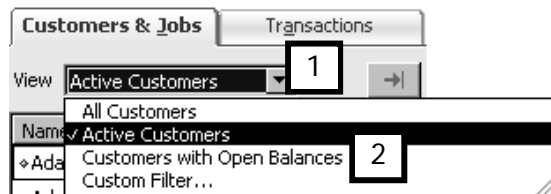
Change transactions displayed

You can change the display in the bottom pane so that only a particular type of transaction is shown.

1. Click the drop down arrow to the right of Show (1) in the bottom pane of the window, and select the type of transaction you wish to see (2). In this example, let's select Invoices.
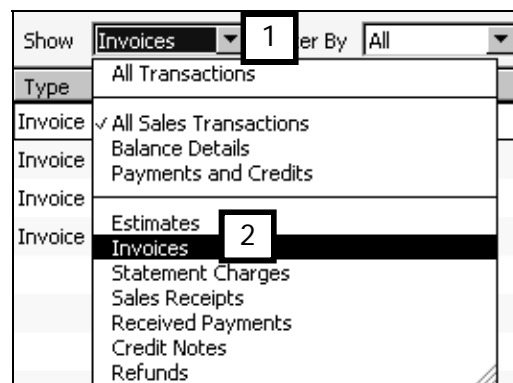
2. Now the Filter By field is populated by choices as well, so you could narrow your view even more. Let's choose Open Invoices (3). These are invoices you have issued but which have not been paid by your customers.

Customise list columns

The columns displayed in the transaction pane can be customised.

1. Right click anywhere in the bottom pane and choose **Customise Columns** (1).
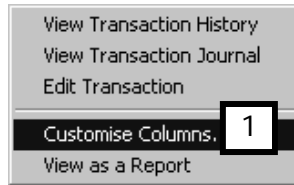
2. The window that appears has two columns: on the left are the available columns (2), on the right the columns currently displayed (3). You can Add and Remove columns (4) as well as change the order of columns (5).

3. When you are finished, click OK.
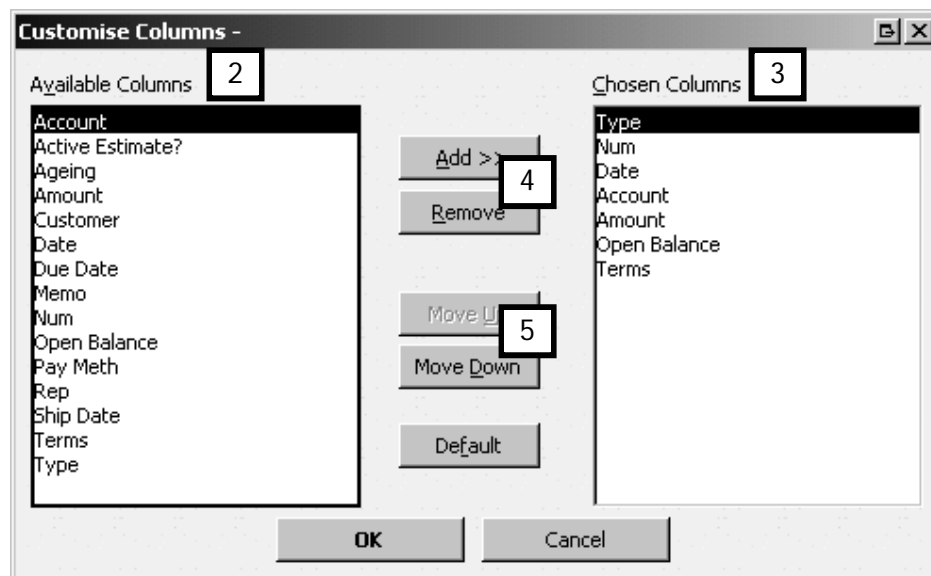
The changes you make will apply to all customers and be remembered by QuickBooks.

Maximise Customers & Jobs or Supplier List

Another option within the Customers & Jobs or Suppliers tab is to maximise the list. This allows you to view a wider range of information for each customer or supplier.

1. Click the **Maximise** icon (1).

2. The list tab expands to show more columns.

3. To customise which columns are displayed, click on **View** in the **Menu Bar** and select **Customise Columns...**. In the window that appears, select the columns you wish to see.

4. To minimise the list click the **Maximise** icon once more.

View all Sales or Purchase Transactions

To see a listing of all customer or supplier transactions:

1. Click the **Transactions** tab (1).

2. On the left is a list of all available types of transactions. Click to choose a particular type of transaction (2).

3. To narrow the view, click the drop-down arrow to the right of **Filter By** (3).

4. You can also filter using the **Date** (4) drop-down lists.

Add a Customer

Here's how to enter a new customer's information:

1. In the Customer Centre, click the drop down arrow to the right of **New Customer & Job** (1), and select **New Customer** (2).

2. The new Customer dialogue box will appear. Enter all the data about the customer, including the name, invoice and shipping addresses, and any additional information, such as your customer's payment terms, credit limit, and VAT registration number.

   Note that you can add multiple shipping addresses (3).

Add a Supplier

Here's how to enter a new supplier's information:

1. In the Supplier Centre, click **New Supplier** (1).

2. The new Supplier dialogue box appears. Record address and contact details, and any additional info (such as terms and VAT number).

Chapter summary

Now that you have completed this chapter, you should be more familiar with the concept of lists and be able to use them. You have had a chance to:

- understand what lists are and how they're used
- understand the different types of lists
- create a new account in your Chart of Accounts
- display the item list and create service, non-stock and stock items
- display the VAT code list,
- work with the Customer and Supplier Centres and,
- create a new customer and new supplier.

If you have not set up the customers, suppliers and items for your own company, you could choose to do so now.

Working with Customers

This chapter looks at how to process customer transactions.

Upon completing this chapter, you should be able to:

Create and print invoices

Receive and record customer payments

Create a customer accounts-receivable report

Use the QuickZoom feature

Creating Invoices

The Home Page flowchart provides a guide for you to undertake tasks in the correct order. By just preparing a simple sales form, or invoice, QuickBooks® can send the invoice, make sure that the transaction is recorded in the right accounts and track the status of the customer's account.
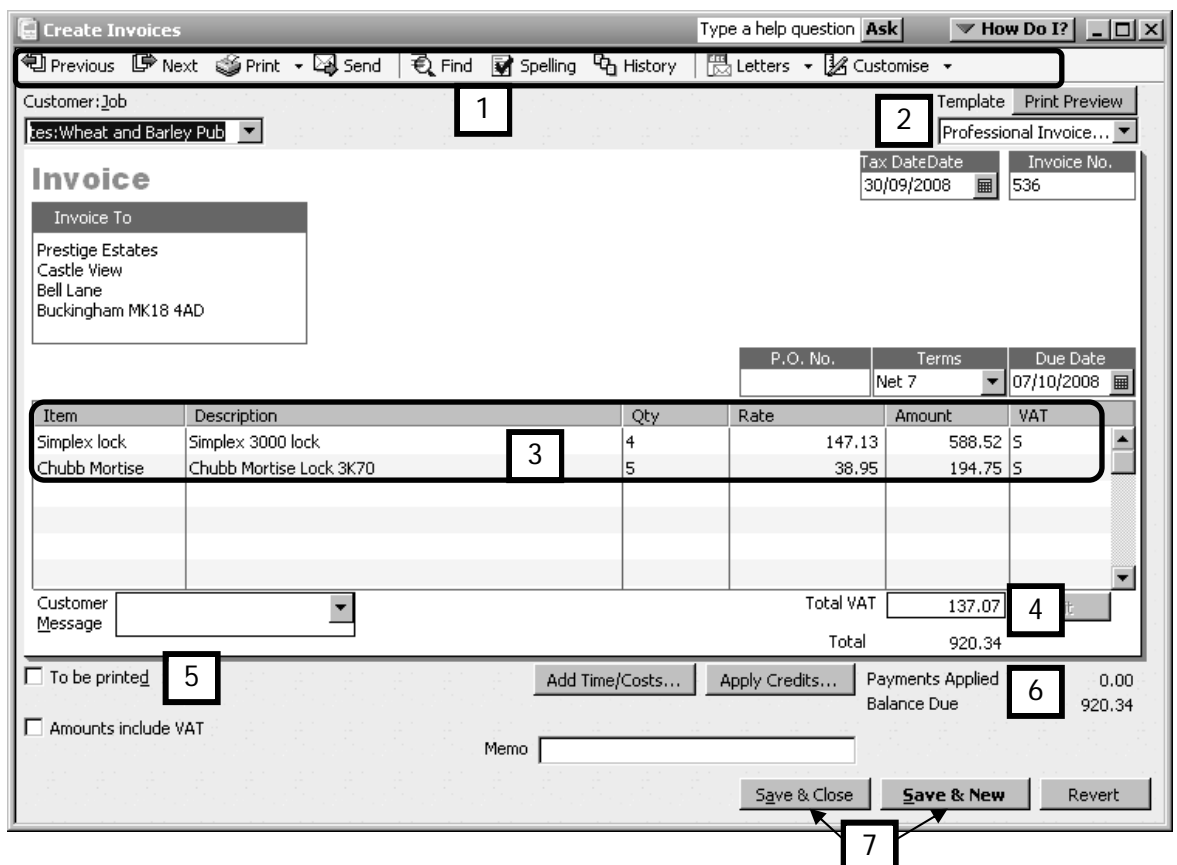
In most cases, the sales form is used to print an invoice to be sent out by post. With QuickBooks the term "send an invoice" is used not only to indicate that an invoice can be printed and put in the post, but that it can also be e-mailed or faxed.

Here's how to prepare a customer invoice, starting from the **Customer Centre**.

1. Click the **New Transactions** button and choose **Invoice**. This opens the Create Invoice window.
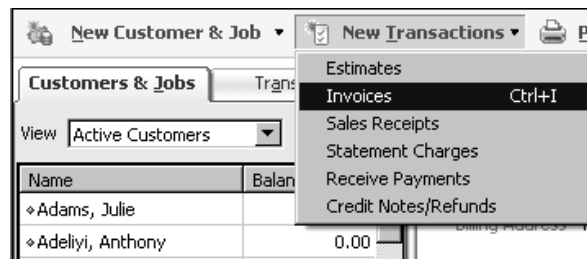
2. Most of QuickBooks forms feature an icon bar (1). From the icon bar you can click on **Previous** to view the last invoice, click on the **Print** icon, or click **Send** to send the invoice. There's even a spell-checker to correct typing mistakes.

3. If you wish, you can select a different invoice template. For the sale of a product, for instance, you can choose a product invoice. The invoice can also be customised by clicking the **Customise** button (2).

4. Fill in the blanks by choosing a customer from the **Customer:Job** drop-down list, items from the drop-down Item list that appears when you put your cursor in (or tab to) the **item** field, and a **quantity** in the quantity field (3). QuickBooks automatically fills in most of the information on the invoice from the material you entered into the lists, such as the VAT code and item description.

5. Notice that QuickBooks keeps track of the **Total VAT** (4) and **Total** of the invoice.

6. To automatically flag the invoice for printing, click the **To be printed** box (5).

7. QuickBooks keeps track if any payments are applied against the invoice, and any outstanding balance thereon (6).

8. Click on **Save & Close** to record the invoice and close the window, or **Save & New** to prepare another invoice (7).

   Warning: Clear will remove all information that was entered on the invoice!

Note: It's easy to change any of the fields that QuickBooks automatically entered. Just click on the information to change and retype the information. If an item or customer name is not already present in the appropriate QuickBooks list, QuickBooks will invite you to use the QuickAdd feature in a special dialogue box.

Printing Invoices

Use the Print Forms feature to print invoices and most other forms. Using this feature, you do not have to print invoices one by one. You can select the invoices to be printed and let QuickBooks do the rest. To save even more time, this feature will enable you to print all invoices queued for printing in two mouse clicks.

Here's how to use the Print Forms feature to print an individual invoice, a series of invoices. Note: You have to have your printer connected and turned on before you begin.

1. From the **Menu bar**, click **File**, **Print Forms**, then **Invoices**.
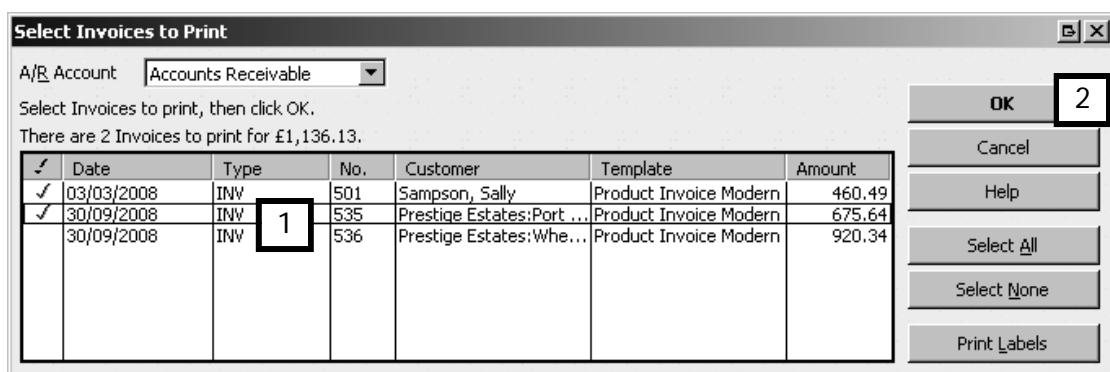
2. QuickBooks displays **the Select Invoices to Print** dialogue box, with a list of the invoices not yet printed. A tick shows invoices that will be printed (1).

3. If there is an invoice selected for printing that you don't want to print this time, you can "de-select" it (remove it from the list to be printed) by clicking over the tick. You will see the tick disappear. The next time you see the Select Invoices to Print dialogue box, the invoice you de-selected will still be there, waiting for you to print it.

4. Once you are certain all the invoices you want to print are ticked and all the ones you don't want to print are not ticked, click **OK** (2).

Receiving and Recording Payments

To record the received payment in QuickBooks, use the Receive Payments feature. Using Receive Payments to record the customer's cheque ensures that QuickBooks not only updates your bank account, it also assigns the payment to the customer's invoice which means that your customer records are up to date as well.

Here's how you receive and record a payment:

1. You can reach **Receive Payments** from the customers' area on the **Home Page** (1), or by clicking **New Transaction** in the **Customer Centre** and selecting **Receive Payments** (not shown).
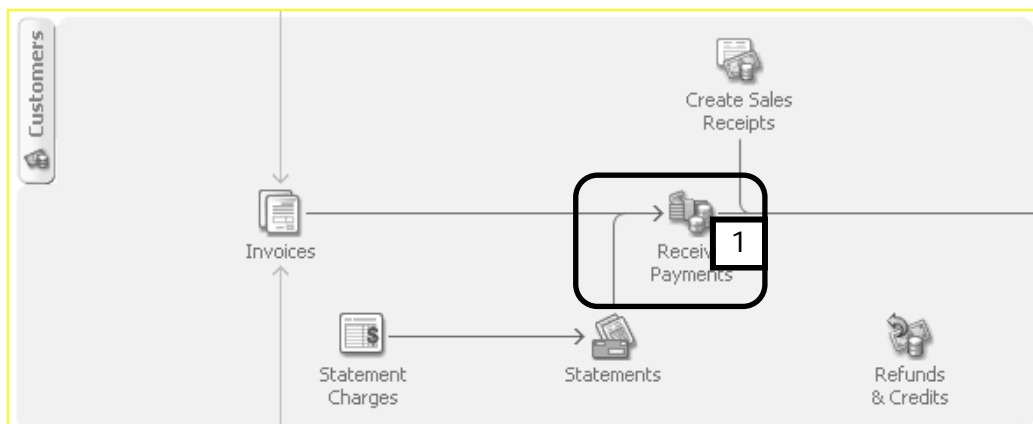
2. This opens the Receive Payments window. Enter the relevant information:
   - the customer name (2). Note: you can use the drop-down Received From list or start typing the name and QuickBooks will fill in the rest (called "auto-fill").
   - the payment amount (3).
   - the date you received payment (4) Note: default date will be the current day's date.
   - the payment method (5) using the drop-down Pmt. Method list, and if it's a cheque, the cheque number (6).

3. Apply the payment to an invoice by ticking the correct invoice in the **Applied To** list (7). If the amount received matches the amount of one of the invoices, QuickBooks recognises this and will apply the payment to that invoice. If several invoices are being paid, QuickBooks will automatically choose the oldest invoices against which to apply the payment and will continue applying it to the next oldest until the payment amount is used up (only if the "Automatically apply payments" preference is enabled, see below). If you want to apply it to a different invoice from that or those selected, simply click the ticks on or off as you learned how to do earlier.

Note: The payment above will automatically be deposited in an account called Undeposited Funds. This allows you to group payments that were banked together on one paying in slip.

To choose whether a payment goes to Undeposited Funds account or was banked on its own the day it came in (eg BACS), you need to change a preference:

1. Click **Edit** in the **Menu Bar** and choose **Preferences**.

2. Scroll down to the **Sales & Customers** and click on **Company Preferences**.

3. Untick the box next to "**Use Undeposited Funds as a default deposit to account**" (1).

Note: This is also where you can ensure that "Automatically apply payments" is ticked, so

that QuickBooks automatically applies payments against invoices as described above.

Undeposited Funds

If a payment is received and you still have it, for example in a safe or drawer, it's a good idea to let QuickBooks know that the money is received but not yet deposited. QuickBooks records the money in an account called Undeposited Funds. When the money is taken to the bank and deposited, you can use the Deposits feature to move the amount deposited from the undeposited funds account to your bank account. Here's how:

1. From the Home Page click the Deposits icon (1). This opens the Payments to Deposit window
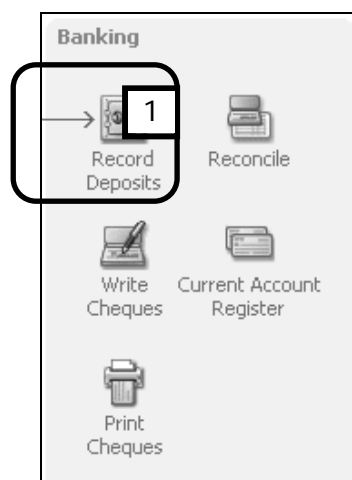
2. Select which payments to deposit (2), using the tick feature again. Click **OK** (3).
.

This opens the **Make Deposits** window. Check that the deposit is posted into the correct bank account, and enter the deposit date (4). In the "Deposit" field (5) you may find it useful to add the paying in slip folio number to assist in bank reconcilations later. A helpful feature within this screen is the facility to replenish petty cash from cash bankings (6)

Click **Save & Close** (7).

A/R Ageing Summary Reports

Ageing refers to the tracking of outstanding invoices. QuickBooks offers preset ageing reports that show how much is currently due, due later, or overdue. An A/R ageing summary breaks the amounts owed by customers into categories so that it is possible to see how much is

- currently due
- 31 to 60 days overdue
- 61 to 90 days overdue
- over 90 days overdue.

To create an A/R Ageing Summary Report, click on **Reports** on the **Menu bar**, choose **Customers & Receivables**, and then click on **A/R Ageing Summary**.

More information can be obtained from any report with the QuickZoom "magnifying glass". When the mouse pointer is placed over a number in a report, a magnifying glass icon (1) appears. Double-click the magnifying glass to bring up the QuickZoom window.

Place your pointer over the name of the customer (2) and double-click the magnifying glass again, and QuickBooks opens the original invoice.
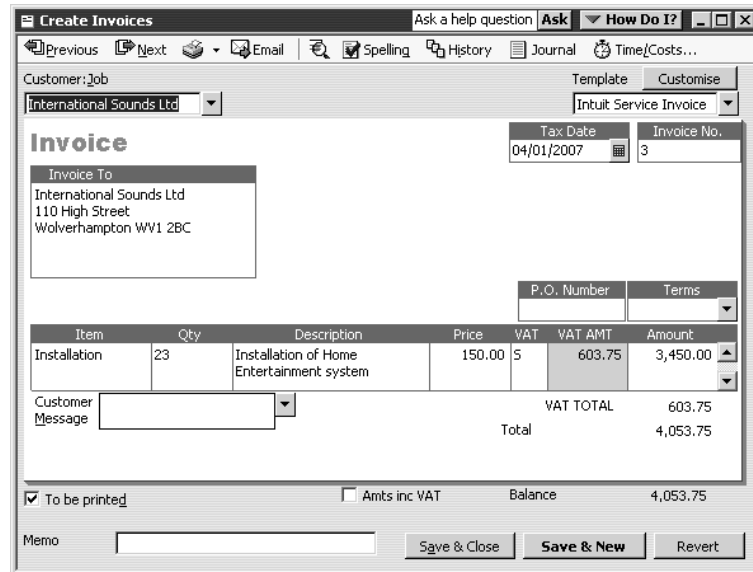
This handy tool lets you move around QuickBooks efficiently, finding related information and original source documentation easily.

Chapter Summary

After working through this chapter, you should be familiar with the concept of working with customers and be able to undertake the following in your own company:
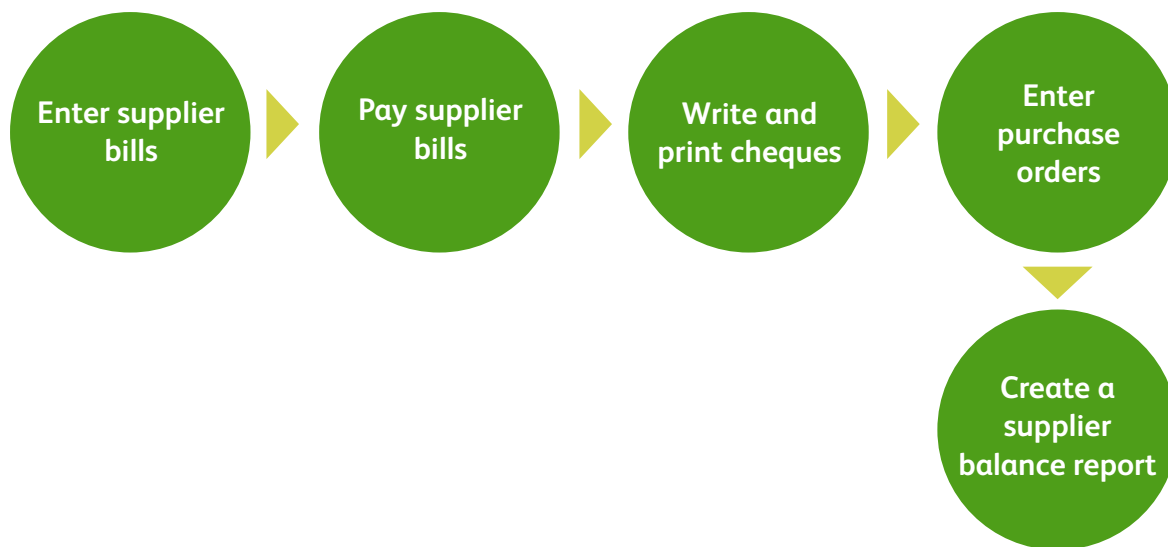
- create & print customer invoices
- receive customer payments
- deposit customer payments
- view an accounts receivable report, and
- use the QuickZoom feature.

Working with Suppliers

This chapter discusses how to
process supplier transactions.

Upon completing this chapter,
you should be able to:

Enter supplier
bills

Pay supplier
bills

Write and
print cheques

Enter
purchase
orders

Create a
supplier
balance report

Like most business owners, you probably get bills from suppliers which you pay later, pehaps on a particular day of the month, or as near as possible to their due dates. You will want QuickBooks® to keep track of your bills and remind you when to pay them.

The money owed for unpaid bills is tracked in Accounts Payable. By entering unpaid bills, QuickBooks can track the amounts owed and their due dates, and can produce reports summarising your Accounts Payable.

Entering bills

1. On the **Home Page** click **Enter Bills**, or, from the **Supplier Centre** click **New Transactions** and then **Enter Bills** (1).
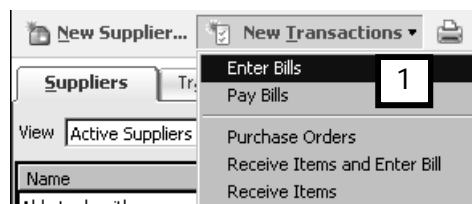
2. This opens the Enter Bills window. This is where you enter:

- the **supplier name** (2). (Remember to use the drop-down suppliers list.)
- the **date** of the bill (3)
- a **reference** number — usually the supplier's invoice number (4)
- the gross **amount due** of the bill (5)
- the bill's **payment-terms** (6) which determines the due date, or simply type in the bill due date
- the expense **account** to which this bill is assigned (7)

- the **VAT code** (8). QuickBooks assigns a default VAT code automatically if the expense account was set up with a default code associated with it. QuickBooks will automatically calculate the total VAT for the bill (9).

Click **Save & Close** (10).

Paying bills

QuickBooks can let you know if any bills are due to be paid.

To check if any bills are due, select the Pay Bills feature and QuickBooks will display any bills that are due for payment. When you use the Pay Bills feature, QuickBooks clears the paid bills from Accounts Payable and updates the supplier balances owing. QuickBooks also keeps a history of when bills were entered and when they were paid, and makes sure that no bill gets paid twice.

1. On the **Home Page** click **Pay Bills**, or from the **Supplier Centre** click **New Transactions** and then **Pay Bills** .

2. Select whether to show only the bills due for payment up to a particular date, or all bills (1). Choose a **sort method** (2). You can choose Due Date, Discount Date, Supplier or Amount Due.

Select the bills to pay (3). Bills with a tick will be paid.

Choose the payment method (4), in this example Cheque. For cheques, select **To be printed** if you want QuickBooks to print a cheque later on printed cheque stationery. If the cheque was handwritten, click **Assign cheque no**.

Enter the **payment date** (5).

Click **Pay Selected Bills** if you have finished paying bills (6).

If you chose to "Assign cheque no" in the previous screen, QuickBooks will display a window for you to enter the appropriate cheque number from your chequebook.
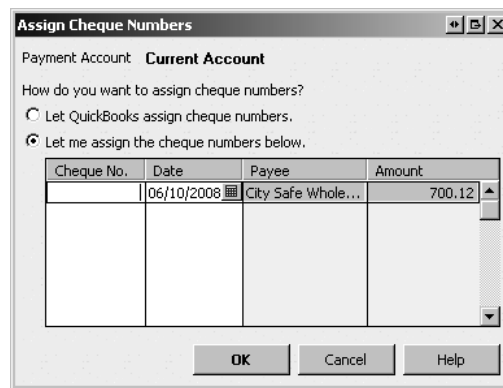
3. A confirmation window displays a Payment Summary of the bill payments posted in QuickBooks (7), so you can be sure the bills have been paid:
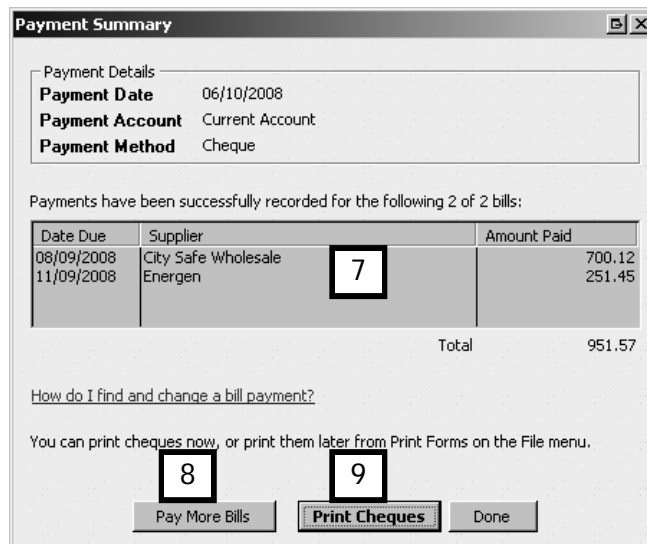
From here, you can either return to the Pay Bills window by pressing **Pay More Bills** (8), or you can print cheques by clicking **Print Cheques** (9). Press **Done** if you assigned cheque numbers by hand.

Printing supplier cheques

To print the cheques:

1. If you click the Print Cheques button in the Pay Bills Payment confirmation window (above), the Select Cheques to Print window appears, showing you the cheques waiting to be printed (1). You can also access this window from the **Menu bar**, by clicking **File**, and choosing **Print Forms** and then **Cheques**.

   Use the tick feature to select or de-select which cheques to print.

2. Ensure that your printer is connected and turned on, and that you have loaded your cheque stationery. These have to be ordered in advance and approved by your bank manager. Tip: For details on how to order cheque stationery, click on the link to Order cheques and supplies in the Learn About Services area of the Home Page, or on the Order Cheques button at the right-hand side of the Write Cheques window, or search on Stationery in the Help.

   Click **OK** (2).

3. In the Print Cheques window, select which style of cheque stationery you have and click OK (not shown).

Printing remittance advices

If you print using the Standard cheque style rather than the Voucher style, or if you have recorded payments made by handwritten cheques, you might want to print out remittance advices to accompany the payments.

1. From the **Menu bar**, click **File**, choose **Print Forms** and then select **Remittance Advice**.

   The Select Remittance to Print window appears.

2. Change the date range if necessary (1) and use the tick feature to select or de-select which remittance advices to print (2).

3. Ensure that your printer is connected and turned on, and that you have the correct stationery loaded.

   Click **OK** (3).

The Supplier Balance Detail report

After entering the supplier bills and bill payment, you could look at the A/P Ageing Summary report, which works in much the same way as the A/R Ageing Summary that you looked at in the previous chapter.

To see a history of the recorded transactions you can create a supplier balance detail report. This report itemises supplier transactions including bills and bill payments, and it shows the balance owing to each supplier.

To see this report:

1. From the **Menu bar** click **Reports**, choose **Suppliers & Payables**, then select **Supplier Balance Detail**.

   You will see a report like the one in the illustration. You can move around in this report and see details using the same magnifying glass icon and QuickZoom features you have already used in the A/R ageing report.
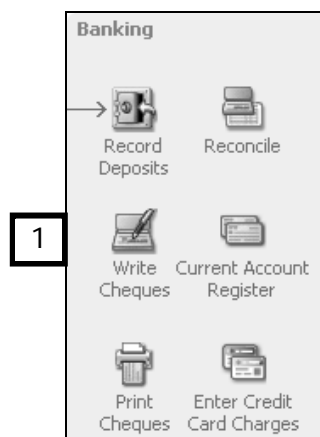
Using Write Cheques

It sometimes happens that you pay a supplier's bill immediately, or else you may not receive a bill at all. For example, on the first of the month you might pay your office rent, even though your landlord never sends a bill.

Rather than entering a bill for this type of payment, you can simply write a cheque and record the payment in QuickBooks using the Write Cheques feature.

Using Write Cheques is a way to bypass Accounts Payable. Remember that an accounts payable means that there is an unpaid supplier bill that is owed by your company. If you pay the bill immediately then there is no outstanding amount for QuickBooks to track in Accounts Payable.

1. From the Banking section of the **Home Page**, click the **Write Cheques** icon (1). Alternatively use the **Menu bar** to access the form by clicking **Banking** and then **Write Cheques**.

2. This opens the Write Cheques window. This is where you enter:

- the payee's **name** (1)
- for a handwritten cheque, make sure there is no tick in To be printed, and enter the cheque **number** (2)
- the cheque **date** (3)
- the **amount** of the cheque (4), and
- the **account** to which the expense is assigned (5)
- the **VAT code** (6). QuickBooks may assign a default code automatically if the expense account has been set up with a default VAT code to be associated with it.

Click **Save & Close** (7) if you have finished writing cheques, or Save & New to record another.

Purchase orders

A purchase order (often abbreviated to PO) is used to tell a supplier which of their products or services you want to buy, under which credit terms, price and quantity. Using a recorded transaction, a purchase order system enables you to:

- Keep track of what you've ordered from a supplier.
- Record what you have received.
- Know if there are more items to follow (in other words, if items are on back order).

Creating a purchase order

By now it is probably becoming obvious to you that if the Create Purchase Order icon is missing from the Home Page, it's because the Stock and Purchase Order preference is not enabled.

To enable POs and access the form:

1. Click on **Edit**, **Preferences**, then select **Items & Stock** preference, choose the Company Preferences tab and click the box beside **Stock and purchase orders are active**. New icons will appear on the Home Page for the PO process.

2. To access the PO form, click the **Purchase Orders** icon on the **Home Page**, or, from the **Supplier Centre** click **New Transactions** and then **Purchase Orders**.

The Purchase Order window closely resembles the Enter Invoices window—with two significant exceptions:

- The Purchase Order form includes a Ship To field (1). With this field, you can ask your supplier to deliver to you or deliver (or drop-ship) the order directly to a customer or any other location.
- Unlike a supplier bill, in which you can record expenses as well as the purchase of items, the purchase order in QuickBooks can only be used for items. This means that you can't—nor should you want to—send a PO to your telephone company to purchase this month's telephone service!

To complete a purchase order:

1. Choose the supplier from the drop-down supplier list (2), then:

   - Verify or correct the date.
   - Choose items from the drop-down item list in the **Item** column (3).
   - Tab to the **Qty** column and enter the number of units you want (4).
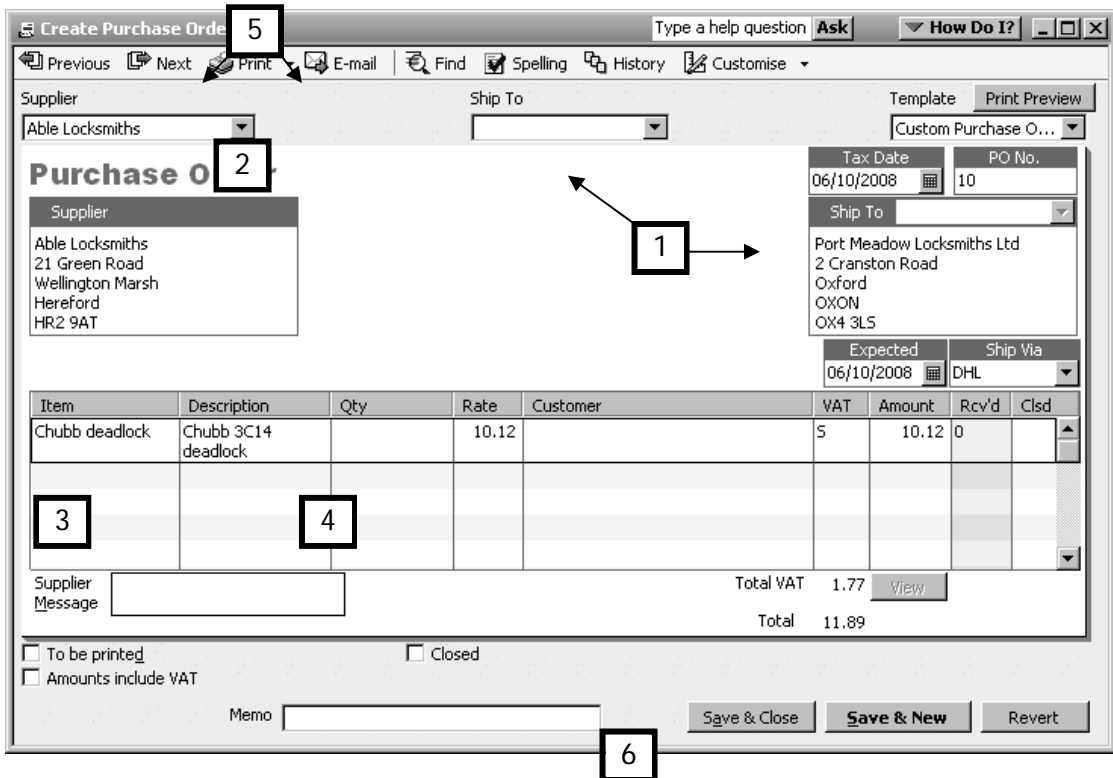
2. You now need to send the purchase order to your supplier. Click on the **Print** or E-mail icon (5).

3. Click Save & New if you have other purchase orders to write, or Save & Close to record the Purchase Order and go on to another task (6).

What QuickBooks does with the purchase order

How does QuickBooks handle the information entered on the Purchase Order form? Does it update the stock? Does it add an amount payable to the supplier?

The answer to both these questions is no. A purchase order is a non-posting form. This means that, other than remembering that you will be receiving items from a supplier, QuickBooks does not post—or record—entries to your stock, liability (or any other) general ledger accounts.

This information is only posted in QuickBooks to the accounts when the actual items are delivered and you receive the supplier's bill.

Receiving a supplier bill

After issuing a purchase order, you will, soon after, receive the ordered items along with the supplier's bill.

To record the bill:

1. From the **Supplier Centre**, click on **New Transactions** and choose either the **Enter Bills** option or the **Receive Items and Enter Bill**. Either option will present you with the Enter Bills form.

On the Enter Bills form:

2. Enter the **supplier's name** (by starting to type it and letting QuickBooks auto-complete it, or by selecting the name from the drop-down supplier's list) (1).

3. If there's an existing, or open, purchase order, QuickBooks will display the Open PO's Exist window (2).

4. Click **Yes** to view a list of this supplier's open purchase orders (3).

5. QuickBooks opens the Open Purchase Orders window. Click on the desired PO (4) and then click **OK**.
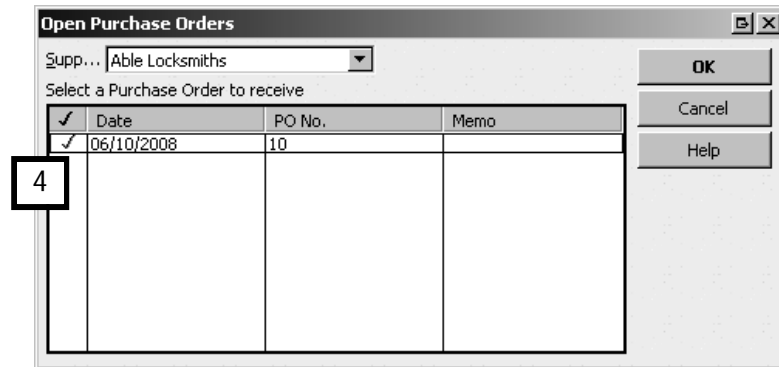
6. QuickBooks then transfers the information to the supplier's bill in the **Enter Bills** window. Verify that the information is accurate, and update it if necessary (e.g. quantities).

7. Enter the supplier's invoice number into the **Ref. No**. field (5) and the **Terms** (6) if they are not already present.
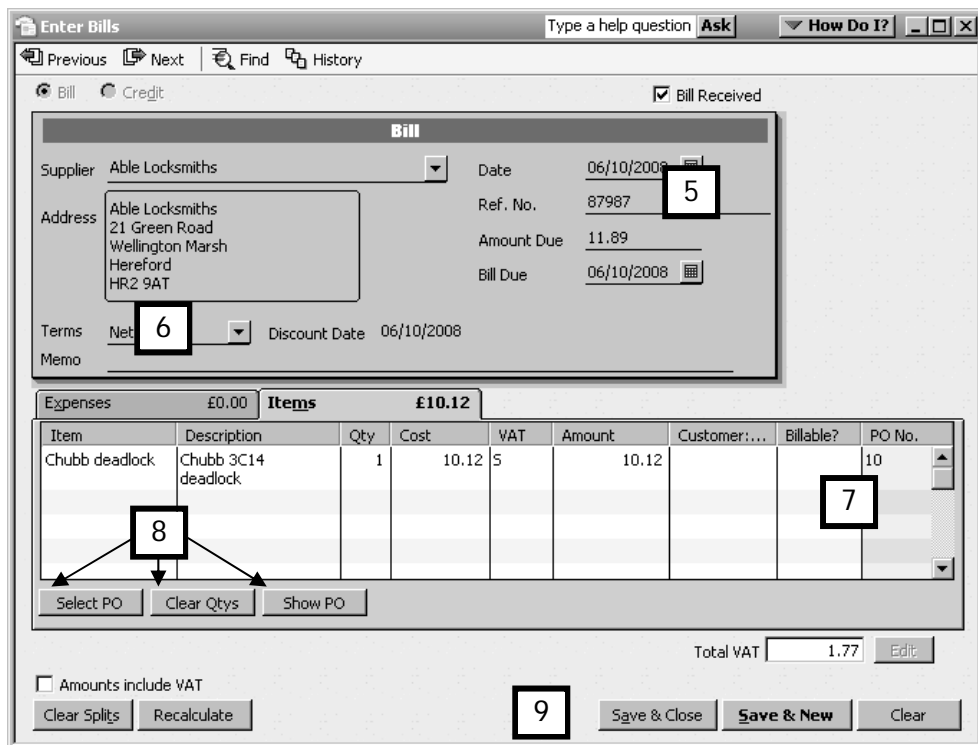
8. Notice that a new column has appeared on the bill, linking the bill to the PO (7). You can use the three buttons on the bill to include another PO on this bill, clear the quantities or view the original PO (8).

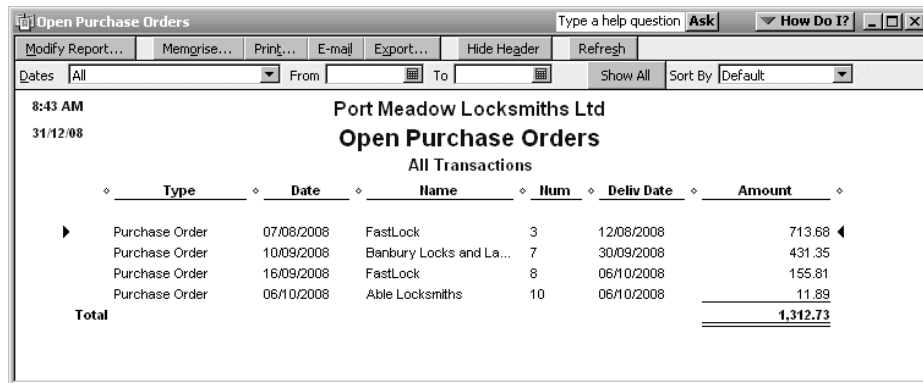   Click on **Save & Close** to record the bill (9).

   Note: If the bill is a part delivery of the PO items, the oustanding items will remain active on PO, allowing you to create another bill for those items at a later date.

Cancelling an open purchase order

If a supplier can't deliver on a purchase order, or you have cancelled the order with them, you will need to update the list of open purchase orders in QuickBooks.
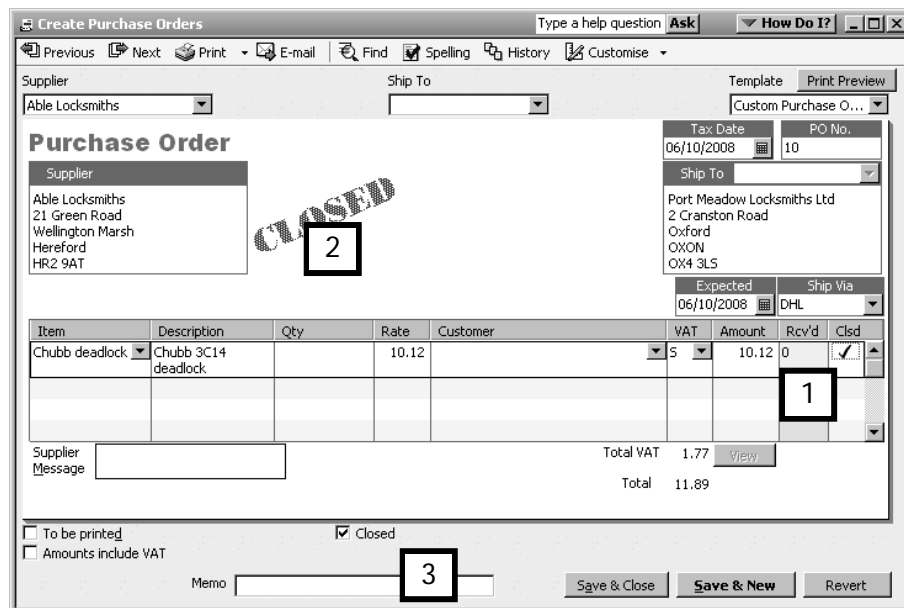
To find a list of all existing purchase orders:

1. Click **Reports** on the main menu, choose **Purchases** and then **choose Open Purchase Orders**.

2. From the list of open purchase orders, find the purchase order you want to cancel (in the example, Able Locksmiths) then QuickZoom (double-click) on this purchase order to open the form.

3. To indicate that the PO is cancelled, tick the **Closed** box (1).QuickBooks then stamps the PO "Closed" (2). Type an explanatory **memo** as a reminder of the outcome of this purchase order (3).

4. Click **Save & Close**.

Note: Any PO raised in error can be deleted by calling up the PO and selecting **Edit** from the **Menu bar**, then **Delete**.

Cancelling an item line on an open purchase order

If you have a purchase order with more than one item line, and the supplier cannot supply one of the items, you will not want to clear the whole purchase order. Instead, you cancel only one item.

To do this, find and open the purchase order as above.

1. To indicate that the line is cancelled, click in the **Clsd** column (1).

2. Type an explanatory memo as a reminder of the outcome of this purchase order (2).

3. Click **Save & Close**.

Receiving items before you receive a bill

On occasion you will receive a shipment from your supplier before you receive the bill.

To keep your records accurate, if you track stock you will want to update your stock records to show the item receipt.

To tell QuickBooks that you have received the shipment without the supplier's bill:

1. Click **New Transactions** in the **Supplier Centre** then **Receive Items**.

2. Enter the supplier's name.

    You will be prompted to receive against a PO, click **Yes**, then select the PO from the Open Purchase Orders window.

3. You will then see the Create Item Receipts form, which QuickBooks has stamped with "**Item Receipt Only**" (1).

    QuickBooks also automatically adds a memo to indicate that the bill will follow at a later date (2).

4. Just as you would with a supplier bill, enter the date, reference number and item information (3), then click on **Save & Close** (4).

What changes does QuickBooks make to the purchase order? Read on...

What QuickBooks does with the purchase order

If you track stock, on the Stock Valuation Detail report, QuickBooks lists the items as being in stock, and identifies that they were received via an item receipt form (3).

QuickBooks also shows the liability on the supplier's accounts payable report (4).

However, because the items were received via an item receipt form and not a bill, QuickBooks does not list the transaction on the Pay Bills window and therefore will not allow you to pay for the items until you have entered the bill (5).

To convert an item receipt into a bill:

1. In the **Supplier Centre**, click on **New Transactions** and select **Enter Bills for Received Items**.

2. You will see the Select Item Receipt window. Choose the supplier name from the Supplier drop-down list (6).

   QuickBooks will return a list of open item receipts for that supplier. Highlight the desired transaction (7).

3. Click OK.

4. QuickBooks then opens the **Enter Bills** form (8). Verify the accuracy of the information.

5. Enter the supplier's invoice number on the **Ref. No**. line.

6. Click Save & New for another transaction, or **Save & Close**.

Tip: To view a list of all open item receipts, use Advanced Find:

1. From the **Menu Bar**, click on **Edit** and choose **Find** from the drop-down menu. QuickBooks displays the Find window; select the **Advanced Tab**.

2. In the Filter section on the left, find and select Transaction Type. The field to the right of the Filter list will change to the Transaction Type field.

   In the Transaction Type field, choose **Item Receipt** from the drop-down list.

   Click on Find, and QuickBooks will display all open item receipts at the bottom of the window. To go to one of the open item receipts, double-click on that line.
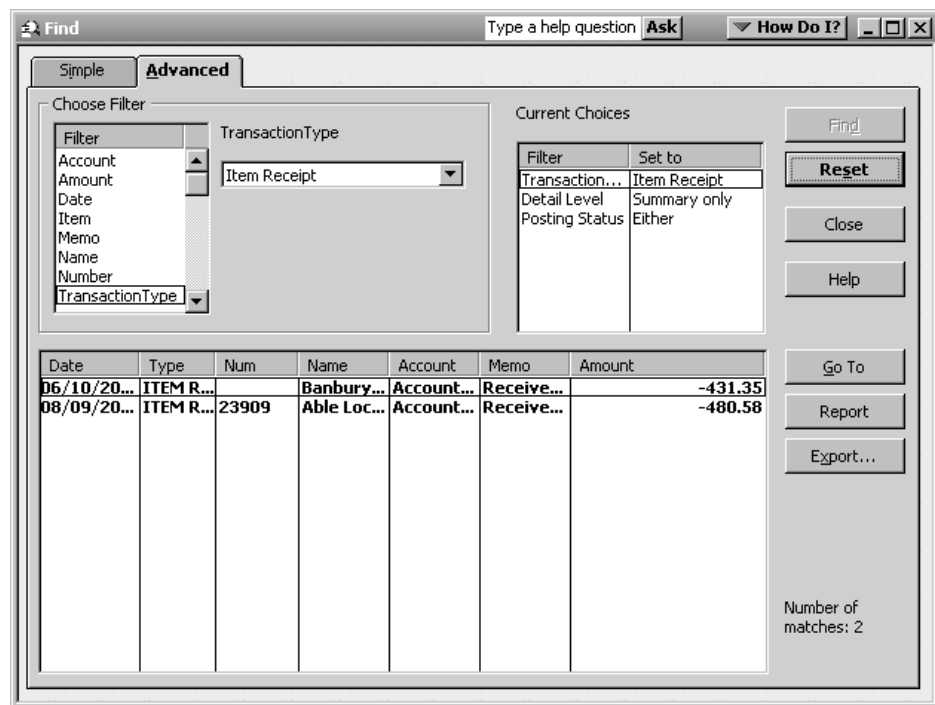
Chapter summary

After working through this chapter, you should now be familiar with paying bills and writing cheques, and be able to do the following tasks in your own company file:

- enter bills
- pay bills
- write cheques
- differentiate between the Pay Bills and Write Cheques features
- display an accounts payable report (called the Supplier Detail Report), and move around in it using the QuickZoom feature
- create a purchase order
- cancel a purchase order or an item on a purchase order
- receive items for which you have not yet received a bill.

Petty cash, credit cards & bank reconciliations

This chapter discusses how to record cash expenses and credit card transactions.
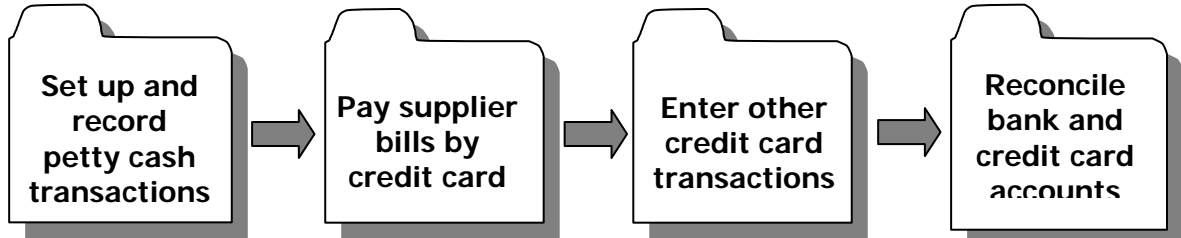
Upon completing this chapter, you should be able to:

Set up and record petty cash transactions ▶ **Pay supplier bills by credit card** ▶ **Enter other credit card transactions** ▶ **Reconcile bank and credit card accounts**
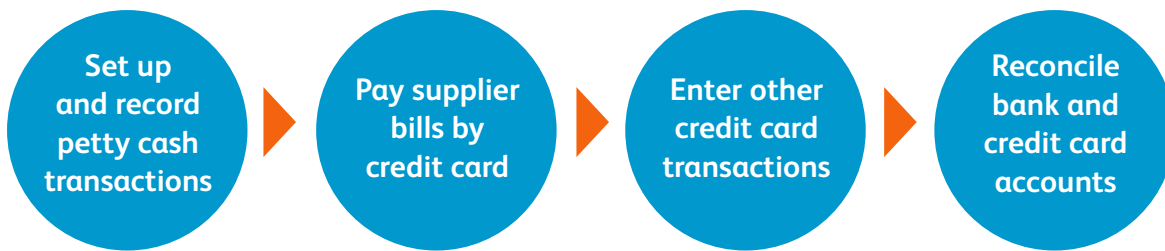
chapter 8

Petty cash, credit cards, and bank reconciliations

This chapter discusses how to record cash expenses and credit card transactions.

Upon completing this chapter, you should be able to:

| Set up and record petty cash transactions | → | Pay supplier bills by credit card | → | Enter other credit card transactions | → | Reconcile bank and credit card accounts |

Using petty cash

Often it is more convenient to pay cash for small items such as office supplies, yet you want to track these purchases just as you would any other business expense.

To do so, you can set up a petty cash record in QuickBooks® , and process petty cash transactions. The first step is to set up your petty cash account. Then you must put money into it, record its transactions, and replenish it just like any other account.
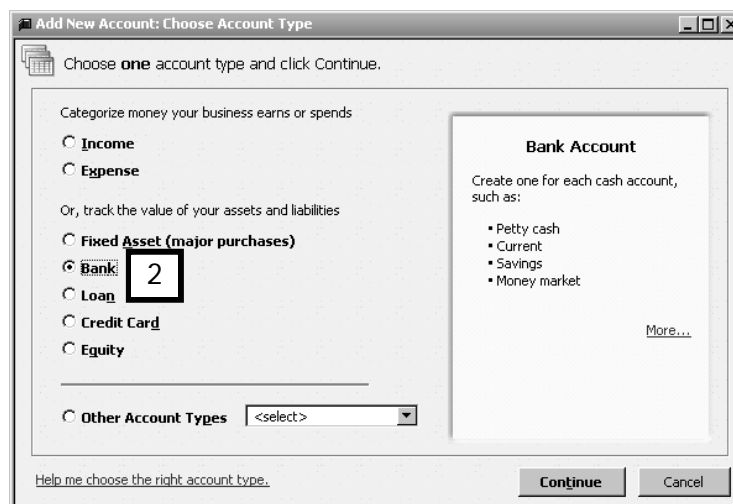
Once you understand the logic, it's easy to manage petty cash in QuickBooks.
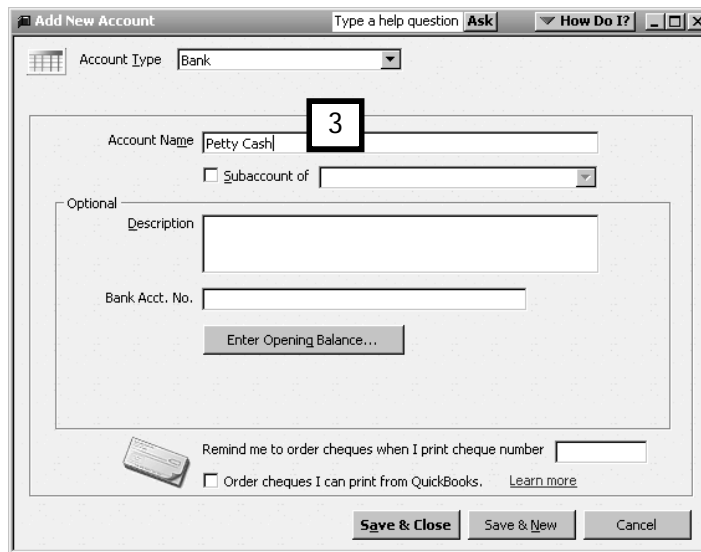
Setting up a petty cash account

1. From the **Lists** menu on the **Menu bar**, choose **Chart of Accounts**.

2. Click the **Account** menu button and choose **New** (1).
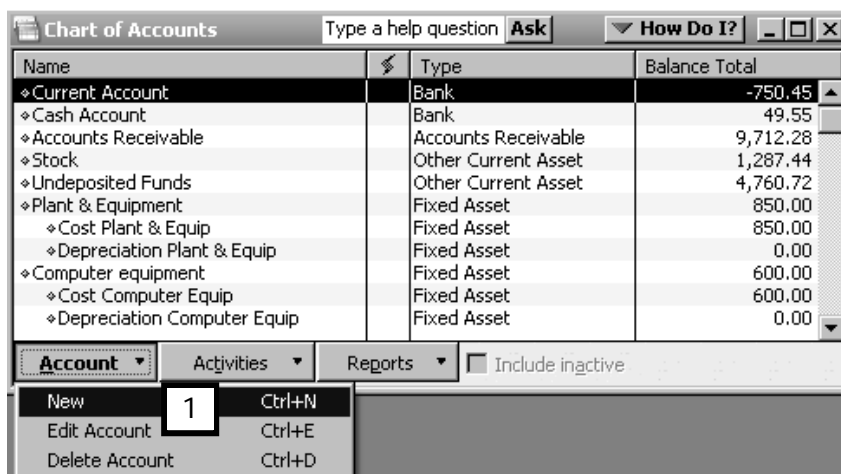
3. Choose **Bank** (2), and click **Continue**.

4. Name the account "Petty Cash" (3).


5. Click **Save and Close**.

(If you see a message about preprinted cheques for this account, click No.)

Writing a cheque for petty cash

Now that the account is created, you will need to set up a petty cash fund. The following example assumes you will want a balance of £250 in your petty cash fund. To do this, you must first write a business cheque payable to petty cash from your current account.

1. From the **Menu Bar**, click on **Banking** and then **Write Cheques**, or click the **Write Cheques icon** on the **Home Page**.

2. In the Pay to the Order of field, enter **Petty Cash** (1).

3. Because the name Petty Cash is not a name that appears in either your supplier list or customer list QuickBooks displays the Name not Found Window. You have the choice of QuickAdd or Set Up. In this case you should click on **QuickAdd** (3), so that QuickBooks will add the name Petty Cash, without any other contact information, to its Name list.
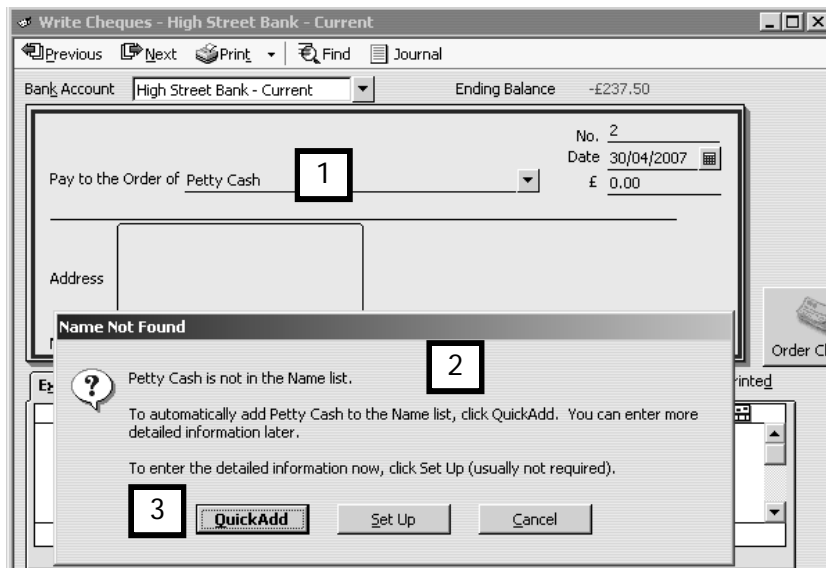
4. You will now see the Select Name Type window appear. Select **Other** (4).

   Tip: Use the Other Names List rather than the Supplier Names List to store names of companies, entities or people who are not actual suppliers. Petty Cash is an example of an Other Name.
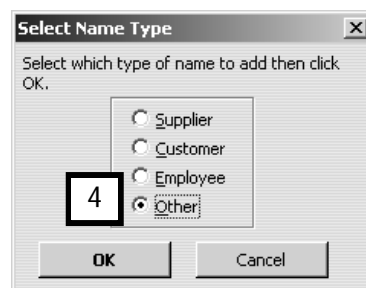
5. Click **OK**. QuickBooks will add Petty Cash to the Other Names list and return to the Write Cheques window.

6. Because it was added to the List, QuickBooks now accepts the name Petty Cash in the Pay to the Order of field. (5).

7. Enter the **date** and the **amount** of the cheque (6).

8. Enter the name of the **account** you just set up to keep track of Petty Cash (7).

9. Click **Save & Close**.

Note: Although the words "Petty Cash" appear in two fields, they represent different ideas and originate from two different lists. The Names List is the source of the names in the Pay to the Order of field (5). The account field (7) is where you tell QuickBooks what tracking account you wish to use from your Chart of Accounts List.

Recording petty cash expenses

When you spend petty cash, you need to record the transaction. This is done through the Write Cheques window.

Because you have set up an account called Petty Cash, you can write a cheque which represents the petty cash transaction.

This is the same type of transaction as writing a cheque by hand against your bank account. Your petty cash fund is treated the same way as a bank account for recording purposes, and the Write Cheque routine therefore reduces the amount of money in Petty Cash.

To record petty cash expenses:

1. From the **Menu Bar**, click on **Banking** and then **Write Cheques** or click the **Write Cheques icon** on the **Home Page.**

2. Enter **Petty Cash** as the account from which the money came (1). QuickBooks subtracts the amount from the initial balance of the petty cash account.

3. Enter the **supplier name** (2). You may choose to enter the actual supplier or choose a general name for all petty cash purchases for a certain period (week or month, etc), such as Petty Cash Transactions.

4. If necessary use QuickAdd to set up the supplier name, as you learned how to do earlier.

5. Enter the **date** and **amount** of the transaction (3).

6. Enter the **account** that tracks the expense, the appropriate **VAT code** and the amount for that expense line (4).

7. Click **Save & Close** (5).

Replenishing petty cash

When there's almost no money left in the petty cash box, replenish petty cash by issuing another business cheque and cashing it, as you learned how to do earlier.

However, to arrive at the amount of this cheque, you should add up all the receipts in the petty cash box, and issue a cheque for the amount of the receipts.

This way the sum of the receipts and the actual cash will always equal the balance you have decided upon for your petty cash fund (in the example this amount is £250).

Recording credit card transactions

When you record your business credit card transactions in QuickBooks, there are procedures which ensure that you don't make errors which create duplicate records or record a payment that you haven't actually sent.

Paying bills by credit card

If you have already entered a bill and later realise you need to pay that bill by credit card, you can do so using the Pay Bills routine. It's important to choose the correct payment method.

1. From the **Menu Bar**, click **Suppliers** and select **Pay Bills**, or from the **Supplier Centre** click **New Transactions**, then **Pay Bills**.

2. In the Pay Bills window
    - **select** the bill to pay (1)
    - under **Payment Method**, select **Credit Card** from the drop-down list (2)
    - if the company has more than one credit card, select the proper card in the **Payment Account** window (3)
    - enter the **date** of the credit card payment (4)
    - click **Pay Selected Bills**.

The Payment confirmation window appears:
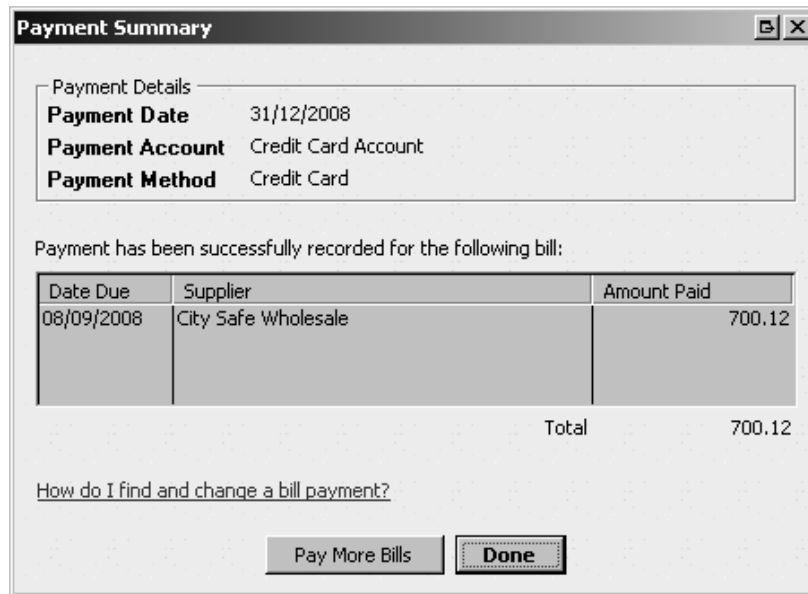
Click **Done** when if you are finished.

Entering credit card transactions

If you are entering credit card transactions from a credit card statement with supporting paperwork, then the Enter Credit Card routine will enable you to enter all the information relating to Credit Card expenditure in one step, saving you time.

The following section explains this procedure.

1. From the **Home Page**, click the **Enter Credit Card Charges** icon, in the Banking section (1)
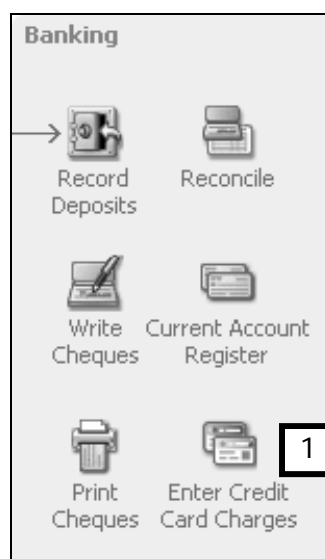
2. Choose the supplier's name (1). If necessary, use QuickAdd to set up the supplier.

3. Enter the date (2).

4. Enter the reference number (3).

5. Enter the amount (4).

6. Choose the account that will keep track of the expense (5).

7. Click **Save & Close**.

We'll see how to pay off the credit card later, in the "Reconciling Credit Card accounts" section (below).

Reconciling accounts

"Reconciling accounts" means making the recorded transactions in your QuickBooks accounts match what is happening in the real world.

Reconciling is the process of making sure that the QuickBooks bank or credit card accounts match the bank's or credit card company's records.

Whenever your bank and credit card statements arrive, you should reconcile them with your QuickBooks bank accounts and credit card accounts straight away. Doing this on a monthly basis helps avoid overdraft charges for bounced cheques, offers a chance to spot possible errors and ensures your financial records are correct and up to date.

Reconciling bank accounts

1. To reconcile the bank account, from the **Banking menu**, click **Reconcile**, or click the **Reconcile icon** on the **Home Page**. This opens the **Begin Reconciliation** window.

2. Enter:
   - the bank statement date (1)
   - the bank statement's end balance amount (2)

   In the Service Charge fields (3) enter:
   - the service charge amount
   - the date the charge was made
   - the account that keeps track of the bank charges expense.

   In the Interest Earned fields (4) enter:
   - the amount of interest earned
   - the date the interest was paid
   - the account that keeps track of interest earned.

2. Click Continue (5).

3. QuickBooks displays the Reconcile –Current Account window.

   Cheque and payments appear on the left side of the Reconcile window (6). Deposits appear on the right side (7).

   Tick the box for "**Hide transactions after the statement's end date**" if you want to display only transactions related to this reconciliation period, or leave it clear to display all transactions (8).

   Click on each payment that appears on the bank statement. QuickBooks places a tick to the left of each payment (6).

   Click on each deposit that appears on the bank statement. Once again QuickBooks places a tick to the left of each deposit (7).
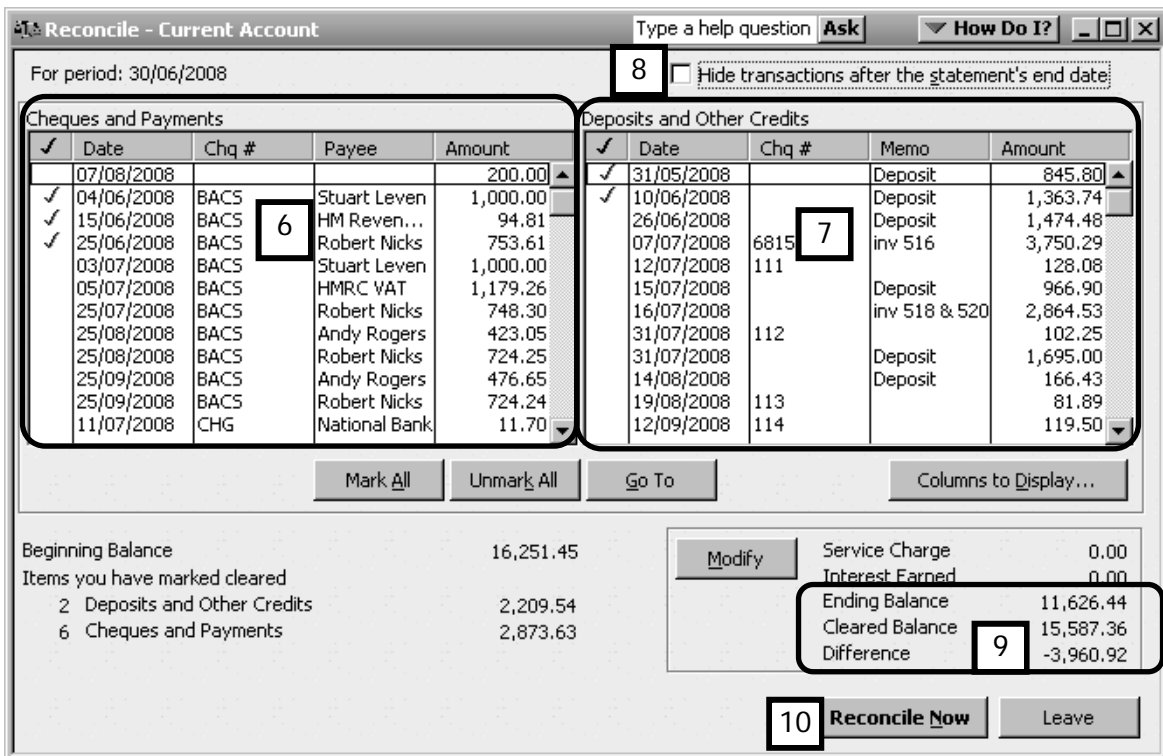
4. When the **Difference** (9) between the ending balance (i.e. balance from the bank statement) and the cleared balance (ie the sum total of all the transactions you ticked) reflects a zero balance, this indicates that the account is reconciled.

   If you have made a mistake, click on Unmark All and start again.

   If the difference is zero and everything has been correctly marked, click **Reconcile Now** (10).

   Important: Do not click Reconcile Now unless the balance is zero and you are satisfied that there are no errors.

5. Wait a few moments while QuickBooks examines and reconciles the bank account. QuickBooks then displays the Select Reconciliation Report window. You now have the opportunity to review your reconciled bank statement.

   Click **Detail** (11), then click **Display** (12).
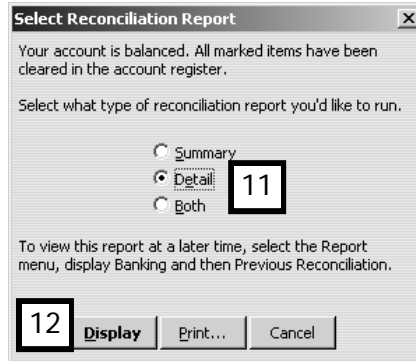
6. You will see the Reconciliation Detail Report. This report shows:
   - your bank statement balance (13)
   - your QuickBooks bank account balance (14), and
   - the uncleared transactions recorded in QuickBooks that reconcile your bank balance with your QuickBooks balance (15).

7. Print the Reconciliation report and file it with the bank statement.

Reconciling credit card accounts

As with bank statement reconciliations, reconciling credit card statements ensures that all transactions are recorded in QuickBooks. Using the credit card reconciliation feature also provides an easy way to pay the credit card and record the payment.

Just as you reconcile your bank account, you compare and reconcile your QuickBooks credit card account with the card issuer's credit card statement.

1. To reconcile the credit card, from the **Banking** menu, click **Reconcile**. This opens the Begin Reconciliation window.

   In the Account field, choose the **credit card account** (1).

   Enter the **date of the credit card statement** (2).

   Enter the **amount due** as it appears on the credit card statement (3).

   Enter any **finance or interest charge** (4) and choose the account which keeps track of credit card service charges.

   Click **Continue** (5).

2. You will see the Reconcile Credit Card window that applies to the credit card you are reconciling. Charges and cash advances appear on the left side of the window (6), payments and credits on the right (7).

   Click on each charge recorded in QuickBooks that appears on the credit card statement (6). QuickBooks places a tick to the left of each charge.

   Click on each payment or credit recorded in QuickBooks that appears on the statement (7). QuickBooks places a tick to the left of each credit.
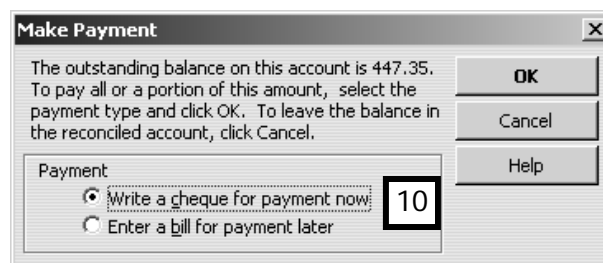
   When the **Difference** field (8) shows a zero balance, this indicates that the account is reconciled.
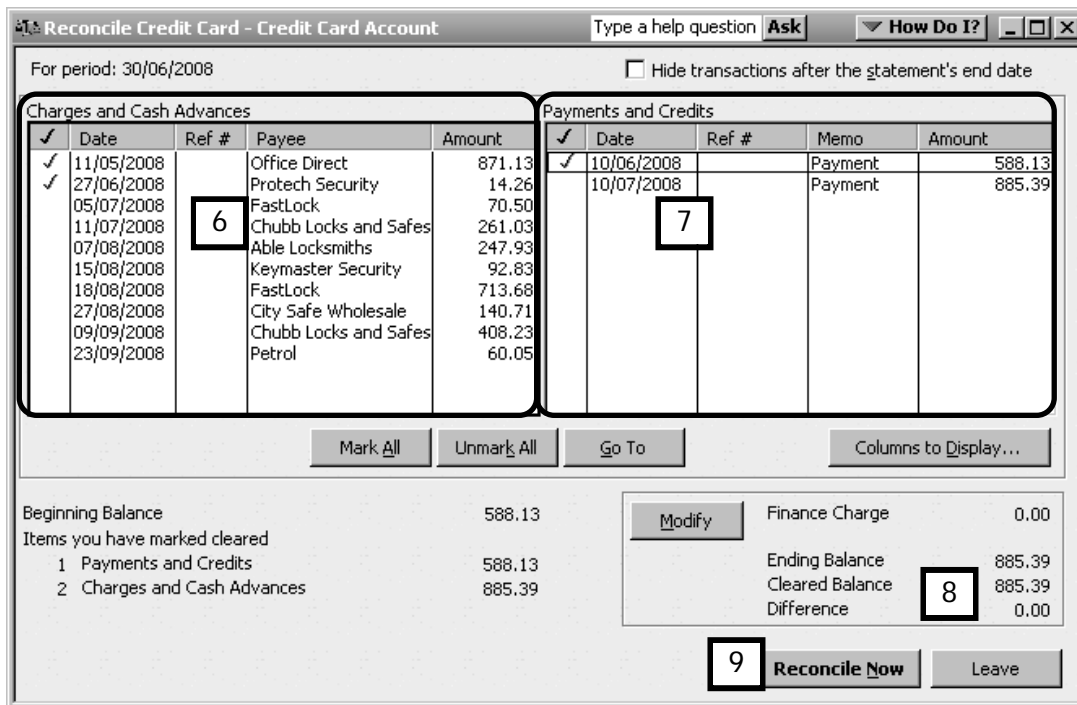
3. Click **Reconcile Now** (9).

4. QuickBooks then gives you a chance to pay your outstanding credit card balance by displaying the **Make Payment** window.

   To write a cheque for the full amount owed, click **Write a cheque for payment now** (10) then click **OK.**

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

5. As with the bank account reconciliation, QuickBooks displays the Select Reconciliation Report. (If you chose Write a cheque for payment now, don't worry—that's next!)

   Choose **Detail** (11).

   Click **Print** (12) to send the report to the printer.

Chapter summary

This chapter explained how to record cash expenses and credit card transactions, and the process of reconciling accounts. You should now know the definition and function of an account reconciliation and know how to perform the following tasks in your own company:

- set up petty cash
- process petty cash transactions
- pay bills by credit card
- process other credit card transactions
- reconcile a bank account
- reconcile and pay a credit card account.
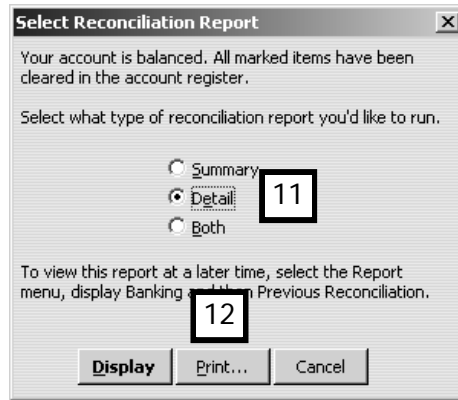
6. File the report with the credit card statement.

7. If you have chosen to pay the balance now, QuickBooks displays the **Write Cheques window** so that you can make your credit card payment.

   Enter the **payee's name** in the Pay to the Order of field (13) and the payment **date** (14).

   If applicable, untick the To be printed box (15)and enter the cheque number, or DD if it's a direct debit payment.

   QuickBooks automatically fills in the payment **amount** (16). To change the amount of the payment (for instance, if you want to make only a partial payment), you can change the amount of the cheque by clicking on the amount and entering the new amount.
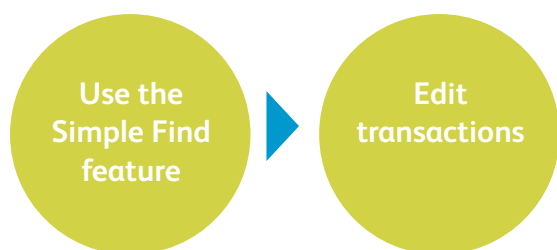
   Click **Save & Close** (17).
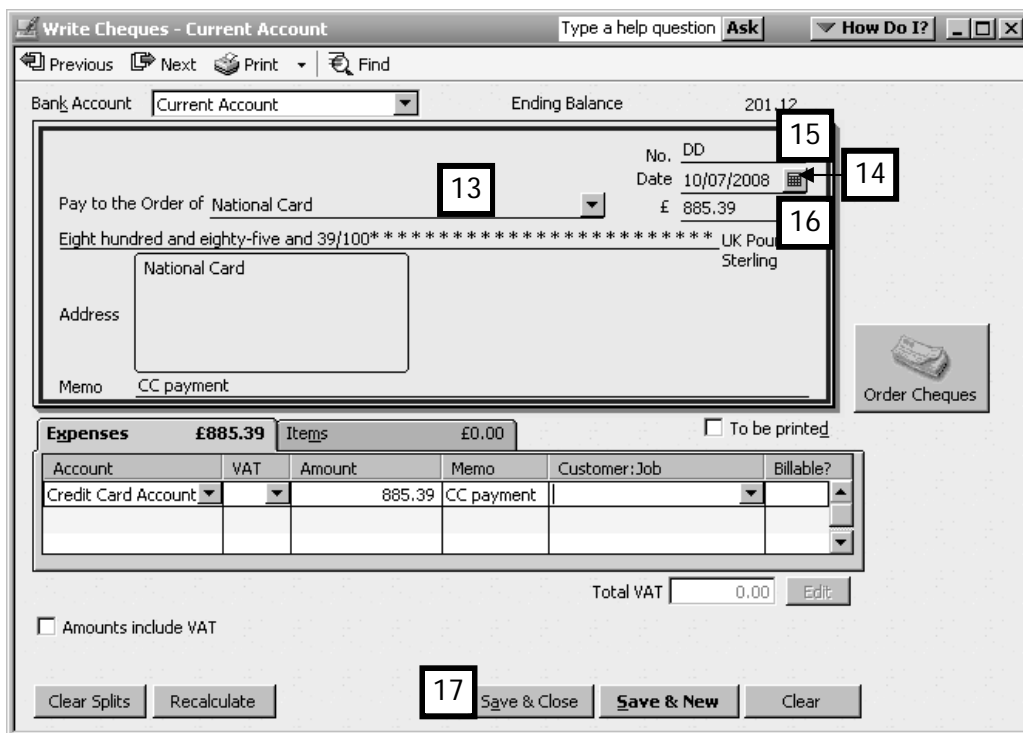
Finding transactions & making changes

This chapter discusses searching for,
finding and editing transactions.

Upon completing this chapter,
you should be able to:

**Use the
Simple Find
feature**

**Edit
transactions**

Simple Find

The Simple Find feature is another way to move around in QuickBooks quickly and easily.

You can use this feature to do a quick search of the most common transaction types.

Simple Find gives you the chance to easily view and correct recorded transactions, and displays all of a transaction's details.

Viewing transactions

1. From the **Menu bar**, click **Edit**, then **Find**. You will see the Find window which has two tabs: Simple and Advanced.

2. Choose the transaction type (1) on the Simple tab menu.

   Then fill in at least one of the following fields:
   - customer (2)
   - date range (3)
   - invoice number (4)
   - amount (5).

3. Click Find (6).

4. At the bottom of the Find window QuickBooks now displays the transactions that match the search term criteria.

5. To display a transaction select it by clicking on the line with your cursor (7).

6. Click Go To (8) to view the transaction, or simply double-click the transaction to open it.
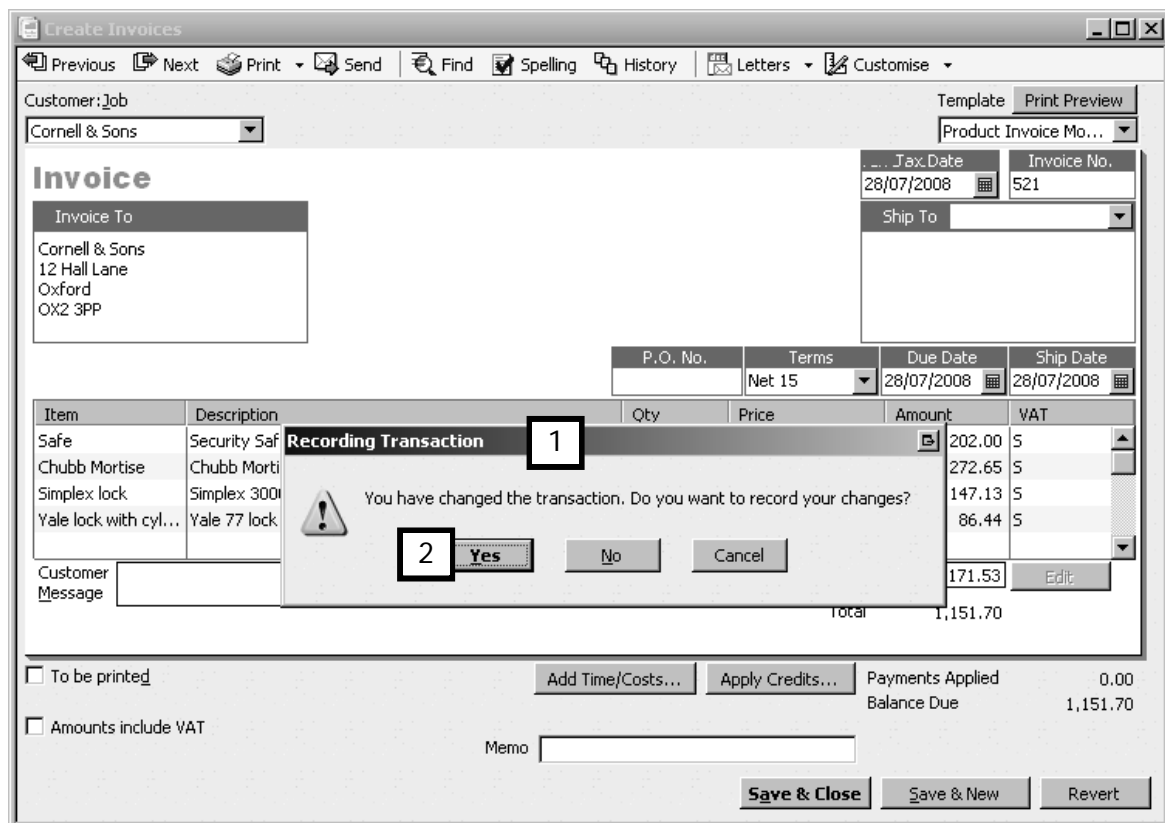

Editing transactions

If you need to correct a transaction you entered previously, the process is very simple.

In the transaction box you have just found and opened:

1. Highlight the field where the incorrect information is showing and enter the correct information.

2. Click **Save & Close**.

3. You see the Recording Transactions dialogue box superimposed on the transaction window (see example, next page). QuickBooks asks, "Do you want to record your changes?" (1)

4. Click **Yes** (2) to record the changed transaction.

Chapter summary

This chapter illustrated how to search for and edit transactions. You should now be able to

- use simple find, and
- edit a transaction.

Financial reports

This chapter describes two of the key reports that make up the financial statements.

Upon completing this chapter, you should be able to:

Use the Report Centre

Create a profit & loss report

Create a balance sheet report

Memorise reports

Report Centre

The Report Centre organises all the QuickBooks reports in one easy to access location. Reports are organised by business area, along with a brief explanation of what each report does. The Report Centre makes it easy to find the reports you need by providing a miniature report preview and textual explanation.

To access the Report Centre:

1. Click on the **Report Centre** icon (1) in the **Navigation Bar**.

2. The Report Centre window launches.
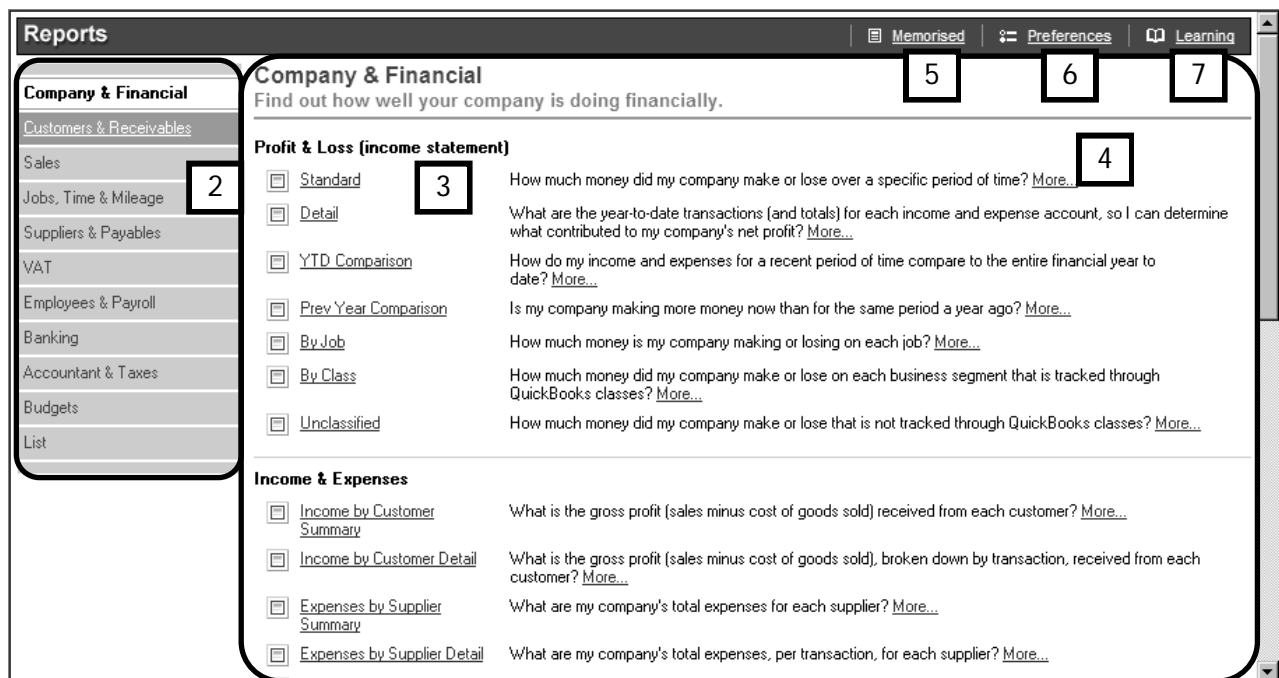
On the left side is a list of report types (2), organised by business area.

The list of reports available within a business area is displayed on the right (3), with a brief explanation about each report. For more information you can click the **More** link (4), to view detailed explanations within Help.

3. Placing your cursor on the square to the left of the report title brings up a sample preview of that report.

4. Clicking on a report title brings up the report, populated with your own data.

5. You can QuickZoom any figure in a report by double clicking that figure to see the detail behind the numbers.

Creating a profit and loss report

Whenever you want to know how your business is doing financially, you can find out by viewing two key reports, the profit and loss report and the balance sheet.

The profit and loss report is also called the income statement, and it summarises the income and expenses for a financial period such as a month, quarter, or a year. The bottom line of the report shows you whether the business is operating at a profit or a loss in that period, hence the name of the report.

Here's how you create a Profit & Loss report in QuickBooks:

1. From the **Menu bar**, click **Reports**, choose **Company & Financial**, and select **Profit & Loss Standard**. You will see the Profit & Loss window.

2. Select the **date range** for the report (1).

   The P&L report displays, for the date range selected:
   - the total income from all your business activities for the selected date range (2)
   - the total cost of goods (if applicable), giving you a gross profit line (3)
   - the total expenses during the selected date range (4), and
   - the net income during the date range selected (5).

   If you have a profit during this period you will see a positive number, and if you have suffered a loss you will see a negative number.

You can also view this report by month or by quarter by clicking on the columns field drop down menu and selecting the required option (6).

If you wish to print a copy of this report for your files, you can click **Print** on the menu button bar at the top of the window.

Creating a balance sheet report

The Balance Sheet report provides a company's financial snapshot at a certain date. This report calculates how much your business is worth by subtracting all the money your company owes (liabilities) from everything it owns (assets). The result is what your company is worth to the owners (equity).

Here's how you create a Balance Sheet report in QuickBooks:

1. From the **Menu bar**, click **Reports**, then **Company & Financial**, and **UK Standard Balance Sheet**.

   Select the date for the report (1).The Balance Sheet displays, for the date selected:
   - the total assets (2)
   - the total liabilities (3)
   - the total equity as at the report date (4), which is calculated as total assets less total liabilities.
   - notice that the net income is the same as the net income on the Profit &

Loss Report (5).

2. If you want to print the balance sheet, click the **Print** button at the top of the report.

Memorising a report

To find reports you have created so that you can easily display them again, use the Memorise Report feature. Memorised reports offer an easy way to quickly find your favourite reports.

1. Open the Profit and Loss report once again and display a quarter's data. Change the columns field to Month so that each month in the quarter is displayed.

2. On the displayed report menu bar, you will see a number of choices. Previously, you have selected Print to print out your reports. This time, select **Memorise** (1).

1. You will see the Memorise Report dialogue box.

2. Enter a descriptive name for the report (2), and click **OK** (3).

   QuickBooks will memorise the report and save it in the Memorised Report list.

4. To display the report at a later date, click **Reports**, choose **Memorised Report** and select the report you want to view.

Chapter summary

This chapter introduced and discussed two key financial reports. You should now be able to

- create a QuickBooks Profit & Loss Report
- create a QuickBooks Balance Sheet
- understand the purpose of each report and how to read them, and
- memorise a report.

Key accounting concepts, terms & tasks

This chapter introduces and reviews some key accounting ideas, terms and tasks.

Upon completing this chapter, you should:

| Understand debits and credits | ▶ | Understand account numbers and types | ▶ | Know the basic accounting equation | ▶ | Understand the monthly bookkeeping cycle |

Debits, credits and journal entries

A journal entry is an entry in the master list of transactions which is part of your accounting record. These are often called General Journals, Transaction Journals, or Journals by accountants. Instead of recording these with a quill pen in a bound ledger or journal, you can now use QuickBooks to automate this task.

In QuickBooks, every time a form is used (invoice, purchase, cheque, etc), QuickBooks records a journal entry that debits at least one account and credits at least one account. The sum of the debits and credits balance out to zero. This process of crediting one account and debiting another account is called double-entry bookkeeping or double-entry accounting. QuickBooks will always express every entry in accounting terms where Debits must equal Credits.

Double-entry accounting ensures that for each transaction, you are able to work out where money came from and where money went for earnings or bill payments, where goods and services came from and where they went, or where employees' wages came from and to whom they went.

To view the journal entries behind each transaction:

1. From the **Menu bar**, select **Reports**, **Accountant & Taxes** and then **Journal**.

2. Change the date range of the report to suit. You will now be able to see the debit and credit side of each transaction, including the VAT component.

Account numbers

As an option when setting up accounts in the chart of accounts, QuickBooks allows the use of account numbers. This means that an Expense account called Rent can also be assigned an account number (such as 6560).

Although it's not necessary to use account numbers in QuickBooks, the accounting profession has established a numbering system for different account types. Your accounting professional may use these account numbers to prepare your company's year-end financial statements and tax returns, so you may want to consult with him or her to discuss whether to use them.

The following chart shows the ten major types of balance sheet accounts. You may notice you've seen it before! However, after working through this guide and setting up your own company and/or a sample company, you probably have a much better idea now what the terms mean.

Set up this type of account...	to keep track of...
Bank	Current, savings and other investment accounts. Petty cash
Accounts Receivable (A/R)	Transactions related to the customers who owe you money: • customer invoices • payments • refunds • credit memos. Most companies only need one A/R account.
Other Current Asset	Assets likely to be used within one year, such as: • stock
Fixed Asset	Long–term assets that depreciate over time and are not sold in the normal course of business, such as: • equipment • furniture • vehicles, etc.
Other Asset	Any asset that is neither a current asset nor a fixed asset, such as long-term investments (e.g. R&D)
Accounts Payable (A/P)	Transactions related to money that a company owes, including: • bills • bill payments
Credit Card	Credit card purchases and payments
Other Current Liability	Debts scheduled to be paid within one year. Examples include: • VAT • payroll liabilities, holiday pay owed to employees, etc.
Long Term Liability	Debts such as loans or mortgages that are scheduled to be paid over periods longer than one year
Equity	Owner's investments, such as: • shares in a limited company • owner's drawings for sole traders/partnerships • prior year profits (also called retained earnings).

The following five account types make up the Income and Expense accounts. You've seen this chart before too, but now you should be more familiar with the contents.

Set up this type of account...	to keep track of...
Income	The main source of money that your company earns: sales to customers of products and/or services
Cost of Goods Sold	The cost of the items that your company sells. QuickBooks calculates it using expense and stock data.
Expenses	Money used by your company to purchase goods and services from suppliers
Other income	Money received for something other than normal business operations: for example, interest income
Other expenses	Money spent on something other than normal business operations, such as corporate taxes

The basic accounting equation

As explained earlier, the balance sheet calculates how much a business is worth by subtracting all the money a company owes (liabilities) from everything it owns (assets). The result is what the company is worth to the owner(s): the company's equity. This basic accounting equation is represented this way:

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

Let's review a balance sheet with this equation in mind. You'll see that it is set up so that the information flows in the same order as the basic accounting equation.

Balance Sheet
As of January 31, 2007

	◇ Jan 31, 2007 ◇
Other Current Assets	
Stock Asset	▶ 500.00 ◀
Total Other Current Assets	500.00
Accounts Receivable	
Accounts Receivable	4,523.75
Total Accounts Receivable	4,523.75
Current/Savings	
Undeposited Funds	16,097.50
High Street Bank - Current	-449.55
Petty Cash	180.50
Total Current/Savings	15,828.45
Total Current Assets	20,852.20
Current Liabilities	
Accounts Payable	
Accounts Payable	587.50
Total Accounts Payable	587.50
Credit Cards	
AnyBank Credit Card	447.35
Total Credit Cards	447.35
Other Current Liabilities	
VAT Control	3,179.64
Total Other Current Liabilities	3,179.64
Total Current Liabilities	4,214.49
NET CURRENT ASSETS	16,637.71
TOTAL ASSETS LESS CURRENT LIABILITIES	16,637.71
NET ASSETS	**16,637.71**
Equity	
Opening Bal Equity	1,255.00
Net Income	15,382.71
Total Equity	**16,637.71**

ASSETS

minus

LIABILITIES

equals

EQUITY

Monthly accounting tasks flowchart

Your monthly accounting cycle can be illustrated very simply in one flowchart. Use this chart to remind you what needs to be done and how. Soon these tasks will become familiar, and you will do them as a matter of course.

Use **INVOICES** to sell to goods and services to customers	Use **SUPPLIER BILLS** or **WRITE CHEQUES** to buy goods and services from suppliers
⬇	⬇
Use **RECEIVE PAYMENTS** to receive customer cash, cheques, and credit card payments	Use **PAY BILLS** to pay supplier bills
⬇	⬇
Use **CUSTOMER BALANCE DETAIL REPORT** to find out who owes you money	Use **SUPPLIER BALANCE DETAIL REPORT** to find out who you owe money and how much
⬇	⬇
Use **MAKE DEPOSITS** to deposit customers' money in the bank	Use **RECONCILIATION** to reconcile your bank and credit card accounts

Use
REPORTS
- to prepare a Balance Sheet report
- to prepare a Profit & Loss report

Chapter summary

This chapter introduced two concepts which govern bookkeeping and accounting, and are expressed in all the accounting tasks QuickBooks undertakes for you:

- double-entry accounting (balancing debits and credits)
- the basic accounting equation.

We also reviewed several key accounting concepts introduced in this guide:

- account numbers.
- account types
- balance sheet accounts
- income and expense accounts

Finally, we pulled together all the things you have learned in this guide into one flowchart showing your basic monthly accounting tasks.

You are now familiar with all the basic concepts, skills and tasks you need to start using QuickBooks!

Data Backup

This chapter shows you how to back up your data file.

After completing this chapter, you should:

Understand Backup file types

▶

Know how to Backup

QuickBooks File Types

There are four QuickBooks file types:

- **QBW** – this is the full working copy of your company file.

- **QBB** – backup copy of the .QBW data file. This type of file can be restored in the QuickBooks version it was created, or it can be updated to a newer version of QuickBooks.

- **QBX** – the Accountant's Copy Transfer file. Give this to your accountant so they can work on the file (checking transactions, posting journal entries, etc) while you continue working in yours. Both you and the accountant must be using the same version of QuickBooks. (This is covered in the Advanced Course.)

- **QBM** – QuickBooks portable file (see below).

Portable Company File

The portable company file is a compact version of the company file, which can be e-mailed and saved on portable media. The benefit of the new file format is that it reduces the size of your company file by around a factor of 12. The portable company file can also be imported into another copy of QuickBooks.

How to Back Up

To access the backup routine.

1. Choose **File** from the **Menu bar**, and click on **Save Copy or Backup…**(1)
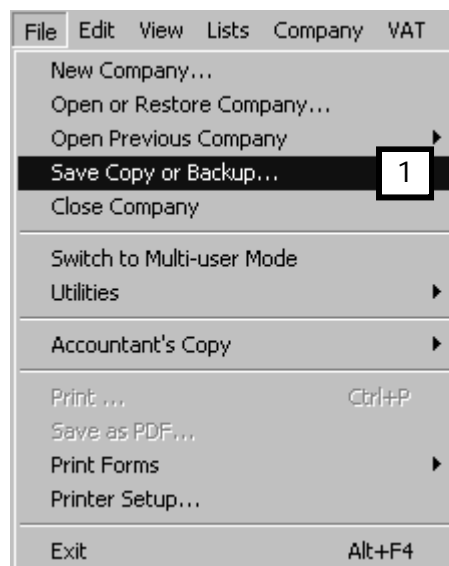
2. Select the type of file you wish to create - a QBB backup copy (2) or a QBM portable file format (3).

Let's look at each in turn.
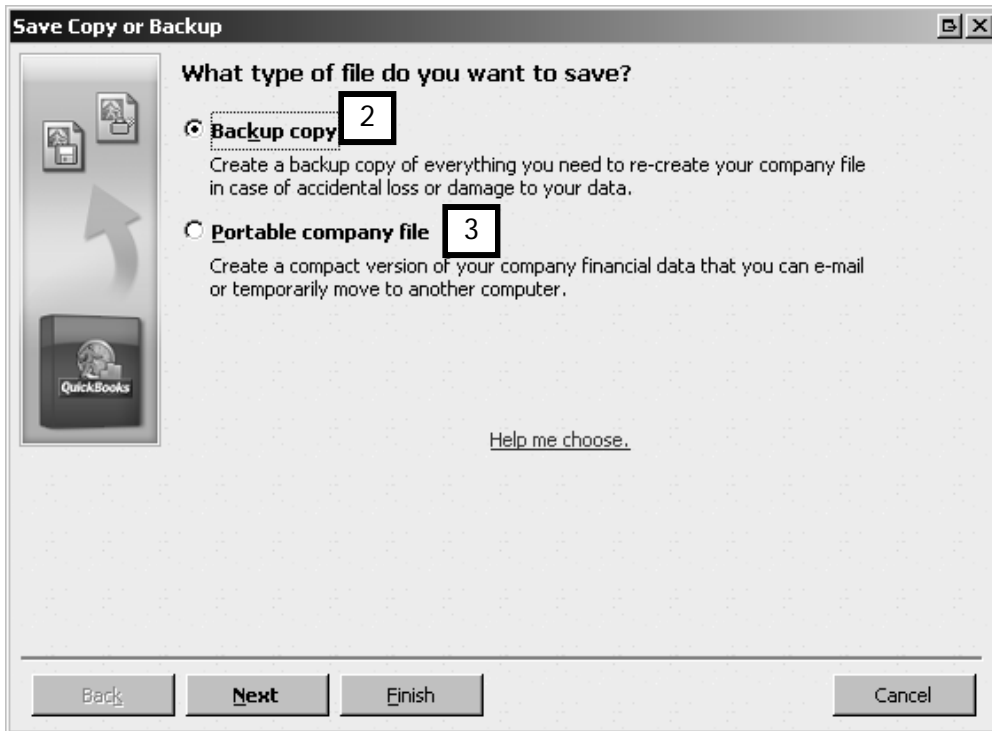
Full Backup

For a full backup, choose **Backup copy**, and click **Next**.

1. To define your backup settings click the **Options** button (1).
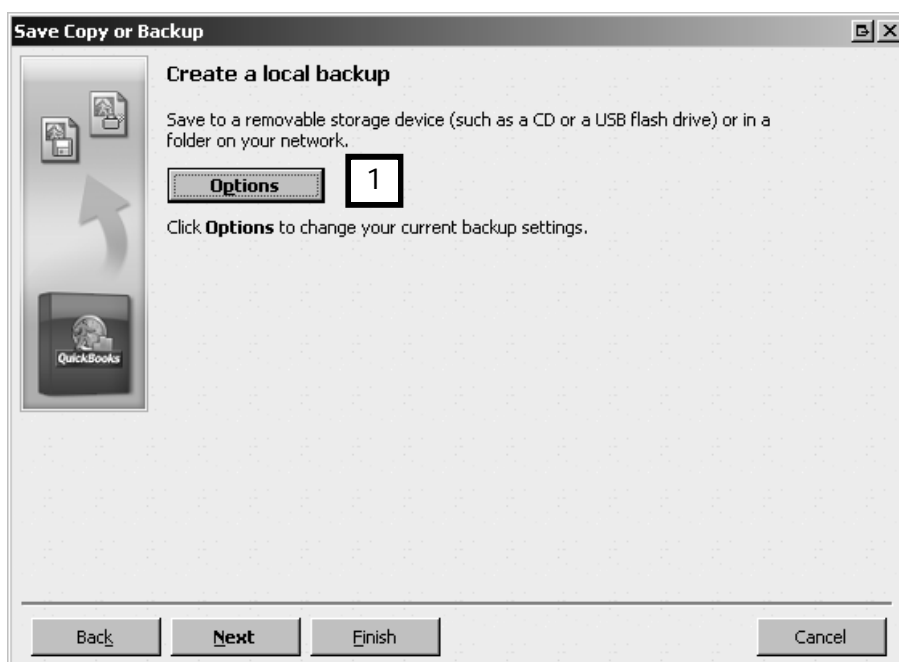
2. Here you can choose a backup location (2), add a date and time stamp to the backup (3), and limit the number of backup copies saved to this location (4). You can also ask QuickBooks to remind you to back up (5). It is highly recommended that you do a complete verification every time you backup (6) as this checks the integrity of your data.
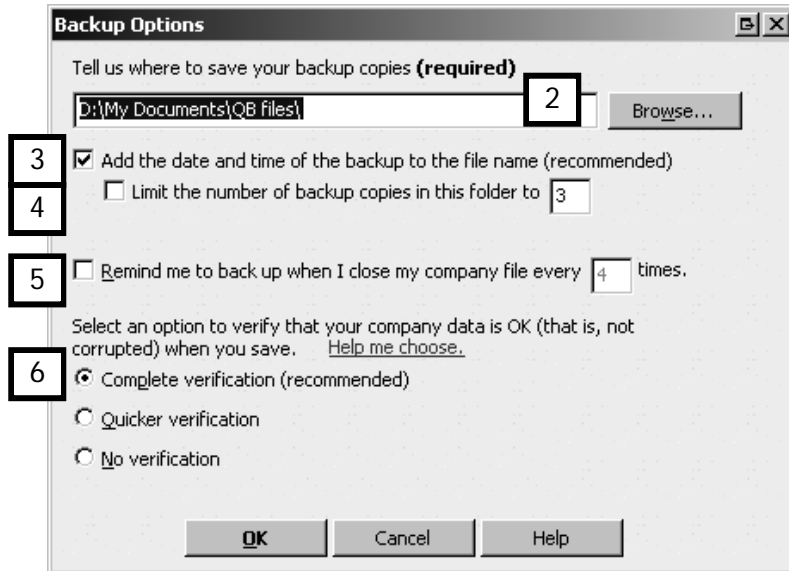
Click **OK** to save your settings. Now every time you backup, QuickBooks will apply your saved settings and back up to your specified backup location.

3. QuickBooks asks you when you want to save your backup. From the options presented, click **Save it now**, then click **Finish** to start the back up.
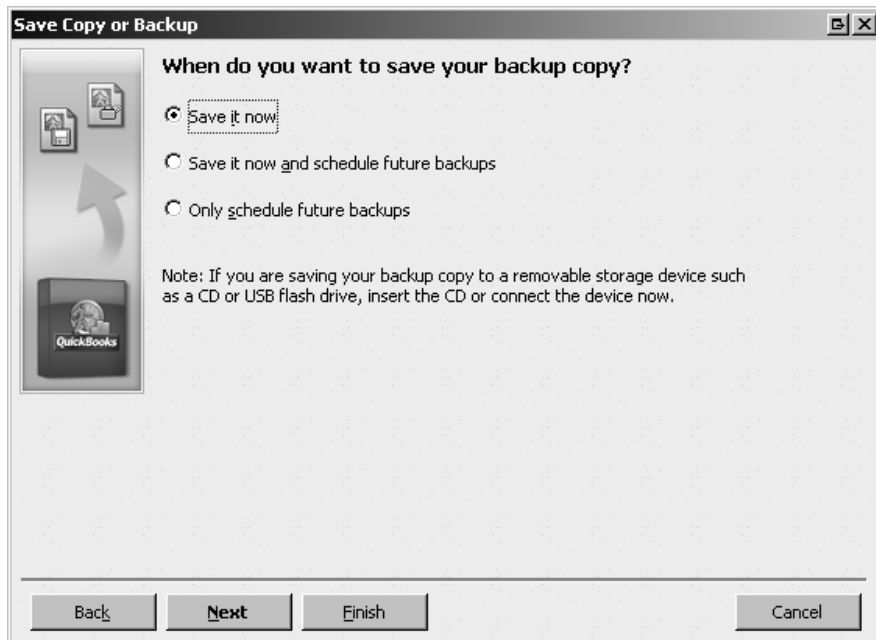
Portable Backup

To back up to a portable company file:

1. Choose **File** from the **Menu bar**, and click on **Save Copy or Backup…**. Select **Portable company** file, and click **Next**.

   Choose a location in the 'Save in' field, and give the file a file name. Notice that by default the portable company file is saved in the Shared Documents folder, and QuickBooks automatically names your file.

   Click **Save** to finish.
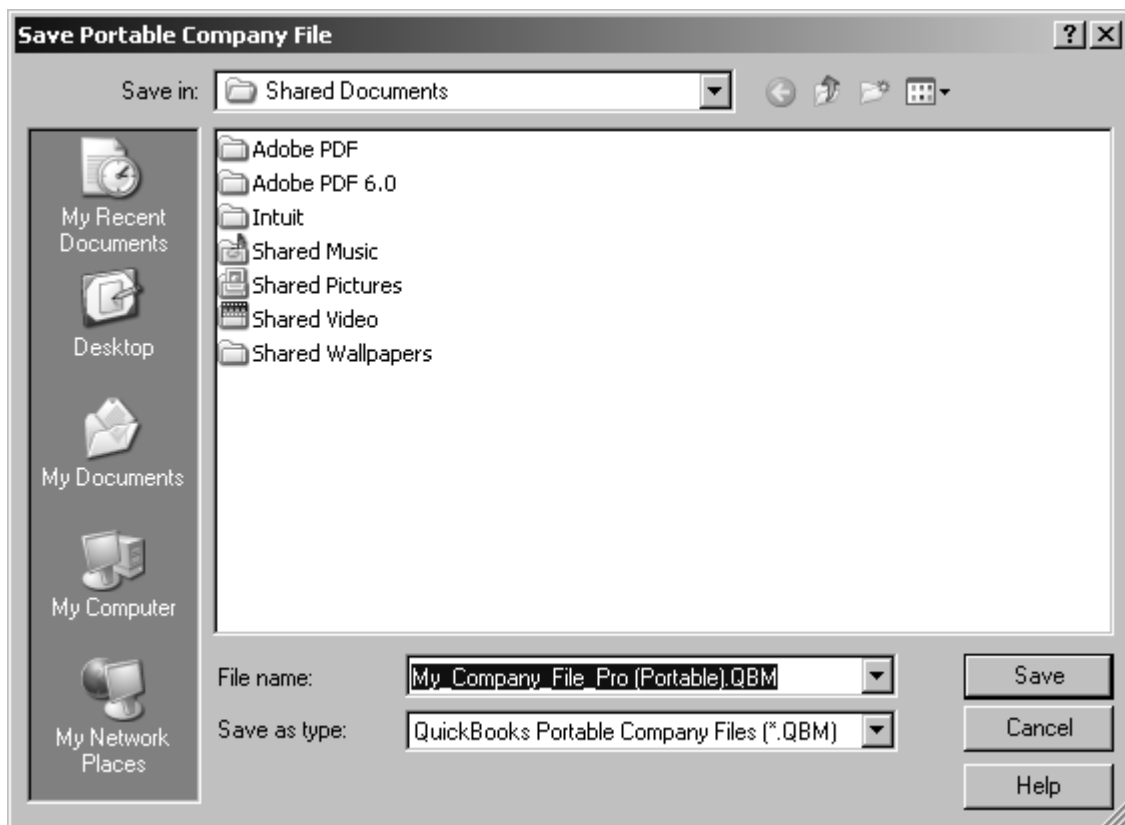
Chapter Summary

This chapter explained the different QuickBooks file types and showed you how to back up your data. You should now be able to:

- do a full file backup
- create a portable file backup.

Resources

This chapter contains useful information, and is for your own reference.

It contains sections on:

Finding an Advisor

The Help and Learning Centre

Using the Support Centre

Accessing the Online Community
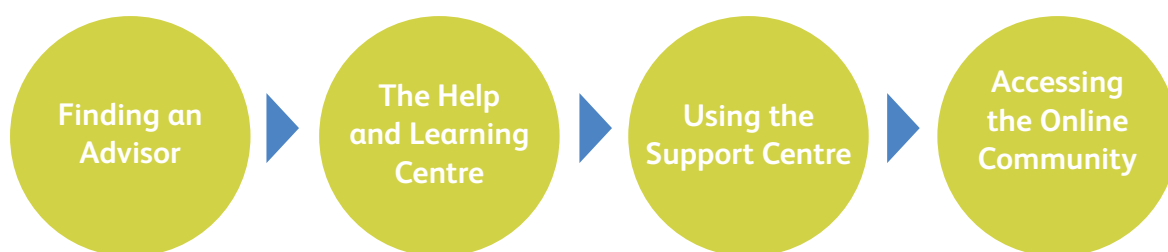
Finding a QuickBooks Professional Advisor

QuickBooks Professional Advisors are accountants, bookkeepers, computer consultants and trainers who work with small-business people every day. They offer guidance on everything from setting up QuickBooks to mastering advanced features.

A certified Professional Advisor can help you start off on the right foot, and save you time in choosing the information that you need to get QuickBooks set up. They can also help set up your company file for you.

To help small businesses find these professionals, Intuit UK manages a referral service through the Professional Advisor programme. The referral service connects small businesses using QuickBooks with accountants or consultants who are knowledgeable in QuickBooks. The referral service is free — you simply pay the advisor's fee for specific services you need.

You can locate a QuickBooks Professional Advisor in your area by using our no-cost online referral service on the QuickBooks web site http://advisors.quickbooks.co.uk/.

To find a certified Professional Advisor:

1. If you are running QuickBooks, from the **Menu Bar**, click on **Help** then choose **Contact Support**.

    In the Paid Support section of the QuickBooks Support Resources window, find the QuickBooks Professional Advisors section, and click on the **Details** button (1).
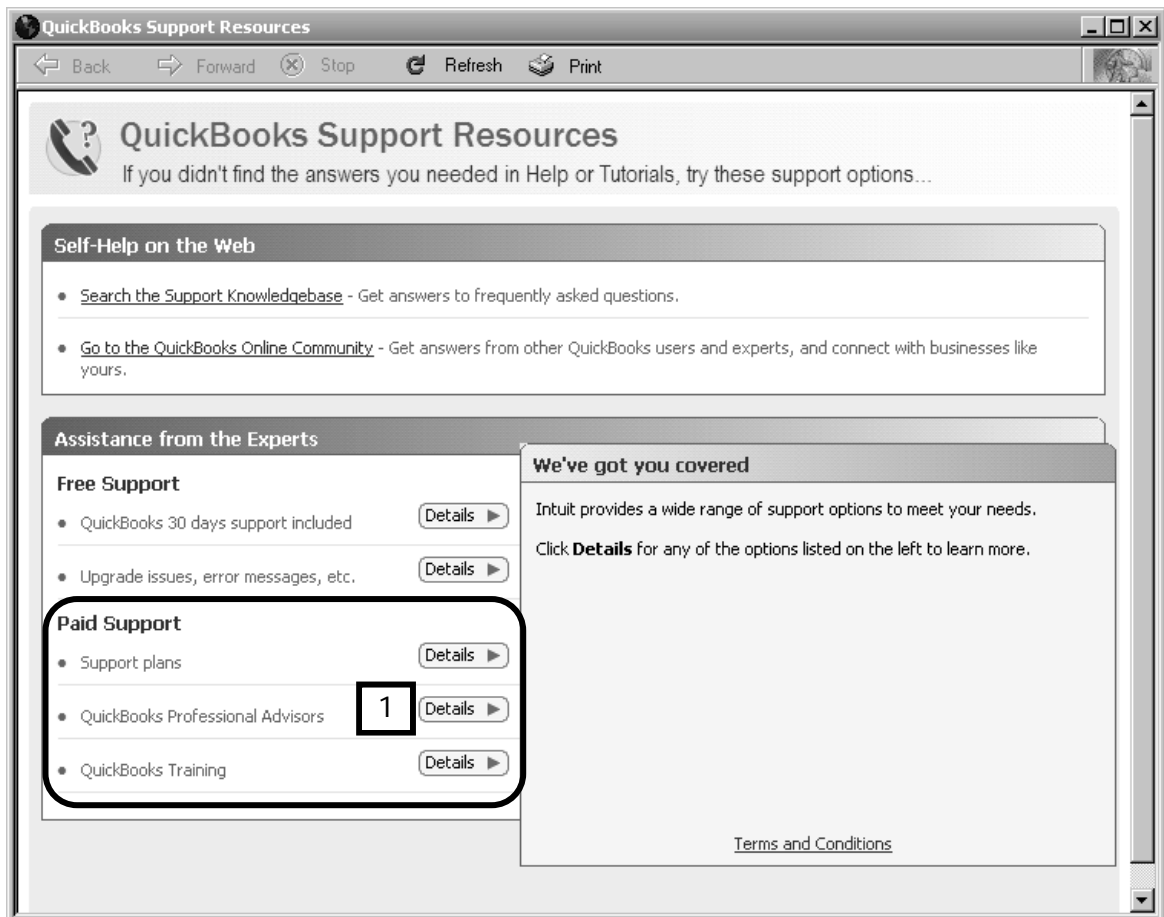
2. Details about QuickBooks Professional Advisors appear in the right pane of the window. Click the hyperlink **QuickBooks Professional Advisors**. (2) to visit our website.
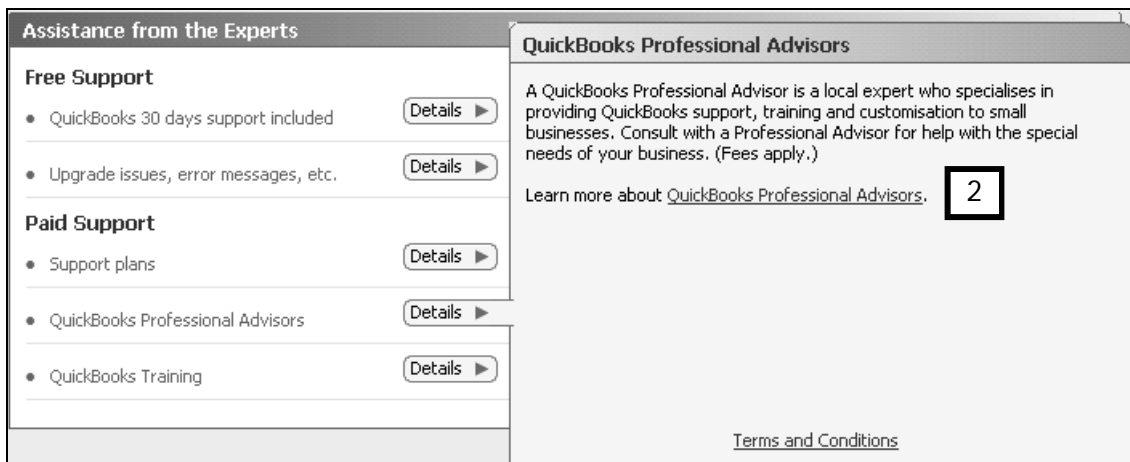
3. In the Finding Local QuickBooks Help window (not shown), click the **Find an Advisor** button, to display the following window:

Find a Professional Advisor

Search for a Professional Advisor using the Quick or Advanced Search below. Alternatively you can use the map to the right.

Company name:

Town/City:

3

Area Served:

All Regions

Qualifications:

No Specific Qualifications
Chartered Account
Chartered Certified
Chartered Management

4

CTRL + click to select multiple search criteria

SEARCH

Click here for

Advanced Search

QuickBooks

To start searching simply click on the most appropriate region of our map. You'll then see it is sub-divided into more localised county areas. Click again and details for all our listed Professional Advisors are there to choose from, or if you prefer, use the search panel on the left.

Home > UK & Ireland

5

Region Name	
1. Scotland	(95)
2. North East	(44)
3. North West	(143)
4. Yorkshire	(96)
5. East Midlands	(141)
6. West Midlands	(174)
7. Wales	(78)
8. East Anglia	(302)
9. London	(353)
10. South East	(526)
11. South West	(255)
12. Northern Ireland	(27)
13. NW Ireland	(16)
14. West Ireland	(19)
15. Mid East Ireland	(27)
16. Dublin	(31)
17. Mid West Ireland	(13)
18. SE Ireland	(18)
19. SW Ireland	(15)
Outside the UK/Ireland	(115)
(No. of Professional Advisors)	

To search for an advisor, enter your location details (3) and specify any qualifications (4) you require, or simply click on the map (5) for your region.

Click on **Search** to find a Professional Advisor in your area.

We suggest you select two or three advisors and contact each to check out who would be right for your business. The advisors will give you information about their fees.

QuickBooks Learning Centre

The QuickBooks Learning Centre is a good place to find out more information about how QuickBooks works.

To access the Learning Centre:

1. From the **Menu bar**, click on **Help**.

2. Then select **Learning Centre**.

3. Click the topics on the left side of the screen to learn more about that topic.
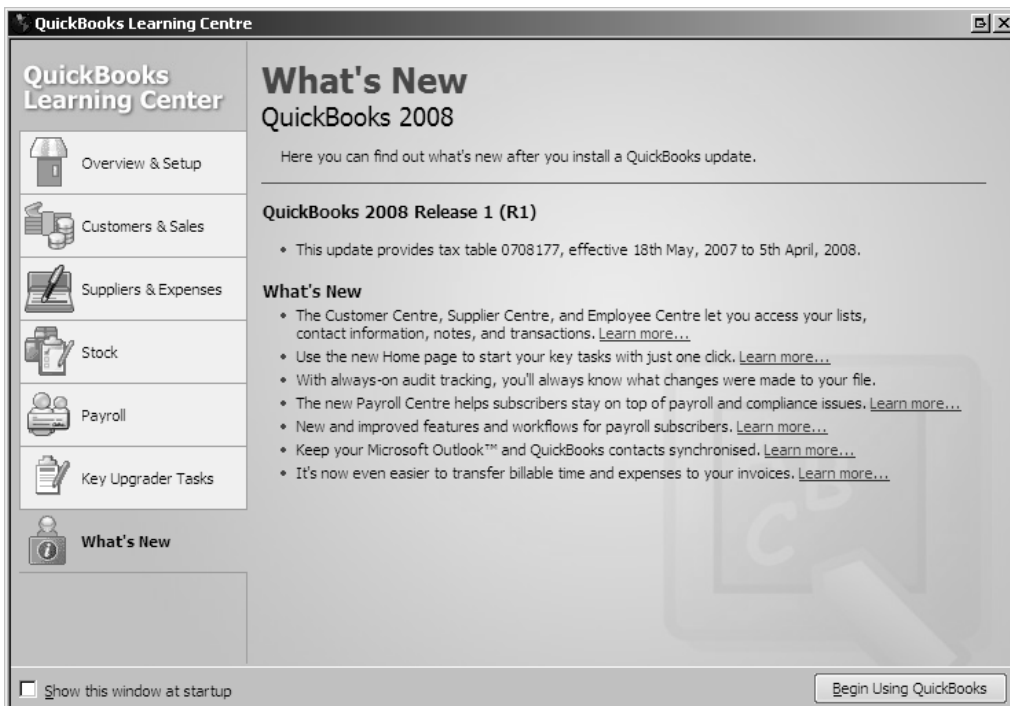
Using Help

At times you will need to refer to the QuickBooks Help to learn more about a feature or check that you are doing things correctly.

To access Help within QuickBooks:

1. From the **Menu bar**, click on **Help**.

2. Then select **QuickBooks Help** (you can also press the F1 key to bring up Help).

3. The Help has two tabs – an Index tab (1) and a Search tab (2). Click on the Search tab.

   On the left side, enter your search word or phrase (3) and then press **Ask.**, The search results are displayed below (4).

   Click on a results topic to display the Help documentation in the right pane (5).
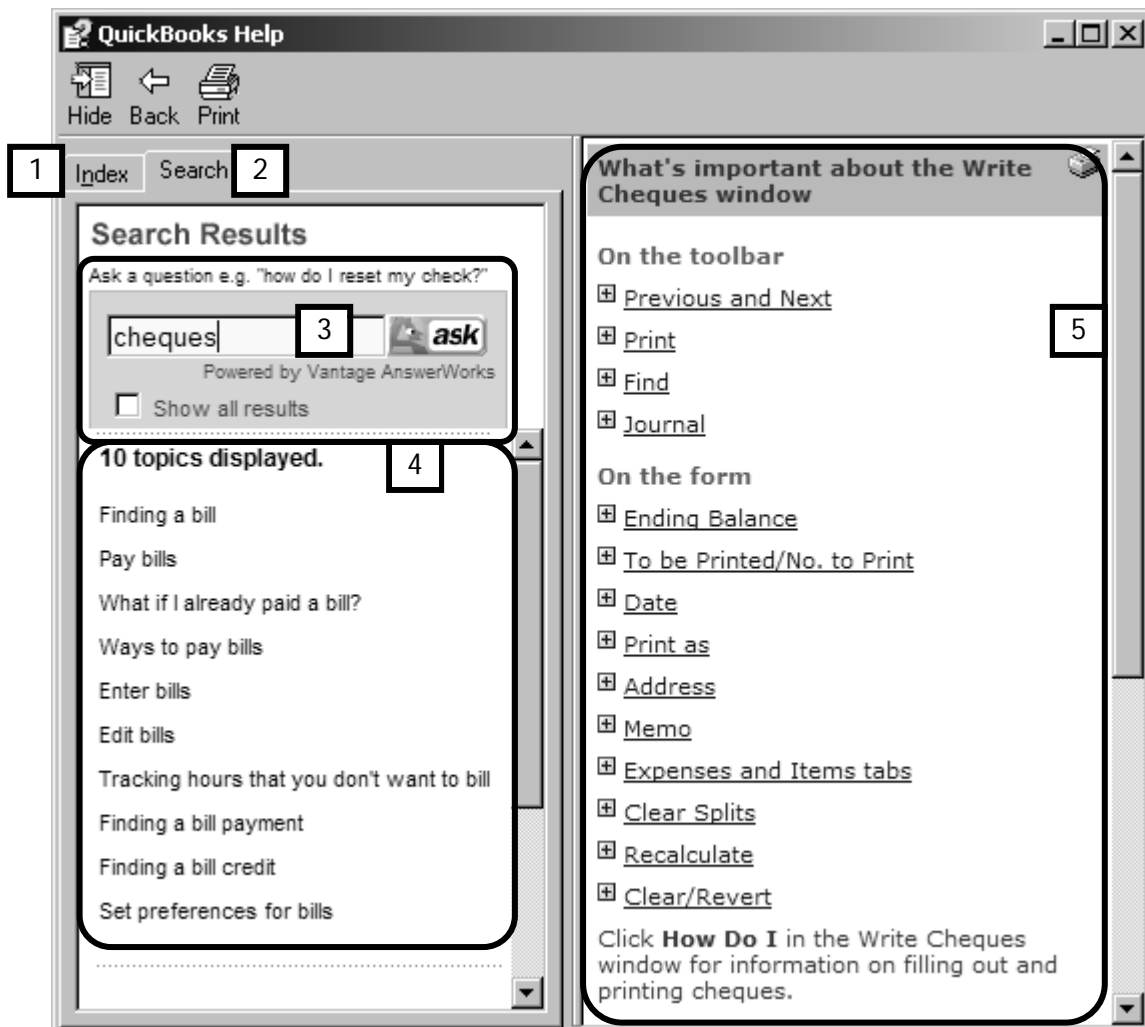
QuickBooks 2008 Support Centre

You can access the Support Resources in QuickBooks 2008, from the **Help** Menu (click Help in the Menu Bar). Select **Contact Support.**
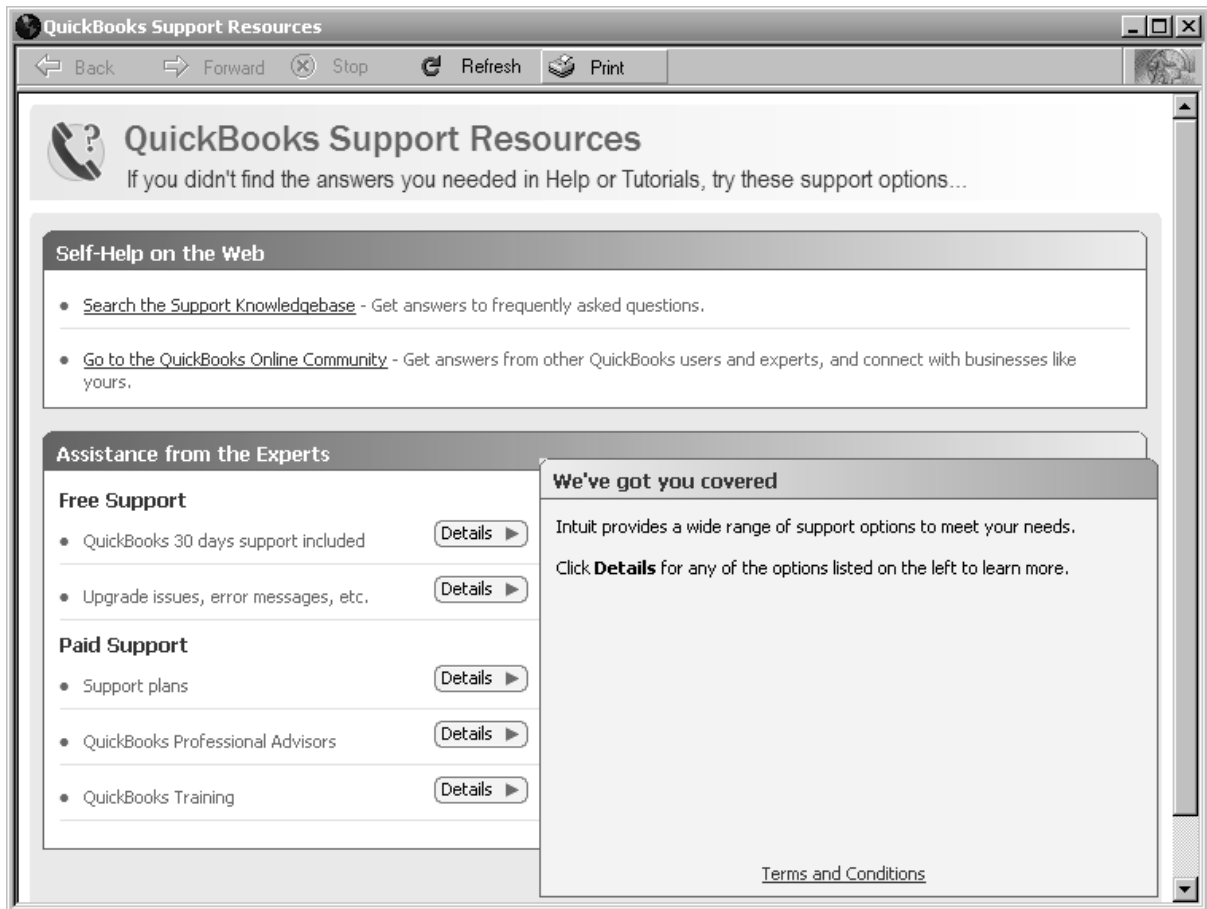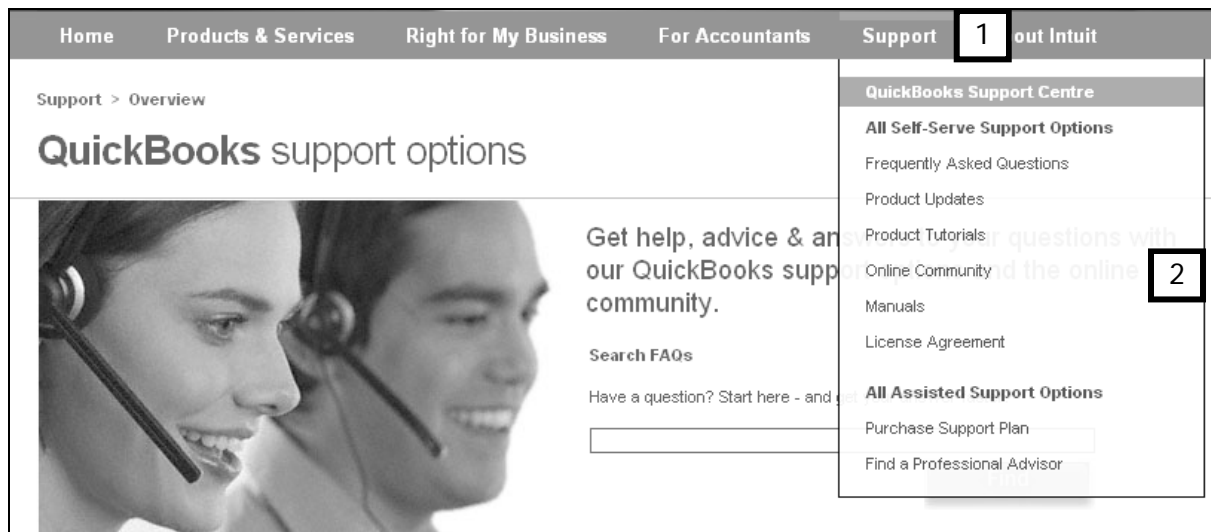
From here you can access various support options:

- The Knowledgebase

- The Online Community

- Free Support through Intuit (within 30 days of Product Registration)

- Paid Support through Intuit Support Plans and Professional Advisors

- QuickBooks Training

Online Support and Resources

The same support options can also be found online at www.quickbooks.co.uk. Click the Support link (1) then choose one of the options in the drop down menu (2)

QuickBooks Online Community and Knowledge Base

Another useful tool is the Online Community and Knowledge Base. You can reach this from the Support Centre within QuickBooks 2008….

… or online.

It's a great place to get answers on QuickBooks specific (1) or even general business (2) questions from fellow users and from Professional Advisors. Intuit moderates this site and if an answer is not provided within 2 weeks of posting, they will post a reply.