

QuickBooks® in the Classroom

Instructor's
Resource Guide

Intuit Education Program

www.intuiteducation.ca

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Introduction to the guide

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

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

While this guide does not specifically address how to use QuickBooks Enterprise Solutions, many of the procedures described in the guide will work with Enterprise Solutions editions. If you restore the exercise file using a QuickBooks Enterprise Solutions Version 9 product, QuickBooks walks you through the file update process that is necessary for Enterprise Solutions to be able to read the file.

Most of the step-by-step instructions and screen captures in this guide were created with QuickBooks Pro and QuickBooks Premier 2011. Your screens may differ, and some instructions may vary slightly, if you are using a different edition.

Objectives

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

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

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

Toggling between QuickBooks editions

We've provided you with this edition of the software because QuickBooks: Premier Accountant Edition 2011 gives you the ability to toggle among different QuickBooks editions. QuickBooks Premier Accountant edition allows you to switch to each of the QuickBooks Premier industry-specific editions—as well as to QuickBooks Pro and QuickBooks Easy Start. This may be useful to teach students about features available to support different industries, such as construction, non-profit, or retail.

Toggling between QuickBooks editions offers the following benefits:

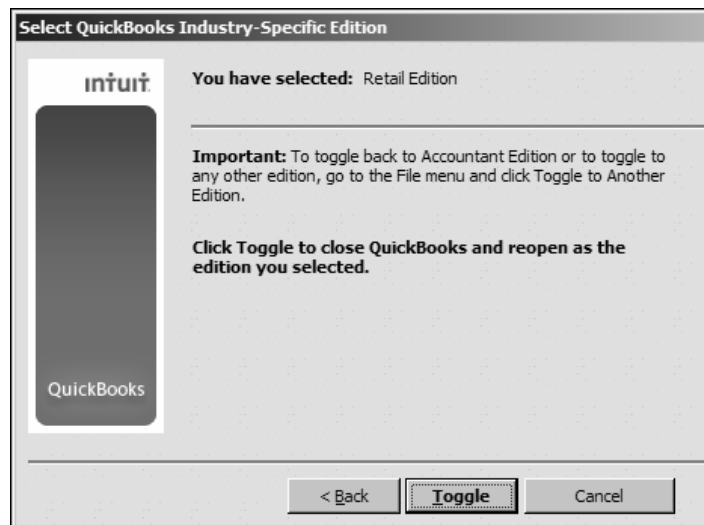
- If you are teaching a class for a specific audience (such as non-profits or contractors), you can toggle to that edition and use the appropriate edition for the students.
- When working with students or clients, toggling can help you evaluate which edition is right for them.

You can toggle to any of the QuickBooks: Premier 2011 industry-specific editions as well as QuickBooks: Pro and QuickBooks: Easy Start. You don't need to be logged in as Administrator, nor does QuickBooks need to be in single-user mode.

Note: QuickBooks does not support integrated applications while in toggle mode. Close any applications that share data with QuickBooks before toggling.

To switch to a different edition:

- 1 From the File menu, choose Toggle to Another Edition.
- 2 When prompted, choose the edition of QuickBooks you want to use. Then click Next.



- 3 The Select QuickBooks Industry window displays the Edition that was chosen. Click Toggle to close QuickBooks and reopen as the edition you selected.

- 4 Read any messages and click OK.

QuickBooks will notify you if there are changes in feature availability in a different edition. QuickBooks now closes and reopens as the edition you selected. Once reopened, the application title bar shows that you are running QuickBooks Accountant Edition configured as the current open edition, for example: "QuickBooks Premier: Professional Services 2011 (via Accountant Edition)."

- 5 When you are done, go to the File menu and choose Toggle to Another Edition to return to QuickBooks Premier Accountant Edition.

Integrating QuickBooks with other products

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

- Microsoft® Word 2000, 2002, 2003, or 2007 if you plan to use the QuickBooks Letters and Envelopes feature.
- Microsoft® Excel 2000, 2002, 2003, or 2007 if you plan to use the features in QuickBooks that integrate with Microsoft Excel.
- Microsoft® Outlook 2000, 2002, 2003, or 2007 if you want to synchronize with contact management software. Contact synchronization with Outlook requires QuickBooks Contact Sync 2.0 for Outlook (can be downloaded for free from http://support.quickbooks.intuit.com/support/tools/contact_sync/).

About the exercise file

An exercise file is included with this training guide. Download, save then restore the QBlesson "QuickBooks 2011 Data Files" from the Student Resources site <http://www.intuit.ca/education/teacher-student-resources.jsp>.

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

Using the exercise file in each lesson

For each lesson in this guide, except for lessons 1 and 2, you'll restore a copy of the exercise file QuickBooks 2011 in the Classroom data file for lessons.QBB, and use that file to complete the lesson. The QuickBooks 2011 in the Classroom data file for lessons.QBB file you copy into the QBtrain directory on your hard disk is a QuickBooks backup copy.

This means that at the start of each lesson, you'll be restoring a new QuickBooks 2011 in the Classroom data file for lessons.QBB file.

Instructions on how to restore the file are given at the beginning of each lesson.

Copy and restore the exercise file

To download the exercise file on your hard disk:

- 1 Go to the web site; <http://www.intuit.ca/education/teacher-student-resources.jsp>
- 2 Click QuickBooks 2011 Data Files under QuickBooks 2011 Help
- 3 Click Save and go to the drop down menu > Documents {My Documents} > Create new folder under the name "QBtrain" > then press Save

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

Exercise transaction dates

The exercise file for use with this training guide was created in QuickBooks Pro and QuickBooks Premier 2011 with the date set to 12/31/2011. When you open the exercise file in QuickBooks, QuickBooks automatically sets the sample data file date to 12/31/2011. When you close the exercise file, use your own QuickBooks company file, or exit QuickBooks, your system and QuickBooks dates will return to the current date.

QuickStart Tips

Many of the lessons in the *QuickBooks Learning Guide* include sections called QuickStart Tips. QuickStart Tips provide information that you may find helpful when you finish this self-study course and are ready to set up your own company data file in QuickBooks.

Teaching methodology and methods

This course is divided into 15 lessons and combines lectures with hands-on student participation. We encourage you to pick and choose lessons to fit the needs of your students, or to fit your own teaching objectives.

Each lesson begins with a list of student objectives, supporting materials available, and instructor preparation. Appendix A includes a brief demonstration of QuickBooks to be presented by the instructor. The demo introduces students to QuickBooks and provides them with a road map of what they will learn in the course.

Some lessons in this course include one or more handouts. We encourage you to use the handouts provided with a lesson; they summarize or illustrate the main points of your lecture, and are helpful for students to refer to later. If you choose not to distribute a copy of each handout to all your students, you can display the handouts on an overhead projector as you explain the basic concepts.

A copy of each handout is included in Appendix B of this guide. In addition, we've made the handouts available for download in Portable Document Format (PDF) from the *Instructor's Resource Center* web site, which allows you to print the handouts as desired.

QuickBooks contains a number of interactive video tutorials that you may want to use to introduce or expand upon the content provided in the exercises. You access the video tutorials by choosing Learning Center Tutorials from the QuickBooks Help menu. To help you with your lesson plans, the running time for each video is listed next to the video title. The titles for videos related to each lesson are included at the beginning of each lesson.

Note: If you have several students playing the videos on multiple computers simultaneously, you can have them mute the sound on their computers and use the audio transcript option available with each tutorial. This option allows them to read the transcript for the video on screen.

To maximize hands-on practice with QuickBooks, a computer lab with one computer per student is ideal. If this is unavailable, you can teach the course with up to three students sharing a computer. However, sharing computers lengthens the course and reduces the effectiveness of student learning.

Each lesson contains special notes that help you present the material. These notes are printed *in italics* and appear at key places in the lessons.

On the *Instructor's Resource Center* web site, you'll find Microsoft® PowerPoint presentations available for your use in the classroom lecture.

Instructor preparation

If you are new to the latest version of QuickBooks and want to see a list of new features, go to the QuickBooks Learning Center (from the Help menu, choose Learning Center Tutorials), then click the "What's New" tab. Another way to get information about what's new in this version is to visit www.quickbooks.com, which describes the new features in each edition.

To gain a quick overview of what will be presented in the course, you may want to run through the QuickBooks demonstration in Appendix A.

An important supplement to this instructor's manual is the *QuickBooks Setup and Quick Reference Guide*, which provides information about technical requirements, installation, an introduction to many key features, as well as information about new features. We suggest you have a guide available for reference during the course.

Student prerequisites

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




LESSON 1

Getting started

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Lesson objectives

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

Supporting materials

- PowerPoint file: Lesson 1
- Video tutorial: Getting around in QuickBooks
- Video tutorial: What QuickBooks can do for you
- Video tutorial: Introducing the Customer Centre
- Video tutorial: Introducing the Vendor Centre

Instructor preparation

- Make sure you've read the sections called "Teaching methodology and methods" and "Instructor preparation" in the introduction to this guide.
- Install QuickBooks on your computer's hard disk.
- Download and save then restore the QBLesson "QuickBooks 2010 Data Files" from the Student Resources site <http://www.intuit.ca/education/teacher-student-resources.jsp>. (See "Installing the exercise file" on page 6.)
- Run through the content in the instructor demonstration available in Appendix A to make sure you're familiar with the material.
- Review this lesson, including the examples, to make sure you're familiar with the material.
- Ensure that all students have a copy of QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB on their computer's hard disk.

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB) on your hard disk. See "Installing the exercise file" in the introduction to this guide if you haven't installed it.

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

To restore the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.qbb):

- 1 From the File menu in QuickBooks, choose Open or Restore Company.
QuickBooks displays the Open or Restore Company window.
- 2 Select Restore a backup copy and click Next.
- 3 Select Local backup and click Next.
- 4 In the Open Backup Copy window, navigate to your c:\QBtrain directory.
- 5 Select the QuickBooks-2011-in-the-Classroom-data-file-for-lessons.qbb file, and then click Open.
- 6 In the Open or Restore Company window, click Next.
- 7 Navigate to your C:\QBtrain directory.
- 8 In the File name field of the Save Company File as window, type **lesson1** and then click Save.
- 9 Click OK when you see the message that the file has been successfully restored.
- 10 If the Set Up an External Accountant User window appears, click the “Do not show this again” checkbox, and then click OK.

Course introduction

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

Depending on the size of your class, you may want to spend a little time inquiring about your students' backgrounds—whether they own a business or are the bookkeeper for a small business, for example, or whether any of them have experience with accounting. This information can help you gear the course towards your students' particular needs.

Introducing QuickBooks

Before you begin your demonstration of QuickBooks (see Appendix A), students may find it helpful to hear an introduction to the basic features in QuickBooks.

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

Tell your students that they will see a demonstration of how QuickBooks works in a few minutes so they can get an overall view of the program. But first, here's an overview of some of the basic features they'll be seeing in the demo.

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

Using forms

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

The screenshot shows the 'Enter Bills' window in QuickBooks. The window has a title bar with 'Enter Bills' and standard window controls. Below the title bar is a navigation bar with 'Previous', 'Next', 'Find', and 'History' buttons. The main area is divided into two sections: 'Bill' and 'Expenses'.

The 'Bill' section is a form with the following fields:

- Vendor:** The Phone Co. (selected from a dropdown)
- Address:** The Phone Co, 4234 West Georgia St., Vancouver, BC, V3P 3M3
- Date:** 12/22/2010 (with a calendar icon)
- Ref. No.:** (empty)
- Amount Due:** 164.87
- Bill Due:** 12/22/2010 (with a calendar icon)
- Terms:** (empty dropdown)
- Memo:** (empty text area)

The 'Expenses' section is a table with the following columns: Account, Tax, Amount, Memo, Customer:Job, and Billable?. The table has a total of \$157.02. The first row shows 'Utilities:Phone' with a tax of 'G' and an amount of 157.02.

At the bottom of the window, there are buttons for 'Clear Splits', 'Recalculate', 'Save & Close', 'Save & New', and 'Revert'. There is also a 'Vendor Tax Code' dropdown and a 'GST (ITC) 5.0%' section with a value of 7.85 and a '0.00' field.

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

Using lists

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

You may want to point out that in the Enter Bills window above, the information in the Vendor, Terms, Account, and Customer:Job fields is pulled from lists.

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

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

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

Name	Balance Total	Job Status	Estimate Total
♦ Allin, Hilda	0.00		54,853.05
♦ 600 SQ Ft Addition	0.00	Pending	54,853.05
♦ Bentley, Karen	0.00		0.00
♦ Roof and Attic	0.00	In progress	0.00
♦ Card, Brad	0.00		21,735.00
♦ Theatre Room	0.00	In progress	21,735.00
♦ Greene, Jeremy	8,762.00		42,462.00
♦ Kitchen Renovation	8,762.00	Awarded	42,462.00
♦ Nielsen, Clinton	0.00		0.00
♦ Study Addition	0.00		0.00
♦ Rajyaguru, Kamlesh	10,104.00		55,104.00
♦ Tea and Crumpets Room	10,104.00		55,104.00
♦ Receiver General - Receivable	0.00		0.00
♦ Uchman, Roy	3,396.93		67,798.50
♦ 2nd Story	1,050.00		0.00
♦ Hangar	2,346.93		67,798.50

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

Using registers

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

You may want to explain to students that Accounts Receivable is the record of money owed to a business, that is, the outstanding invoices for which a business has not received payment.

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

Date	Number	Customer	Item	Qty	Rate	Amt Chrg Billed Date	Amt Paid Due Date
12/15/2010		Rajyaguru, Kamlesh:Tea ar					45,000.00
	PMT						
12/15/2010	11	Rajyaguru, Kamlesh:Tea ar				55,104.00	
	INV						12/15/2010
12/15/2010	12	Uchman, Roy:Hangar				30,509.33	
	INV						12/15/2010
12/31/2010	14	Greene, Jeremy:Kitchen Re				6,300.00	
	INV						12/31/2010

Ending balance: 22,262.93

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

Getting around in QuickBooks

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

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

Finding information to help you get started

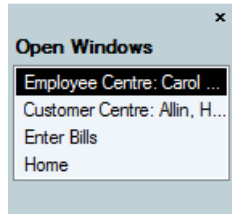
If you're new to QuickBooks, the QuickBooks Learning Centre window displays when you open a company file. This window guides you through the steps you need to complete after you've set up your company file. To display the QuickBooks Learning Centre window, choose QuickBooks Learning Centre from the Help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

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

Managing your open windows

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

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



To show or hide the Open Window list:

- From the View menu, choose Open Window List.

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

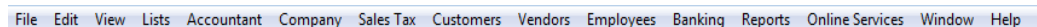
For comparison purposes, you may wish to display more than one window at a time. You can easily switch between viewing one window at a time and viewing multiple windows. When you choose Multiple Windows from the View menu, QuickBooks tiles the windows in the main area. You can then move and resize the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

To view multiple windows:

- From the View menu, choose Multiple Windows.

Using the menu bar

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



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

Using the icon bar

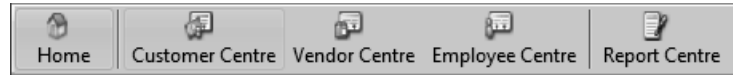


Another feature that makes it easy to get around in QuickBooks is the icon bar.

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

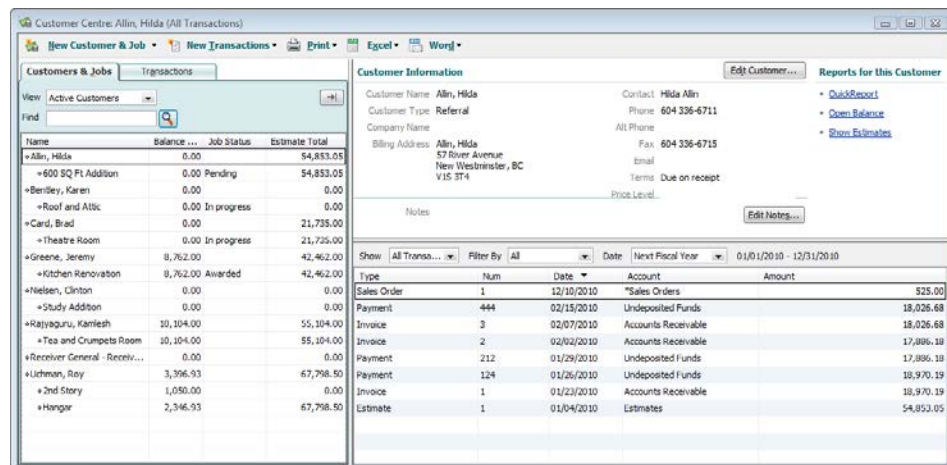
For instructions on how to customize the icon bar, search the onscreen Help for *icon bar*, and then choose “Using the Icon Bar” from the list of topics that displays.

Note: The icon bar also gives you easy access to QuickBooks Centres.



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

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



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

Getting started

Vendor Centre: Andre's Mechanical (All Transactions)

View: Active Vendors

Vendors

Name	Balance Total
All Subs	18,480.00
Andre's Mechanical	0.00
Barata's Building Supplies	15,015.00
Blitz Marketing	1,785.00
C.U. Electric	0.00
Craig's Lumber	0.00
Dan's Auto Emporium	0.00
Daniel's	0.00
Dobson's Exteriors	0.00
Fisher Supplies	0.00
Gunes's Marketing	0.00
Insurance Experts	0.00
Jeanne's Compu-Excellence	0.00
Jesse's Convenience Store	0.00
Kevin Anderson Barrister an...	0.00
Ministry of Finance (BC)	0.00
Receiver General	0.00
Rick's Plumbing	0.00
Roger's and Company CA's	900.00
Royal Bank	0.00

Vendor Information

Vendor Name: Andre's Mechanical
 Vendor Type: Andre's Mechanical
 Company Name: Andre's Mechanical
 Address: 6412 Maple Ave, Vancouver, BC, V5M 9M5
 Contact: Andre Prefontaine
 Phone: 604 999-9998
 Alt Phone: 604 999-9999
 Fax: 604 999-9999
 Email: [blank]
 Account Number: [blank]
 Terms: 2% 10 Net 30
 Billing Rate Level: [blank]

Transactions

Show: All Transact... Filter By: All Date: Next Fiscal Year 01/01/2010 - 12/31/2010

Type	Num	Date	Account	Amount
Credit Card Charge		10/16/2010	Credit Cards:MasterCard	-85.32
Credit Card Charge		07/16/2010	Credit Cards:MasterCard	-85.32
Credit Card Charge		04/16/2010	Credit Cards:MasterCard	-85.32
Credit Card Charge		01/16/2010	Credit Cards:MasterCard	-85.32

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

Employee Centre: Carol Walker

View: Active Employees

Employees

Name
Carol Walker
Kelly Lawson
Reynaldo Lopez
Rob deMontarnal
Sandra Adams

Employee Information

Employee Name: Carol Walker
 Address: Carol Walker, 2121 Ventura Blvd, Vancouver, BC V4Y 2M9
 Phone: 604 456-7890
 Mobile: [blank]
 Alt Phone: [blank]
 Email: [blank]
 Notes: [blank]

Transactions

Show: All Transact... Date: Next Calendar Year 01/01/2010 - 12/31/2010

Transaction Type	Date	Account	Amount
Pay Cheque	11/30/2010	Chequing	2,339.24
Pay Cheque	10/31/2010	Chequing	2,339.24
Pay Cheque	09/30/2010	Chequing	2,339.24

The Customer, Vendor, and Employee Centres have two tabs (the Employee Centre also contains the Payroll Centre in a separate tab if your company has payroll turned on).

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

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

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

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

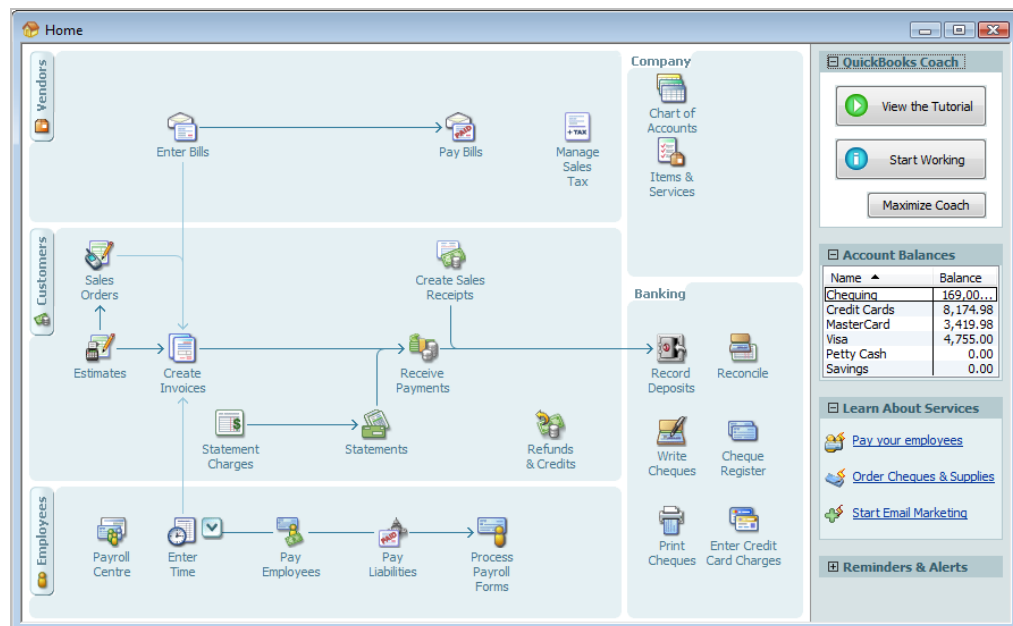
Making the Home page your starting point

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

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

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

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



Using the workflow diagram

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

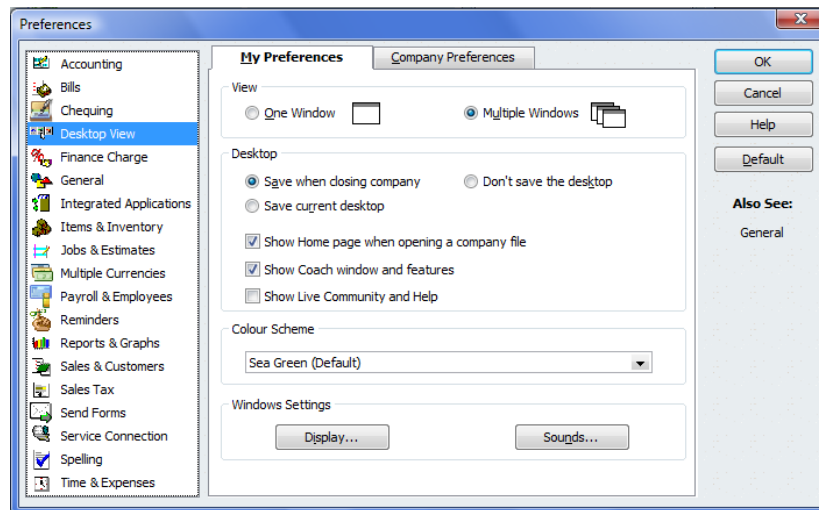
Clicking most of the icons on the Home page takes you directly to the window for that task. Some icons also include a drop-down arrow. Clicking an arrow opens a menu with choices for different business tasks. Click the task you want to do.

Using the QuickBooks Coach

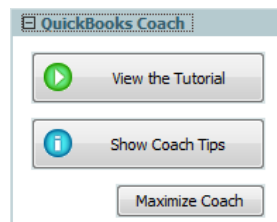
The QuickBooks Coach guides you through the business workflows on your Home page, and uses spotlights and tips to explain when and why to do each task. It can show you how different tasks fit together to create the workflows you use in your business.

To use QuickBooks Coach:

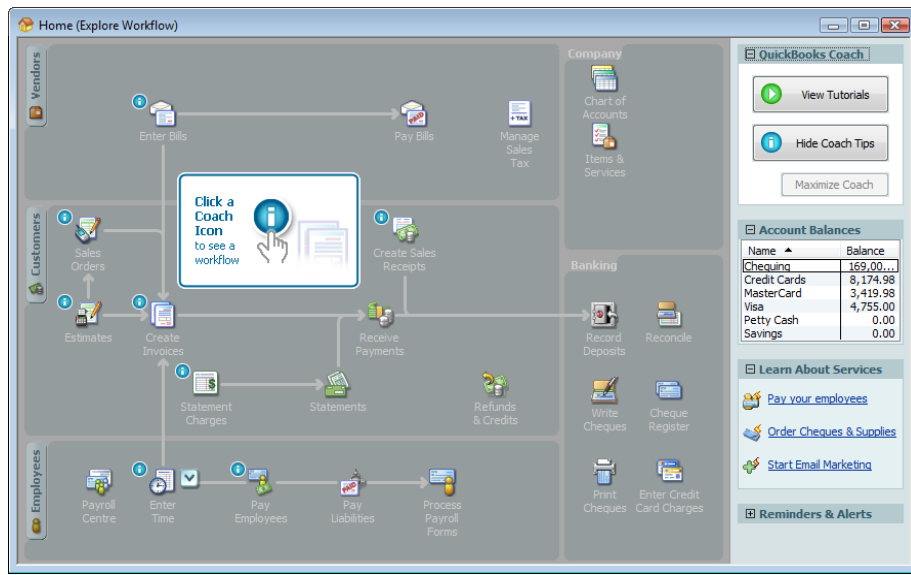
- 1 Go to the Edit menu and choose Preferences. Then click Desktop View.
- 2 On the My Preferences tab, click “Show Coach window and features.”



- 3 Click OK.
- 4 Click Start Working in the QuickBooks Coach dialog box, then click Show Coach Tips if not already selected.



Notice that a Coach icon (blue letter “i”) appears next to several icons on the Home page.



- 5 Click the Coach icon next to Sales Orders.
The steps used to process a sales order are highlighted.



- 6 Close the QuickBooks Coach by clicking Hide Coach Tips on the right side of the Home page. Later, you can go back to the Coach or use the QuickBooks Learning Center to watch tutorials about the different areas of the product.

Making the Home page work for you

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

- Review the current balances of your bank accounts.

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

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

- Click a link in the “Learn About Services” section to learn about add-on services you can purchase from Intuit by going to the Business Services page. If you choose to sign-up for these services, appropriate icons will be added to the workflow on your Home page.
- View reminders and important messages.

The Reminders & Alerts list provides information about tasks awaiting your action. To hide the list, click the  button in the top-left corner of the list.

All the accounting you need to know

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

Your chart of accounts

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

There are two types of accounts:

- Balance sheet accounts, such as assets—bank, inventory, equipment—and liabilities—payables, loans, etc.
- Accounts used to group transactions for reporting purposes, such as income and expense accounts.

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

To display the chart of accounts:

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

QuickBooks displays the chart of accounts for White Ridge Construction Company.

Name	Type	Balance Total
◊ Chequing	Bank	169,006.83
◊ Petty Cash	Bank	0.00
◊ Savings	Bank	0.00
◊ Accounts Receivable	Accounts Receivable	22,262.93
◊ Allowance for Doubtful Accounts	Other Current Asset	0.00
◊ Construction in Progress	Other Current Asset	0.00
◊ Employee Advances	Other Current Asset	0.00
◊ Inventory Asset	Other Current Asset	12,620.40
◊ Retainage Receivable	Other Current Asset	0.00
◊ Undeposited Funds	Other Current Asset	4,679.15
◊ Work in Progress (WIP)	Other Current Asset	0.00
◊ Accumulated Depreciation	Fixed Asset	0.00

- 2 Scroll through the White Ridge Construction chart of accounts.

Notice that the list displays balance sheet accounts first, followed by income accounts and expense accounts.

- 3 Close the chart of accounts.

About assets, liabilities, and equity

Assets

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

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

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

Liabilities

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

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

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

Equity

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

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

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

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

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

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

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

Cash versus accrual bookkeeping

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

Cash basis

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

Accrual basis

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

Most accountants feel that the accrual method gives you a truer picture of your business finances, and under Canadian Income Tax law, only fishers and farmers can use cash basis accounting.

How your bookkeeping method affects QuickBooks

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

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

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

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

Measuring business profitability

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

Note: Any report will reflect the real time calendar date. To see reports from the data file it may be necessary to select "Next Fiscal Year" in the date field.

The balance sheet

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

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

To see an example of a balance sheet:

- 1 From the Reports menu, choose Company & Financial.
- 2 From the submenu, choose Balance Sheet Standard.
- 3 If necessary, set the date to "Next Fiscal Year."
- 4 Scroll the report window to see all parts of the report.

The profit and loss statement

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

To see a profit and loss report:

- 1 From the Reports menu, click Report Centre.
- 2 In the list on the left, choose Company & Financial.
- 3 In the “Profit & Loss” section, click Standard (set the date to “Next Fiscal Year”).
- 4 Scroll the report window to see all parts of the report.

The statement of cash flows

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

To see a sample statement of cash flows report:

- 1 With the Report Centre open, scroll to the “Cash Flow” section, and click Statement of Cash Flows (set the date to “Next Fiscal Year”).
- 2 Close all the reports and close the Report Centre. Say No to the messages that appear.

Looking at the journal entries for transactions

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

QuickBooks also has a General Journal Entry window that you can use for special transactions (such as selling a depreciated asset) or for all transactions if you prefer the traditional system **(not recommended)**.

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

To see the general journal entry for a saved transaction:

- 1 In any sales form, press Ctrl-Y (or press the Journal Button). The Journal button only displays in Accountant Edition.

Customer: Job
Jeremy:Kitchen Renovation

Template Print Preview
Intuit Service Invoice

Date 12/31/2010 Invoice # 14

Invoice To
Greene, Jeremy
133 Sunnyside Blvd
Vancouver, BC
V2H 1S0

P.O. No. Terms

- 2 If you are not using Accountant Edition, click Modify Report and in the Columns field, select Debit and Credit. Then click OK.

Note: In Accountant Edition, the Debit and Credit columns are selected automatically.

- 3 In the transaction journal that appears, check the Debit and Credit columns to see the accounting.

Transaction Journal

Modify Report... Memorize... Print... E-mail... Export... Hide Header Refresh

Dates All From To Sort By Default

4:24 PM 08/25/09

White Ridge Construction Company
Transaction Journal
All Transactions

Trans #	Type	Date	Num	Name	Memo	Account	Class	Debit	Credit	Amount
254	Invoice	12/31/2010	14	Greene, Jeremy:K...		Accounts Receiva...		6,300.00		6,300.00
				Greene, Jeremy:K...	Cabinetry & ...	Construction Income			6,000.00	-6,000.00
				Receiver General		GST Payable		0.00		0.00
				Receiver General	GST on sales	GST/HST Payable			300.00	-300.00
								6,300.00	6,300.00	0.00
TOTAL								6,300.00	6,300.00	0.00

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

Note: When using Accountant Edition, you can click the Journal button on a sales form to display the transaction journal. The Debit and Credit columns appear automatically.

Exiting QuickBooks

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

To exit QuickBooks:

- From the File menu, choose Exit.

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

To prevent or minimize data loss, you should make regular backup copies of your QuickBooks company data. In the event of a data loss you can restore your data from the backup copy. To make a backup copy, from the File menu, choose Save Copy or Backup and follow the instructions.

Moving between company files

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

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

To open a previously opened file:

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

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

To increase the number of company files displayed:

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




LESSON 2

Setting up QuickBooks

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 - Closing the company file 52

Lesson objectives

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

Supporting materials

- PowerPoint file: Lesson 2

Instructor preparation

- Review this lesson, including the examples, to make sure you're familiar with the material.
- Ensure that all students have a copy of QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB on their computer's hard disk.

Creating a QuickBooks company

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

Explain to students that if they've been using an older version of QuickBooks to keep their company's financial records, they don't need to create a new company; QuickBooks can convert their data for them. However, in this lesson, you'll be showing them how to create a new QuickBooks company.

How many companies should you set up?

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

About the EasyStep Interview

The EasyStep Interview walks you through the process of setting up your business on QuickBooks. The setup process is easy; the EasyStep Interview should take you only about 30 minutes to complete. When you set up your company file, QuickBooks will ask you for a number of details about your company.

QuickStart
Tip

Most small business owners do better with QuickBooks setup if they break the job into manageable chunks. Here's a suggested schedule for completion:

- 1 Choose the QuickBooks start date.
- 2 Gather the necessary business information and documents.
- 3 Set up the company file using the EasyStep Interview.
- 4 Fine tune the chart of accounts.
- 5 Enter any historical transactions.
- 6 Complete customer and vendor information.
- 7 Complete the Item list.
- 8 Enter any optional adjustments.

Navigating through the Interview

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

QuickStart
Tip

Set aside a block of uninterrupted time to work on setting up your QuickBooks file. Don't try to complete the setup while you're in the middle of a busy workday. If you schedule your time before or after work hours, or on the weekend, setup should take a few hours.

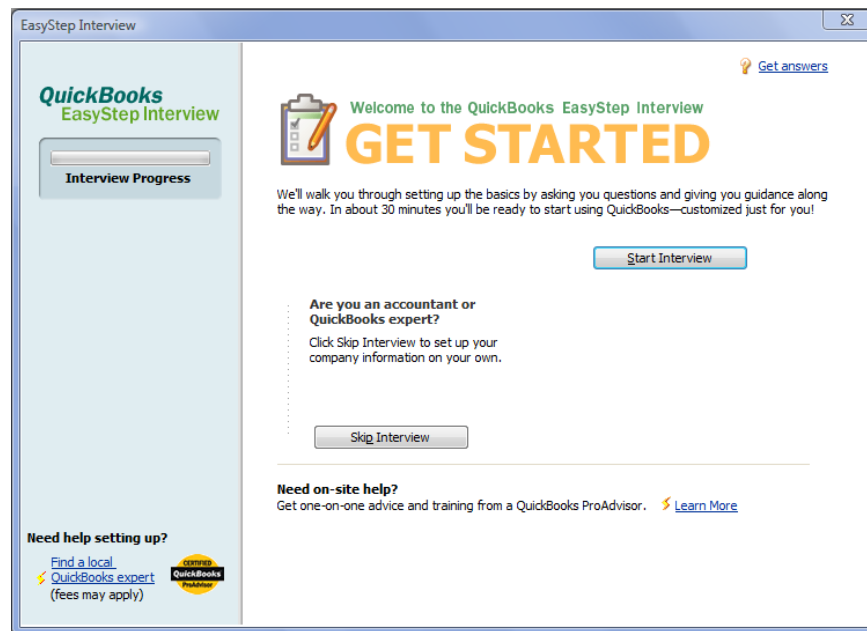
Your goal while setting up is to provide as much information as necessary to get going, but not to provide all the details at once. For example, you could enter data for only your biggest customers and vendors. Later, you can enter customer and vendor data as you begin working in QuickBooks. (Or, if you have an especially large customer base, you may wish to hire a data entry clerk to complete this task for you.)

Starting the EasyStep Interview

To begin adding a new company:

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

QuickBooks displays the EasyStep Interview window.



Entering company info

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

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

To create a new QuickBooks company file:

- 1 At the first Welcome window for the EasyStep Interview, click Start Interview.

The “Enter your company information” window appears.

- 2 In the Company name field, type **Lockhart Design** and press Tab.

Setting up QuickBooks

When you press Tab, QuickBooks automatically enters the same name you typed into the Legal Name field. QuickBooks uses the company name on all reports.

- 3 Press Tab and type the following information in the street address, city, province, and postal code fields.

1239 Bayshore Road
Kelowna, BC V6E 1E1

QuickBooks prints this company address on cheques, invoices, and other forms.

- 4 Now enter the following information in the Phone number and Fax number fields:

Phone: **250-555-1234**

Fax: **250-555-5678**

- 5 Next enter the email and Web address for Lockhart Design.

E-mail: **margaret@shaw.ca**

Web site: **www.lockhartdesigns.ca**

Your screen should resemble the following.

The screenshot shows the 'EasyStep Interview' window in QuickBooks. The title bar says 'EasyStep Interview'. On the left, there's a sidebar with the QuickBooks logo and 'EasyStep Interview' text, along with an 'Interview Progress' bar. The main area is titled 'Enter your company information'. Below this, it says 'QuickBooks uses this information on your tax forms and forms you use to communicate with your customers and vendors.' There are several input fields: 'Company name' (Lockhart Design), 'Legal name' (Lockhart Design), 'Street address' (1239 Bayshore Road), 'City' (Kelowna), 'Province' (BC), 'Postal Code' (V6E 1E1), 'Country' (Canada), 'Phone' (250-555-1234), 'Fax' (250-555-5678), 'E-mail address' (margaret@shaw.ca), and 'Web site' (www.lockhartdesigns.ca). There are also links for 'Get answers', 'Explain', and 'What if I have more than one business?'. At the bottom, there are buttons for 'Leave...', '< Back', and 'Next >'. A 'Need help setting up?' section is at the bottom left with links for 'Find a local QuickBooks expert' and 'QuickBooks ProAdvisor'.

- 6 Click Next.

Choosing your company industry

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

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

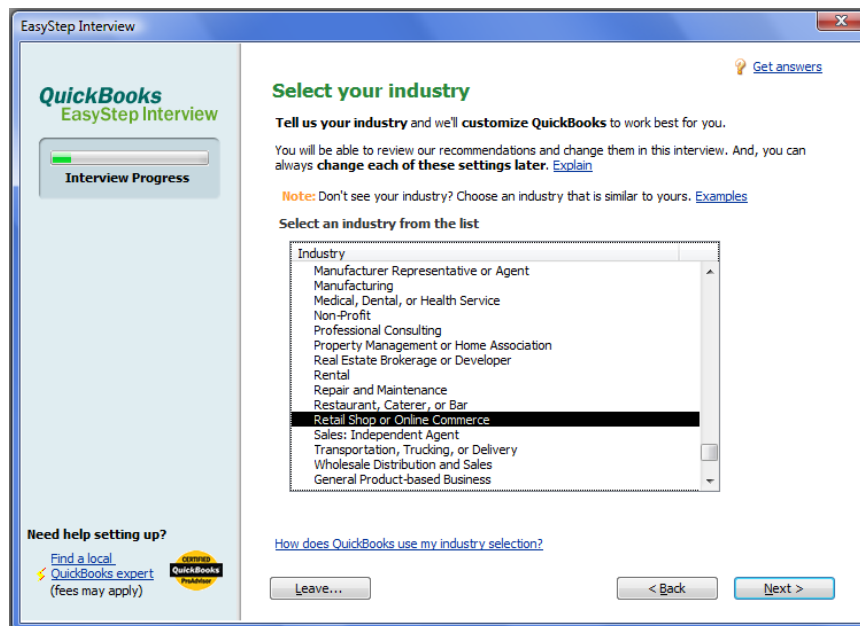
QuickBooks will recommend features that can best meet your business needs, such as:

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

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

To choose the company industry:

- 1 On the "Select your industry" window, scroll down the list until you find Retail Shop or Online Commerce and select it.



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

- 2 Click Next.

The “How is your company organized?” window appears.

Selecting how your company is organized

Selecting how your company is organized tells QuickBooks which tax forms to use for your business. You also indicate the start of your fiscal year.

Lockhart Design is a sole proprietorship; an unincorporated business with one owner.

To select your company organization:

- 1 Click Sole Proprietorship to select it.

The screenshot shows the 'EasyStep Interview' window in QuickBooks. The title bar says 'EasyStep Interview'. On the left, there's a sidebar with the 'QuickBooks EasyStep Interview' logo and an 'Interview Progress' bar. Below that, it says 'Need help setting up?' with links to 'Find a local QuickBooks expert' and 'Get a QuickBooks consultant'. The main area is titled 'How is your company organized?' and includes a 'Get answers' link. Below the title, it says 'Your selection will help QuickBooks create the correct accounts for your business entity and assign tax form lines to those accounts.' There are six radio button options: 'Sole Proprietorship' (selected), 'Partnership', 'Corporation', 'Non-Profit', 'Charity', and 'Other/None'. Each option has a brief description and the associated tax form. At the bottom, there's a 'Which business entity should I choose?' link, a 'Leave...' button, and '< Back' and 'Next >' buttons.

This tells QuickBooks to use the T1 tax form. When you create a new account, you can associate a tax line on which you would report the income or expenses tracked by the account.

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

- 2 Click Next.

QuickBooks needs to know the starting month of your fiscal year.

The screenshot shows the 'EasyStep Interview' window for QuickBooks. The title bar says 'EasyStep Interview'. On the left, there's a sidebar with the QuickBooks logo, 'EasyStep Interview', and an 'Interview Progress' bar. Below that, it says 'Need help setting up?' with links for 'Find a local QuickBooks expert' and 'Get answers'. The main area is titled 'Select the first month of your fiscal year'. It contains the text: 'Your fiscal year is typically the same as your income tax year. [Explain](#)'. Below that, it says 'My fiscal year starts in' followed by a dropdown menu showing 'January'. At the bottom, there are three buttons: 'Leave...', '< Back', and 'Next >'. A 'Get answers' link is in the top right corner.

- 3 Since Lockhart Design's fiscal year started in January, leave January selected and click Next.

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

The screenshot shows the 'EasyStep Interview' window for QuickBooks. The title bar says 'EasyStep Interview'. On the left, there's a sidebar with the QuickBooks logo, 'EasyStep Interview', and an 'Interview Progress' bar. Below that, it says 'Need help setting up?' with links for 'Find a local QuickBooks expert' and 'Get answers'. The main area is titled 'Set up your administrator password (optional)'. It contains the text: 'We recommend you set up a **password to protect your company file**. You will be prompted for this password whenever you open this file. It is optional to set up a password.' Below that, there are two input fields: 'Administrator password' and 'Retype password'. A note says 'Your password is case-sensitive.' Below the input fields, there's a section titled 'What is an "administrator"?' with text explaining that entering a password sets up the administrator user, who has full access to all activities and information in QuickBooks. When ready, you can set up other users with more limited privileges. A note says: 'Note: You can also set up or change your administrator password later.' At the bottom, there are three buttons: 'Leave...', '< Back', and 'Next >'. A 'Get answers' link is in the top right corner.

- 4 Click Next.

Setting up QuickBooks

The “Create your company file” window appears.

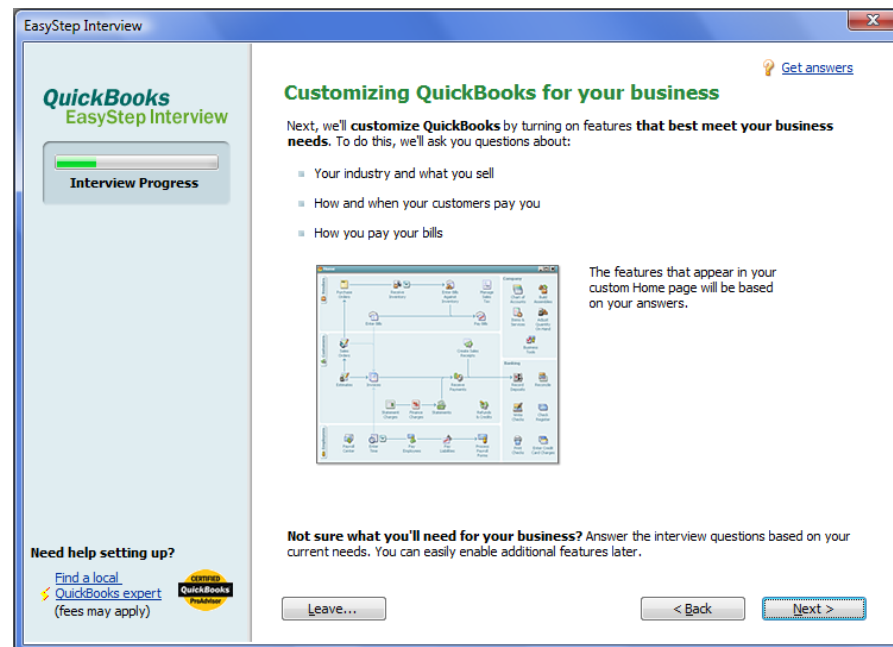
- 5 Click Next to save the company file.
- 6 In the “Filename for New Company” window, make sure that QuickBooks is set to save the file in the QBtrain folder you set up in the introduction to this guide.
- 7 Click Save to accept the default filename of “Lockhart Design.” QuickBooks creates the company file.

Customizing QuickBooks for your business

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

- What you sell
- How and when your customers pay you
- How you pay your bills

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

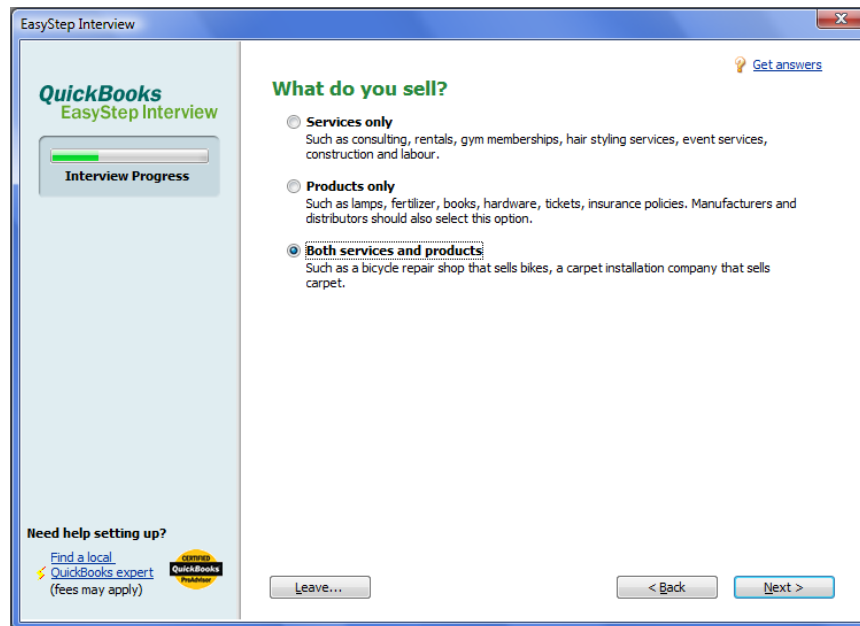


Indicating what you sell

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

To indicate what you sell:

- 1 Click Next to move to the “What do you sell?” window.
- 2 Click “Both services and products” to select it.



- 3 Click Next.

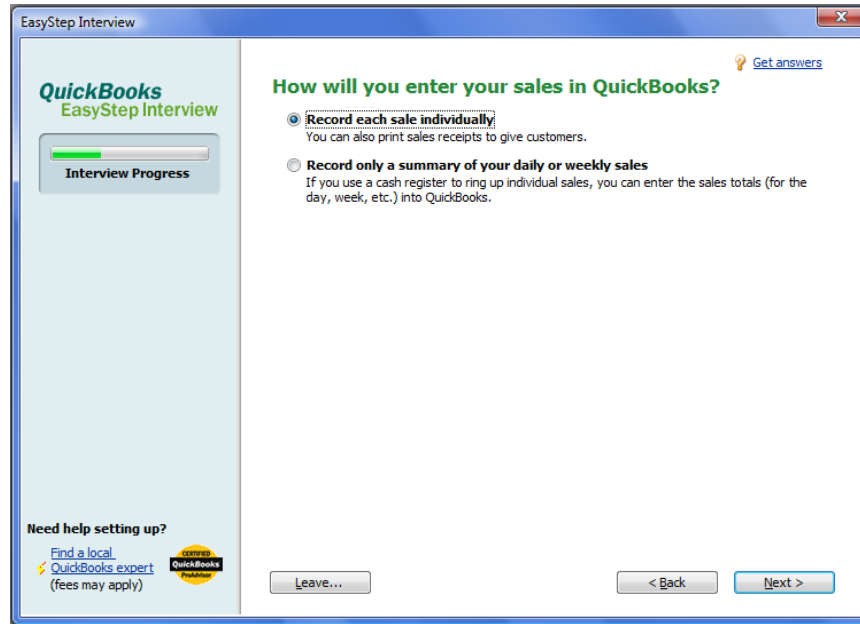
Entering sales information

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

Setting up QuickBooks

To indicate how you enter sales:

- 1 In the “How will you enter your sales in QuickBooks?” window, click “Record each sale individually.” Your screen should look like this:



- 2 Click Next.
- 3 In the “Do you sell products online?” window, make sure the “I don’t sell online and I am not interested in doing so” option is selected. Margaret Lockhart has no plans to sell online.
- 4 Click Next

Entering sales tax information

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

To set up QuickBooks to track sales tax:

- 1 Click Yes for the question, “Do you charge sales tax?”

QuickBooks sets up two sales tax items you can use on sales forms to track your sales tax: GST, and PST. In your own business company file, you would edit these tax items to enter the current tax rates.

- 2 Enter the business/registration number for both tax items as shown:

The screenshot shows the 'EasyStep Interview' window in QuickBooks. On the left is a sidebar with the 'QuickBooks EasyStep Interview' logo and an 'Interview Progress' bar. The main area is titled 'Do you charge sales tax?' with two radio buttons: 'Yes (recommended for your business)' (selected) and 'No'. Below this are input fields for 'CRA Business Number for GST or HST' (containing '123456789' and 'RT 0001') and 'PST or QST Registration Number' (containing '123456789'). Explanatory text follows each field. A section titled 'Need to set up other taxes?' provides instructions and a screenshot of the 'Sales Tax' menu. At the bottom are 'Leave...', '< Back', and 'Next >' buttons. A 'Get answers' link is in the top right.

- 3 Click Next. QuickBooks automatically creates two current liability accounts, called GST Payable and PST (or QST if your company is located in Quebec) Payable, that keep track of the sales tax you collect in your business.

Note: If the Invalid Business Number window appears, click “Continue anyway”. If you were setting up a real company, you would have a valid CRA business number issued, which you would use in this screen.

Creating estimates

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

- You can use the QuickBooks estimate form to prepare professional-looking itemized estimates, bids, quotes, or proposals for your customers. You can customize a QuickBooks estimate to look and say exactly what you want it to.
- When it's time to bill your customer, you can easily create an invoice from the estimate with just one click. QuickBooks then creates an invoice using information from your estimate. You can also associate price levels with your customers and use those price levels on estimates.
- When you need to know how accurate your estimates are, you can create reports that compare your estimated costs and revenue against your actual costs and revenue.

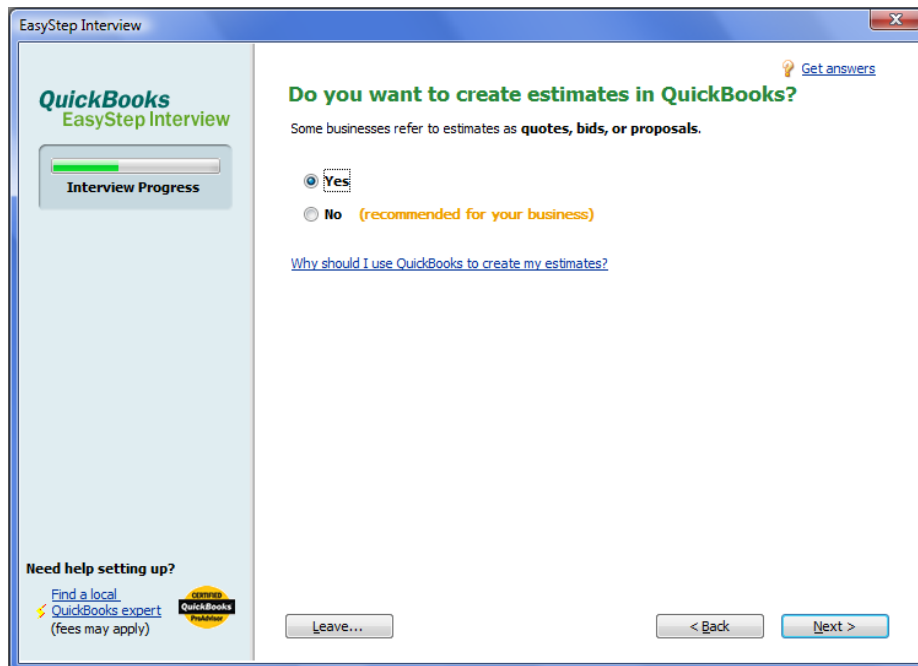
Setting up QuickBooks

- Creating estimates in QuickBooks will allow you to easily compare your actual costs against what you estimated. This will let you see how accurate your estimates are.
- You can track which estimates are still active and easily update each estimate as you continue to negotiate with your customers.

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

To create estimates for your business:

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



- 2 Click Next.

Using Sales Orders

If your customers sometimes place orders for items that you don't have in stock or are not yet ready to invoice for, use a sales order in QuickBooks to track the sale.

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

Using sales receipts

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

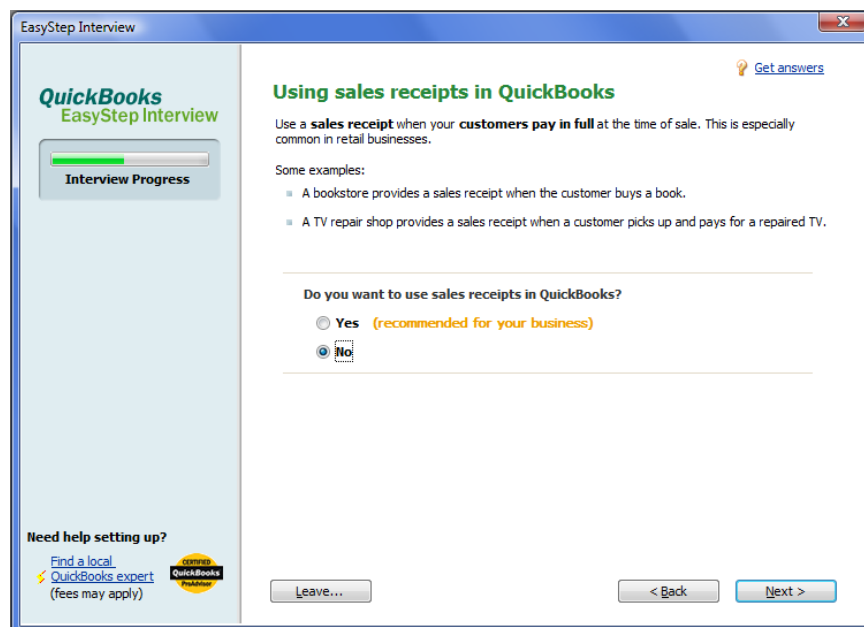
You can use a sales receipt to:

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

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

To set up sales receipts:

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



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

- 2 Click Next.

Choosing remaining preferences

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

For this item...	Select...
Billing statements	No
Progress invoicing	Yes
Managing Bills	Yes
Do you print cheques?	I print cheques
Inventory	No
Track time	Yes
Employees	No
Track Multiple currencies	No

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

Note: You can always change preference settings later, after the EasyStep Interview. From the Edit menu, choose Preferences, and then select the preference type in the left panel.

Setting up your business accounting

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

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

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

The chart of accounts is made up of five types of accounts common to all businesses and you categorize transactions into one of these five account types.

Choosing a start date

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

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

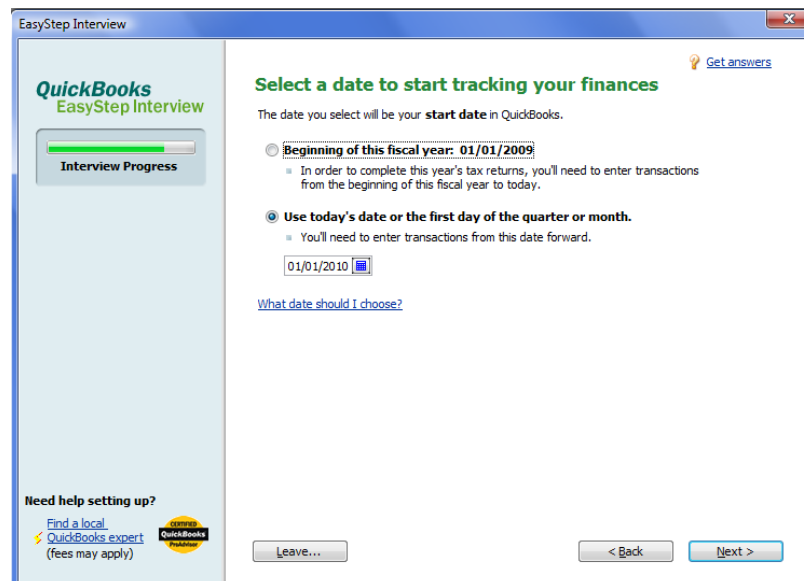
QuickStart
Tip

When choosing the start date you want to use for your own QuickBooks company file, consider this question: Is having a lot of historical data important to you? If it is, you'll want to choose a start date as close to the beginning of your fiscal year as possible. If historical data is not very important to you, you can make setup easier by choosing a start date as close to today as possible. (You only have to enter historical data between your start date and today.)

To choose a start date:

- 1 On the "Using accounts in QuickBooks" window, click Next.

The "Select a date to start tracking your finances" window appears.



- 2 Select "Use today's date or the first day of the quarter or month", and then enter **01/01/2010**.
- 3 Click Next.

Entering bank accounts and opening balances

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

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

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

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

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

To enter the chequing account opening balance:

- 1 On the "Add your bank account" window, click Yes.
- 2 Click Next.
- 3 Type **Chequing** as the name of the account. Just leave the Bank account number and Bank routing number fields blank.
- 4 For "When did you open this bank account?" click Before.

Your screen should look like this:

The screenshot shows the 'EasyStep Interview' window for QuickBooks. The title bar says 'EasyStep Interview'. On the left, there's a sidebar with the QuickBooks logo, 'EasyStep Interview', an 'Interview Progress' bar, and a 'Need help setting up?' section with links to 'Find a local QuickBooks expert' and 'QuickBooks ProAdvisor'. The main area is titled 'Enter your bank account information' with a 'Get answers' link. Below the title, it says 'This information will help you identify your bank account while using QuickBooks.' There are three required fields: 'Bank account name' (filled with 'Chequing'), 'Bank account number', and 'Bank routing number'. A note for the first field says 'Your account name or nickname, such as "Chequing at My Bank" or "Chequing"'. There's a link 'How do I find this?'. Below these is a question 'When did you open this bank account?' with two radio buttons: 'Before' (selected) and 'On or after', both with a date of '01/01/2010'. A red asterisk indicates '* required fields'. At the bottom are 'Leave...', '< Back', and 'Next >' buttons.

- 5 Click Next.
- 6 In the “Enter your bank statement information” window, enter **12/31/2009** as the Statement ending date.
- 7 In the Statement ending balance field, type **8359.00**. As you enter transactions between the start date and today, you’ll record any outstanding cheques or deposits, which will allow you to reconcile your bank account against the next statement.

Your screen should look like this:

The screenshot shows the 'EasyStep Interview' window for QuickBooks, specifically the 'Enter your bank statement information' screen. The title bar says 'EasyStep Interview'. The sidebar is the same as the previous screen. The main area is titled 'Enter your bank statement information' with a 'Get answers' link. It contains three steps: 'Step 1 Find the last bank statement you received with an ending date prior to 01/01/2010 (your start date).', 'Step 2 Enter the ending date of this bank statement:', and 'Step 3 Enter the ending balance on this bank statement:'. Under Step 2, there's a field 'Statement ending date' with '12/31/2009' entered and a calendar icon. Under Step 3, there's a field 'Statement ending balance' with '8359.00' entered. A link 'Where do I find this rate?' is below. A red asterisk indicates '* required fields'. At the bottom are 'Leave...', '< Back', and 'Next >' buttons.

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

Reviewing the chart of accounts

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

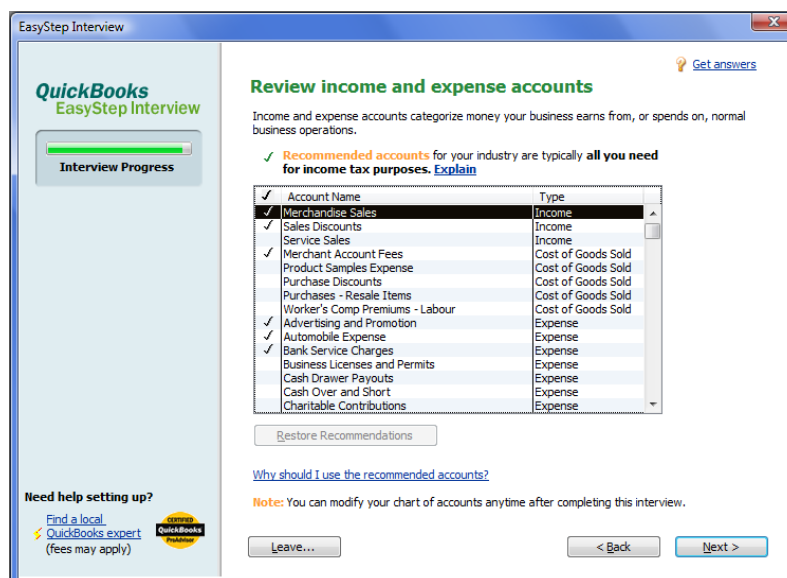
The chart of accounts is the framework used to categorize the information and transactions used to create reports. By using a chart of accounts and creating reports, you'll always know the current state of your business.

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

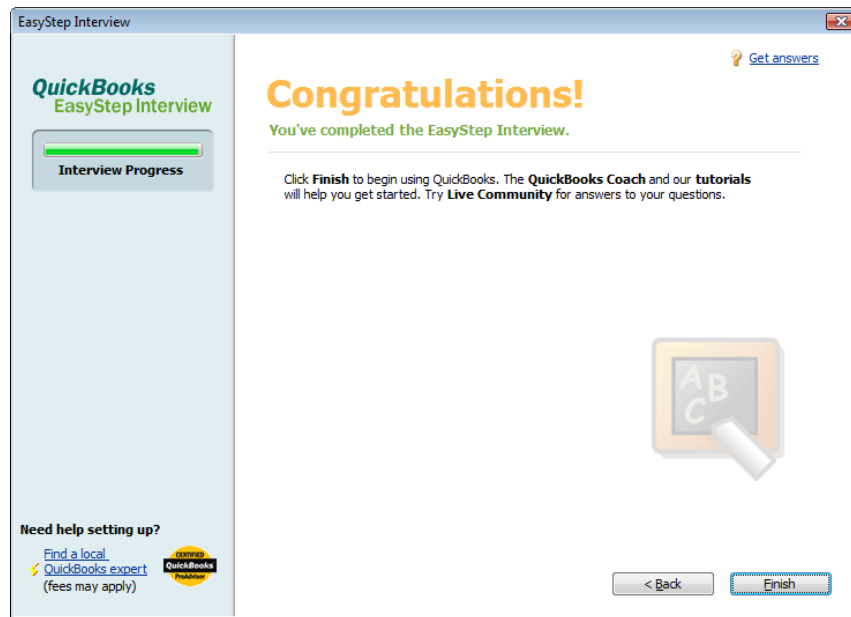
Because you chose an industry from the list earlier in the Interview, QuickBooks has already created income and expense accounts for your company. Next, you'll view the preset income and expense accounts.

To review the chart of accounts:

- 1 In the “Review income and expense accounts” window, scroll through the preset accounts to get an idea of what is included. Note that from the list of accounts in this window you can remove or add accounts. If you see accounts you do not need, you can clear the checkmark for the account and QuickBooks removes it from the chart of accounts. To add an account, click in the checkmark column.

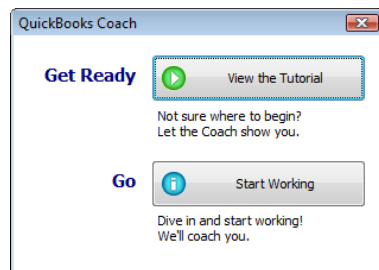


- 2 Click Next to go to the next window.



- 3 Click Finish to complete the EasyStep Interview.

QuickBooks launches the new company file and opens the QuickBooks Coach window.



- 4 Click Start Working to launch the QuickBooks Coach, or close the QuickBooks Coach window to view the Home window.

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

Completing company file setup

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

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

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

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

Adding customers

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

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

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

To add a customer:

- 1 Click Customer Centre in the icon bar.
- 2 Click the New Customer & Job menu button, and then choose New Customer.
- 3 In the Customer Name field, enter the name of the customer as you'd like it to appear on your Customers & Jobs list. For this exercise, type **Smith, Lee**, and then press Tab.

You want the list to show last names first.

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

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

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

- 5 In the as of date field, select 01/01/2010, press Tab.
- 6 In Address Info tab, click in the First Name field and type **Lee**.
- 7 Press tab and type **M.** as the middle initial and in the Last Name field, type **Smith**.
- 8 Press Tab to go to the Address field, and then press Enter after Lee M. Smith.
- 9 Type **43 Hampshire Blvd.** and press Enter.
- 10 Type **New Westminster, BC V3R 6Y9**
- 11 Click the Copy button to copy the address to the Ship To field. Click OK in the Add Ship To Address Information window. You can have and use more than one Ship To address per customer or job, but Lee Smith uses only one address.

Your screen should resemble the following graphic.

- 12 Click OK to add this customer. The Customer Centre appears, with the Customers & Jobs list along the left side.

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

Adding a job:

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

Lockhart Design wants to track jobs for Lee Smith.

To add a job for a customer:

- 1 In the Customers & Jobs list, right-click Smith, Lee and choose Add Job. The New Job window looks similar to the Customer window. QuickBooks has already filled in several fields for you for Lee Smith.
- 2 In the Job Name field, type **Sun room**, and press Tab.
- 3 In the Opening Balance field, type **862** and press Tab. You want to keep track of the balances for each job. QuickBooks calculates and tracks the overall balance for this customer from the balances you enter for the individual jobs. You want to keep track of the balances for each job.

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

- 4 Enter **12/31/2009** in the as of field to indicate that this was the balance outstanding for this job as of the QuickBooks start date.
- 5 Click the Job Info tab and choose "In progress" from the Job Status drop-down list.

Job status information is for your records—it gives you a way to keep track of each job. When you create a customer list report, QuickBooks includes the status of each job on the report. You can also see the status of a job by clicking a job in the Customers & Jobs list and looking in the Job Information area.

- 6 For the Start Date, type **12/15/09** and press Tab.
- 7 In the Projected End date, type **2/15/10** and press Tab. The dates help you track how long each job takes and how well you are able to estimate the length of a job. When you create a customer: job list report, you can add columns that show the start date, your projected end date, and the actual end date for each job.

Your screen should resemble the following graphic:

New Job

Job Name: Sun Room

Opening Balance: 862.00 as of 12/31/2009 [How do I determine the opening balance?](#)

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

Job Status: In progress Start Date: 12/15/2009 Projected End: 02/15/2010 End Date: |

Job Description: Job Type:

OK Cancel Next Help

☐ Job is inactive

- 8 Click OK.
- 9 If you see a message about a past or future transaction, click Yes to save the transaction.

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

Customers & Jobs Transactions

View: Active Customers

Find:

Name	Balance Total
♦ Smith, Lee	862.00
♦ Sun Room	862.00

- 10 Close the Customer Centre.

Adding vendors

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

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

Setting up QuickBooks

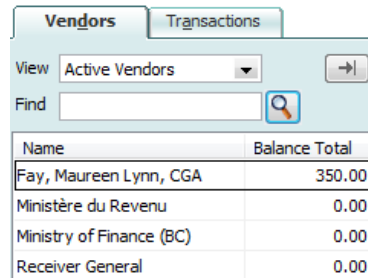
To add a vendor:

- 1 Click Vendor Centre in the icon bar.
- 2 Click New Vendor in the button bar.
- 3 In the Vendor Name field, enter the name of the vendor as you'd like it to appear on your Vendor list. For this exercise, type **Fay, Maureen Lynn, CGA**, and then press Tab.
- 4 In the Opening Balance field, type **350**, which is the amount you owed this vendor as of the start date. Press Tab.
- 5 In the as of field, enter **12/31/09**.
- 6 In the Address Info tab, click in the First Name field and type **Maureen**.
- 7 Press tab and type **L.** as the middle initial and in the Last Name field, type **Fay**.
- 8 Press Tab to go to the Name and Address field, and then press Enter after Maureen L. Fay.
- 9 Type **200 Royal Rd.** and press Enter.
- 10 Type **Fort Langley, BC V6R 9G2**
- 11 Click in the “Print on Cheques as” field, and type **Maureen Fay**. Your screen should resemble the following graphic.

The screenshot shows the 'New Vendor' window in QuickBooks. The 'Address Info' tab is selected. The 'Vendor Name' field contains 'Fay, Maureen Lynn, CGA'. The 'Opening Balance' is '350.00' and the 'as of' date is '12/31/2009'. The 'Address Info' section includes fields for 'Company Name', 'Contact' (Maureen L. Fay), 'Mr./Ms./...', 'First Name' (Maureen), 'M.I.' (L.), 'Last Name' (Fay), 'Name and Address' (Maureen L. Fay, 200 Royal Rd., Fort Langley, BC V6R 9G2), and 'Print on Cheque as' (Maureen Fay). There are buttons for 'OK', 'Cancel', 'Next', 'Help', 'Address Details', and checkboxes for 'Vendor is inactive' and 'Vendor is a Sales Tax Agency'.

- 12 Click OK to add this vendor.

- 13 If you see a message about a past or future transaction, click Yes to save the transaction. The new vendor appears on the Vendors list.



Name	Balance Total
Fay, Maureen Lynn, CGA	350.00
Ministère du Revenu	0.00
Ministry of Finance (BC)	0.00
Receiver General	0.00

- 14 Close the Vendor Centre.

About customer and vendor types

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

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

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

Setting up additional accounts

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

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

Adding a new account

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

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

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

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

To add an income account:

- 1 From the Lists menu, choose Chart of Accounts.
- 2 Click the Account menu button and choose New.
- 3 In the Add New Account window, choose Income, and then click Continue.
- 4 Click in the Account Name field, and type **Consulting**.
- 5 From the Tax-Line Mapping drop-down list, choose "T1 General – Other Income"

Your screen should resemble the following graphic.

- 6 Click Save & Close, and then close the Chart of Accounts.

Adding items

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

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

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

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

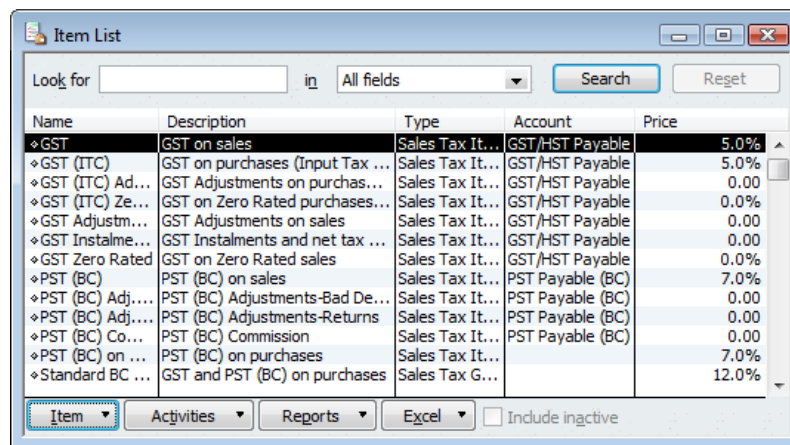
QuickBooks provides several different types of items. Some—such as the service item or the inventory part item—help you record the services and products your business sells. Others—such as the subtotal item or discount item—are used to perform calculations on the amounts in a sale.

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

To add an item:

- 1 From the Lists menu, choose Item List.

QuickBooks displays the Item List.



- 2 Click the Item menu button, and choose New.
- 3 In the New Item window, choose Service from the Type drop-down list.
- 4 Click in the Item Name/Number field and type **Initial Design Consultation**.
- 5 In the Description field, type **Initial design consulting**.
- 6 Click in the Rate field, and type **40**.
- 7 In the Tax Code field, choose “GST only” from the drop-down list.
- 8 In the Account field, choose “Consulting” as the income account. Your screen should resemble the following graphic.

New Item

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

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

Unit of Measure: Enable...

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

Description: Initial design consulting Rate: 40.00 Tax Code: G Account: Consulting

[How can I set rates by customers or employees?](#)

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

- 9 Click OK to add the new item to the Item List. The item now appears in the Item List.

Item List

Look for [] in All fields Search Reset

Name	Description	Type	Account	Price
Initial Design ...	Initial design consulting	Service	Consulting	40.00
♦GST	GST on sales	Sales Tax It...	GST/HST Payable	5.0%
♦GST (ITC)	GST on purchases (Input Tax ...	Sales Tax It...	GST/HST Payable	5.0%
♦GST (ITC) Ad...	GST Adjustments on purchas...	Sales Tax It...	GST/HST Payable	0.00
♦GST (ITC) Ze...	GST on Zero Rated purchases...	Sales Tax It...	GST/HST Payable	0.0%
♦GST Adjustm...	GST Adjustments on sales	Sales Tax It...	GST/HST Payable	0.00
♦GST Instalme...	GST Instalments and net tax ...	Sales Tax It...	GST/HST Payable	0.00
♦GST Zero Rated	GST on Zero Rated sales	Sales Tax It...	GST/HST Payable	0.0%
♦PST (BC)	PST (BC) on sales	Sales Tax It...	PST Payable (BC)	7.0%
♦PST (BC) Adj...	PST (BC) Adjustments-Bad De...	Sales Tax It...	PST Payable (BC)	0.00
♦PST (BC) Adj...	PST (BC) Adjustments>Returns	Sales Tax It...	PST Payable (BC)	0.00
♦PST (BC) Co...	PST (BC) Commission	Sales Tax It...	PST Payable (BC)	0.00
♦PST (BC) on ...	PST (BC) on purchases	Sales Tax It...	PST Payable (BC)	7.0%

Buttons: Item, Activities, Reports, Excel, Include inactive

- 10 Close the Item List.

Entering historical transactions

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

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

Learning more about the company setup process

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

To open the Learning Centre:

- From the Help menu, choose Learning Centre.

For more information, choose Support from the Help menu.

Getting help while using QuickBooks

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

- Onscreen Help to provide conceptual information and step-by-step instructions.
- Live community. Instant access to frequently asked questions and experts who can answer your own questions.
- Tutorials on key tasks. These are available by choosing Learning Centre Tutorials from the Help menu.

Using onscreen Help:

The onscreen Help provides several different types of information:

- Conceptual explanations of how to apply QuickBooks to your particular business situation.
- Step-by-step instructions.
- A search engine that provides you with a list of topics related to the word or phrase you enter.
- Information relevant to the task you are currently performing.

To view onscreen Help:

When you launch QuickBooks Help, it displays information about the task you are currently performing along with a list of topics relevant to what you are doing. There are several ways to access QuickBooks Help:

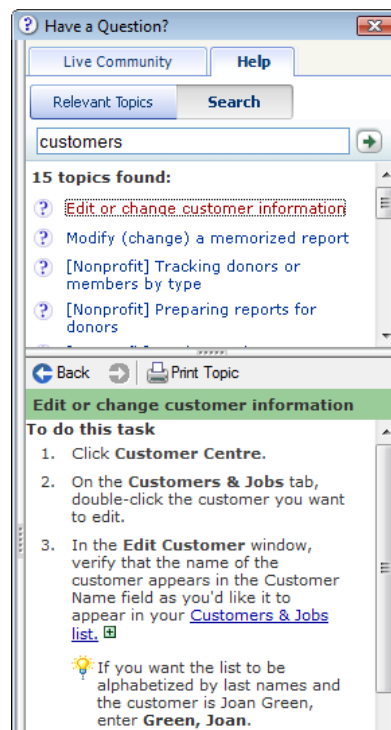
- Press the F1 key on your keyboard.
- Click the Help icon in the icon bar of the screen.
- From the Help menu, choose QuickBooks Help.

Finding a topic in the onscreen Help Index

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

To find a topic in onscreen Help:

- 1 From the Help menu, choose QuickBooks Help.
The Relevant Topics tab displays a list of topics related to the QuickBooks screen you are using.
- 2 Click the Search tab.
- 3 Type "customers", and click the arrow button.
QuickBooks displays a list of topics related to customers.
- 4 Click "Edit or change customer information."



QuickBooks displays the topic in the lower portion of the help window.

- 5 Close the Help window.

Closing the company file

As you enter information in your company file, QuickBooks saves what you enter. When you are finished working on a file, you can close the file.

To close the company file you just created:

From the File menu, choose Close Company.

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LESSON 3

Working with lists

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Lesson objectives

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

Supporting materials

- Handout 1: Balance sheet accounts
- Handout 2: Accounts created automatically
- PowerPoint file: Lesson 3
- Video tutorial: Adding and using QuickBooks accounts
- Video tutorial: Introducing the Customer Centre
- Video tutorial: Introducing the Vendor Centre

Instructor preparation

- Review this lesson, including the examples, to make sure you're familiar with the material.
- Ensure that all students have a copy of qblesson.qbb on their computer's hard disk.
- Have Handouts 1 and 2 ready for distribution.

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB) on your hard disk. See "Installing the exercise file" in the Introduction to this guide if you haven't installed it.

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

To restore the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB):

- 1 From the File menu in QuickBooks, choose Open or Restore Company.
QuickBooks displays the Open or Restore Company window.
- 2 Select Restore a backup copy and click Next.
- 3 Select Local backup and click Next.

- 4 In the Open Backup Copy window, navigate to your C:\QBtrain directory.
- 5 Select the QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB file, and then click Open.
- 6 In the Open or Restore Company window, click Next.
- 7 Navigate to your C:\QBtrain directory.
- 8 In the File name field of the Save Company File as window, type **lesson 3** and then click Save.
- 9 Click OK when you see the message that the file has been successfully restored.

Using QuickBooks lists

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

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

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

Editing the chart of accounts

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

To display the chart of accounts:

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

QuickBooks displays the chart of accounts for White Ridge Construction.

Name	Type	Balance Total
◊ Chequing	Bank	169,006.83
◊ Petty Cash	Bank	0.00
◊ Savings	Bank	0.00
◊ Accounts Receivable	Accounts Receivable	22,262.93
◊ Allowance for Doubtful Accounts	Other Current Asset	0.00
◊ Construction in Progress	Other Current Asset	0.00
◊ Employee Advances	Other Current Asset	0.00
◊ Inventory Asset	Other Current Asset	12,620.40
◊ Retainage Receivable	Other Current Asset	0.00
◊ Undeposited Funds	Other Current Asset	4,679.15
◊ Work in Progress (WIP)	Other Current Asset	0.00

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

QuickStart Tip

Before you modify the preset chart of accounts, we recommend that you have your accountant or QuickBooks Professional Advisor review the chart of accounts that QuickBooks has set up for you. You may need to add income and expense accounts, add subaccounts, delete accounts, or move accounts. It is important to decide on an account structure before you begin entering transactions.

Refer to Handout 1, “Balance sheet accounts” as you explain each account type and the kinds of transactions you use each type for.

Editing an account

If any of the accounts don’t suit your needs, you can edit or delete them. In the next exercise, you’ll edit White Ridge Construction’s Chequing account to provide the account number.

To edit an account:

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

QuickBooks displays the Edit Account window.

- 3 In the Description field, type **The Provincial Bank**.
- 4 In the Bank Acct. No. field, type **555-333-2222**.

Your window should look like this.

- 5 Click Save & Close.

Adding subaccounts

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

To add a subaccount:

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

QuickBooks displays the Add New Account: Choose Account Type window.

- 2 Select Expense and click Continue.

- 3 In the Account Name field, type **Trade Pubs**.
- 4 Select the “Subaccount of” checkbox, and then select Dues and Subscriptions in the drop-down list.
- 5 In the Description field, type **Trade Publications**.
- 6 In the Sales Tax Code field, choose “S” from the drop-down list.

- 7 Click Save & Close.

QuickBooks displays the new subaccount in the chart of accounts list.

Name	Type	Balance Total
◊ Depreciation Expense	Expense	
◊ Dues and Subscriptions	Expense	
◊ Trade Pubs	Expense	
◊ Union Dues	Expense	

- 8 Close the chart of accounts.

Explain to students that in addition to the accounts that QuickBooks sets up by default based on the industry they select during the EasyStep Interview, QuickBooks also creates certain accounts as needed based on the features used in the program. For a list of these accounts, refer to Handout 2, “Accounts created automatically.”

Working with the Customers & Jobs list

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

Adding new customers

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

To add a new customer:

- 1 Click Customer Centre in the icon bar.

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

Name	Balance	Job S...	Estimate...
Allin, Hilda	0.00		54,85...
+600 SQ Ft Addition	0.00	Pending	54,85...
Bentley, Karen	0.00		0.00
+Roof and Attic	0.00	In pro...	0.00
Card, Brad	0.00		21,73...
+Theatre Room	0.00	In pro...	21,73...
Greene, Jeremy	8,762.00		42,46...
+Kitchen Renovation	8,762.00	Awarded	42,46...
Nielsen, Clinton	0.00		0.00
+Study Addition	0.00		0.00
Rajyaguru, Kamlesh	10,104.00		55,10...
+Tea and Crumpets R...	10,104.00		55,10...

Type	Num	Date	Account	Amount
Payment	112	03/01/2010	Chequing	29,080.80
Invoice	4	02/16/2010	Accounts Receivable	29,080.80

To show details of customer transactions, it may be necessary to select “Next Fiscal Year” in the date field.

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

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

QuickBooks displays the New Customer window.

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

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

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

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

QuickStart Tip

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

- 4 Leave the Opening Balance field blank, and in the as of field, type **12/31/2010**.
- 5 In the Invoice To field, click at the end of the company name line and press Enter.
- 6 Type **376 Pine Street**, and then press Enter.

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

- 7 On the next line of the Invoice To field, type **Vancouver, BC T6H 0R7**.
- 8 Click Copy to have QuickBooks copy the billing address to the Ship To field.

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

QuickBooks displays the Add Ship To Address Information window.

- 9 Click OK to use this address as the Godwin Manufacturing ship to address.
- 10 Continue filling out the customer information by providing the following information:

Contact: **John Godwin**

Phone: **604 555-9841**

FAX: **604 555-0012**

Alt Contact: **Tracy Heldt**

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

Providing additional customer information

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

To add additional information to a customer record:

- 1 Click the Additional Info tab.

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

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

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

- 3 Press Tab.

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

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

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

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

Your screen should now look like this.

The screenshot shows the 'New Customer' window in QuickBooks. The 'Customer Name' field is filled with 'Godwin Manufacturing'. The 'Opening Balance' field is empty, and the 'as of' date is '12/31/2010'. A link 'How do I determine the opening balance?' is visible. The 'Additional Info' tab is selected, showing the 'Categorizing and Defaults' section with 'Type' set to 'Industrial', 'Terms' set to 'Net 30', and 'Rep' set to a dropdown. The 'Preferred Send Method' is set to 'None'. The 'Sales Tax Information' section shows 'Tax Code' set to a dropdown, 'Country' set to 'Canada', and 'Business Number' set to a text field. The 'Price Level' is set to a dropdown. The 'Custom Fields' section includes 'Spouse's Name', 'Customer Since', 'Contact's Birthday', and 'Website', each with a text field. A 'Define Fields' button is present. On the right side, there are buttons for 'OK', 'Cancel', 'Next', and 'Help', and a checkbox for 'Customer is inactive'.

Providing customer payment information

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

To add payment and credit information to a customer record:

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

When you finish, your window should look like this.

- 4 Click OK to add the customer and close the New Customer window.

QuickBooks displays the Customers & Jobs list with Godwin Manufacturing added to the list.

- 5 Close the Customer Centre.

QuickStart Tip

QuickBooks has several preset reports related to customers. Some reports you may find useful are the sales by customer summary and the sales by customer detail reports (under the Sales submenu in the Reports menu).

You may also find the A/R aging summary, A/R aging detail, customer balance summary, customer balance detail, and open invoices reports useful. You'll find them under the Customers & Receivables submenu in the Reports menu.

Working with the Employee Centre

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

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

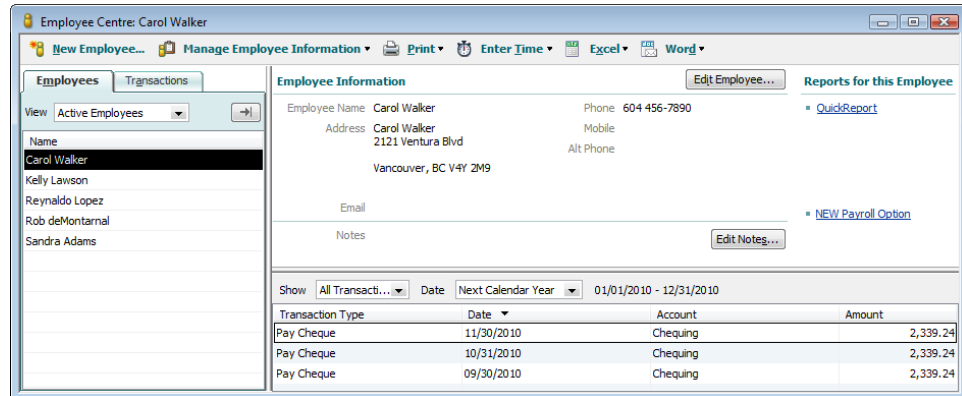
Adding new employees

Suppose that White Ridge Construction has hired a new employee and you want to add her information to the Employees list.

To add a new employee:

- 1 Click Employee Centre in the icon bar.

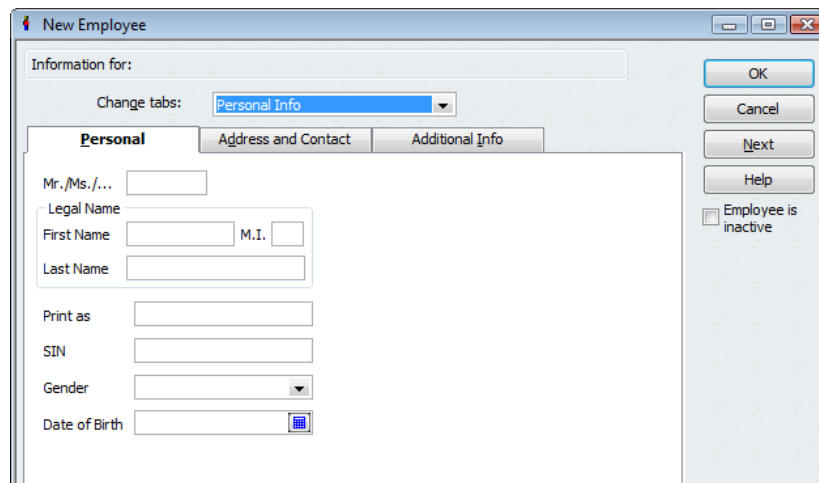
QuickBooks displays the Employee Centre, which includes the Employees list.



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

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

QuickBooks displays the New Employee window.



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

- 3 In the First Name field, type **Marlene**.
- 4 In the Last Name field, type **Duncalf**, and then press Tab.

Notice that QuickBooks fills in the “Print as” field with the information you entered in the name fields. You can enter a different name if you wish.

- 5 In the SIN No. field, type **111 111 118**.
- 6 In the Gender field, select Female from the drop-down list.
- 7 In the Date of Birth field, type **07/18/82**.

The Personal tab should look like this.

The screenshot shows the 'New Employee' window with the 'Personal' tab selected. The 'Information for: Marlene Duncalf' header is at the top. Below it, the 'Change tabs:' dropdown is set to 'Personal Info'. The 'Personal' tab is active, showing fields for 'Mr./Ms./...', 'Legal Name' (First Name: Marlene, Last Name: Duncalf, M.I. field), 'Print as' (Marlene Duncalf), 'SIN' (111 111 118), 'Gender' (dropdown), and 'Date of Birth' (07/18/1982). On the right side, there are buttons for 'OK', 'Cancel', 'Next', and 'Help', and a checkbox for 'Employee is inactive'.

- 8 Click the Address and Contact tab.
- 9 In the Address field, type **195 Spruce Avenue, #202**.
- 10 For the City, Province, and Postal Code fields, type **Vancouver, BC T2P 5L3**.
- 11 In the Phone field, type **604 555-1111**.

When you finish, the window should look like this.

- 12 In the Change tabs field, select Employment Info from the drop-down list.
- 13 In the Hire Date, type **11/26/2010**.
- 14 Click OK.
- 15 If QuickBooks asks if you want to set up this employee's payroll information, click Leave As Is. You learn how to set up payroll in Lesson 12.

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

- 16 Close the Employee Centre.

Working with the Vendor Centre

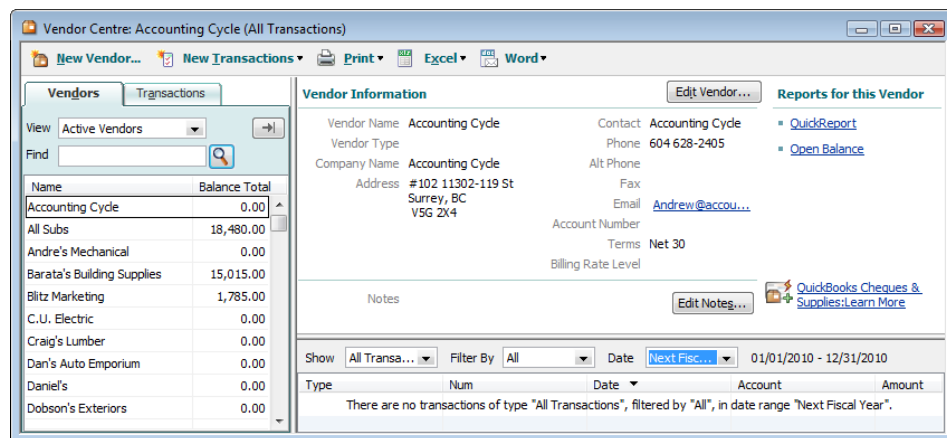
The Vendor Centre is where you record information about the companies or people from whom you buy goods or services. QuickBooks uses the data in the Vendor Centre to fill in purchase orders, receipts, bills, and cheques as you receive and pay for goods and services.

Adding new vendors

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

To add a new vendor:

- 1 Click Vendor Centre in the icon bar. QuickBooks displays the Vendor Centre.



- 2 Click New Vendor at the top of the Vendor Centre.

QuickBooks displays the New Vendor window.

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

- 3 In the Vendor Name field, type **Hughes Electric**.

This is the name QuickBooks displays for this vendor in the Vendors list. If the vendor is an individual, you may wish to enter the last name first, then the first name.

- 4 In the Company Name field, type **Hughes Electric**, and then press Tab.

Notice that QuickBooks displays the company name on the first line of the Address field.

- 5 Click in the Name and Address field after the company name displayed on the first line, and press Enter.
- 6 On the second line of the Address field, type **P.O. Box 2316**.
- 7 Press Enter to move to the next line.
- 8 Type **Nanaimo, BC V6C 2R3**.
- 9 In the Contact field, type **David Hughes**.
- 10 In the Phone field, type **250 555-6666**.
- 11 In the FAX field, type **250 555-6667**.

When you finish, your window should look like this.

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

- Vendor Name:** Hughes Electric
- Opening Balance:** (empty) as of 12/31/2010
- Address Info Tab:**
 - Company Name:** Hughes Electric
 - Contact:** David Hughes
 - Phone:** 250 555-6666
 - FAX:** 250 555-6667
 - Name and Address:** Hughes Electric, P.O. Box 2316, Nanaimo, BC V6C 2R3
 - Print on Cheque as:** Hughes Electric
- Right Side Controls:**
 - Buttons: OK, Cancel, Next, Help
 - Checkboxes: Vendor is inactive, Vendor is a Sales Tax Agency

Providing additional vendor information

The Additional Info tab in the New Vendor window is where you can enter a vendor type (if you want to categorize your vendors), payment terms, your credit limit, the vendor's tax identification number, whether this vendor is eligible for a T4A form, and your opening balance. You'll add this information now for Hughes Electric.

To add information to a vendor record:

- 1 Click the Additional Info tab.

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

- 2 In the Account No. field, type **123-445**.
- 3 In the Type field, choose **Subcontractors** from the drop-down list.
- 4 In the Terms field, choose “2% 10 Net 30” from the drop-down list.
- 5 In the Credit Limit field, type **2000** and press Tab.

Your New Vendor window should resemble the figure below.

6 Click OK.

QuickBooks adds the vendor and displays the updated Vendors list.

Notice that Hughes Electric has been added to the list.

7 Close the Vendor Centre.

QuickStart Tip

QuickBooks has several preset reports related to vendors. Some reports you may find useful are the purchases by vendor summary and detail reports (under the Purchases submenu in the Reports menu).

You may also find the A/P aging summary, A/P aging detail, unpaid bills detail, and the vendor balance summary reports useful. You'll find them under the Vendors & Payables submenu in the Reports menu.

Adding custom fields

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

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

You can add up to seven custom fields for each of the names lists (customers, vendors, and employees). Overlapping fields count as one field on each list. For example, if you add a custom "Birthday" field for customers and vendors, you can still add six additional fields to each list. You can add up to five custom fields for the Item list. (Custom fields for the Item list are tracked separately from custom fields for the customers, vendors, and employee lists.)

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

Adding custom fields for customers, vendors, and employees

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

First, look at the custom fields that White Ridge Construction has already added to its Customers & Jobs, Vendors, and Employees lists. Then, you'll add two new custom fields.

To add custom fields:

- 1 Click Customer Centre in the icon bar.
QuickBooks displays the Customer Centre.
- 2 In the Customers & Jobs list, select Greene, Jeremy.
- 3 Click the Edit Customer button.

QuickBooks displays the Edit Customer window.

- 4 Click the Additional Info tab.

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

- 5 Click Define Fields.

QuickBooks displays the Define Fields window.

Label	Customers:Jobs	Vendors	Employees
Spouse's Name	☒	☒	☒
Customer Since	☒	☐	☐
Vendor Since	☐	☒	☐
Contact's Birthday	☒	☒	☐
Website	☒	☒	☐
	☐	☐	☐
	☐	☐	☐
	☐	☐	☐
	☐	☐	☐
	☐	☐	☐
	☐	☐	☐
	☐	☐	☐
	☐	☐	☐
	☐	☐	☐
	☐	☐	☐

Buttons: OK, Cancel, Help

Notice that White Ridge Construction has already set up custom fields in the Customers & Jobs list for spouse's name, customer since, contact's birthday, and website. In the Vendor list, they have set up a custom field for vendor since, contact's birthday and website. In the Employee list, they have set up custom fields for spouse's name.

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

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

- 10 Click the Employees checkbox to select it. Your Define Fields window should now look like this.

The 'Define Fields' dialog box is shown with the following fields and checkboxes:

Label	Customers:Jobs	Vendors	Employees
Spouse's Name	☒	☒	☒
Customer Since	☒	☐	☐
Vendor Since	☐	☒	☐
Contact's Birthday	☒	☒	☐
Website	☒	☒	☐
Pager Number	☒	☒	☐
Date of Last Review	☐	☐	☒
	☐	☐	☐
	☐	☐	☐
	☐	☐	☐
	☐	☐	☐
	☐	☐	☐
	☐	☐	☐
	☐	☐	☐
	☐	☐	☐

Buttons: OK, Cancel, Help

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

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

The 'Edit Customer' dialog box is shown with the 'Additional Info' tab selected. The 'Custom Fields' section includes the following fields:

- Spouse's Name
- Customer Since
- Contact's Birthday
- Website
- Pager Number

Buttons: OK, Cancel, Notes, Help, Define Fields

- 13 In the Pager Number field, type **604 555-9876**.

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

14 Click OK to close the Edit Customer window.

15 Close the Customer Centre.

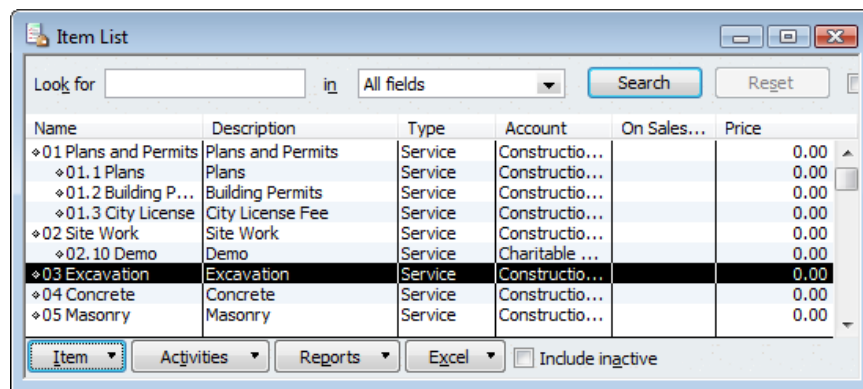
Adding custom fields for items

Now suppose that White Ridge Construction wants to add a custom field to its Item list. The company purchases several types of plumbing fixtures. The Item list has no custom fields, but now White Ridge wants to add fields to track Colour & Style.

To add custom fields for items:

- 1 From the Lists menu, choose Item List.

QuickBooks displays the Item List, as shown below.



- 2 In the Item List, select Plumbing Fixtures (a sub item of Direct Materials).
- 3 Click the Item menu button, and then choose Edit Item.

QuickBooks displays the Edit Item window.

Edit Item

Type: **Non-inventory Part** (Use for goods you buy but don't track, like office supplies, or materials for a specific job that you charge back to the customer.)

Item Name/Number: **Plumbing Fixtures** ☒ Subitem of: **Direct Materials - Heading** Manufacturer's Part Number:

Unit of Measure: ☐ Item is inactive

☒ This item is used in assemblies or is purchased for a specific customer/job

Purchase Information

Description on Purchase Transactions: **Plumbing Fixtures**

Cost: Purch Tax Code:

Expense Account: **Direct Cost of Good...** Preferred Vendor:

Sales Information

Description on Sales Transactions: **Plumbing Fixtures**

Sales Price: Tax Code: **S**

Income Account: **Construction Income**

Buttons:

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

- 4 Click Custom Fields.

QuickBooks displays the information window stating there are no custom fields designed for items. Click OK.

- 5 In the next window, click Define Fields.

QuickBooks displays the Define Custom Fields for Items window.

- 6 In the "Use" column, click the first blank checkbox to select it. Then type **Colour** in the Label field.
- 7 In the "Use" column, click the next blank checkbox to select it. Then type **Style** in the label field.

Define Custom Fields for Items

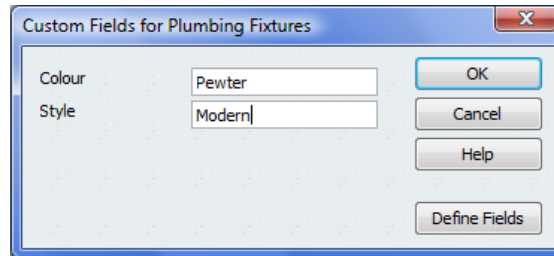
Use	Label
☒	Colour
☒	Style
☐	
☐	
☐	

Buttons:

- 8 Click OK to close the window.

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

- 9 In the “Custom Fields for Plumbing Fixtures” window, type **Pewter** in the Colour field, and **Modern** in the Style field.



- 10 Click OK to close the Custom Fields for Plumbing Fixtures window, and then click OK to close the Edit Item window.
- 11 Close the Item List.

QuickStart Tip

You can add custom fields you’ve set up for customers or items to any sales form. Similarly, you can add custom fields you’ve set up for vendors or items to the purchase order form. If you want to filter a report based on text in custom fields, you must add the fields to the form used to generate the report. For example, if you want to filter the open purchase orders report by style, you need to add the Style field to the purchase order template you use.

Managing lists

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

Sorting lists

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

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

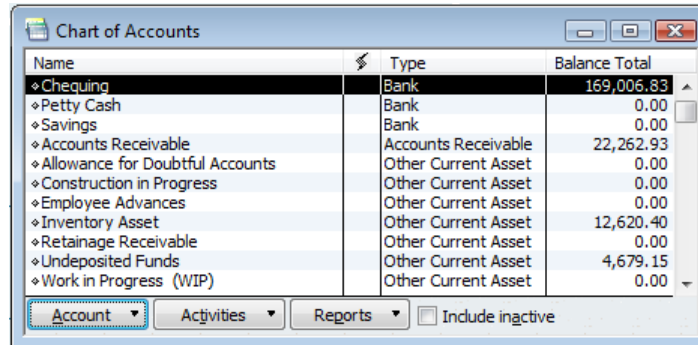
Sorting lists manually

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

To sort a list manually:

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

QuickBooks displays the chart of accounts for White Ridge Construction.



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

♦ Chequing	Bank	169,006.83
♦ Petty Cash	Bank	0.00
♦ Savings	Bank	0.00
♦ Accounts Receivable	Accounts Receivable	22,262.93
♦ Undeposited Funds	Other Current Asset	4,679.15
♦ Allowance for Doubtful Accounts	Other Current Asset	0.00

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

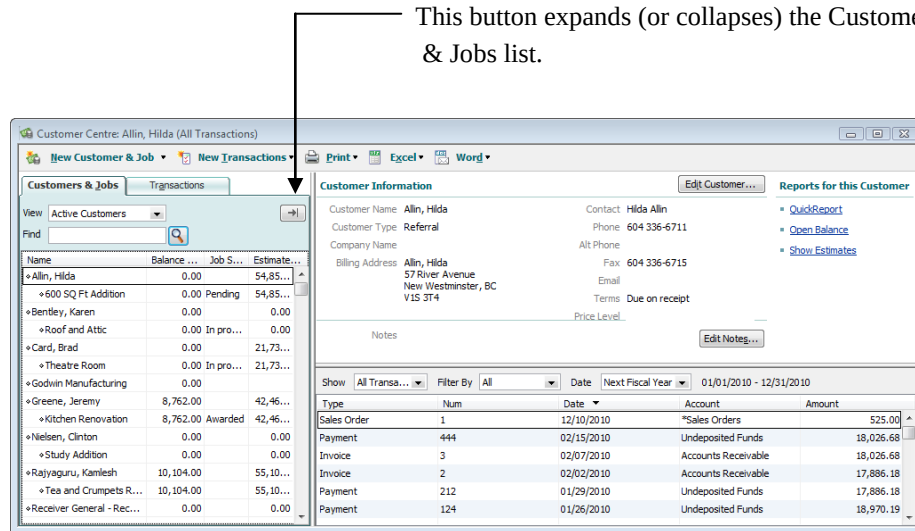
- 5 To re-sort the list alphabetically, click the Account menu button, and select Re-sort List. QuickBooks asks you to confirm that you want to return the list to its original order.
- 6 Click OK. QuickBooks re-sorts the chart of accounts alphabetically by account type.
- 7 Close the chart of accounts.

Sorting lists in ascending or descending order

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

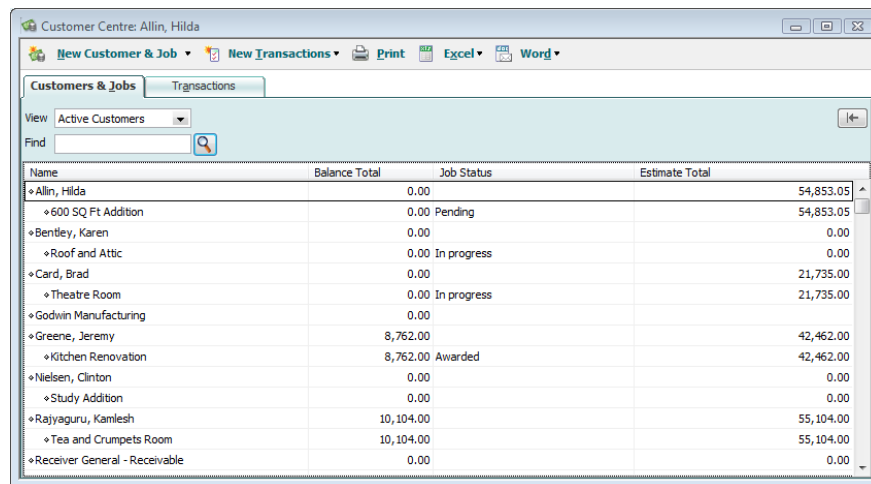
To sort a list in descending order:

- 1 Click Customer Centre on the icon bar to display the Customer Centre and Customers & Jobs list.

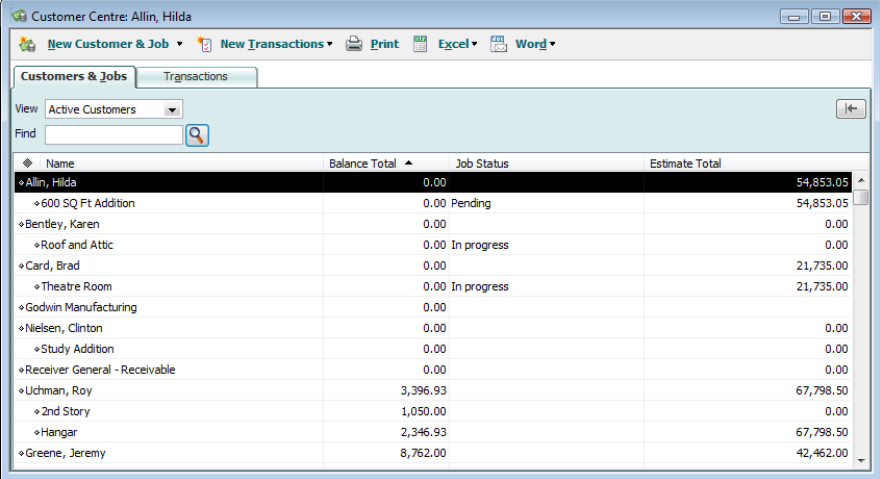


- 2 Click the Expand button (right-pointing arrow) to the right of the View drop-down list (see above) to expand the Customers & Jobs list.

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



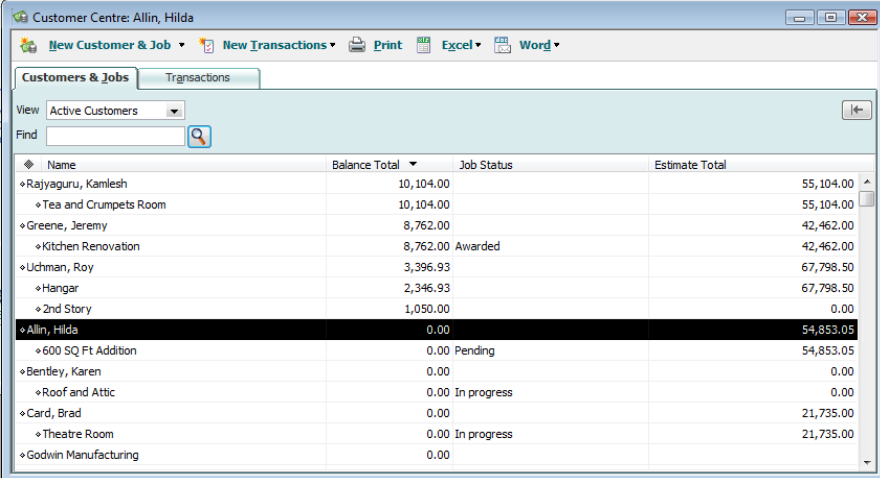
- 3 Click the Balance Total column heading. Notice that an arrow pointing up appears on the heading and the list is sorted in ascending order by customer balance.



Name	Balance Total ▲	Job Status	Estimate Total
• Allin, Hilda	0.00		54,853.05
• 600 SQ Ft Addition	0.00	Pending	54,853.05
• Bentley, Karen	0.00		0.00
• Roof and Attic	0.00	In progress	0.00
• Card, Brad	0.00		21,735.00
• Theatre Room	0.00	In progress	21,735.00
• Godwin Manufacturing	0.00		0.00
• Nielsen, Clinton	0.00		0.00
• Study Addition	0.00		0.00
• Receiver General - Receivable	0.00		0.00
• Uchman, Roy	3,396.93		67,798.50
• 2nd Story	1,050.00		0.00
• Hangar	2,346.93		67,798.50
• Greene, Jeremy	8,762.00		42,462.00

- Click the column heading again.

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



Name	Balance Total ▼	Job Status	Estimate Total
• Rajyaguru, Kamlesh	10,104.00		55,104.00
• Tea and Crumpets Room	10,104.00		55,104.00
• Greene, Jeremy	8,762.00		42,462.00
• Kitchen Renovation	8,762.00	Awarded	42,462.00
• Uchman, Roy	3,396.93		67,798.50
• Hangar	2,346.93		67,798.50
• 2nd Story	1,050.00		0.00
• Allin, Hilda	0.00		54,853.05
• 600 SQ Ft Addition	0.00	Pending	54,853.05
• Bentley, Karen	0.00		0.00
• Roof and Attic	0.00	In progress	0.00
• Card, Brad	0.00		21,735.00
• Theatre Room	0.00	In progress	21,735.00
• Godwin Manufacturing	0.00		0.00

- To return to the order you started with, click the large diamond to the left of the Name column heading.
- Click the Collapse arrow to collapse the Customers & Jobs list. If you don't collapse the Customers & Jobs list, the next time you open the Customer Centre, the center opens with the expanded Customers & Jobs list.
- Close the Customer Centre.

Merging list items

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

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

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

To merge items on a list:

- 1 From the Vendors menu, choose Vendor Centre.

QuickBooks displays the Vendor Centre.

- 2 Double-click the entry for Hughes Electric.

QuickBooks displays the Edit Vendor window.

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

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

Renaming list items

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

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

To rename a list item in the chart of accounts:

- 1 From the Lists menu, choose Chart of Accounts to display the chart of accounts for White Ridge Construction.
- 2 In the chart of accounts, select Chequing.
- 3 Click the Account menu button, and choose Edit Account.

QuickBooks displays the Edit Account window.

- 4 In the Account Name field, type **Master Chequing Account**.
- 5 Click Save & Close.

QuickBooks changes the account name in the chart of accounts.

Name	Type	Balance Total
Master Chequing Account	Bank	169,006.83
Petty Cash	Bank	0.00
Savings	Bank	0.00
Accounts Receivable	Accounts Receivable	22,262.93
Allowance for Doubtful Accounts	Other Current Asset	0.00
Construction in Progress	Other Current Asset	0.00
Employee Advances	Other Current Asset	0.00
Inventory Asset	Other Current Asset	12,620.40
Retainage Receivable	Other Current Asset	0.00
Undeposited Funds	Other Current Asset	4,679.15
Work in Progress (WIP)	Other Current Asset	0.00

- 6 Close the chart of accounts.

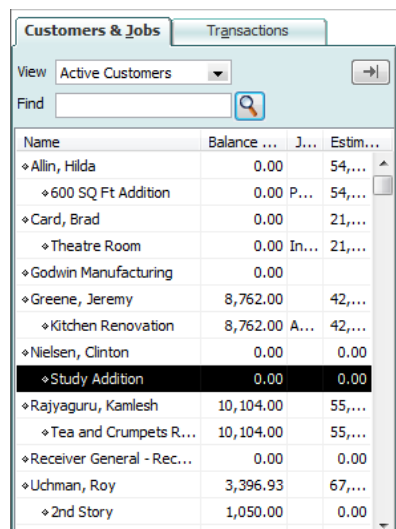
Deleting items and making list items inactive

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

To make a list item inactive:

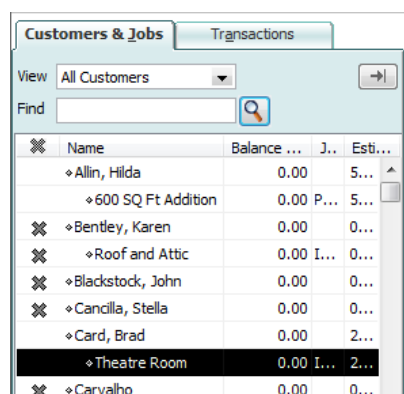
- 1 On the Home page, click the Customers button (along the left side of the Home page). QuickBooks displays the Customers Centre, which includes the Customers & Jobs list.
- 2 Select Bentley, Karen in the list. (Select her name, not the job.)
- 3 Right-click the name and choose Make Customer:Job Inactive.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

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



Name	Balance ...	J...	Estim...
♦ Allin, Hilda	0.00		54,...
♦ 600 SQ Ft Addition	0.00	P...	54,...
♦ Card, Brad	0.00		21,...
♦ Theatre Room	0.00	In...	21,...
♦ Godwin Manufacturing	0.00		
♦ Greene, Jeremy	8,762.00		42,...
♦ Kitchen Renovation	8,762.00	A...	42,...
♦ Nielsen, Clinton	0.00		0.00
♦ Study Addition	0.00		0.00
♦ Rajyaguru, Kamlesh	10,104.00		55,...
♦ Tea and Crumpets R...	10,104.00		55,...
♦ Receiver General - Rec...	0.00		0.00
♦ Uchman, Roy	3,396.93		67,...
♦ 2nd Story	1,050.00		0.00

- 4 To see inactive list items, choose "All Customers" from the View drop-down list.



Name	Balance ...	J..	Esti...
♦ Allin, Hilda	0.00		5...
♦ 600 SQ Ft Addition	0.00	P...	5...
♦ Bentley, Karen	0.00		0...
♦ Roof and Attic	0.00	I...	0...
♦ Blackstock, John	0.00		0...
♦ Candilla, Stella	0.00		0...
♦ Card, Brad	0.00		2...
♦ Theatre Room	0.00	I...	2...
♦ Carvalho	0.00		0...

QuickBooks displays all the list items again, but the X's signify that this customer is still inactive. Make Karen Bentley active again by right-clicking the name and choosing Make Customer:Job Active. Say Yes in the message asking to activate subs as well.

- 5 From the View drop-down list, select "Active customers."
- 6 Leave the Customer Centre open; you'll print a Customers & Jobs list in the next exercise.

Printing a list

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

To print the Customers & Jobs list:

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

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

- 2 Click OK to bypass the List Reports message.

QuickBooks displays the Print Reports window, which displays the name of your printer and printer port. You can select to print to a printer or to a file.

- 3 Click Print.

Note: This is a fairly long list, so if you don't want to print it now, click Cancel.

To print information on one customer:

- 1 In the Customers & Jobs list, select the customer whose details you want to print.
- 2 Click the Print menu button, and then choose Customer & Job Information.
- 3 Click Cancel to close out of this window.
- 4 Close the Customer Centre.

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

To print contact information for selected customers:

- 1 From the Reports menu, choose List, and then choose Customer Contact List from the submenu.
- 2 Click Modify Report.
- 3 Click the Filters tab.
- 4 Select Customer in the Filter list.
- 5 In the Customer field, choose Multiple customers/jobs.
- 6 Make sure Manual is selected and then click to put a checkmark next to those customers for which you want to print contact information.
- 7 Click OK to close the Select Customer:Job window.
- 8 Click OK to close the Modify Report window.
- 9 Print the report.
- 10 Close the report, and select No when QuickBooks asks if you wish to save the modified report.

QuickStart Tip

QuickBooks has preset reports that let you report on the information in your QuickBooks lists. For example, you can create a phone list and a contract list for you customers, employees, and vendors. You can also create a price list for the items stored on your QuickBooks Item list.

To create a list report, from the Reports menu, choose List, and then choose the list report you want to generate.

Let students know that if they want to print the list to a file (so they can use it in their word processing, spreadsheet, or database program), they can select File and choose the appropriate file format from the drop-down list.

• • • • • • • • • •

LESSON 4

Working with bank accounts

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Using bank account registers 92
 Opening a register 92
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Transferring money between accounts 96
Reconciling chequing accounts 97
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 Marking cleared transactions 98
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Lesson objectives

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

Supporting materials

- Handout 3: Registers associated with QuickBooks windows
- PowerPoint file: Lesson 4
- Video tutorial: Overview of QuickBooks accounts

Instructor preparation

- Review this lesson, including the examples, to make sure you're familiar with the material.
- Ensure that all students have a copy of qblesson.qbb on their computer's hard disk.
- Have Handout 3 ready for distribution.

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB) on your hard disk. See "Installing the exercise file" in the Introduction to this guide if you haven't installed it.

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

To restore the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB):

- 1 From the File menu in QuickBooks, choose Open or Restore Company.
QuickBooks displays the Open or Restore Company window.
- 2 Select Restore a backup copy and click Next.
- 3 Select Local backup and click Next.
- 4 In the Open Backup Copy window, navigate to your C:\QBtrain directory.
- 5 Select the QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB file, and then click Open.
- 6 In the Open or Restore Company window, click Next.
- 7 Navigate to your C:\QBtrain directory.

- 8 In the File name field of the Save Company File as window, type **lesson 4** and then click Save.
- 9 Click OK when you see the message that the file has been successfully restored.

Writing a QuickBooks cheque

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

Suppose that you need to write a cheque to pay White Ridge Construction's telephone bill.

To write a cheque:

- 1 In the Banking area of the Home page, click Write Cheques.

QuickBooks displays the Write Cheques window.

Write Cheques - Chequing

Previous Next Print Find Journal

Bank Account: Chequing Ending Balance: 169,006.83

Pay to the Order of _____ No. To Print
Date: 12/31/2010
\$ 0.00

Address _____ Dollars

Memo _____

Expenses \$0.00 Items \$0.00 ☒ To be printed

Account	Tax	Amount	Memo	Customer:Job	Billable?

0.00 Edit
0.00

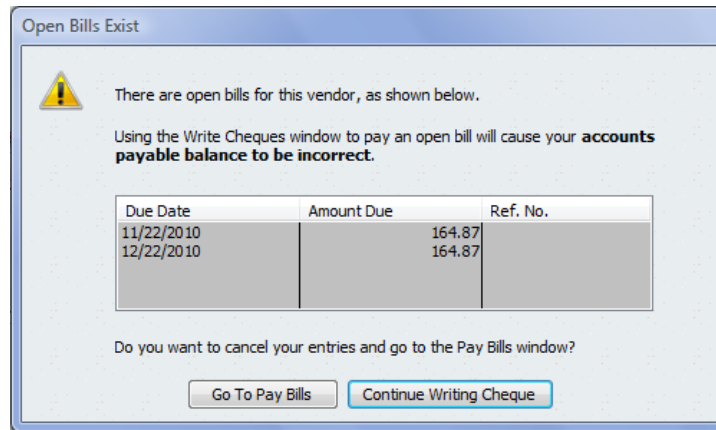
Clear Splits Recalculate Save & Close Save & New Clear

Order Cheques

The Bank Account field shows the account from which you are writing this cheque. QuickBooks displays the current date in the Date field. (The sample data is set to display December 31, 2010 as the current date.) You can change either of these values if you wish, but they are fine for our example.

- 2 If necessary, select the “To be printed” checkbox.
QuickBooks displays a checkmark in the checkbox.
- 3 In the Pay to the Order of field, select **The Phone Co.** from the drop-down menu.

- 4 Press Tab to move to the Amount field. If the following window displays, click Continue Writing Cheque.



QuickBooks has an AutoRecall feature that pre-fills new transactions based on previous transactions. You can have QuickBooks pre-fill the expense account for a vendor transaction based on previous transactions for that vendor. You can change this preference to have QuickBooks fill in the amount as well as other information from the last transaction with a payee. This is convenient when you have recurring payments of the same amount. To change this preference, choose Preferences from the Edit menu. Click General, and then select “Automatically recall last transaction for this name” on the My Preferences tab.

- 5 Type **156.90** (the amount of the telephone bill), and then press Tab. Notice that QuickBooks spells out the amount of the cheque for you on the line below the payee.
- 6 Click in the Account column on the Expenses tab, and then, if necessary, choose Utilities:Phone from the drop-down list.
- 7 In the Tax field choose S from the drop-down list, and then press Tab.

Your screen should resemble the following figure.

Note: QuickBooks has automatically adjusted the net amount to be assigned to the phone account to allow for the sales taxes (GST/PST) to be assigned to their respective accounts.

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

If you select the "Pre-fill accounts for vendor based on past transactions" preference, QuickBooks remembers all your recent transactions for a vendor, not just the most recent one. If you consistently use the same account for a vendor, QuickBooks will automatically pre-fill that information any time you select the vendor in a bill, cheque, or credit card transaction.

- 8 Click Save & Close.
- 9 If the Job Costing – Expense without a customer job window appears, click Yes.
- 10 From the Banking menu, choose Use Register.

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

- 11 Select Chequing as the account whose register you want to see and click OK.

QuickBooks opens the Chequing register.

Date	Number	Type	Payee	Account	Memo	Payment	✓	Deposit	Balance
12/15/2010		PMT	Rajyaguru, Kamlesh: Tea and Crumpet	Accounts Receivable				45,000.00	173,206.83
12/17/2010		CHQ	Royal Bank	-split-		4,200.00			169,006.83
12/31/2010		To Print	The Phone Co.	-split-		156.90			168,849.93
12/31/2010		CHQ							
Ending balance									168,849.93

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

12 Close the Chequing account register.

QuickStart Tip Do NOT use the Write Cheques window if you are paying sales tax, paying payroll taxes and liabilities, or paying bills that you have entered previously (that is, you are using A/P to track them). Instead, use the Pay Sales Tax window for a sales tax payment, the Pay Liabilities window for payroll taxes, and the Enter Bills and Pay Bills windows for paying A/P bills.

Refer to Handout 3, “Registers associated with QuickBooks windows”

Using bank account registers

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

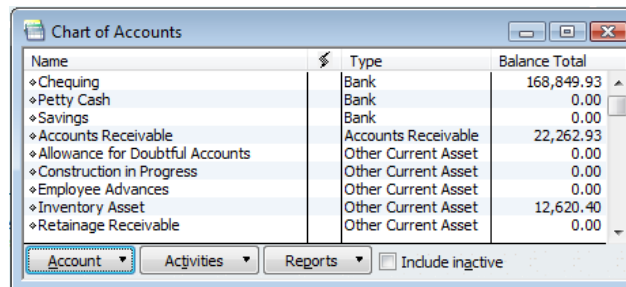
Opening a register

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

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

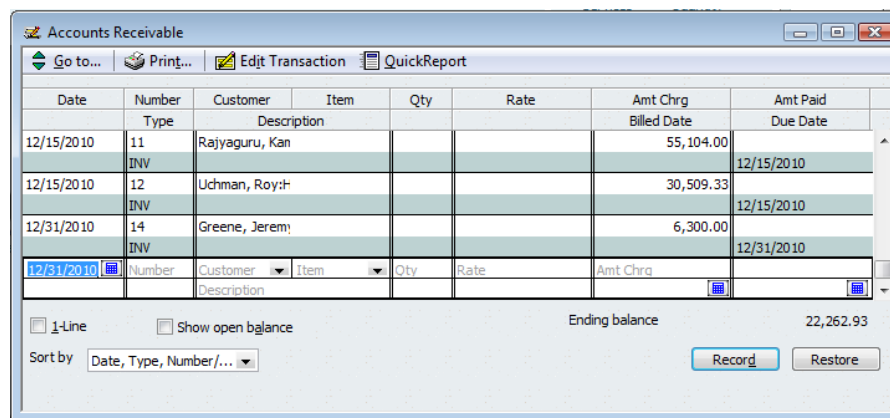
- 1 From the Lists menu, choose Chart of Accounts.

QuickBooks displays the Chart of Accounts window.



- In the chart of accounts, double-click the Accounts Receivable account.

QuickBooks opens the register for White Ridge Construction's Accounts Receivable account.



Common features of QuickBooks registers

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

- The register shows every transaction that affects an account's balance and lists them in chronological order (though you can change the order by choosing a different option from the Sort by drop-down list). For example, in a chequing account, the register shows cheques you've written (either with QuickBooks or by hand), deposits to the account, and withdrawals from the account.
- The columns in the register give specific information about the transaction. The first column is the date. The second column shows a reference number (a cheque number or a vendor's P.O. number) and a type (to tell you whether the transaction represents a cheque or a bill payment, for example). The next column lists the payee, the account to which you've assigned the transaction, and any descriptive memo you choose to type. The final columns for a bank account show the transaction amount (either in the Payment or Deposit column) and whether the transaction has cleared the bank (indicated by a checkmark in the column).

- On every transaction line, QuickBooks shows the account's running balance. The bottom of the register window shows the account's ending balance—the balance takes into account all the transactions entered in the register, including cheques you haven't yet printed.

To complete the exercise:

- 1 Close the Accounts Receivable register window.
- 2 Close the chart of accounts.

QuickStart Tip

You can edit transactions in registers with some restrictions: You cannot edit a sales tax payment. You can edit split amounts for cheques (CHQ), deposits (DEP), credit card charges (CC), credit card credits (CC CRED), bills (BILL), and vendor credits (BILLCRED) if all the amounts are assigned to expense (or other) accounts. (If any amount is assigned to an item, you must select the transaction and click Splits to edit the split amounts.)

For all other kinds of transactions, only certain fields can be edited directly in the register. To edit one of the transactions, select the transaction and click Edit Transaction to display the transaction in its complete form.

Entering a handwritten cheque

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

Suppose that while picking up supplies one day, you remember that the insurance company called about the premium that is due today, so you write a cheque on the spot. You'll have to enter it in QuickBooks later.

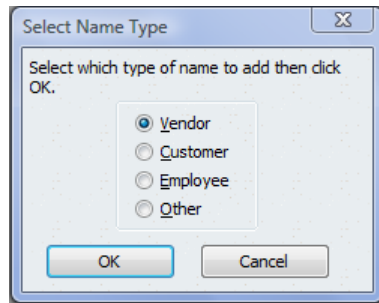
To enter a handwritten cheque in the chequing account register:

- 1 From the Banking menu, choose Use Register. QuickBooks displays the Use Register window.
- 2 Select Chequing and click OK.
QuickBooks displays the register for the Chequing account.
- 3 Click in the Number field in the blank transaction at the bottom of the register, and double-click to highlight the number that QuickBooks prefills.
- 4 Type **105**, and then press Tab.
- 5 In the Payee field, type **National Insurance Company**, and then press Tab.

QuickBooks displays a message telling you that National Insurance Company is not on the Name list.

- 6 Click Quick Add.

QuickBooks displays the Select Name Type window.



National Insurance Company is a vendor, so you can accept the displayed choice.

- 7 Click OK.

QuickBooks adds the new vendor to the Vendors list.

- 8 In the Payment field, type **350.00**, and then press Tab.

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

QuickBooks fills in Insurance.

- 10 In the Memo field, type **Annual premium**.

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

Date	Number	Type	Payee	Payment	✓	Deposit	Balance
			Account Memo				
12/15/2010		PMT	Rajyaguru, Kamlesh:Tea and Crumpet Accounts Receivab			45,000.00	173,206.83
12/17/2010		CHQ	Royal Bank -split-	4,200.00			169,006.83
12/31/2010		CHQ	The Phone Co. -split-	156.90			168,849.93
12/31/2010	105	CHQ	National Insurance Company Insurance Annual Premium	350.00		Deposit	
						Ending balance	168,849.93

- 11 Click Record.
- 12 Close the Chequing account register.

When you record the transaction, QuickBooks creates a journal entry. The following table shows the journal entry for the handwritten cheque to National Insurance Company.

Account Title	Debit	Credit
Chequing		\$350.00
Insurance	\$350.00	

Note: Entering a cheque through the register is not recommended if you have an entry that includes sales tax of any kind. For that type of entry you would use write cheques.

Transferring money between accounts

You can easily transfer money to different accounts using the QuickBooks Transfer Funds Between Accounts window. White Ridge Construction wants to record a transfer of \$5,000.00 from chequing to savings made earlier in the day.

To transfer money:

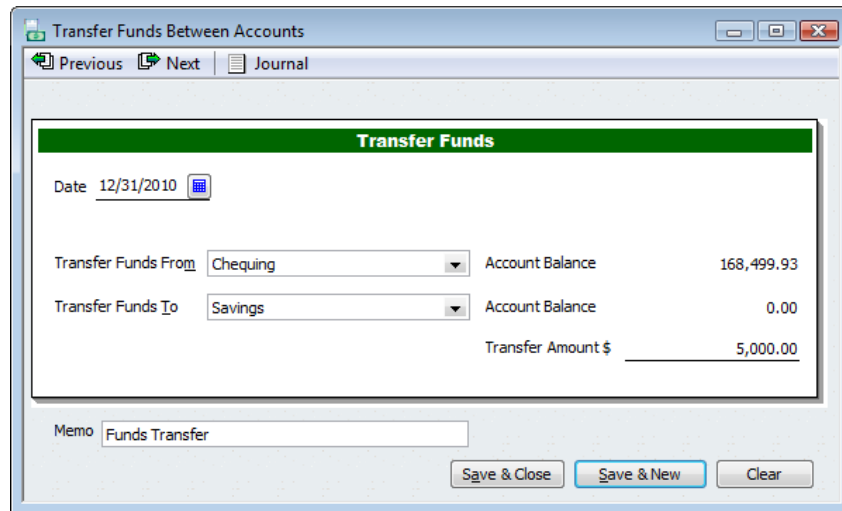
- 1 From the Banking menu, choose Transfer Funds.

QuickBooks displays the Transfer Funds Between Accounts window.

Notice that QuickBooks displays the current balance for the Term Loan account.

- 2 In the Transfer Funds From field, choose Chequing from the drop-down list.
- 3 In the Transfer Funds To field, choose Savings from the drop-down list.
- 4 In the Transfer Amount field, type **5000** and press Tab.

Your screen should resemble the following figure.



- 5 Click Save & Close.
- 6 If a message appears, click OK because the money has already been transferred in person.

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

When you record the transaction, QuickBooks creates a journal entry. The following table shows the journal entry for the funds transfer.

Account Title	Debit	Credit
Chequing		\$5,000.00
Savings	\$5,000.00	

Reconciling chequing accounts

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

An overview of reconciliation

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

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

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

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

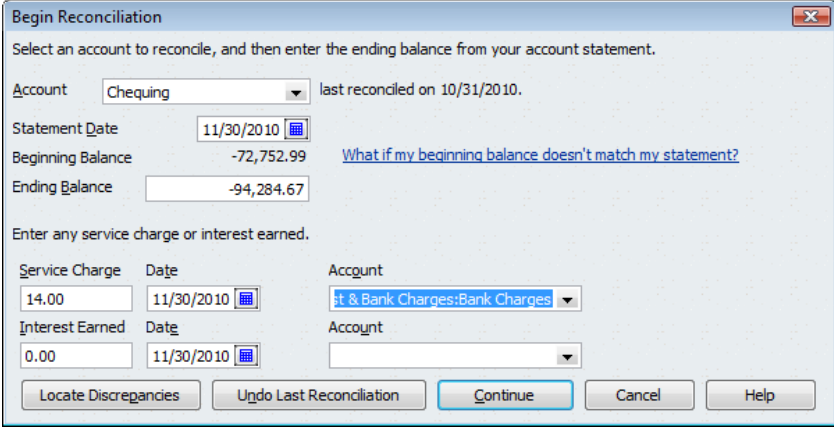
Marking cleared transactions

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

To reconcile your account:

- 1 From the Banking menu, choose Reconcile.
QuickBooks displays the Begin Reconciliation window.
- 2 In the Account field, make sure Chequing is selected.
- 3 If necessary, in the Statement Date field, type **11/30/2010**.
- 4 In the Ending Balance field, type **-94284.67**
- 5 In the Service Charge field, type **14.00**.
- 6 In the Service Charge Date field and Interest Earned Date field, type **11/30/2010**.
- 7 In the Service Charge Account field select Interest & Bank Charges:Bank Charges.

Your screen should resemble the following.



Begin Reconciliation

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

Account: Chequing last reconciled on 10/31/2010.

Statement Date: 11/30/2010

Beginning Balance: -72,752.99 [What if my beginning balance doesn't match my statement?](#)

Ending Balance: -94,284.67

Enter any service charge or interest earned.

Service Charge: 14.00 Date: 11/30/2010 Account: It & Bank Charges: Bank Charges

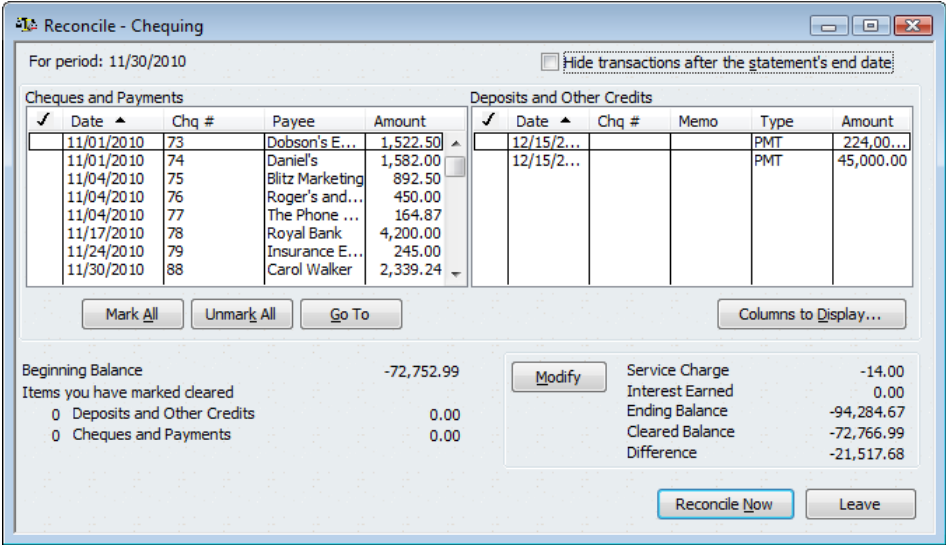
Interest Earned: 0.00 Date: 11/30/2010 Account:

Buttons: Locate Discrepancies, Undo Last Reconciliation, Continue, Cancel, Help

- 8 Click Continue.

QuickBooks displays the Reconcile – Chequing window.

You can select which columns you want to display by clicking Columns to Display. When completing an actual Bank Reconciliation, you would compare the items on the displayed screen with those itemized on the printed Bank Statement. As you match items from the screen to the statement you would place a check mark beside that item. For this exercise we are assuming that the items with November dates match those of the Bank Statement.



Reconcile - Chequing

For period: 11/30/2010 ☐ Hide transactions after the statement's end date

Cheques and Payments					Deposits and Other Credits					
✓	Date	Chq #	Payee	Amount	✓	Date	Chq #	Memo	Type	Amount
	11/01/2010	73	Dobson's E...	1,522.50		12/15/2...			PMT	224.00...
	11/01/2010	74	Daniel's	1,582.00		12/15/2...			PMT	45,000.00
	11/04/2010	75	Blitz Marketing	892.50						
	11/04/2010	76	Roger's and...	450.00						
	11/04/2010	77	The Phone ...	164.87						
	11/17/2010	78	Royal Bank	4,200.00						
	11/24/2010	79	Insurance E...	245.00						
	11/30/2010	88	Carol Walker	2,339.24						

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

Beginning Balance: -72,752.99

Items you have marked cleared:

- 0 Deposits and Other Credits: 0.00
- 0 Cheques and Payments: 0.00

Modify

Service Charge: -14.00

Interest Earned: 0.00

Ending Balance: -94,284.67

Cleared Balance: -72,766.99

Difference: -21,517.68

Buttons: Reconcile Now, Leave

- 9 Select all items dated in November in the “Cheques and Payments” section by clicking in the left column.

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

- 10 In the Cheques and Payments section, scroll down to ensure all items with dates up to and including 11/30/2010 have a check mark beside them.
- 11 In the Deposits and Other Credits section # check to make sure that the checkmarks for all items with dates later than 11/30/2010 have been cleared. Your screen should resemble the following figure.

Reconcile - Chequing

For period: 11/30/2010 ☐ Hide transactions after the statement's end date

Cheques and Payments				Deposits and Other Credits				
✓	Date	Chq #	Payee	Amount	✓	Date	Chq #	Amount
✓	11/24/2010	79	Insurance E...	245.00		12/15/2...		224.00...
✓	11/30/2010	88	Carol Walker	2,339.24		12/15/2...		45,000.00
✓	11/30/2010	89	Kelly Lawson	2,723.31				
✓	11/30/2010	90	Reynaldo L...	3,103.12				
✓	11/30/2010	91	Rob deMon...	2,130.90				
✓	11/30/2010	92	Sandra Adams	2,164.24				
	12/01/2010	80	Dobson's E...	1,522.50				
	12/17/2010		Royal Bank	4,200.00				

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

Summary:

Beginning Balance	-72,752.99	Modify	Service Charge	-14.00
Items you have marked cleared			Interest Earned	0.00
0 Deposits and Other Credits	0.00		Ending Balance	-94,284.67
12 Cheques and Payments	21,517.68		Cleared Balance	-94,284.67
			Difference	0.00

Buttons: Reconcile Now, Leave

- 12 A review of the figures in the lower right corner of the window shows a Difference of \$0.00 which means the account is reconciled. Click Reconcile Now.

Click OK if a message about online banking is displayed.

QuickBooks displays the Select Reconciliation Report window.

Select Reconciliation Report

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

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

☐ Summary
☐ Detail
☒ Both

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

Buttons: Display, Print..., Close

Note: If you see the Reconcile Adjustment window instead, click Return to Reconcile and make sure that you have cleared all the checkmarks for all items with dates later than 11/30/2010. Use the scroll bars to see all the items.

- 13 In the Select Reconciliation Report window, make sure "Both" is selected, and then click Display.

- 14 Click OK at the message that QuickBooks displays.

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

- 15 Examine the reports to learn what they show and then close the report windows.

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

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

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

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

Viewing cleared cheques in the register

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

Open the Chequing account register to see the cleared cheques.

To view cleared cheques in the register:

- 1 From the Banking menu, choose Use Register.

QuickBooks displays the Use Register window.

- 2 Select Chequing and click OK.

- 3 Scroll through the register to view the cleared items.

Your register should resemble the figure below.

Date	Number	Payee	Payment	✓	Deposit	Balance
	Type	Account	Memo			
11/30/2010	102	Rob deMontarnal	2,130.90	✓		-89,781.19
	PAY CHQ	-split-				
11/30/2010	103	Sandra Adams	2,164.24	✓		-91,945.43
	PAY CHQ	-split-				
11/30/2010	104	Carol Walker	2,339.24	✓		-94,284.67
	PAY CHQ	-split-				
12/01/2010	80	Dobson's Exteriors	1,522.50			-95,807.17
	CHQ	-split-				
Ending balance						163,485.93

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

- 4 Close the Chequing account register.

Locating specific transactions

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

To use the Find feature:

- 1 From the Edit menu, choose Find and then select the Advanced tab in the Find window.
- 2 Select Transaction Type from the Choose Filter list.
- 3 Select Cheque from the list of transaction types.
- 4 Select Date from the Choose Filter list, and then, if necessary, choose "Next Calendar Year." (You want to ensure the date range will be 2010.)
- 5 Select Amount from the Choose Filter list, and then click $\geq$ (greater than or equal to) and in the next field enter **500.00**.

Working with bank accounts

Your screen should resemble the figure below.

Find

Simple **Advanced**

Choose Filter

Filter: Amount

Amount: Any 500.00

Current Choices

Filter	Set to
Amount	500.00
Date	Next Calendar ...
TransactionT...	Cheque
Posting Status	Either

Find

Reset

Close

Help

Go To

Report

Export...

Date	Type	Num	Name	Account	Memo	Amount
------	------	-----	------	---------	------	--------

6 Click Find. Your window should look like the following.

Find

Simple **Advanced**

Choose Filter

Filter: Amount

Amount: Any 500.00

Current Choices

Filter	Set to
Amount	500.00
Date	Next Calendar ...
TransactionT...	Cheque
Posting Status	Either

Find

Reset

Close

Help

Go To

Report

Export...

Number of matches: 107

Date	Type	Num	Name	Account	Memo	Amount
12/17/2010	CHQ		Royal Bank	Chequing		-4,200.00
12/17/2010	CHQ		Royal Bank	Term Loan		4,000.00
12/01/2010	CHQ	80	Dobson's ...	Chequing		-1,522.50
12/01/2010	CHQ		Dobson's E...	Rent		1,450.00
11/17/2010	CHQ	78	Royal Bank	Chequing		-4,200.00
11/17/2010	CHQ		Royal Bank	Term Loan		4,000.00
11/04/2010	CHQ	75	Blitz Mark...	Chequing		-892.50
11/04/2010	CHQ		Blitz Marke...	Accounts P...		892.50
11/01/2010	CHQ	73	Dobson's ...	Chequing		-1,522.50
11/01/2010	CHQ		Dobson's E...	Rent		1,450.00
11/01/2010	CHQ	74	Daniel's	Chequing		-1,582.00
11/01/2010	CHQ		Uchman, R...	Freight/Shi...		1,512.00
10/17/2010	CHQ	71	Royal Bank	Chequing		-4,200.00
10/17/2010	CHQ		Royal Bank	Term Loan		4,000.00
10/16/2010	CHQ	65	Barata's B...	Chequing		-35,647.50

7 Close the Find window.




LESSON 5

Using other accounts in QuickBooks

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Lesson objectives

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

Supporting materials

- PowerPoint file: Lesson 5
- Video tutorial: Overview of QuickBooks accounts

Instructor preparation

- Review this lesson, including the examples, to make sure you're familiar with the material.
- Ensure that all students have a copy of qblesson.qbb on their computer's hard disk.

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB) on your hard disk. See "Installing the exercise file" in the Introduction to this guide if you haven't installed it.

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

To restore the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB):

- 1 From the File menu in QuickBooks, choose Open or Restore Company. QuickBooks displays the Open or Restore Company window.
- 2 Select Restore a backup copy and click Next.
- 3 Select Local backup and click Next.
- 4 In the Open Backup Copy window, navigate to your c:\QBtrain directory.
- 5 Select the QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB file, and then click Open.
- 6 In the Open or Restore Company window, click Next.

- 7 Navigate to your c:\QBtrain directory.
- 8 In the File name field of the Save Company File as window, type **lesson 5** and then click Save.
- 9 Click OK when you see the message that the file has been successfully restored.

Other account types in QuickBooks

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

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

Tracking credit card transactions

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

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

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

Entering credit card charges

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

Suppose you have a repair charge for \$89.95 you want to enter into QuickBooks. The form you use is the Enter Credit Card Charges form.

To enter a credit card charge:

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

QuickBooks displays the Enter Credit Card Charges window.

The screenshot shows the 'Enter Credit Card Charges - Visa' window. At the top, there are navigation buttons: Previous, Next, Find, Download Card Charges, and Journal. Below these, the 'Credit Card' dropdown is set to 'Credit Cards:Visa' and the 'Ending Balance' is 4,755.00. The 'Purchase/Charge' radio button is selected. The main form area is titled 'Credit Card Purchase/Charge' and contains fields for 'Purchased From' (a dropdown), 'Date' (12/31/2010), 'Ref No.', and 'Amount' (0.00). There is also a 'Memo' field. Below the form, there is a link: 'Are you ready to pay a bill from this credit card company?'. At the bottom, there are two tabs: 'Expenses' and 'Items', both showing '\$0.00'. Below the tabs is a table with columns: Account, Tax, Amount, Memo, Customer:Job, and Billable?. The table is currently empty. At the bottom of the window, there are buttons: 'Clear Splits', 'Recalculate', 'Save & Close', 'Save & New', and 'Clear'.

This is the window where you enter your charges.

- 2 In the Credit Card field, select Credit Card:Visa from the drop-down list (if it's not already selected).
- 3 In the Purchased From field, select Dan's Auto Emporium from the drop-down list.

Notice the Ref No. field. Most credit card receipts have some sort of transaction number near the top, which exists for identification and tracking purposes. Entering this number from a credit card receipt gives you additional information for the credit card charge, but you don't have to use it. You don't need to enter one for this example.

- 4 Click in the Amount field, and then double-click to select the entire amount.
- 5 Type **89.95** and then press Tab.
- 6 Click the Expenses tab if not already selected.
- 7 In the detail area, click in the Account column and assign the charge to the Vehicles: Maintenance and Repair account, as shown in the figure below. (Vehicles is the account; Maintenance and Repair is the subaccount.)
- 8 In the Tax Field type "S", if necessary.

Using other accounts in Quickbooks

Enter Credit Card Charges - Visa

Previous Next Find Download Card Charges Journal

Credit Card: Credit Cards:Visa Ending Balance: 4,755.00

☒ Purchase/Charge ☐ Refund/Credit

Credit Card Purchase/Charge

Purchased From: Dan's Auto Emporium Date: 12/31/2010

Ref No. Amount: 89.95

Memo

Are you ready to pay a bill from this credit card company?

Expenses \$80.31 **Items** \$0.00

Account	Tax	Amount	Memo	Customer:Job	Billable?
Vehicles:Maintena	S	80.31			

GST (ITC) 5.0% 4.02 Edit

PST (BC) on purchases 7.0% 5.62

Clear Splits Recalculate Save & Close Save & New Clear

- 9 Make sure that the date is 12/31/2010 in the date field and then click Save & Close to record the transaction and close the window.

After you record this credit card charge, QuickBooks adds a \$89.95 transaction to the credit card account register (increasing the liability by \$89.95. It also adds \$85.93 to the Vehicles: Maintenance and Repair expense account [\$80.31 + \$5.62 PST]. (You will see the increase when you create reports on their expense accounts.) It also adds \$4.02 to the GST Paid account.

When you record the transaction, QuickBooks creates a journal entry. The following table shows the journal entry for the credit card charge.

Account Title	Debit	Credit
Visa Card		\$89.95
Repair & Maintenance	\$85.93	
GST Paid	\$4.02	

QuickStart Tip

If you used your credit card to purchase expense (you want to pass along the expense to a particular customer), you need to indicate this in the Enter Credit Card Charges window.

For each expense or item you enter on the bottom part of the form, select the appropriate customer in the Customer:Job column. To indicate that this expense should be passed along to the customer, make sure the Billable column has a checkmark in it. This allows the expense to be passed along when you invoice the customer.

Reconciling a credit card statement

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

To reconcile a credit card statement:

- 1 On Home page in the Company area, click on Chart of Accounts.
QuickBooks displays the chart of accounts.
- 2 Click Credit Cards:MasterCard in the list once to select it.
- 3 Click the Activities menu button, and then choose Reconcile Credit Card.

QuickBooks displays the Begin Reconciliation window.

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

- 4 In the Statement Date field, enter 11/30/2010, if necessary.
- 5 In the Ending Balance field, type **3419.98**.

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

- 6 In the date field after the Finance charge field, enter 11/30/2010, if necessary.
- 7 Click Continue.

Using other accounts in Quickbooks

QuickBooks displays the Reconcile Credit Card window.

Reconcile Credit Card - MasterCard

For period: 11/30/2010 ☐ Hide transactions after the statement's end date

Charges and Cash Advances					Payments and Credits					
✓	Date	Ref #	Payee	Amount	✓	Date	Ref #	Memo	Type	Amount
	03/29/2010		Fisher Supp...	301.71						
	04/16/2010		Andre's Me...	85.32						
	04/30/2010	42411	Fisher Supp...	23.79						
	06/14/2010		Fisher Supp...	238.89						
	06/14/2010	42415	Fisher Supp...	550.13						
	07/16/2010		Andre's Me...	85.32						
	07/27/2010		Fisher Supp...	616.54						
	10/16/2010		Andre's Me...	85.32						

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

Beginning Balance 0.00
Items you have marked cleared
0 Payments and Credits 0.00
0 Charges and Cash Advances 0.00

Modify Finance Charge 0.00
Ending Balance 3,419.98
Cleared Balance 0.00
Difference -3,419.98

Reconcile Now Leave

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

Marking cleared transactions

To mark the transactions as cleared:

- 1 In the "Charges and Cash Advances" section of the window, click Mark All.

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

Reconcile Credit Card - MasterCard

For period: 11/30/2010 ☐ Hide transactions after the statement's end date

Charges and Cash Advances					Payments and Credits					
✓	Date	Ref #	Payee	Amount	✓	Date	Ref #	Memo	Type	Amount
✓	03/29/2010		Fisher Supp...	301.71						
✓	04/16/2010		Andre's Me...	85.32						
✓	04/30/2010	42411	Fisher Supp...	23.79						
✓	06/14/2010		Fisher Supp...	238.89						
✓	06/14/2010	42415	Fisher Supp...	550.13						
✓	07/16/2010		Andre's Me...	85.32						
✓	07/27/2010		Fisher Supp...	616.54						
✓	10/16/2010		Andre's Me...	85.32						

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

Beginning Balance 0.00
Items you have marked cleared
0 Payments and Credits 0.00
13 Charges and Cash Advances 3,419.98

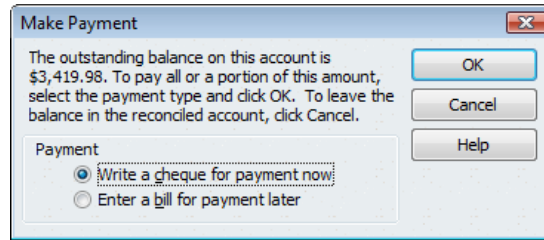
Modify Finance Charge 0.00
Ending Balance 3,419.98
Cleared Balance 3,419.98
Difference 0.00

Reconcile Now Leave

- 2 Since the difference shows, 0.00, you can click Reconcile Now.

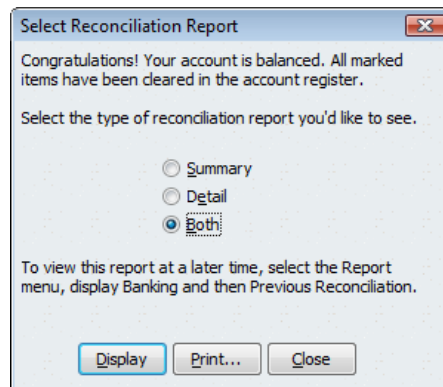
QuickBooks displays the Make Payment window.

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



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

QuickBooks displays the Select Reconciliation Report window.



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

Paying a credit card bill

To write a cheque for the bill now:

- 1 In the Write Cheques window, make sure Chequing is listed as the bank account and the "To be printed" box is selected.

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

Using other accounts in Quickbooks

Write Cheques - Chequing

Bank Account: Chequing Ending Balance: 169,006.83

No. To Print
Date 12/31/2010
\$ 3,419.98

Pay to the Order of

Three thousand four hundred nineteen and 98/100***** Dollars

Address

Memo

Expenses \$3,419.98 Items \$0.00 To be printed

Account	Tax	Amount	Memo	Customer:Job	Billable?
Credit Cards:Mast...		3,419.98			

0.00 Edit
0.00

Clear Splits Recalculate Save & Close Save & New Clear

- Click in the Pay to the Order of field and type MasterCard. When the “Name not found” window appears, click “Quick Add”.

Select Name Type

Select which type of name to add then click OK.

☒ Vendor
☐ Customer
☐ Employee
☐ Other

OK Cancel

- Select Other and click OK.
- Your screen should resemble the following:

Write Cheques - Chequing

Bank Account: Chequing Ending Balance: 169,006.83

No. To Print
Date 12/31/2010
\$ 3,419.98

Pay to the Order of MasterCard

Three thousand four hundred nineteen and 98/100***** Dollars

Address MasterCard

Memo

Expenses \$3,419.98 Items \$0.00 To be printed

Account	Tax	Amount	Memo	Customer:Job	Billable?
Credit Cards:Mast...		3,419.98			

0.00 Edit
0.00

Clear Splits Recalculate Save & Close Save & New Clear

- 5 Click Save & Close to record the transaction. QuickBooks subtracts \$3,419.98 from your chequing account and also subtracts that amount from your credit card account.
- 6 Leave the Chart of Accounts window open, you will need it for the next exercise.

When you record the transaction, QuickBooks creates a journal entry. The following table shows the journal entry for the cheque to MasterCard.

Account Title	Debit	Credit
Chequing		\$3,419.98
MasterCard	\$3,419.98	

Working with asset accounts

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

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

QuickStart Tip Some additional examples of other current assets are accounts receivable, bank accounts, and cash. QuickBooks provides three types of current asset accounts for you to use as you create asset accounts for your company: bank account (to track each bank account as well as petty cash), accounts receivable (to track money owed to your business), and other current asset.

Discuss with students that some additional examples of other current assets are accounts receivable, bank accounts, and cash. QuickBooks provides three types of current asset accounts for you to use as you create asset accounts for your company: bank accounts (to track each bank accounts as well as petty cash), accounts receivable (to track money owed to your business, and other current asset.

Setting up an Other Current Asset account

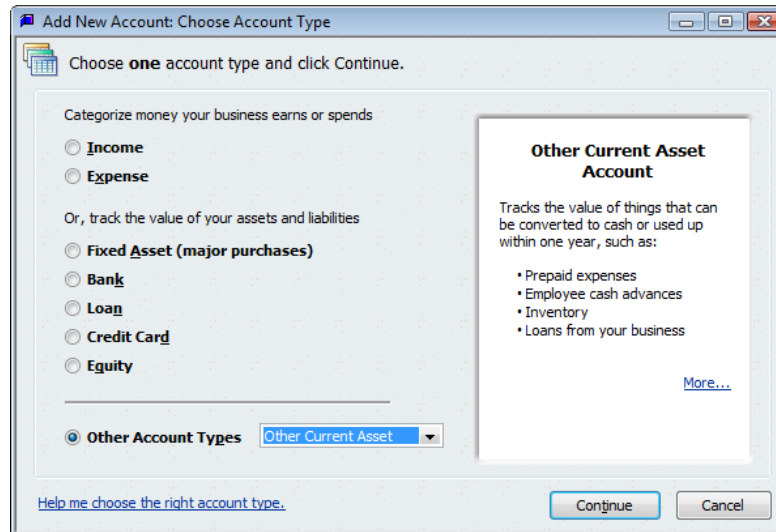
Suppose you need an Other Current Asset account to track a prepaid expense for insurance. (The annual insurance premium is due, which will cover the expense for a year in advance.)

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

Using other accounts in Quickbooks

QuickBooks displays the Add New Account: Choose Account Type window.

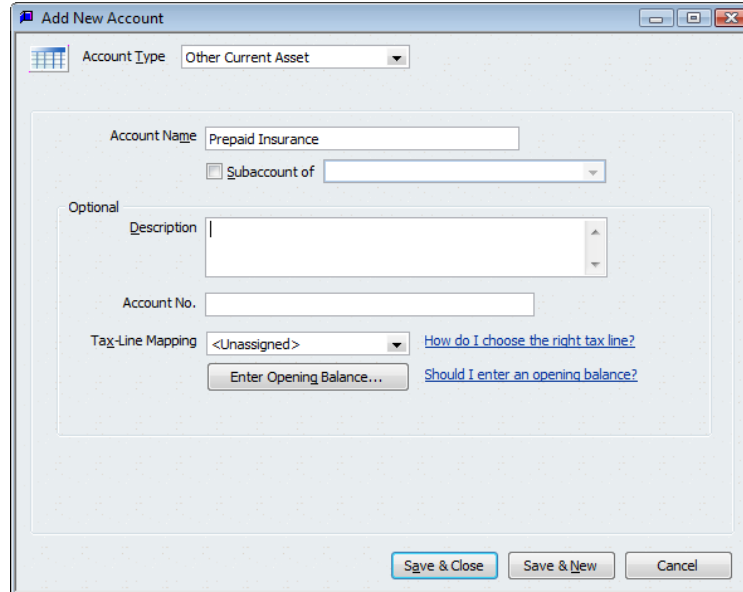
- 2 Click Other Account Types and choose Other Current Asset from the drop-down list.



- 3 Click Continue.

QuickBooks displays the Add New Account window.

- 4 In the Account Name field, type **Prepaid Insurance**.



- 5 Do not enter an opening balance. Click Save & Close.
- 6 In the chart of accounts, make sure Chequing is selected, and then from the banking menu, select Use Register.

The chequing account register is displayed.

Date	Number	Type	Payee Account Memo	Payment	✓	Deposit	Balance
12/15/2010		PMT	Rajyaguru, Kamlesh:Tea and Crumpet Accounts Receivable			45,000.00	173,206.83
12/17/2010		CHQ	Royal Bank -split-	4,200.00			169,006.83
12/31/2010		To Print	MasterCard	3,419.98			165,586.85
12/31/2010		CHQ	Credit Cards:Mastb				
Ending balance							165,586.85

- 7 In the blank transaction at the bottom of the screen, click in the number field and type **106** as the cheque number, press Tab. In the Payee field, select Insurance Experts, and then press Tab. In the payment column type **6000.00** and then press Tab.
- 8 QuickBooks may have already filled in the expense item, but we want to charge this prepayment to the appropriate account. From the drop-down list, select the Prepaid Insurance (Other Current Assets) account and then press Tab.
- 9 In the memo field, type **Annual Premium**.

Your screen should look like this.

Note: Since the prepayment of the insurance premium requires an actual payment by cheque to the insurance company, it is necessary to record the cheque.

Date	Number	Type	Payee Account Memo	Payment	✓	Deposit	Balance
12/15/2010		PMT	Rajyaguru, Kamlesh:Tea and Crumpet Accounts Receivable			45,000.00	173,206.83
12/17/2010		CHQ	Royal Bank -split-	4,200.00			169,006.83
12/31/2010		To Print	Master Card	3,419.98			165,586.85
12/31/2010	106	CHQ	Insurance Experts Prepaid Ins... Annual Premium	6,000.00			
Ending balance							165,586.85

- 10 Click Record and close the chequing account register.

As each month goes by and you use part of that prepaid expense, you can enter each month's Insurance cost (1/12 of the total or \$500.00) as a decrease in the value of the current asset and assign it to the Liability Insurance expense account. You would enter those transactions directly in the register for the Prepaid Insurance asset account.

If you have time, you can have students open the register for the current asset account, and show them how to enter a transaction that decreases the value of the asset. If you don't feel you have time to do this, don't worry: the next section gives students an opportunity to enter transactions in a fixed asset account, and the procedure for a current asset account is very similar.

Setting up asset accounts to track amortization

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

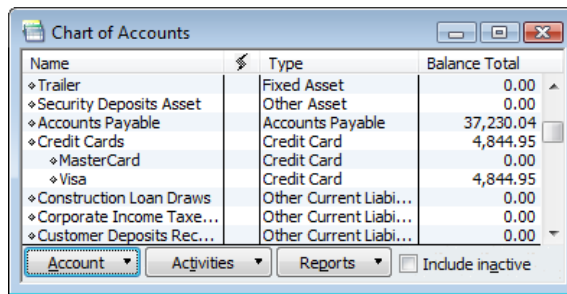
Fixed assets are equipment or property your business owns that are not for sale. Since they last a long time, you don't completely charge their cost to the year in which you buy them. Instead, you spread their cost over several years. But because fixed assets wear out or become obsolete, their value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

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

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

To set up asset accounts to track amortization on a new trailer purchased by White Ridge Construction:

- 1 In the chart of accounts window, click the Account menu button, and then choose New.
QuickBooks displays the Add New Account: Choose Account Type window.
- 2 Select Fixed Asset and click Continue.
- 3 In the Account Name field, type **Trailer**.
Do not enter an opening balance.
- 4 Click Save & Close.
QuickBooks displays the new fixed asset account in the chart of accounts.



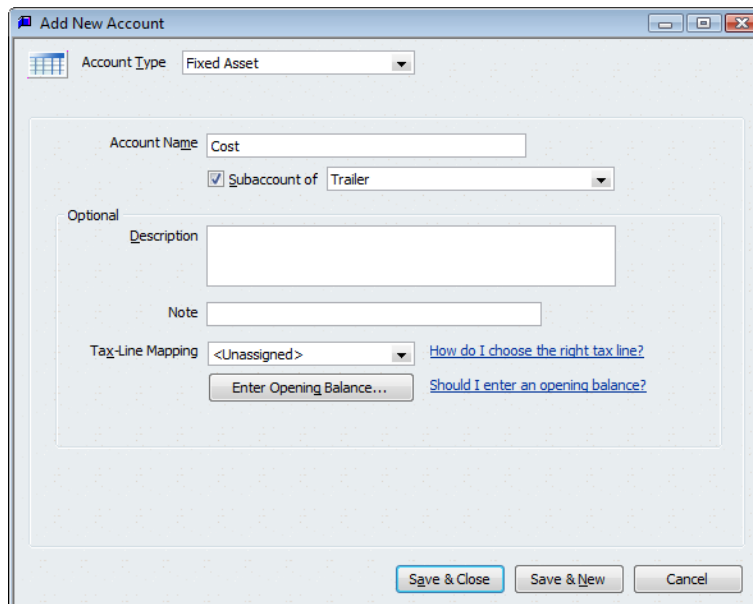
Now you need to add two subaccounts: one for the asset's cost, and the other for amortization.

To add subaccounts:

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

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

Your screen should resemble the following figure.



Using other accounts in Quickbooks

- 6 Click Save & New.
- 7 Repeat steps 3, 4, and 5 to add a second subaccount to the Trailer fixed asset account. Call the subaccount “Accumulated Amortization,” and do not enter an opening balance. The Add New Account window should look like this.

Account Type: Fixed Asset

Account Name: Accumulated Amortization

☒ Subaccount of: Trailer

Optional

Description: [Empty field]

Note: [Empty field]

Tax-Line Mapping: <Unassigned> [How do I choose the right tax line?](#)

[Should I enter an opening balance?](#)

- 8 Click Save & Close to save the Accumulated Amortization subaccount.

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

Name	Type	Balance Total
Trailer	Fixed Asset	0.00
Accumulated Amorti...	Fixed Asset	0.00
Cost	Fixed Asset	0.00
Security Deposits Asset	Other Asset	0.00
Accounts Payable	Accounts Payable	37,230.04
Credit Cards	Credit Card	4,844.95
MasterCard	Credit Card	0.00
Visa	Credit Card	4,844.95
Construction Loan Draws	Other Current Liabi...	0.00

Account: [Dropdown] Activities: [Dropdown] Reports: [Dropdown] ☐ Include inactive

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

Entering amortization transactions

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

Determining the amount of amortization to deduct can be a complex process and the CRA rules on the subject change often. Students should ask a competent advisor for help in figuring actual amortization amounts for tax purposes.

To enter a transaction for amortization:

- 1 In the chart of accounts, select the Accumulated Amortization subaccount for the Trailer.
- 2 Click the Activities menu button, and then choose Use Register.

QuickBooks displays the register for the Trailer:Accumulated Amortization asset account.

- 3 In the Decrease column, type **1300** and press Tab. This is the amortization amount.
- 4 In the Account field, select Amortization Expense from the drop-down list.

Your register should resemble the following figure.

Trailer: Accumulated Amortization

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

Date	Ref Type	Payee Account Memo	Decrease		Increase	Balance
12/31/2010	[Icon] Ref GENJRNL	Payee Amortization Exp Memo	1,300.00	✓	Increase	

Splits Ending balance 0.00

☐ 1-Line Sort by Date, Type, Number / ... Record Restore

- Click Record.
- Close the register window.

When you record the transaction, QuickBooks does the following:

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

When you purchase an asset and pay for it with a company cheque or credit card, you should enter the purchase in the Write Cheques or Enter Credit Card Charges window. Then, in the Account field, choose the account for the asset.

Working with liability accounts

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

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

QuickStart Tip

Some additional examples of other current liabilities are accounts payable, credit card accounts, accrued sales tax, and accrued payroll. QuickBooks provides three types of current liability accounts for you to use as you create liability accounts for your company: credit card (to track credit card charges and payments), accounts payable (to track money owed by your business), and other current liability.

Tracking a loan with a long-term liability account

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

To add a long-term liability account:

- 1 In the chart of accounts, click the Account menu button, and then choose New.
- 2 In the Add New Account window, select Other Account Types, and then choose Long Term Liability from the drop-down list.
- 3 Click Continue.
- 4 In the Account Name field, type **Trailer Loan**.
- 5 Do not enter an opening balance.

Your screen should resemble the figure below.

- 6 Click Save & Close.

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

Name	Type	Balance Total
Trailer Loan	Long Term Liability	0.00
Capital Stock	Equity	0.00
Dividends Paid	Equity	0.00
Opening Bal Equity	Equity	2,833.60
Owners Draw	Equity	0.00
Retained Earnings	Equity	0.00
Shareholder Distributions	Equity	0.00
Construction Income	Income	0.00
Rental Income	Income	0.00

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

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

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

QuickBooks displays the Trailer:Cost register.

Using other accounts in Quickbooks

The screenshot shows the 'Trailer:Cost' window in QuickBooks. The window has a menu bar with 'Go to...', 'Print...', 'Edit Transaction', and 'QuickReport'. Below the menu bar is a table with columns: Date, Ref, Type, Account, Memo, Payee, Decrease, Increase, and Balance. The first row is for the date 12/31/2010. The 'Ref' column is empty, and the 'Type' column is set to 'Payee'. The 'Account' column is set to 'Account', and the 'Memo' column is set to 'Memo'. The 'Decrease' column is set to 'Decrease', and the 'Increase' column is set to 'Increase'. The 'Balance' column is empty. At the bottom of the window, there is a 'Splits' button, a 'Line' checkbox, a 'Sort by' dropdown menu set to 'Date, Type, Number/...', and 'Record' and 'Restore' buttons. The 'Ending balance' is shown as 0.00.

- 2 In the Increase field, type **30,000**.
 - 3 In the Account field, select the Trailer Loan liability account from the drop-down list. Make sure that you select the Trailer Loan long term liability account, not the Trailer fixed asset account.
 - 4 Click Record.
- Your screen should resemble the following.

The screenshot shows the 'Trailer:Cost' window in QuickBooks after the transaction has been recorded. The window has the same menu bar and table as the previous screenshot. The first row is for the date 12/31/2010. The 'Ref' column is set to '3', and the 'Type' column is set to 'GENJRL'. The 'Account' column is set to 'Trailer Loan', and the 'Memo' column is empty. The 'Decrease' column is empty, and the 'Increase' column is set to '30,000.00'. The 'Balance' column is set to '30,000.00'. At the bottom of the window, the 'Ending balance' is shown as 30,000.00. The 'Record' and 'Restore' buttons are still present.

- 5 Close the register window.
- 6 Close the chart of accounts.

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

Tracking fixed assets

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

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

To create a fixed asset item:

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

QuickBooks displays the Fixed Asset Item list.

Name	Purchase D...	Purchas...	Account	Cost
♦Computers	01/03/2008	3 -- HL 9...	Property Pla...	6,590.00
♦Software	01/03/2008	QuickBoo...	Property Pla...	400.00
♦Software 2009	12/15/2008	QuickBoo...	Property Pla...	400.00
♦Tools	01/04/2008	Porter De...	Property Pla...	46,546.00

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

QuickBooks displays the New Item window.

The item type is preset as Fixed Asset.

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

Using other accounts in Quickbooks

- 4 Enter the following information to complete the Purchase Information section:

Item is: **new**

Purchase Description: **Trailer**

Date: **12/31/2010**

Cost: **30,000**

Vendor/Payee: **East Vancouver Auto Mall**

The New Item window should look like the following graphic.

The screenshot shows the 'New Item' window in QuickBooks. The 'Type' dropdown is set to 'Fixed Asset'. The 'Asset Name/Number' field contains 'Trailer'. The 'Purchase Information' section has 'Purchase Description' set to 'Trailer', 'Item is' set to 'new', 'Date' set to '12/31/2010', and 'Cost' set to '30,000.00'. The 'Vendor/Payee' field is set to 'East Vancouver Auto Mall'. The 'Sales Information' section has 'Sales Description' empty, 'Item is sold' unchecked, 'Sales Date' empty, 'Sales Price' set to '0.00', and 'Sales Expense' set to '0.00'. The 'Asset Information' section has 'Asset Description' empty, 'Location' empty, 'PO Number' empty, 'Serial Number' empty, and 'Warranty Expires' empty. There are buttons for 'OK', 'Cancel', 'Next', 'Custom Fields', and 'Spelling' on the right side.

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

Asset Description: **White trailer with company logo**

Serial Number: **123456789**

Warranty Expires: **12/31/2015**

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

The New Item window should look like the following graphic.

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

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

Recording a payment on a loan

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

To record a payment on a loan:

- 1 From the Banking menu, choose Write Cheques.
QuickBooks displays the Write Cheques window.
- 2 In the Pay to the Order of field, type **The Provincial Bank** and press Tab. If the "Name not found" message appears, click "Quick Add". In the next window accept Vendor and click OK.
- 3 For the dollar amount of the cheque, type **500.00**.
- 4 Click the Expenses tab, and then click in the Account column and choose the Interest & Bank Charges:Loan Interest expense account from the drop-down list.

Using other accounts in QuickBooks

- 5 In the Amount column highlight the amount that QuickBooks prefilled and then type **225.00**.
- 6 Assign the remainder of the expense (**275.00**) to the Trailer Loan liability account.

The screenshot shows the 'Write Cheques - Chequing' window. At the top, the 'Bank Account' is 'Chequing' with an 'Ending Balance' of 159,586.85. The cheque is for \$500.00, dated 12/31/2010, payable to 'The Provincial Bank'. The amount is written in words as 'Five hundred and 00/100*'. The 'Expenses' section shows a total of \$500.00, split into two items: 'Interest & Bank C...' for \$225.00 and 'Trailer Loan' for \$275.00. The 'Trailer Loan' account is highlighted in the list. The window also includes buttons for 'Previous', 'Next', 'Print', 'Find', 'Order Cheques', 'Clear Splits', 'Recalculate', 'Save & Close', 'Save & New', and 'Clear'.

- 7 Click Save & Close to record the payment.
- 8 If the Job costing window displays, click the box to not display the window again, and then click Yes.

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

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

When you record the transaction, QuickBooks creates a journal entry. The following table shows the journal entry for the trailer loan payment.

Account Title	Debit	Credit
Chequing		\$500.00
Loan Interest	\$225.00	
Trailer Loan	\$275.00	

Understanding equity accounts

Many students will see the equity accounts QuickBooks automatically adds for them, and wonder what equity is all about. Equity can be a complicated subject, especially for newer business owners, and a complete discussion of it is not the focus of this lesson. This section introduces the subject of equity, and helps students understand why QuickBooks creates the two default equity accounts.

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

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

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

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

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

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

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

QuickStart

A common use of an equity account is to record an owner's draw (a payment you make to yourself). To record an owner's draw, use the Write Cheques window to make out a cheque to yourself. In the detail area of the cheque, assign the amount of the cheque to the equity account you use to record owner draws.




LESSON 6

Entering sales information

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Lesson objectives

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

Supporting materials

- Handout 4: QuickBooks item types
- PowerPoint file: Lesson 6
- Video tutorial: Items (products & services you sell)
- Video tutorial: Create an invoice
- Video tutorial: Generate a sales receipt
- Video tutorial: Create a statement

Instructor preparation

- Review this lesson, including the examples, to make sure you're familiar with the material.
- Ensure that all students have a copy of QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB on their computer's hard disk.
- Have Handout 4 ready for distribution.

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB) on your hard disk. See “Installing the exercise file” in the Introduction to this guide if you haven’t installed it.

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

To restore the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB):

- 1 From the File menu in QuickBooks, choose Open or Restore Company. QuickBooks displays the Open or Restore Company window.
- 2 Select Restore a backup copy and click Next.
- 3 Select Local backup and click Next.
- 4 In the Open Backup Copy window, navigate to your C:\QBtrain directory.
- 5 Select the QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB file, and then click Open.
- 6 In the Open or Restore Company window, click Next.
- 7 Navigate to your C:\QBtrain directory.
- 8 In the File name field of the Save Company File as window, type **lesson 6** and then click Save.
- 9 Click OK when you see the message that the file has been successfully restored.

Using sales forms in QuickBooks

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

You use a credit memo when a customer returns merchandise for which you’ve already entered a payment or a cash sale. This lesson shows students how to use invoices and sales receipts.

When to use different types of sales forms

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

For payment in the future

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

To display a completed invoice form in QuickBooks:

- 1 From the Customers menu, choose Create Invoices.

QuickBooks displays the Create Invoices window.

- 2 Click Previous to display the previously created invoice.

Customer: Job
Greene, Jeremy: Kitchen ...

Template: Intuit Product Invoice

Date: 12/31/2010 Invoice #: 14

Ship To: Ship To 1
Greene, Jeremy
133 Sunnyside Blvd
Vancouver, BC
V2H 1S0

Quantity	Item	Description	Price Each	Amount	Tax
1	Direct Materials...	Cabinetry & Countertops Materials	6,000.00	6,000.00	G

Customer Message: GST 5.0% 300.00

Total: 6,300.00

Payments Applied: 0.00
Balance Due: 6,300.00

Buttons: Previous, Next, Print, Send, Find, Spelling, History, Letters, Save & Close, Save & New, Revert

If you own a business that sells products, like White Ridge Construction, your invoice lists the products purchased by the customer, the amount charged for each item, and any sales tax you need to apply.

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

- 3 Close the Create Invoices window.

For payment at the time of sale

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

To display a completed sales receipt in QuickBooks:

- 1 From the Customers menu, choose Enter Sales Receipts.
- 2 If the Integrated Payment Process window appears, click No Thanks or Show me later. QuickBooks displays the Enter Sales Receipts window.
- 3 Click the Previous button to view the previously entered sale.

Enter Sales Receipts

Customer: Job
Greene, Jeremy: Kitchen ...

Template: Custom Sales Receipt

Date: 12/16/2010 Sale No.: 15

Sales Receipt

Sold To:
Greene, Jeremy
133 Sunnyside Blvd
Vancouver, BC
V2H 1S0

Cheque No.: 1246 Payment Method: Cheque

Item	Description	Qty	Rate	Amount	Tax
Direct ...	Plumbing Fixtures	1	159.95	159.95	\$

Customer Message: [Dropdown]

GST 5.0%: 8.00
PST (BC) 7.0%: 11.20
Total: 179.15

☐ To be printed ☐ To be e-mailed

Memo: [Text Area]

Add Time/Costs...

Deposit To: Undeposited Funds

Save & Close Save & New Revert

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

- 4 Close the Enter Sales Receipts window.

Using statements to bill customers

Another option for billing customers is to send statements. Statements are ideal if you want to accumulate charges before requesting payment, or if you assess a regular monthly charge.

Billing statements list the charges a customer has accumulated over a period of time.

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

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

Understanding statement limitations

In QuickBooks, statements have the following limitations:

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

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

Choosing a template for sales forms

QuickBooks has eight different templates for invoices. The invoices available depend on which version of QuickBooks you are using, and the type of company you set up. For more information, search the onscreen help for *invoice template*.

The templates include:

- Intuit Professional Invoices – Use these templates if you sell services and need a lot of room for descriptions of your services. There are three types of Professional Invoices: Attorney's, Fixed Fee and Professional.
- Intuit Product Invoice – Use this template if you sell parts or products and need fields relevant to shipping.

- Intuit Service Invoice – Use this template if you primarily sell services but occasionally sell goods.
- Invoice from Proposal – Use this form to create an invoice from an Estimate.
- Time and Expense Invoice – Use this invoice to bill time and expenses to a customer.
- Intuit Packing Slip – Use this invoice when shipping goods to a customer.

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

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

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

Filling in a sales form

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

Filling in the customer information

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

To enter customer information on an invoice:

- 1 On the Home page in the Customers area, click Create Invoices.
Ensure that the new invoice has the current date (12/31/2010) entered in the Date field, and the next invoice number assigned in the Invoice # field is 16. If not, click in the Invoice # field, and click the + or - sign until the number is 16, click Tab. QuickBooks will then pick up the new number format for the next invoices.
- 2 In the Template field, select Intuit Service Invoice from the drop-down list.
- 3 In the Customer:Job field, click the arrow next to the drop-down list.
QuickBooks shows you a list of White Ridge Construction's existing customers and jobs.
- 4 Choose Greene, Jeremy:Kitchen Renovation for the customer and job.

Because this name has already been entered on the Customer:Job list, QuickBooks knows the billing name, the address, and the payment terms. It provides this information for you on the top half of the form.

If the “Customer:Job has an Estimate and Available Sales Orders” screen appears, click Cancel.

If the Billable Time/Costs window appears, close it.

Filling in the line item area

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

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

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

White Ridge Construction has already entered the items for which it bills customers on its Item List.

To complete the line item area of an invoice:

- 1 In the Item field, type the letters **dir** (for Direct Labour).

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

- 2 Choose Direct Labour:Design Services from the drop-down list that appears.

When you accept a QuickFill entry, QuickBooks fills in other information about the item, like its description and rate. In this case, QuickBooks displays “Design Services” in the Description column and a rate of \$50 per hour. All you have to do is enter the number of hours.

Entering sales information

If the Sales Tax Codes message appears, click OK.

- 3 Type **20** in the Quantity column.
- 4 Type **G** in the Tax column.
- 5 Press Tab to have QuickBooks update the invoice total.

Item	Qty	Description	Rate	Class	Amount	Tax
Direct Labour:...	20	Design Services	50.00		1,000.00	G

Completing the sales form

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

To complete and record the invoice:

- 1 Click the Print Preview button at the top right corner of the screen.

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

Invoice

Date	Invoice #
12/31/2010	16

Invoice To Green, Jeremy 1515 Sunnyside Blvd Vancouver, BC V2H 1S0	<table border="1" style="width: 100%;"> <tr> <th>P.O. No.</th><th>Terms</th><th>Project</th></tr> <tr> <td></td><td>Net 15</td><td>Kitchen Renovation</td></tr> </table>	P.O. No.	Terms	Project		Net 15	Kitchen Renovation
P.O. No.	Terms	Project					
	Net 15	Kitchen Renovation					

Qty	Description	U/M	Rate	Amount
20	Design Services		50.00	1,000.00
	GST On Sales 5.0%		5.00%	50.00
Total				\$1,050.00

GST/HST No. 123456789

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

QuickBooks records the invoice in your accounts receivable register. If this were a sales receipt, QuickBooks would record the sale in your Undeposited Funds account until you deposit the money at the bank, or record a deposit in the bank account you specified in the Enter Sales Receipts window.

Note: The option to select an account into which you want to deposit the payment is only available when the Sales & Customers preference “Use Undeposited Funds as a default deposit to account” is turned off.

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

To see the Accounts Receivable register:

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

QuickBooks displays the chart of accounts.

- 2 In the chart of accounts, double-click the Accounts Receivable account.

QuickBooks displays the accounts receivable register.

Date	Number	Customer	Item	Qty	Rate	Amt Chrg	Amt Paid
	Type	Description				Billed Date	Due Date
12/15/2010	12	Uchman, Roy	INV			30,509.33	12/15/2010
12/31/2010	14	Greene, Jerem	INV			6,300.00	12/31/2010
12/31/2010	16	Greene, Jerem	INV			1,050.00	01/15/2011

☐ 1-Line ☐ Show open balance Ending balance 23,312.93
 Sort by: Date, Type, Number/...

- 3 Select the sale we just recorded in the register (for Jeremy Greene).
- 4 Double-click the entry.

When you double-click an entry in a register, QuickBooks displays the original form (in this case, the invoice).

Keep the invoice window open; you'll use it in the next exercise.

QuickStart Tip

When you've been using QuickBooks for a while and need to find a particular invoice, you can use the QuickBooks Find command. Suppose you want to search for the invoices you wrote to three particular customers.

Here's how you'd find those using the Find command:

- 1 With the Create Invoices window open, choose Find Invoices from the Edit menu and then click the Advanced button in the Find Invoices window.
- 2 In the Find window, select Transaction Type from the list of filters, and then select Invoice from the list of transaction types.
- 3 Select Name from the list of filters, and then choose Multiple names from the Name drop-down list.
- 4 In the window that appears, ensure that Manual is selected and then click the names and jobs of the three customers. Click OK, and then click Find. QuickBooks finds all the invoices written to those particular customers.

You can also find a particular customer invoice by scrolling through the customer register for that customer. (Right-click that customer's name in the Customers & Jobs List and choose Use Register.) If you know the invoice number, you can sort the customer register by number rather than date to find an invoice more quickly. (You can change the sort order by selecting a different order in the Sort By field in the register window.)

Another way to find an invoice for a particular customer is to click Find in the Create Invoices window. You can then enter a customer:job name, a date range, an invoice number, or an amount that QuickBooks can use to locate an invoice or invoices. (This functionality is available for eight common QuickBooks forms.)

Make sure students keep this invoice displayed on screen. You'll show them how to memorize it in the next lesson.

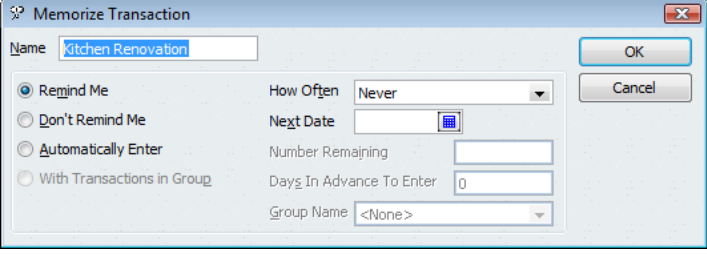
Memorizing a sale

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

To memorize the invoice:

- 1 Make sure you have the invoice you want to memorize displayed on your screen. For this exercise, use the design services invoice you just created.
- 2 From the Edit menu, choose Memorize Invoice.

QuickBooks displays the Memorize Transaction window.



The "Memorize Transaction" dialog box is shown. The "Name" field contains "Kitchen Renovation". The "Remind Me" radio button is selected. The "How Often" dropdown is set to "Never". The "Next Date" field is empty. The "Number Remaining" field is empty. The "Days In Advance To Enter" field is set to "0". The "Group Name" dropdown is set to "<None>". There are "OK" and "Cancel" buttons.

- 3 Type a description that helps you recognize the memorized invoice, or keep the default description QuickBooks has provided. For this exercise change the name to Greene - Kitchen Renovation.

You can enter any description you like. Notice that you can also have QuickBooks remind you when to use the memorized transaction (for an invoice you always send at the end of the month, for example). For this exercise leave the How Often field on "Never"

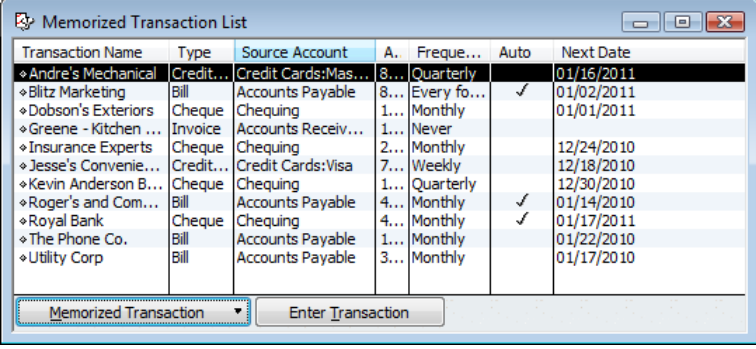
- 4 Click OK.
- 5 Close the Create Invoices, Accounts Receivable, and the Chart of Accounts windows.

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

To recall a memorized sale:

- 1 From the Lists menu, choose Memorized Transaction List.

QuickBooks displays the Memorized Transaction List window.



The "Memorized Transaction List" window displays a table of memorized transactions. The table has columns: Transaction Name, Type, Source Account, A., Freque..., Auto, and Next Date. The first transaction is "Andre's Mechanical" with a type of "Credit...", source account of "Credit Cards:Mas...", frequency of "8...", and next date of "01/16/2011".

Transaction Name	Type	Source Account	A.	Freque...	Auto	Next Date
Andre's Mechanical	Credit...	Credit Cards:Mas...	8...	Quarterly		01/16/2011
Blitz Marketing	Bill	Accounts Payable	8...	Every fo...	✓	01/02/2011
Dobson's Exteriors	Cheque	Chequing	1...	Monthly		01/01/2011
Greene - Kitchen ...	Invoice	Accounts Receiv...	1...	Never		
Insurance Experts	Cheque	Chequing	2...	Monthly		12/24/2010
Jesse's Convenie...	Credit...	Credit Cards:Visa	7...	Weekly		12/18/2010
Kevin Anderson B...	Cheque	Chequing	1...	Quarterly		12/30/2010
Roger's and Com...	Bill	Accounts Payable	4...	Monthly	✓	01/14/2010
Royal Bank	Cheque	Chequing	4...	Monthly	✓	01/17/2011
The Phone Co.	Bill	Accounts Payable	1...	Monthly		01/22/2010
Utility Corp	Bill	Accounts Payable	3...	Monthly		01/17/2010

At the bottom of the window, there is a "Memorized Transaction" dropdown menu and an "Enter Transaction" button.

- 2 Double-click the transaction you just added.

QuickBooks displays the Create Invoices window, with the information you memorized displayed on the form. It gives you a new invoice number and displays the current date. You can modify the information as you wish, but for this exercise change the date to 12/31/2010.

- 3 Click Save & Close to record the invoice.
- 4 If a warning message regarding the customer's credit limit is displayed, click Yes.
- 5 Press the Esc key to close the Memorized Transaction list.

Entering a new service item

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

White Ridge Construction already has a service item called Repairs that it uses when it wants to charge for general repair work. Suppose White Ridge wants to add a subitem for plumbing repairs to the Item List. (The company charges a higher rate for plumbing repairs, so it wants a separate item for it on its Item List.)

Have students refer to Handout 4 for a review of the types of items they can add to the Item List.

To create a new service item:

- 1 From the Customers menu, choose Item List.

QuickBooks displays the Item List for White Ridge Construction.

Name	Description	Type	Account	On Hand	On Sales ...	Price
Const. ...	Construction Draw	Service	Construction Income			0.00
Direct L...		Service	Direct Cost of Good...			0.00
Admi...	Administration Labour - Job R...	Service	Construction Income			0.00
Cabi...	Cabinetry & Countertops	Service	Construction Income			
Clea...	Clean Up Labor	Service	Construction Income			40.00
Dem...	Demolition Labor	Service	Construction Income			0.00
Desi...	Design Services	Service	Construction Income			50.00
Driv...	Concrete Drives/Walks Labor	Service	Construction Income			0.00
Dry...	Drywall Labor	Service	Construction Income			0.00
Elect...	Electrical Labor	Service	Construction Income			50.00
Exte...	Exterior Finish Labor	Service	Construction Income			0.00
Exte...	Exterior Windows & Doors	Service	Construction Income			
Final...	Final Grading	Service	Construction Income			0.00
Fire...	Fireplaces & Trim	Service	Construction Income			

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

QuickBooks displays the New Item window.

Note: The options available in the Type list depend on the version of QuickBooks you are using. You must be using a QuickBooks: Premier or higher edition product to see Inventory Assembly listed as an item type.

- 3 In the Type field, select Service from the drop-down list.
- 4 In the Item Name/Number field, type **Plumbing**.
- 5 Click the “Subitem of” checkbox to select it.
- 6 In the drop-down list below the “Subitem of” field, select Direct Labour: Plumbing Labour.
- 7 In the Description field, type **Plumbing repairs and maintenance** and press Tab.
- 8 In the Rate field, type **55**.
- 9 In the Tax Code drop-down list, select G.

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

- 10 In the Account field, select Construction Income from the drop-down list.

Entering sales information

Your screen should look like the following figure.

New Item

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

Item Name/Number: Plumbing (Subitem of: Direct Labour:Plumbi...)

Unit of Measure: Enable...

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

Description: Plumbing Repairs & Maintenance Rate: 55.00 Tax Code: G Account: Construction Inc

[How can I set rates by customers or employees?](#)

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

- Click OK to add the new item to White Ridge Construction's Item List.

Item List

Look for: in All fields Search Reset Search with

Name	Description	Type	Account	On Hand	On Sales ...	Price
Plumbing L...	Plumbing Labour	Service	Construction Income			0.00
Plumbing	Plumbing Repairs & Maint...	Service	Construction Income			55.00
Roofing La...	Roofing Labor	Service	Construction Income			0.00
Safety Tra...	Safety Training - Job Rel...	Service	Construction Income			0.00
Supervisio...	Supervision Labor	Service	Construction Income			75.00
Tile Labor	Tile Labor	Service	Construction Income			0.00
Warranty ...	Warranty Service	Service	Construction Income			0.00
Finished Ren...		Service	Construction Income			0.00
Indirect Labour		Service	Construction Income			0.00
Meetings	Team Meetings	Service	Construction Income			0.00
Office Ad...	Office Administration	Service	Construction Income			0.00
Project Ma...	Project Management - No...	Service	Construction Income			0.00
Retention	Amount of Retainage	Service	Construction Income			0.00
WIP Trans		Service	Construction Income			0.00

Buttons: Item, Activities, Reports, Excel, Include inactive

- Close the Item List.

Now that the new item is on the Item List, White Ridge Construction can invoice for plumbing repairs separate from its general repair work. It can also create sales reports that show sales for general repairs separate from sales for plumbing repairs.

QuickStart
Tin

To offer a discount on an invoice (or other sales form) at the time of sale (for example, for a senior discount), create a “discount” type item and enter it as a line on the form. If the discount is to apply to more than one item, first use a “subtotal” type item to calculate the total of the items. Then, enter the discount item beneath the subtotal.

Using multiple price levels

In the last exercise, you set up a new service item for White Ridge Construction and assigned a price to that item. Sometimes businesses want to vary an item's price based on who they are selling to. For example, White Ridge Construction charges different prices depending on whether it is selling to a residential or a commercial customer.

You can associate price levels with specific customers so that each time you create an invoice (or estimate, sales receipt, credit memo, or sales order) for that customer, QuickBooks uses the appropriate price level when calculating rates and amounts on the form. Price levels make it easy to use different rates on sales forms without having to calculate percentage amounts manually. Price levels affect amounts for service, inventory, non-inventory part, and inventory assembly items only. (Inventory assembly items are available in QuickBooks: Premier and higher.)

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

Creating new price levels

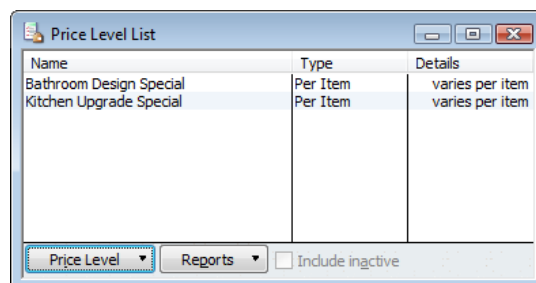
White Ridge Construction charges its residential customers the base sales price it set up on its Item List. The company charges its commercial customers 10 percent less than the base sales price. In this exercise, you'll create a new price level for White Ridge Construction to use to reduce the sales amount for its commercial customers.

For each price level you create, you assign a name and percentage increase or decrease to the item's base sales price. You can create up to 100 price levels to use on invoices, sales receipts, estimates, and credit memos.

As described later in the lesson, QuickBooks: Premier editions also allow you to set up Per Item price levels.

To create a new price level:

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



- 2 From the Price Level menu button, choose New.
- 3 In the Price Level Name field type **Commercial**.

Note: The Price Level Type field is selectable only with QuickBooks: Premier or higher. **If you're using QuickBooks: Premier or higher, select "Fixed %" from the Price Level Type drop-down list.**

- 4 Leave "decrease" selected in the "This price level will" field, and then type **10** in the "item prices by" field. Always enter the percentage as a positive number.
- 5 From the "Round up to nearest" drop-down list, choose "1.00 minus .01."

This option rounds all the prices to the nearest dollar amount minus one cent, for example, \$10.00 rounds to \$9.99. With QuickBooks, you can round your prices to the nearest whole cent, or you can precisely determine the amount by creating a user defined option.

Your window should look like the following.

New Price Level

Price Level Name: ☐ Price Level is inactive

Price Level Type: Use this type of price level to apply a fixed percentage increase or decrease to all your standard sales prices when setting up prices for different customers or jobs.

This price level will: item prices by:

Round up to nearest:

[How do I print a report?](#)

- 6 Click OK.

Your screen should now resemble the following.

Name	Type	Details
Commercial	Fixed %	-10.0%
Bathroom Design Special	Per Item	varies per item
Kitchen Upgrade Special	Per Item	varies per item

Price Level: Reports: ☐ Include inactive

- 7 Close the Price Level List.

Associating price levels with customers/or customer:job

When you assign price levels to customers, QuickBooks calculates rates and amounts on sales forms based on the price level associated with that customer/or customer:job.

To associate a price level with a customer:job

- 1 Click Customer Centre on the icon bar.
- 2 In the Customers & Jobs list, select Rajyaguru Kamlesh:Tea and Crumpets Room
- 3 Click Edit Job, and then click the Additional Info tab.
- 4 From the Price Level drop-down list, choose Commercial.

Your screen should look like this.

The screenshot shows the 'Edit Job' window with the following details:

- Job Name:** Tea and Crumpets Room
- Current Balance:** 10,104.00
- Link:** [How do I adjust the current balance?](#)
- Tabs:** Address Info, **Additional Info**, Payment Info, Job Info
- Price Level:** Commercial (dropdown menu)
- Customer Type:** From advertisement (dropdown menu)
- Preferred Send Method:** None (dropdown menu)
- Custom Fields:**
 - Spouse's Name: [text box]
 - Customer Since: [text box]
 - Contact's Birthday: [text box]
 - Website: [text box]
 - Define Fields:** [button]
- Right Side Controls:**
 - OK** [button]
 - Cancel** [button]
 - Notes** [button]
 - Help** [button]
 - ☐ **Job is inactive**

- 5 Click OK to close the Edit Job window and save your changes.

Leave the Customer Centre open for the next exercise.

Using price levels on sales forms

In this section, you'll create an invoice for the customer job with which you just associated the Commercial price level to see how the price level affects amounts on the form.

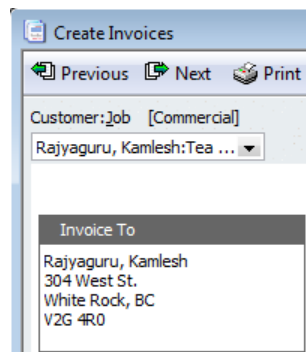
To use a price level associated with a customer or customer:job:

- 1 Make sure Rajyaguru Kamlesh:Tea and Crumpets Room is selected in the Customers & Jobs list.
- 2 Click the New Transactions menu button and choose Invoices from the drop-down list.
- 3 Press Tab.

If the Available Estimates window appears, click Cancel.

If the Billable/Time costs window appears, close it.

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



- 4 Choose Intuit Service Invoice from the Template drop down list.
- 5 Click in the Item column, type **dir** for Direct Labour, and choose Clean Up Labour from the drop-down list. If you don't see the Item column, make sure you are using the Service Invoice template.
- 6 In the Quantity field, type **10**, and in the Tax field, choose **G**.
- 7 Click below Clean Up Labour in the Item field and choose Direct Labour:Design Services from the drop-down list.
- 8 In the Quantity field, type **5**, in the Tax field, choose **G** and then press Tab.

Your screen should look like this.

Customer: Job [Commercial]
Rajyaguru, Kamlesh:Tea ...

Template: Intuit Service Invoice

Date: 12/31/2010 Invoice #: 18

Invoice To:
Rajyaguru, Kamlesh
304 West Street
White Rock, BC
V2G 4R0

Item	Qty	Description	Rate	Class	Amount	Tax
Direct Labour:Clean Up La...	10	Clean Up Labour	35.99		359.90	G
Direct Labour:Design Servi...	5	Design Services	44.99		224.95	G
					GST 5.0%	29.24
						0.00
Total					614.09	

Customer Message: []

Payments Applied: 0.00
Balance Due: 614.09

Customer Tax Code: G

Memo: []

Buttons: Save & Close, Save & New, Clear

- 8 Keep the invoice open and choose Item List from the Lists menu.
- 9 In the Item List, go to Direct Labour:Clean Up Labour. Note that the price for this labour is \$40.00, but the rate on the invoice is \$35.99—10 percent less than the base sales price rounded to the nearest dollar minus one cent. QuickBooks has automatically reduced the rate on the invoice by 10 percent and rounded the amount according to your price level setting.

Note: You can set up QuickBooks to round rates up to the nearest cent. You can set the rounding option for a rate from the Price Level List. See “Creating new price levels” on page 158.
- 10 In the Item List, scroll to the Design Services item and note that the base sales price is \$50—10 percent greater than the rate listed on the invoice using the Commercial price level. It appears on the invoice as \$44.99, including the discount and rounding settings.
- 11 Close the Item List.
- 12 Record the invoice by clicking Save & Close.
- 13 Close the customer centre.

Assigning price levels to individual line items

In addition to associating price levels with customers/or customer:jobs, you can also use price levels on an individual basis on sales forms. The following are some examples of when you might want to do this.

- You've associated a price level with a customer, but want to charge the base sales price for an item on a sale to that customer.
- You want to use a price level for one or more items, but you don't want to assign a price level to the customer for whom you're recording the sale.

To apply a price to a single line item:

- 1 In a sales form with line items (for example, the invoice you just created), click in the Rate column and select the price level you want to use from the drop-down list that displays.
- 2 When you move out of that field on the form, QuickBooks recalculates the amount and balance due.

Note: If you use QuickBooks: Premier, you can refine your price levels even further by setting price levels for select items. For example, you could give a particular customer or group of customers an extra discount for a specific item or group of items as shown in the following graphic. To display the following window, Choose Price Level List from the Lists menu, select Kitchen Upgrade Special, click the Price Level button, and then select Edit Price Level.

Item	Cost	Standard ...	Custom Price
Direct Labour		0.00	
Direct Labour:Administration	0.00	0.00	
Direct Labour:Cabinetry & Count. Lab.			
Direct Labour:Clean Up Labor	0.00	40.00	
Direct Labour:Demolition Labor	0.00	0.00	
Direct Labour:Design Services	0.00	50.00	
Direct Labour:Drives/Walks Labor	0.00	0.00	
Direct Labour:Drywall Labor	0.00	0.00	

Reminding customers of overdue payments

In this section, you'll learn about two types of documents you can create to remind customers about overdue payments.

The first method involves creating a letter to a specific customer directly from that customer's overdue invoice. Using this method, you can create a cover letter that summarizes information about the original invoice and lists the outstanding balance. You can also have QuickBooks list all of the line-item information. An additional option is to have QuickBooks format the letters to work with window envelopes.

The second method involves generating reminder statements, which allow you to generate documents that list recent invoices, credit memos, and payments received.

Creating invoice letters

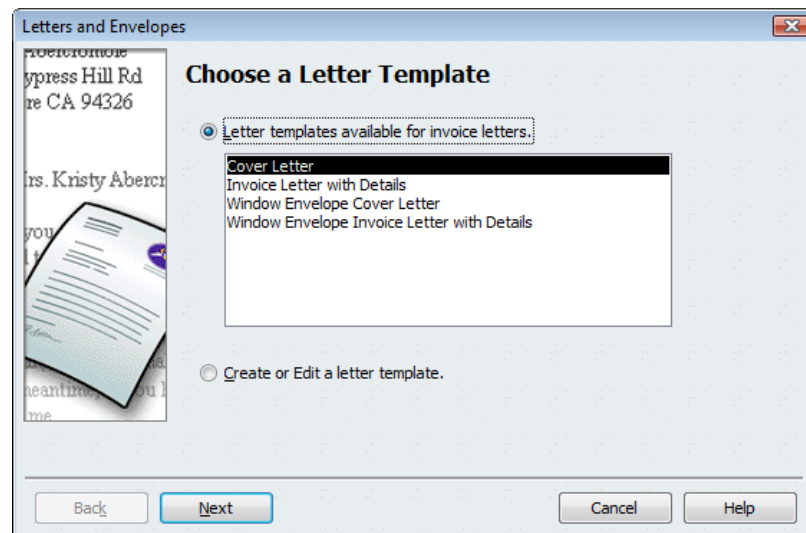
White Ridge has noticed that one of its customers has an invoice with a partial balance still outstanding and wants to send a quick reminder. You create an invoice letter to remind the customer about the unpaid balance.

To create an invoice letter:

- 1 From the Reports menu, choose Customers & Receivables, and then choose Open Invoices from the submenu.
- 2 In the report window, in the Dates field, select “Custom”, and then set the actual date to 12/31/2010. Press Tab.
- 3 Scroll down the listings to Jeremy Greene: Kitchen Renovation.
- 4 Double-click on the line for invoice #8.
- 5 In the Create Invoices window, click the down arrow next to the letter and envelope icon to display the drop-down list.
- 6 Select Prepare an Invoice Letter. If QuickBooks prompts you to find letters, click Copy.

QuickBooks will copy the QuickBooks letters from your installation directory to your QBtrain folder.

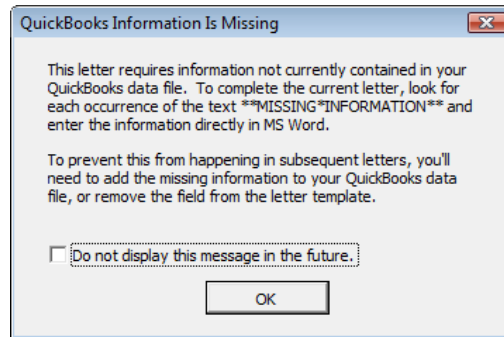
- 7 In the Letters and Envelopes window, choose Cover Letter.



If you wanted to include all of the line-item detail from the invoice, you would choose the Invoice Letter with Details option.

Entering sales information

- 8 Click Next.
- 9 Type **Tom Ferguson** in the Name field and then type **President** in the Title field.
- 10 Click Next.



- 11 If a warning message appears click OK. When the letter appears on screen, you will find "Missing Information" after the salutation. You need to type in the Customer's name.

If QuickBooks displays a "Server Busy" warning message, click Retry.

QuickBooks displays a letter containing summary information pulled from QuickBooks about the unpaid balance on the invoice.

White Ridge Construction Company
5673 Commercial Blvd.
Vancouver, BC V2W 5G5

Dec 31, 2010

Greene, Jeremy
133 Sunnyside Blvd
Vancouver, BC
V2H 1S0

Dear Mr. Greene

This table summarizes your current invoice activity. Please review this information and let us know if you have any questions.

Invoice Job	Kitchen Renovation
Invoice Number	8
Invoice Date	06/25/2010
Invoice Due Date	06/25/2010
Invoice Amount	\$31,328.85
Invoice Balance	\$ 8,462.00

Thank you for choosing White Ridge Construction Company. We hope to work with you again in the future.

Sincerely,

Tom Ferguson
President
White Ridge Construction Company

Note: Since the program uses the computer's actual date, if you are doing this exercise before Dec 31/2010, then the date and the Invoice Balance may not match the one shown in the letter above.

- 12 You don't need to save the letter for this exercise, so close the Microsoft Word file without saving.

- 13 In QuickBooks, click Cancel because you don't need to print envelopes now.
- 14 From the Window menu, choose Close All, and then click on the Home icon to reopen the home window.

To create your own custom letters that pull information from the Customers & Jobs, Vendors, Employees, and Other Names lists in QuickBooks, see “Using QuickBooks Letters” starting on page 397.

Generating reminder statements

Reminder statements summarize a customer's account with a company by listing recent invoices, credit memos, and payments received. You can use reminder statements when you bill through invoices but want to remind your customers about delinquent payments.

Reminder statements are different than other “forms” in QuickBooks such as invoices, sales receipts, or cheques. Because QuickBooks already has all the information you need to create reminder statements, you don't have to fill them out. Instead, you review the information that will appear on each statement, decide whether to add finance charges, and print them.

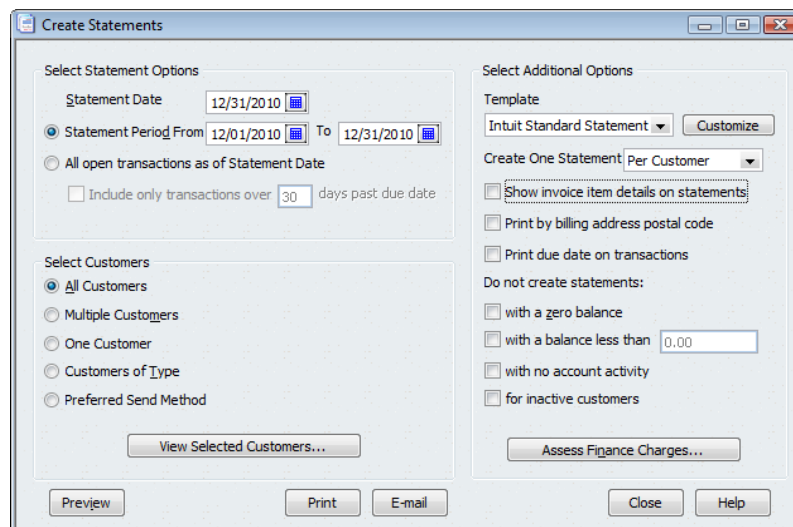
White Ridge uses invoices to bill its customers, but it sends reminder statements to customers with overdue invoices. In this exercise, you generate statements to send to customers with outstanding balances.

White Ridge wants to send reminder statements to all customers who have balances more than 30 days past due.

To generate reminder statements:

- 1 Click Home to display the Home page if necessary, and in the Customer Area click Statements.

QuickBooks displays the Create Statements window.



- 2 In the Select Statement Options section of the window, ensure the Statement date is

Entering sales information

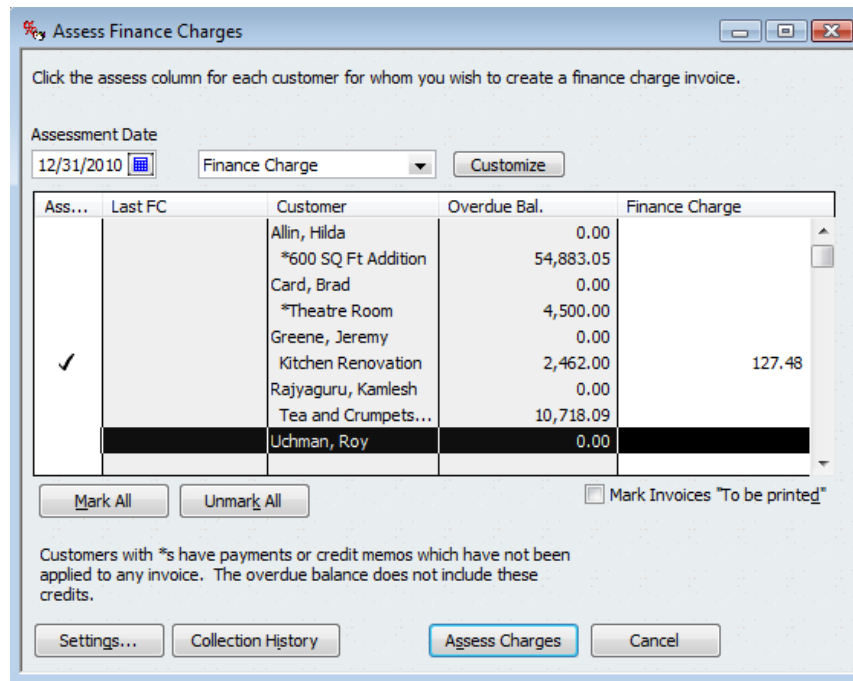
12/31/2010, and select the “All open transactions as of Statement Date” option.

- 3 Click to select the “Include only transactions over” checkbox.
- 4 In the number of days past due field type 30.
- 5 In the Select Customers section, select “All Customers.”
- 6 In the Select Additional Options section click to select the “Show invoice item details on statements” checkbox.
- 7 Unselect the “Print due date on transactions” option if it is selected.

Your screen should look like the following graphic.

- 8 Click Assess Finance Charges.
QuickBooks displays the Assess Finance Charges window. Make sure the Assessment date is Dec 31, 2010.
- 9 Click Unmark All.
- 10 In the Assess column, click to put a checkmark in the row for the Kitchen Renovation job for Jeremy Greene.

Your screen should look like the following graphic, depending on what actual date this was processed.



11 Click Assess Charges.

QuickBooks creates a finance charge invoice for Jeremy Greene in the amount of \$127.48. This amount does not display on the current statement, but you can send the finance charge invoice with the reminder statement.

12 Close the Create Statements window.

Processing sales orders

Note: Sales orders are available in QuickBooks: Premier and higher editions only. To proceed through this exercise, you must be using QuickBooks: Premier or a higher edition.

The sales order feature lets you track orders from customers and “set items aside.” You can also use sales orders to track back orders when a customer orders something and you are out of stock. Using this feature, you can track the orders you need to fill without affecting accounts receivable. Sales orders affect only inventory quantities—not values—until you actually sell the items.

When inventory items come in, you can create an invoice directly from the sales order. If only some of the items have come in, you can invoice for those items, and use the sales order to create invoices for the remaining items later. Once all items have been received and invoiced for, QuickBooks: Premier closes the sales order.

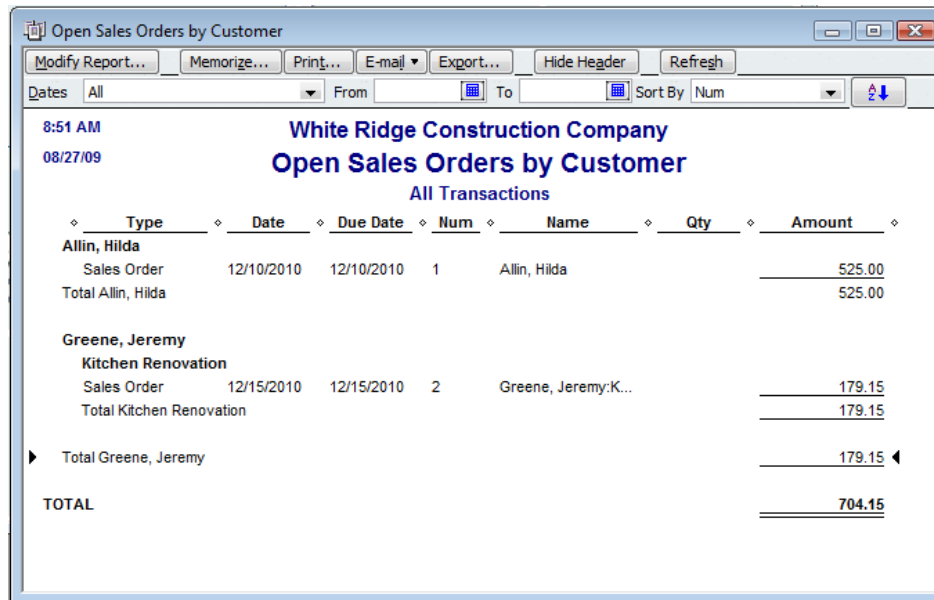
Invoicing against sales orders

In this exercise, you'll create an invoice from a sales order. You display a report to see if there are any open sales orders. The report shows that there is an open sales order for Drywall Labour for Hilda Allin. White Ridge has now completed the drywall work for the customer's order, so you can close the sales order and invoice the customer.

If you're using QuickBooks: Premier, you can also generate purchase orders directly from sales orders by clicking the down arrow on the Create Invoices button in the Create Sales Order window, and then selecting Purchase Order. You don't need to create the purchase order in this exercise.

To create an invoice from a sales order:

- 1 From the Reports menu, choose Sales and then choose Open Sales Orders by Item. QuickBooks displays the Open Sales Orders by Item report.



8:51 AM
08/27/09

White Ridge Construction Company
Open Sales Orders by Customer
All Transactions

Type	Date	Due Date	Num	Name	Qty	Amount
Allin, Hilda						
Sales Order	12/10/2010	12/10/2010	1	Allin, Hilda		525.00
Total Allin, Hilda						525.00
Greene, Jeremy						
Kitchen Renovation						
Sales Order	12/15/2010	12/15/2010	2	Greene, Jeremy:K...		179.15
Total Kitchen Renovation						179.15
Total Greene, Jeremy						179.15
TOTAL						704.15

- 2 Double-click Sales Order #1 for Hilda Allin in the report window.

QuickBooks opens the sales order.

Create Sales Orders

Customer: Job
 in, Hilda: 600 SQ Ft Addition

Sales Order

Name / Address
 Allin, Hilda
 57 River Avenue
 New Westminster BC
 V1S 3T4

Date: 12/10/2010 S.O. No.: 1
 Ship To: Ship To 2
 Allin, Hilda
 57 River Avenue
 New Westminster, BC V1S 3T4

P.O. No.:

Item	Description	Ordered	Rate	Amount	Tax	Invoiced	Clsd
Direct Labour: Drywal...	Drywall Labor	10	50.00	500.00	G	0	

Customer Message:

GST On Sales 5.0% 5.0% 25.00 View

0.00

Total 525.00

☒ To be printed ☐ To be e-mailed ☐ Closed

Memo:

Save & Close Save & New Revert

- In the Create Sales Orders window, click the Create Invoice menu button on the toolbar and choose Invoice.

Creating the invoice from the sales order links the sales order and invoice, which means that when you invoice the customer for items on the sales order, those items are marked as closed.

QuickBooks displays the Create Invoice Based On Sales Order(s) window.

Create Invoice Based On Sales Order(s)

Specify what to include on the invoice.

☒ Create invoice for all of the sales order(s).

☐ Create invoice for selected items.

OK Cancel Help

- Leave the “Create invoice for all of the sales order(s)” option selected, and click OK.

QuickBooks creates an invoice for the customer.

In this case, since the work that the customer ordered has been done, you can close the sales order. If only some of the labour had been done, you could invoice for that portion and keep the sales order open until the balance of the job had been completed.

QuickBooks tracks which items are still open.

- In the Create Invoices window, click Save & Close.
- Close the report window, if a warning displays regarding refreshing the report, click NO. Close the Report Centre.

Tracking backorders

Using certain industry-specific QuickBooks Editions, you can use sales orders to track items that customers have ordered, but that are out of stock. Tracking backorders on sales orders, invoices, and other sales forms shows exactly what still needs to be shipped out. Tracking backorders on purchase orders shows what is still expected to be received from a vendor.

In this exercise, you'll first create a sales order and create an invoice from that sales order. (The customer has ordered items, but you don't have sufficient quantities to fill the entire order.) Then, you'll receive items into inventory and track the remaining items on backorder.

Note: You must be using QuickBooks: Premier Accountant Edition, Retail Edition, Manufacturing and Wholesale Edition, or Enterprise Solutions Editions to track back orders and perform this exercise.

To create a sales order:

- 1 On the Home page, in the Customer area click Sales Orders.

QuickBooks displays the Create Sales Orders window.

The screenshot shows the 'Create Sales Orders' window. The 'Customer' field is set to 'Job'. The 'Date' is '12/31/2010' and 'S.O. No.' is '3'. The 'Ship To' field is empty. The 'P.O. No.' field is empty. The table has columns for Item, Description, Ordered, Rate, Amount, and Tax. The 'Total' is 0.00. There are buttons for Previous, Next, Print, E-mail, Find, Spelling, History, Journal, Create Invoice, Template, Print Preview, and Custom Sales Order. At the bottom, there are checkboxes for 'To be printed' and 'To be e-mailed', a Memo field, and buttons for Save & Close, Save & New, and Clear.

- 2 In the Customer:Job drop-down list, select Rajyaguru Kamlesh:Tea and Crumpets Room.
- 3 Click in the Item column and select Lighting Retail:Table Lamp from the drop-down list.

Note: If using QuickBooks Premier skip step 4 and proceed to entering the quantity in the Ordered column as shown in step 5.

- 4 In the Ordered column, click the Availability icon.

Current Availability

Item Name: Lighting Retail:Table Lamp
Description: Table Lamp - Tiffany

Quantity Available		Incoming	
Quantity on Hand	5	Quantity on Purchase Orders	0
Quantity on Sales Orders	0	Quantity on Pending Builds	
Quantity Reserved for Assemblies	0		
Quantity Available	5		

Buttons: Show Details >>, Close

In the Current Availability window, you can get information about what is available in inventory, what is listed on other sales orders, what's reserved for assemblies, and what's on order.

Notice you have five table lamps available. However, you need eight table lamps to complete the order. So you'll need to put the remaining three on backorder.

- 5 Click Close, and then type **8** in the Ordered column on the Sales Order.
- 6 Press Tab, and then click OK at the two messages that appear. (These will not appear if using QuickBooks Premier.)
- 7 In the Tax column select "S".
- 8 Press Tab again to have QuickBooks update the total.

The sales order should look like the following graphic.

Create Sales Orders

Customer: Job [Commercial]
Rajyaguru, Kamlesh: Tea ...

Date: 12/31/2010 S.O. No.: 3
Ship To: Ship To 2
Rajyaguru, Kamlesh
304 West Street
White Rock, BC V2G 4R0

P.O. No.:

Item	Description	Ordered	Rate	Amount	Tax
Lighting Retail:Tabl...	Table Lamp - Tiffany	8	107.99	863.92	S
				GST 5.0%	43.20
				PST (BC) 7.0%	60.47
Total					967.59

Customer Message: []

Buttons: To be printed, To be e-mailed, Customer Tax Code: G, Memo, Save & Close, Save & New, Clear

You can fill part of the order now because you have five table lamps in stock, so you'll create an invoice from the sales order.

- 9 In the Create Sales Orders window, click the Create Invoice menu button on the toolbar and choose Invoice.

Entering sales information

This links the sales order and invoice, which means that when you invoice the customer for items on the sales order, those items are marked as closed.

QuickBooks displays the Create Invoice Based On Sales Order(s) window.

- 10 Click “Create invoice for selected items” and click OK.

QuickBooks displays the Specify Invoice Quantities for Items on Sales Order(s) window. When you create the invoice for selected items only, you indicate how many of each item from the sales order you want to include on the invoice.

Item	Date	S.O. No.	On Hand	Ordered	Prev. In...	To Invoice
Lighting Retail: Table L...	12/31/2009	3	5	8	0	5

Note: You can click the “Show quantity available instead of quantity on hand” checkbox to display the number of items in inventory plus the number of items on purchase orders with vendors, minus the number listed on all other sales orders and quantity on pending builds.

- 11 Make sure 5 appears in the To Invoice column and click OK to invoice for the five table lamps you have in inventory.

QuickBooks displays the invoice. On the invoice, QuickBooks lists how many of each item has been invoiced previously and how many are included in the current invoice.

- 12 Click Save & Close.

QuickBooks creates an invoice for the five table lamps in stock and puts the other three on backorder.

The Open Sales Orders by Item report can help you track which items are on backorder by showing the quantity ordered and the quantity invoiced. To run the report, choose Sales from the Reports menu, and then choose Open Sales Orders by Item.

Type	Date	Due Date	Num	Name	Qty	Invoiced	Amount
Inventory							
Lighting Retail							
Table Lamp							
Sales Order	12/31/2010	12/31/2010	3	Rajyaguru, Kamlesh...	8	5	863.92
Total Table Lamp							863.92
Total Lighting Retail							863.92
Plumbing Retail							
Kitchen Faucet							
Sales Order	12/15/2010	12/30/2010	2	Greene, Jeremy:K...	1	0	159.95
Total Kitchen Faucet							159.95
Total Plumbing Retail							159.95
Total Inventory							1,023.87
TOTAL							1,023.87

13 Close the report.

Receiving items

White Ridge Construction has just received 10 table lamps from Fisher Supplies. Before you can invoice Rajyaguru Kamlesh for the table lamps on backorder, you need to receive the items into inventory.

To receive items into inventory:

- 1 From the Vendors menu, choose Receive Items.
- 2 In the Create Item Receipts window, choose Fisher Supplies from the Vendor drop-down list.
- 3 In the Item column, select Lighting Retail:Table Lamp.
- 4 Press Tab twice to go to the Quantity column and type **10**.
- 5 Press Tab and QuickBooks updates the amounts.

Entering sales information

Your screen should resemble the following graphic.

- 6 Click Save & Close.

Once you've entered the items into inventory, you have sufficient quantity on hand to finish filling Rajyaguru's order.

To fill Rajyaguru's order:

- 1 From the Customers menu, choose Create Sales Orders.
- 2 Click the Previous button to display Rajyaguru's sales order.

Certain industry-specific QuickBooks editions help you track backordered items by adding a Backordered column to sales orders. (Backordering always starts from sales orders.) In addition, you'll see Invoiced and Clsd columns. Once the sales order is either fully invoiced or closed, the Backorder column no longer displays. The Invoiced and Clsd columns always appear.

- 3 In the Create Sales Orders window, click the Create Invoice menu button on the toolbar. QuickBooks displays the Create Invoice Based On Sales Order(s) window.

- 4 Click "Create invoice for selected items" and click OK.

QuickBooks displays the Specify Invoice Quantities for Items on Sales Order(s) window. When you create the invoice for selected items only, you indicate how many of each item from the sales order you want to include on the invoice.

Item	Date	S.O. No.	On Hand	Ordered	Prev. In...	To Invoice
Lighting Retail:Table L...	12/31/2009	3	10	8	5	3

- 5 Make sure 3 appears in the To Invoice column and click OK to invoice for the three table lamps for Rajyaguru's order.

QuickBooks displays the invoice. On the invoice, QuickBooks lists how many of each item are included in the current invoice.

Entering sales information

Customer: Job
Rajyaguru, Kamlesh: Tea ...

Invoice To
Rajyaguru, Kamlesh
304 West Street
White Rock, BC
V2G 4R0

Date: 12/31/2009
Invoice #: 21

Ship To: Ship To 1
Rajyaguru, Kamlesh
304 West Street
White Rock, BC V2G 4R0

Item	Description	Ordered	Prev. Inv...	Backorde...	Invoiced	Rate	Amount	Tax
Lighting Retail:...	Table Lamp - Tiffany	8	5	0	3	107.99	323.97	\$

Customer Message: [Dropdown]

GST 5.0%: 16.20
PST (BC) 7.0%: 22.68
Total: 362.85

Payments Applied: 0.00
Balance Due: 362.85

Customer Tax Code: G

Memo: [Text Box]

Buttons: Save & Close, Save & New, Clear

- 6 Click Save & Close to save the invoice and close the Create Invoices window.
- 7 On the Home page, click Sales Orders.
- 8 Click the Previous button to display Rajyaguru's sales order.
Notice the sales order now indicates that it has been invoiced in full.

Customer: Job [Commercial]
Tea and Crumpets Room

Name / Address
Rajyaguru, Kamlesh
304 West Street
White Rock, BC
V2G 4R0

Date: 12/31/2010
S.O. No.: 3

Ship To: Ship To 1
Rajyaguru, Kamlesh
304 West Street
White Rock, BC V2G 4R0

P.O. No.: [Empty]

Item	Description	Ordered	Rate	Amount	Tax	Invoiced	Clsd
Lighting Retail:Ta...	Table Lamp - Tiffany	8	107.99	863.92	\$	8	✓

Customer Message: [Dropdown]

GST 5.0%: 43.20
PST (BC) 7.0%: 60.47
Total: 967.59

Buttons: Save & Close, Save & New, Revert

- 9 Close the Create Sales Orders window.

Tracking backorders on purchase orders

A backorder is the inventory on a purchase order that has not yet been received. In QuickBooks this occurs when a purchase order has been sent, a partial shipment has been received, but you have not received the final shipment. The items on the purchase order that have not yet been received are considered to be on backorder.

Backordered and Rcv'd columns automatically appear after a purchase order has been partially received.

Note: Customize your purchase order template if you want the Backordered column to be printed on the purchase order.

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LESSON 7

Receiving payments and making deposits

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Lesson objectives

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

Supporting materials

- PowerPoint file: Lesson 7
- Video tutorial: Enter and deposit customer payments
- Video tutorial: Track upfront deposits and retainers

Instructor preparation

- Review this lesson, including the examples, to make sure you're familiar with the material.
- Ensure that all students have a copy of QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB on their computer's hard disk.

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB) on your hard disk. See "Installing the exercise file" in the Introduction to this guide if you haven't installed it.

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

To restore the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB):

- 1 From the File menu in QuickBooks, choose Open or Restore Company. QuickBooks displays the Open or Restore Company window.
- 2 Select Restore a backup copy and click Next.
- 3 Select Local backup and click Next.
- 4 In the Open Backup Copy window, navigate to your C:\QBtrain directory.
- 5 Select the QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB file, and then click Open.
- 6 In the Open or Restore Company window, click Next.
- 7 Navigate to your C:\QBtrain directory.

Receiving payments and making deposits

- 8 In the File name field of the Save Company File as window, type **lesson 7** and then click Save.
- 9 Click OK when you see the message that the file has been successfully restored.

Recording customer payments

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

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

Recording a payment in full for a single job

The simplest case is when a customer has one outstanding invoice for one job and sends you a payment for the full amount. Suppose that White Ridge Construction receives a cheque for \$10,104.00 from Kamlesh Rajyaguru for his Tea & Crumpet Room. Here's how you'd enter the payment.

To record a payment in full:

- 1 From the Customers menu, choose Receive Payments.

QuickBooks displays the Receive Payments window.

Receive Payments

Previous Next Print History Journal

Customer Payment

Received From: [Dropdown] Customer Balance: 0.00

Amount: 0.00 Date: 12/31/2009

Pmt. Method: [Dropdown] Reference #: [Text Box]

Memo: [Text Box] Deposit to: Chequing

Find a Customer/Invoice...

✓	Date	Number	Orig. Amt.	Amt. Due	Payment
Select the customer or job in the Received From field					
Totals				0.00	0.00

Amounts for Selected Invoices

Amount Due	0.00
Applied	0.00
Discount and Credits Applied	0.00

Auto Apply Payment Discount & Credits...

Save & Close Save & New Clear

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

- 2 In the Received From field, select Rajyaguru, Kamlesh:Tea and Crumpets Room from the drop-down list.

QuickBooks displays the details of the outstanding invoice for Kamlesh Rajyaguru in the Receive Payments window.

- 3 Press Tab to move to the Amount field.
- 4 In the Amount field, type **10,104.00** and press Tab.

QuickBooks updates the amount in the Payment field to 10,104.00, and applies the payment to the one outstanding invoice.

- 5 In the Pmt. Method field, select Cheque from the drop-down list and then press Tab.

When you enter a preferred payment method in a customer's record, QuickBooks pre-fills that information when you select the customer's name in this window.

- 6 In the Cheque # field, type **6745**.
- 7 In the Deposit to field, select "Undeposited Funds" from the drop-down list.

Customer Payment

Received From: Rajyaguru, Kamlesh:Tea and Crump... Customer Balance: **10,104.00**

Amount: 10,104.00 Date: 12/31/2010

Pmt. Method: Cheque Cheque #: 6745

Memo: Deposit to: Undeposited Funds

Find a Customer/Invoice...

✓	Date	Number	Orig. Amt.	Amt. Due	Payment
✓	12/15/2010	11	55,104.00	10,104.00	10,104.00
Totals			55,104.00	10,104.00	10,104.00

Amounts for Selected Invoices

Amount Due: **10,104.00**

Applied: **10,104.00**

Discount and Credits Applied: **0.00**

Un-Apply Payment Discount & Credits... Save & Close Save & New Clear

- 8 Click Save & New.

This records the payment and clears the window so you can enter another one.

Receiving payments and making deposits

When you record the transaction, QuickBooks creates a journal entry. The following table shows the journal entry for the payment.

Account Title	Debit	Credit
Undeposited Funds	\$10,104.00	
Accounts Receivable		\$10,104.00

Entering a partial payment

White Ridge Construction has also received a cheque for \$2,000 from Greene, Jeremy. This customer has two outstanding invoices and owes more than \$8,000.

To enter a partial payment:

- 1 In the Received From field, select Greene, Jeremy: Kitchen Renovation from the drop-down list.

In the middle of the window, QuickBooks shows you the invoices still outstanding for the job. In this case, there are two.

- 2 Press Tab to move to the Amount field, and then type **2000**. Then press Tab again.

QuickBooks automatically applies the payment you've entered to Jeremy Greene's oldest invoice.

Receive Payments

Previous Next Print History

Customer Payment

Received From: Greene, Jeremy: Kitchen Renovation Customer Balance: 8,762.00

Amount: 2,000.00 Date: 12/31/2010

Pmt. Method: Cheque Cheque #: Deposit to: Chequing

Memo:

Find a Customer/Invoice...

✓	Date	Number	Orig. Amt.	Amt. Due	Payment
✓	06/25/2010	8	31,328.85	2,462.00	2,000.00
	12/31/2010	14	6,300.00	6,300.00	0.00
Totals			37,628.85	8,762.00	2,000.00

Underpayment \$462.00. When you finish, do you want to:

☒ Leave this as an underpayment

☐ Write off the extra amount

View Customer Contact Information

Un-Apply Payment Discount & Credits...

Amounts for Selected Invoices

Amount Due	2,462.00
Applied	2,000.00
Discount and Credits Applied	0.00

Save & Close Save & New Clear

To choose which invoice a payment applies to, rather than having QuickBooks apply it to the oldest one, you can un-apply the payments and apply them as you wish. If you always want to select the invoice yourself, turn off the Sales & Customers preference “Automatically apply payments.”

- 3 Click Un-Apply Payment.
- 4 In the Payment column, type **2000** as the amount you want to apply to the second invoice, and then press Tab.
- 5 In the Pmt. Method field, leave Cheque selected.
- 6 In the Cheque # field, type **5678**.
- 7 In the Deposit to field leave Undeposited Funds selected.
- 8 Leave the “Leave this as an underpayment” option selected.

- 9 Click Save & New to record the partial payment and clear the window.

When you record the transaction, QuickBooks creates a journal entry. The following table shows the journal entry for the partial payment.

Account Title	Debit	Credit
Accounts Receivable		\$2,000.00
Undeposited Funds	\$2,000.00	

Applying one payment to multiple jobs

White Ridge Construction is working on several jobs for a customer, Roy Uchman. Roy has payments outstanding for three invoices. He wants to write one cheque to cover all outstanding payments.

In this exercise, you'll apply this single payment to invoices for multiple jobs.

To apply one payment to multiple jobs:

- 1 In the Receive Payments window, select Uchman, Roy from the Received From drop-down list.

QuickBooks lists the open invoices for all of the jobs associated with Roy Uchman

Customer Payment

Received From: Uchman, Roy Customer Balance: 3,396.93

Amount: 0.00 Date: 12/31/2010

Pmt. Method: Cheque Cheque #:

Memo: Deposit to: Undeposited Funds

Find a Customer/Invoice...

✓	Date	Job	Number	Orig. Amt.	Amt. Due	Payment
	11/25/2010	2nd Story	15	1,050.00	1,050.00	0.00
	12/15/2010	Hangar	12	30,509.33	2,346.93	0.00
Totals				31,559.33	3,396.93	0.00

Amounts for Selected Invoices

Amount Due: 0.00

Applied: 0.00

Discount and Credits Applied: 0.00

Auto Apply Payment

Discount & Credits...

Save & Close Save & New Clear

- 2 Press Tab to move to the Amount field.
- 3 In the Amount field, type **3396.93** and then press Tab.
- Notice that QuickBooks applies the payment to all outstanding invoices.
- 4 In the Pmt. Method drop-down list, confirm that Cheque is selected.
- 5 In the Cheque # field, type **375**.

Your window should look like this.

Customer Payment

Received From: Uchman, Roy Customer Balance: 3,396.93

Amount: 3,396.93 Date: 12/31/2010

Pmt. Method: Cheque Cheque #: 375

Memo: Deposit to: Undeposited Funds

Find a Customer/Invoice...

✓	Date	Job	Number	Orig. Amt.	Amt. Due	Payment
✓	11/25/2010	2nd Story	15	1,050.00	1,050.00	1,050.00
✓	12/15/2010	Hangar	12	30,509.33	2,346.93	2,346.93
Totals				31,559.33	3,396.93	3,396.93

Amounts for Selected Invoices

Amount Due: 3,396.93

Applied: 3,396.93

Discount and Credits Applied: 0.00

Un-Apply Payment Discount & Credits...

Save & Close Save & New Clear

- 6 Click Save & New.

Entering overpayments

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

Suppose that White Ridge Construction has received a payment of \$7,000.00 from Jeremy Greene. The outstanding invoices total \$6,762.00

To enter the payment:

- 1 In the Received From field of the Receive Payments window, select Greene, Jeremy:Kitchen Renovation from the drop-down list.

QuickBooks displays invoices dated 06/25/2010 for \$2,462.00 and 12/31/2010 for \$4,300.00.

- 2 Press Tab and type **7000** in the Amount field.

Receiving payments and making deposits

3 Press Tab again.

Receive Payments

Previous Next Print History

Customer Payment

Received From: Greene, Jeremy:Kitchen Renovation Customer Balance: **6,762.00**

Amount: 7,000.00 Date: 12/31/2010

Pmt. Method: Cheque Cheque #: 188

Memo: Deposit to: Undeposited Funds

Find a Customer/Invoice...

✓	Date	Number	Orig. Amt.	Amt. Due	Payment
✓	06/25/2010	8	31,328.85	2,462.00	2,462.00
✓	12/31/2010	14	6,300.00	4,300.00	4,300.00
Totals			37,628.85	6,762.00	6,762.00

Overpayment \$238.00. When you finish, do you want to:

☒ Leave the credit to be used later

☐ Refund the amount to the customer

View Customer Contact Information

Un-Apply Payment Discount & Credits...

Amounts for Selected Invoices

Amount Due	6,762.00
Applied	6,762.00
Discount and Credits Applied	0.00

Save & Close Save & New Clear

QuickBooks shows an overpayment amount of \$238.00 and prompts you to choose whether to leave the credit to be used later or to refund the amount to the customer. You want to refund the overpayment.

- 4 Select the “Refund the amount to the customer” option.
- 5 Make sure Cheque is selected, the Cheque # of 188 is entered, and Undeposited Funds is chosen.
- 6 Click Save & Close.

QuickBooks displays the Issue a Refund window.

Issue a Refund

A refund is due to: Greene, Jeremy:Kitchen Renovation Issue this refund via: Cheque

Refund Amount: \$ 238.00 Account: Chequing

Date: 12/31/2010 Ref/Cheque No. To Print: Ending Balance: 169,006.83

Address: Greene, Jeremy
133 Sunnyside Blvd
Vancouver, BC
V2H 1S0

Memo:

☒ To be printed

OK Cancel

- 7 In the Issue a Refund window, click OK.

Handling down payments or prepayments

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

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

QuickStart Tip

To apply a discount for early payment for any customer whose payment terms include a discount for payment before the due date, use the Set Discount button in the Receive Payments window.

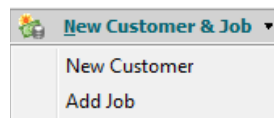
Even if the customer has already sent you a payment for the full amount of the invoice, you can apply a discount. QuickBooks hold any credit amount in accounts receivable until you apply it to an invoice or issue a refund cheque.

Suppose Karen Bentley wants White Ridge Construction to do a kitchen remodeling job for her. She's sent White Ridge Construction a cheque for \$1,000 as an initial payment, but the company hasn't invoiced her yet.

Since this is a new job for Karen, we need to add the job to the Customers:Jobs list.

To add a new job to the Customers:Jobs list:

- 1 Click Customer Centre on the icon bar.
- 2 Select Karen Bentley from the list of customers, and then click on the New Customer & Job menu button.



- 3 From the drop-down menu, select Add Job.
The new job window appears.
- 4 In the Job Name field type **Kitchen**.
- 5 In the Payment Info tab, if necessary, enter a credit limit of **10,000**.
- 6 In the Job Info tab select "Awarded" from the Job Status field drop-down list.
- 7 Click OK, to return to the Customer Centre window.

Receiving payments and making deposits

Your screen should look like this:

Customer Centre: Bentley, Karen (All Transactions)

Customers & Jobs | **Transactions**

View: Active Customers | Find: [Search Box]

Name	Balance	Job	Estimate
• Allin, Hilda	0.00		54,85...
• 600 SQ Ft Addition	0.00	Pending	54,85...
• Bentley, Karen	0.00		0.00
• Kitchen	0.00	Awarded	
• Roof and Attic	0.00	In pro...	0.00
• Card, Brad	0.00		21,73...
• Theatre Room	0.00	In pro...	21,73...
• Greene, Jeremy	0.00		42,46...
• Kitchen Renovation	0.00	Awarded	42,46...
• Nielsen, Clinton	0.00		0.00

Customer Information | **Reports for this Customer**

Customer Name: Bentley, Karen | Contact: Karen Bentley | Phone: 604 856-9871
 Customer Type: From advertisement | Alt Phone: 604 626-9658
 Company Name: Bentley, Karen | Fax: 604 856-9877
 Billing Address: Bentley, Karen | 17 Amber Ave. | Port Coquitlam, BC | V3Y 4G8
 Email: [Blank] | Terms: Due on receipt
 Price Level: [Blank] | Notes: [Blank] | Edit Notes...

Summary Table:

Type	Num	Date	Account	Amount
Payment	112	03/01/2010	Chequing	29,080.80
Invoice	4	02/16/2010	Accounts Receivable	29,080.80

- 8 Close the Customer Centre window.

To enter the down payment you've received:

- 1 From the Customers menu, select Receive Payments.
- 2 In the Received From field, select Bentley, Karen:Kitchen from the drop-down list and then press Tab.
- 3 Type **1000** in the Amount field and then press Tab.

QuickBooks displays the payment as an overpayment.

Receive Payments

Previous | Next | Print | History | Journal

Customer Payment

Received From: Bentley, Karen:Kitchen | Customer Balance: 0.00

Amount: 1,000.00 | Date: 12/31/2010 | Cheque #: [Blank] | Deposit to: Undeposited Funds

Pmt. Method: Cheque | Memo: [Blank]

Find a Customer/Invoice...

Date	Number	Orig. Amt.	Amt. Due	Payment
There are no unpaid invoices for this customer				
Totals		0.00	0.00	0.00

Overpayment \$1,000.00. When you finish, do you want to:

☒ Leave the credit to be used later
☐ Refund the amount to the customer

View Customer Contact Information

Un-Apply Payment | Discount & Credits...

Amounts for Selected Invoices:

Amount Due	Applied
0.00	0.00
Discount and Credits Applied	0.00

Save & Close | Save & New | Clear

- 4 Leave the "Leave the credit to be used later" option selected.
- 5 In the Pmt. Method field, make sure Cheque is selected.

- 6 In the Cheque # field, type **4321**. Make sure Undeposited Funds has been chosen.
- 7 Make sure that the date in the Date field is current (12/31/2010).
- 8 Click Save & Close.
- 9 Click OK in the message that displays.

Later, White Ridge Construction is ready to prepare its invoices and needs to invoice Karen for the labour the workers have already completed on the job.

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

- 1 From the Customers menu, choose Create Invoices.
QuickBooks displays the Create Invoices window.
- 2 In the Customer:Job field, select Bentley, Karen:Kitchen from the drop-down list.
- 3 From the Template drop-down list, ensure Intuit Service Invoice is selected.
- 4 Click in the Item column, select Direct Labour:Demolition Labour from the Item drop-down list, and then press Tab.
- 5 In the Quantity column, type **40**, Tab to the tax field and select G.

Customer:Job
Bentley, Karen:Kitchen

Template: Intuit Service Invoice

Date: 12/31/2010 Invoice #: 16

Invoice To
Bentley, Karen
17 Amber Ave.
Port Coquitlam, BC
V3Y 4G8

Item	Qty	Description	Rate	Class	Amount	Tax
Direct Labour:Demolition Labour	40		35.00		1,400.00	G
					GST 5.0%	70.00
						0.00
Total					1,470.00	

Customer Message

To be printed ☐ To be e-mailed ☐

Add Time/Costs... Apply Credits... Payments Applied 0.00
Balance Due 1,470.00

Customer Tax Code G

Memo

Save & Close Save & New Clear

- 6 Click Apply Credits to apply the down payment amount made earlier towards this invoice.
- 7 Click Yes at the message(s) that display.
QuickBooks opens the Apply Credits window displaying the credit you entered earlier.

Receiving payments and making deposits

Apply Credits

Invoice
 Customer: Job Bentley, Karen:Kitchen
 Number 22
 Date 12/31/2009
 Original Amt. 1,470.00
 Amount Due 1,470.00
 Discount Used 0.00
 Credits Used 1,000.00
 Balance Due 470.00

Credits

Available Credits

✓	Date	Credit No.	Credit Amt.	Amt. To Use	Credit Balance
✓	12/31/2009	4321	1,000.00	1,000.00	0.00
Totals			1,000.00	1,000.00	0.00

Of all the credits issued to this customer, only unused credits applicable to this specific invoice are displayed above. Clear

Previously Applied Credits

✓	Date	Credit No.	Credit Amt.	Amt. To Use	Credit Balance
Totals			0.00	0.00	0.00

Done Cancel Help

- 8 This is the credit that you want to apply to the invoice, so click Done.

QuickBooks updates the invoice and displays the remaining balance due (\$470) on the invoice.

Create Invoices

Customer: Job Bentley, Karen:Kitchen

Template Print Preview
 Intuit Service Invoice

Date 12/31/2010 Invoice # 16

Invoice To
 Bentley, Karen
 17 Amber Ave.
 Port Coquitlam, BC
 V3Y 4G8

P.O. No. Terms
 Due on rec...

Item	Qty	Description	Rate	Class	Amount	Tax
Direct Labour:...	40	Demolition Labour	35.00		1,400.00	G

Customer Message

GST 5.0% 70.00 0.00

Total 1,470.00

☐ To be printed
☐ To be e-mailed

Add Time/Costs... Apply Credits... Payments Applied 1,000.00
 Balance Due 470.00

Customer Tax Code G

Memo

Save & Close Save & New Revert

QuickBooks applies the existing credit to the new invoice.

- 9 Click Save & Close to record the transaction.

To see all the transactions related to customers, grouped by customer and job, create a customer balance detail report. (From the Reports menu, choose Customers & Receivables, and then choose Customer Balance Detail.)

Making deposits

When you use the Enter Sales Receipt window (for a sales receipt where you receive payment on the spot), the Receive Payments window (for payments on invoices), or a payment item on an invoice, QuickBooks keeps track of the money you've received until you deposit it in the bank. When you receive payments from customers, you can either deposit each payment directly into a QuickBooks bank account or you can group payments together to be moved to that account at a later time. QuickBooks allows you to choose the method you prefer for depositing payments.

If you set the Sales & Customers preference to always use the Undeposited Funds account as the default deposit to account, you do not see the "Deposit to" option in the Receive Payments or Enter Sales Receipts windows.

It's easier to reconcile your QuickBooks accounts with your bank statements when the accounts display deposits the same way that your statements do. Use the following to help you decide how to set the preference in your own business.

- If your bank statement shows a lump sum for a deposit, group payments with other funds for later deposit using the Undeposited Funds account.
- If your bank statement shows each individual payment that was deposited, deposit directly to an account.

Selecting payments to deposit

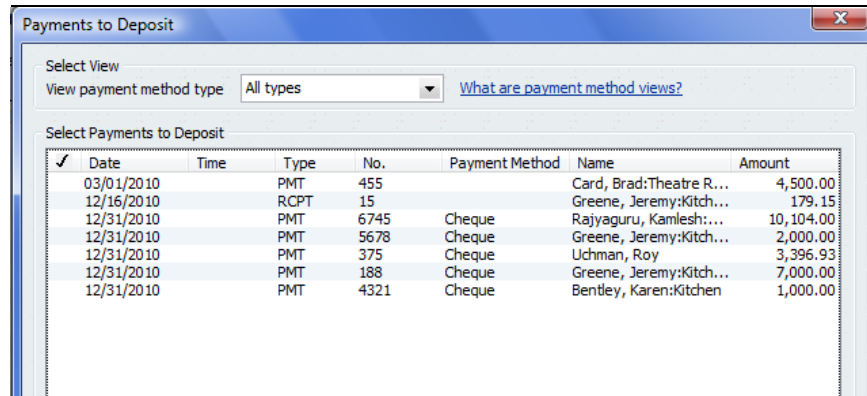
At your office, you might hold payments in a locked cash drawer or a cash register until you can get to the bank; QuickBooks holds the amount in an asset account called Undeposited Funds. When you're ready to take your payments to the bank, you can record the deposit in QuickBooks, print a deposit slip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

Receiving payments and making deposits

To select payments to deposit:

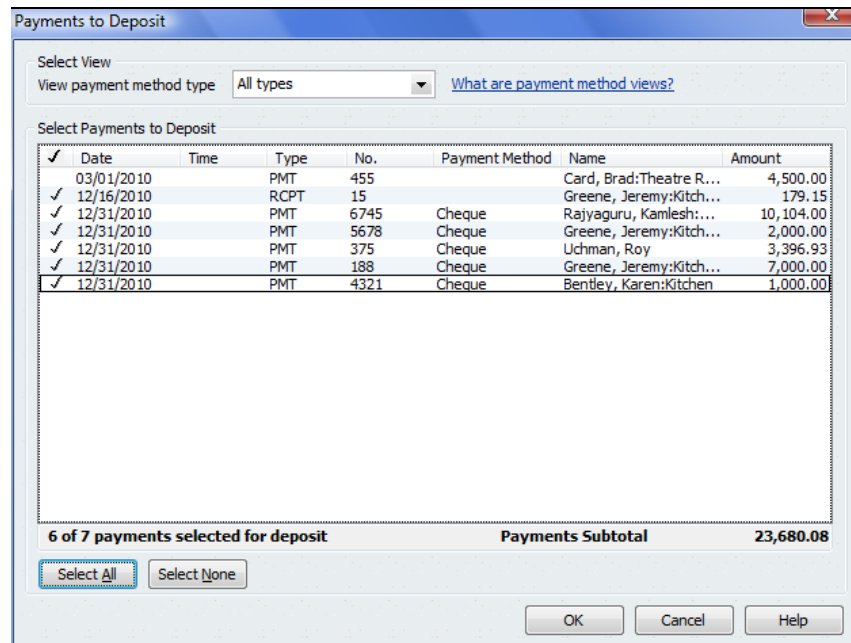
- 1 From the Banking menu, choose Make Deposits.

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



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

For this exercise, select the all the payments except for that of Card, Brad.



- 3 Click OK.

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

Make Deposits

Previous Next Print Payments History

Deposit To: Chequing Date: 12/31/2010 Memo: Deposit

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

Received From	From Account	Memo	Chq No.	Pmt Meth.	Amount
Greene, Jeremy:Kitch...	Undeposited Funds		1246	Cheque	179.15
Rajyaguru, Kamlesh:T...	Undeposited Funds		6745	Cheque	10,104.00
Greene, Jeremy:Kitch...	Undeposited Funds		5678	Cheque	2,000.00
Uchman, Roy	Undeposited Funds		375	Cheque	3,396.93
Greene, Jeremy:Kitch...	Undeposited Funds		188	Cheque	7,000.00
Bentley, Karen:Kitchen	Undeposited Funds		4321	Cheque	1,000.00
Deposit Subtotal					23,680.08

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

Cash back goes to: Cash back memo: Cash back amount:

Deposit Total: 23,680.08

Save & Close Save & New Clear

- In the Deposit To field, make sure that Chequing is selected.

Note: If you have money to deposit that is not the result of a payment you received for a sale, you can enter it in the detail area of the window. For example, if you received a premium refund from your insurance vendor, you would enter it here.

QuickBooks updates the deposit total at the bottom of the window automatically. If you wanted to print a deposit slip to take to the bank, you would click Print. The Printable Deposit Slips that you can order to work with QuickBooks work only with deposits of cash and cheques.

- Click Save & Close to record the deposit.

How QuickBooks handles the deposit

QuickBooks updates the Undeposited Funds account to show that you've made a deposit. It also adds the deposit to your chequing account register.

To view the Undeposited Funds account:

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

Receiving payments and making deposits

Date	Ref	Type	Payee Account Memo	Decrease	✓	Increase	Balance
12/31/2010	5678	PMT	Greene, Jeremy:Kitchen Renovation Accounts Receivable		✓	2,000.00	6,500.00
12/31/2010	5678	DEP	Greene, Jeremy:Kitchen Renovation Chequing [split]	2,000.00	✓		4,500.00
12/31/2010	6745	PMT	Rajyaguru, Kamlesh:Tea and Crumpets Accounts Receivable		✓	10,104.00	14,604.00
12/31/2010	6745	DEP	Rajyaguru, Kamlesh:Tea and Crumpets Chequing [split]	10,104.00	✓		4,500.00
Ending balance							4,500.00

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

- Close the account register window.

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

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

Date	Number	Type	Payee Account Memo	Payment	✓	Deposit	Balance
12/15/2010		PMT	Rajyaguru, Kamlesh:Tea and Crumpet Accounts Receivable			45,000.00	173,206.83
12/17/2010		CHQ	Royal Bank -split-	4,200.00			169,006.83
12/31/2010		DEP	-split- Deposit			23,680.08	192,686.91
12/31/2010		CHQ	To Print Greene, Jeremy:Kitchen Renovation Accounts Receivable	238.00			192,448.91
Ending balance							192,448.91

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

- Close the chequing account register and the chart of accounts.

QuickStart
Tip

You can create a report that shows you a list of all deposits and the payments included in each deposit. From the Reports menu, choose Banking, and then choose Deposit Detail. If necessary, select Next Fiscal Year.

Getting cash back from a deposit

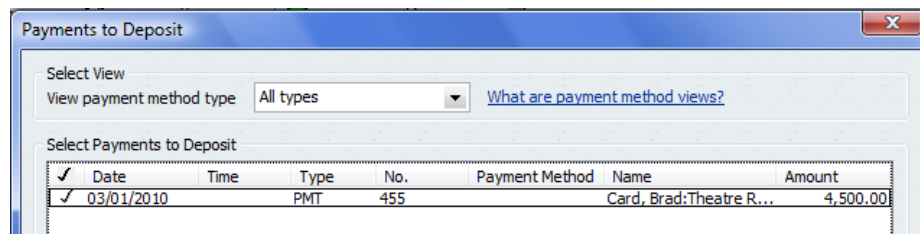
In the Make Deposits window, you can enter information about any cash you took out of the deposit when you are recording the deposit.

To record getting cash back from a deposit:

- 1 On the Home page, in the Banking section, click Record Deposits.

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

- 2 In the Payments to Deposit window, select the payment from Card, Brad.



- 3 Click OK.
- 4 In the Make Deposits window select Petty Cash in the “Cash back goes to” field and press Tab twice.
- 5 In the Cash Back amount field, type **2000** and press Tab.

QuickBooks displays the deposit subtotal amount (\$4500.00) and the total less the cash back amount (\$2500.00).

Received From	From Account	Memo	Chq No.	Pmt Meth.	Amount
Card, Brad:Theatre R...	Undeposited Funds		455		4,500.00

Deposit Subtotal 4,500.00

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

Cash back goes to Petty Cash Cash back memo Cash back amount 2,000.00

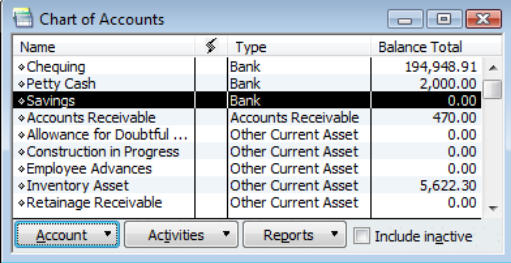
Deposit Total 2,500.00

Save & Close Save & New Clear

- 6 Click Save & Close.

QuickBooks records the Deposit Total amount in your chequing account and the cash back amount in your Petty Cash account.

- 7 To see the effect on these accounts, choose Chart of Accounts in the Company section on the Home page. Note that the Petty Cash account now shows a balance of \$2,000.00.



Name	Type	Balance Total
◊ Chequing	Bank	194,948.91
◊ Petty Cash	Bank	2,000.00
◊ Savings	Bank	0.00
◊ Accounts Receivable	Accounts Receivable	470.00
◊ Allowance for Doubtful ...	Other Current Asset	0.00
◊ Construction in Progress	Other Current Asset	0.00
◊ Employee Advances	Other Current Asset	0.00
◊ Inventory Asset	Other Current Asset	5,622.30
◊ Retainage Receivable	Other Current Asset	0.00

Account ▾ Activities ▾ Reports ▾ ☐ Include inactive

- 8 Close the chart of accounts.

• • • • •

LESSON 8 Entering and paying bills

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Lesson objectives

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

Supporting materials

- PowerPoint file: Lesson 8
- Video tutorial: Write a cheque and enter expenses
- Video tutorial: Enter bills
- Video tutorial: Pay bills

Instructor preparation

- Review this lesson, including the examples, to make sure you're familiar with the material.
- Ensure that all students have a copy of qblesson.qbb on their computer's hard disk.

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB) on your hard disk. See "Installing the exercise file" in the Introduction to this guide if you haven't installed it.

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

To restore the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB):

- 1 From the File menu in QuickBooks, choose Open or Restore Company.
QuickBooks displays the Open or Restore Company window.
- 2 Select Restore a backup copy and click Next.
- 3 Select Local backup and click Next.
- 4 In the Open Backup Copy window, navigate to your C:\QBtrain directory.
- 5 Select the QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB, and then click Open.
- 6 In the Open or Restore Company window, click Next.
- 7 Navigate to your C:\QBtrain directory.

- 8 In the File name field of the Save Company File as window, type **lesson 8** and then click Save.
- 9 Click OK when you see the message that the file has been successfully restored.

Handling bills in QuickBooks

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

- You can write a cheque manually and enter the information into a QuickBooks cheque register later. This doesn't take advantage of features in QuickBooks, but sometimes it's necessary. For example, if you purchase supplies at a retail store, they expect payment on the spot, and you may not know the amount in advance.
- You can use QuickBooks to write and print a cheque. When you receive a bill that you want to pay immediately, you can write a QuickBooks cheque more quickly and accurately than you can by hand. An additional advantage is that QuickBooks makes the entry in the chequing account register for you.
- You can use the QuickBooks accounts payable feature to track the amounts you owe to vendors, track your cash flow needs, and handle bills you want to pay later.
- You can pay by credit card and enter the credit card receipt into QuickBooks later.

Lesson 4, "Working with bank accounts," showed you how to enter a handwritten cheque and a QuickBooks cheque. In Lesson 5, "Using other accounts in QuickBooks," you learned about credit card accounts. This lesson shows you how to use QuickBooks for accounts payable.

Using QuickBooks for accounts payable

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

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

To see the Accounts Payable register:

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

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

QuickBooks displays the Accounts Payable register.

Date	Number	Vendor	Due Date	Billed	✓	Paid	Balance
	Type	Account Memo					
12/14/2010		Roger's and Compan	12/14/2010	450.00			36,705.02
	BILL	-split-					
12/17/2010		Utility Corp	12/17/2010	360.15			37,065.17
	BILL	-split-					
12/22/2010		The Phone Co.	12/22/2010	164.87			37,230.04
	BILL	-split-					
12/31/2010		Vendor	01/10/2011	0.00		Paid	
		Acc... Memo					

Ending balance 37,230.04

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

- Press Esc twice to close the open windows.

Using accounts payable to pay your bills involves two steps: entering the bill and paying the bill. You'll practice both steps in this lesson.

Entering bills

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

White Ridge Construction received a bill from the company that created its new brochures. The bill includes a charge for courier delivery. White Ridge Construction doesn't plan to pay the bill until close to its due date, but the company wants to keep an eye on the accounts payable total, so enter the bill now.

To enter a bill:

- From the Vendors menu, choose Enter Bills.

QuickBooks displays the Enter Bills window.

Entering and paying bills

Enter Bills

Previous Next Find History Journal

☒ Bill ☐ Credit ☒ Bill Received

Bill

Vendor Date 12/31/2009

Address Ref. No.

Amount Due 0.00

Bill Due 01/10/2010

Terms Memo

Expenses \$0.00 **Items** \$0.00

Account	Tax	Amount	M.	Customer:Job	Billable?

Vendor Tax Code

0.00 Edit

0.00

Clear Splits Recalculate Save & Close Save & New Clear

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

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

- 2 In the Vendor field, type **Willis Advertising**, and then press Tab.
- 3 When QuickBooks displays a message telling you that Willis Advertising is not in the Vendor list, click Quick Add.
- 4 In the Date field, enter **12/31/2010** as the current date, if necessary.
- 5 In the Amount Due field, type **1676.50**.
- 6 Click in the Bill Due field.

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

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

QuickFill completes the entry for you, and displays Printing & Reproduction as the account. QuickBooks lets you assign transactions to more than one account, so you can keep close track of where your company spends its money. White Ridge Construction wants to assign the majority of this bill to a printing and reproduction expense account, and the rest to a freight delivery expense account.

Note: You can set a preference so that QuickBooks pre-fills the account for a vendor transaction based on previous transactions for that vendor. QuickBooks remembers all your recent transactions for a vendor, not just the most recent one. If you consistently use the same account for a vendor, QuickBooks will automatically pre-fill that information any time you select the vendor in a bill, cheque, or credit card transaction.

- 8 Press Tab to accept Printing & Reproduction as the account.
- 9 In the Tax field, select S and then press Tab.
- 10 Type **1450** to record the actual cost for this item.
- 11 Click in the Account column below Printing & Reproduction.
- 12 From the drop-down list, choose Freight/Shipping, and then press Tab. In the Tax field select G. Press Tab, confirm the amount field shows **50**.

Your screen should resemble the figure below.

Enter Bills

Previous Next Find History Journal

☒ Bill ☐ Credit ☒ Bill Received

Bill

Vendor: Willis Advertising Date: 12/31/2010

Address: Willis Advertising Ref. No.:

Amount Due: 1,676.50

Bill Due: 01/10/2011

Terms:

Memo:

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

Account	Tax	Amount	M.	Customer:Job	Billable?
Printing & Reproduction	S	1,450.00			
Freight/Shipping	G	50.00			

Vendor Tax Code: [Dropdown]

GST (ITC) 5.0%: 75.00 Edit

PST (BC) on purchases 7.0%: 101.50

Clear Splits Recalculate Save & Close Save & New Clear

- 13 Click Save & Close to record the bill.

When you record the transaction, QuickBooks creates a journal entry.

Entering and paying bills

The following table shows the journal entry for the bill.

Account Title	Debit	Credit
Accounts Payable		\$1,676.50
Printing & Reproduction	\$1,551.50	
Freight/Shipping	\$50.00	
GST Paid on Purchases	\$75.00	

QuickStart Tip

You can enter bills and vendor credits directly in your accounts payable (A/P) register instead of using the Enter Bills window to create the transactions. One benefit to using the register is speed: You can work more quickly in a register than you can if you fill out a separate bill for each transaction. And, since the register shows you all the transactions in the account to date (not just one transaction at a time), you have a better record of the entire account.

Paying bills

When you start QuickBooks or open a QuickBooks company file, you can have a Reminders window appear that tells you whether you have transactions to complete, such as bills to pay or money to deposit.

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

When QuickBooks tells you that you have bills due, you can display the Pay Bills window and select the bills you want to pay.

To pay a bill:

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

Pay Bills

Select Bills to be Paid

Show bills: ☐ Due on or before 01/10/2011 ☒ Show all bills

Sort By: Due Date

☒	Date Due	Vendor	Ref. No.	Disc. Date	Amt. Due	Disc. Used	Credits Used	Amt. To Pay
☒	12/17/2010	Utility Corp			360.15	0.00	0.00	0.00
☐	12/22/2010	The Phone Co.			164.87	0.00	0.00	0.00
☐	12/30/2010	Barata's Building S...	2342		15,015.00	0.00	0.00	0.00
☐	01/04/2011	Blitz Marketing		12/15/2010	892.50	0.00	0.00	0.00
☐	01/10/2011	Willis Advertising			1,676.50	0.00	0.00	0.00
Totals					38,906.54	0.00	0.00	0.00

Select All Bills

Credit Information for Highlighted Bill

Vendor: Terms: Number of Credits: **0**

Bill Ref. No.: Sugg. Discount: **0.00** Total Credits Available: **0.00**

Payment

Date: 12/31/2010 Method: Cheque ☒ To be printed ☐ Assign cheque no.

Account: Chequing **Ending Balance: 169,006.83**

The Pay Bills window shows your unpaid bills as of any date you enter. You can pay by cheque, credit card, or with an online payment (if you are set up to make online payments).

For this exercise, you'll pay a bill using a QuickBooks cheque (rather than a handwritten one).

- 2 Select the "To be printed" option. By selecting this option, you are telling QuickBooks that you will print this cheque later.
- 3 Select the Willis Advertising bill by clicking in the column to the left of the bill.

QuickBooks displays a checkmark next to the bill and changes the amount in the Ending Balance to reflect a payment of \$1,676.50. If you want to make a partial payment, you can enter the amount you want to pay in the Amt. To Pay column.

Entering and paying bills

Your screen should resemble the figure below. Make sure that your dates match the previous screen shot.

Pay Bills

Select Bills to be Paid

Show bills: ☐ Due on or before 01/10/2011 ☒ Show all bills

Sort By: Due Date

☐	Date Due	Vendor	Ref. No.	Disc. Date	Amt. Due	Disc. Used	Credits Used	Amt. To Pay
☐	12/17/2010	Utility Corp			360.15	0.00	0.00	0.00
☐	12/22/2010	The Phone Co.			164.87	0.00	0.00	0.00
☐	12/30/2010	Barata's Building S...	2342		15,015.00	0.00	0.00	0.00
☐	01/04/2011	Blitz Marketing		12/15/2010	892.50	0.00	0.00	0.00
☒	01/10/2011	Willis Advertising			1,676.50	0.00	0.00	1,676.50
Totals					38,906.54	0.00	0.00	1,676.50

Clear Selections

Credit Information for Highlighted Bill

Vendor: **Willis Advertising**

Bill Ref. No.: **2342**

Terms: **0.00**

Sugg. Discount: **0.00**

Number of Credits: **0**

Total Credits Available: **0.00**

Go to Bill Set Discount Set Credits

Payment

Date: 12/31/2010

Method: Cheque

☒ To be printed ☐ Assign cheque no.

Account: Chequing

Ending Balance: 167,330.33

Pay Selected Bills Cancel

- 4 Click Pay Selected Bills.

QuickBooks displays a summary of your bill payments.

Payment Summary

Payment Details

Payment Date 12/31/2010

Payment Account Chequing

Payment Method Cheque

Payment has been successfully recorded for the following bill:

Date Due	Vendor	Amount Paid
01/10/2011	Willis Advertising	1,676.50
Total		1,676.50

[How do I find and change a bill payment?](#)

You can print cheques now, or print them later from Print Forms on the File menu.

Pay More Bills Print Cheques Done

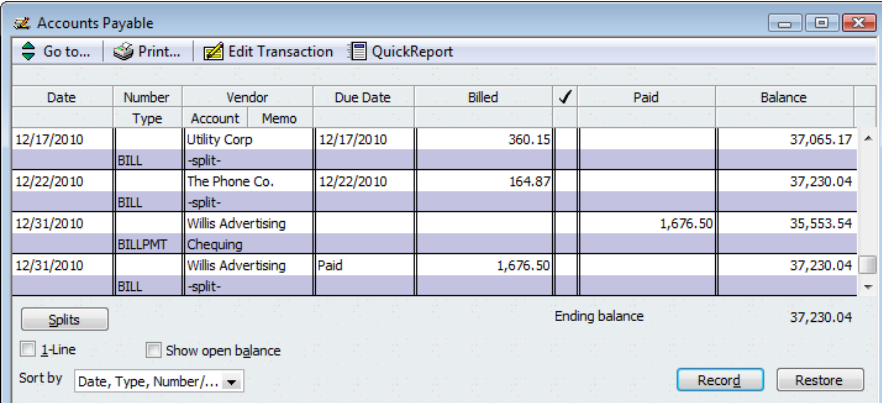
- 5 You could print the cheque at this point, but for this exercise, click Done.

How QuickBooks records your bill payment

When you pay a bill through the Pay Bills window, QuickBooks makes an entry in the accounts payable register, showing a decrease of \$1,676.50 in the total payables. It also creates a cheque from your chequing account to pay the bill.

To see the entry in the accounts payable register:

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



Date	Number	Vendor	Due Date	Billed	✓	Paid	Balance
Type	Account	Memo					
12/17/2010		Utility Corp	12/17/2010	360.15			37,065.17
	BILL	-split-					
12/22/2010		The Phone Co.	12/22/2010	164.87			37,230.04
	BILL	-split-					
12/31/2010		Willis Advertising				1,676.50	35,553.54
	BILLPMT	Chequing					
12/31/2010		Willis Advertising	Paid	1,676.50			37,230.04
	BILL	-split-					
Ending balance							37,230.04

The register now shows the bill payment to Willis Advertising.

- 3 Close the Accounts Payable register.

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

To see the entry:

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

Entering and paying bills

Date	Number	Type	Payee	Account	Memo	Payment	✓	Deposit	Balance
12/15/2010		PMT	Rajyaguru, Kamlesh: Tea and Crumpet	Accounts Receivable				45,000.00	173,206.83
12/17/2010		CHQ	Royal Bank			4,200.00			169,006.83
12/31/2010		To Print	Willis Advertising			1,676.50			167,330.33
12/31/2010		BILLPMT	Accounts Payable						

Ending balance: 167,330.33

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

- 2 Select the Willis Advertising transaction.
- 3 On the toolbar, click Edit Transaction.

QuickBooks displays the Bill Payments (Cheque) window.

Bank Account: Chequing Ending Balance: 166,455.68

Pay to the Order of: Willis Advertising

No. To Print: 12/31/2010

Date: 12/31/2010

\$ 1,676.50

One thousand six hundred seventy-six and 50/100***** Dollars

Willis Advertising

Address:

Memo:

Bills paid in this transaction:

P...	Date Due	Vendor	Ref. No.	Bill Amt.	Amt. ...	Disc. Date	Amt. Paid
✓	01/10/2011	Willis Advertising		1,676.50	1,676.50		1,676.50

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

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

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

- 5 Click Home in the icon bar to open the Home page.

QuickStart

The Unpaid Bills Detail report lists the unpaid bills in accounts payable grouped by vendor. If a bill is overdue, the Aging column shows the number of days past due. (To create this report, from the Reports menu, choose Vendors & Payables, and then choose Unpaid Bills Detail. If necessary change dates to “Next Fiscal Year.”)

The A/P Aging Summary report summarizes the status of unpaid bills in accounts payable. For each vendor to whom your company owes money, the report shows (1) what your company owes for the current billing period, and (2) what your company still owes from the previous billing periods. The 1-30, 31-60, 61-90, and >90 columns show overdue balances from previous billing periods. For example, an amount in the 31-60 column is between 31 and 60 days overdue. (To create this report, choose Vendors & Payables from the Reports menu, and then choose A/P Aging Summary.)

Applying vendor discounts to bill payments

If you take advantage of discounts for early payment offered by some vendors, you can record the discounts directly in the Pay Bills window. You can set up QuickBooks to track the discount amounts.

In this section, you’ll apply a discount for early payment to one of White Ridge Construction’s vendors.

To apply a discount for early payment:

- 1 On the Home page, in the Vendors section, click Pay Bills.

QuickBooks displays the Pay Bills window.

- 2 In the Show bills area, select “Show all bills”, if not already selected, and press Tab.

QuickBooks displays all of White Ridge Construction’s bills due.

- 3 From the Sort By drop-down list, choose Discount Date, if not already selected.

Since we are paying a bill early to take advantage of the discount, select 12/14/2010 as the payment date.

Entering and paying bills

Your screen should look like this.

Pay Bills

Select Bills to be Paid

Show bills: ☐ Due on or before 01/10/2011 ☒ Show all bills

Sort By: Discount Date

☒	Date Due	Vendor	Ref. No.	Disc. Date	Amt. Due	Disc. Used	Credits Used	Amt. To Pay
☐	12/14/2010	Roger's and Comp...			450.00	0.00	0.00	0.00
☐	01/04/2011	Blitz Marketing		12/15/2010	892.50	0.00	0.00	0.00
☐	12/17/2010	Utility Corp			360.15	0.00	0.00	0.00
☐	12/22/2010	The Phone Co.			164.87	0.00	0.00	0.00
☐	12/30/2010	Barata's Building S...	2342		15,015.00	0.00	0.00	0.00
Totals					37,230.04	0.00	0.00	0.00

Select All Bills

Credit Information for Highlighted Bill

Vendor: Blitz Marketing

Bill Ref. No.: [Field]

Terms: [Field]

Sugg. Discount: 0.00

Number of Credits: 0

Total Credits Available: 0.00

Go to Bill Set Discount Set Credits

Payment

Date: 12/14/2010

Method: Cheque

☒ To be printed ☐ Assign cheque no.

Account: Chequing

Ending Balance: 167,330.33

Pay Selected Bills Cancel

- Click to put a checkmark next to the bill for Blitz Marketing with a due date of 01/04/2011.

QuickBooks displays the discount and credit information for Blitz Marketing.

- Click Set Discount.

QuickBooks displays the Credits window prefilled with information about White Ridge's terms with Blitz Marketing, and the amount of the discount based on those terms (in this case, two percent of \$850.00 (the pretax amount), or \$17.00).

Discount and Credits

Bill

Vendor: Blitz Marketing

Ref. No.: [Field]

Date: 12/05/2010

Original Amt.: 892.50

Amount Due: 892.50

Discount Used: 17.00

Credits Used: 0.00

Amt. To Pay: 875.50

Discount Credits

Discount Date: 12/15/2010

Terms: 2% 10 Net 30

Suggested Discount: 17.00

Amount of Discount: 17.00

Discount Account: Vendor Discounts

Done Cancel Help

- From the Discount Account drop-down list, choose Vendor Discounts (to track the discount amount).
- Click Done.

Note: You can set up QuickBooks to always use discounts and credits from vendors. If you always track discounts from vendors in the same account, you can set up a default account. From the Edit menu, choose Preferences. Click Bills, and then click the Company Preferences tab. Select the “Automatically use discounts and credits” checkbox and choose the account in which you want QuickBooks to track the discounts you receive from vendors.

8 Click Pay Selected Bills.

Payment Summary

Payment Details

Payment Date 12/14/2010

Payment Account Chequing

Payment Method Cheque

Payment has been successfully recorded for the following bill:

Date Due	Vendor	Amount Paid
01/04/2011	Blitz Marketing	875.50
Total		875.50

[How do I find and change a bill payment?](#)

You can print cheques now, or print them later from Print Forms on the File menu.

9 In the Payment Summary window click Done.




LESSON 9

Analyzing financial data

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Lesson objectives

- To discuss some of the tools QuickBooks gives you for analyzing financial data: QuickReports, preset reports, and graphs
- To create a QuickReport
- To add a column to a report
- To learn how to move a column in a report
- To learn about the types of preset reports QuickBooks offers
- To practice creating reports and viewing them onscreen
- To customize a report by changing how it looks and the data it covers (filtering)
- To learn how to process reports in batches
- To save reports as Portable Document Format (PDF) files
- To learn how to export a report to Microsoft Excel
- To practice filtering reports in Microsoft Excel
- To learn about the types of graphs QuickBooks offers
- To create and customize several graphs

Supporting materials

- PowerPoint file: Lesson 9
- Video: Reports

Instructor preparation

- Review this lesson, including the examples, to make sure you're familiar with the material.
- Ensure that all students have a copy of qblesson.qbb on their computer's hard disk.

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB) on your hard disk. See “Installing the exercise file” in the Introduction to this guide if you haven't installed it.

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

To restore the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB):

- 1 From the File menu in QuickBooks, choose Open or Restore Company. QuickBooks displays the Open or Restore Company window.
- 2 Select Restore a backup copy and click Next.
- 3 Select Local backup and click Next.
- 4 In the Open Backup Copy window, navigate to your C:\QBtrain directory.
- 5 Select the QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB file, and then click Open.
- 6 In the Open or Restore Company window, click Next.
- 7 Navigate to your C:\QBtrain directory.
- 8 In the File name field of the Save Company File as window, type **lesson 9** and then click Save.
- 9 Click OK when you see the message that the file has been successfully restored.

Reports and graphs help you understand your business

So far, you've been learning ways to track your data in QuickBooks. In this lesson, you'll work with two of the most valuable tools in QuickBooks: reports and graphs. Reports and graphs give you insight into your finances; they're two of the most important benefits of tracking your data in QuickBooks.

Often, people's perceptions of their business profitability don't match the facts. If you enter your data in QuickBooks, but don't take the time to analyze the data, your business decisions are based on incomplete knowledge. Reports let you summarize your financial data so you make decisions based on analysis of the numbers.

Reports give you the bottom line—you can see exactly how profitable your business is. If it's not doing as well as you'd hoped, you can create reports that show you which areas need improvement. QuickBooks has dozens of preset reports, but if you have specific reporting needs, you can customize any QuickBooks report to show exactly the data you want. And if you're interested in getting quick information, you can use a QuickReport that lets you summarize information from your lists, forms, or registers with one click of a button.

Some people find it easier to see a visual picture of their financial data. If you're interested in learning more about trends or patterns in your business data (for example, what proportion of your income comes from consulting services as compared to product sales), QuickBooks offers six types of QuickInsight graphs.

Note: Some versions of QuickBooks include additional reports that are not available in all other versions.

Creating QuickReports

One of the fastest ways to see a report on your QuickBooks data is to create a QuickReport. QuickReports are predesigned reports that give you information about the items you're currently viewing on screen. Whenever you have a list, a register, or a form displayed, you can click a button to have QuickBooks create a QuickReport.

When to use a QuickReport

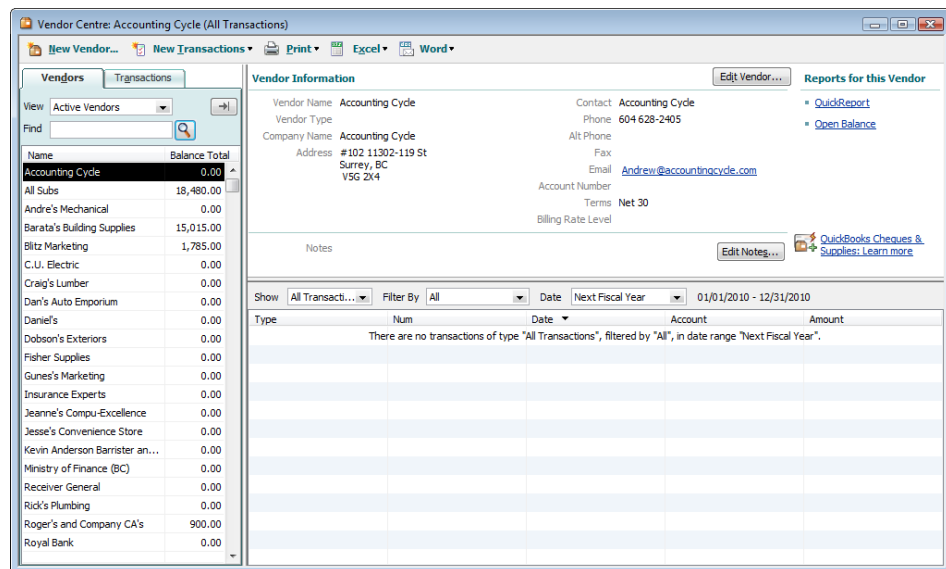
Suppose you're viewing the Vendors list, and you want to see a history of all transactions for a certain vendor. Select the vendor's name, click the Report menu button, and then select QuickReport. You'll see a report listing information about each bill for that vendor.

Suppose that White Ridge Construction wants to see what it owes to Barata's Building Supplies.

To see what you owe a vendor:

- 1 Click Vendor Centre on the icon bar.

QuickBooks displays the Vendor Centre. If necessary, select "Next Fiscal Year" to ensure that 2010 dates are shown.



- 2 Select Barata's Building Supplies.
- 3 In the Reports for this Vendor section, click the QuickReport link.

Note: If you want to see only unpaid bills and unapplied credits for the selected vendor, click the Open Balance link in the Reports for this Vendor section.

- 4 In the Report screen Dates field, select Custom, in the From field type 9/01/2010 and in the To field type 12/31/2010. Click Refresh

Type	Date	Num	Memo	Account	Clr	Split	Amount
Barata's Building Supplies							
Bill	09/13/2010	331		Accounts Payable		-SPLIT-	-35,647.50
Cheque	10/16/2010	65		Chequing	✓	Accounts Pa...	-35,647.50
Bill	11/30/2010	2342	Partial Receipt	Accounts Payable		-SPLIT-	-15,015.00
Purchase Order	11/30/2010	8	Estimate 5	Purchase Orders		-SPLIT-	-40,845.00

A Vendor QuickReport shows all transactions for this date range for the selected vendor, Barata's Building Supplies. The transactions shown can include purchase orders, item receipts, bills, bill payments, and credits received from the vendor.

- 5 Leave the report open; you will use it in the next exercise.

Zooming in on a QuickReport

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

When you position the mouse pointer over a number in a report and you see the QuickZoom symbol  (a magnifying glass with a Z in it), you can double-click the number to display the original transaction in QuickBooks.

Suppose you want more detail about the item receipt shown in the report. (You use an item receipt in QuickBooks when you want to record that you've received inventory items, but you haven't yet received a bill.)

To see more detail about an item:

- 1 Position the mouse pointer over the partial receipt dated 11/30/2010. The arrow pointer turns into a magnifying glass with the letter Z (z for zoom).

2 Double-click the partial receipt.

QuickBooks displays the Enter Bills window for the selected transaction.

Enter Bills

Previous Next Find History

☒ Bill ☐ Credit ☒ Bill Received

Bill

Vendor: Barata's Building Supplies Date: 11/30/2010

Address: Barata's Building Supplies, 4895 King Edward Ave., Maple Ridge, BC V2H 4G4 Ref. No.: 2342

Amount Due: 15,015.00

Bill Due: 12/30/2010

Terms: Net 30 Discount Date: Memo: Partial Receipt

Expenses: \$0.00 Items: \$14,300.00

Item	Description	Qty	Cost	Tax	Amount	Customer:Job	Billable?
Direct Labour:Electrical La...	Electrical Labour		1,000.00	G	1,000.00	Uchman, Roy:Hangar	☐
Direct Labour:Foundation ...	Foundation Labour		2,000.00	G	2,000.00	Uchman, Roy:Hangar	☐
Direct Labour:Landscaping...	Landscaping Labour		2,000.00	G	2,000.00	Uchman, Roy:Hangar	☐
Direct Materials - Heading:...	Roofing Materials		8,000.00	G	8,000.00	Uchman, Roy	☐
Direct Materials - Heading:...	Rental Equipment		1,300.00	G	1,300.00	Uchman, Roy:Hangar	☐

Select PO Receive All Show PO Time

Vendor Tax Code GST (ITC) 5.0% 715.00 Edit 0.00

Clear Splits Recalculate Save & Close Save & New Revert

3 Click Save & Close to close the window.

QuickBooks returns you to the QuickReport.

Customizing QuickReports

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

Vendor QuickReport

Modify Report... Memorize... Print... E-mail Export... Hide Header Refresh

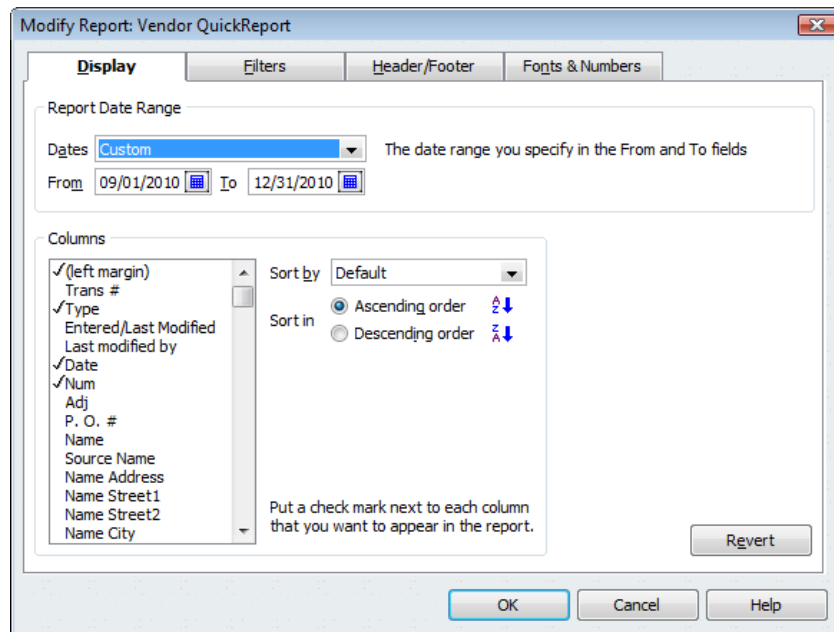
Dates: Custom From: 09/01/2010 To: 12/31/2010 Sort By: Default

In this exercise, you'll customize the QuickReport you just created to display transaction numbers in the report.

To add a column to a report:

1 In the QuickReport window, click Modify Report.

QuickBooks displays the Modify Report window.



Use the Display tab of the Modify Report window to select the columns to include in the report and the date range of the report.

- In the Columns list, select Trans #.

QuickBooks displays a checkmark next to Trans # to indicate that it's selected.

- Click OK to accept the change.

QuickBooks displays the customized Vendor QuickReport.

Trans #	Type	Date	Num	Memo	Account	Clr	Split	Amount
Barata's Building Supplies								
186	Bill	09/13/2010	331		Accounts Payable		-SPLIT-	-35,647.50
214	Cheque	10/16/2010	65		Chequing	✓	Accounts Pa...	-35,647.50
239	Bill	11/30/2010	2342	Partial Receipt	Accounts Payable		-SPLIT-	-15,015.00
289	Purchase Order	11/30/2010	8	Estimate 5	Purchase Orders		-SPLIT-	-40,845.00

Notice that the partial receipt from Barata's Building Supplies is now listed as Transaction #239.

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

To move a report column:

- Position your mouse pointer over the Trans # column that you added to the QuickReport.

The mouse pointer changes shape to look like a hand.

- 2 Hold down the left mouse button and drag the Trans # column to the right until you see an arrow appear between the Date Column and the Num column.
- 3 Release the mouse button.

QuickBooks places the Trans # column between the Date column and the Num column.

Type	Date	Trans #	Num	Memo	Account	Clr	Split	Amount
Barata's Building Supplies								
Bill	09/13/2010	186	331		Accounts Payable		-SPLIT-	-35,647.50
Cheque	10/16/2010	214	65		Chequing	✓	Accounts Pa...	-35,647.50
Bill	11/30/2010	239	2342	Partial Receipt	Accounts Payable		-SPLIT-	-15,015.00
Purchase Order	11/30/2010	289	8	Estimate 5	Purchase Orders		-SPLIT-	-40,845.00

Next, you'll use the QuickReport button bar to customize the report header.

To change information in the report heading:

- 1 In the QuickReport window, click Modify Report, and then click the Header/Footer tab.

Modify Report: Vendor QuickReport

Display Filters **Header/Footer** Fonts & Numbers

Show Header Information

☒ Company Name: White Ridge Construction C...

☒ Report Title: Vendor QuickReport

☒ Subtitle: September through Decem...

☒ Date Prepared: 12/31/01

☒ Time Prepared

☒ Print header on pages after first page

Show Footer Information

☒ Page Number: Page 1

☒ Extra Footer Line

☒ Print footer on first page

Page Layout

Alignment: Standard

Time Company
Date Title
Basis Subtitle

Exp/Exp Description	May 1999
Ordering Inmate	8.00
Car Inmate	8.00
Counseling Fee	8.00
Dividends	8.00
Other: Dividends	8.00
Total: Dividends	8.00
Draw - PC Salary	8.00
Gifts Standard	8.00
Interest Earned	14.55
Refund Inmate	8.00
Salary	8.00
Draw - PC Salary	8.00
Profit Sharing	8.00
Other: Salary	5,879.52
Total: Salary	5,879.52

Extra Line Page

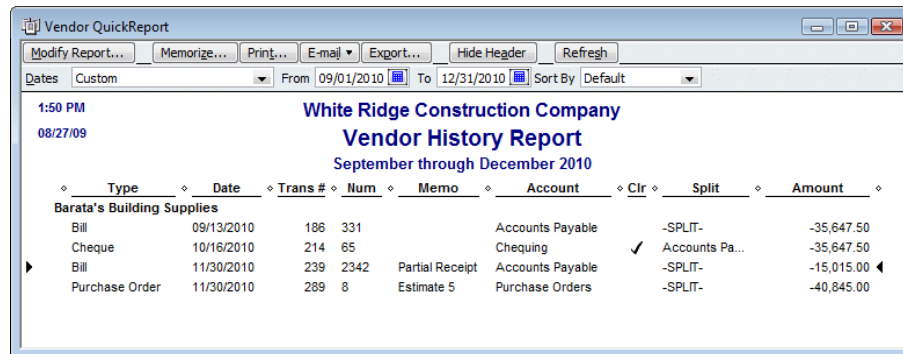
Revert

OK Cancel Help

On the Header/Footer tab, you can change the company name, report title and subtitle. Date and time prepared cannot be changed in this window, as they are picked up automatically as of the real date on your computer. You can also specify whether to print the header on all pages or on just the first page. The Header/Footer tab is the same for all QuickBooks reports.

Use this window to change the report title from Vendor QuickReport to Vendor History Report.

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



- 4 Close the QuickReport window.
- 5 Close the Vendor Centre.

Creating and customizing preset reports

In addition to QuickReports, QuickBooks has dozens of preset report formats. You can create profit and loss reports, balance sheet reports, accounts receivable reports, sales reports, accounts payable reports, inventory reports, and many other types of reports.

The Reports Centre categorizes the preset reports into 17 major categories:

Company & Financial reports include the following:

- Profit and loss reports give you a global view of your company's income, expenses, and net profit or loss over a specific period of time.
- Income and Expense reports show the details for customers and vendors.
- Balance sheet reports show the financial position of your business by listing assets, liabilities, and equity.
- Statement of cash flows reports show the net change in your cash during a period of time.

Sales Tax reports provide information you need to fill in your sales tax returns.

Customers & Receivables (accounts receivable) reports give you information about the receivables side of your business: which invoices are due (or overdue), how much each customer owes your company, and so on.

Sales reports give you information about what you have sold and to whom.

Jobs, Time & Mileage reports give information about how well your company is doing at estimating jobs, how much time is spent on each job, and the mileage expenses for each vehicle or job.

Vendors & Payables (accounts payable) reports give you information about the payables side of your business, including which bills are due, and your current balance with each vendor.

Purchases reports give you information about your purchases.

Inventory reports give you information about status (such as the quantities you have on hand or on order) and the value of your inventory.

Employees & Payroll reports summarize the information you need to pay your current payroll liabilities and fill out your tax forms. QuickBooks has these payroll reports: summary, employee earnings, liabilities, item detail, transaction detail, and transactions by payee.

Banking reports include cheque detail, deposit detail, missing cheque reports, and reconciliation reports.

Accountant & Taxes reports summarize information that you need to give to your accountant and information to help you monitor activity in the company file. These include income tax summary, income tax detail, general ledger, trial balance, journal, transaction journal, and audit trail reports.

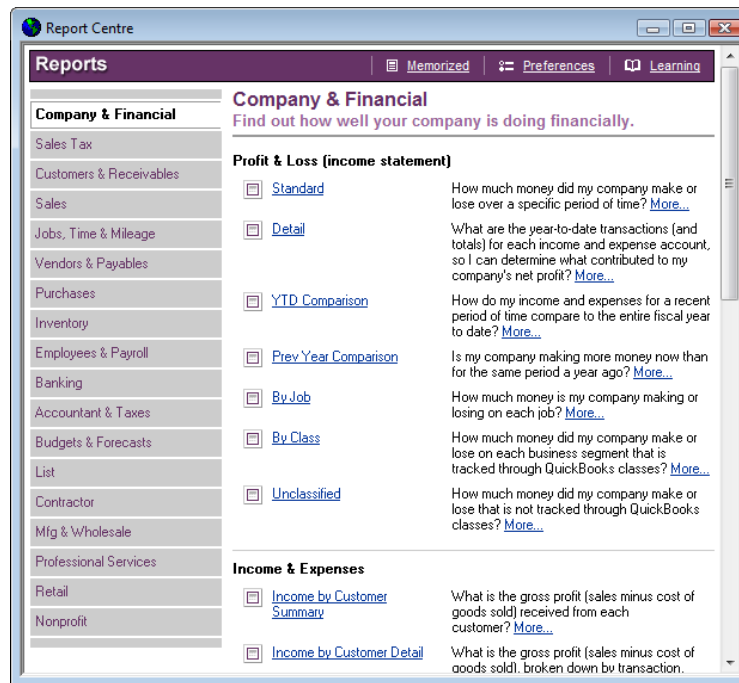
Budgets & Forecasts reports show how your income and expenses compare to the budgets you've set up.

List reports let you report on any information stored in a QuickBooks list.

Industry Specific reports are available in each of the industry-specific editions of QuickBooks. Accountant Edition includes the reports from all of the industry-specific editions.

Using the Report Centre

A good way to learn about the reports available in QuickBooks—and how to work with them—is the Report Centre, which is available by clicking Report Centre on the icon bar. If the Report icon is not displayed, the Report Centre can also be opened by selecting it from the Reports menu.



The Report Centre contains a description and example of each QuickBooks report. The “Learning” link at the top right of the window takes you to a window in which you can launch a video tutorial that provides an overview of QuickBooks reports as well as links to several help topics about working with reports.

Creating a profit & loss by job report

The profit & loss by job report provides information on each customer job.

To create a profit & loss by job report for White Ridge Construction:

- 1 In the Report Centre, choose Company & Financial. Then choose by Job in the Profit & Loss section.
- 2 Choose Custom in the Dates field, in the From field type 10/01/2010, and in the To field type 12/31/2010. If necessary click Refresh.

The report on your screen should resemble the following figure.

White Ridge Construction Company
Profit & Loss by Job
 October through December 2010

Accrual Basis

	Kitchen Renovation (Greene, Jeremy)	Total Greene, Jeremy	Tea and Crumpets Room (Rajyaguru, Kamlesh)
Ordinary Income/Expense			
Income			
Construction Income	6,000.00	6,000.00	52,480.00
Retail Sales	159.95	159.95	0.00
Total Income	6,159.95	6,159.95	52,480.00
Cost of Goods Sold			
Cost of Goods Sold	119.95	119.95	0.00
Direct Cost of Goods Sold			
Direct Labour Costs	0.00	0.00	6,720.00
Direct Materials Costs	0.00	0.00	0.00
Total Direct Cost of Goods Sold	0.00	0.00	6,720.00
Total COGS	119.95	119.95	6,720.00
Gross Profit	6,040.00	6,040.00	45,760.00
Expense			
Freight/Shipping	0.00	0.00	0.00
Payroll Expenses	0.00	0.00	9,536.13
Total Expense	0.00	0.00	9,536.13
Net Ordinary Income	6,040.00	6,040.00	36,223.87
Net Income	6,040.00	6,040.00	36,223.87

2 Scroll the report window to see more of the report. Notice that the button bar at the top of the report is the same button bar you saw in the QuickReport window with the addition of a Collapse button.

3 Click the Collapse button to see the difference.

The Collapse button hides subaccounts, jobs, and subclasses. Amounts are summarized under the main heading. This button affects both the onscreen and printed report.

4 Click Expand to return to the original report display.

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

Modifying reports

You can modify preset reports the same way you modify QuickReports. In this exercise you'll modify the profit & loss by job report to display % of income for the period.

1 Click the Modify Report button to bring up the Modify Report window. Make sure the Display tab is selected.

2 In the "Add subcolumns for" area, click the % of Income button.

3 Click OK.

Your screen should resemble the following.

11:32 AM
10/09/09
Accrual Basis

White Ridge Construction Company
Profit & Loss by Job
October through December 2010

	Kitchen Renovation (Greene, Jeremy)		Total Greene, Jeremy	
	Oct - Dec 10	% of Income	Oct - Dec 10	% of Income
Ordinary Income/Expense				
Income				
Construction Income	6,000.00	97.4%	6,000.00	97.4%
Retail Sales	159.95	2.6%	159.95	2.6%
Total Income	6,159.95	100.0%	6,159.95	100.0%
Cost of Goods Sold				
Cost of Goods Sold	119.95	1.9%	119.95	1.9%
Direct Cost of Goods Sold				
Direct Labour Costs	0.00	0.0%	0.00	0.0%
Direct Materials Costs	0.00	0.0%	0.00	0.0%
Total Direct Cost of Goods Sold	0.00	0.0%	0.00	0.0%
Total COGS	119.95	1.9%	119.95	1.9%
Gross Profit	6,040.00	98.1%	6,040.00	98.1%
Expense				
Freight/Shipping	0.00	0.0%	0.00	0.0%
Payroll Expenses	0.00	0.0%	0.00	0.0%
Total Expense	0.00	0.0%	0.00	0.0%
Net Ordinary Income	6,040.00	98.1%	6,040.00	98.1%
Net Income	6,040.00	98.1%	6,040.00	98.1%

Filtering reports

You can customize preset reports the same way you customize QuickReports. In this exercise you'll customize the profit & loss by job report and *filter* it to include only the transactions you specify.

Report filters let you set custom criteria for the transactions you want included in a report. When you filter a report, QuickBooks includes only those transactions that match the rules you create.

To filter a preset report:

- 1 With the profit & loss by job report displayed, click Modify Report on the report button bar, and then click the Filters tab.

QuickBooks displays the Filters tab of the Modify Report window.

Analyzing financial data

Suppose you want to see only the cost-of-sales accounts on the comparison profit & loss. You can filter the report by account.

- 2 In the Filter scroll box, make sure Account is selected.

Notice that QuickBooks provides a description of the selected filter below the list of filters. If you need more information about how applying a particular filter will affect the report, click ***Tell me more.***

- 3 In the Account field, choose All cost-of-sales accounts from the drop-down list.
- 4 Click OK.

QuickBooks displays the customized profit & loss comparison report.

Kitchen Renovation (Greene, Jeremy)		Total Greene, Jeremy	
Oct - Dec 10	% of Income	Oct - Dec 10	% of Income
Ordinary Income/Expense			
Cost of Goods Sold			
Cost of Goods Sold	119.95	0.0%	119.95
Direct Cost of Goods Sold			
Direct Labour Costs	0.00	0.0%	0.00
Direct Materials Costs	0.00	0.0%	0.00
Total Direct Cost of Goods Sold	0.00	0.0%	0.00
Total COGS	119.95	0.0%	119.95
Gross Profit	-119.95	0.0%	-119.95
Net Ordinary Income	-119.95	0.0%	-119.95
Net Income	-119.95	0.0%	-119.95

A comparison of the two previous reports shows how the latter displays only the Cost-of-sales accounts.

QuickStart

Some filters represent more than one thing. This may be a little confusing if you've never used report filters in QuickBooks before. Here are some tips on what to filter for:

- Use "Item" to filter for any kind of line item that appears on a purchase order or sales form. These include goods and services, discounts, and sales tax.
- Use "Name" to filter for customers, jobs, vendors, employees, or any name on your Other Names list.
- Use "Transaction type" to filter for any type of transaction, including invoices, cash sales, statement charges, payments from customers, bank deposits, purchase orders, item receipts, bills, bill payments, credit card charges, checks, paycheques, and general journal entries.

Saving Reports in PDF Format

To keep a record of the information in the report as it exists today, you can save the report in Portable Document Format (PDF).

To save a report as a PDF file:

- 1 With the report open, choose Save as PDF from the File menu.
- 2 Navigate to the folder in which you want to store the file, and enter a filename.
- 3 Click Save.
- 4 Close the report window.
- 5 Click No when QuickBooks asks if you want to add this report to the Memorized Report List.
- 6 Go to the Window menu and choose Close All.
- 7 Click Home in the icon bar.

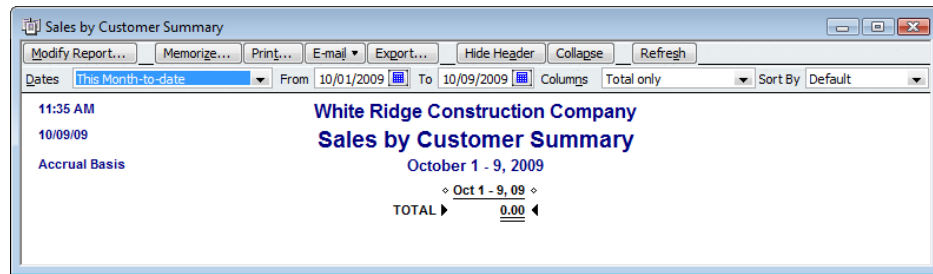
Creating and customizing a sales report

In this exercise, you'll create a QuickBooks sales report, which you will then customize by changing the date range it covers.

To create a sales report:

- 1 From the Reports menu, choose Sales, and then choose Sales By Customer Summary from the submenu.

QuickBooks displays the Sales by Customer Summary report.

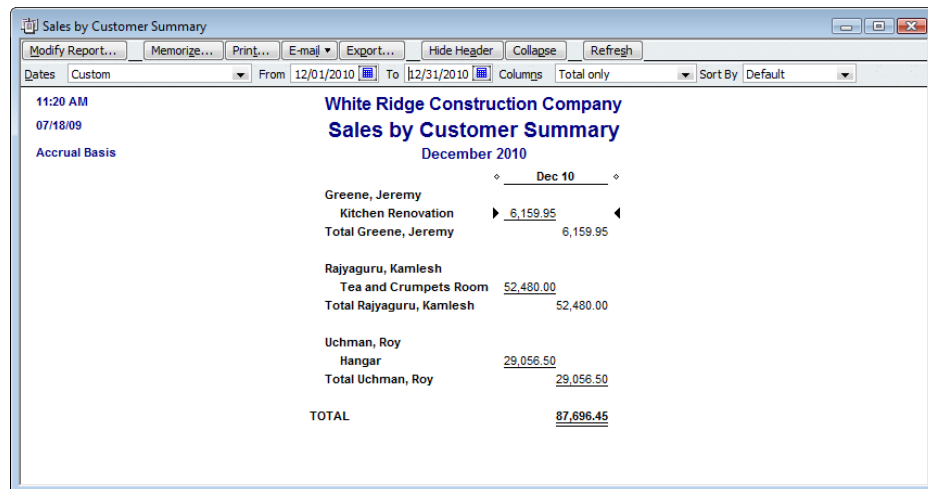


The Dates field in the report button bar shows that the report covers “This Month-to-date.” Depending on just when you are proceeding with this exercise, the report will show the current date. Customize the report so you can see sales figures from December 2010.

To customize a report:

- 1 In the Dates field, select Custom from the drop-down list.
- 2 In the From field, enter 12/01/2010.
- 3 In the To field, enter 12/31/2010 and press Tab.

QuickBooks updates the report and displays the new data.



Using QuickZoom in a preset report

As with all QuickBooks reports, you can QuickZoom any item in the report to see more detail.

To QuickZoom on a report item:

- 1 Position the mouse pointer over the \$29,056.50—the amount for Roy Uchman’s hangar.

The arrow pointer turns into a magnifying glass with a Z in it.

- 2 Double-click \$29,056.50.

QuickBooks displays a QuickZoom report showing sales by customer detail.

Type	Date	Num	Memo	Name	Item	Qty	Sales Price	Amount	Balance
Uchman, Roy									
Hangar									
Invoice	12/15/2010	12	Concrete Dr...	Uchman, Roy:Hang...	Direct L...	0.45	5,800.00	2,610.00	2,610.00
Invoice	12/15/2010	12	Electrical La...	Uchman, Roy:Hang...	Direct L...	0.45	1,450.00	652.50	3,262.50
Invoice	12/15/2010	12	Exterior Finis...	Uchman, Roy:Hang...	Direct L...	0.45	5,075.00	2,283.75	5,546.25
Invoice	12/15/2010	12	Foundation L...	Uchman, Roy:Hang...	Direct L...	0.45	2,900.00	1,305.00	6,851.25
Invoice	12/15/2010	12	Framing Lab...	Uchman, Roy:Hang...	Direct L...	0.45	5,500.00	2,475.00	9,326.25
Invoice	12/15/2010	12	Landscaping...	Uchman, Roy:Hang...	Direct L...	0.45	2,900.00	1,305.00	10,631.25
Invoice	12/15/2010	12	Final Grading	Uchman, Roy:Hang...	Direct L...	0.45	1,885.00	848.25	11,479.50
Invoice	12/15/2010	12	Roofing Lab...	Uchman, Roy:Hang...	Direct L...	0.45	2,900.00	1,305.00	12,784.50
Invoice	12/15/2010	12	Supervision...	Uchman, Roy:Hang...	Direct L...	0.45	8,000.00	3,600.00	16,384.50
Invoice	12/15/2010	12	Exterior Finis...	Uchman, Roy:Hang...	Direct M...	0.45	11,000.00	4,950.00	21,334.50
Invoice	12/15/2010	12	Foundation M...	Uchman, Roy:Hang...	Direct M...	0.45	5,500.00	2,475.00	23,809.50
Invoice	12/15/2010	12	Electrical Fix...	Uchman, Roy:Hang...	Direct M...	0.45	1,430.00	643.50	24,453.00
Invoice	12/15/2010	12	Roofing Mat...	Uchman, Roy:Hang...	Direct M...	0.45	8,800.00	3,960.00	28,413.00
Invoice	12/15/2010	12	Rental Equip...	Uchman, Roy:Hang...	Direct M...	0.45	1,430.00	643.50	29,056.50
Total Hangar								29,056.50	29,056.50
Total Uchman, Roy								29,056.50	29,056.50
TOTAL								29,056.50	29,056.50

To QuickZoom further to display the original invoice for a transaction:

- 1 Position the mouse pointer over the first item on the report (invoice #12 dated 12/15/2010 for Concrete Drives/Walks Labour).
- 2 Double-click anywhere in the first line.

QuickBooks displays Invoice #12 for Roy Uchman's Hangar.

Item	Description	Qty	Rate	Current Amount	Tax
Direct Labour:Dr...	Concrete Drives/Walks Labour	0.45	5,800.00	2,610.00	G
Direct Labour:El...	Electrical Labour	0.45	1,450.00	652.50	G
Direct Labour:E...	Exterior Finish Labour	0.45	5,075.00	2,283.75	G

Customer Message:

GST 5.0%: 1,452.83

Total: 30,509.33

Payments Applied: 28,162.40

Balance Due: 2,346.93

Buttons: Save & Close, Save & New, Revert

- 3 From the Window menu, choose Close All.

- 4 Click No when QuickBooks asks if you want to memorize the report.
- 5 Click Home in the icon bar to display the Home page.

What you see when you QuickZoom in a report depends on the type of report displayed:

- If the report shows summary figures (like the sales by customer summary report we just displayed) and you QuickZoom an amount, QuickBooks displays a transaction report that includes the transactions which contribute to that amount.
- If the report shows transactions and you QuickZoom a transaction, QuickBooks displays the invoice, bill, or other form for the requested transaction.

QuickStart You can widen or narrow columns on any type of QuickBooks report. To make a column wider, drag the small diamond at the right of the column header toward the right. To make a column narrower, drag the small diamond at the right of the column header toward the left.

Saving report settings

After you have customized a report to provide the information you need, you can have QuickBooks *memorize* the settings so you can quickly produce the same report in the future. (QuickBooks memorizes a report's settings, not the actual data.)

Note: If you use one of the QuickBooks: Premier products, you can export the settings for memorized reports as report templates. A report template lets you specify all of a report's settings in advance—for example, report date, format, and filters. Report templates can be imported into other QuickBooks data files and then accessed from the Memorized Report list.

Creating memorized report groups

In addition to saving report settings, you can create memorized report groups that you can use to organize your memorized reports in a way that makes sense for your business and to allow you to quickly process a group of reports at once.

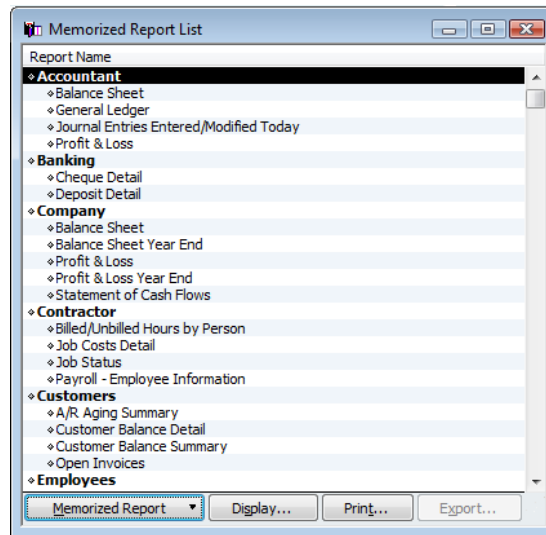
QuickBooks comes preset with a number of memorized report groups each containing common reports for each area. You can add your own reports to these groups, modify the groups to meet your needs, and even create your own groups.

In this exercise, you'll create a memorized group called "Year End" to which you will add some memorized reports. Later, you learn how you can batch process memorized reports.

To create a memorized report group:

- 1 Choose Memorized Reports from the Reports menu, and then choose Memorized Report List.

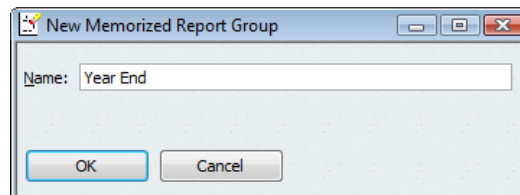
QuickBooks opens the Memorized Report list.



Note: Depending on which industry you have created your data file in, default memorized reports may differ from the list shown above.

- 2 In the Memorized Report List, click the Memorized Report menu button, and choose New Group.
- 3 In the Name field of the New Memorized Report Group window, type **Year End**.

Your window should look like this.



- 4 Click OK.

QuickBooks adds the new group to the Memorized Report list.

Memorizing preset reports

Now, you'll memorize a report and add it to the memorized report group you just created.

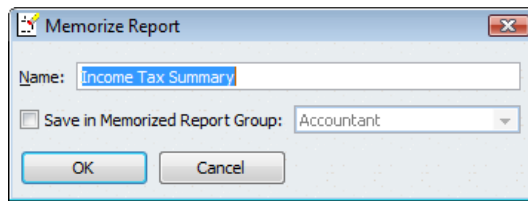
To memorize a report:

- 1 From the Reports menu, choose Accountant & Taxes, and then choose Income Tax Summary.

When the report displays, choose Next Tax Year in the date field, press Tab.

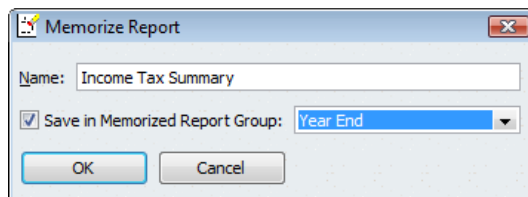
- 2 On the report button bar, click Memorize.

QuickBooks displays the Memorize Report window.



- 3 Leave the name of the report as is.
- 4 Click the “Save in Memorized Report Group” checkbox to select it, and then choose Year End from the drop-down list.

Your window should look like this.



- 5 Click OK to memorize the report and add it to the Year End memorized report group.
- 6 Close the Income Tax Summary report.

The report now appears in the Memorized Report List under Year End.

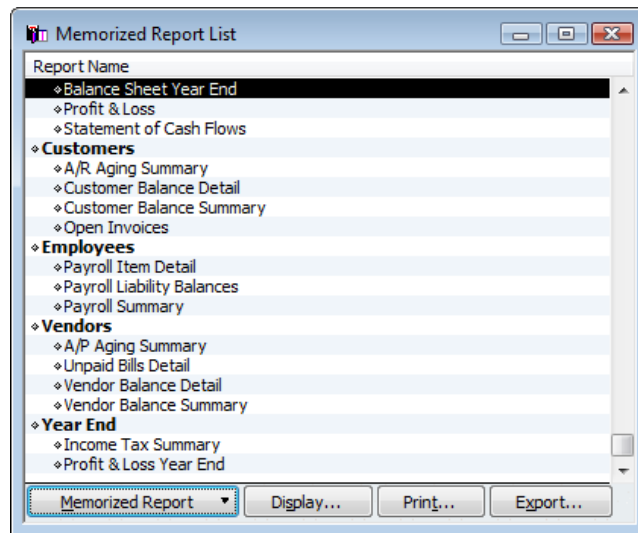
Adding reports to memorized report groups

Now, you’ll add two previously memorized reports to the Year End group.

To add memorized reports to a memorized report group:

- 1 In the Memorized Report List window, under Company, select the report called Profit & Loss Year End.
- 2 Click the Memorized Report menu button, and then choose Edit Memorized Report. QuickBooks opens the Edit Memorized Report window.
- 3 Leave the report name as is.
- 4 If necessary, click the “Save in Memorized Report Group” checkbox to select it, and then choose Year End from the drop-down list.
- 5 Click OK.

QuickBooks moves the Profit & Loss Year End report to the Year End memorized report group.



- 6 In the Memorized Report List window, under Company, select the Balance Sheet Year End report.
- 7 Click the Memorized Report menu button, and then choose Edit Memorized Report.
- 8 Leave the report name as is.
- 9 If necessary, click the “Save in Memorized Report Group” checkbox to select it, and then choose Year End from the drop-down list.
- 10 Click OK.

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

To display a memorized report:

- 1 In the Memorized Report List, select “Balance Sheet Year End.”
- 2 Click Display.

QuickBooks displays the report.

- 3 Leave the report open.

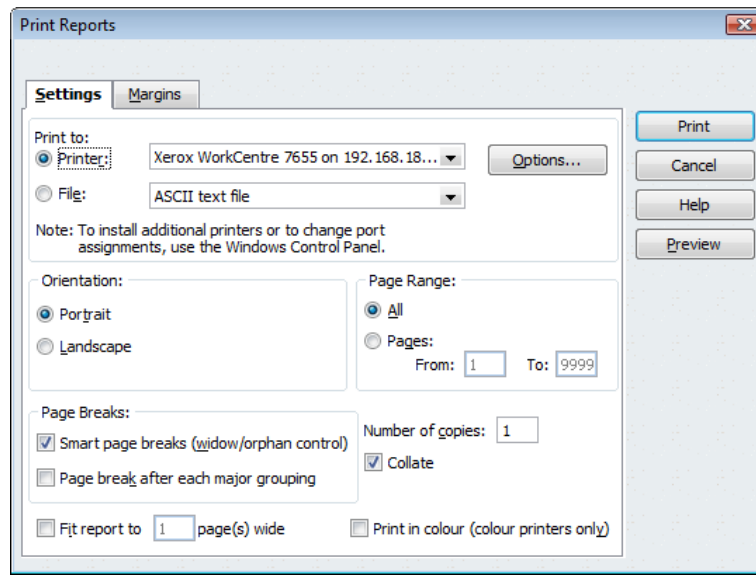
Printing reports

Any time you have a report displayed in the report window, you can print it by clicking the Print button in the report button bar.

To print a report:

- 1 With the Balance Sheet Year End report displayed, click Print.

QuickBooks displays the Print Reports window.



In the Print Reports window you can select the print orientation and tell QuickBooks where you would like the pages to break in multi-page reports.

- 2 Click Preview to see how the report will look when you print it.

QuickBooks displays a preview of your report onscreen.

- 3 Click Close to close the Print Preview window.
- 4 Close the Print Reports window, and then close the report.

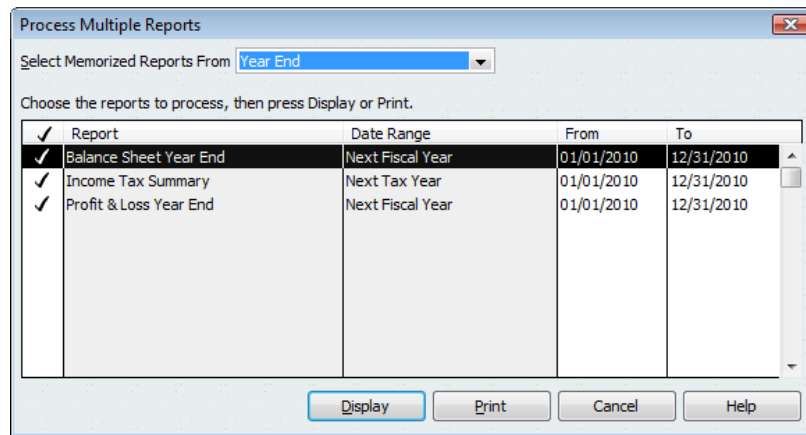
Processing reports in groups

Organizing your memorized reports in groups makes it fast and easy to process several reports at once. Now, you'll process the reports you added to the Year End report group you created in the previous exercise.

To batch process reports:

- 1 In the Memorized Report List, select Year End.
- 2 Click Display.

QuickBooks opens the Process Multiple Reports window. You can use this window to display or print the selected reports. You can also change the date range for reports in this window before you display or print them by clicking in the From or To columns.



- 3 Leave all three reports selected and click Display.

QuickBooks opens the three reports in the Year End group in a cascaded list. Click on the title bar of each report to display it for viewing.

- 4 From the Window menu, choose Close All. Click Home in the icon bar to display the Home page.

Exporting reports to Microsoft Excel

Occasionally, you may want to change a report's appearance or contents in ways that aren't available in QuickBooks, filter report data in ways that you can't in QuickBooks, or run "what-if" scenarios on your QuickBooks data.

You can send reports from QuickBooks to Microsoft Excel. Since the changes you make in Excel don't affect your QuickBooks data, you're free to customize reports as needed and even change data to run what-if scenarios.

Note: To proceed with this exercise, you need Microsoft Excel 2000, 2002, 2003, or 2007. If you don't have Excel, proceed to "Creating QuickInsight graphs" on page 243.

Sending a report to Microsoft Excel

When exporting a report to Microsoft Excel, you indicate whether or not you want to preserve the formatting from your QuickBooks report. You also have the option of turning on or off several Excel features from within QuickBooks.

By default, QuickBooks preserves the look of your report when exporting to Microsoft Excel, and turns on the following Excel features:

- **AutoFit** sets column widths in Excel wide enough to display your data without cutting off words or numbers.
- **Freeze panes** allows you to scroll through data while keeping the row and column headers in view.

■ Show Gridlines turns on gridlines in Excel.

In this exercise, you learn how to select which QuickBooks report formatting options you want to preserve in Excel, and how to turn on and off certain Excel features from within QuickBooks.

To send a report to Microsoft Excel:

- 1 From the Reports menu, choose Company & Financial, and then choose Profit & Loss Standard.
- 2 In the Dates Field select Custom, in the From field type 10/01/2010, and in the To field type 12/31/2010.
- 3 On the Report button bar click Modify Report.

QuickBooks displays the Modify Report window.

- 4 In the “Add subcolumns for” area, click the Previous Period checkbox, and then click the \$ Change and % Change checkboxes.

Your screen should resemble the following.

- 5 Click OK.

Your Profit and Loss Report should now look like this.

11:48 AM
10/09/09
Accrual Basis

White Ridge Construction Company
Profit & Loss
October through December 2010

	Oct - Dec 10	Jul - Sep 10	\$ Change	% Change
Ordinary Income/Expense				
Income				
Construction Income	275,048.50	34,450.00	240,598.50	698.4%
Retail Sales	159.95	0.00	159.95	100.0%
Total Income	275,208.45	34,450.00	240,758.45	698.9%
Cost of Goods Sold				
Cost of Goods Sold	119.95	0.00	119.95	100.0%
Direct Cost of Goods Sold				
Direct Labour Costs	22,600.00	14,800.00	7,800.00	52.7%
Direct Materials Costs	9,300.00	86,100.00	-76,800.00	-89.2%
Total Direct Cost of Goods Sold	31,900.00	100,900.00	-69,000.00	-68.4%
Total COGS	32,019.95	100,900.00	-68,880.05	-68.3%
Gross Profit	243,188.50	-66,450.00	309,638.50	466.0%
Expense				
Freight/Shipping	1,562.00	0.00	1,562.00	100.0%
Insurance				
Liability Insurance	490.00	735.00	-245.00	-33.3%
Total Insurance	490.00	735.00	-245.00	-33.3%

- 6 On the Report button bar, click Export.

QuickBooks displays the Export Report window.

Export Report

Basic | Advanced

Export QuickBooks report to:

☐ a comma separated values (.csv) file

☒ a new Excel workbook

☐ an existing Excel workbook

Browse...

☐ use an existing sheet in the workbook

Select a sheet:

☒ create a new sheet in the workbook

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

Export Cancel Help

- 7 On the Basic tab, make sure that “a new Excel workbook” is selected.

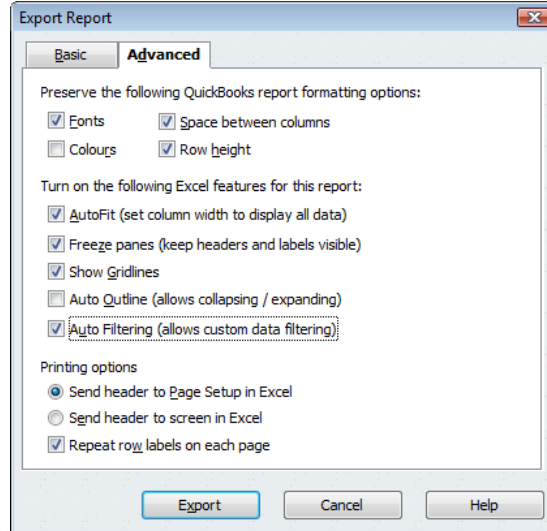
If desired, you can also send the report to a new sheet in an existing Excel workbook, or to a comma separated value (.csv) file.

- 8 Click the Advanced tab.
- 9 Under Formatting options, click the Colours checkbox to clear it.

The title font will remain blue in QuickBooks, but display in black in Excel.

- Under Excel features, select the Auto Filtering checkbox.

Your screen should now resemble the following.



- Click Export.

QuickBooks starts Excel (if it's not running already) and sends the report to a new spreadsheet.

	A	B	C	D	E	F	G	H	I	J	K	L	M
1													
2							Oct - Dec 10	Jul - Sep 10	\$ Change	% Change			
3						Ordinary Income/Expense							
4						Income							
5						Construction Income	275,048.50	34,450.00	240,598.50	698.4%			
6						Retail Sales	159.95	0.00	159.95	100.0%			
7						Total Income	275,208.45	34,450.00	240,758.45	698.86%			
8						Cost of Goods Sold							
9						Cost of Goods Sold	119.95	0.00	119.95	100.0%			
10						Direct Cost of Goods Sold							
11						Direct Labour Costs	22,600.00	14,800.00	7,800.00	52.7%			
12						Direct Materials Costs	9,300.00	86,100.00	-76,800.00	-89.2%			
13						Total Direct Cost of Goods Sold	31,900.00	100,900.00	-69,000.00	-68.39%			
14						Total COGS	32,019.95	100,900.00	-68,880.05	-68.27%			
15						Gross Profit	243,188.50	-66,450.00	309,638.50	-465.97%			
16						Expense							
17						Freight/Shipping	1,562.00	0.00	1,562.00	100.0%			
18						Insurance							
19						Liability Insurance	490.00	735.00	-245.00	-33.33%			
20						Total Insurance	490.00	735.00	-245.00	-33.33%			
21						Interest & Bank Charges							

- Leave the report open in Excel; you'll use it in the next exercise.

If you wanted to save the report, you would choose Save from within Excel.

Filtering a report in Microsoft Excel

Within Microsoft Excel, you can filter on any column of data using a drop-down list at the top of the column. Using the drop-down list, you can apply a number of preset filters or create your own custom filter.

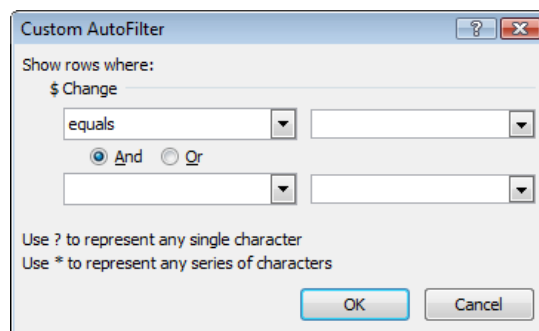
To find out which, if any, of White Ridge Construction's income or expense figures have decreased since the previous period, you'll filter the profit and loss report you just created.

To filter a report in Microsoft Excel:

- 1 In the Excel window, click the down arrow in the \$ Change column of the profit and loss report, and choose (Custom...) from the drop-down list.

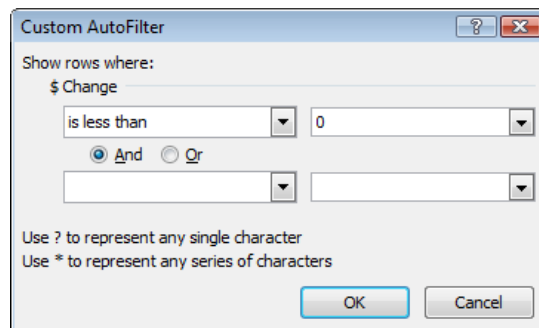
Note: If using Microsoft Office Excel 2007# From the \$ Change drop-down list, choose Number Filters, then Custom Filter to open the Custom AutoFilter window.

Excel displays the following window.



- 2 In the \$ Change field, choose "is less than" from the drop-down list.
- 3 In the field to the right, type 0.

Your screen should resemble the following.



- 4 Click OK.

Excel filters the \$ Change column for negative amounts and displays the results.

Analyzing financial data

	A	B	C	D	E	F	G	H	I	J	K	L	M
1													
2							Oct - Dec 10		Jul - Sep 10		\$ Change		% Change
12						Direct Materials Costs	9,300.00		86,100.00		-76,800.00		-89.2%
13						Total Direct Cost of Goods Sold	31,900.00		100,900.00		-69,000.00		-68.39%
14						Total COGS	32,019.95		100,900.00		-68,880.05		-68.27%
19						Liability Insurance	490.00		735.00		-245.00		-33.33%
20						Total Insurance	490.00		735.00		-245.00		-33.33%
24						Office Supplies	0.00		589.26		-589.26		-100.0%
29						Legal	0.00		1,130.00		-1,130.00		-100.0%
30						Total Professional Fees	1,285.71		2,415.71		-1,130.00		-46.78%
40						Fuel	831.60		982.80		-151.20		-15.39%
42						Total Vehicles	913.11		1,064.31		-151.20		-14.21%
43						Vendor Discounts	-17.00		0.00		-17.00		-100.0%

- 5 Close Excel without saving the report.
- 6 Close the Profit and Loss report in QuickBooks.
- 7 Choose No when QuickBooks displays a message asking if you want to memorize the report.

Creating QuickInsight graphs

A report gives you numbers that are essential if you want to stay on top of your business finances. But when you want a visual picture to plan current or future business decisions, a graph is another invaluable tool.

A QuickInsight graph shows your data pictured as either a bar graph or a pie chart. The bar graphs and pie charts are simply different views of the same company financial information.

QuickBooks has six types of graphs, providing up to 15 different views of your data:

- **Income and Expense graphs** show your income and expenses for the period you specify.
- **Sales graphs** show your company's sales income for the period you specify.
- **Accounts Receivable graphs** show how much your customers owe.
- **Accounts Payable graphs** show how much you currently owe your vendors.
- **Net Worth graphs** show changes in your company's net worth.
- **Budget vs. Actual graphs** let you see the variance between your budgeted amounts and the actual amount you earned or spent.

To create a QuickInsight graph, select the type of graph you want from a report submenu or from the Report Centre.

Creating an Income and Expense graph

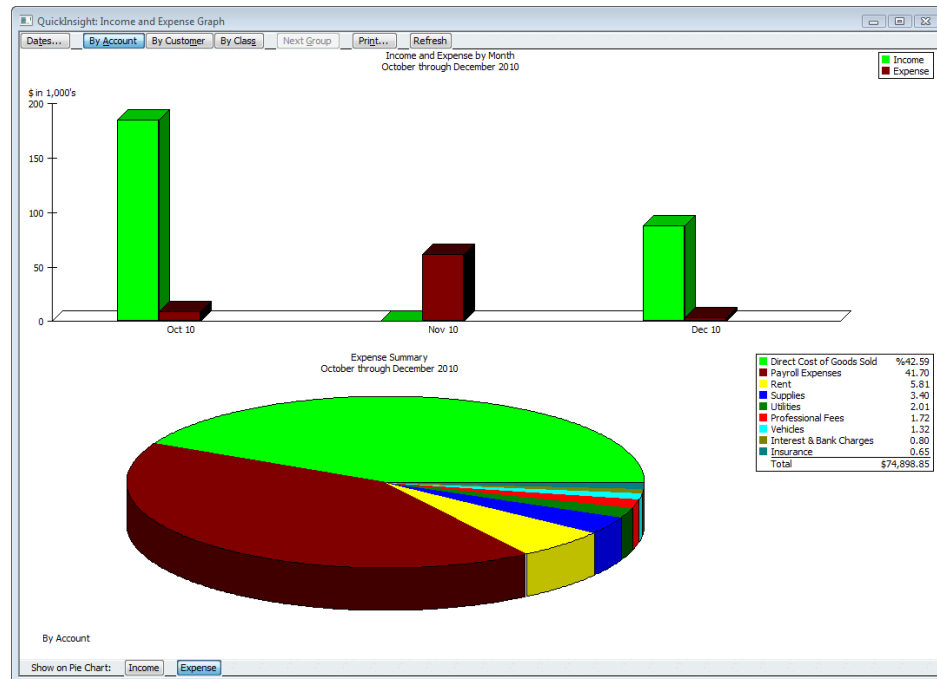
If you want your business to be profitable, you need to keep an eye on your expenses. The income and expense graph shows you exactly what you're spending and where.

You should be especially concerned with the proportion you're spending relative to the income you receive. As a simplistic example, if you're earning only \$20,000 in income, you don't want to spend \$30,000 in expenses.

To create an income and expense graph:

- 1 From the Reports menu, choose Company & Financial, and then choose Income & Expense Graph.
- 2 Click the Dates button, and select "Custom" and set the date range from 10/01/2010 to 12/31/2010.

QuickBooks displays a graph depicting your income and expenses.



In the top portion of the graph window, QuickBooks displays a bar graph and legend showing total income and expenses. In the lower portion of the window, QuickBooks displays a pie chart and legend showing expense percentages by account.

- 3 QuickBooks can display only 10 accounts at a time. To display more accounts, click the Next Group button at the top of the graph window (only available if more than 10 accounts are included in the graph).

Features of QuickInsight graphs

These features are common to all QuickInsight graphs:

- Every graph window, except for the Net Worth and the Budget vs. Actual graphs, shows a bar graph in the top part of the window and a pie chart in the bottom half.

The bar graph usually shows totals. For example, the Income and Expense graph shows the total for income and the total for expenses in each month of the period.

The pie chart shows a breakdown of the information shown in the bar graph; each pie slice in the Income and Expense graph represents a type of income or expense. The legend to the right of the pie chart shows you which income or expense account corresponds to the color shown in the pie chart; it also shows you what percentage of the pie each slice represents.

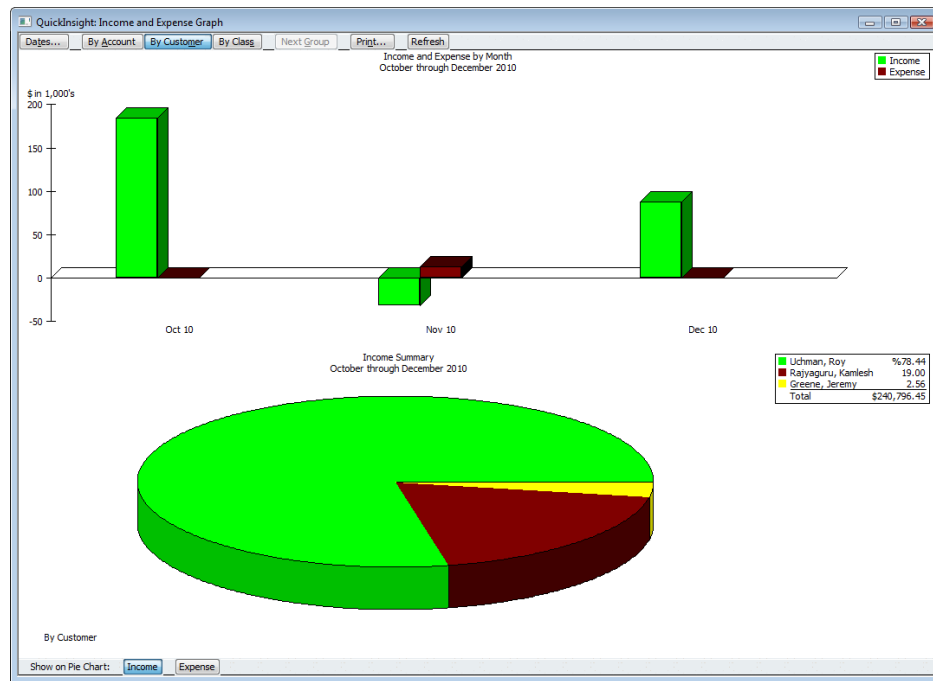
- Every graph window has a button bar with buttons you can click to customize the graph. For example, you can change the time period shown in the graph by clicking the Dates button. If you want the pie chart to show a breakdown by customer or class rather than a breakdown by account, just click By Customer or By Class.
- Just as you can use QuickZoom in a report to get more detail on the numbers, you can use QuickZoom in a graph to see the numbers behind the picture. When you double-click a bar or pie slice, QuickBooks shows you the numbers represented by that graphic image. For example, the pie chart legend tells which income/expense accounts are represented by each pie slice, and tells you what percentage of the whole is represented by each slice. When you zoom in on a pie slice, you can find out exactly how much you received or spent (in dollars) for each account.

Customizing graph data

To display income accounts instead of expense accounts:

- 1 Click Income at the bottom of the graph window.
- 2 Click By Customer.

QuickBooks changes the pie chart to display income by customer.



Using QuickZoom with graphs

To help you better understand the information shown in the graphs, QuickBooks lets you trace graphical data using QuickZoom graphs.

To display the sales for Jeremy Greene:

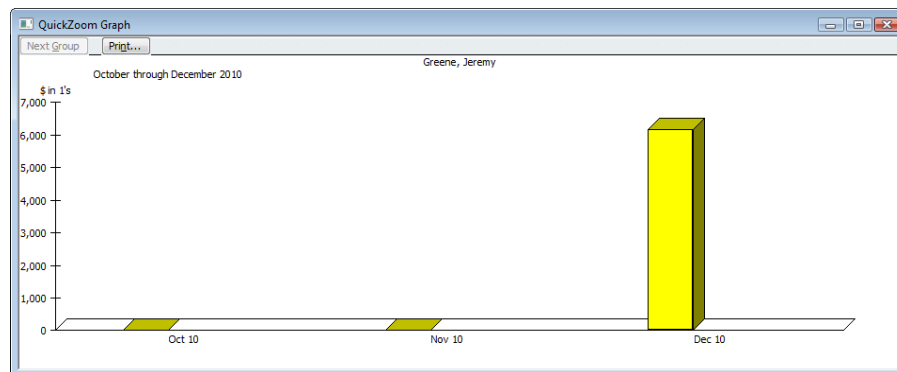
- 1 Position the mouse pointer over the Greene, Jeremy slice of the pie chart (the yellow portion)—use the Key on the right side of the window to determine which colour corresponds to the customer).

The pointer changes to a magnifying glass with the letter Z inside.

- 2 Double-click the Greene, Jeremy slice.

Note: If a slice is too small to click, click on its legend representation instead.

QuickBooks displays a QuickZoom graph depicting sales for Jeremy Greene by month.



- 3 Close the graph.

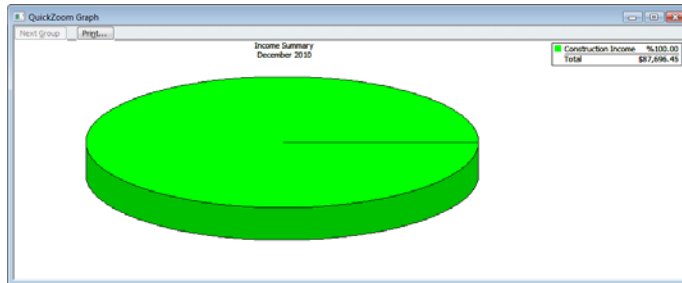
Analyzing financial data

To display a report describing the transactions for a given month:

- 1 Click the By Account button at the top of the Graph. Position the mouse pointer over the bar representing December 2010.

The pointer turns into the QuickZoom symbol.

- 2 Double-click the bar. QuickBooks displays the QuickZoom graph. Double-click anywhere on the pie chart.



- 3 QuickBooks displays the custom transaction detail report for the month of December 2010.

Custom Transaction Detail Report

White Ridge Construction Company
Custom Transaction Detail Report
December 2010

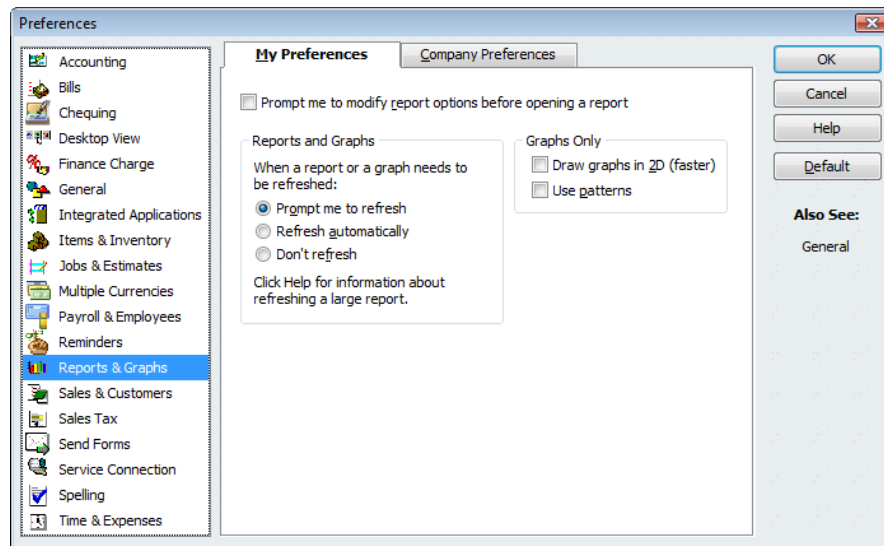
Type	Date	Num	Name	Memo	Account	Clr	Split	Debit	Credit	Balance
Invoice	12/15/2010	11	Rajaguru, Kamies...	Drywall Lab...	Construction Income		Accounts Re...	460.00		16,460.00
Invoice	12/15/2010	11	Rajaguru, Kamies...	Electrical La...	Construction Income		Accounts Re...	1,440.00		17,920.00
Invoice	12/15/2010	11	Rajaguru, Kamies...	Plumbing La...	Construction Income		Accounts Re...	1,360.00		19,280.00
Invoice	12/15/2010	11	Rajaguru, Kamies...	Framing Lab...	Construction Income		Accounts Re...	480.00		19,760.00
Invoice	12/15/2010	11	Rajaguru, Kamies...	Demolition L...	Construction Income		Accounts Re...	1,600.00		21,360.00
Invoice	12/15/2010	11	Rajaguru, Kamies...	Clean Up La...	Construction Income		Accounts Re...	900.00		22,160.00
Invoice	12/15/2010	11	Rajaguru, Kamies...	Administratio...	Construction Income		Accounts Re...	1,600.00		23,760.00
Invoice	12/15/2010	11	Rajaguru, Kamies...	Paint Labour	Construction Income		Accounts Re...	1,280.00		25,040.00
Invoice	12/15/2010	11	Rajaguru, Kamies...	Tile Labour	Construction Income		Accounts Re...	1,800.00		26,840.00
Invoice	12/15/2010	11	Rajaguru, Kamies...	Design Serv...	Construction Income		Accounts Re...	2,880.00		29,520.00
Invoice	12/15/2010	11	Rajaguru, Kamies...	Cabinetry &	Construction Income		Accounts Re...	12,800.00		42,320.00
Invoice	12/15/2010	11	Rajaguru, Kamies...	Clean Up Ma...	Construction Income		Accounts Re...	320.00		42,640.00
Invoice	12/15/2010	11	Rajaguru, Kamies...	Demolition M...	Construction Income		Accounts Re...	160.00		42,800.00
Invoice	12/15/2010	11	Rajaguru, Kamies...	Drywall Mat...	Construction Income		Accounts Re...	240.00		43,040.00
Invoice	12/15/2010	11	Rajaguru, Kamies...	Electrical Fix...	Construction Income		Accounts Re...	960.00		44,000.00
Invoice	12/15/2010	11	Rajaguru, Kamies...	Paint Materials	Construction Income		Accounts Re...	240.00		44,240.00
Invoice	12/15/2010	11	Rajaguru, Kamies...	Framing Mat...	Construction Income		Accounts Re...	240.00		44,480.00
Invoice	12/15/2010	11	Rajaguru, Kamies...	Tie Materials	Construction Income		Accounts Re...	3,200.00		47,680.00
Invoice	12/15/2010	11	Rajaguru, Kamies...	Interior Finis...	Construction Income		Accounts Re...	4,000.00		51,680.00
Invoice	12/15/2010	12	Uchman, Roy Hang...	Concrete Dr...	Construction Income		Accounts Re...	2,610.00		54,290.00
Invoice	12/15/2010	12	Uchman, Roy Hang...	Electrical La...	Construction Income		Accounts Re...	882.50		55,172.50
Invoice	12/15/2010	12	Uchman, Roy Hang...	Exterior Fels...	Construction Income		Accounts Re...	2,393.75		57,566.25
Invoice	12/15/2010	12	Uchman, Roy Hang...	Foundation L...	Construction Income		Accounts Re...	1,305.00		58,871.25
Invoice	12/15/2010	12	Uchman, Roy Hang...	Framing Lab...	Construction Income		Accounts Re...	2,475.00		61,346.25
Invoice	12/15/2010	12	Uchman, Roy Hang...	Landscaping...	Construction Income		Accounts Re...	1,305.00		62,651.25
Invoice	12/15/2010	12	Uchman, Roy Hang...	Final Grading	Construction Income		Accounts Re...	848.25		63,499.50
Invoice	12/15/2010	12	Uchman, Roy Hang...	Roofing Lab...	Construction Income		Accounts Re...	1,305.00		64,804.50
Invoice	12/15/2010	12	Uchman, Roy Hang...	Supervision...	Construction Income		Accounts Re...	3,000.00		67,804.50
Invoice	12/15/2010	12	Uchman, Roy Hang...	Exterior Fels...	Construction Income		Accounts Re...	4,950.00		72,754.50
Invoice	12/15/2010	12	Uchman, Roy Hang...	Foundation M...	Construction Income		Accounts Re...	2,475.00		75,229.50
Invoice	12/15/2010	12	Uchman, Roy Hang...	Electrical Fix...	Construction Income		Accounts Re...	643.50		75,873.00
Invoice	12/15/2010	12	Uchman, Roy Hang...	Roofing Mat...	Construction Income		Accounts Re...	3,960.00		80,833.00
Invoice	12/15/2010	12	Uchman, Roy Hang...	Rental Equip...	Construction Income		Accounts Re...	643.50		81,476.50
Invoice	12/31/2010	14	Greene, Jeremy K...	Cabinetry &	Construction Income		Accounts Re...	5,055.00		86,531.50
								0.00		86,531.50

You may need to scroll down to see the entire report.

To display a transaction in the report:

- 1 Double-click anywhere on the line in the report for Invoice #14.

QuickBooks displays the invoice.



- 2 From the Window menu, choose Close All.
- 3 Click Home in the icon bar to display the Home page.

Customizing how graphs display

You can customize graphs to control what data they include and how the data is displayed. In this exercise, you'll change the display from three-dimensional (3D) to two-dimensional (2D) graphs.

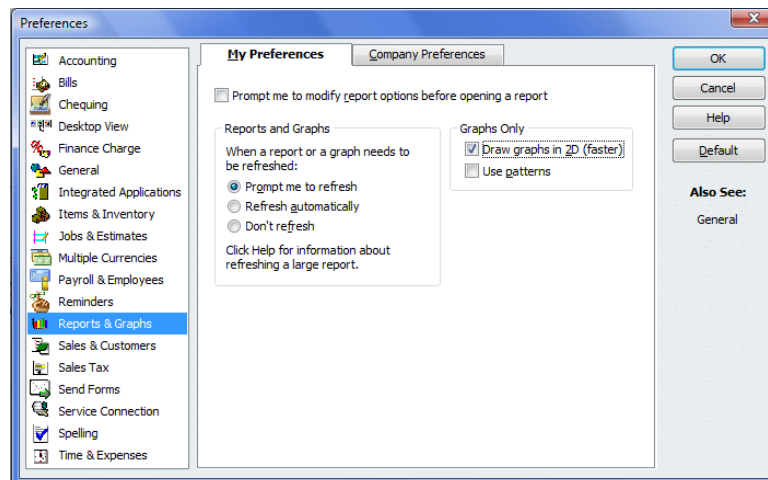
To change from 3D to 2D:

- 1 From the Edit menu, choose Preferences.

QuickBooks displays the Preferences window. Make sure the "My Preferences" tab is chosen.

- 2 In the left panel, click Reports & Graphs.

QuickBooks displays the Preferences window for Reports and Graphs.



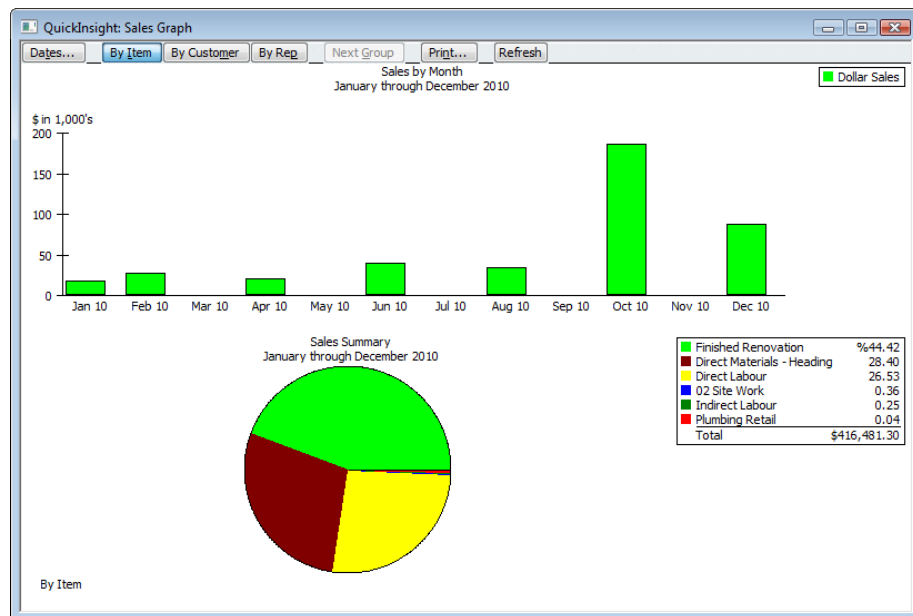
Analyzing financial data

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

A checkmark appears in the checkbox to indicate that Draw graphs in 2D (faster) is selected.

- 4 Click OK.
- 5 From the Reports menu choose Sales. Then choose Sales Graph.
- 6 Click the Dates button to select Next Year and click OK.

QuickBooks displays the sales graph in 2D.



Displaying graphs in 2D often allows your computer to draw them on your screen faster than displaying them in 3D.

- 6 Close the graph.




LESSON 10

Setting up QuickBooks inventory

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Lesson objectives

- To get an overview of inventory in QuickBooks
- To practice filling out a purchase order for inventory items
- To track the receipt of the inventory items in QuickBooks
- To adjust inventory manually, to enter a stock loss or increase
- To create, build, and edit inventory assemblies (finished goods) (QuickBooks: Premier or higher)
- To set up and use units of measure

Supporting materials

- Handout 5: Inventory workflow
- Handout 6: Group vs. inventory assembly items
- PowerPoint file: Lesson 10
- Video tutorial: Inventory Basics: Overview
- Video tutorial: Inventory Basics: Set up
- Video tutorial: Buying and selling inventory
- Video tutorial: Using reports to manage inventory

Instructor preparation

- Review this lesson, including the examples, to make sure you're familiar with the material.
- Ensure that all students have a copy of qblesson.qbb on their computer's hard disk.
- Have handouts 5 and 6 ready for distribution.

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB) on your hard disk. See "Installing the exercise file" in the Introduction to this guide if you haven't installed it.

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

To restore the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB):

- 1 From the File menu in QuickBooks, choose Open or Restore Company. QuickBooks displays the Open or Restore Company window.
- 2 Select Restore a backup copy and click Next.

- 3 Select Local backup and click Next.
- 4 In the Open Backup Copy window, navigate to your C:\QBtrain directory.
- 5 Select the QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB file, and then click Open.
- 6 In the Open or Restore Company window, click Next.
- 7 Navigate to your C:\QBtrain directory.
- 8 In the File name field of the Save Company File as window, type **lesson 10** and then click Save.
- 9 Click OK when you see the message that the file has been successfully restored.

Turning on the inventory feature

The QuickBooks inventory feature is turned on in your exercise file, but you'll review how to turn on this feature so you become familiar with QuickBooks preferences. If you need to track inventory for your company, you can turn the feature on while completing the EasyStep Interview. If you want to turn on the inventory feature after you've completed the EasyStep Interview, follow this procedure.

To turn on the inventory feature:

- 1 From the Edit menu, choose Preferences.
- 2 Select Items & Inventory from the left panel.
- 3 Click the Company Preferences tab.
Note: Only the QuickBooks Administrator can change company preferences.
- 4 Click the "Inventory and purchase orders are active" checkbox to select it. A checkmark shows that the inventory feature is turned on.
- 5 Click OK.

Entering products into inventory

QuickBooks uses the average cost method to determine the value of inventory (rather than another method such as FIFO or LIFO). The average cost of an inventory item equals the total cost of the items currently in stock, divided by the number in stock.

Many small businesses that stock inventory don't know the number of units they have on hand or on order at any given time, and have no way of getting that information quickly. Using QuickBooks to manage your inventory, you'll be able to track the number of items in stock and the value of your inventory after every purchase and sale. As you order inventory items, receive the items, and later sell the items from inventory, QuickBooks tracks each inventory-related transaction. You will know the status of your inventory and will have a more accurate picture of your business's assets.

Refer to the diagram on Handout 5, “Inventory workflow” for the following discussion.

To track inventory, you must enter each product into the Item list as an inventory part. Once you enter a product, QuickBooks tracks it as you sell or reorder the product.

To enter a product into inventory:

- 1 From the Vendors menu, choose Item List.

QuickBooks displays the Item list.

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

QuickBooks displays the New Item window.

New Item

Type: **Service** (selected)
 Use for services you charge for or purchase, like specialized labour, consulting hours, or professional fees.

Item Name/Number: Subitem of:

Description: Rate: Tax Code: Account:

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

[How can I set rates by customers or employees?](#)

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

You'll enter one new item into your inventory.

- 3 In the Type field, choose Inventory Part from the drop-down list.

QuickBooks changes the New Item window to accept information for an inventory part.

New Item

Type: **Inventory Part** (selected)
 Use for goods you purchase, track as inventory, and resell.

Item Name/Number: Subitem of: Manufacturer's Part Number:

Unit of Measure: Enable...

Purchase Information: Description on Purchase Transactions:
 Cost: Purch Tax Code: COGS Account: Preferred Vendor:

Sales Information: Description on Sales Transactions:
 Sales Price: Tax Code: Income Account:

Inventory Information: Asset Account: Reorder Point: On Hand: Total Value: As of:

☐ Item is inactive

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

- 4 In the Item Name/Number field, type **Cab 2015** (2015 is the style number).
- 5 Select the “Subitem of” checkbox, and then choose Materials Heading:Cabinets from the drop-down list.

Note: You can use the Manufacturer’s Part Number field to specify the part number the manufacturer uses. This can simplify reordering.
- 6 In the “Description on Purchase Transactions” field, type **Kitchen Cabinet #2015**, and then press Tab to move to the Cost field.

Notice that QuickBooks fills in the Description on Sales Transactions field with the same description you entered for the purchase side. You can leave the sales description the same or change it later.
- 7 In the Cost field, type **169**.
- 8 In the Purchase Tax Code field, type **G**.
- 9 In the Preferred Vendor field, choose Barata’s Building Supplies from the drop-down list. Or, type the first few letters of your selection and QuickBooks fills in the rest.
- 10 In the Sales Price field, type **225**.
- 11 In the Tax Code field type **G**.
- 12 In the Income Account field, choose Construction Income.
- 13 Press Tab to move to the Asset Account field.

Inventory Asset was filled in when you selected Inventory Part as the type of item. Leave this default setting.
- 14 In the Reorder Point field, type **15**.

The Reorder Point is the minimum quantity of a particular inventory item that you want to have in stock at any given time. When the quantity reaches the reorder point, it's time to order more of the item. By using your Reminders list, you can have QuickBooks remind you when it's time to reorder a particular item.
- 15 In the On Hand field, type **20**, and then press Tab to move to the Total Value field.

Notice that QuickBooks has calculated the value of your item by multiplying the number in the On Hand field by the number in the Cost field.

Your New Item window should resemble the following figure.

- 16 Click OK to close the New Item window.

QuickBooks adds the new item to the Item list.

- 17 Close the Item list.

When you record the transaction, QuickBooks creates a journal entry. The following table shows the journal entry for the inventory item.

Account Title	Debit	Credit
Opening Bal Equity		\$3,380.00
Inventory Asset	\$3,380.00	

QuickStart
Tip

When you want to check on the status of your inventory stock, you can create a stock status by item report. For every item in your inventory stock, the report gives you the reorder point, the current quantity on hand, the average cost to date, the quantity on order (and expected date of receipt), and the average sales per week.

Ordering products

Once you enter your current products and vendors into the Item and Vendor lists, you'll need to order products to keep your inventory stocked.

QuickBooks doesn't require you to use purchase orders, but you may want to recommend their use for students who track inventory. Using purchase orders lets you see items you have on order and when they're due to be received. You can also check items you receive against the PO.

If students don't order items in advance or don't want to use purchase orders, they can buy inventory directly by writing a cheque or entering a credit card transaction.

Creating purchase orders

When you order items from a vendor, you create a purchase order.

To order a product using a purchase order:

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

QuickBooks displays the Create Purchase Orders window.

Create Purchase Orders

Previous Next Print E-mail Find Spelling History

Vendor Ship To Template Print Preview
Custom Purchase O...

Date P.O. No.
12/31/2010 10

Ship To
White Ridge Construction Company
5673 Commercial Blvd.
Vancouver, BC V2W 5G5

Item	Description	Qty	Rate	Customer	Amount	Tax

Vendor Message 0.00 View

Total 0.00

☒ To be printed ☐ To be e-mailed Vendor Tax Code

Memo Save & Close Save & New Clear

You use the Create Purchase Orders window to enter the products you wish to order, the quantities, and the vendor. As you fill in this information, QuickBooks automatically calculates purchase order number, item cost, and total cost.

Notice that QuickBooks has already entered today's date and a sequential purchase order number.

- 2 In the Vendor field, choose Barata’s Building Supplies from the drop-down list.
Notice that QuickBooks displays all of the information about Barata’s Building Supplies in the appropriate places on the purchase order form.
- 3 In the Item column, select Exterior Materials Heading:Exterior Frame from the drop-down list.
- 4 In the Qty field, type **10**.
- 5 In the Vendor Message field of the purchase order, type ***Please rush ship this order.***

Your Purchase Order should resemble the following figure.

[illegible]

- 6 Click Save & Close to record the purchase order.

After you have created a purchase order, QuickBooks adds an account to the chart of accounts called Purchase Orders. This is a non-posting account and does not affect your balance sheet or income statement. The Purchase Orders account is used to produce a QuickReport showing current purchase orders so you always know what is on order.

Getting a report of purchase orders

To get a chronologically ordered report of all the purchase orders you have written:

- 1 From the Lists menu, choose Chart of Accounts.
- 2 In the chart of accounts, scroll down to the bottom of the list and click on Purchase Orders once to select it.

By default, QuickBooks lists non-posting accounts at the bottom of the list.

- 3 Click the Reports menu button and choose QuickReport: Purchase Orders.

QuickBooks displays a report of all purchase orders. If necessary in the Dates field choose “Next Fiscal Year”.

Setting up QuickBooks inventory

2:20 PM
07/20/09
Accrual Basis

White Ridge Construction Company
Account QuickReport
As of December 31, 2010

Type	Date	Num	Name	Memo	Split	Amount
Purchase Orders						
Purchase Order	01/04/2010	1	All Subs	Estimate 1	-SPLIT-	-18,123.00
Purchase Order	01/04/2010	2	Craig's Lumber	Estimate 1	-SPLIT-	-23,593.50
Purchase Order	01/16/2010	3	Barata's Building S...	Estimate 2	-SPLIT-	-14,490.00
Purchase Order	02/16/2010	4	All Subs	Sales Order 1	-SPLIT-	-12,232.50
Purchase Order	05/01/2010	5	All Subs	Estimate 3	-SPLIT-	-13,072.50
Purchase Order	05/01/2010	6	Barata's Building S...	Estimate 3	-SPLIT-	-19,267.50
Purchase Order	11/26/2010	7	Craig's Lumber	Estimate 4	-SPLIT-	-15,067.50
Purchase Order	11/30/2010	8	Barata's Building S...	Estimate 5	-SPLIT-	-40,845.00
Purchase Order	12/15/2010	9	Dobson's Exteriors		-SPLIT-	-26,250.00
Purchase Order	12/31/2010	10	Barata's Building S...		-SPLIT-	-1,364.48
Total Purchase Orders						-184,305.98
TOTAL						-184,305.98

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

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

Receiving inventory

When you receive the items you have ordered with your purchase order, you have to enter the items into inventory. You can receive items with a bill or without a bill.

This exercise shows you how to enter into QuickBooks inventory items you've received when the bill for those items will follow later.

To receive inventory without a bill attached:

- 1 From the Vendors menu, choose Receive Items.

QuickBooks displays the Create Item Receipts window.

The Create Item Receipts window lets you enter information for inventory parts you've received.

- 2 In the Vendor field, choose Barata's Building Supplies from the drop-down list and press Tab.

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

- 3 Click Yes.

QuickBooks displays the Open Purchase Orders for Barata's Building Supplies.

✓	Date	PO No.	Memo
	01/16/2010	3	Estimate 2
	05/01/2010	6	Estimate 3
	11/30/2010	8	Estimate 5
	12/31/2010	10	

- 4 Click the purchase order (#10, dated 12/31/2010) to select it.
QuickBooks places a checkmark in the left-most column for the item selected.

- 5 Click OK to move the information to the item receipt.

The Create Item Receipts window should resemble the following figure.

Setting up QuickBooks inventory

Create Item Receipts

Previous Next Find History Journal

☒ Bill ☐ Credit ☐ Bill Received

Vendor: Sarata's Building Supplies Date: 12/31/2010

Item Receipt Only

Ref. No. Total: 1,364.48

Memo: Received items (bill to follow)

Expenses		Items						
	\$0.00		\$1,299.50					
Item	Descr...	Q..	Cost	Tax	Amount	Cust...	Bill...	PO No.
Exterior Materi...	Standa...	10	129.95	G	1,299.50			10

Select PO Clear Qtys Show PO Time

Vendor Tax Code GST (ITC) 5.0% 64.98 Edit

0.00

Clear Splits Recalculate Save & Close Save & New Clear

- 6 Click Save & Close to process the receipt.

QuickBooks processes the items and adds them to your inventory. If you display the Item list, you'll see that you now have 10 additional door frames on hand.

Entering a bill for inventory

If you've entered an item receipt for inventory, but the bill hasn't arrived yet, you can still record the bill amount in QuickBooks. Entering the bill as shown in this exercise records the amount in your accounts payable account so you can track how much you owe.

When the bill comes, you pay the bill just like you would pay any other bill in QuickBooks (from the Pay Bills window).

To enter the bill:

- 1 From the Vendors menu, choose Enter Bill for Received Items.

QuickBooks displays the Select Item Receipt window, where you can select the vendor and the item for which you have a bill.

Select Item Receipt

Vendor:

Choose the Item Receipt which corresponds to your bill

Date	Ref No.	Memo

Buttons: OK, Cancel, Help

- In the Vendor field, select Barata's Building Supplies in the drop-down list and press Tab.

QuickBooks fills in the Date and Memo fields with information that corresponds to your bill.

- Select "Received items (bill to follow)," dated 12/31/2010.

Select Item Receipt

Vendor: Barata's Building ...

Choose the Item Receipt which corresponds to your bill

Date	Ref No.	Memo
12/31/2010		Received items (bill to f...

Buttons: OK, Cancel, Help

- Click OK.

QuickBooks displays the Enter Bills window.

Setting up QuickBooks inventory

Enter Bills

Previous Next Find History

Bill Credit ☒ Bill Received

Vendor: Barata's Building Supplies Date: 12/31/2010

Address: Barata's Building Supplies
4895 King Edward Ave.
Maple Ridge, BC
V2H 4G4

Ref. No. Amount Due: 1,364.48

Bill Due: 01/30/2011

Terms: Net 30 Discount Date: Memo:

Expenses: \$0.00 Items: \$1,299.50

Item	Description	Qty	Cost	Tax	Amount	Customer:Job	Bill...	PO No.
Exterior Material...	Standard exterior door frame	10	129.95	G	1,299.50			10

Select PO Clear Qtys Show PO Time

Vendor Tax Code GST (ITC) 5.0% 64.98 Edit

0.00

Clear Splits Recalculate Save & Close Save & New Revert

- 5 Click Save & Close.
- 6 If necessary, click Yes in the Recording Transaction window.

QuickBooks changes the item receipt to a bill in the Accounts Payable account and lists the bill in the Pay Bills window. If you look at the Accounts Payable, you'll see that the balance increased by \$1364.48, based on the bill entered for Barata's Building Supplies.

Because you must have inventory on hand before you can enter a sale for inventory parts, we recommend that you enter your item receipts before entering sales.

When you record the transaction, QuickBooks creates a journal entry. The following table shows the journal entry for the bill payment.

Account Title	Debit	Credit
Accounts Payable		\$1364.48
Inventory Asset	\$1299.50	
GST Payable	\$64.98	

Manually adjusting inventory

When you have spoilage or send out samples of your products, you can adjust your inventory manually.

To adjust the inventory manually:

- 1 On the Home page, in the Company area click Adjust Quantity On Hand.

QuickBooks displays the Adjust Quantity/Value on Hand window.

Item	Description	Current Qty	New Qty	Qty Difference
Exterior Mat...		0		
Exterior Mat...	Standard exterior do...	35		
Lighting Retail		0		
Lighting Reta...	Standing Lamp - Halo...	2		
Lighting Reta...	Standing Lamp	-4		
Lighting Reta...	Table Lamp - Tiffany	5		
Lighting Reta...	Table lamp	-7		
Lighting Reta...	Track Light - 3 ft	1		
Lighting Reta...	Track light - 5ft	-2		
Lighting Reta...	Art Deco 9"	2		

The Adjust Quantity/Value on Hand window lets you enter the adjustment account, and either the New Qty or the Qty Difference.

Since two wood interior doors were damaged, you'll adjust the inventory account to remove two doors.

You may want to point out to students that they can also adjust inventory value without affecting quantities by selecting the Value Adjustment checkbox.

- 2 In the Adjustment Account field, type **Inventory Adjustment** and press Tab.
- 3 In the Qty Difference column for Materials-Heading:Wood Door: Interior Wood Door, type **-2** (the number of damaged doors), and then press Tab.

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

Adjust Quantity/Value on Hand

Previous Next

Adjustment Date: 12/31/2010

Ref. No.: 4 Customer:Job

Adjustment Account: Inventory Adjustment

Item	Description	Current Qty	New Qty	Qty Difference
Materials Headin...		0		
Materials Headin...		0		
Materials Headin...	Brass door hinges	200		
Materials Headin...	Door pulls for kitche...	100		
Materials Headin...	Standard interior do...	50		
Materials Headin...	Exterior Locking do...	50		
Materials Headin...		0		
Materials Headin...	Exterior Wood Door	10		
Materials Headin...	Interior Wood Door	25	23	-2
Plumbing Retail		0		

☐ Value Adjustment Memo

Total Value of Adjustment: -159.90

Save & Close Save & New Cancel

- Click Save & Close.

When you record the transaction, QuickBooks creates a journal entry. The following table shows the journal entry for the inventory adjustment.

Account Title	Debit	Credit
Inventory Asset		\$159.90
Inventory Adjustment	\$159.90	

QuickStart Tip

The inventory valuation reports in QuickBooks break down the value of your inventory and give you several statistical measures of its value. The valuation summary report shows the quantity on hand, average cost, asset value, % of total asset value, retail value, and % of total retail value for each of your inventory items. The valuation detail report lists the opening balance, ending balance, and every transaction (purchase or sale) that has affected the inventory value of each inventory item during the period of time covered by the report.

Tracking finished goods

QuickBooks: Premier products let you track the building and sale of finished goods using assembly items. When you define assembly items, you tell QuickBooks how many of each inventory item is needed to create the finished product.

Inventory assembly items allow you to create an item that contains assembled material units (finished goods) you buy or produce, track as inventory, and resell. You can keep track of how many items remain in stock after a sale, how many items you have on order, your cost of goods sold, and the value of your inventory. Note that inventory assembly items in QuickBooks are appropriate for indicating “light” assembled items on sales forms and in reports. QuickBooks does not track inventory throughout a manufacturing process.

You must have a QuickBooks: Premier product to create and build inventory assembly items. Afterwards, you can use any desktop for Windows edition of QuickBooks to view, sell, and report on existing assembly items.

Deciding whether to use group items or create inventory assemblies

Both group items and inventory assembly items record a group of items as a single entry on purchase or sales forms in QuickBooks. (Group items are available in QuickBooks: Pro and higher editions.)

Refer to Handout 6, “Group vs. inventory assembly items” for more information about choosing between group and inventory assembly items.

Using group items

Group items are useful for quickly entering a group of individual items that you've already set up as single items on your list and often sell together.

Group items let you track the items you sell in greater detail. For example, a construction firm that remodels houses could set up a group item that lists the significant components of a remodeling job: lumber, carpentry hours, markup, etc. Sales reports for the company would then show income broken down by each component instead of a single lump sum for all remodeling jobs.

If you need to track a lot of detail about your items but you also want to give your customers simple, uncluttered invoices, you can use group items to do both. You can set up a group item so that the printed version of an invoice reduces a group item to a single line item and one amount. Yet when you view the invoice on your screen, you see a separate line entry and amount for each item in the group.

Group items also give you a way to enter a great amount of line item detail quickly. On a sales or purchase form, all you have to do is enter the name of the group item— QuickBooks fills in all the details about the items in the group for you.

Using inventory assemblies

When you build an assembly, an assembled unit is automatically added to quantity on hand and its component parts (inventory items or other assembly items) are automatically deducted from quantity on hand. By using assembly items, you always know how many assembled and component items you actually have in stock.

You can specify a price for an assembly that's different than the sum of component items.

Setting up QuickBooks inventory

You can easily access the date items were assembled, quantity and cost of assembled items, and a detailed bill of materials.

You can set a build point and QuickBooks will automatically remind you to build finished goods when stock is running low. At build time, QuickBooks will notify you if you don't have enough component items in stock to build the specified number of assembly items.

Note: The ability to create inventory assemblies is available only in QuickBooks: Premier and higher. To proceed through this exercise, you must be using a QuickBooks: Premier or higher edition.

Setting a default markup

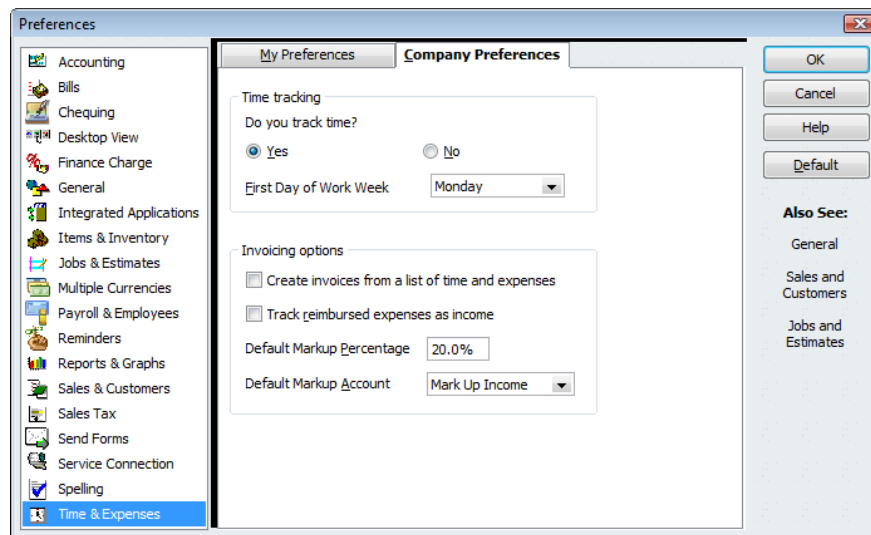
With QuickBooks, you can add a markup to your basic costs by entering a default markup percentage. QuickBooks uses this percentage to calculate the sales price of items that have both a cost and a sales price.

You'll see the effect of the default markup percentage when you create inventory part, non-inventory part, service, and other charge items. When you enter the item's cost, QuickBooks calculates the sales price and enters it in the Sales Price field. For example, entering a cost of \$10.00 when the markup is 25% causes QuickBooks to fill in the sales price as \$12.50. If you don't want to use the default markup for an item, you can change the sales price that QuickBooks fills in.

To set the default markup percentage:

- 1 From the Edit menu, choose Preferences.
- 2 Click Time & Expenses in the left panel.
- 3 Click the Company Preferences tab.
- 4 In the Default Markup Percentage field, type **20** and press Tab.
- 5 In the Default Mark Account, select Mark Up Income.

Your screen should look like this:



- 6 Click OK.

You'll see the affects of this markup percentage in the next exercise.

Adding a labour item to use in assemblies

Suppose you have plans to sell all the items needed for installing a door as a kit. You'll also need to account for the labour needed to assemble the kit. To do this, you'll create an "Assembly Labour" item.

To create a labour item to use in assemblies:

- 1 From the Lists menu, choose Item List.
- 2 Click the Item menu button and select New.
QuickBooks displays the New Item window.
- 3 In the Type field, select Service.
- 4 In the Item Name/Number field, type **Assembly Labour**.
- 5 Click the checkbox for "This service is used in assemblies or is performed by a subcontractor or partner."

The New Item window expands so you can enter details that will be used for this item in both sales and purchase transactions.

- 6 In the Description on Purchase Transactions field, type **Direct Labour**, and then press Tab.
- 7 In the Cost field, type **20**, and then press Tab.

Setting up QuickBooks inventory

QuickBooks automatically enters the Sales Price based on the 20% markup you set in the Company preferences.

- 8 In the Purchase Tax Code, and the Tax Code fields type **G**.
- 9 From the Expense Account drop-down list, choose Payroll Expenses.
- 10 From the Income Account drop-down list, choose Construction Income.

Your screen should look like this:

The screenshot shows the 'New Item' dialog box in QuickBooks. The 'Type' is set to 'Service'. The 'Item Name/Number' is 'Assembly Labour'. The 'Unit of Measure' is 'None'. The 'Purchase Information' section shows 'Description on Purchase Transactions' as 'Direct Labour', 'Cost' as 20.00, 'Purgh Tax Code' as 'G', 'Expense Account' as 'Payroll Expenses', and 'Preferred Vendor' as 'None'. The 'Sales Information' section shows 'Description on Sales Transactions' as 'Direct Labour', 'Sales Price' as 24.00, 'Tax Code' as 'S', and 'Income Account' as 'Construction Income'. The 'Item is inactive' checkbox is unchecked. Buttons for 'OK', 'Cancel', 'Next', 'Custom Fields', and 'Spelling' are on the right.

- 11 Click OK.

Creating inventory assembly items

Creating assembly items in QuickBooks is a two-part process: first you define an assembly item, and then you build the assembly. Assembly item units are not added to inventory and assembly components (inventory parts or other assemblies) are not deducted from inventory until you build the assembly.

Inventory assembly items can include inventory part and other assembly items. You can also include the costs associated with building the assembly item by adding non-inventory part items, service items, and other charge items to the Bill of Materials.

All items included in an inventory assembly item must be defined in the Item list. You can define them before you create the inventory assembly item, or as you create the assembly item.

In addition to selling individual items, White Ridge sells pre-assembled exterior door kits. In this exercise, you define the assembly item for the exterior door kits. All of the component items are already defined in the Item list.

To create an inventory assembly item:

- 1 In the Item List, click the Item menu button and select New.

QuickBooks displays the New Item window.

- 2 In the Type field, select Inventory Assembly.
- 3 In the Item Name/Number field, type **Exterior Door Kit**.
- 4 Type **335.82** in the Cost field, and then press Tab twice.

QuickBooks calculates the Sales price based on the cost you enter in this field and the default markup percentage as set in the company preferences. Leave the COGS Account as is.

- 5 In the Description field, type **Complete exterior door kit** and press Tab.
- 6 Verify “S” is shown in the tax code field.

The New Item window should resemble the following graphic.

The screenshot shows the 'New Item' window in QuickBooks. The 'Type' is set to 'Inventory Assembly'. The 'Item Name/Number' is 'Exterior Door Kit'. The 'Cost' is '335.82' and the 'COGS Account' is 'Cost of Goods Sold'. The 'Description' is 'Complete exterior door kit'. The 'Sales Price' is '402.98' and the 'Tax Code' is 'S'. The 'Income Account' is empty. The 'Bill of Materials' table is empty. The 'Inventory Information' section shows 'Asset Account' as 'Inventory Asset', 'Build Point' as '0.00', 'On Hand' as '0.00', 'Total Value' as '0.00', and 'As of' date as '12/31/2010'.

Item	Description	Type	Cost	Qty	Total
Total Bill of Materials Cost: 0.00					

QuickBooks allows you to set any price for assembled items; the price is independent of the sales price of the component items. You could change this amount if you wanted.

The Sales Price reflects the cost plus the 20% markup you entered in preferences, so leave it as is.

In addition, the tax code for the assembled item and the component parts can be different.

Setting up QuickBooks inventory

- 7 In the Income Account field, select Construction Income from the drop-down list.
- 8 In the Bill of Materials section click in the Item column.
- 9 In the Item drop-down list, select Exterior Material Heading:Exterior Frame.
- 10 In the Qty field, type **1**, and then press Tab.
- 11 In the Item drop-down list, select Materials Heading:Hardware:Doorknobs Locking.
- 12 In the Qty field, type **1**, and then press Tab.
- 13 In the Item drop-down list, select Materials Heading:Hardware:Brass Hinges.
- 14 In the Qty field, type **3**, and then press Tab.
- 15 In the Item drop-down list, select Materials Heading:Wood Door:Exterior Door.
- 16 In the Qty field, type **1**, and then press Tab.
- 17 In the Item drop-down list, select Assembly Labour.
- 18 In the Qty field, type **2**, and then press Tab.

The New Item window should resemble the following graphic.

New Item

Type: Use for inventory items that you assemble from other inventory items and then sell.
[What's the difference between an Inventory Assembly and a Group?](#)

Item Name/Number: ☐ Subitem of

☐ I purchase this assembly item from a vendor

Unit of Measure:

Cost: [What is this cost?](#) COGS Account:

Description:

Sales Price: Tax Code: Income Account:

Bill of Materials

Item	Description	Type	Cost	Qty	Total
Materials He...	Brass door hinges	Inv Part	1.99	3	5.97
Materials He...	Exterior Wood D...	Inv Part	119.95	1	119.95
Assembly La...	Direct Labour	Service	20.00	2	40.00
Total Bill of Materials Cost:					335.82

Inventory Information

Asset Account	Build Point	On Hand	Total Value	As of
Inventory Asset		0.00	0.00	12/31/2010 Calendar

- 19 Click OK to add the Assembly item to the Item list.

You can edit the Bill of Materials for an assembly item at any time. However, assembly revision history is not tracked; if you need to build a previous version of an assembly, you need to edit the assembly and reenter the original bill of materials.

Entering the build point

You can have QuickBooks remind you to build this assembly when your inventory quantity reaches a certain level. (Assembly Items to Build must be turned on in the Company Preferences Reminders.) QuickBooks will remind you to build when the combined value of the quantity on hand and the quantity on order (from a purchase order) falls below the value displayed in the Build Point field. Reminders appear in the Reminders window. In QuickBooks: Premier or Enterprise Solutions editions, you can rebuild directly from the Reminders list in any of these windows.

To enter the build point:

- 1 On the Item List select the Exterior Door Kit, click the Item button and select Edit Item.
- 2 In the Build Point field, type 5 and press Tab.

The New Item window should now resemble the following graphic.

The screenshot shows the 'Edit Item' window with the following details:

- Type:** Inventory Assembly (Use for inventory items that you assemble from other inventory items and then sell.)
- Item Name/Number:** Exterior Door Kit
- Unit of Measure:** Enable...
- Cost:** 335.82
- COGS Account:** Cost of Goods Sold
- Description:** Complete exterior door kit
- Sales Price:** 402.98
- Tax Code:** S
- Income Account:** Construction Inco...
- Bill of Materials:**

Item	Description	Type	Cost	Qty	Total
Exterior Mat...	Standard exteri...	Inv Part	129.95	1	129.95
Materials He...	Exterior Locking ...	Inv Part	39.95	1	39.95
Materials He...	Brass door hinges	Inv Part	1.99	3	5.97
Materials He...	Exterior Wood D...	Inv Part	119.95	1	119.95
Total Bill of Materials Cost:					335.82
- Inventory Information:**

Asset Account	Build Point	On Hand	Avg. Cost	On P.O.	On Sales Order
Inventory Asset	5	0	335.82	0	0

- 3 Click OK.
- 4 Close the Item List.

Building finished goods

Once you've defined assembly items that define the pieces you build, you are ready to enter the builds into QuickBooks. In this exercise, you build two exterior door kits for White Ridge.

To build an inventory assembly:

- 1 From the Vendors menu, choose Inventory Activities, and then choose Build Assemblies from the submenu.

QuickBooks displays the Build Assemblies window.

- 2 In the Assembly Item field, select Exterior Door Kit from the drop-down list.

- 3 In the Quantity to Build field, type 2.

The Build Assemblies window should resemble the following graphic.

Build Assemblies

Previous Next

Assembly Item: Exterior Door Kit

Quantity on Hand: 0 Build Point: 5
 Quantity on Sales Order: 0
 Quantity Reserved for Other Assemblies: 0
 Quantity Available: 0

Components Needed to Build Exterior Door Kit

Component Item	Description	Type	Qty On Hand	Qty Needed
Exterior Materials He...	Standard exterior door frame	Inv Part	35	0
Materials Heading:H...	Exterior Locking doorknobs	Inv Part	50	0
Materials Heading:H...	Brass door hinges	Inv Part	200	0
Materials Heading:W...	Exterior Wood Door	Inv Part	10	0
Assembly Labour	Direct Labour	Service		0

Maximum number you can build from the quantity on hand: 10

Quantity to Build: 2

Date: 12/31/2010 Build Ref. No.: 1

Memo:

Build & Close Build & New Clear

QuickBooks warns you when you do not have sufficient inventory items on hand to complete a build.

If you choose to build an assembly and do not have enough components in inventory to build the number of assemblies you have specified, you can postpone the build by marking it pending. If you don't mark the build as pending, you have to reduce the number of assemblies or you won't be able to save the build.

You have enough inventory to build two assemblies, so you can proceed with the build.

- 4 Click Build & Close.

Understanding the effect of builds on inventory

When you build an assembly item, QuickBooks decrements the appropriate number of individual inventory items from inventory and increments the number of inventory assembly items. It takes the inventory asset value of the component items and transfers the value to the assembly item. The parts and the values are combined into the quantity and value of the assembly item.

The following graphics show the number of component and built items before the build.

Hardware			
Brass Hinges	Brass door hinges	200	200
Door Pulls	Door pulls for kitchen cabin...	100	100
Doorknobs	Standard interior doorknobs	50	50
Doorknobs Locking	Exterior Locking doorknobs	50	50
Hardware - Other		0	0
Total Hardware		400	400

Assembly			
Exterior Door Kit	Complete exterior door kit	0	0

The following graphics show the number of component and built items after the build.

Hardware			
Brass Hinges	Brass door hinges	194	194
Door Pulls	Door pulls for kitchen cabin...	100	100
Doorknobs	Standard interior doorknobs	50	50
Doorknobs Locking	Exterior Locking doorknobs	48	48
Hardware - Other		0	0
Total Hardware		392	392

Assembly			
Exterior Door Kit	Complete exterior door kit	2	2

Managing pending builds

A pending build is an inventory assembly build transaction that could not be finalized because there were not enough component parts in inventory to build the specified number of assemblies at build time. When a build is pending, “Pending” appears in the Build Assemblies window to remind you that these assemblies haven't been built.

If you modify or delete a previous build transaction, or change inventory quantities or the dates of purchase orders, invoices, or sales receipts, assembly builds that were finalized could change to pending. Finalized builds change to pending when the quantity of at least one component drops below the quantity needed to build the specified number of assemblies on the build transaction date. You can use the pending builds report to see a list of all builds that are currently pending.

In addition, you can choose to manually mark a build as pending even if you currently have enough components in stock to build the specified quantity. This allows you to set up build information but postpone building the assembly until later.

Disassembling inventory assemblies

There are several ways to disassemble inventory assemblies and return component items to inventory. You can do any of the following:

- Use the Adjust Quantity/Value on Hand window to adjust the quantity on hand for each assembly component and the assembly item.
- Reduce quantity to build in the Build Assemblies window and then click Build & Close. The quantity of assembly units in inventory is decreased and the quantities of component inventory parts are increased accordingly.
- Delete a build transaction completely. The quantity of assembly units in inventory is decreased and the quantities of component inventory parts are increased accordingly, but this method completely removes the build transaction from QuickBooks and should not be used if you want to maintain a record of the transaction.

Selling finished goods

When assembly items appear on any form (for example, a sales receipt or in a report), their component items are hidden. Only the assembly name, description, and price appear.

If you attempt to sell more assembly units than you have available in inventory, QuickBooks warns you that quantities are insufficient to fulfill the order. If you decide to go ahead with this transaction, the quantity on hand for the specified assembly changes to a negative value. You can set a build point in the Build Assemblies window to remind you when assembly stock is getting low and you need to build more units. If you turn on reminders, a list of assemblies that need to be built appear in the Reminders window.

Using units of measure

Note: You must be using certain editions of QuickBooks: Premier or QuickBooks: Enterprise Solutions to follow the exercises in this section. The exercises in the remainder of this lesson require the use of editions of QuickBooks that support units of measure functionality. Some of the exercises require the use of an edition that supports single units of measure; others require the use of an edition that supports multiple units of measure. You'll find a list of the editions that support single and/or multiple units of measure below.

Using units of measure can show what quantities, prices, rates, and costs are based on. You set up the units of measure and assign them to Service, Inventory Part, Non-inventory Part, Inventory Assembly, and Group items. Some businesses need to track transactions using only a single unit of measure, for example, a business buys inventory by the gallon and sells by the gallon. Service businesses also may track by only one unit of measure, such as by the hour. Other product-based businesses buy, sell, and stock inventory items in multiple units of measure. A business may receive inventory in one unit, store it in another, and sell and ship the items in a third unit of measure. Service businesses might also use multiple units of measure, for example if they bill by the hour and by the day.

QuickBooks provides two different ways or modes for assigning units of measure to items: single unit of measure per item and multiple unit of measure per item. The following editions of QuickBooks support only the Single U/M Per Item mode:

- QuickBooks: Premier
- QuickBooks: Premier Non-Profit
- QuickBooks: Premier Professional Services

The following editions of QuickBooks support both the Single U/M Per Item and Multiple U/M Per Item modes:

- QuickBooks: Premier Accountant
- QuickBooks: Premier Contractor
- QuickBooks: Premier Manufacturing & Wholesale
- QuickBooks: Enterprise Solutions (all editions except Retail)

QuickBooks provides two ways to set up the unit of measure modes. You can turn on the mode in Preferences, or you can turn it on while editing or creating a new items.

Setting up single unit of measure mode

Note: You must be using one of the editions of QuickBooks: Premier or QuickBooks: Enterprise Solutions that supports single units of measure to follow the exercises in this section.

In Single mode you can assign different units of measure to different items, but each item can have only one unit of measure assigned to it. If you buy, stock, and sell each item by the same unit of measure, set up single unit of measure mode. For example, choose this mode if you buy an item by the foot, keep track of it in inventory by the foot, and sell it by the foot.

To set up single units of measure:

- 1 On the Home page, click Items & Services in the Company area to open the Item List.
- 2 Select the non-inventory part item called Carpet (Direct Materials Heading:Flooring Materials).
- 3 Click the Item menu button and select Edit Item.

Setting up QuickBooks inventory

QuickBooks displays the Edit Item window for the non-inventory part called Carpet.

The 'Edit Item' window shows the following details:

- Type:** Non-inventory Part (Use for goods you buy but don't track, like office supplies, or materials for a specific job that you charge back to the customer.)
- Item Name/Number:** Carpet
- Subitem of:** Direct Materials - Headin...
- Manufacturer's Part Number:**
- Unit of Measure:** Enable...
- Item is inactive:** ☐
- This item is used in assemblies or is purchased for a specific customer/job:** ☒
- Purchase Information:**
 - Description on Purchase Transactions: Indoor/Outdoor Carpeting
 - Cost: 2.00
 - Purch Tax Code: G
 - Expense Account: Direct Cost of Good...
 - Preferred Vendor:
- Sales Information:**
 - Description on Sales Transactions: Indoor/Outdoor Carpeting
 - Sales Price: 2.40
 - Tax Code: G
 - Income Account: Construction Income

- 4 Click Enable to turn on the Unit of Measure mode.

This starts the unit of measure wizard where you set up the base unit.

Choosing single units of measure lets you define a base unit. White Ridge buys and sells carpet by the foot.

Unit of Measure

Enable the Unit of Measure (U/M) Feature

This feature lets you assign units of measure to your items. The units will then appear on forms and reports. Select the mode that is right for your business.

☒ **Single U/M Per Item**

Lets you assign a single unit of measure to each item.

☐ **Multiple U/M Per Item**

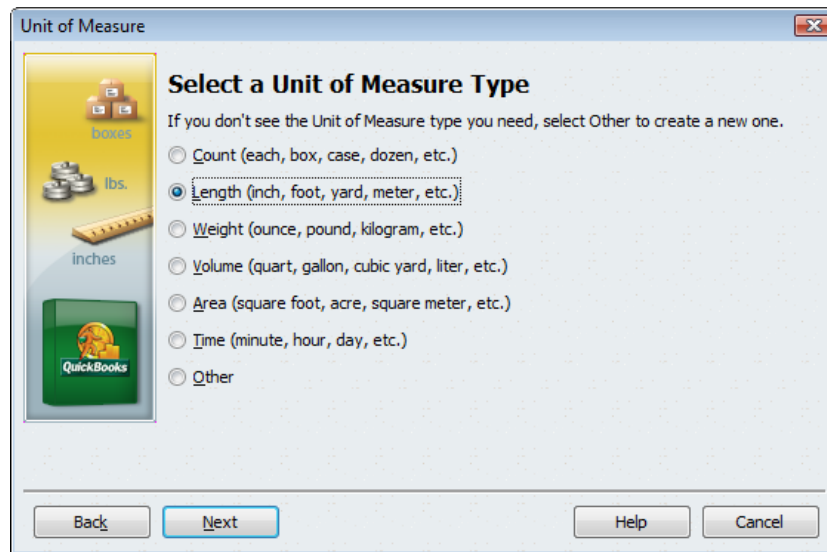
Lets you define multiple units of measure--a base unit and any number of conversions. If you buy and sell an item in more than one unit of measure, you must select this option.

☒ **Begin defining units of measure.**

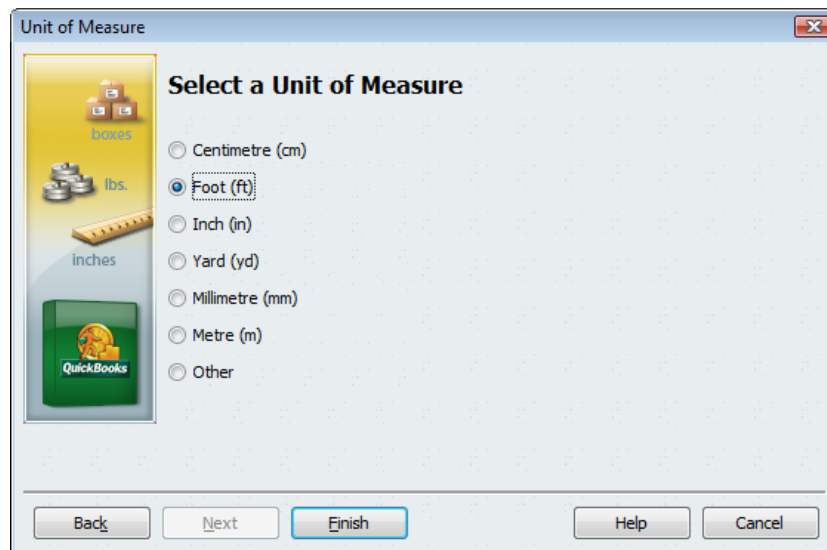
[Unit of measure overview](#)

Back Next Help Cancel

- 5 Select Single U/M Per Item.
- 6 Make sure "Begin defining units of measure" is selected and click Next.
Next you'll select the type or category of measure units.
- 7 Since White Ridge will buy and sell by the foot, select Length as the unit of measure type.



- 8 Click Next.
Now, you select the base unit.
- 9 Select Foot as the base unit.



The base unit should be the smallest unit of measure used for an item when purchasing it, tracking it in inventory, and selling it. In QuickBooks, the base units of items are used to count inventory, generate most inventory reports, and perform quantity-related calculations.

- 10 Click Finish.
- 11 Click OK in the Edit Item window and close the Item List.

Setting up multiple units of measure

Note: You must be using one of the editions of QuickBooks: Premier or QuickBooks: Enterprise Solutions that supports multiple units of measure to follow the exercises in this section.

If you buy, stock, or sell items in different units, set up multiple units of measure. For example, choose this mode if you buy an inventory item by the gallon and sell it by the ounce, or if you sell consulting services by both the hour and the day.

If you choose Multiple mode, you define unit of measure sets that you can assign to items. A unit of measure set consists of a base unit (usually the smallest unit used to track a certain type of item) and any number of related units (defined as containing a certain number of base units). For example, you could create a unit of measure set called “Length by the inch” with a base unit of inch and related units of foot (containing 12 inches) and yard (containing 36 inches).

With Multiple mode, you can change or convert the unit of measure when you enter an item on a transaction form, such as an invoice or purchase order. For example, suppose you have an item called Cable that you've assigned a unit of measure set that contains the inch, foot, and yard units of measure. If you enter Cable on an invoice with a quantity of 30 feet, you could then change the unit of measure to yards (causing 30 feet to become 30 yards) or convert the unit of measure to yards (causing 30 feet to become 10 yards).

White Ridge purchases and sells inventory items in different units of measure. To track the different units of measure, you need to turn on multiple units of measure.

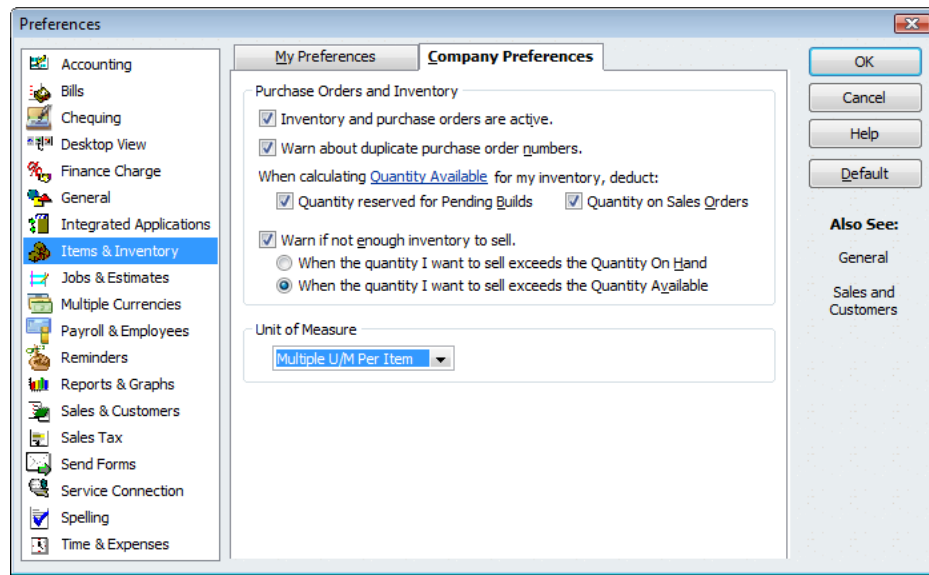
Turning on multiple units of measure mode

Depending on how your company file has been set up, you turn on the multiple units of measure mode in one of two ways. If your file has not yet been set up with units of measure, skip ahead to the procedure {To turn on Multiple Units of Measure} on page 262.

If your file has already been set up with single units of measure, you'll need to switch from single to multiple mode. Follow the next procedure.

To switch from single to multiple units of measure:

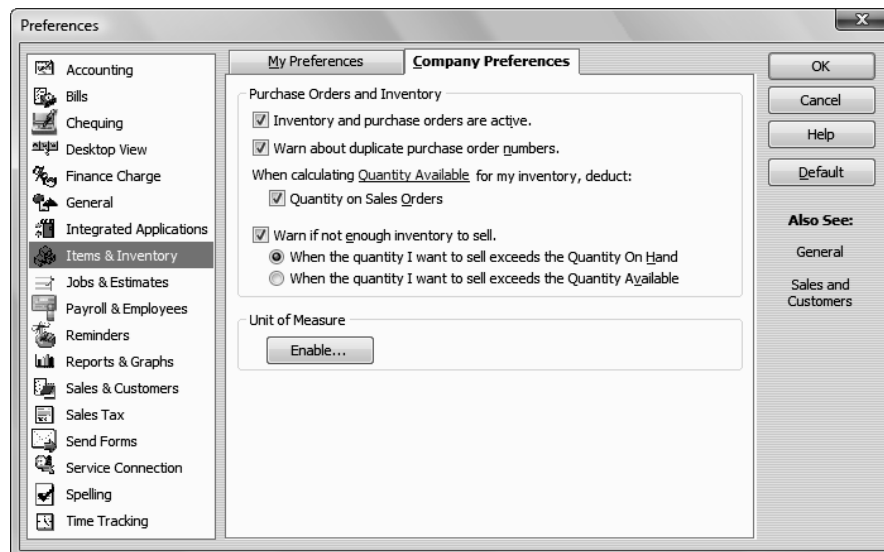
- 1 Choose Preferences from the Edit menu.
- 2 Click Items & Inventory, and then click the Company Preferences tab.
- 3 From the Unit of Measure drop-down menu, choose Multiple U/M Per Item.



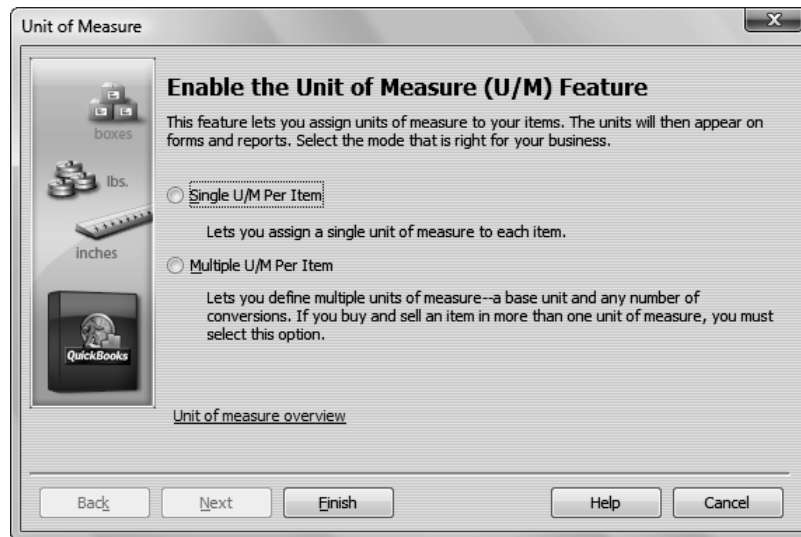
- 4 Click OK.
- 5 Click OK at the message that appears to notify you that QuickBooks must close all open windows to switch to multiple units of measure. If desired, click Home to have the home page displayed.
- 6 Continue with the procedure in “Assigning units of measure to items” on page 263.

To turn on multiple units of measure in a company file for the first time:

- 1 Choose Preferences from the Edit menu.
- 2 Click Items & Inventory, and then click the Company Preferences tab.



- 3 In the Unit of Measure section, click Enable.



4 Select Multiple U/M Per Item.

5 Click Finish.

QuickBooks returns to the Preferences window.

6 In the Preferences window, click OK.

7 Click OK if a message appears to notify you that QuickBooks must close all open windows to switch to multiple units of measure.

8 Continue with the procedure in the next section.

Assigning units of measure to items

White Ridge sells countertops that can be customized according to a customer's wishes. One customer who is remodeling a kitchen wants Italian marble for the countertop. White Ridge has a non-inventory part item called Counter for materials they purchase on behalf of a customer but that they don't normally carry in stock. White Ridge purchases the marble in square meters, but charges the customer by the square foot. To track the different units of measure, you'll assign units of measure to items.

To assign multiple units of measure:

- 1 Click Home on the icon bar to open the Home page if necessary.
- 2 On the Home page, click Items & Services in the Company area to open the Item List.
- 3 Select the non-inventory part item called Counter (Direct Materials - Heading).
- 4 Click the Item menu button and select Edit Item.

QuickBooks displays the Edit Item window for the non-inventory part called Counter.

- 5 From the U/M Set drop-down menu, choose Add New.

This starts the Unit of Measure wizard where you set up the base unit and any related units.

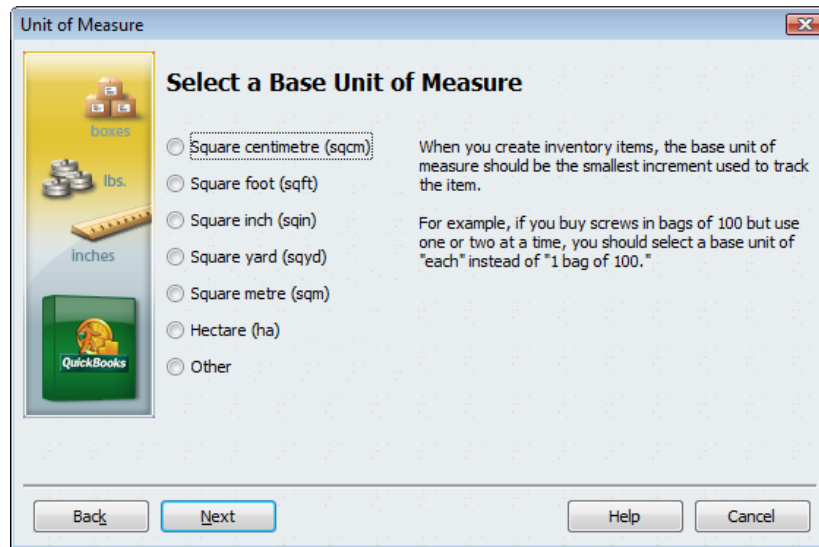
Choosing multiple units of measure lets you define a base unit and multiples of that base unit. Since White Ridge buys the marble countertop in square meters and sells the countertop in square feet, you define a measure set for area.

- 6 Select Area as the unit of measure type.

You'll be defining a measurement set called Area that consists of a base unit and related units.

- 7 Click Next.

Now, you select the base unit.



- 8 Select Square foot (sqft) as the base unit.

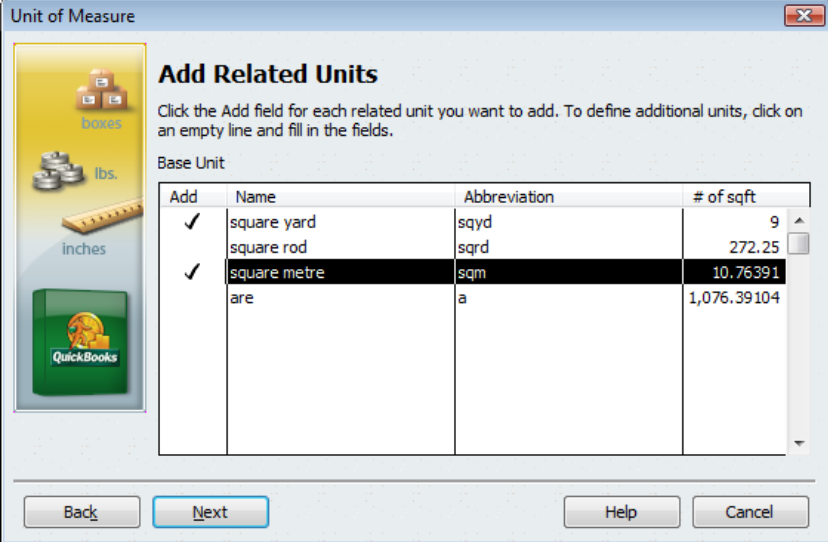
The base unit should be the smallest unit of measure used for an item when purchasing it, tracking it in inventory, and selling it. In QuickBooks, the base units of items are used to count inventory, generate most inventory reports, and perform quantity-related calculations.

- 9 Click Next.

QuickBooks displays the window where you define the units related to the base unit. Related units make it possible to show quantities of the same item in different measurements in different places in QuickBooks. White Ridge purchases the marble by square meter, counts that item in inventory by the square yard, and sells it by the square foot. By creating a unit of measure set with a base unit of square foot and related units of square meter and square yard, you can enter a quantity of square meters on a purchase order, show the item in square yards on inventory reports, and enter a quantity of square foot on an invoice.

- 10 Click in the Add column for square yard and square metre.

Notice that QuickBooks has already calculated the number of base units the related unit contains in the # of sqft column.



Unit of Measure

Add Related Units

Click the Add field for each related unit you want to add. To define additional units, click on an empty line and fill in the fields.

Base Unit

Add	Name	Abbreviation	# of sqft
☒	square yard	sqyd	9
☒	square rod	sqrd	272.25
☒	square metre	sqm	10.76391
☐	are	a	1,076.39104

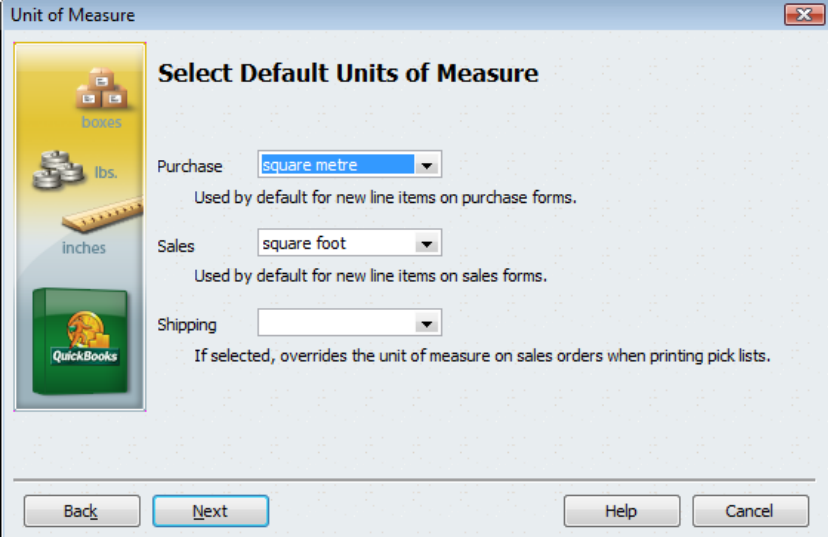
Back Next Help Cancel

- 11 Click Next.

Next, you'll select the default unit of measure to use when buying this item and when selling and shipping this item.

- 12 From the Purchase drop-down menu, select square metre.

Since White Ridge buys by the square meter, that's what you want to appear by default on purchase orders for this item.



Unit of Measure

Select Default Units of Measure

Purchase
Used by default for new line items on purchase forms.

Sales
Used by default for new line items on sales forms.

Shipping
If selected, overrides the unit of measure on sales orders when printing pick lists.

Back Next Help Cancel

- 13 Leave the Sales default as square foot and leave the Shipping default blank.

- 14 Click Next.

You need to give this measure set a name. Notice that QuickBooks automatically generates a name (although you can change it if you want).

- 15 Click Finish to accept the name of this unit of measure set that QuickBooks suggests.

QuickBooks returns you to the Edit Item window. Notice that the Counter item has been assigned the Area measurement set.

The screenshot shows the 'Edit Item' window in QuickBooks. The 'Type' is set to 'Non-inventory Part'. The 'Item Name/Number' is 'Counter'. The 'Unit of Measure' is set to 'Area by the square foot:...' with an 'Edit...' button next to it. The 'U/M Set' is also 'Area by the square foot:...' with an 'Edit...' button. The 'Subitem of' is 'Direct Materials - Heading'. The 'Manufacturer's Part Number' is empty. The 'Item is inactive' checkbox is unchecked. The 'Purchase Information' section includes 'Description on Purchase Transactions' (Custom made counter top), 'Cost' (20.00 per sqft), 'Purch Tax Code' (G), 'Expense Account' (Direct Cost of Good...), and 'Preferred Vendor'. The 'Sales Information' section includes 'Description on Sales Transactions' (Custom made counter top), 'Sales Price' (24.00 per sqft), 'Tax Code' (G), and 'Income Account' (Construction Income).

16 Click OK in the Edit Item window.

Assigning measure sets

You can create several measure sets for your company that you can assign to items. You just created a measure set for area for White Ridge. Since White Ridge buys and sells other items using different measurements, you could create a measure set for count (each, pair, dozen, and so on) and another one for length (inch, foot, yard, and so on). The number of measure sets you create will depend on your business needs.

After creating the measure sets, you'll need to go through the items in your Item List and assign the unit of measure set to use for each item.

To assign a unit of measure set to an item:

- 1 In the Item List, select the non-inventory part item called Wood Flooring (Direct Materials – Heading:Flooring Materials).

White Ridge also buys and sells wood flooring by area, so you can assign the Area measure set to this item.

- 2 Click the Item menu button and select Edit Item.

QuickBooks displays the Edit Item window for the non-inventory part called Wood Flooring.

- 3 Select Area by the square foot from the U/M Set drop-down menu.
- 4 Click OK in the Edit Item window.
- 5 Close the Item List.

Using units of measure on sales forms

White Ridge needs to order the marble for the kitchen remodel. In this exercise, you order the marble using a purchase order, and see how you could easily convert from one unit of measure to another unit within the same measure set.

To convert units of measure on sales forms:

- 1 In the Vendors area of the Home page, click Purchase Orders.
- 2 In the Vendor field of the purchase order, select Barata's Building Supplies.

White Ridge orders the marble from this vendor.

- 3 Click in the Item column and select Counter (Direct Materials – Heading).
- 4 In the Qty column, type 10.

Setting up QuickBooks inventory

Your screen should resemble the following graphic.

Create Purchase Orders

Vendor: Barata's Building Supplies

Ship To: [Empty]

Template: Custom Purchase O...

Date: 12/31/2010 P.O. No.: 11

Ship To: White Ridge Construction Company
5673 Commercial Blvd.
Vancouver, BC V2W 5G5

Item	Description	Qty	U/M	Rate	Customer	Amount	Tax
Direct Materi...	Custom made counter top	10	sqm	215.2782		215.28	G
		10 sqft					
		10 sqm					
		10 sqyd					
Vendor GST (ITC) 5.0%						10.76	View
Vendor Message						0.00	
Total						226.04	

☒ To be printed ☐ To be e-mailed Vendor Tax Code: [Empty]

Memo: [Empty]

Save & Close Save & New Clear

Notice that QuickBooks displays a menu you can use to specify the unit of measure if you want to change it. For this exercise, leave the measurement as 10 sqm.

- Click the down arrow in the U/M column to open the conversion menu.

Item	Description	Qty	U/M	Rate	Customer	Amount
Direct Materi...	Custom made counter top	10	sqm	215.2782		2,152.78
			< Add New >			
			Convert 10 sqm to 107.6391 sqft			
			Convert 10 sqm to 11.9599 sqyd			
			Change 10 sqm to 10 sqft			
			Change 10 sqm to 10 sqyd			

Notice that QuickBooks uses the default unit you selected for purchasing this item. You can use the menu to convert to other units of measure within the Area measure set you created. For this exercise, leave the unit of measure as sqm.

- Click Save & Close.

Once you've created a unit of measure set and assigned it to an item, you can easily convert to other units of measure within the set when you add the item to a transaction.




LESSON 11

Tracking and paying sales tax

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 - The assumptions this guide makes about PST 274
 - How QuickBooks calculates the GST and PST 274
- Setting up your tax rates and agencies 275
 - Reviewing the default sales tax codes 276
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Lesson objectives

- To get an overview of sales tax in QuickBooks (the steps involved in tracking, collecting, and paying it)
- To see how to set up QuickBooks to track sales tax
- To see how to apply sales tax to a sale
- To learn how to determine a business's sales tax liability
- To write a QuickBooks cheque to the appropriate tax agency for sales tax liability

Supporting materials

- Handout 7: Sales tax
- PowerPoint file: Lesson 11
- Video tutorial: Track and pay sales tax

Instructor preparation

- Review this lesson, including the examples, to make sure you're familiar with the material.
- Ensure that all students have a copy of QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB on their computer's hard disk.
- Have Handout 7 ready for distribution.

To start this lesson

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

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

To restore the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB):

- 1 From the File menu in QuickBooks, choose Open or Restore Company. QuickBooks displays the Open or Restore Company window.
- 2 Select Restore a backup copy and click Next.
- 3 Select Local backup and click Next.
- 4 In the Open Backup Copy window, navigate to your C:\QBtrain directory.
- 5 Select the QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB file, and then click Open.
- 6 In the Open or Restore Company window, click Next.

- 7 Navigate to your C:\QBtrain directory.
- 8 In the File name field of the Save Company File as window, type **lesson 11** and then click Save.
- 9 Click OK when you see the message that the file has been successfully restored.

Overview of sales tax in QuickBooks

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

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

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

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

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

- In broad terms, collecting sales taxes in QuickBooks means confirming that QuickBooks is handling GST and PST the way your business and government regulations require; assigning tax codes to items so that QuickBooks knows what taxes (e.g. non, GST only, PST only, or both GST and PST) to apply to items (or services) that you sell or purchase; in rare cases, assigning tax codes to customers who have special tax needs; and
- Filing sales tax returns to the government and creating cheques for the amount you owe.

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

Refer to Handout 7, “Sales tax,” for the following discussion.

The assumptions this guide makes about PST

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

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

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

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

How QuickBooks calculates the GST and PST

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

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

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

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

To use QuickBooks to track and pay your sales tax:

1 Set up your tax rates and agencies.

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

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

2 Indicate what (and occasionally who) gets taxed.

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

3 Apply tax to each sale or purchase.

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

4 Find out what you owe.

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

5 File your sales tax return.

To file your sales tax return to the applicable tax agency, from the Sales Tax menu, click on File Sales Tax. This opens up the File Sales Tax window. Once you have selected the appropriate Tax Agency, QuickBooks shows the amount you owe (or have owing to you). You will be able to create a cheque and print out a return to assist in completing your tax return for the tax agency. If you have a refund due to you, QuickBooks will create an invoice for the amount that you are claiming as a refund on your return.

This lesson walks you through each of these steps.

Setting up your tax rates and agencies

QuickBooks creates sales tax codes, tax accounts, and tax agencies based on the province of your company file. Tax codes are assigned to items, and then used in transactions to calculate the tax. The sales tax is then tracked to the GST Payable and PST Payable liability accounts. Now we need to make sure the default sales taxes set up by QuickBooks meet your needs and assign a tax code to each item the company buys and sells.

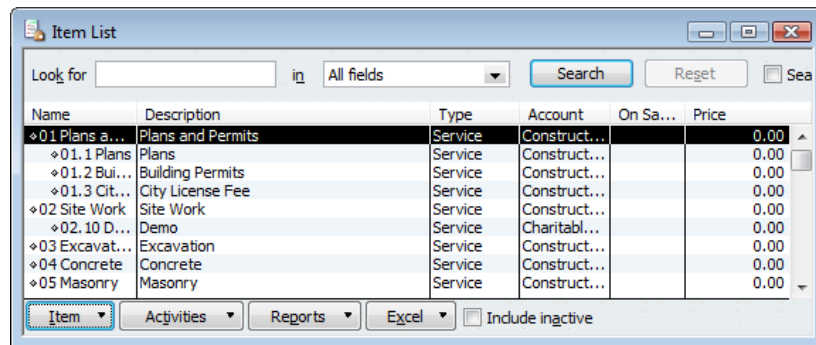
Reviewing the default sales tax codes

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

To create a new sales tax item:

- 1 From the Lists menu, choose Item List.

QuickBooks displays the Item list.



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

QuickBooks displays the New Item window.

In this example, we will assume that White Ridge Construction is going to start offering insurance policies to customers to cover weather damage to the building while it is under construction, and that the provincial government charges 10% PST on insurance policies instead of the usual 7%.

- 3 In the Type field, choose Sales Tax Item from the drop-down list.
- 4 In the Sales Tax Name field, type **I**.
- 5 In the Description field, type **Insurance Policies**.
- 6 In the Tax Rate (%) field, type **10%**.
- 7 In the Tax Agency field, choose Ministry of Finance(BC).
- 8 In the Sales Tax Return Line choose Box B Tax Collectable on Sales from the drop-down list.

Your New Item window should now resemble the following figure.

Tracking and paying sales tax

New Item

Type: Sales Tax Item (Use to calculate a single sales tax at a specific rate that you pay to a single sales tax agency.)

Sales Tax Name: I

Description: Insurance Policies

Tax Rate (%) or Amt: 10.0% Tax Agency (vendor that you collect for): Ministry of Finance (BC)

Assign this item to a line of the tax agency's sales tax return.
Sales Tax Return Line: Box B Tax Collectable on Sales

[What sales tax line do I choose?](#)

☐ Item is inactive

Buttons: OK, Cancel, Next, Spelling

9 Click OK.

10 Your Item List should resemble the following figure.

Item List

Look for: in All fields Search Regret Sea

Name	Description	Type	Account	On Sal...	Price
♦GST On Sal...	GST On Sales 5.0%	Sales Tax ...	GST Payable		5.0%
♦GST Zero R...	GST on Zero Rated sales	Sales Tax ...	GST/HST P...		0.0%
♦I	Insurance Policies	Sales Tax ...	PST Payab...		10.0%
♦PST (BC)	PST (BC) on sales	Sales Tax ...	PST Payab...		7.0%
♦PST (BC) A...	PST (BC) Adjustments-Bad Debt Write...	Sales Tax ...	PST Payab...		0.00
♦PST (BC) A...	PST (BC) Adjustments>Returns	Sales Tax ...	PST Payab...		0.00
♦PST (BC) C...	PST (BC) Commission	Sales Tax ...	PST Payab...		0.00
♦PST (BC) on...	PST (BC) on purchases	Sales Tax ...			7.0%

Buttons: Item, Activities, Reports, Excel, Include inactive

11 Close the Item List.

What the Zero Rated (Z) tax code is for

Under the GST, certain goods and services are taxed at a rate of 0% instead of the usual 5%. These items are called Zero Rated. Zero Rated items are not tax exempt, and should not be assigned the Exempt tax code (E).

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

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

- Prescription drugs and medical devices
- Basic groceries

- Products destined for export
- Professional farming and fishing goods
- International travel and transportation services
- Financial services

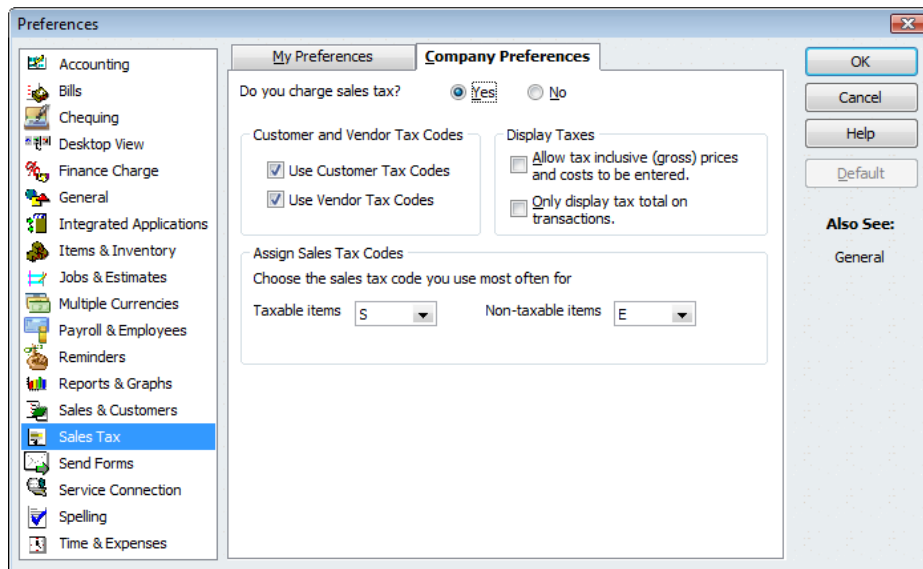
Using QuickBooks to track and pay your sales tax

In this lesson you will learn how to set up your tax rates, tax accounts, and tax agencies.

Assume White Ridge Construction uses the standard (GST+PST) sales tax most often, and it wants to set that up as the default sales tax.

To set up a default sales tax:

- 1 From the Edit menu, choose Preferences.
QuickBooks displays the Preferences window.
- 2 In the Preferences window, click the Sales Tax icon in the left panel, and then click the Company Preferences tab.



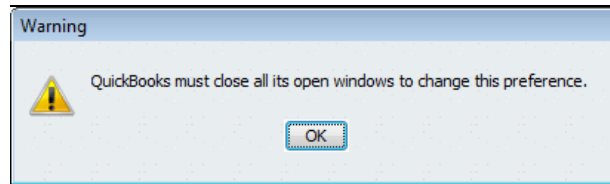
- 3 Make sure that **Yes** is selected for “Do you charge sales tax?”
- 4 In the Customer & Vendor Tax Codes area, make sure both the Use Customer Tax Codes and Use Vendor Tax Codes are checked.

This means that you can assign tax codes to customers or vendors, but as these codes will override item tax codes on all sales and purchase forms, it is best to assign individual codes only as you need them.

- 5 In the Assign Sales Tax Codes area, choose S from the drop-down list. QuickBooks will assign this tax code to all new items you create (although you can change it if you want.) Leave the Non-taxable items field as is.

- 6 Click OK.

If QuickBooks displays a Warning window.



- 7 Click OK again.

If you're using sales tax codes, you can use the Preferences window to tell QuickBooks which sales tax codes to use as the default taxable and non-taxable codes. You can use the codes that come preset with QuickBooks, or define your own. You can also manage sales tax codes using the Sales Tax Code list, which is available on the Lists menu when the sales tax feature is turned on in a company data file.

Indicating the tax rates on items

The next step in setting up sales tax is to indicate what tax rates apply to each item.

You must also distinguish between taxable and non-taxable items on the Item list. When you add an item to the Item list, there's a place in the window where you can indicate the tax code when the item is purchased, and when it is sold. The tax code determines the rate of GST and PST that QuickBooks applies.

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

To assign or change a tax code to an item:

- 1 From the Lists menu choose Item List and then in the Item List, select Bathroom Faucet (under Plumbing Retail).
- 2 Click the Item menu button, and then choose Edit Item.
QuickBooks displays the Edit Item window.

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

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

- 3 Click OK to close the Edit Item window.
- 4 Close the Item List.

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

To see an existing customer record:

- 1 Click Customer Centre on the icon bar.

QuickBooks displays the Customer Centre, including the Customers & Jobs list.

- 2 Select Bentley, Karen.
- 3 Click Edit Customer.

QuickBooks displays the Edit Customer window.

Tracking and paying sales tax

The 'Edit Customer' window shows the 'Address Info' tab. The 'Customer Name' is 'Bentley, Karen' and the 'Current Balance' is '0.00'. The 'Address Info' section includes fields for 'Company Name', 'Mr./Ms./...', 'First Name', 'Last Name', 'Contact', 'Phone', 'FAX', 'Alt. Phone', 'Alt. Contact', 'E-mail', and 'Cc'. The 'Addresses' section shows 'Invoice To' and 'Ship To' addresses, both of which are 'Bentley, Karen, 17 Amber Ave., Port Coquitlam, BC, V3Y 4G8'. The 'Ship To' dropdown is set to 'Ship To 1'. There are buttons for 'Edit', 'Add New', 'Edit', and 'Delete'. A checkbox for 'Default shipping address' is checked. On the right, there are buttons for 'OK', 'Cancel', 'Notes', and 'Help', and a checkbox for 'Customer is inactive'.

- 4 Click the Additional Info tab.

The 'Edit Customer' window shows the 'Additional Info' tab. The 'Customer Name' is 'Bentley, Karen' and the 'Current Balance' is '0.00'. The 'Additional Info' section includes fields for 'Categorizing and Defaults' (Type, Terms, Rep, Preferred Send Method), 'Price Level', 'Custom Fields' (Spouse's Name, Customer Since, Contact's Birthday, Website), 'Sales Tax Information' (Tax Code, Country, Business Number), and a 'Define Fields' button. The 'Categorizing and Defaults' section shows 'Type' as 'From advertisement', 'Terms' as 'Due on receipt', 'Rep' as a dropdown, and 'Preferred Send Method' as 'None'. The 'Price Level' dropdown is set to 'Price Level'. The 'Custom Fields' section shows 'Spouse's Name' as 'Keith', 'Customer Since' as '2000', 'Contact's Birthday' as 'Aug. 14', and 'Website' as a dropdown. The 'Sales Tax Information' section shows 'Tax Code' as 'G', 'Country' as 'Canada', and 'Business Number' as a dropdown. On the right, there are buttons for 'OK', 'Cancel', 'Notes', and 'Help', and a checkbox for 'Customer is inactive'.

The tax code selected (G) indicates that transactions with this customer are subject to GST sales tax only. This code means that this customer will always pay only GST on services purchased from you.

- 5 Click OK.
- 6 Close the Customer Centre.

Applying tax to each sale

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

To apply tax to a sale:

- 1 On the Home page, click Create Invoices.
QuickBooks displays the Create Invoices window
- 2 In the Customer:Job field, choose Nielsen, Clinton:Study Addition from the drop-down list. (Select both the customer and the job.)
- 3 In the dates field make sure 12/31/2010 is selected.
- 4 In the Template field, select Intuit Product Invoice from the drop-down list.
- 5 In the Ship to field, select “Ship to 1”
- 6 Click in the Quantity column and type **5**.
- 7 Click in the Item column and select Hardware:Doorknobs (Materials Heading) from the drop-down list.

If the “Sales Tax Code” message appears, click OK. When you enter an item QuickBooks displays the tax code associated with that item (in this case the standard S tax code) in the Tax column. QuickBooks then calculates the sales tax and shows the amounts in the GST and PST boxes below the items area.

Note: Even if you had assigned a different tax code to this item, in this case, QuickBooks would have displayed the S tax code anyway because this is the sales tax you assigned to the customer, Clinton Nielsen.

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

Tracking and paying sales tax

The Create Invoices window should resemble the figure below.

- 8 Click Save & Close. If the Job Costing window appears, click in the “Do not show this window again” checkbox, and then click No.

The following table shows the journal entry for the invoice.

Account Title	Debit	Credit
Accounts Receivable	\$33.55	
Retail Sales		\$29.95
Inventory Asset		\$14.95
Cost of Goods Sold	14.95	
GST/HST Payable		\$1.50
PST Payable (BC)		\$2.10

Determining what you owe

If you’re required to collect sales tax from customers, you also have to make periodic payments of the sales tax you’ve collected. QuickBooks gives you three ways to determine the amount of your sales tax liability:

- The Tax Agency Report (available in the Report Menu, Sales Tax or Vendors & Payables)
- The Sales Tax Payable register (GST or PST)
- The File Sales Tax window (available in the Sales Tax menu)

Creating a Tax Agency report

The tax agency report provides complete information about the sales tax your company owes for a particular period of time.

To create the Tax Agency report:

- 1 From the Reports menu, choose Vendors & Payables, and then choose Tax Agency Report.

Your report should resemble the following figure.

Tax Agency Report

Modify Report... Memorize... Print... E-mail Export... Hide Header Collapse Refresh

Tax Agency Select an Agency...

File Tax Return

Dates All From To

9:10 AM
07/21/09
Accrual Basis

White Ridge Construction Company
Tax Agency Report
All Transactions

Dec 31, 10

Sales	0.00
Purchases	0.00
Tax Collected on Sales	0.00
Tax Collected on Purchases	0.00
Net Tax	0.00

- 2 In the Tax Agency Field, select Receiver General from the drop-down list.
- 3 In the Dates field, choose Next Sales Tax Year from the drop-down list.

Your report should resemble the following figure.

Tax Agency Report

Modify Report... Memorize... Print... E-mail Export... Hide Header Collapse Refresh

Tax Agency Receiver General

File Tax Return

Dates Next Sales Tax Year From 01/01/2010 To 12/31/2010

1:14 PM
07/27/09
Accrual Basis

White Ridge Construction Company
GST/HST Return Report
January through December 2010

Jan - Dec 10

Line 101 Sales and other revenue	485,565.40
Line 103 GST/HST collected or collectible	24,278.28
Line 104 Adjustments	0.00
Line 105 Total GST/HST and adjustments for period	24,278.28
Line 106 Input tax credits (ITCs)	13,189.39
Line 107 Adjustments	0.00
Line 108 Total ITCs and adjustments	13,189.39
Line 109 Net Tax	11,088.89
Line 110 Instalment and other annual filer payments	0.00
Line 111 Rebates	0.00
Line 112 Total other credits	0.00
Line 113A Balance	11,088.89
Line 205 GST/HST due on acquisition of taxable real p...	0.00
Line 405 Other GST/HST to be self-assessed	0.00
Line 113B Total other debits	0.00
Line 113C Balance	11,088.89

Tracking and paying sales tax

The tax agency report shows the total taxable sales as of a date you choose, and the amount of sales tax you owe the chosen tax agency.

QuickBooks displays this report on an accrual basis (unless you changed the default setting in the Sales Tax Preferences window). The report shows exactly how much sales tax (GST) you collected, how much sales tax (GST) you paid (ITCs) and the balance that you owe or have coming in a refund.

- 4 Close the Tax Agency report.
- 5 If QuickBooks asks if you want to memorize the report, click No.

Note: There is also a Tax Agency Detail Report, which provides in expanded detail the information that is contained in the Tax Agency Report. The information provided is categorized in the same way, but each transaction within the categories is listed for review. To see the detail of any transaction in the report, double-click on the item.

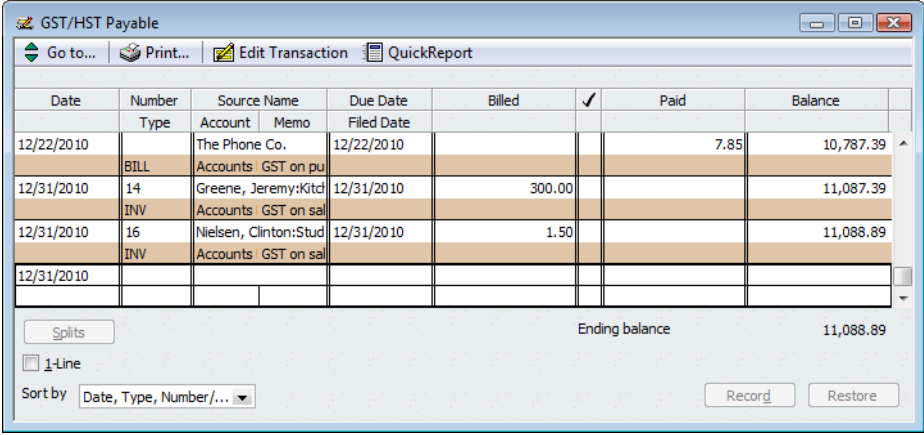
Using the sales tax payable register

Each time you write an invoice or sales receipt that includes sales tax, QuickBooks enters the information in the sales tax payable register. QuickBooks keeps track of transactions for all tax vendors, in separate GST and PST Payable accounts.

To see the sales tax payable register:

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

QuickBooks displays the GST Payable register.



Date	Number	Source Name	Due Date	Billed	✓	Paid	Balance
Type	Account	Memo	Filed Date				
12/22/2010		The Phone Co.	12/22/2010			7.85	10,787.39
	BILL	Accounts: GST on pu					
12/31/2010	14	Greene, Jeremy:Ktd	12/31/2010	300.00			11,087.39
	INV	Accounts: GST on sal					
12/31/2010	16	Nielsen, Clinton:Stud	12/31/2010	1.50			11,088.89
	INV	Accounts: GST on sal					
12/31/2010							
Ending balance							11,088.89

Spits

1-Line

Sort by Date, Type, Number/...

Record Restore

Each entry in the register is a single tax transaction. Taxes you record on invoices and sales receipts appear as increases, and payments you make to tax agencies appear as decreases. The ending balance of the register is your current tax liability.

- 4 Close the register.
- 5 Close the Chart of Accounts.

Paying your tax agencies

When it's time to pay sales tax, you use the File Sales Tax window to write a cheque to your tax agency. Suppose White Ridge Construction is ready to make a sales tax payment.

To make a sales tax payment:

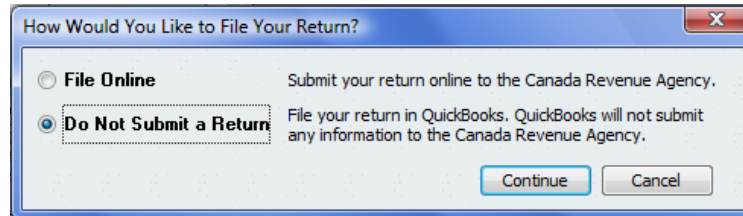
- 1 From the Sales Tax menu, select File Sales Tax.

QuickBooks displays the File Sales Tax window.

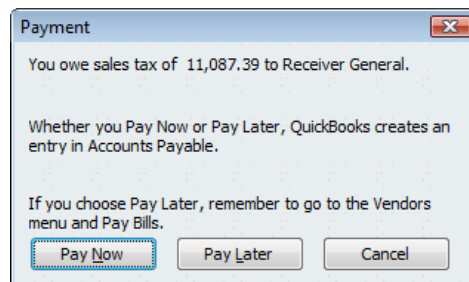
- 2 Select Receiver General from the Tax Agency drop-down list
- 3 In the Dates field select Custom.
- 4 Ensure the dates in the “From” and “To” fields reflect 01/01/2010 and 12/31/2010.
- 5 Then press Tab.

The File Sales Tax window should resemble the figure below.

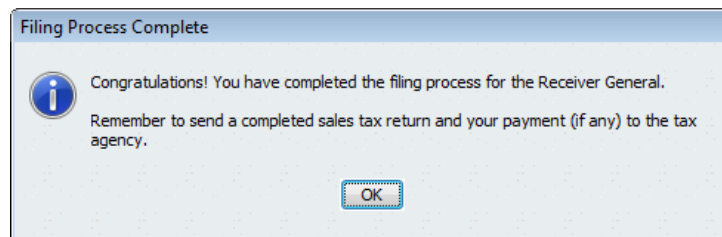
- 6 Click File Return.
- 7 The “How Would you Like to File your Return” window is displayed. Select **Do not Submit a Return** and click Continue. If QuickBooks asks if you would like to print your tax return click No.



- 8 The Payment window is displayed to give you the option of paying now or later.



- 9 Click Pay Later.



- 10 Click OK in the Filing Process Complete window.
- 11 To see the account payable to the Receiver General, from the Vendors menu select Pay Bills.

Your screen should resemble the following:

☒	Date Due	Vendor	Ref. No.	Disc. Date	Amt. Due	Disc. Used	Credits Used	Amt. To Pay
☐	12/17/2010	Utility Corp			360.15	0.00	0.00	0.00
☐	12/22/2010	The Phone Co.			164.87	0.00	0.00	0.00
☐	12/30/2010	Barata's Building S...	2342		15,015.00	0.00	0.00	0.00
☐		Receiver General	GST/HSTCA...		11,088.89	0.00	0.00	0.00
☐	01/04/2011	Blitz Marketing		12/15/2010	892.50	0.00	0.00	0.00
Totals					48,318.93	0.00	0.00	0.00

- 12 Close the Pay bills window.




LESSON 12

Doing payroll with QuickBooks

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 Writing a cheque for payroll taxes 315

 Preparing PD7A, T4, T4 Summary, and Relevé 1 forms 317

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Lesson objectives

- To gain an overview of payroll in QuickBooks
- To learn more about payroll setup
- To set up employee payroll information
- To set up payroll schedules
- To practice writing and printing a payroll cheque
- To learn how QuickBooks tracks your tax liabilities
- To practice paying payroll taxes

Supporting materials

- Handout 8: Employer payroll responsibilities
- Handout 9: Payroll item types
- Handout 10: List of payroll expenses and liabilities
- PowerPoint file: Lesson 12
- Video tutorial: Payroll overview
- Video tutorial: Paying employees
- Video tutorial: Paying taxes and liabilities

Instructor preparation

- Review this lesson, including the examples, to make sure you're familiar with the material.
- Ensure that all students have a copy of QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB on their computer's hard disk.
- Have Handouts 8 through 10 ready for distribution.

To start this lesson

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

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

To restore the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB):

- 1 From the File menu in QuickBooks, choose Open or Restore Company.

QuickBooks displays the Open or Restore Company window.

- 2 Select Restore a backup copy and click Next.
- 3 Select Local backup and click Next.
- 4 In the Open Backup Copy window, navigate to your C:\QBtrain directory.
- 5 Select the QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB file, and then click Open.
- 6 In the Open or Restore Company window, click Next.
- 7 Navigate to your C:\QBtrain directory.
- 8 In the File name field of the Save Company File as window, type **lesson 12** and then click Save.
- 9 Click OK when you see the message that the file has been successfully restored.

Overview of payroll tracking

Refer to Handout 8, “Employer payroll responsibilities” for the following discussion.

This lesson is designed to demonstrate some of the QuickBooks payroll features. The way you process payroll for your company may differ from this lesson depending on which (if any) payroll service you subscribe to.

Because payroll information is already set up in the exercise file, you will not go through the payroll setup process in this lesson.

To calculate payroll, QuickBooks uses tax tables. The exercise file includes the tax table data needed to complete this lesson. To get the tax tables to use with your own QuickBooks company data file, you need to subscribe to one of the Intuit Payroll Services—either QuickBooks Standard Payroll, QuickBooks Enhanced Payroll, or QuickBooks Assisted Payroll. Intuit also offers a full service payroll option—Intuit Payroll Services Complete Payroll. To learn about these options or subscribe to one of them, from the Employees menu, choose Add Payroll Service, and then choose Learn About Payroll Options from the submenu.

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

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

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

Calculating payroll with QuickBooks

To do its payroll calculations, QuickBooks needs four kinds of information:

- **Information about your company**

Besides the company name and address, this includes information about your Business Number from the CRA. You enter this information in the EasyStep Interview when you set up your QuickBooks company data file. (You can view most company information by choosing Company Information from the Company menu.)

- **Information about your employees**

The QuickBooks Employee list stores general information about each of your employees, and specific information related to payroll (such as the employee's Social Insurance Number, date of birth, salary or hourly rate, Federal and Provincial TD1 amounts, and miscellaneous additions, deductions, and company contributions). You can store payroll information that most employees have in common in employee defaults. Whenever you have a new employee to add, simply enter information that's specific to that employee (name, address, and so on).

- **Information about your payroll items**

QuickBooks maintains a list of items that affect the amount on a payroll cheque, including company expenses related to payroll. When you specify that you want to use payroll, QuickBooks creates a number of payroll items for you. You add others as you need them.

- **Tax tables for federal and provincial withholdings**

QuickBooks uses tax tables to calculate payroll. You get the current tax tables and keep them current when you subscribe to one of the Intuit Payroll Services mentioned on page 315. If you choose not to subscribe to one of these payroll services, you need to calculate and enter your payroll tax deductions manually for each.

Once you've set up your company, employee data, and payroll items, to run payroll you enter the number of hours worked during the pay period for each employee. QuickBooks calculates the gross wages for the employee, and then refers to its tax tables (if you've subscribed to one of the Intuit Payroll Services—Standard Payroll, Enhanced Payroll, or Assisted Payroll) and the company and employee information you've entered to calculate all withholdings and deductions and to arrive at the net pay amount. QuickBooks also calculates your company payroll expenses (for example, your contributions to CPP and EI), and, if you want, prints the pay cheque(s).

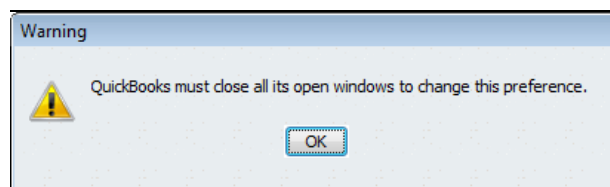
Setting up for payroll

By default, the QuickBooks payroll feature is turned on and it is turned on in the exercise file. If you want to turn off payroll in your own company file, follow the procedure below.

To turn payroll off in a company data file:

- 1 From the Edit menu, choose Preferences, and click Payroll & Employees in the left panel.
- 2 Click the Company Preferences tab and select “No payroll.”
- 3 Click OK.

QuickBooks displays a Warning window.



- 4 Click OK again.

Understanding payroll items

Refer to Handout 9, “Payroll item types,” for this discussion.

QuickBooks maintains a list for everything that affects the amount on a payroll cheque and for every company expense related to payroll. This list is called the Payroll Item list. There are payroll items for compensation, taxes, other additions and deductions, and employer-paid expenses. QuickBooks uses payroll items to track individual amounts on a pay cheque and accumulated year-to-date wage and tax amounts for each employee.

QuickBooks adds some items to the list for you, and you can add others as you need them. For common payroll items, such as compensation and benefits, QuickBooks provides extra assistance so you can set them up quickly and accurately.

You work directly with payroll items as you do payroll tasks. Behind the scenes, QuickBooks tracks your payroll liabilities in the Payroll Liabilities account (an Other Current Liability account) and your payroll expenses in the Payroll Expenses account.

To view the Payroll Item list:

- 1 From the Lists menu, choose Payroll Item List. (You must have payroll turned on to see this choice.)

QuickBooks displays the Payroll Item List.

Item Name	Type	Am...	Annual Li...	Tax Tracking	Payable To	Account...
Salary	Yearly Salary			Box 14/A - Employ...		
Sick Salary	Yearly Salary			Box 14/A - Employ...		
Vacation Salary	Yearly Salary			Box 14/A - Employ...		
Hourly Rate	Hourly Wage			Box 14/A - Employ...		
Sick Hourly Rate	Hourly Wage			Box 14/A - Employ...		
Vacation Hourly ...	Hourly Wage			Box 14/A - Employ...		
VacPay-Accrual ...	Vacation Pay			Box 14/A - Employ...		
Bonus	Bonus			Box 14/A - Employ...		
Advance	Advance			None		
Automobile Allow...	Addition	250.00	3,000.00	Box 40/L - Other ta...		
Charitable Donat...	Deduction	-15.00		Box 46 - Charitable...	Children's Ch...	
Long Term Disabi...	Deduction	-12.00	-144.00	None	Insurance Ex...	
Health Plan	Company Contr...	27.00	324.00	None	Insurance Ex...	
VacPay-Accrued	Vacation Pay			None		
VacPay-Paid Out	Vacation Pay			Box 14/A - Employ...		
Federal Income ...	Payroll Taxes			Box 22 - Income Ta...	Receiver Ge...	
CPP - Company	Payroll Taxes			Company's CPP co...	Receiver Ge...	
CPP - Employee	Payroll Taxes			Box 16 - Employee'	Receiver Ge...	
EI - Company	Payroll Taxes			Company's EI prem...	Receiver Ge...	
EI - Employee	Payroll Taxes			Box 18/C - Employ...	Receiver Ge...	
QPP - Company	Payroll Taxes			Company's QPP co...	Ministère du ...	
QPP - Employee	Payroll Taxes			Box 17/B - Employe...	Ministère du ...	
Quebec Income ...	Payroll Taxes			Case E - Impôt du ...	Ministère du ...	

You've already used the QuickBooks Item list, so this list should look familiar. Just like the regular Item list, each payroll item has a Name and a Type.

The names of the payroll items are what you'll see on pay cheques and in payroll reports.

2 Close the Payroll Item List.

You won't add a new payroll item in this lesson, but if you need to add an item after you've set up payroll in QuickBooks, you can use the following procedure.

To add a payroll item:

- 1 From the Employees menu, choose Payroll Setup, and then choose Add or Edit Payroll Items
- 2 In the Payroll Item List click the Payroll Item menu button, and then choose New.
- 3 QuickBooks displays the Add new payroll item window, which steps you through the payroll item setup process.

Add new payroll item

Payroll item type

Select the type of payroll item you want to create.

☐ Wage (Hourly, Salary, Commission, Bonus)
☐ Addition
☒ Deduction
☐ Company Contribution
☐ Other Tax

☐ CPP
☐ EI
☐ Salary

Back Next Finish Cancel

- 4 Select the type of payroll item you want to create, and then click Next.
- 5 Follow the onscreen instructions to create any type of payroll item you like.

- Press Cancel to terminate the payroll item setup process, and then close the Payroll Item List.

QuickStart
Tip

Depending on your company's payroll, you may need additional payroll items of the following types: Yearly salary, Hourly Wage, Deduction, Addition, Commission, or Company Contribution. Consult with your tax advisor.

Setting up employee payroll information

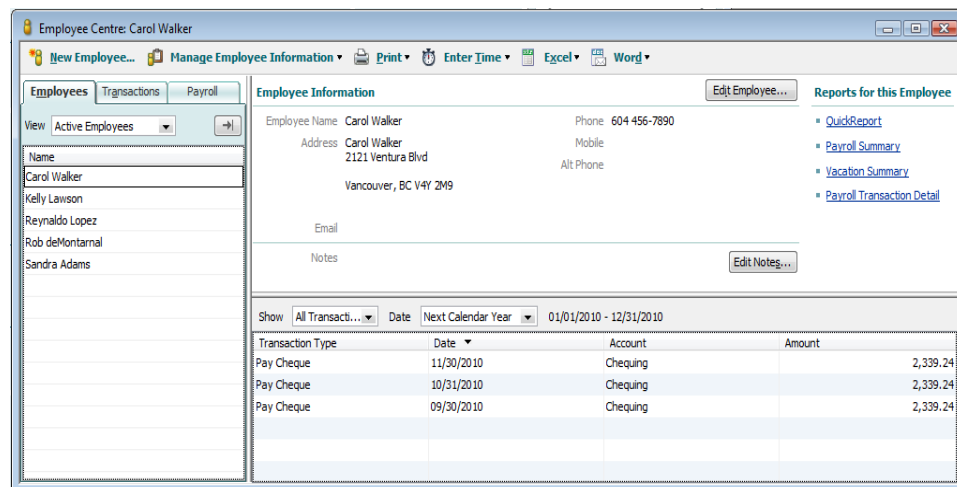
QuickBooks calculates payroll for each employee on the basis of that employee's pay rate, filing marital status, exemptions, and so on. The Employee list stores general information about each employee, as well as payroll information.

What information does QuickBooks store?

You're going to add a new employee to the White Ridge Construction payroll in a moment. First, look at the information QuickBooks stores in the Employee list.

To view information stored in the Employee list:

- Click Employee Centre on the icon bar.
- When the window is displayed, select, if necessary, Next Calendar Year in the date field.



- Select Sandra Adams in the list, and then click Edit Employee.

QuickBooks displays the Edit Employee window for Sandra Adams.

The screenshot shows the 'Edit Employee' window for Sandra Adams. The 'Personal Info' tab is selected. The form contains the following fields:

- Mr./Ms./... (dropdown)
- Legal Name: First Name (Sandra), M.I. (), Last Name (Adams)
- Print as (Sandra Adams)
- SIN (111 888 111)
- Gender (dropdown)
- Date of Birth (02/15/1975)

On the right side, there are buttons for OK, Cancel, Notes, and Help, along with a checkbox for 'Employee is inactive'.

The Personal tab contains general information about Sandra Adams, such as her name, social insurance number, and date of birth.

- 4 Click the Address and Contact tab.

This is where QuickBooks stores employees' addresses, telephone numbers, and other contact information.

The screenshot shows the 'Edit Employee' window for Sandra Adams, with the 'Address and Contact' tab selected. The form contains the following fields:

- Home Address: Address (563 Newton Dr), City (Vancouver), Province (BC), Postal Code (V3L 1M2), Country (Canada)
- Phone (), Mobile (), Alt. Phone (), Fax (), E-mail (), Pager (), PIN (Pager) ()

On the right side, there are buttons for OK, Cancel, Notes, and Help, along with a checkbox for 'Employee is inactive'.

- 5 Click the Additional Info tab.

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

- 6 In the Change tabs drop-down list, select Payroll and Compensation Info.

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

Edit Employee
Information for: Sandra Adams

Change tabs: Payroll and Compensation Info

Payroll Info

Earnings

Item Name	Hourly/Annual Rate
Salary	42,000.00

Payroll Schedule: Monthly
Pay Frequency: Monthly

[What is a payroll schedule?](#)

☐ Use time data to create pay cheques

Additions, Deductions and Company Contributions

Item Name	Amount	Limit
Automobile Allowa...	250.00	3,000.00
Charitable Donations	-15.00	
Long Term Disability	-12.00	-144.00
Health Plan	27.00	324.00

Taxes...
Accrual Hours...
Vacation Pay...
Direct Deposit

OK
Cancel
Notes
Help
☐ Employee is inactive

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

- Click Taxes. Note the Tax Table field shows British Columbia.

QuickBooks displays the Taxes for Sandra Adams window.

Taxes for Sandra Adams

Tax Table: British Columbia

Subject to:

- ☒ Federal Income Tax
- ☒ Employment Insurance
- ☒ Canada Pension Plan

Federal TD1: 8,929.00
Additional Tax: 50.00
EI Factor: 1.4
Provincial TD1: 9,373.00

Other Taxes

Item Name	Amount	Limit

OK
Cancel
Help

The checkboxes indicate the types of taxes the employee should have deducted from each pay cheque. A checkmark in the Employment Insurance checkbox indicates that this employee should have Employment Insurance premiums deducted from her earnings. The EI factor shows that the employer's portion of EI tax will be 1.4 times the amount the employee pays (which is the standard amount).

- 8 You also enter the employee's federal and provincial TD1 amounts in this window.
- 9 Click OK to return to the Edit Employee window.
- 10 Click OK again to return to the Employee Centre.

Using the employee defaults to store common information

QuickBooks stores a wealth of information about each employee, but it doesn't require you to enter the same information over and over. When you have information that applies to most of your employees, you can enter it into your employee defaults. Then, when you add an employee, QuickBooks automatically fills in the information stored with the defaults. You just need to add or change any information that is different for a particular employee.

To view employee defaults:

- 1 With the Employee Centre displayed, click Manage Employee Information menu button and choose Change New Employee Default Settings.

QuickBooks displays the Employee Defaults window.

Use this window to set up the payroll information that most of your employees have in common. QuickBooks saves the information so you won't have to re-enter it when you set up the payroll record for an individual employee.

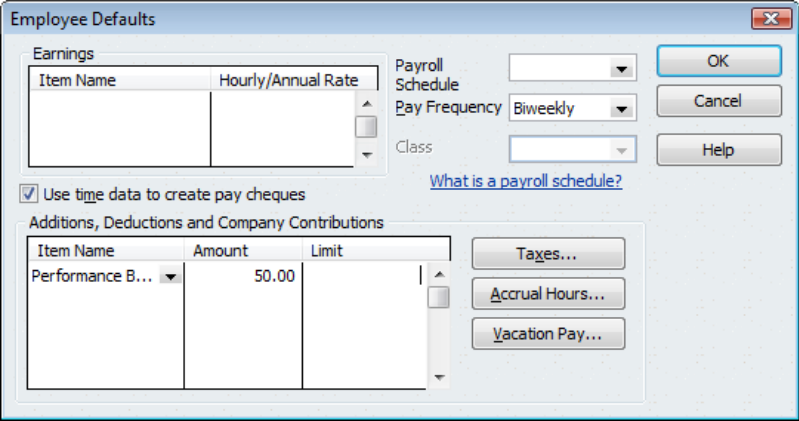
White Ridge Construction employees are not paid on the same schedule, so you would not enter default Payroll Schedule or Pay Frequency here. You'll learn how to set up payroll schedules in the next exercise.

Since White Ridge Construction is enjoying substantial business growth, existing employees and any new employees will be eligible for a company performance bonus of \$50 per pay period. You can add it now.

- 2 Click the "Use time data to create pay cheques" checkbox to include pay for time entered using the time tracking feature.

- 3 In the Additions, Deductions and Company Contributions area, click in the Item Name column, and then choose Performance Bonus from the drop-down list.
- 4 In the Amount column, type **50** and press Tab.

Your screen should look like the following.

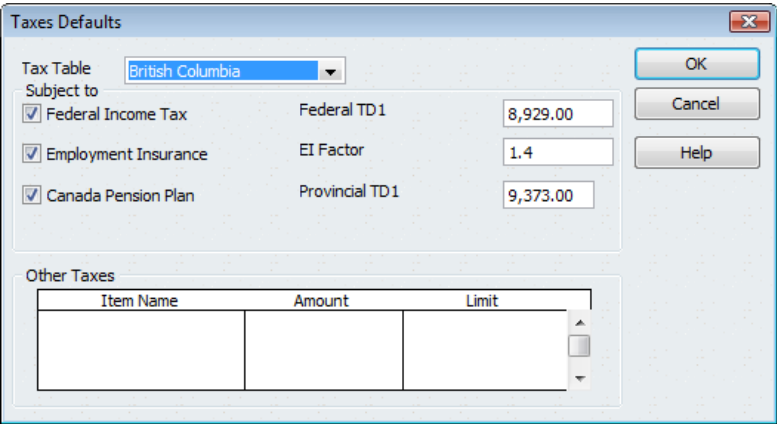


The Employee Defaults window is shown. It has a title bar with a close button. The window is divided into several sections:

- Earnings:** A table with two columns: 'Item Name' and 'Hourly/Annual Rate'. It is currently empty.
- Payroll Schedule:** A section with three dropdown menus: 'Payroll Schedule' (empty), 'Pay Frequency' (set to 'Biweekly'), and 'Class' (empty). To the right are 'OK', 'Cancel', and 'Help' buttons.
- Use time data to create pay cheques:** A checkbox that is checked.
- What is a payroll schedule?:** A blue hyperlink.
- Additions, Deductions and Company Contributions:** A table with three columns: 'Item Name', 'Amount', and 'Limit'. The first row has 'Performance B...' in the 'Item Name' column, '50.00' in the 'Amount' column, and is empty in the 'Limit' column.
- Taxes...:** A button.
- Accrual Hours...:** A button.
- Vacation Pay...:** A button.

- 5 Click Taxes.

QuickBooks displays the Taxes Defaults window.



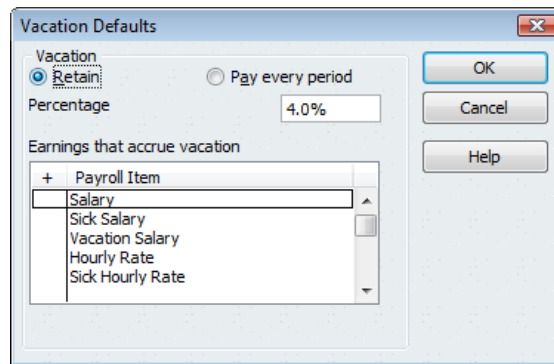
The Taxes Defaults window is shown. It has a title bar with a close button. The window is divided into several sections:

- Tax Table:** A dropdown menu set to 'British Columbia'.
- Subject to:** A section with three checked checkboxes: 'Federal Income Tax', 'Employment Insurance', and 'Canada Pension Plan'.
- Federal TD1:** A text box containing '8,929.00'.
- EI Factor:** A text box containing '1.4'.
- Provincial TD1:** A text box containing '9,373.00'.
- Other Taxes:** A table with three columns: 'Item Name', 'Amount', and 'Limit'. It is currently empty.
- Buttons:** 'OK', 'Cancel', and 'Help' buttons are on the right side.

The withholding taxes that should be deducted from each employee pay cheque are entered in this window.

- 6 Click Cancel to close the Taxes Defaults window.
- 7 Click Vacation Pay.

QuickBooks displays the Vacation Defaults window.



Information regarding earned vacation days is entered in this window. QuickBooks keeps track of the earned time each pay period.

- 8 Click Cancel to close the Vacation Defaults window.
- 9 Click OK to close the Employee Defaults window.
- 10 When QuickBooks asks whether you would like to apply changes to all matching employees, click Yes.

The new default you have created will now appear in all employee records if the employee record has not been changed from the defaults.

- 11 Click the Home Icon to display the Home page.

QuickStart
Tip

The employee defaults affect employees you set up in the future. If your employee list already contains names of employees but does not have payroll information for them, the defaults will not be applied to those employees.

Setting up payroll schedules

You can set up payroll schedules to group employees with the same pay frequency (daily, semi-monthly, bi-weekly, and monthly). You define how often you pay your employees, which date their pay cheque is due, and which day you run payroll. QuickBooks calculates your upcoming payroll schedule so that you can pay your employees on time.

Using payroll schedules is a quick and convenient way to pay your employees at each pay period. You set up the payroll schedule one time, assign the payroll schedule to the appropriate employees, and QuickBooks calculates the due dates for each upcoming pay period.

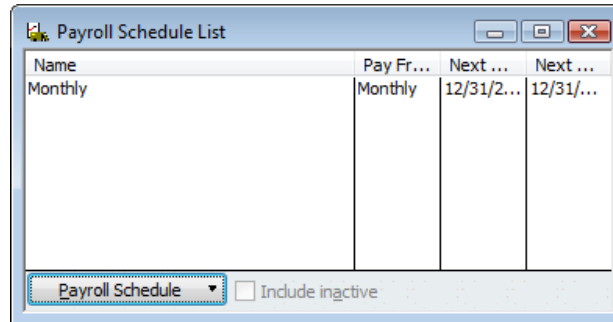
Note: If you do not set up at least one payroll schedule, you can still pay employees using Special Payroll in the Payroll Centre.

White Ridge Construction has one payroll schedule: Monthly for salaried employees who are paid monthly. They now wish to put hourly rated employees on a weekly pay schedule, and need to set up a second payroll schedule.

To define a payroll schedule:

- 1 From the Employees menu, choose Payroll Setup, and then select Add or Edit Payroll Schedules.

QuickBooks displays the Payroll Schedule List window.



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

QuickBooks displays the New Payroll Schedule window.

The information you provide will be used to create a payroll schedule. [What is a payroll schedule?](#)
 You can set up multiple payroll schedules if you need to. [Why do I need multiple schedules?](#)

Tell us how you'll be processing payroll using QuickBooks: [How do I set up a payroll schedule?](#)

What do you want to name this payroll schedule? (e.g., "Weekly", "Biweekly", "Monthly", etc)

How often will you pay your employees on this schedule?

What is the pay period end date?

What date should appear on pay cheques for this pay period?

The following is based on the information supplied above:
 You pay your employees DD days after the pay period end date in this payroll schedule.

☐ Schedule is inactive

- 3 Type **Weekly** in the "What do you want to name this payroll schedule?" field.
- 4 Press Tab and select Weekly as the pay frequency.
- 5 Press Tab and select 12/31/2010 as the pay period end date.

A pay period is the duration of time for which you are paying your employee wages. The pay period end date is the last date of the pay period you have specified for a specific pay schedule. It is the last date of the pay period that you want this pay cheque to cover.

QuickBooks uses this date to calculate how many weeks an employee has worked in a year and the time information to include in the pay cheque.

- 6 Press Tab and select 12/31/2010 as the date that should appear on the cheques.

The cheque date is the date when employees know they are getting paid. It is the date you want the pay cheque to affect your bank account. For example, your pay period end date could be Friday, April 14, but your pay cheque date is 5 business days later on the following Friday, April 21. The CRA bases your tax liability and that of your employees on the cheque date. For example, if you pay an employee in January 2011 for time worked in December 2010, the income is reported on the employee's 2011 T4 form.

Your screen should resemble the following graphic.

New Payroll Schedule

The information you provide will be used to create a payroll schedule. [What is a payroll schedule?](#)
 You can set up multiple payroll schedules if you need to. [Why do I need multiple schedules?](#)

Tell us how you'll be processing payroll using QuickBooks: [How do I set up a payroll schedule?](#)

What do you want to name this payroll schedule? (e.g., "Weekly", "Biweekly", "Monthly", etc)

How often will you pay your employees on this schedule?

What is the pay period end date?

What date should appear on pay cheques for this pay period?

The following is based on the information supplied above:
 You pay your employees on the same day as the pay period end date in this payroll schedule.

☒ Schedule is inactive

- 7 Click OK.

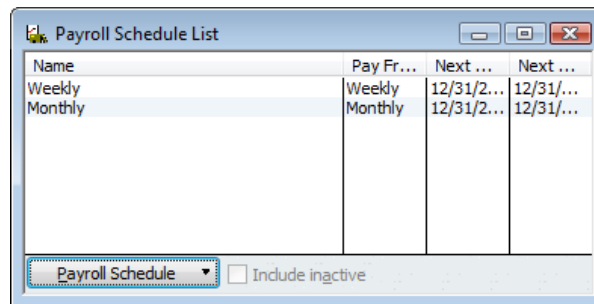
QuickBooks Information

Your Weekly payroll schedule has been set up.

To assign employees to this payroll schedule, go to the Payroll and Compensation Info tab of the employee record of each employee you wish to assign and choose the payroll schedule.

- 8 Click OK in the QuickBooks Information window.

QuickBooks displays the Payroll Schedule List with the Weekly pay schedule now in the list.



9 Close the Payroll Schedule List.

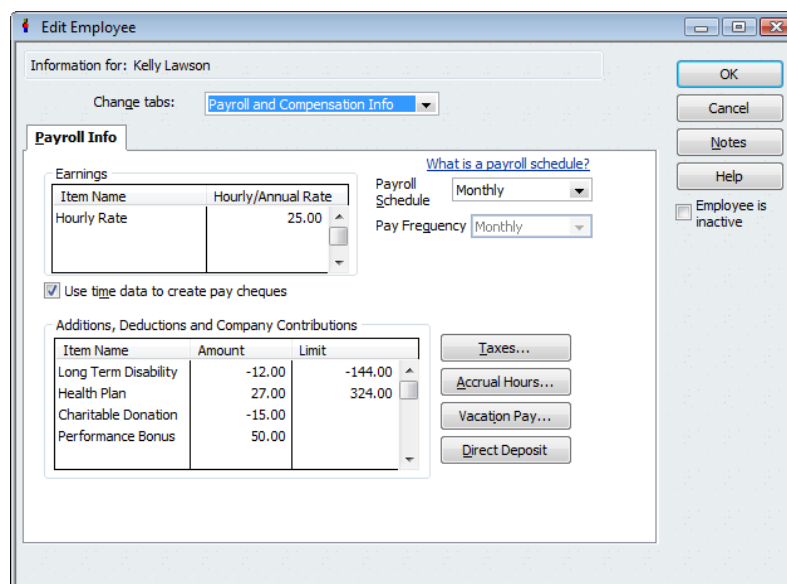
Now that you've set up the pay schedules, you can assign the hourly paid employees to the appropriate pay schedule.

Assigning employees to pay schedules

To assign employees to a schedule, choose the payroll schedule on the Payroll Compensation Info tab of the employee record. (You can also assign employees during the Payroll Schedule Setup process, but for this exercise, we'll use the employee records.)

To assign a pay schedule:

- 1 From the Employees menu, choose Employee Centre.
- 2 Click the Employees tab if it is not already selected.
- 3 Select Kelly Lawson and then click Edit Employee.
- 4 In the Edit Employee window, choose Payroll and Compensation Info from the Change tabs drop-down list.



- 5 From the Payroll Schedule drop-down list, select Weekly to change the payroll schedule.

Kelly Lawson is an hourly paid employee who is now paid weekly. Notice that QuickBooks changes the Pay Frequency to weekly

Your screen should resemble the following graphic.

Edit Employee

Information for: Kelly Lawson

Change tabs: Payroll and Compensation Info

Payroll Info

[What is a payroll schedule?](#)

Payroll Schedule: Weekly

Pay Frequency: Weekly

☒ Use time data to create pay cheques

Item Name	Hourly/Annual Rate
Hourly Rate	25.00

Item Name	Amount	Limit
Long Term Disability	-12.00	-144.00
Health Plan	27.00	324.00
Charitable Donation	-15.00	
Performance Bonus	50.00	

Taxes...
Accrual Hours...
Vacation Pay...
Direct Deposit

☐ Employee is inactive

OK
Cancel
Notes
Help

- 6 Click OK.
- 7 Select Reynaldo Lopez from the Employees tab and click Edit Employee.
- 8 In the Edit Employee window, choose Payroll and Compensation Info from the Change tabs drop-down list.
- 9 From the Payroll Schedule drop-down list, select Weekly to change the payroll schedule.
Notice that QuickBooks changes the Pay Frequency to Weekly.
- 10 Click OK.
- 11 Leave the Employee Centre open. You'll use it in the next exercise.

Adding a new employee

Suppose you have a new employee on the payroll, and want to add him to your records.

To add a new employee:

- 1 With the Employee Centre displayed, click New Employee.
QuickBooks displays the New Employee window.
- 2 On the Personal tab, enter the employee data as shown below.

Personal	Address and Contact	Additional Info
Mr./Ms./... Mr.		
Legal Name		
First Name	Michael	M.I. M.
Last Name	White	
Print as	Michael M. White	
SIN	111 111 118	
Gender	Male	
Date of Birth	01/21/1975	

- On the Address and Contact tab, enter the employee data as follows.

Personal	Address and Contact	Additional Info
Home Address		
Address 153 West Main St.		
City	Coquitlam	Province BC
Postal Code	V3T 6R8	Country Canada
Phone	604 555-1234	
Mobile	604-556-3578	
Alt. Phone		
Fax		
E-mail	mwwhite@shaw.ca	
Pager		PIN (Pager)

- In the Change tabs drop-down list, select Employment Info.
- In the Hire Date field, enter 11/29/2010.
- In the Change tabs drop-down list, select Payroll and Compensation Info.
- In the Earnings section of the window, click the Item Name column, and select Hourly Rate from the drop down list and press Tab. (Notice that the Performance Bonus item is displayed already.)
- In the Hour/Annual Rate column for the Regular Pay payroll item, type **15**. Then press Tab.
- From the Pay Schedule drop-down list, choose Weekly.

The Payroll Info tab should look like the following.

The screenshot shows the 'New Employee' window for Michael M. White. The 'Payroll Info' tab is selected. The 'Earnings' section has a table with one row: 'Hourly Rate' at 15.00. The 'Payroll Schedule' section has 'Weekly' selected for both 'Payroll Schedule' and 'Pay Frequency'. The 'Additions, Deductions and Company Contributions' section has a table with one row: 'Performance Bonus' with an amount of 50.00. There are buttons for 'Taxes...', 'Accrual Hours...', 'Vacation Pay...', and 'Direct Deposit'. A checkbox 'Use time data to create pay cheques' is checked. On the right, there are buttons for 'OK', 'Cancel', 'Next', and 'Help', and a checkbox 'Employee is inactive'.

Item Name	Hourly/Annual Rate
Hourly Rate	15.00

Item Name	Amount	Limit
Performance Bonus	50.00	

- 10 Click Taxes.

QuickBooks displays the Taxes for Michael M. White window.

QuickBooks automatically calculates the correct amount of income tax to withhold based on the information an employee has entered on their TD1 form. You need to copy the total claim amounts from the federal and provincial TD1 forms into QuickBooks using this tax window for each employee.

- 11 Click OK.

QuickBooks returns to the New Employee window.

- 12 Click OK.

- 13 When QuickBooks asks whether you want to set up additional payroll information, click Leave As Is.

QuickBooks returns to the Employee Centre, where the new employee's name is now displayed.

- 14 Close the Employee Centre.

Running a payroll schedule

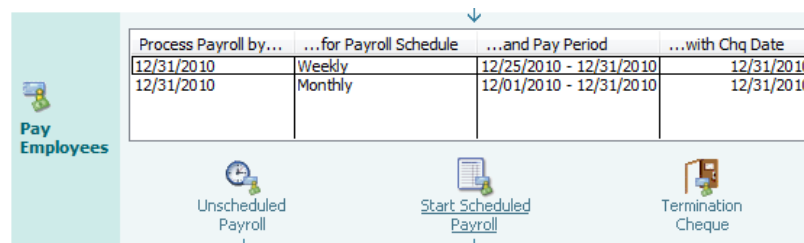
QuickBooks lets you print payroll cheques in a batch based on payroll schedules. You may want to process the pay cheques of salaried employees in one batch, and do payroll for the weekly employees as another batch.

To run a pay cheque:

- 1 On the Home page, in the Employee area, click Payroll Centre.

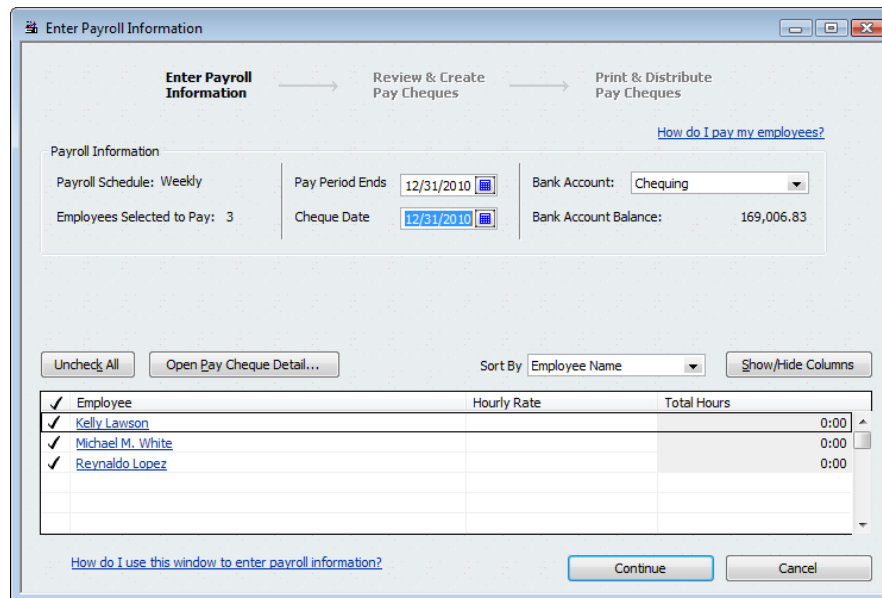
QuickBooks displays the Payroll Centre.

- 2 In the Pay Employees section, choose the Weekly pay schedule.



- 3 Click Start Scheduled Payroll.

QuickBooks displays the Enter Payroll Information Window.



Notice that QuickBooks has filled in the Pay Period Ends field and the Cheque Date field based on the Weekly pay schedule you set up.

- 4 Click in the Hourly Rate column for Kelly Lawson's name and enter **40**.
- 5 Click in the Hourly Rate column for Michael M. White's name and enter **25**.

- 6 Click in the Hourly Rate column for Reynaldo Lopez's name and enter **40**.

Your screen should resemble the following graphic.

Enter Payroll Information

Payroll Information

Payroll Schedule: Weekly | Pay Period Ends: 12/31/2010 | Bank Account: Chequing

Employees Selected to Pay: 3 | Cheque Date: 12/31/2009 | Bank Account Balance: 169,006.83

Uncheck All | Open Pay Cheque Detail... | Sort By: Employee Name | Show/Hide Columns

Employee	Hourly Rate	Total Hours
Kelly Lawson	40:00	40:00
Michael M. White	25:00	25:00
Reynaldo Lopez	40:00	40:00

How do I use this window to enter payroll information? | Continue | Cancel

- 7 Click Continue. If a warning message regarding payroll calculations is displayed, click OK.

QuickBooks displays the Review and Create Pay Cheques window. To review an employee's pay cheque, click the employee name.

Review and Create Pay Cheques

Payroll Information

Payroll Schedule: Weekly | Pay Period Ends: 12/31/2010 | Bank Account: Chequing

Number of Pay Cheques: 3 | Cheque Date: 12/31/2009 | Bank Account Balance: 169,006.83

Pay Cheque Options

☒ Print pay cheques from QuickBooks | ☐ Assign cheque numbers to handwritten cheques

First Cheque Number: 65er

Open Pay Cheque Detail...

Employee	Gross Pay	Taxes	Deductions	Net Pay	Employer ...	Contributi...	Total Hours
Kelly Lawson	1,050.00	-256.18	-27.00	766.82	74.08	27.00	40:00
Michael M. White	425.00	-62.88	0.00	362.12	28.00	0.00	25:00
Reynaldo Lopez	1,050.00	-256.18	-27.00	766.82	74.08	27.00	40:00
	2,525.00	-575.24	-54.00	1,895.76	176.16	54.00	105:00

< Back | Create Pay Cheques | Cancel

- 8 In the Employee column click Michael M. White. (Be sure to click the underlined link for the employee name.)

- 9 Click OK at the two warning messages that occur.

If payroll tax information is not up to date, QuickBooks cannot calculate the Federal and Provincial taxes. QuickBooks fills in the Employee Summary area of the Review Or Change Pay Cheque window, showing the gross regular pay and all of the deductions from Michael's pay cheque. The net amount of the cheque appears at the bottom.

Review Or Change Pay Cheque

Michael M. White Pay Period: 12/25/2010 - 12/31/2010

☐ Use Direct Deposit

Item Name	Rate	Hours	Customer:Job	Service Item
Hourly Rate	15.00	25:00		

Total Hours: 25:00

Item Name	Rate	Quantity
Performance Bonus	50.00	

Item Name	Amount	YTD
CPP - Company	17.71	17.71
EI - Company	10.29	10.29
VacPay-Accrued	0.00	0.00

Item Name	Amount	YTD
Hourly Rate	375.00	375.00
Performance Bonus	50.00	50.00
CPP - Employee	-17.71	-17.71
EI - Employee	-7.35	-7.35
Federal Income Tax	-37.82	-37.82

Cheque Amount: 362.12

Buttons: Clear all, Save & Previous, Save & Next, Save & Close, Cancel, Help

Because payroll tax rates change regularly, your numbers will vary from this illustration.

The Company Summary area of the window shows company-paid taxes and contributions that don't affect the amount of the pay cheque (company-paid benefits).

- 10 Click Save & Close to return to the Review and Create Pay Cheques window.
- 11 In the Review and Create Pay Cheques window, ensure Print pay cheques from QuickBooks is selected.
- 12 Click Create Pay Cheques. If a warning message appears, click OK.

QuickBooks writes a payroll cheque for each employee in the weekly payroll schedule for the correct net amount, showing the deductions in the voucher area. QuickBooks confirms that you have created the pay cheques. You can then choose to print the pay cheques.

- 13 You don't want to print the pay cheques now, so click Close.
- 14 Close the Payroll Centre.

Viewing the paycheque

QuickBooks records payroll cheques in your QuickBooks chequing account register. You can see the cheque by going to the register.

To view the pay cheque from the register:

- 1 From the Lists menu, choose Chart of Accounts.
- 2 Double-click “Chequing.”

QuickBooks displays the Chequing account register.

- 3 Select the pay cheque transaction for Michael M. White, and click Edit Transaction.

QuickBooks displays the Pay Cheque – Chequing window for Michael. Notice that the Pay Cheque Summary shows a summary of the cheque’s deductions. If you want to see the deductions that make up this total, you can click the Pay Cheque Detail button.

Pay Cheque - Chequing

Bank Account: Chequing Ending Balance: 167,111.07

No. To Print: 1 Date: 12/31/2010

Pay to the Order of: Michael M. White \$ 362.12

Three hundred sixty-two and 12/100*****Dollars

Address: Michael M. White
153 West Main St.
Coquitlam, BC V3T 6R8

Memo:

☒ To be printed

Pay Cheque Summary

Earnings	375.00	Pay Period	12/25/2010 - 12/31/2010
Additions	50.00	Hours Worked	25:00
Taxes	-62.88		
Deductions	0.00		

Pay Cheque Detail...

Save & Close Revert

- 4 Click Save & Close to close the Pay Cheque – Chequing window.
- 5 Close the Chequing account register, but leave the Chart of Accounts open.

Printing pay cheques and pay cheque stubs

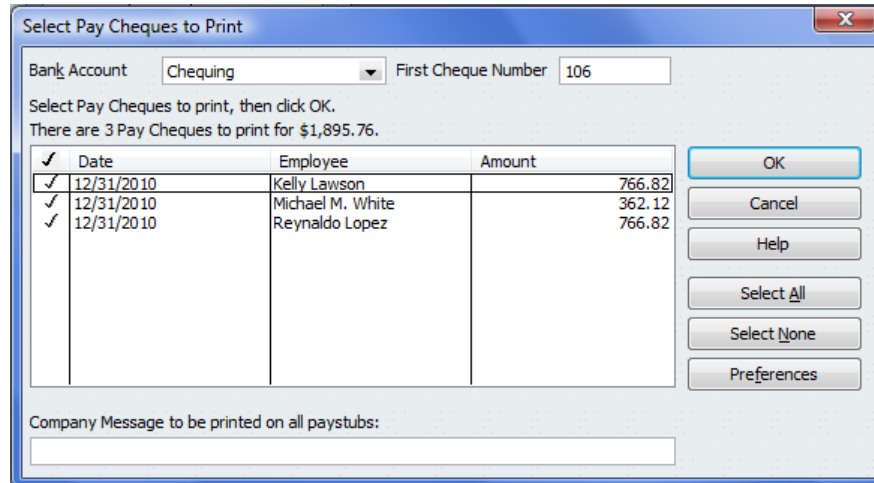
You can print pay cheques as you would any QuickBooks cheque. If you use voucher cheques, QuickBooks prints the payroll item detail in the voucher area. If you don't use voucher cheques, you can print paystubs to give to your employees.

To print a pay cheque:

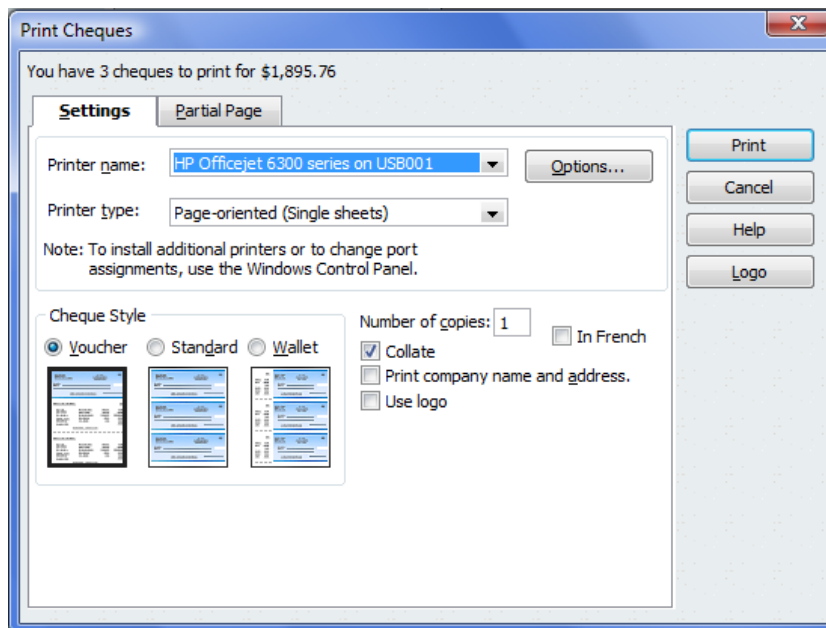
- 1 From the File menu, choose Print Forms, and then choose Pay Cheques.

QuickBooks displays the Select Pay Cheques to Print window.

- 2 In the First Cheque Number field, type 106 if necessary.



- 3 Make sure there's a checkmark next to all the employee names, and then click OK.
- 4 The Print Cheques window is displayed. This is where you choose the Cheque style and other options.



- 5 Close the Print Cheques window.
- 6 Click Cancel in the Select Pay Cheques to Print window.

Tracking your tax liabilities

Refer to Handout 10, “List of payroll expenses and liabilities.”

As an employer, you need to track both payroll expenses and payroll liabilities. These are the company payroll expenses you need to track:

- Employees’ gross pay
- Company-paid payroll taxes, such as the employer portions of EI and CPP/QPP
- Company-paid benefits for employees, such as company-provided medical/dental plans

QuickBooks uses an expense account called Payroll Expenses to track these actual costs to your company. (The funds you deduct from employee pay cheques aren’t considered an actual cost because they’re monies you’re holding for the government; they don’t come directly from your company assets.) Whenever you run your payroll, QuickBooks keeps track of your company’s expenses for each employee. You can then see totals for these expenses on the payroll summary by employee report and on the profit and loss statement.

QuickBooks uses the Payroll Liabilities account (an Other Current Liability account) to track what you owe to the government. When you do your payroll, QuickBooks calculates how much you owe for each tax, deduction, or company contribution payroll item and records that information as a transaction in the liability account. This produces a record of how much tax you owe at any time, so you can plan to have the cash available for payment. When you pay your payroll taxes or other payroll liabilities, QuickBooks decreases the balance of the liability account.

Look at the payroll expense and liability accounts, so you can see how QuickBooks recorded expenses and liabilities related to Michael White’s pay cheque.

To display the payroll expenses QuickReport:

- 1 In the Chart of Accounts window, select the Payroll Expenses account.
- 2 From the Reports menu button, choose QuickReport: Payroll Expenses.
- 3 From the Dates drop-down menu, choose Custom, enter 12/01/2010 in the From field, and 12/31/2010 in the To field. Press Tab.

QuickBooks displays the QuickReport. You can scroll through the report to see the items paid by the company.

Doing payroll with QuickBooks

Account QuickReport

Modify Report... Memorize... Print... E-mail... Export... Hide Header Refresh

Dates Custom From 12/01/2010 To 12/31/2010 Sort By Default

2:04 PM
12/31/09
Accrual Basis

White Ridge Construction Company
Account QuickReport
December 2010

Type	Date	Num	Name	Memo	Split	Amount
Payroll Expenses						
Pay Cheque	12/31/2010		Kelly Lawson		Chequing	1,000.00
Pay Cheque	12/31/2010		Kelly Lawson		Chequing	27.00
Pay Cheque	12/31/2010		Kelly Lawson		Chequing	50.00
Pay Cheque	12/31/2010		Kelly Lawson		Chequing	48.64
Pay Cheque	12/31/2010		Kelly Lawson		Chequing	25.44
Pay Cheque	12/31/2010		Kelly Lawson		Chequing	60.00
Pay Cheque	12/31/2010		Michael M. White		Chequing	375.00
Pay Cheque	12/31/2010		Michael M. White		Chequing	50.00
Pay Cheque	12/31/2010		Michael M. White		Chequing	17.71
Pay Cheque	12/31/2010		Michael M. White		Chequing	10.29
Pay Cheque	12/31/2010		Michael M. White		Chequing	0.00
Pay Cheque	12/31/2010		Reynaldo Lopez		Chequing	1,000.00
Pay Cheque	12/31/2010		Reynaldo Lopez		Chequing	27.00
Pay Cheque	12/31/2010		Reynaldo Lopez		Chequing	50.00
Pay Cheque	12/31/2010		Reynaldo Lopez		Chequing	48.64
Pay Cheque	12/31/2010		Reynaldo Lopez		Chequing	25.44
Pay Cheque	12/31/2010		Reynaldo Lopez		Chequing	60.00
Total Payroll Expenses						2,875.16
TOTAL						2,875.16

- 4 Close the QuickReport.
- 5 In the Chart of Accounts, double-click the Payroll Liabilities account.

QuickBooks displays the register for the account. Scroll to find the items for Reynaldo Lopez's pay cheque. The register shows a separate transaction for each item from Reynaldo's pay cheque. The running balance shows an increase for every liability.

Payroll Liabilities

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

Date	Ref	Payee	Increase	Decrease	Balance
	Type	Account Memo			
12/31/2010		Reynaldo Lopez	18.17		29,185.43
	PAY CHQ	Chequing [split]			
12/31/2010		Reynaldo Lopez	189.37		29,374.80
	PAY CHQ	Chequing [split]			
12/31/2010		Reynaldo Lopez	60.00		29,434.80
	PAY CHQ	Chequing [split]			
12/31/2009	Ref	Payee	Increase	Decrease	
		Account Memo			
Ending balance					29,434.80

Spits

☐ 1-Line

Sort by Date, Type, Number/...

Record Restore

- 6 Close the register.
- 7 Close the Chart of Accounts.

QuickStart Tip

The Employee Earnings Summary report summarizes the wages, taxes, and adjustments, the gross pay (total and adjusted), and the taxes withheld for each employee and the entire company.

The Payroll Summary report shows information similar to the employee earnings summary report, but in a much different layout. The report has a column for each employee and a row for each payroll item.

To create either of these reports, choose Employees & Payroll from the Reports menu.

Paying payroll taxes

As long as you have a valid subscription to one of the Intuit Payroll Services, QuickBooks uses current tax tables to keep track of your tax liabilities as they accrue, so you know how much you owe at any time.

Figuring out what you owe

If you're about to pay taxes or other liabilities, the payroll liabilities report shows you how much to pay. Suppose you are ready to make a tax payment, and you want to see how much you owe.

To create a payroll liabilities report:

- 1 From the Reports menu, choose Employees & Payroll, and then choose Payroll Liability Balances.
- 2 In the Dates field, select Custom, type 10/01/2010 in the From field and 12/31/2010 in the To field. Press Tab.

QuickBooks displays a report that shows what you owe for each payroll item by month, as well as the balance.

White Ridge Construction Company				
Payroll Liability Balances				
October through December 2010				
	Oct 10	Nov 10	Dec 10	BALANCE
Payroll Liabilities				
Federal Income Tax	1,693.10	7,107.09	416.56	9,216.75
CPP - Employee	269.59	1,018.76	114.99	1,403.34
CPP - Company	269.59	1,018.76	114.99	1,403.34
EI - Employee	298.75	1,091.67	43.69	1,434.11
EI - Company	418.25	1,528.34	61.17	2,007.76
Net Vacation Accrued	343.50	1,265.00	120.00	1,728.50
Long Term Disability	24.00	60.00	24.00	108.00
Charitable Donation	50.00	95.00	30.00	175.00
Health Plan	54.00	135.00	54.00	243.00
Total Payroll Liabilities	3,420.78	13,319.62	979.40	17,719.80

- 3 Close the report.
- 4 Click No at the message asking if you'd like to memorize the report.

Writing a cheque for payroll taxes

QuickBooks recommends that you set up scheduled tax payments for your payroll taxes. But you can also make an unscheduled tax payment if, for example, you don't have an active QuickBooks Payroll subscription, you have a payroll tax that isn't set up as a scheduled payment, or you need to make an adjustment to a payroll tax.

When it's time to deposit payroll taxes with your deposit institution, use the Liability Cheque window to fill out a QuickBooks cheque.

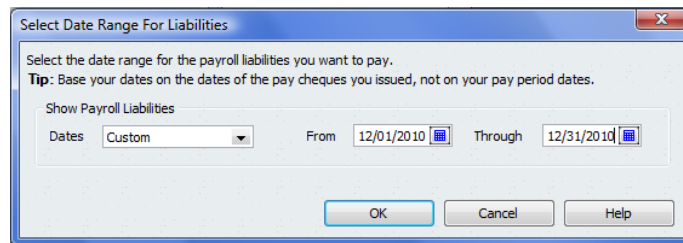
Note: Don't just open the Write Cheques window and write a cheque from there. QuickBooks can't properly adjust your Payroll Liabilities account unless you use the Pay Liabilities feature.

To pay payroll liabilities:

- 1 From the Employees menu, choose Payroll Liabilities, and then click Pay Payroll Liabilities.

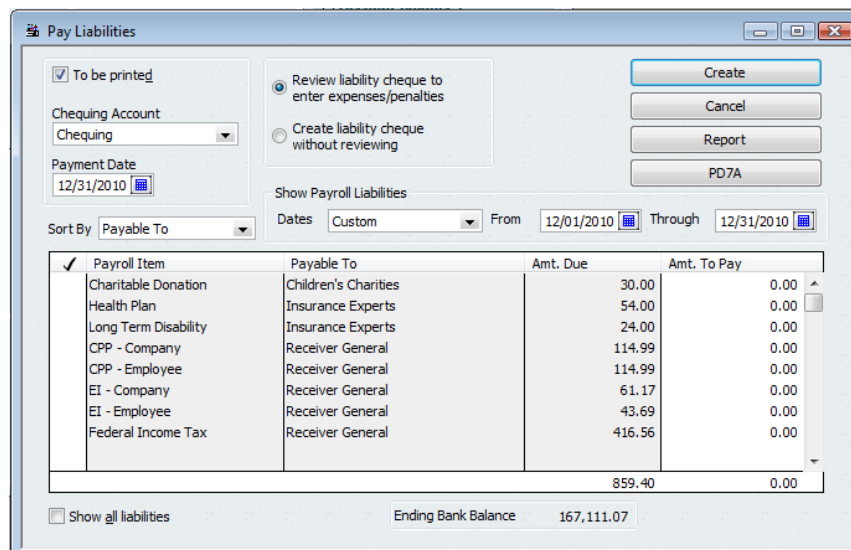
QuickBooks displays the Select Date Range For Liabilities window.

In the "From" field type **12/01/2010**, and then type **12/31/2010** in the "Through" field.



- 2 Click OK.

QuickBooks displays the Pay Liabilities window. Ensure the Payment Date is 12/31/2010.



- 3 Click in the column to the left of the CPP-Company payroll item.

QuickBooks places a checkmark in the column to show that the item will be paid. It also places checkmarks next to EI and Federal Income Tax items.

Now your Pay Liabilities window should look like the following.

Pay Liabilities

☒ To be printed

Chequing Account: Chequing

Payment Date: 12/31/2010

Sort By: Payable To

Dates: Custom From 12/01/2010 Through 12/31/2010

Review liability cheque to enter expenses/penalties (selected)

Create liability cheque without reviewing

Show Payroll Liabilities

Payroll Item	Payable To	Amt. Due	Amt. To Pay
Charitable Donation	Children's Charities	30.00	0.00
Health Plan	Insurance Experts	54.00	0.00
Long Term Disability	Insurance Experts	24.00	0.00
☒ CPP - Company	Receiver General	114.99	114.99
☒ CPP - Employee	Receiver General	114.99	114.99
☒ EI - Company	Receiver General	61.17	61.17
☒ EI - Employee	Receiver General	43.69	43.69
☒ Federal Income Tax	Receiver General	416.56	416.56
		859.40	751.40

☐ Show all liabilities

Ending Bank Balance: 166,359.67

- 4 Make sure "Review liability cheque to enter expenses/penalties" is selected and then click Create.

QuickBooks displays the Liability Cheque - Chequing window, with your cheque displayed.

Liability Cheque - Chequing

Bank Account: Chequing Ending Balance: 166,359.67

No. To Print: 1 Date: 12/31/2010

Pay to the Order of: Receiver General \$ 751.40

Seven hundred fifty-one and 40/100* ***** Dollars

Receiver General

Address: [Empty]

Memo: [Empty]

Period: 12/01/2010 - 12/31/2010 ☒ To be printed

Expenses: \$0.00 Payroll Liabilities: \$751.40

Payroll Item	Amount	Memo
CPP - Company	114.99	
CPP - Employee	114.99	
EI - Company	61.17	

Clear Splits Recalculate Save & Close Revert

- 5 In the Memo field, type **BN 123456789** as a reference number for the CRA.
- 6 Click Save & Close to record the cheque.
- 7 Click Yes if QuickBooks asks if you wish to record changes made to this transaction.

Whenever you make a payment and record your cheque this way, QuickBooks decreases the balance of the Payroll Liabilities account.

When you record the transaction, QuickBooks creates a journal entry. The following table shows the journal entry for the payroll liability transaction.

Account Title	Debit	Credit
Chequing		\$751.40
Payroll Liabilities	\$751.40	

Preparing PD7A, T4, T4 Summary, and Relevé 1 forms

Along with your liability cheque, you'll need to submit a PD7A (Current Source Deductions Remittance) form to the CRA. On this form, you report the federal income tax amounts, EI premiums, and CPP contributions you withheld from your employees' pay cheques over the past month. To help you prepare this form, QuickBooks provides a PD7A Summary Report.

Creating a PD7A Summary Report:

- 1 From the Reports menu, choose Employees & Payroll, then PD7A Report.
- 2 In the Dates field, select Custom. In the From field type **12/01/2010**, in the To field, type **12/31/2010**, and then press Tab

QuickBooks displays a summary of the income tax, pension plan contributions, and Employment Insurance premiums that you've withheld from employee pay cheques, as well as the company contributions.

Your screen should look like the following.

2:24 PM 12/31/09	White Ridge Construction Company	
	PD7A Report	
	December 2010	
		◇ Dec 10 ◇
Gross payroll for period		2,525.00
No. of employees paid in period		3
Remittance for period		
Tax deductions		416.56
Total CPP contributions		
CPP - Employee		114.99
CPP - Company		<u>114.99</u>
Total CPP contributions		229.98
Total EI premiums		
EI - Employee		43.69
EI - Company		<u>61.17</u>
Total EI premiums		104.86
Remittance for period		751.40

You would use the figures in the report to fill in your PD7A form.

- 3 Close the report.

Preparing T4 slips

At the end of the year, you'll need to provide T4 slips for your employees and the CRA. QuickBooks can help you create these.

To create a T4 slip:

- 1 From the Employees menu, select Payroll Forms, then Process T4s.
QuickBooks shows the Process T4s window. If a warning message appears, click OK.
- 2 Check that the Year drop-down menu is showing the correct year (for this example, 2010 – though usually you would want the year that just finished).
- 3 Click in the checkmark column to the left of **Sandra Adams**.

Doing payroll with QuickBooks

Process T4s

Year: 2010

Buttons: Check All, Print T4, Done, Review T4, E-File T4

Employee	SIN	Reviewed	Printed	E-File Submission ID
☒ Sandra Adams	111 888 111			
☐ Rob deMontarnal	111 888 111			
☐ Kelly Lawson	111 888 111			
☐ Reynaldo Lopez	111 888 111			
☒ Carol Walker	111 888 111			
☐ Michael M. White	111 111 118			

- Click the Review T4 button to see Sandra's T4.

Employee T4

Employer's name: White Ridge Construction Company

14 Employment income: 7,500.00

22 Income tax ded.: 2,396.68

54 Business number: 123456789RP0001

10 Province: BC

Employee no.: 3

16 CPP contributions: 345.84

24 EI insurable earnings

12 S.I.N.: 111 888 111

29 Emp. code: |

28 Exempt: ☐ CPP/QPP ☐ EI ☐ PPIP

17 QPP contributions

26 CPP/QPP pens. earn.

18 EI premiums: 375.00

44 Union dues

Employee's name and address: Surname: ADAMS, First name: Sandra, Initial: V3L 1M2, 563 Newton Dr, Vancouver, BC

20 RPP contributions

46 Charitable donations: 30.00

52 Pension adjustment

50 Pension plan no.

55 PPIP Premiums

56 PPIP Ins. Earn.

30 Housing/Board

31 Special work site

32 Travel in zone

33 Medical travel

34 Use of auto

36 Interest benefit

37 Home relocation

38 Security options

39 Stock/Share ded.

40 Other tax.benfs.: 500.00

41 Stock/Share ded.

42 Emp. commissions

43 C.F.Personnel

53 Security Options(Def.)

70 Officer expense allow.

71 Status Indian

72 Emp. out. Canada

73 Days out. Canada

74 Past serv. cont.

75 Past serv. not cont.

77 WCB Repaid

78 Fishers gross

79 Fishers net

80 Fishers shareperson

81 Agency workers

82 Drivers

83 Hairdresser

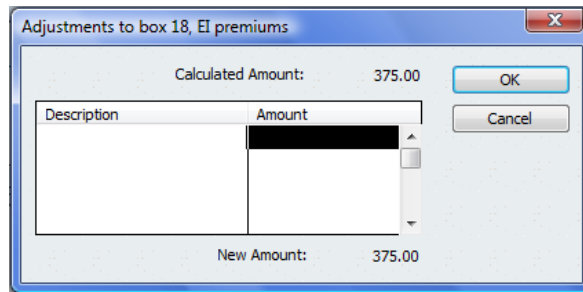
84 Public Transit

85 Priv Health Premiums

Buttons: Back, Next, OK, Cancel, Help

Notice that the information on the T4 summarizes the information from the pay cheques processed for Sandra. If you're not sure what a box on this form is for or how amounts should be entered, click the Help button, then you can find out more about individual boxes. The online help contains a good deal of information about how T4 slips should be completed.

- Double-click the EI Premium box (Box 18).



In the Adjustments window, you can adjust amounts on the T4 slip, if necessary, and enter a memo to remind you why you made the adjustment (the Description field). The amount you enter is added to what is already showing on the T4 (the amount field). To decrease the amount on the T4, you would enter a negative number.

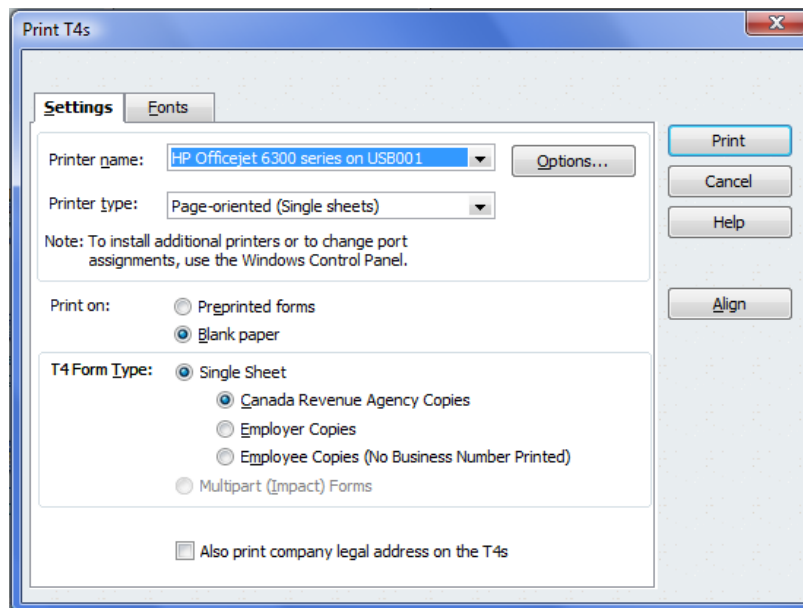
- 6 Click Cancel.
- 7 Click OK to close the Employee T4 window.

You are returned to the Process T4s window.

- 8 Click Print T4 – click Yes in the warning concerning not all employees being selected.

In the Print T4s window, choose the printer you want to use and the printer type.

You can then choose whether to print on blank paper (the default if you have an inkjet or laser printer), or pre-printed, multipart forms from the CRA. Finally, you select who you are printing the forms for: the CRA, your own records, or to give to the employee.



- 9 Close the Print T4s window and click OK in the Reminders window.
- 10 Close the Process T4s windows.

Preparing a T4 summary report

When you file the T4s you created for your employees, you need to include a T4 Summary that totals the amounts on all the T4 slips. You can use a report to fill in your T4 Summary form quickly.

To create a T4 summary report:

- 1 From the Reports menu, choose Employees & Payroll, then T4 Summary.

QuickBooks displays a summary of your T4s.

White Ridge Construction Company	
T4 Summary	
January through December 2010	
	◊ Jan - Dec 10 ◊
Number of T4 slips printed (Box 88)	0
Employment Income (Box 14)	49,916.66
RPP contribution (Box 20)	0.00
Pension Adjustment (Box 52)	0.00
Employee's CPP contributions (Box 16)	2,309.60
Employer's CPP contributions (Box 27)	2,309.60
Employee's EI premiums (Box 18)	2,413.28
Employer's EI premiums (Box 19)	3,378.60
Income Tax Deducted (Box 22)	<u>15,349.22</u>
Total deductions reported (Box 80)	<u>25,760.30</u>

- 2 For this example, ensure This Calendar Year is selected in the Dates field.

When you work with your own company file, you will likely want to select “Last Calendar Year” when you use this report.

You can now use the information in the report to fill in the T4 Summary form.

If you want to print the report, click Print in the report button bar.

- 3 Close the report.




LESSON 13

Estimating and progress invoicing

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- Supporting materials 324
- Instructor preparation 324
- To start this lesson 324
- Creating jobs and estimates 325
 - Turning on estimates and progress invoicing 325
 - Creating a new job 326
- Writing an estimate 329
- Creating multiple estimates 331
 - Finding estimates 331
 - Duplicating estimates 332
- Creating an invoice from an estimate 334
- Displaying reports for estimates 336
 - Displaying the job progress invoices vs. estimates report 336
- Updating job status 337
 - Making estimates inactive 338

Lesson objectives

- To learn how to create job estimates
- To find an estimate in a data file
- To learn to duplicate an existing estimate
- To create an invoice from an estimate
- To display project reports for estimates
- To update a job's status
- To make an estimate inactive

Supporting materials

- PowerPoint file: Lesson 13
- Video tutorial: Prepare an estimate

Instructor preparation

- Review this lesson, including the examples, to make sure you're familiar with the material.
- Ensure that all students have a copy of QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB on their computer's hard disk.

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB) on your hard disk. See "Installing the exercise file" in the Introduction to this guide if you haven't installed it.

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

To restore the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB):

- 1 From the File menu in QuickBooks, choose Open or Restore Company.

QuickBooks displays the Open or Restore Company window.
- 2 Select Restore a backup copy and click Next.
- 3 Select Local backup and click Next.
- 4 In the Open Backup Copy window, navigate to your C:\QBtrain directory.
- 5 Select the QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB file, and then click Open.

- 6 In the Open or Restore Company window, click Next.
- 7 Navigate to your C:\QBtrain directory.
- 8 In the File name field of the Save Company File as window, type **lesson 13** and then click Save.
- 9 Click OK when you see the message that the file has been successfully restored.

Creating jobs and estimates

An estimate is a description of work or products you propose to sell to a current or prospective customer. You can create multiple estimates for each name (customer or customer:job combination). If the customer accepts an estimate, you can turn the estimate into an invoice, modifying it as necessary. When you have actual costs and revenues, you can compare them to your estimated costs and revenues to see if you were over or under the estimate.

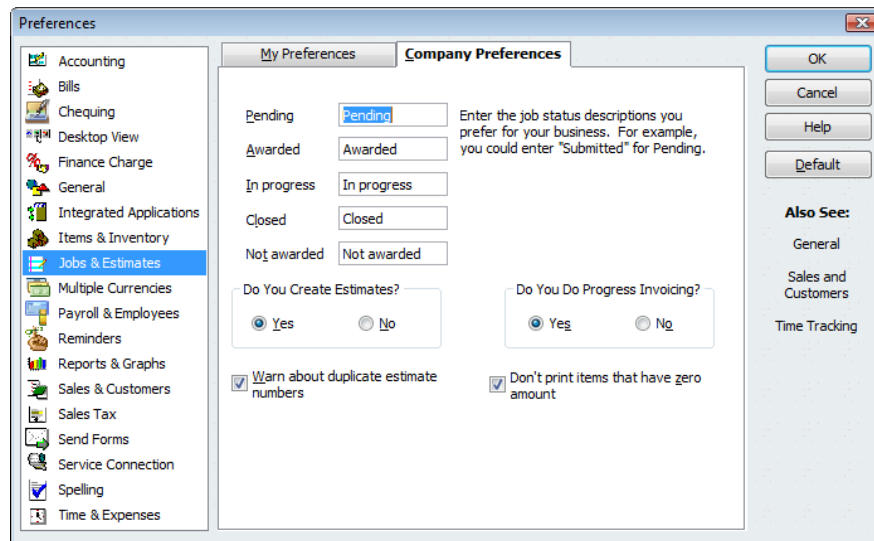
Estimates are “non-posting” transactions—they do not affect any financial reports or income and expense balances. QuickBooks allows you to create invoices from estimates either by transferring the entire estimate to an invoice or by allowing you to choose a percentage or selected items to invoice from the estimate. The ability to bill for only a percentage of the estimate or selected items on an estimate is called *progress invoicing*.

When you create a new QuickBooks company using the EasyStep Interview, QuickBooks asks you if you use estimates and/or progress invoicing. If you respond yes, QuickBooks turns on these features for you. If you respond no, you need to turn on these features in order to use them. White Ridge Construction already has estimates and progress invoicing turned on, but you’ll review how to do this so you become familiar with QuickBooks preferences.

Turning on estimates and progress invoicing

To turn on estimates and progress invoicing:

- 1 From the Edit menu, choose Preferences.
- 2 Click Jobs & Estimates in the left panel.
- 3 Click the Company Preferences tab to display the job and estimate preferences. QuickBooks displays the Jobs & Estimates section of the Preferences window.
- 4 Click Yes for “Do You Create Estimates?”
- 5 Click Yes for “Do You Do Progress Invoicing?”



- 6 Click OK to record your selections and close the Preferences window.

QuickStart Tip

If your industry uses a term other than “estimate” (for example, “bid” or “proposal”), you can change the title that appears on the QuickBooks estimate form.

To change the title of the form:

1. From the Lists menu, choose Templates.
2. In the Templates list window, click the Templates menu button and choose New.
3. In the Select Template Type window, select Estimate and click OK.
4. In the Basic Customization window, click the Manage Templates button.
5. In the Template Name field, enter a name for the template and click OK.
6. Click the Additional Customization button.
7. In the Additional Customization window, enter the title you want (Proposal, for example) in the field next to the Title checkbox (this is the first field on the Header tab). Click OK.
8. If the Layout Design message window appears, click OK.
9. Click OK again to save the template.
10. Close the Templates list window.

Creating a new job

With the estimates feature turned on, you can add a new job for a bathroom remodel project for your customer, Jeremy Greene. Then you’ll create an estimate for the job.

To create a new job:

- 1 Click Customer Centre on the icon bar.
- 2 In the Customers & Jobs list, select Greene, Jeremy.

- 3 Click the New Customer & Job menu button, and then choose Add Job.

QuickBooks displays the New Job window.

New Job

Job Name

Opening Balance as of 12/31/2010 [How do I determine the opening balance?](#)

Address Info Additional Info Payment Info Job Info

Customer: Greene, Jeremy Contact: Jeremy Greene

Company Name Phone: 604 554-7895

Mr./Ms./...: Mr. FAX: 604 554-7800

First Name: Jeremy M.I. Alt. Phone: 604 628-4561

Last Name: Greene Alt. Contact:

E-mail:

Cc:

Addresses

Invoice To: Greene, Jeremy
133 Sunnyside Blvd
Vancouver, BC
V2H 1S0

Copy >>

Ship To:

Edit Add New Edit Delete

☒ Default shipping address

OK Cancel Next Help

☐ Job is inactive

- 4 In the Job Name field, type **Bathroom remodel**.
- 5 Click the Job Info tab.

QuickBooks displays the Job Info portion of the New Job window.

New Job

Job Name: Bathroom Remodel

Opening Balance as of 12/31/2010 [How do I determine the opening balance?](#)

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

Job Status: None Start Date: Projected End: End Date:

Job Description: Job Type:

OK Cancel Next Help

☐ Job is inactive

- 6 In the Job Status field, select Pending from the drop-down list.
- 7 In the Start Date field, type **01/05/2011**, and then press Tab.
- 8 In the Projected End field, type **02/28/2011**.

- 9 In the Job Description field, type **Remodel bathroom**.
- 10 In the Job Type field, select **Remodel:Bathroom** from the drop down list.

Job types give you a way to classify your jobs so you can group and subtotal similar jobs on your reports. By using them, you'll be able to determine which kinds of jobs are the most profitable for your business.

Your screen should look like the figure below.

- 11 Click OK.

QuickBooks returns you to the Customer Centre.

Name	Balance ...	Job ...	Estimate...
♦ Allin, Hilda	0.00		54,853.05
♦ 600 SQ Ft Addition	0.00	Pending	54,853.05
♦ Bentley, Karen	0.00		0.00
♦ Roof and Attic	0.00	In pro...	0.00
♦ Card, Brad	0.00		21,735.00
♦ Theatre Room	0.00	In pro...	21,735.00
♦ Greene, Jeremy	8,762.00		42,462.00
♦ Bathroom remodel	0.00	Pending	
♦ Kitchen Renovation	8,762.00	Awarded	42,462.00
♦ Nielsen, Clinton	0.00		0.00
♦ Study Addition	0.00		0.00

- 12 Click the expand arrow to show full details in the Customers & Jobs list.

♦Greene, Jeremy	8,762.00	
♦Bathroom Remodel	0.00	Pending
♦Kitchen Renovation	8,762.00	Awarded

Notice that the new Bathroom remodel is listed as a pending job for Greene, Jeremy.

Writing an estimate

Now that you've created a new job for the bathroom remodel, you can create an estimate for it.

To create an estimate:

- 1 In the Customers & Jobs list, if necessary, select Greene, Jeremy: Bathroom remodel.
- 2 Click the New Transactions menu button, and then choose Estimates.

QuickBooks displays the Create Estimates window for this customer and job. You learned in Lesson 6 how to fill out an invoice form, so this form should look familiar.

- 3 Press Tab to accept Greene, Jeremy:Bathroom remodel in the Customer:Job field.

Notice that QuickBooks enters the customer's name and address in the appropriate area of the form.

- 4 If necessary, select "Custom Estimate" in the Template field.

- 5 Click in the Item column in the middle of the form.

A down arrow appears, indicating that a drop-down list of choices is available.

The Item list, which contains all the services and goods your business provides, is the

same list that is available to you on invoice forms and throughout QuickBooks.

- 6 Select Direct Labour:Demolition Labour from the Item drop-down list. If the Sales Tax Codes message window appears, click OK.
- 7 Press Tab twice to move to the Qty column.
- 8 Type **10** in the Qty column, and then press Tab and type **35.00** in the Rate column. Press Tab.

The total amount is calculated by QuickBooks when you move out of this field.

- 9 Click the line under “Demolition Labour” in the Item column.
- 10 Choose Direct Labour:Framing Labour.
- 11 Press Tab twice to move to the Qty column, type **40**, Tab and type **25** in the Rate column. Press Tab.
- 12 In the line under Framing Labour in the Item column, select Direct Materials - Heading:Framing Materials.
- 13 Press Tab **three** times to move to the Rate column, and then type **2500**.
- 14 Press Tab to move to the Markup column.
- 15 Type **15%**, and then press Tab twice.

Item	Description	Qty	Rate	Amount	Markup	Total	Tax
Direct Labour:Demo...	Demolition Labour	10	35.00	350.00		350.00	G
Direct Labour:Frami...	Framing Labour	40	25.00	1,000.00		1,000.00	G
Direct Materials - H...	Framing Materials	2,500.00	2,500.00		15.0%	2,875.00	G
Customer Message				GST 5.0%		211.25	View
						0.00	
Total				3,850.00	375.00	4,436.25	

Notice that QuickBooks has filled in most of the information for the estimate based on the items selected.

- 16 Click Save & Close to save the estimate.

QuickBooks returns you to the Customers & Jobs list. Notice the Estimate Total column for the Pending Bathroom remodel job for Jeremy Greene now has a balance of 4,436.25. (Click the expand arrow if you don't see the Estimate column).

Customers & Jobs

Transactions

View Active Customers

Find



Name	Balance Total	Job Status	Estimate Total
♦ Allin, Hilda	0.00		54,853.05
♦ 600 SQ Ft Addition	0.00	Pending	54,853.05
♦ Bentley, Karen	0.00		0.00
♦ Roof and Attic	0.00	In progress	0.00
♦ Card, Brad	0.00		21,735.00
♦ Theatre Room	0.00	In progress	21,735.00
♦ Greene, Jeremy	10,240.74		46,898.25
♦ Bathroom Remodel	1,478.74	In progress	4,436.25
♦ Kitchen Renovat...	8,762.00	Awarded	42,462.00

17 Click the collapse arrow, and then Close the Customer Centre.

Creating multiple estimates

Just as you've completed the estimate for this customer, he calls and asks you to prepare a second estimate for the same job. He'd like you to price a couple of different options.

Finding estimates

Because you just created the estimate, you can open the Create Estimates window and press the Prev button and that will take you to the correct estimate. However, when you don't know where an estimate is, there are a couple of methods you can use to locate the estimate you want quickly. You'll use one of them here.

To find an estimate:

- 1 From the Customers menu, choose Create Estimates.
- 2 Click Find (the magnifying glass icon) on the button bar.

QuickBooks displays the Find Estimates window.

- 3 In the Customer:Job drop-down list, select Greene, Jeremy:Bathroom remodel.

- 4 Click Find.

QuickBooks displays the estimate that you've already created for this job (Estimate # 6).

- 5 Keep the estimate open; you'll use it in the next exercise.

Duplicating estimates

Your customer wants you to prepare a second estimate for the bathroom remodel job because he is considering buying the cabinets from you in addition to having you do the installation work.

First, you'll create a duplicate of the original estimate, and then make the modifications necessary for the second bid.

To create a duplicate of an existing estimate:

- 1 Right-click in the body of the estimate (not in the item list area) and choose Duplicate Estimate from the list that displays. Click OK at the QuickBooks information window that displays.

QuickBooks duplicates the estimate and displays the new version on your screen. Notice that QuickBooks assigns the next available estimate number to the new form.

Estimating and progress invoicing

Create Estimates

Customer: Job
Greene, Jeremy: Bathro...

Estimate Active

Template: Print Preview
Custom Estimate

Date: 12/31/2010 Estimate #: 7

Estimate

Name / Address
Greene, Jeremy
133 Sunnyside Blvd
Vancouver, BC
V2H 1S0

Item	Description	Qty	Rate	Amount	Markup	Total	Tax
Direct Labour:Demoli...	Demolition Labour	10	35.00	350.00		350.00	G
Direct Labour:Frami...	Framing Labour	40	25.00	1,000.00		1,000.00	G
Direct Materials - He...	Framing Materials	2,500.00		2,500.00	15.0%	2,875.00	G
				0.00		0.00	G
						GST 5.0%	211.25 View
						0.00	
Total				3,850.00	375.00	4,436.25	

Customer Message: []

To be e-mailed: [] Customer Tax Code: G

Memo: []

Buttons: Save & Close, Save & New, Clear

- 2 Click in the Item column in the line below Framing Materials, and select Materials Heading:Cabinets:Cabinet Wall Unit from the drop-down list.
- 3 Press Tab twice and type **6** in the Qty column.
- 4 In the Mark-Up column, type **15%**, press Tab
- 5 Click in the Item column in the line below Materials Heading:Cabinets: Cabinet Wall Unit and select Materials Heading:Hardware:Door Pulls from the drop-down list.
- 6 Press Tab twice and type **12** in the Qty column.
- 7 Press Tab twice and type **15%** in the Mark-Up column.
- 8 Press Tab

Your estimate should look like the following figure.

Create Estimates

Customer: Job
Greene, Jeremy: Bathro...

Estimate Active

Template: Print Preview
Custom Estimate

Date: 12/31/2010 Estimate #: 7

Estimate

Name / Address
Greene, Jeremy
133 Sunnyside Blvd
Vancouver, BC
V2H 1S0

Item	Description	Qty	Rate	Amount	Markup	Total	Tax
Direct Labour:Demoli...	Demolition Labour	10	35.00	350.00		350.00	G
Direct Labour:Frami...	Framing Labour	40	25.00	1,000.00		1,000.00	G
Direct Materials - He...	Framing Materials	2,500.00		2,500.00	15.0%	2,875.00	G
Materials Heading:C...	Light Pine Kitchen Cabinet wall unit	6	99.95	599.69	15.0%	689.65	G
Materials Heading:H...	Door pulls for kitchen cabinets	12	0.99	11.88	15.0%	13.66	G
						GST 5.0%	246.42 View
						0.00	
Total				4,461.57	466.74	5,174.73	

Customer Message: []

To be e-mailed: [] Customer Tax Code: G

Memo: []

Buttons: Save & Close, Save & New, Clear

- 9 Click Save & Close.

Creating an invoice from an estimate

Once you have created an estimate and the customer has approved it, you can use the estimate to invoice the customer. In this exercise, you'll be using the QuickBooks progress invoicing feature.

Progress invoicing (also known as progress billing), lets you invoice for jobs that you work on and complete in phases. When using progress invoicing, you start by creating an estimate for the job (you don't have to give this estimate to the customer). Then, as you complete each phase, you can easily transfer items from the original estimate to an invoice. You can specify which items to include on each invoice and change estimated amounts or percentages. When you use estimates to create progress invoices, you can run reports to help you track your estimated versus actual costs.

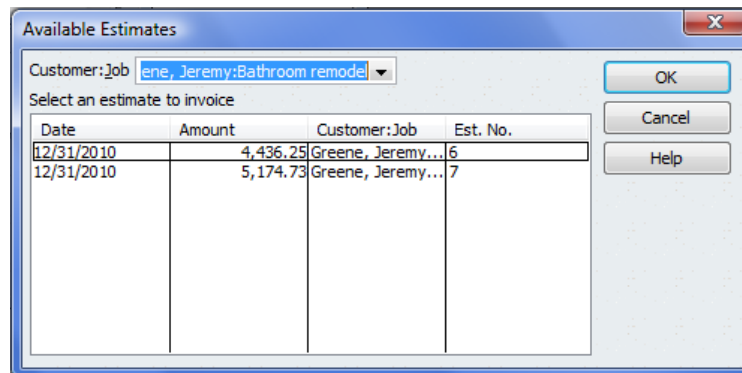
To create an invoice from an estimate:

- 1 Click Customer Centre on the icon bar.
- 2 In the Customers & Jobs list, select Greene, Jeremy: Bathroom remodel.
- 3 Click the New Transactions menu button, and then choose Invoices.

QuickBooks displays the Create Invoices window.

- 4 Press Tab to leave the Customer:Job field.

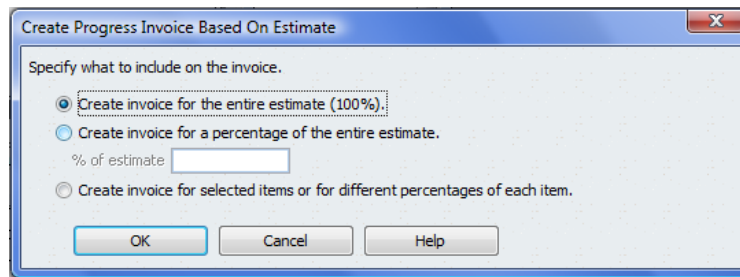
QuickBooks displays a list of estimates created for this job.



- 5 The customer accepted the first estimate you created, so select estimate number 6, and click OK.

QuickBooks displays the Create Progress Invoice Based On Estimate window.

Estimating and progress invoicing



White Ridge Construction typically bills for one-third of the job before starting work, one-third when the project is one-third complete and the final one-third when the job is completed.

- 6 Select “Create invoice for a percentage of the entire estimate.”
- 7 Type **33.333** in the “% of estimate” field.

If you need to invoice for only selected items on an estimate or for varying percentages or amounts for different items, select the option “Create invoice for selected items or for different percentages of each item.” QuickBooks then displays a table of all items on the estimate and allows you to select which items you want to include and the amounts for each item.

- 8 Click OK.

QuickBooks completes the invoice for one-third of each item on the estimate. Your invoice should resemble the following figure.

Item	Description	Est Amt	Prior Amt	Qty	Tax	Rate	Total %	Amount	
Direct Labour:...	Demolition Labour	350.00		3.3333	G	35.00	33.33%	116.67	
Direct Labour:...	Framing Labour	1,000.00		13.3332	G	25.00	33.33%	333.33	
Direct Materials:...	Framing Materials	2,875.00		0.33333	G	2,875.00	33.33%	958.32	
								GST 5.0%	70.42
								Total	1,478.74

Notice that QuickBooks changed the invoice template to Progress Invoice. QuickBooks also tracks that one-third of the Green kitchen renovation job has been invoiced and that two-thirds has not yet been invoiced.

Note: If you want your customers to see more detail on the invoice you send them, such as Estimate Amount, Prior %, and Current % you can customize the invoice template to add some of these columns from the printed form. See Lesson 15, “Customizing forms and writing QuickBooks Letters,” for more information.

9 Click Save & Close to record the invoice.

10 Close the Customer Centre.

Displaying reports for estimates

QuickBooks provides five reports on estimates, as described in the following table. You can create these reports from the Jobs, Time & Mileage submenu of the Reports menu.

Report	Description
Job Estimates vs. Actuals Summary	Compares estimated cost to actual cost and estimated revenue to actual revenue for all customers and jobs.
Job Estimates vs. Actuals Detail (for one job)	For a particular customer or job, compares estimated costs to actual costs and estimated revenues to actual revenues.
Job Progress Invoices vs. Estimates	Compares each estimate with progress invoices based on the estimate.
Item Estimates vs. Actuals	For each item, compares estimated cost to actual cost and estimated revenue to actual revenue.
Estimates by Job	Lists all estimates by job.

Displaying the job progress invoices vs. estimates report

Because you’ve just completed a progress invoice, you can see how QuickBooks records this on the job progress invoices vs. estimates report. This report shows job status, estimate total, total invoiced from the estimate on progress invoices, and the percentage of the estimate already invoiced on progress invoices.

To display the job progress invoices vs. estimates report:

- 1 From the Reports menu, choose Jobs, Time & Mileage.

QuickBooks displays a submenu of project reports that deal with customer jobs and estimates.

- 2 Choose Job Progress Invoices vs. Estimates.

QuickBooks displays the Job Progress Invoices vs. Estimates report.

- Choose Custom for the Dates field, then 12/01/2010 for the From field and 12/31/2010 for the To field, and then press Tab.

Your report should look like the following figure.

Type	Date	Num	Estimate Active	Estimate Total	Progress Invoice	% Progress
Greene, Jeremy						
Bathroom Remodel						
Estimate	12/31/2010	6	✓	4,436.25	1,478.74	33.33%
Estimate	12/31/2010	7	✓	5,174.73	0.00	0.0%

Notice that the progress invoice you completed for Jeremy Greene is listed in the Progress Invoice column. The % Progress column shows how much of the total estimate you've invoiced for so far.

- Close the report window. Click No in the Memorize Report window.

Updating job status

Every time you change the status of a job, you should update its job status in the Customer:Job list. For example, the estimate for the bathroom remodel is no longer pending; Jeremy Greene awarded you the job and you have started work.

To update the status of a job:

- Click Customer Centre on the icon bar.
QuickBooks displays the Customer Centre.
- In the Customers & Jobs list, select Greene, Jeremy: Bathroom remodel.
- Click Edit Job.
QuickBooks displays the Edit Job window.
- Click the Job Info tab.
QuickBooks displays the Job Info portion of the Edit Job window.
- In the Job Status field, select "In progress."

Your screen should look like this.

Job Name: Bathroom Remodel

Current Balance : 1,478.74 [How do I adjust the current balance?](#)

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

Job Status: In progress Start Date: 01/05/2011 Projected End: 02/28/2011 End Date:

Job Description: Remodel Bathroom Job Type: Remodel:Bathroom

OK Cancel Notes Help

☐ Job is inactive

- 6 Click OK.

QuickBooks returns you to the Customer Centre.

- 7 If necessary, click the expand arrow to display the full details on the Customers & Jobs list.

The Customers & Jobs list now shows this project as being in progress.

- 8 Collapse the Customers & Jobs list, and then close the Customer Centre.

Making estimates inactive

Now that the customer has accepted one of the estimates for the bathroom remodel job and you have started work, you might want to make the unaccepted estimate inactive. When you make an estimate inactive QuickBooks keeps a record of it, but does not use the numbers in reports.

To mark an estimate inactive:

- 1 From the Reports menu, choose Jobs, Time & Mileage.
- 2 Choose Estimates by Job from the submenu.

QuickBooks displays the Estimates by Job report.

Estimating and progress invoicing

Estimates by Job

3:46 PM
07/28/09

White Ridge Construction Company
Estimates by Job
All Transactions

Type	Date	Num	Memo	Estimate Active	Amount
Allin, Hilda					
600 SQ Ft Addition					
Estimate	01/04/2010	1		✓	54,853.05
Total 600 SQ Ft Addition					54,853.05
Total Allin, Hilda					54,853.05
Card, Brad					
Theatre Room					
Estimate	04/16/2010	2		✓	21,735.00
Total Theatre Room					21,735.00
Total Card, Brad					21,735.00
Greene, Jeremy					
Bathroom Remodel					
Estimate	12/31/2010	6		✓	4,436.25
Estimate	12/31/2010	7		✓	5,174.73
Total Bathroom Remodel					9,610.98
Kitchen Renovation					
Estimate	05/01/2010	3		✓	42,462.00
Total Kitchen Renovation					42,462.00
Total Greene, Jeremy					52,072.98

- 3 Scroll to the section of the report that displays the estimates for Jeremy Greene.
- 4 Double-click anywhere on the line for Estimate #7.

QuickBooks displays the estimate.

Create Estimates

Previous Next Print E-mail Find Spelling History Create Invoice Customize

Customer: Job
Greene, Jeremy: Bathro...

Estimate Active

Template Print Preview
Custom Estimate

Date: 12/31/2010 Estimate #: 7

Estimate

Name / Address
Greene, Jeremy
133 Sunnyside Blvd
Vancouver, BC
V2H 1S0

Item	Description	Qty	Rate	Amount	Markup	Total	Tax
Direct Labour: Demol...	Demolition Labour	10	35.00	350.00		350.00	G
Direct Labour: Framin...	Framing Labour	40	25.00	1,000.00		1,000.00	G
Direct Materials - He...	Framing Materials		2,500.00	2,500.00	15.0%	2,875.00	G
Materials Heading: C...	Light Pine Kitchen Cabinet wall unit	6	99.94928	599.69	15.0%	689.65	G
Materials Heading: H...	Door pulls for kitchen cabinets	12	0.98986	11.88	15.0%	13.66	G
						GST 5.0%	246.42
							0.00
Total				4,461.57	466.74	5,174.73	

Customer Message

To be e-mailed Customer Tax Code: G

Memo

Save & Close Save & New Revert

- 5 Click to clear the checkmark in the Estimate Active checkbox.
- 6 Click Save & Close.
- 7 Answer Yes to the message asking if you want to save the changes you made to the transaction.
- 8 Close the report.

• • • • • • • • • •

LESSON 14 Tracking time

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Paying nonemployees for time worked 357

 Creating service items for subcontractors, owners, or partners 357

 Recording nonemployee time worked 359

 Preparing a cheque to pay for nonemployee time worked 360

Lesson objectives

- To learn how to track time worked on a project
- To learn how to invoice a customer for time worked on a project
- To create project reports for time tracking and learn about other project reports
- To learn how to set up items used to track time worked by owners or partners
- To learn how to pay nonemployees for time worked

Supporting materials

- PowerPoint file: Lesson 14
- Video tutorial: Time and billing

Instructor preparation

- Review this lesson, including the examples, to make sure you're familiar with the material.
- Ensure that all students have a copy of QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB on their computer's hard disk.

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB) on your hard disk. See "Installing the exercise file" in the Introduction to this guide if you haven't installed it.

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

To restore the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB):

- 1 From the File menu in QuickBooks, choose Open or Restore Company. QuickBooks displays the Open or Restore Company window.
- 2 Select Restore a backup copy and click Next.
- 3 Select Local backup and click Next.
- 4 In the Open Backup Copy window, navigate to your C:\QBtrain directory.
- 5 Select the QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB file, and then click Open.
- 6 In the Open or Restore Company window, click Next.
- 7 Navigate to your C:\QBtrain directory.
- 8 In the File name field of the Save Company File as window, type **lesson 14** and then click Save.
- 9 Click OK when you see the message that the file has been successfully restored.

Tracking time and mileage

QuickBooks provides time tracking for any job. Time tracking lets you keep track of the time a person spends on each job (including vacation time and time spent for general overhead). The person whose time you track can be an employee, an owner or partner, or a subcontractor.

You can use time data to do the following:

- Invoice the customer for the time spent doing a job.
- Provide hours worked on an employee's pay cheque or a cheque to a nonemployee (vendor, owner, or partner).
- Track the cost of employees' gross pay by job.
- Report on the number of hours worked—by person, by job, or by item.

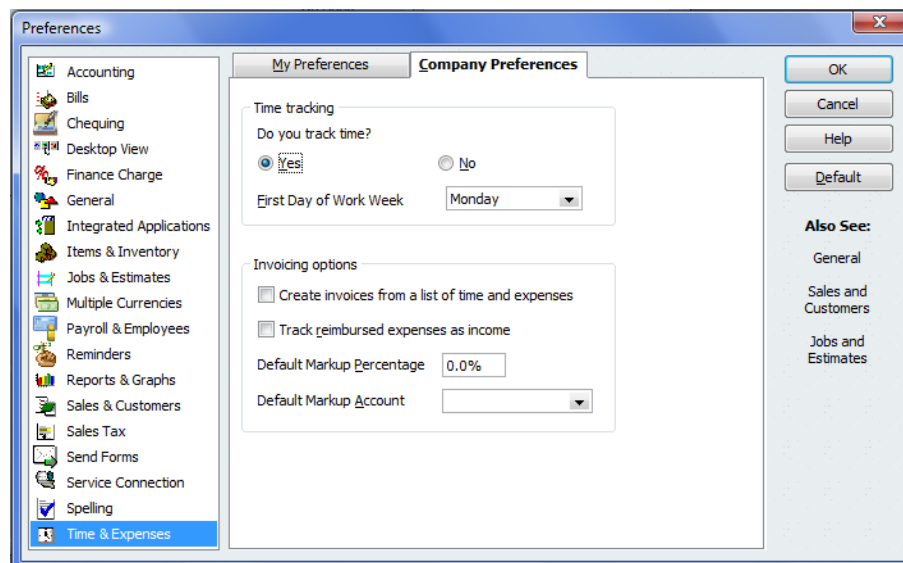
Turning on time tracking

The following procedure shows how to turn on the time tracking feature, (it is already turned on in the exercise file).

To turn on time tracking:

- 1 From the Edit menu, choose Preferences.
- 2 Click Time & Expenses in the left panel. Then click the Company Preferences tab.

QuickBooks displays the Time Tracking Preferences window.



- 3 Make sure Yes is selected as the answer to the question “Do You Track Time?”
- 4 Click OK to save the preference setting.

Entering time data

There are three ways to get time data into a company file:

- Enter time directly onto a weekly timesheet or single activity form in QuickBooks.
- Use the Stopwatch to time an activity while you are performing it.
- Use the QuickBooks Timer program to track time and then import the time directly into QuickBooks.
- Download online timesheets using the QuickBooks Time Tracker.

When you track time with QuickBooks, you have a choice of two forms to enter time: Weekly Timesheet or Time/Enter Single Activity window. If you want to enter time for multiple jobs or multiple days, then the Weekly Timesheet is the best choice.

You can access time sheets by clicking on Enter Time in the Employee area of the Home page, and then choosing which Timesheet you require.

QuickBooks Time Tracker works with QuickBooks for Windows 2006 or later (Pro, Premier, and Enterprise versions), updated to the most current release. Internet access is required. Additional fees, terms, and conditions apply.

A single activity entry shows the time spent by one person doing a single activity for a single job on a single date. If you tend to enter a lot of detailed notes about your activities, or you prefer to enter time data as you complete an activity, use the Time/Enter Single Activity window instead.

For example, an attorney could use a single activity entry to record the time he or she just spent on a phone conversation with a client.

The screenshot shows the 'Time/Enter Single Activity' window. It features a toolbar with 'Previous', 'Next', 'Spelling', and 'Timesheet' tabs. The main area includes a 'Date' field with the value '12/14/2010', a 'Name' dropdown, a 'Customer: Job' dropdown, and a 'Service Item' dropdown. A 'Duration' section contains a stopwatch icon, a digital display showing '0:00', and 'Start', 'Stop', and 'Pause' buttons. To the right is a 'Notes' text area. In the top right corner, there is a red 'Not Billed' label and a checked 'Billable' checkbox. The bottom of the window has 'Save & Close', 'Save & New', and 'Clear' buttons.

Information you enter in the Time/Enter Single Activity window displays in the Weekly Timesheet, and vice versa. They're different views of the same information.

The Timer program is useful when you have employees or subcontractors who need to track their time but don't need or want to run QuickBooks. When time is imported into QuickBooks from the Timer application, you view the imported time data on the same timesheets you would use if you did the data entry directly into QuickBooks.

If you have employees who don't have access to a computer or who don't have access to QuickBooks, you can print blank copies of the weekly timesheet for your employees to fill out by hand.

To print a blank timesheet:

- 1 From the Employees menu, choose Enter Time and then choose Use Weekly Timesheet. QuickBooks displays the Weekly Timesheet window.
- 2 From the Print drop-down menu, choose Print Blank Timesheet.
- 3 In the Print Timesheets window, click Print. Close the Weekly Timesheet window.

Recording employee time on a weekly timesheet

In this exercise, you'll complete a weekly timesheet for Reynaldo Lopez. In a later exercise, you'll learn how to invoice a customer for the time Reynaldo spent working on a job for that customer.

To enter information on a weekly timesheet:

- 1 In the Employee area on the Home page, click Enter Time, and then click Use Weekly Timesheet.

QuickBooks displays the Weekly Timesheet window.

Weekly Timesheet

Previous Next Print Edit Single Activity

Name

Week Of Dec 13 to Dec 19, 2010

Customer...	Serv...	Pay...	Notes	M 13	Tu 14	W 15	Th 16	F 17	Sa 18	Su 19	Total	Billable?
											0:00	
Totals				0:00	0:00	0:00	0:00	0:00	0:00	0:00	0:00	

☒ Wrap text in Notes field

Copy Last Sheet Save & Close Save & New Clear

- 2 In the Name field, select Reynaldo Lopez from the drop-down list.
QuickBooks will track the time you enter for this employee and display it when you are ready to pay employees.
- 3 In the week of field, select Dec 13 to Dec 19, 2010.
- 4 Click in the Customer:Job column, and then choose Uchman, Roy:2nd Story from the drop-down list.
QuickBooks will associate the time that you enter in this window with the work being completed for Roy Uchman.
- 5 In the Service Item column, select Direct Labour:Drywall Labour.
The Item list, which contains all the services and goods your business provides, is the same list that is available to you on invoice forms and Direct Labour:Drywall Labour throughout QuickBooks.
- 6 In the Payroll Item column select Hourly Rate.
Reynaldo Lopez is paid by the hour. QuickBooks has his hourly rate stored in the Employee Centre, on the Payroll Info tab in the Edit Employee window.

Tip: If you try to select a payroll item that is not associated with this employee, QuickBooks displays a warning message. For example, if you try to select Salary as the payroll item for Reynaldo Lopez, QuickBooks tells you that you do not have that type of payroll item set up for the employee. (It still lets you make the selection, but it warns you that the Salary is set up with a \$0.00 rate.)

- 7 Click in the M 13 column for the row in which you entered Roy Uchman's job.

M stands for Monday and 13 for the date, Monday, the 13th of December, 2010. Note that you can change the first day of your work week in the QuickBooks time tracking preferences. (From the Edit menu, choose Preferences, Time & Expenses and Company Preferences.)

- 8 Type **8** to enter the number of hours worked on Monday.

- 9 In the Tu field, type **8**.

- 10 In the W field, type **8**, and then press Tab.

As you enter hours for each day, the Total column displays the total hours for the week.

Your screen should resemble the figure below.

Customer:Job	Service ...	Payroll ...	Notes	M 13	Tu 14	W 15	Th 16	F 17	Sa 18	Su 19	Total	Billable?
Uchman, R...	Direct ...	Hourl...		8:00	8:00	8:00					24:00	☒
Totals				8:00	8:00	8:00	0:00	0:00	0:00	0:00	24:00	

The Billable column to the right of the Total column tells QuickBooks if the time will be transferred onto an invoice. A checkmark in the field indicates that you *do* want to invoice the customer for time worked.

If you do not plan on invoicing the customer for time worked, you can click the checkbox to remove the checkmark.

- 11 Click Save & Close to record the Weekly Timesheet.

QuickBooks records the time for Reynaldo Lopez and for Roy Uchman's 2nd Story job.

This time can now be transferred onto an invoice for Roy Uchman's 2nd Story job and to create a pay cheque for Reynaldo Lopez.

Entering mileage

By tracking your vehicle mileage, you can enter, sort, and print lists of your vehicles and the mileage you've driven for work-related tasks. You can use this information for your tax deductions and for billing your customers.

You cannot use this feature to reimburse employees or vendors for mileage. Nor can you track specific vehicle expenses, such as gas, tolls, etc. with this feature. However, you can track these types of expenses by entering bills for them as the expenses are incurred by employees.

Important: Intuit recommends that you consult with your tax advisor, accountant, or the CRA to determine if you can deduct the costs of operating and maintaining your vehicle and which method you should use.

To record mileage:

- 1 From the Company menu, choose Enter Vehicle Mileage.
- 2 In the Vehicle field, select 2006 Ford Truck.
- 3 In the Trip Start Date field, enter **12/13/2010**.
- 4 In the Trip End Date field, enter **12/13/2010**.
- 5 In the Total Kilometers field, type **30**.
- 6 In the Customer:Job field, select Uchman, Roy:2nd Story job from the drop-down list.
- 7 In the Item field, select Expense Report:Mileage - Direct Job Rel. from the drop-down list.

The Enter Vehicle Mileage window should look like the following.

- 8 Make sure the Billable button is selected and then click Save & New.
- 9 Repeat the steps above to enter **30** kilometers for the same vehicle and customer:job for December 14 and **30** additional kilometers for December 15.
- 10 Click Save & Close.

QuickStart Tip

Instead of entering time on a weekly timesheet, you can enter single activities at the time they occur. A single activity entry shows the time spent by one person doing a single activity for a single job on a single date. If you prefer to jot down the details of one day's work as the day progresses, this method might work best for you. For example, an attorney could use a single activity entry to record the time he or she just spent on a phone conversation with a client.

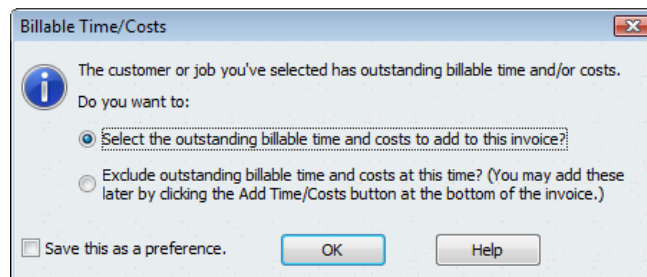
You can move back and forth between the two time entry forms. If you are viewing a single activity entry, you can display that person's weekly timesheet with a click of the mouse. On a weekly timesheet, you can select any hourly entry and view it as a single activity entry. The two forms are simply different views of the same data.

Invoicing a customer for time and mileage

Now you can invoice Roy Uchman for the time White Ridge Construction's employee, Reynaldo Lopez, spent on the 2nd Story job.

To invoice a customer for time:

- 1 On the Home page in the Customers area, click Create Invoices.
- 2 Select Uchman, Roy:2nd Story job as the Customer:Job.



- 3 In the Billable Time/Costs window, make sure the first option is selected and click OK.

The Choose Billable Time and Costs window is displayed.

- 4 Click beside the three entries for Reynaldo Lopez.

Choose Billable Time and Costs

Time and Costs For: **Uchman, Roy:2nd Story**

Time: **\$960.00** Expenses: \$0.00 Mileage: \$0.00 Items: \$0.00

Select All Click on Options... to customize how information from timesheets is brought into QuickBooks invoices Options...

✓	Date	Employee	Service ...	Hours	Rate	Amount	Notes	Hide
✓	12/13/2010	Reynaldo Lopez	Direct La...	8:00	40.00	320.00		
✓	12/14/2010	Reynaldo Lopez	Direct La...	8:00	40.00	320.00		
✓	12/15/2010	Reynaldo Lopez	Direct La...	8:00	40.00	320.00		

☐ Print selected time and costs as one invoice item Total billable time and costs: 960.00

OK Cancel Help

Note: QuickBooks can combine time for activities that have the same service item, and list them as one line item on the invoice instead of individual line items. In the Options for Transferring Billable Time window, you can also select to transfer notes about time activities (in addition to descriptions) onto invoices.

For this exercise, you'll choose to show the activities as one line item on the invoice.

- Click the Options button and select Combine activities with the same service item and rate.

Options for Transferring Billable Time

When transferring billable time to an invoice:

☐ Enter a separate line on the invoice for each activity

- ☐ Transfer activity notes
- ☐ Transfer item descriptions
- ☐ Transfer both notes and descriptions

☒ Combine activities with the same service item and rate

OK Cancel Help

- Click OK. Then click OK again to close the Choose Billable Time and Costs window.
- If necessary type **12/31/2010** in the Invoice Date field.
- From the Template drop-down list, select Intuit Service Invoice.

Tracking time

The top part of the invoice should resemble the figure below.

Item	Qty	Description	Rate	Class	Amount	Tax
Direct Labour:Dr...	24	Drywall Labour	40.00		960.00	G

- 9 Keep the invoice open. You'll use it in the next exercise.

To invoice a customer for mileage:

- 1 In the Create Invoices window, click the Add Time/Costs button, and then click the Mileage tab.

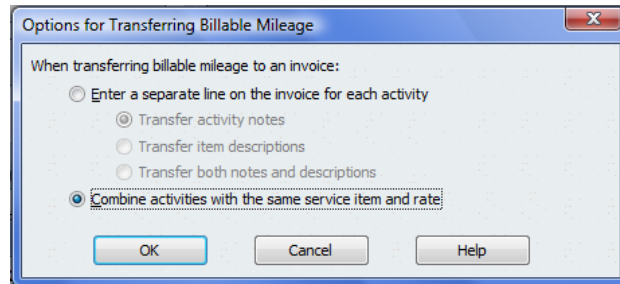
QuickBooks displays the mileage you entered earlier for this job.

✓	Date	Item	Kilometres	Rate	Amount	Notes	Hide
	12/13/2010	Expense ...	30	1.00	30.00		
	12/14/2010	Expense ...	30	1.00	30.00		
	12/15/2010	Expense ...	30	1.00	30.00		

Total billable time and costs: 0.00

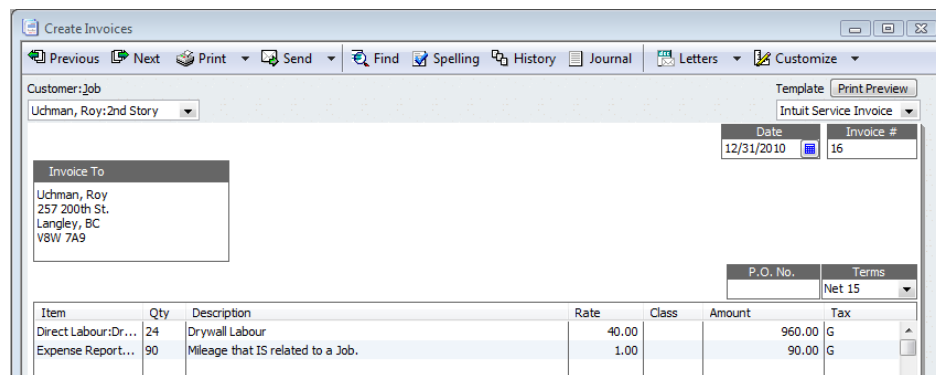
- 2 Click in the Use column (the column with the checkmark) to select each of the lines that represent the mileage for this job.
- 3 You want to combine mileage on a single line, so click Options.

- 4 Select the “Combine activities with the same service items” option.
If you are not using a Premier or Enterprise Solutions edition, this option will not reference rates.



- 5 Click OK.
- 6 Click OK to transfer the mileage to the invoice.

The top of the invoice should now look like the following image.



- 7 Click Save & Close to record the invoice.

If the window **Job Costing – Invoice Without Estimate** displays, select “do not display this message in the future”, and then click Yes.

Creating an invoice from a list of time and expenses

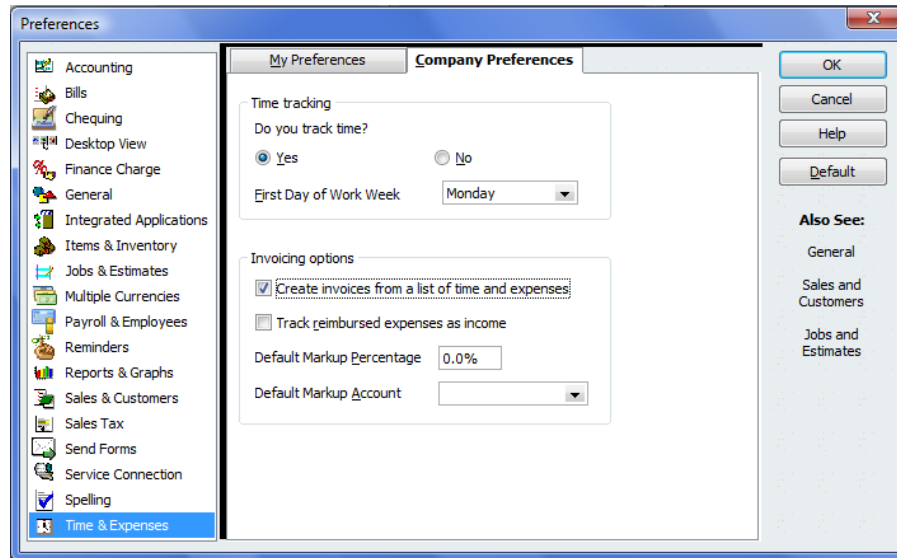
You can invoice for time and expenses using the procedure described in the previous exercise, in which you start by creating an invoice for a customer and then choosing which time and expenses for that customer to add to the invoice.

QuickBooks also provides a list of all billable time and expenses by customer and job that you can use as the starting point for billing customers.

To display a list of time and expenses for all customers:

- 1 From the Edit menu, choose Preferences.
- 2 Click Time & Expenses in the list on the left, and then click the Company Preferences tab.

- Click to select the “Create invoices from a list of time and expenses” checkbox.



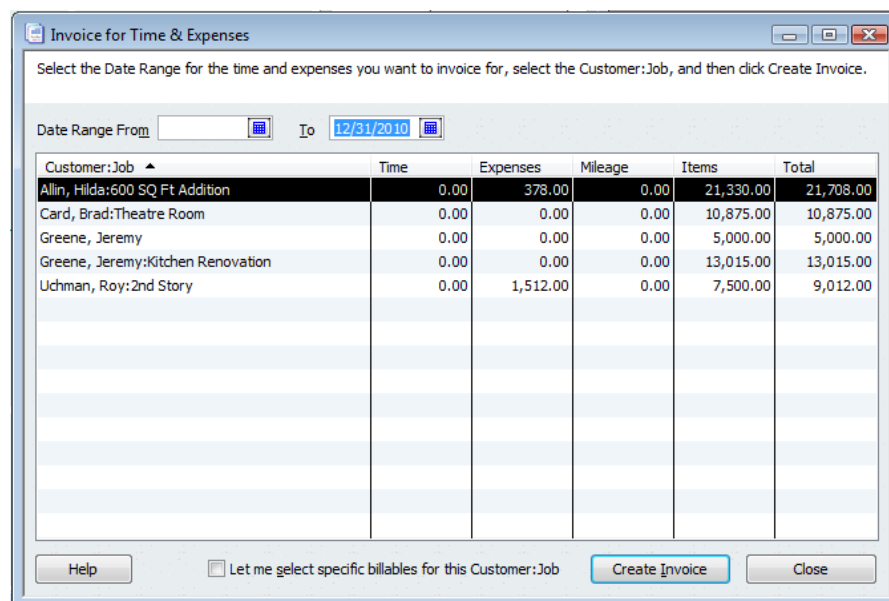
- Click OK.

When you turn on this preference, QuickBooks adds a new item to the Customers menu and a drop-down menu next to the Invoice icon on the Home page. You can use either option to open the Invoice for Time & Expenses window.

To invoice from a list of time and expenses:

- From the Customers menu, choose Invoice for Time & Expenses.

QuickBooks displays a list of all billable time and expenses for all customers and jobs. Note that the amounts are broken down by category: time, expenses, mileage, and items.



- 2 Select Allin Hilda:600 sq ft Addition.
- 3 Click Create Invoice to invoice Hilda for all outstanding billable items for this job.

QuickBooks creates an invoice that includes all billable items for the 600 sq ft addition for Hilda Allin.

Item	Qty	Description	Rate	Class	Amount	Tax
Direct Labour:Ca...	1	Cabinetry & Countertops	6,000.00		6,000.00	G
Direct Labour:Cl...	1	Clean Up Labour	40.00		40.00	G
Direct Labour:Dr...	1	Drywall Labour	40.00		40.00	G
Direct Materials -...	1	Exterior Finish Materials	4,500.00		4,500.00	G
Direct Materials -...	1	Foundation Materials	3,500.00		3,500.00	G
Direct Materials -...	1	Insulation Materials	800.00		800.00	G
Direct Materials -...	1	Exterior Windows and Doors	3,000.00		3,000.00	G
Direct Materials -...	1	Roofing Materials	2,000.00		2,000.00	G
Direct Materials -...	1	Rental Equipment	1,450.00		1,450.00	G

Customer Message: [Blank]
 Total: 22,793.40
 Payments Applied: 0.00
 Balance Due: 22,793.40
 Customer Tax Code: G
 Memo: [Blank]
 Buttons: Save & Close, Save & New, Clear

If you wanted to include only some of the items on the invoice, you would select the “Let me select specific billables for this Customer:Job” checkbox in the Invoice for Time & Expenses window. This would allow you to add items to the invoice from the Choose Billable Time & Costs window.

- 4 From the Template menu, ensure Intuit Service Invoice is selected.
- 5 Click Save & Close. Click No if the Available Credits window is displayed.
- 6 Close the Invoice for Time & Expenses window.

Displaying project reports for time tracking

QuickBooks provides four reports on time, as described in the following table. You can create these reports by choosing Jobs, Time & Mileage from the Reports menu.

Project report	Description
Time by Job Summary	Shows hours worked subtotaled first by customer or job and then by service item.
Time by Job Detail	Lists each time activity (that is, work done by one person for a particular customer or job on a specific date), and shows whether the work is billed, unbilled, or not billable. The report groups and subtotaled the activities first by customer and job and then by service item.

Tracking time

Time by Name	Shows hours worked (or tracked as sick or vacation time), subtotaled first by the name of the person who performed the work and then by the customer or job the person performed the work for.
Time by Item	Shows the hours worked, subtotaled first by service item and then by customer or job.

Displaying the time by job report

The time by job summary report summarizes the total hours for each job, and the time by job detail report breaks down those summary figures into hours for each service item and hours for each customer:job.

To create a time by job report:

- 1 From the Reports menu, choose Jobs, Time & Mileage.
- 2 From the submenu, choose Time by Job Summary.

QuickBooks displays the Time by Job Summary report.

- 3 In the Dates field, choose Custom, and the range from 12/01/2010 to 12/31/2010.



Notice that the report shows the 24 hours for Drywall Labour work performed by Reynaldo Lopez.

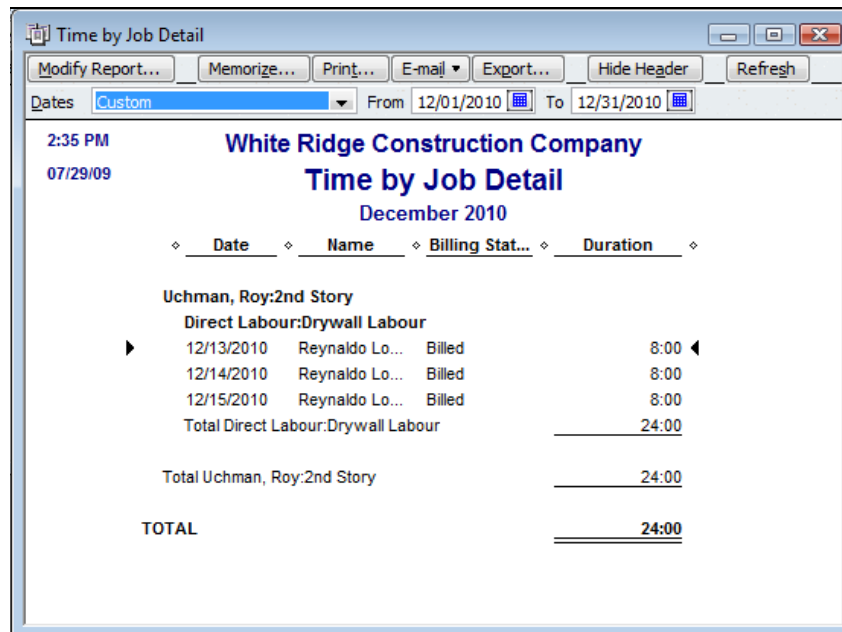
Viewing time data in more detail

Like all QuickBooks reports, you can QuickZoom any of the numbers in a report to see more detail.

To view time data details:

- 1 Position your mouse pointer over the 24 hours for Drywall Labour on the Uchman, Roy: 2nd Story job, and then double-click.

When you position your mouse pointer over the number, the pointer changes into a magnifying glass with a Z in it. After you double-click, QuickBooks displays a Time by Job Detail report for the time data you selected. (This functionality is called QuickZoom.)



You can see that Reynaldo Lopez did the work and the time has already been billed to the customer.

- 2 Close the Time by Job Detail report.

When QuickBooks asks if you want to memorize the report, click No.

- 3 Close the Time by Job Summary report.

When QuickBooks asks if you want to memorize the report, click No.

Displaying other project reports

In addition to the estimate and time reports, QuickBooks provides several project reports to track job profitability, as described in the following table.

Project report	Description
Job Profitability Summary	Compares the actual cost to the actual revenue for all customers and jobs. The report subtotals the data first by customer and then by job.
Job Profitability Detail (for one customer:job)	For a particular customer or job, compares actual costs to actual revenues and shows the difference between the two amounts. The report subtotals the data first by item type and then by item.
Item Profitability	For each item, compares the actual cost to actual revenue and shows the difference between the two amounts. The report subtotals the data first by item type and then by item.

Paying nonemployees for time worked

When the company file has time data for a person who is not on your payroll, you can write cheques based on the time worked. QuickBooks can transfer time data for a specified date range to a cheque. QuickBooks prefills the Items tab of a cheque with information from the time data, including hours worked and rate.

You can pay a subcontractor, owner, or partner for time worked. The person must be on one of the following lists:

- Vendor (appropriate for subcontractors, especially if you must report payments to them on Form T5018)
- Other Names (appropriate for owners and partners)

Note: To pay an ordinary employee for time worked, use the payroll feature to write a pay cheque.

Creating service items for subcontractors, owners, or partners

When you use service items for subcontractors, QuickBooks records expenses and income for the work in separate accounts. You can use such items on both purchase forms and sales forms.

In this section, you learn how to do the following:

- Set up a service item to use to track work performed by a subcontractor
- Enter time worked for a subcontractor
- Prepare a cheque to pay a subcontractor for time worked

To set up a service item for subcontractors:

- 1 From the Lists menu, choose Item List.
- 2 Click the Item menu button, and choose New.
- 3 In the Type field of the New Item window, choose Service from the drop-down list.
- 4 In the Item Name/Number field, type **Planning & Estimates**.
- 5 Select the “This service is used in assemblies or is performed by a subcontractor or partner” checkbox.

QuickBooks changes the window to display fields for sales and purchase information.

New Item

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

Item Name/Number: Planning & Estima... (Subitem of:)

Unit of Measure: Enable...

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

Purchase Information

Description on Purchase Transactions:

Cost: 0.00

Purch Tax Code: S

Expense Account:

Preferred Vendor:

Sales Information

Description on Sales Transactions:

Sales Price: 0.00

Tax Code: S

Income Account:

[How can I set rates by customers or employees?](#)

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

- 6 In the Description on Purchase Transactions field, type **Job Planning & Costing** and press Tab.

QuickBooks copies the text into the Description on Sales Transactions field.

- 7 In the Cost field, type **50** and press Tab.
- 8 In the Purchase Tax Code, select G.
- 9 From the drop-down list in the Expense Account field, choose Subcontractors.

Note: If you pay owners (or partners) for time worked, you need a service item that records the cost of the work as a draw against equity, rather than an expense.

- 10 In the Sales Price field, type **90**.
- 11 In the Tax Code drop-down list, select G.
- 12 In the Income Account field, type **Planning** and press Tab.
- 13 When QuickBooks tells you that Planning is not on the Account list, click Set Up.
- 14 In the Add New Account window, make sure Income is selected in the Account Type drop-down list and click Save & Close.

Your screen should now look like this.

Tracking time

New Item

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

Item Name/Number: Planning & Estima... Subitem of: [dropdown]

Unit of Measure: Enable...

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

Purchase Information: Description on Purchase Transactions: Job planning & costing

Sales Information: Description on Sales Transactions: Job planning & costing

Cost: 50.00 Sales Price: 90.00

Purch Tax Code: G Tax Code: G

Expense Account: Subcontractors Income Account: Planning

Preferred Vendor: [dropdown]

[How can I set rates by customers or employees?](#)

15 Click OK to close the New Item window.

16 Press Esc to close the Item List window.

In the next section, you learn how to use the Planning & Estimates item you've just created to track time performed by a subcontractor for White Ridge Construction.

Recording nonemployee time worked

You record data for time worked by nonemployees the same way you enter it for employees.

To enter time for nonemployee time worked:

- 1 From the Employees menu, choose Enter Time., and then choose Time/Enter Single Activity from the submenu.

QuickBooks displays the Time/Enter Single Activity window.

Time/Enter Single Activity

Previous Next Spelling Timesheet

Date: 12/31/2010

Name: [dropdown] Payroll Item: [dropdown]

Customer: Job [dropdown] Service Item: [dropdown]

Duration: 0:00

Notes: [text area]

☒ Not Billed ☒ Billable

Start Stop Pause

Save & Close Save & New Clear

- 2 In the Name field, choose Rick's Plumbing from the drop-down list.

Note: When you selected the subcontractor's name, QuickBooks removed the Payroll Item field from the window. (When class tracking is on, this field is replaced with the class field.) Owners and partners should be set up on the Other Names list, because they are also not paid with payroll cheques.

- 3 In the Customer:Job field, choose Allin, Hilda:600 SQ Ft Addition.
- 4 In the Service Item field, select Planning & Estimates from the drop-down list and press Tab.
- 5 Type **8** in the Duration field and press Tab.

Your screen should resemble the following.

- 6 Make sure that the date is set to 12/31/2010 and click Save & Close.

Preparing a cheque to pay for nonemployee time worked

In this section, you'll learn how to create a cheque to reimburse a subcontractor for time worked on a specific job.

To write a cheque for time worked:

- 1 On the Home page in the Banking area, click Write Cheques.

QuickBooks displays the Write Cheques window.

Write Cheques - Chequing

Previous Next Print Find Journal

Bank Account: Chequing Ending Balance: 169,006.83

Pay to the Order of: _____ No. To Print: _____
 Date: 12/31/2010 \$ 0.00

Address: _____ Dollars

Memo: _____

Expenses: \$0.00 Items: \$0.00 ☒ To be printed

Account	Tax	Amount	Memo	Customer:Job	Billable?

Vendor Tax Code: _____ 0.00 Edit
 0.00

Clear Splits Recalculate Save & Close Save & New Clear

Order Cheques

- 2 Make sure that Chequing is selected in the Bank Account field.
- 3 If necessary, click to put a checkmark in the “To be printed” checkbox.
- 4 In the Pay to the Order of field, choose Rick’s Plumbing from the drop-down list.
- 5 Click Yes at the message QuickBooks displays asking if you want this cheque to pay for time worked.

QuickBooks displays the Select Time Period window.

Select Time Period

Select time period for which you want to pay. OK

Start Date: End Date:

Cancel Help

- 6 Type **12/30/2010** in the Start Date field and press Tab.
- 7 Type **12/31/2010** in the End Date field and click OK.

QuickBooks prefills the Items tab of the cheque with information from the time data, including hours worked and rate.

Write Cheques - Chequing

Bank Account: Chequing Ending Balance: 169,006.83

No. To Print: 12/31/2010

Date: 12/31/2010

Pay to the Order of: Rick's Plumbing \$ 420.00

Four hundred twenty and 00/100*****Dollars

Address: Rick's Plumbing, 101 Marion St., Richmond, BC, V3S 3T5

Memo: (12/31/2010 - 12/31/2010)

Expenses: \$0.00 Items: \$400.00 ☒ To be printed

Item	Description	Q.	Cost	Tax	Amount	Customer:Job	Billable?
Planning & E...	Job planning & costing	8	50.00	G	400.00	Allin, Hilda:6...	☐

Vendor Tax Code: 20.00 Edit

0.00

Clear Splits Recalculate Save & Close Save & New Clear

Notice that time activity is marked nonbillable so that it is not billed twice—as a time activity and an item.

- 8 Click Save & Close in the Write Cheques window.

When you record the transaction, QuickBooks creates a journal entry. The following table shows the journal entry for the cheque.

Account Title	Debit	Credit
Chequing		\$420.00
Subcontractors	\$400.00	
GST Paid on Purchases	\$ 20.00	




LESSON 15

Customizing forms and writing QuickBooks Letters

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About QuickBooks forms 365
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Lesson objectives

- To learn how to modify a preset invoice form
- To design a custom invoice form
- To see how to print invoices
- To learn how to prepare a collection letter for overdue customers
- To learn how to edit a prewritten letter in QuickBooks

Supporting materials

- PowerPoint file: Lesson 15
- Video tutorial: Customize sales forms

Instructor preparation

- Review this lesson, including the examples, to make sure you're familiar with the material.
- Ensure that all students have a copy of qblesson.qbb on their computer's hard disk.

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB) on your hard disk. See “Installing the exercise file” in the Introduction to this guide if you haven't installed it.

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

To restore the exercise file (QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB):

- 1 From the File menu in QuickBooks, choose Open or Restore Company. QuickBooks displays the Open or Restore Company window.
- 2 Select Restore a backup copy and click Next.
- 3 Select Local backup and click Next.
- 4 In the Open Backup Copy window, navigate to your C:\QBtrain directory.
- 5 Select the QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB file, and then click Open.
- 6 In the Open or Restore Company window, click Next.
- 7 Navigate to your C:\QBtrain directory.

- 8 In the File name field of the Save Company File as window, type **lesson 15** and then click Save.
- 9 Click OK when you see the message that the file has been successfully restored.

About QuickBooks forms

Each form you use in QuickBooks has its own layout—that is, its own arrangement of fields and columns for entering information. If the layout of a particular form doesn't meet your needs, you can create your own custom layout and use your version instead of the QuickBooks version.

In Lesson 6, you learned about the three preset formats for invoices: professional, service, and product. If these formats don't precisely meet your needs, you can create your own invoice templates. You can also create templates for other sales and purchase forms.

For each form, you can decide which fields and columns to include, what they are called, and where to place them. Once you have created your forms, you can save the new layouts as templates—to use whenever you wish, and to modify whenever you want. The forms you can customize in QuickBooks are the invoice, sales receipt, credit memo, statement, purchase order, estimate, and sales order (QuickBooks: Premier and higher editions only).

Customizing invoices

QuickBooks lets you customize an invoice form to suit the needs of your business, but there may be times when you want to design a completely different invoice form. QuickBooks lets you do that, too. You can use the Layout Designer to create a new form design for your business. In the Layout Designer, you can move, resize, or change the width of columns, turn borders around fields on or off, and control font type and size for each field.

In the following exercises, you'll use both the customize forms and Layout Designer features in QuickBooks to create a custom invoice.

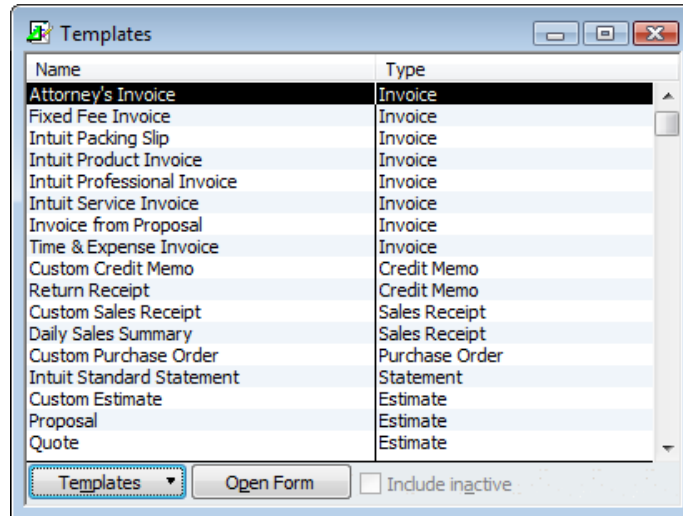
Note that these features affect only the printed forms; you cannot customize the onscreen version of QuickBooks forms.

Creating new templates

To create a new invoice template:

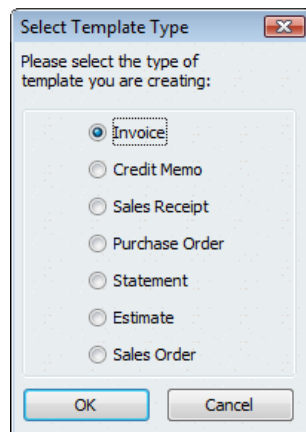
- 1 From the Lists menu, choose Templates.

QuickBooks displays the Templates list.



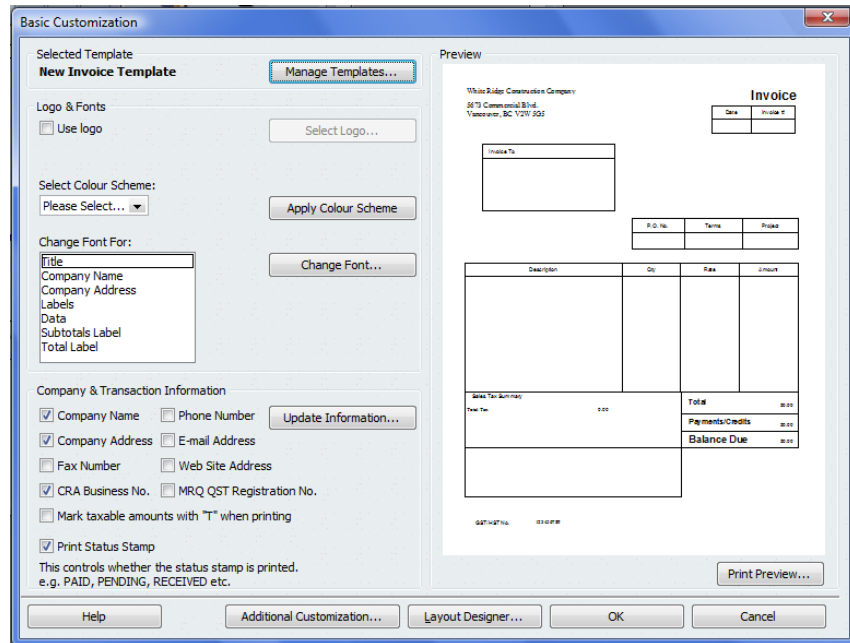
- 2 Click the Templates menu button, and then choose New.

QuickBooks displays the Select Template Type window.



- 3 Click OK to select the Invoice template.

QuickBooks displays the Basic Customization window.



4 Click the Manage Templates button to give the template a name.

5 In the Template Name field, type **My Invoice** and click OK.

This is the name you'll use for the new template.

6 Look at the options in the Logo & Fonts section of the Basic Customization window.

Use this section to change the fonts for various textual elements on the form and to choose a colour scheme.

If you wanted to add your company logo to the form, you would select the Use logo checkbox and tell QuickBooks which file to use. QuickBooks supports BMP, JPEG, TIFF, PNG, WMF, EMF, and GIF graphic formats.

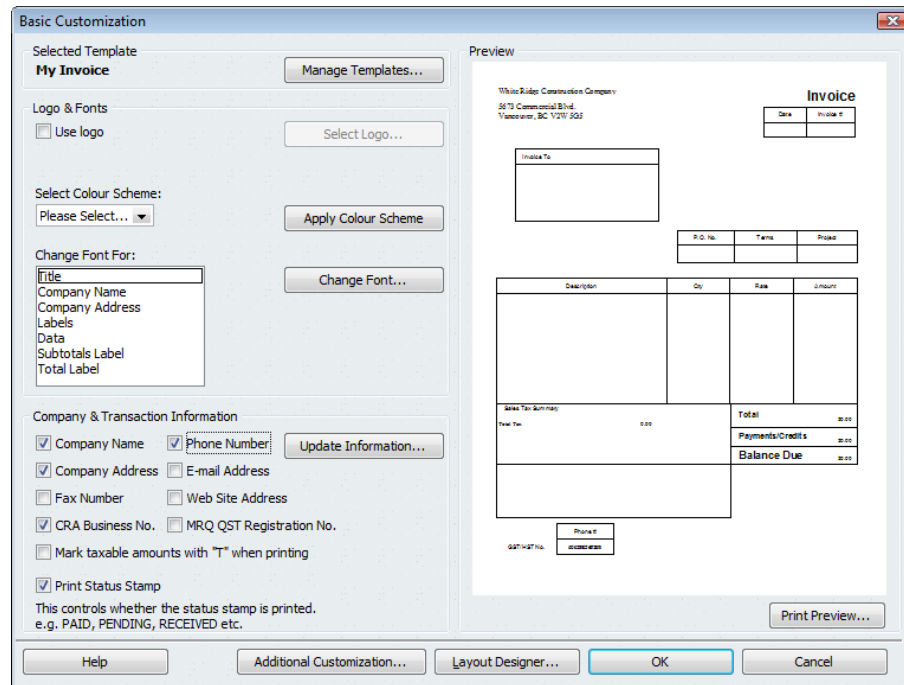
7 In the Company & Transaction Information section, select the Phone Number checkbox.

Use this section of the window to specify which pieces of company information to include on your sales and purchase forms.

QuickBooks displays a message that you can use the Layout Designer to change the layout of your form. You'll learn how to use the Layout Designer later in this lesson.

- 8 Select the “Do not display this message in the future” checkbox, and then click OK.

Your window should look like the following graphic.



If you don't want QuickBooks to print the status stamp (paid, pending, etc.) on forms, clear the Print Status Stamp checkbox on this tab.

- 9 Leave the Basic Customization window open. You'll use it in the next exercise.

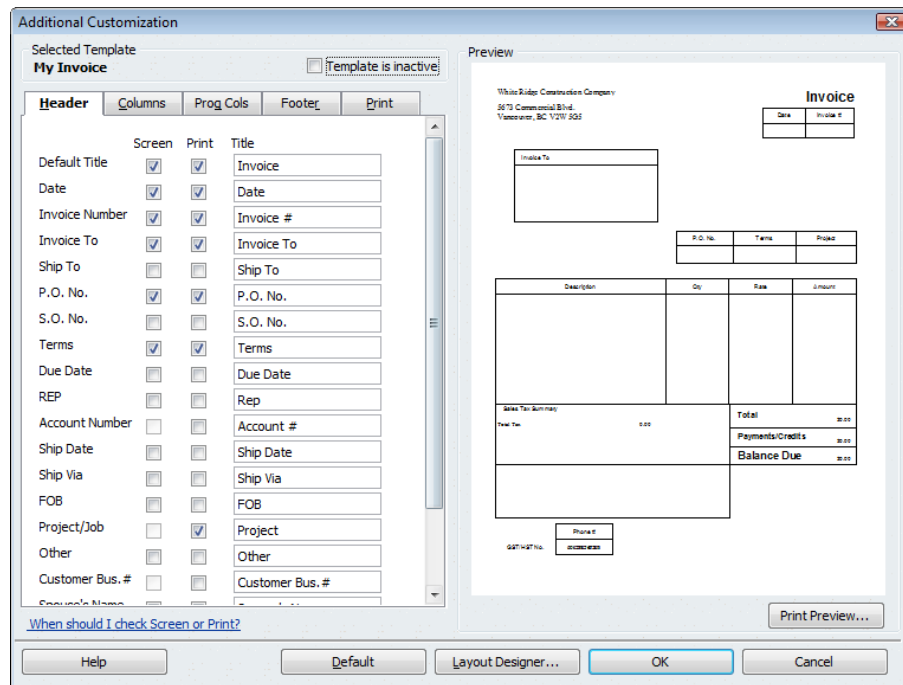
Customizing fields on forms

You can further customize your invoice template by setting formatting options and changing how fields display.

To customize fields on a template:

- 1 Click the Additional Customization button at the bottom of the window.

QuickBooks displays the Additional Customization window, which uses multiple tabs to display several sets of formatting options. Each area of the form is represented by a tab. To display the available formatting options, click the tab for the area of the form you want to change. QuickBooks shows you a preview of the invoice as you make selections on the tabs.



Notice that the Header tab is currently selected. The Header tab is where you select which fields you want to appear onscreen, on paper, both, or neither. You can specify your own title (label) for each field. You can enter a new title by highlighting the current title text and typing your new one.

If you want to track information about a particular invoice, but don't want your customer to see this information, select the Screen checkbox and clear the Print checkbox.

Suppose you want to remind customers of payment due dates at the time you send the invoice. You can customize the invoice form to display the Due Date field.

- 2 To have the Due Date field display both on screen and on the printed form, click the Screen checkbox for Due Date to select it.
- 3 Click the Print checkbox for Due Date.
Checkmarks appear in both checkboxes.
- 4 Clear the Screen and Print checkboxes for the P.O. No. field to remove the field from the form.

Notice that the invoice preview shows the changes you've made.

Adding fields on forms

The lower half of the standard QuickBooks invoice form is where you enter details about the items or services purchased by the customer. You can add fields to appear on your invoices.

The Order column shows you how fields display from left to right on the invoice form. Currently, Description is the first column and Amount is the last column. Suppose you want the Item field to appear on the printed form.

To add fields to a form:

- 1 Click the Columns Tab.

Additional Customization

Select Template
My Invoice ☐ Template is inactive

Header	Columns	Prog Cols	Footer	Print
Service Date	☒	☐	0	Serviced
Item	☒	☐	1	Item
Description	☒	☒	2	Description
Quantity	☒	☒	3	Qty
Rate	☒	☒	4	Rate
Amount	☒	☒	5	Amount
Tax Code	☒	☐	6	Tax
Other 1	☐	☐	0	
Other 2	☐	☐	0	

Preview

White Rider Construction Company
 2673 Commercial Blvd.
 Vancouver, BC V2W 5G5

Invoice

Date	Invoice #

Invoice To:

P.O. No.	Terms	Project

Description	Qty	Rate	Amount
Sub Tot Summary		Total	\$0.00
Tax Tot	\$0.00	Payments/Credits	\$0.00
		Balance Due	\$0.00

Phone #

 GST# / HST No.

Print Preview...

- 2 Click in the Print box for Item.

[illegible]

The screen now shows the item column inserted before the description column. Note that the numbers in the Order column reflect the order in which the fields are displayed.

Changing field order on forms

Now that we have added a column to the form, suppose we wish the quantity field to appear after the item field, and before the description field.

To change the order of fields on a form:

- 1 Ensure the Columns tab is selected.

Additional Customization

Selected Template: **My Invoice** ☐ Template is inactive

Header Columns Prog Cols Footer Print

	Screen	Print	Order	Title
Service Date	☐	☐	0	Serviced
Item	☒	☒	1	Item
Description	☒	☒	2	Description
Quantity	☒	☒	3	Qty
Rate	☒	☒	4	Rate
Amount	☒	☒	5	Amount
Tax Code	☒	☐	6	Tax
Other 1	☐	☐	0	
Other 2	☐	☐	0	

[When should I check Screen or Print?](#)

Help Default Layout Designer... OK Cancel

Preview

White Ridge Construction Company
2873 Commercial Blvd.
Vancouver, BC V2W 2G5

Invoice

Date	Invoice #

Invoice To:

P.O. No.	Terms	Project

Description	Qty	Rate	Amount

Sales Tax Summary

Total Tax	0.00	Total	00.00
		Payments/Credits	00.00
		Balance Due	00.00

Phone #

0000000000

Print Preview...

- 2 Double-click the Order column in the Quantity row to select the number.
- 3 Type **2**, press Tab.
- 4 Look at the Order column in the Description row. Note the change. (If it has not changed to 3 automatically, type **3**.)

Your screen should look like the following figure.

Additional Customization

Selected Template: **My Invoice** ☐ Template is inactive

Header Columns Prog Cols Footer Print

	Screen	Print	Order	Title
Service Date	☐	☐	0	Serviced
Item	☒	☐	1	Item
Description	☒	☒	3	Description
Quantity	☒	☒	2	Qty
Rate	☒	☒	4	Rate
Amount	☒	☒	5	Amount
Tax Code	☒	☐	6	Tax
Other 1	☐	☐	0	
Other 2	☐	☐	0	

[When should I check Screen or Print?](#)

Preview

White Ridge Construction Company
2673 Commercial Blvd
Vancouver, BC V2W 2G3

Invoice

Date	Invoice #

Invoice To:

P.O. No.	Terms	Project

Qty	Description	Rate	Amount

Sales Tax Summary	0.00	Total	20.00
Total Tax		Payments/Credits	20.00
		Balance Due	20.00

Phone #

604-714-2710

Print Preview...

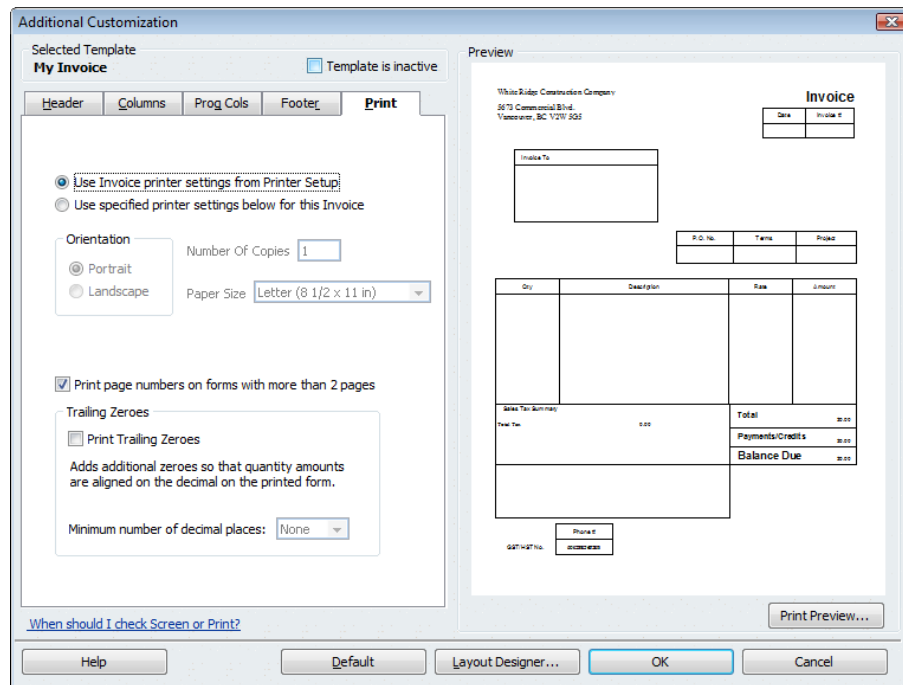
Help Default Layout Designer... OK Cancel

If you use progress invoices or sales orders, use the Prog Cols tab to customize the columns on those forms.

5 Click the Footer tab.

The Footer tab contains information that you usually find at the bottom of the form. It also provides a place for you to enter free-form text, such as a disclaimer, on your form. In the next exercise, you'll learn how to move fields on forms.

6 Click the Print tab.



Use the Print tab to associate print settings with individual form templates. For example, if you print most forms in Portrait mode, but have one form that you print in Landscape, you can associate the Landscape print setting with that form's template. When you send the form to the printer, QuickBooks knows to print it in Landscape.

If your forms print on multiple pages, select whether or not you want to print page numbers.

- 7 Click OK to record the changes made.
- 8 Click OK again and then close the Templates window.

Displaying your customized form

Now display the customized form to see the changes you made in the previous exercise.

To display the custom form:

- 1 From the Customers menu, choose Create Invoices.

QuickBooks displays the Create Invoices window with a standard Intuit Invoice template displayed.

- 2 In the Template field, choose My Invoice from the drop-down list.

Notice how this form reflects the changes you made in the Customize Invoice window. The Due Date field now displays onscreen and the Qty column appears in its new order before the Description field.

- 3 Leave the Create Invoices window open, you'll use it in the next exercise.

Designing custom layouts for forms

With the QuickBooks Layout Designer, you can change the design or layout of a form. In the Layout Designer, you can move, resize, change the width of columns, turn on or off borders around fields, add coloured backgrounds, and control the font type and size for each field.

Here are a few examples of what you can do with a custom layout:

- Give your company name, address, and logo special treatment on the form. For example, you could center your logo at the top of the form and put your company name and address in a special font immediately below the logo.
- Enlarge a custom field so that it can display more information.
- Position the customer's billing address so that it coincides with the address window in the envelopes you use.
- Change the borders on fields, add background colours, and add extra text fields.
- Add multiple graphics to a form.

Changing the position of fields on forms

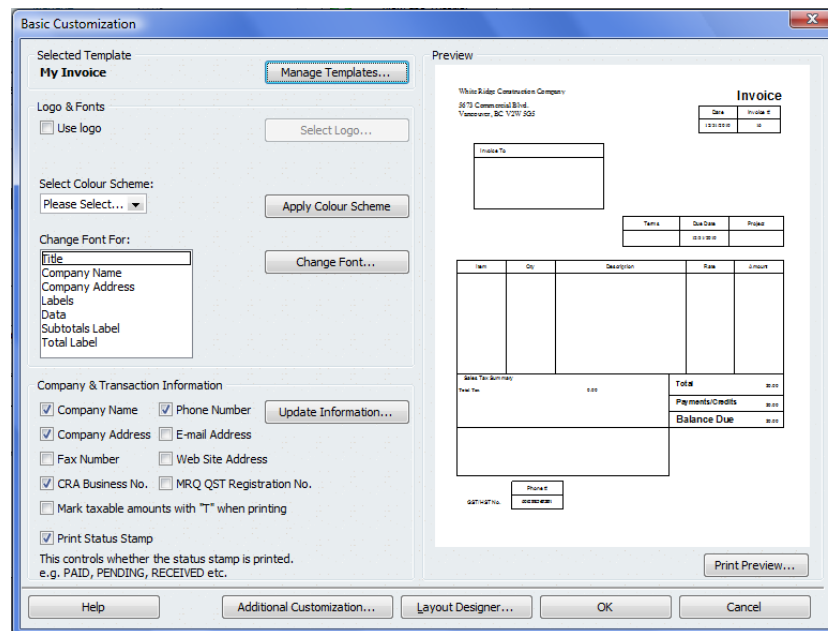
Next, you'll use the Layout Designer to move the Phone # and Invoice To fields, and to decrease the width of the Quantity column.

To move fields on forms:

- 1 In the Create Invoices window, click the customize icon (the icon with the pencil and ruler). (Don't click the down arrow next to the customize icon; that displays a menu you won't be using for this exercise.)

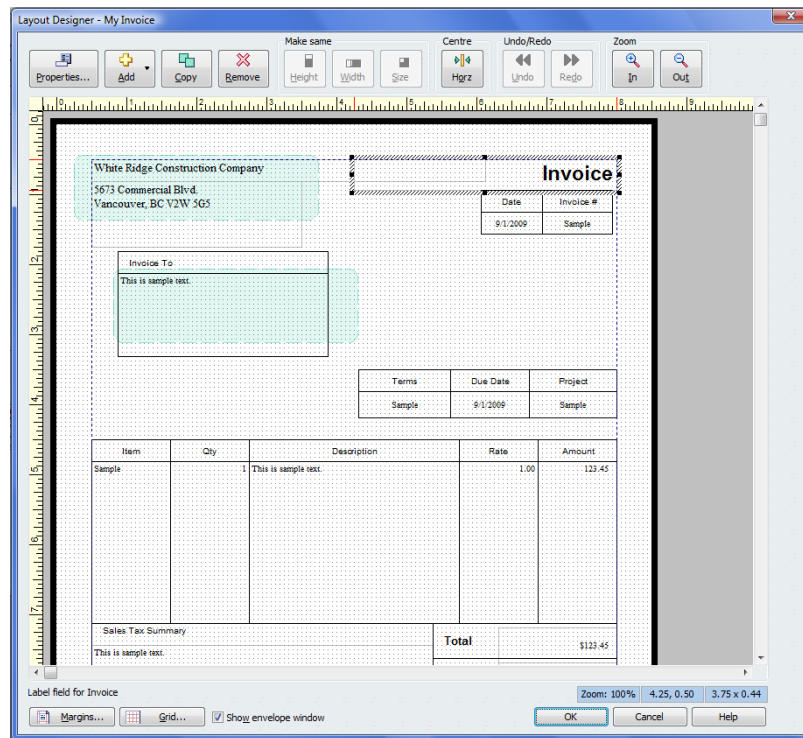
QuickBooks displays the Basic Customization window that you used to customize the form.

Now, you'll use the Layout Designer to change the design of the form.



- 2 Click the Layout Designer button.

QuickBooks displays the Layout Designer window.



By clicking the Zoom buttons, you can zoom out to see an overall view of the form or zoom in for a closer look at a small section of the form.

3 Click the Invoice To field.

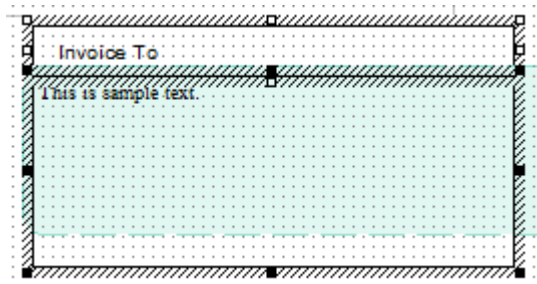
4 Press and hold the Shift key.

Holding down the Shift key when clicking on an object allows you to select multiple fields at the same time. Having multiple fields selected lets you move the fields together.

5 Click the field directly below the Invoice To field (the field containing the words “This is sample text”).

Notice the four-directional arrow that appears when you move the cursor over the selected fields.

The selected fields on your screen should look like this.



6 Release the Shift key.

- 7 With the cursor over the selected fields, press and hold the left mouse button.
- 8 Drag the selected fields down about one inch.

Note: If you see that the fields are too wide to fit, deselect both fields by clicking outside the fields. Select each field separately. Move the mouse over the dark square along the right edges of the fields. Hold the mouse button and drag to the left to reduce the width of each field.

- 9 Release the mouse button.

Your screen should now look like this.

White Ridge Construction Company
5673 Commercial Blvd.
Vancouver, BC V2W 5G5

Invoice

Date	Invoice #
7/30/2009	Sample

Invoice To
This is sample text.

Terms	Due Date	Project
Sample	7/30/2009	Sample

Item	Qty	Description	Rate	Amount
Sample		1 This is sample text.	1.00	123.45

- 10 Select the field containing White Ridge's address.
- 11 Move the mouse over one of the dark squares on the bottom of the field and then hold the mouse button while you drag the bottom of the field up to a point just below the address—the goal being to get rid of the extra space below the address so you can place the phone number directly beneath it.
- 12 Scroll to the bottom of the screen and select the Phone # field.
- 13 Click Remove.
- 14 Select the field containing the numbers 555-555-5555.
- 15 Holding down the mouse button, drag the field so that it sits just below White Ridge's address.

Changing field widths

In the next exercise, you'll change the font size for White Ridge's phone number to make it match the address, but first you want to make the field wider so that the phone number isn't cut off.

To change the width of a field:

- 1 Select the field containing the telephone number and drag the right border further to the right while holding down the mouse button.

The fields should resemble the figure below.

White Ridge Construction Company

5673 Commercial Blvd.
Vancouver, BC V2W 5G5

555-555-5555

White Ridge Construction rarely enters a quantity greater than two characters, so you want to make the Qty column smaller. Decreasing the width of the Qty column also increases the width of the Description column.

- 2 In the Layout Designer window, scroll until the Qty column is visible.
- 3 Click the Qty column to select it.

Your screen should resemble the figure below.

Qty	Description
1	This is sample text.

Notice that when the cursor is positioned between the Qty and Description columns, it turns into a two-directional arrow.

Qty	Description
1	This is sample text.

- 4 Click and hold the left mouse button on the line separating the Qty and Description columns.
- 5 While holding down the mouse button, drag the column line to the left (to approximately $\frac{1}{2}$ the original size).

- 6 Release the mouse button.

The forms area on your screen should resemble the figure below.

Item	Qty	Description
Sample	1	This is sample text.

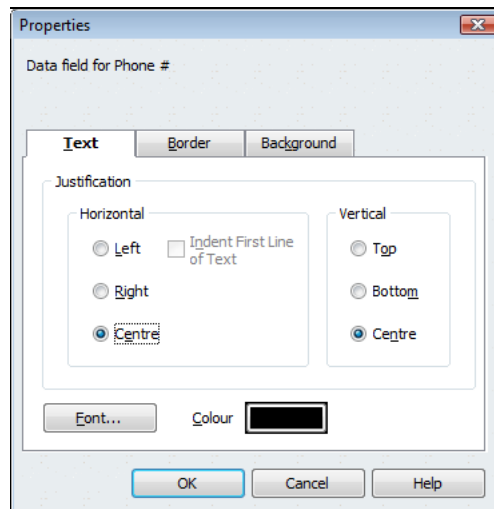
Changing fonts, borders, and colours

Using the Properties window in the Layout Designer, you can change font size and style, and text justification. You can also add, remove, or change the borders around fields.

To change fonts, borders, and colours:

- 1 With the Phone # field selected, click Properties.

QuickBooks displays the Properties window.



- 2 On the Text tab, select Left for horizontal justification.
- 3 Click Font.
- 4 In the Size list, select 12, and then click OK.
- 5 Click the Border tab.
- 6 Click to remove the Top, Bottom, Right, and Left checkboxes.
- 7 Click OK to save your changes in the Properties window.
- 8 Click OK to save the changes in the Layout Designer.
- 9 Click OK to close the Basic Customization window.

This exercise covers only a portion of the changes you can make with the customization and layout tools. For example, if you wanted to add a background colour to the field, you could do so using the Background tab. You could use the Add button to add empty fields into which you can enter your own text—or to add data fields that you forgot to select in the Customize window. If you want a field to appear on a form more than once, select the field and click Copy.

We encourage you to experiment with the tools available to create your own custom forms. For examples of what you can achieve, visit the forms library at <http://www.quickbooks.ca/templates>.

You can download templates from the forms library to use in your own business.

Previewing new forms

Notice that the invoice form displayed by QuickBooks doesn't show the changes you just made in the Layout Designer. This is because changes made in the Layout Designer only affect the printed invoice and not the invoice QuickBooks displays onscreen for data entry.

To preview the invoice:

- 1 To see how the printed invoice form will look, click the Print Preview button (above the Template drop-down list) in the Create Invoices window.

QuickBooks displays the Print Preview window.

White Ridge Construction Company 5673 Commercial Blvd. Vancouver, BC V2W 5G5 604 987-6541		Invoice		
		Date	Invoice #	
		12/31/2010	16	
Invoice To		Terms	Due Date	
			12/31/2010	
		Project		
Item	Qty	Description	Rate	Amount
Sales Tax Summary			Total	
Total Tax: 0.00			\$0.00	
			Payments/Credits	
			\$0.00	
			Balance Due	
			\$0.00	
GST/HST No. 123456789				

The invoice displayed in the Print Preview window shows exactly how the printed invoice will look. Notice that the changes you made in the Layout Designer are reflected in this preview.

- 2 When you are finished looking at the preview, click Close.
- 3 Press Esc to close the Create Invoices window without saving.

Using QuickBooks Letters

From time to time, you may need to send a letter to a customer or vendor (or someone on your employee list or other names list), or to another list of people. With QuickBooks, you can easily add the pertinent QuickBooks data (such as name, address, and balance information) to a letter without having to re-type it.

QuickBooks provides a number of business letters focusing on collections, news, and announcements. You can edit these letters as needed to suit your business and style of communication.

Note: To proceed with this lesson, you must have Microsoft Word installed. The examples shown here use Microsoft Office Word 2007.

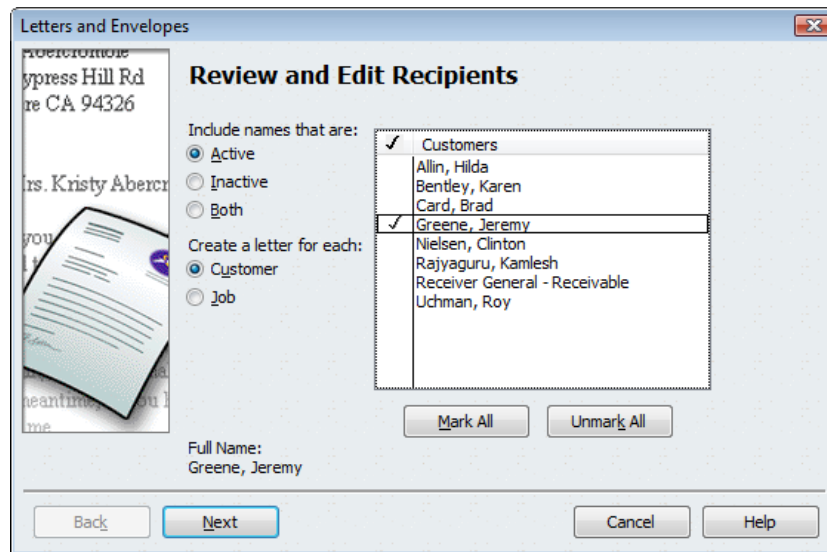
Preparing customer letters

In this exercise, you'll learn how to prepare a letter to send to a customer regarding a returned cheque.

To prepare a customer letter:

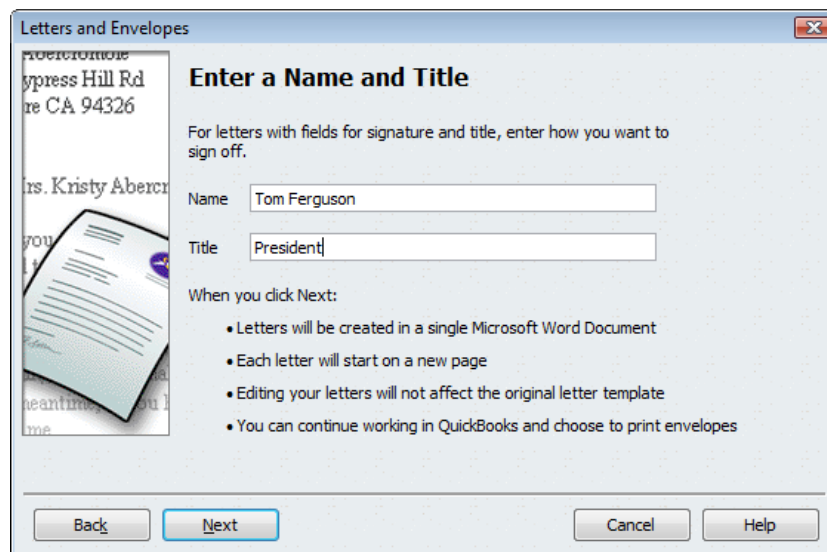
- 1 From the Company menu, choose Prepare Letters with Envelopes, and then choose Customer Letters.
- 2 If QuickBooks prompts you to find letters, click Copy.
QuickBooks will copy the QuickBooks letters from your installation directory to your QBtrain folder. QuickBooks opens the Letters and Envelopes wizard.
- 3 In the Letters & Envelopes window choose Active and Customer.
- 4 Click Unmark All and then click Greene, Jeremy.

Your screen should look like this.



- 5 Click Next.
- 6 When QuickBooks prompts you to choose the letter you want to use, click “Bounced cheque” and click Next.
- 7 In the Name field of the next screen, type **Tom Ferguson**. In the Title field, type **President**.

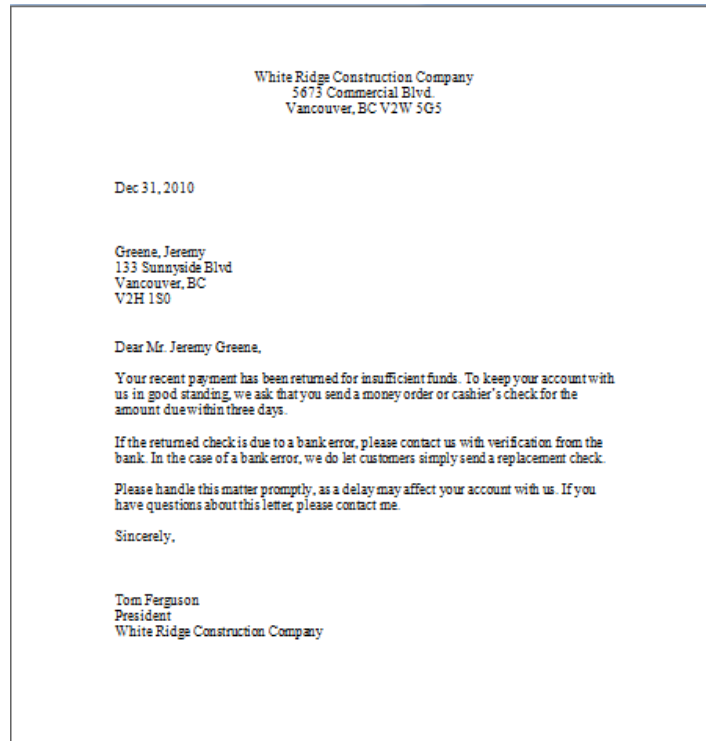
Your screen should look like the following.



- 8 Click Next.
- 9 If QuickBooks displays a message about missing information, click OK.

If QuickBooks displays a “Server Busy” warning message, click Retry.

QuickBooks starts Microsoft Word (if it's not running already) and displays the customer letter for the customer that you selected.



You can scroll through the Microsoft Word document to see the entire letter. Notice that QuickBooks entered Tom Ferguson's name and title at the end of the letter.

Note: Microsoft Word will date the letter with the computer's current date; therefore the date on the letter just created may not match the one above.

- 10 Close the Microsoft Word file without saving the letter.

When you do save letters you've created using QuickBooks Letters, don't save them to the QuickBooks Letter Templates folder. The QuickBooks Letter Templates folder should only be used to store the original QuickBooks Letters Templates installed with the QuickBooks software program and any templates you've created and want to access through the Letters and Envelopes wizard.

To print the letters, you would use the Print command from within Microsoft Office Word.

- 11 Return to QuickBooks and click Cancel.

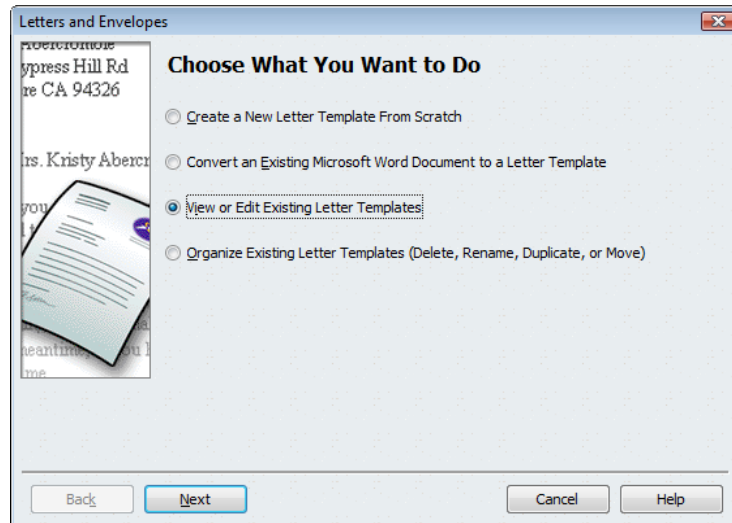
Editing QuickBooks Letters

You can make changes to individual letters using Microsoft Word, or you can make global changes by editing the QuickBooks Letter Template used to generate a specific letter.

In this exercise, you'll edit the customer letter you prepared in the last exercise (Bounced cheque). However, instead of working with completed letters with customer information already filled in, you'll work with the underlying QuickBooks Letter Template used to create the letters.

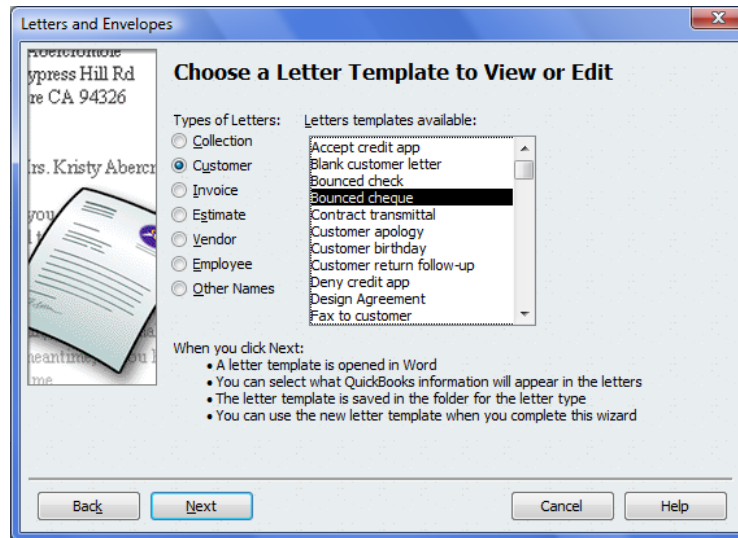
To edit a QuickBooks letter:

- 1 From the Company menu, choose Prepare Letters with Envelopes.
- 2 Select Customize Letter Templates.
- 3 If necessary, click View or Edit Existing Letter Templates.



- 4 Click Next.
- 5 When QuickBooks prompts you to choose the letter template you want to view or edit, click Customer, and then select "Bounced cheque" from the list of available letters.

Your screen should look like this.



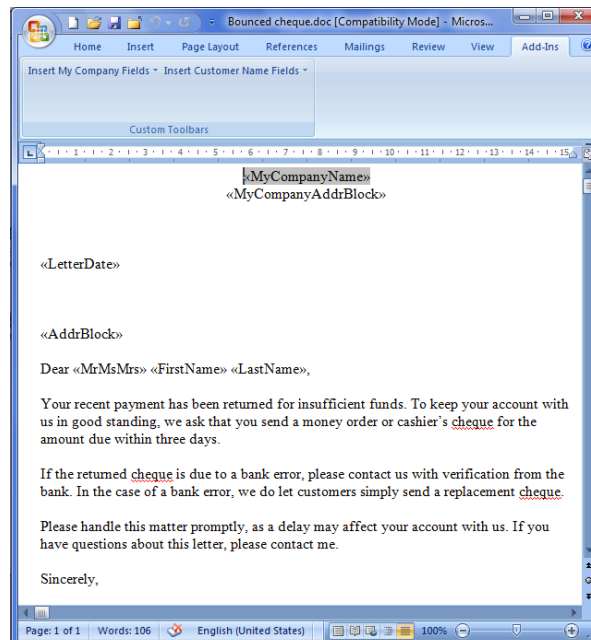
6 Click Next.

If QuickBooks displays a “Server Busy” warning message, click Retry.

QuickBooks opens Microsoft Word (if it’s not running already) and displays the letter (Bounced cheque) and a toolbar (QuickBooks Custom Toolbar) that you’ll use to add information from QuickBooks to the letter in Word.

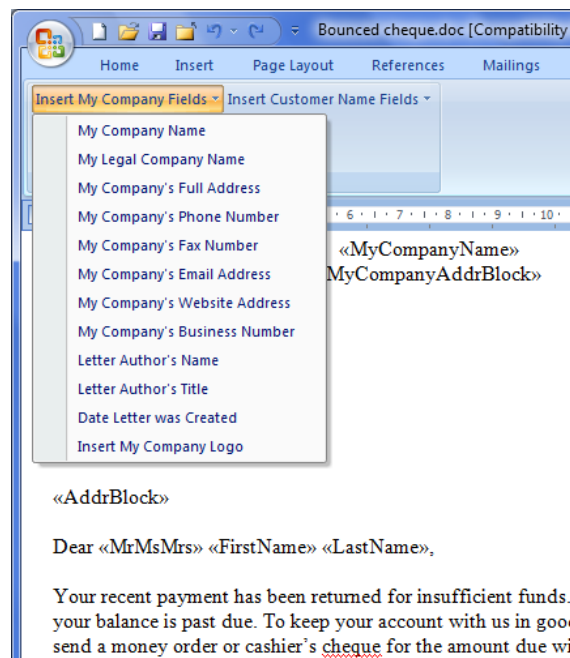
Note: If using an older version of Word, the QuickBooks Customer Letter Fields toolbar will already be available on the screen. You can move this toolbar by clicking it with your mouse pointer and dragging it to a new location.

7 Click the Add Ins tab on the ribbon to view the QuickBooks toolbar.



Now, you'll enter more text and use the toolbar to insert data from QuickBooks into the "Bounced cheque" letter.

- 8 Click your mouse pointer after the period at the end of the first sentence and then press the Space bar once. (You'll insert a sentence into the paragraph.)
- 9 Type ***Our records also show that your balance is past due.***
- 10 Click your mouse pointer after the «MyCompanyAddrBlock» at the top of the letter and press the Enter key.
- 11 From the Insert My Company Fields drop-down list on the QuickBooks Custom Toolbar, select My Company's Phone Number.



QuickBooks adds the «MyCompanyPhoneNumber» field to the line you just added.

«MyCompanyName»
«MyCompanyAddrBlock»
«MyCompanyPhoneNumber»

«LetterDate»

«AddrBlock»

Dear «MrMsMrs» «FirstName» «LastName»,

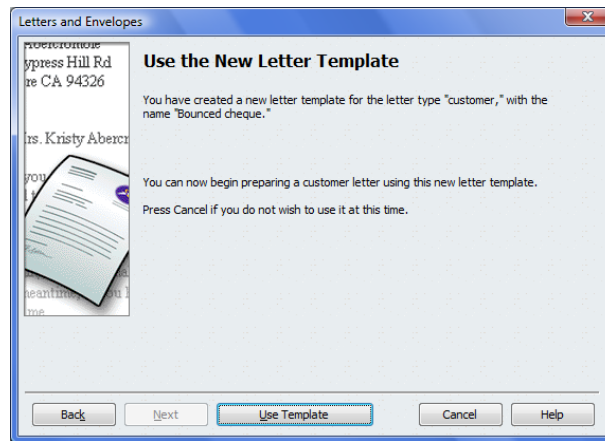
Your recent payment has been returned for insufficient funds. Our records also show that your balance is past due. To keep your account with us in good standing, we ask that you send a money order or cashier's cheque for the amount due within three days.

When you create letters using this modified QuickBooks letter, QuickBooks will replace the «MyCompanyPhoneNumber» field with your company's phone number.

- 12 From within Word, choose Save As.
- 13 Enter a new filename ***My Bounced cheque*** and click Save.

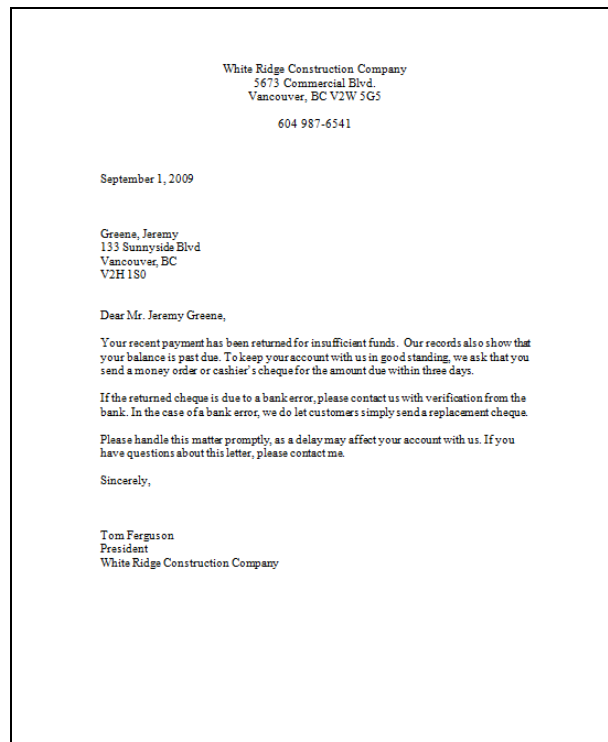
If you save the file to this folder without changing the filename, you will overwrite the original QuickBooks Letter.

- 14 To see how this change affects the final letter output, close the letter file in Microsoft Word and switch to QuickBooks. QuickBooks displays the following screen:



- 15 Click Use Template, and go through the wizard again (all of your previous choices should still be selected but you will need to unmark all customers and select just Jeremy Greene again).
- 16 When you get to the “Choose a Letter Template” screen, select the name of the file you just saved, and then click Next.
- 17 At the Name and Title window, your previous choices should still be showing, click Next.

When you're done, your letters should resemble the following.



18 Close Microsoft Word.

19 Click Cancel in the Print Letters & Envelopes window in QuickBooks.

• • • • • • • • • •

APPENDIX A**Instructor
Demonstration of
QuickBooks**

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Restoring the demo data file

The following demonstration is meant to be presented by the instructor with the class observing. It gives students an introduction to the major QuickBooks features, and lets them see how QuickBooks automates day-to-day bookkeeping.

Before you start the demonstration, restore the file “QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB” in the QBtrain folder you set up using the instructions in the introduction to this guide.

To restore the data file:

- 1 From the File menu in QuickBooks, choose Open or Restore Company. QuickBooks displays the Open or Restore Company window.
- 2 Select Restore a backup copy and click Next.
- 3 Select Local backup and click Next.
- 4 In the Open Backup Copy window, navigate to your C:\QBtrain directory.
- 5 Select the QuickBooks-2011-in-the-Classroom-data-file-for-lessons.QBB file, and then click Open.
- 6 In the Open or Restore Company window, click Next.
- 7 Navigate to your C:\QBtrain directory.
- 8 In the File name field of the Save Company File as window, type **demo** and then click Save.
- 9 Click OK when you see the message that the file has been successfully restored.
- 10 If you are not starting the demonstration now, exit QuickBooks.

Explain to students that later they’ll be learning how to create their own QuickBooks company. For most of the course, however, they’ll be using a sample file for a fictitious construction company called White Ridge Construction.

Entering sales

One of a business’s primary concerns is revenue, so let’s begin with that. Suppose your business has made a sale and you need to invoice the customer. To do that in QuickBooks, you fill out an invoice that looks just like a paper form.

Creating an invoice

You can choose any QuickBooks task from the QuickBooks menu bar located on the top of the screen, or from the icon bar located just below. The icon bar is organized by business areas (for example, company, customers, vendors, employees).

You can also choose tasks from the Home page. The Home page includes icons for common tasks grouped in the following areas, vendors, customers, employees, company & banking.

To create an invoice:

- 1 From the Customers menu, choose Create Invoices.

The Create Invoices window looks just like a paper invoice form. The upper part of the form is where you enter customer information. The bottom part of the form is where you enter the items or services you've sold. You can move from field to field by pressing Tab, or you can use the mouse to point to the field you want, and then click the mouse button.

- 2 Click the drop-down list next to the Customer:Job field.

If you see this arrow  next to a field, it means there's a QuickBooks list where you can choose an entry.

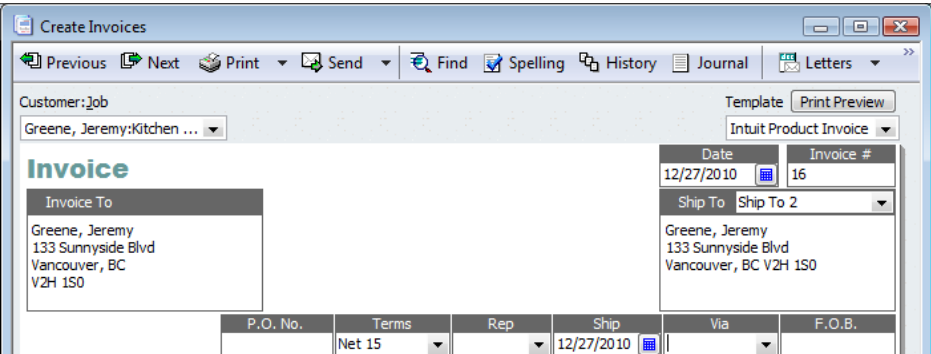
- 3 Choose Kitchen Renovation under Greene, Jeremy from the Customer list. **(Press "G" to move to that part of the list.)** If a Sales Order screen displays, click Cancel. If a billable Time/Costs screen displays, close the screen.

Notice how QuickBooks automatically fills in other information about the customer.

Choose Intuit Product Invoice, and then point out the address and payment terms.

- 4 Press Tab once to move to the Date field.

QuickBooks automatically displays today's date here. For demonstration purposes the date is not critical, however should you wish to adjust the date; simply enter the desired date in the date field on the invoice. When you're finished, this is how the top half of the invoice should look.



P.O. No.	Terms	Rep	Ship	Via	F.O.B.
	Net 15		12/27/2010		

Now you're ready to fill out the bottom half of the invoice form.

Filling in the details

The bottom part of the invoice is where you list the items the customer has purchased. You list each service or product you're selling on its own line of the invoice, along with the amount the customer owes for each item. The lines on this part of the invoice are called line items, because each individual item is on its own line.

All the information about your line items is in the QuickBooks Item list. The Item list stores information about each service you render and each product you sell. It also stores information about other types of line items you'll want to put on invoices, like discounts, sales taxes, and subtotals. You'll be learning more about the Item list later in the course.

To fill in details:

- 1 Click in the Item column. Then click the arrow next to the field to display the drop-down list.

When you click in the Item column, QuickBooks displays a drop-down list where you can choose the items you want to invoice the customer for.

Suppose you've done nine hours of design work for Jeremy's kitchen renovation project.

- 2 Choose Direct Labour: Design Services from the drop-down list.

This item is already entered in White Ridge Construction's Item list, so QuickBooks can automatically fill in the item description and a rate (\$50.00). It also knows that the tax code for this customer is G.

Point out that the customer tax code overrides the item tax code; however, in this instance the code is OK as the item code is also G.

Now you just need to enter a quantity.

- 3 Click in the Quantity field, and type **9**. Then press Tab.

When you enter the quantity, QuickBooks calculates the amount for the nine hours of work.

Quantity	Item	Description	Price Each	Amount	Tax
9	Direct Labour: Design Services	Design Services	50.00	450.00	G
Customer Message			GST 5.0%	22.50	Edit
				0.00	
Total				472.50	

☐ To be printed
☐ To be e-mailed

Add Time/Costs... Apply Credits... Payments Applied 0.00
 Customer Tax Code G Balance Due 472.50
 Memo

Save & Close Save & New Clear

- 4 Click Save & Close to record the invoice.

Viewing the customer's register

The money owed to your business, by customers or from other sources, is your accounts receivable. When you fill out and save an invoice form, QuickBooks automatically makes an entry for you in your customer's accounts receivable register.

To display the register:

- 1 In the icon bar, click Customer Centre.
- 2 In the Customers & Jobs list, right-click Greene, Jeremy, and then choose Use Register.

Date	Number	Item	Qty	Rate	Amt Chrg	Billed Date	Amt Paid	Due Date	Balance
07/02/2010	221	PMT					15,000.00		2,462.00
12/27/2010	16	INV		472.50				01/11/2011	2,934.50
12/31/2010	14	INV		6,300.00				01/15/2011	9,234.50
Ending balance									9,234.50

The customer accounts receivable register looks similar to a paper cheque register. The register shows every transaction for this customer that affects your company's receivables. The invoice you just recorded is in the register in order of its date. The second column shows the invoice number and the type of transaction it is (invoice). When you wrote the invoice, QuickBooks automatically updated the register and account balance.

- 3 Close the register and then close the Customer Centre.

Receiving a customer payment

When you receive a payment from a customer for outstanding invoices, you want to record receipt of the payment and indicate which invoices are being paid. Suppose you've received a cheque in the mail from Jeremy Greene, a customer that has several outstanding invoices. This cheque is for Invoice # 16.

To receive a payment:

- 1 On the Home page, in the Customers section, click Receive Payments.
- 2 From the drop-down list in the Received From field, choose Greene, Jeremy.

QuickBooks lists all the outstanding invoices for the customer you selected.

Customer Payment

Received From: **Greene, Jeremy** Customer Balance: **9,234.50**

Amount: **0.00** Date: **12/27/2010**

Pmt. Method: **Cheque** Cheque #:

Memo: Deposit to: **Chequing**

Find a Customer/Invoice...

✓	Date	Job	Number	Orig. Amt.	Amt. Due	Payment
	06/25/2...	Kitchen Renovation	8	31,328.85	2,462.00	0.00
	12/27/2...	Kitchen Renovation	16	472.50	472.50	0.00
	12/31/2...	Kitchen Renovation	14	6,300.00	6,300.00	0.00
Totals				38,101.35	9,234.50	0.00

Amounts for Selected Invoices

Amount Due: **0.00**

Applied: **0.00**

Discount and Credits Applied: **0.00**

Auto Apply Payment

Discount & Credits...

Save & Close Save & New Clear

- 3 In the Amount field, type **472.50** and press Tab twice.
- 4 In the Pmt. Method drop-down list, select Cheque, then press Tab.

You might want to point out that QuickBooks changes the name of the cheque# field depending on which payment method you select.

- 5 Type **659** in the Cheque # field, and choose Undeposited Funds in the Deposit to field.

✓	Date	Job	Number	Orig. Amt.	Amt. Due	Payment
	06/25/2010	Kitchen Renovation	8	31,328.85	2,462.00	0.00
✓	12/27/2010	Kitchen Renovation	16	472.50	472.50	472.50
	12/31/2010	Kitchen Renovation	14	6,300.00	6,300.00	0.00
Totals				38,101.35	9,234.50	472.50

Amounts for Selected Invoices

Amount Due: **472.50**

Applied: **472.50**

Discount and Credits Applied: **0.00**

Un-Apply Payment

Discount & Credits...

Save & Close Save & New Clear

QuickBooks applied the amount to the invoice with a matching amount. If the amount had not matched any particular invoice, QuickBooks would have applied it to the oldest outstanding invoice. If you want to apply the payment differently, QuickBooks is flexible—you can choose to apply payments to the invoices of your choice. You'll see how to do that later in the course.

- 6 Click Save & Close.

When you record a customer payment, you have a choice of where to put the payment. If you want to deposit several payments at once, the best way to handle the deposit in QuickBooks is to have QuickBooks hold the payment in an account called “Undeposited Funds” until you deposit the payments in a bank account. The Undeposited Funds account is like a cash drawer. Using the Undeposited Funds account makes it easier to reconcile the bank account because the deposits match those made at the bank.

There is a preference that allows you to set “Undeposited Funds” as the default deposit to account. That preference is not turned on in this file. When the preference is not turned on, a “Deposit to” field displays in the Receive Payments and Enter Sales Receipts windows. This field allows you to select into which account you want to deposit the funds. If you are depositing a payment in a bank account by itself, you can click “Deposit to” and choose the bank account. Then QuickBooks records the deposit in the bank account automatically.

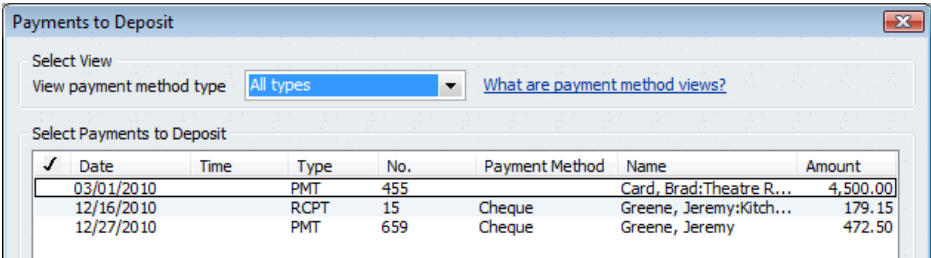
Making a deposit

When you group deposits into the Undeposited Funds account, QuickBooks keeps customer payments in the account until you’re ready to go to the bank. Then you just tell QuickBooks you’re ready to make a deposit.

To record a deposit:

- 1 From the Banking menu, choose Make Deposits.

The Payments to Deposit window shows all the payments you have in Undeposited Funds waiting to be deposited.



✓	Date	Time	Type	No.	Payment Method	Name	Amount
	03/01/2010		PMT	455		Card, Brad:Theatre R...	4,500.00
	12/16/2010		RCPT	15	Cheque	Greene, Jeremy:Kitch...	179.15
	12/27/2010		PMT	659	Cheque	Greene, Jeremy	472.50

- 2 Click Select All to place a checkmark next to all the undeposited payments, and click OK.

Make Deposits

Previous Next Print Payments History Journal

Deposit To: Chequing Date: 12/27/2010 Memo: Deposit

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

Received From	From Account	Memo	Chq No.	Pmt Meth.	Amount
Card, Brad:Theatre R...	Undeposited Funds		455		4,500.00
Greene, Jeremy:Kitch...	Undeposited Funds		1246	Cheque	179.15
Greene, Jeremy	Undeposited Funds		659	Cheque	472.50
Deposit Subtotal					5,151.65

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

Cash back goes to: Cash back memo: Cash back amount:

Deposit Total: 5,151.65

Save & Close Save & New Clear

- 3 In the Make Deposits window, be sure you are set to record the deposit in the chequing account, and click Save & Close.

If you click Print in the Make Deposits window before recording the deposit, QuickBooks prints a deposit summary that lists each payment you are depositing.

QuickBooks enters the deposit transaction in the Chequing account.

You can show students the register if you have time.

Entering and paying bills

Accounts payable is the record of outstanding bills your business owes. By tracking your account payable, you'll know exactly how much you owe and when. This is the only way you can get an accurate picture of your business's finances.

Using accounts payable in QuickBooks is easy: when you're billed for an expense, just enter the bill in QuickBooks when it arrives. This lets QuickBooks track the money you owe vendors in the accounts payable account.

Entering a bill

Suppose you receive a bill from Insurance Experts for an insurance premium and want to enter it in QuickBooks but pay it later.

To enter a bill:

- 1 On the Home page, in the Vendors area, choose Enter Bills.
- 2 In the Vendor field, type *in* for Insurance Experts and press Tab.

QuickBooks fills in the full name, using the feature called QuickFill, since Insurance Experts is the only vendor name that begins with “in.”

QuickBooks assigns a due date for the bill based on the payment terms you’ve entered for this vendor. If you don’t have specific payment terms assigned, QuickBooks assumes bills are due 10 days from the date of receipt. You can change the due date if you wish.

- 3 In the Amount Due field, enter **2000**.
- 4 Click in the Account column of the Expenses tab, and then click the arrow to display the list of expense accounts.

This part of the form lets you track exactly what you spend your money on. The Expenses tab lets you assign the bill amount to one of your expense accounts; the Items tab is for entering details about service or product items you are purchasing. When you assign a bill to one of your expense accounts, you can later create reports that show how much you’ve spent in specific areas.

- 5 Choose Liability Insurance (under Insurance) from the list.

You can also assign expenses to a particular customer or job, in the Customer:Job field. This lets you keep track of your costs for a specific project.

- 6 Since there is no sales tax on insurance, select E from the drop-down list in the tax column.

The screenshot shows the 'Enter Bills' window in QuickBooks. The 'Bill' tab is selected, displaying the bill details for 'Insurance Experts'. The 'Expenses' tab is also visible, showing a table with columns: Account, Tax, Amount, Memo, Customer:Job, and Billable?. The first row in the table has 'Insurance:Liability Insurance' in the Account column, 'E' in the Tax column, and '2,000.00' in the Amount column. The total for Expenses is \$2,000.00 and for Items is \$0.00. At the bottom, there are buttons for 'Clear Splits', 'Recalculate', 'Save & Close', 'Save & New', and 'Clear'.

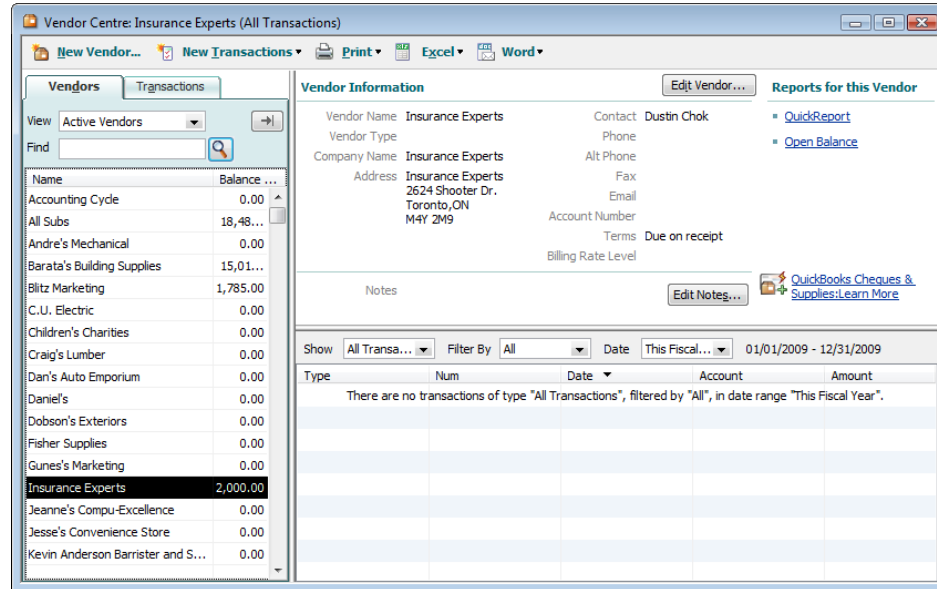
- 7 Click Save & Close. If the Job Costing window displays, click Yes.

When you record a bill, QuickBooks automatically adds the amount due to the vendor’s balance.

8 In the icon bar, click Vendor Centre.

QuickBooks displays the Vendor Centre, which shows outstanding balances for all your vendors. If necessary choose Next Fiscal Year in the Date field.

9 Type *I* in the vendor list to go to Insurance Experts. Notice the new item for 2,000.00.



10 Close the Vendor Centre.

Using QuickBooks to remind you when to pay

QuickBooks has a reminder system that can tell you when you have transactions due. You can set up QuickBooks to display a Reminders window that lists the due dates for each transaction coming due. You can decide whether you want QuickBooks to remind you, and choose exactly which transactions you want to be reminded of.

Any time you want to change the behaviour of QuickBooks in a particular area, you go to the Preferences window.

To change preferences:

- 1 From the Edit menu, choose Preferences.
- 2 Click Reminders in the left panel.

The My Preferences tab for reminders allows you to select whether to display the Reminders List every time you start QuickBooks.

- 3 Click the Company Preferences tab.

Tell students that the Preferences window is where you customize QuickBooks to work the way you want.

If you share a company file with others, the company preferences are in effect for everyone who uses this file. The Company Preferences tab for reminders lists all the ways QuickBooks can remind you of transactions. For each type of reminder, QuickBooks can give you a detailed list of transactions due, a summary only, or not remind you at all.

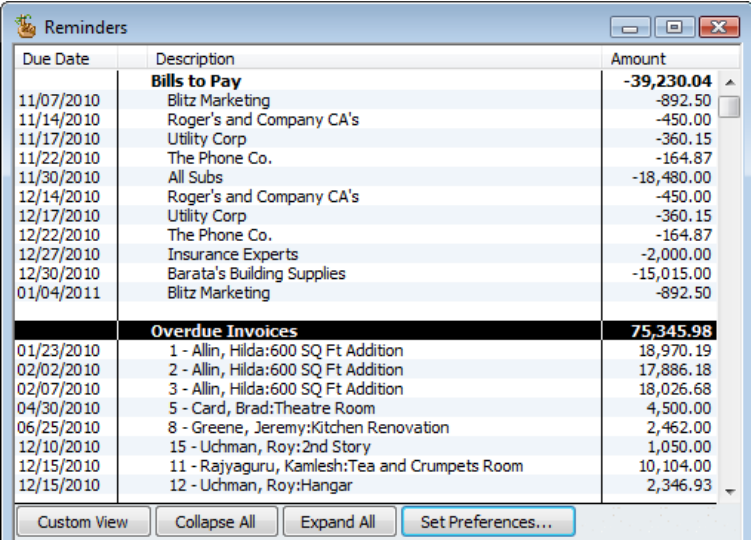
- 4 Click Cancel to close the window.

Any time you want to see the Reminders window, you can choose Reminders from the Company menu.

- 5 From the Company menu, choose Reminders. The items and amounts that will be displayed will be as of the current date on your computer. (The date for the data file must be 12/31/2010 for this window to show the following figures.)

The Reminders window gives you a summary of the transactions coming due. If you want to see a detailed list, you can click the Expand All button.

- 6 In the Reminders window, click Expand All.



The screenshot shows the 'Reminders' window in QuickBooks. It contains a table with three columns: 'Due Date', 'Description', and 'Amount'. The table is divided into two sections: 'Bills to Pay' and 'Overdue Invoices'. The 'Bills to Pay' section shows a total of -39,230.04. The 'Overdue Invoices' section shows a total of 75,345.98. At the bottom of the window, there are buttons for 'Custom View', 'Collapse All', 'Expand All', and 'Set Preferences...'. The 'Expand All' button is highlighted.

Due Date	Description	Amount
Bills to Pay		-39,230.04
11/07/2010	Blitz Marketing	-892.50
11/14/2010	Roger's and Company CA's	-450.00
11/17/2010	Utility Corp	-360.15
11/22/2010	The Phone Co.	-164.87
11/30/2010	All Subs	-18,480.00
12/14/2010	Roger's and Company CA's	-450.00
12/17/2010	Utility Corp	-360.15
12/22/2010	The Phone Co.	-164.87
12/27/2010	Insurance Experts	-2,000.00
12/30/2010	Barata's Building Supplies	-15,015.00
01/04/2011	Blitz Marketing	-892.50
Overdue Invoices		75,345.98
01/23/2010	1 - Allin, Hilda:600 SQ Ft Addition	18,970.19
02/02/2010	2 - Allin, Hilda:600 SQ Ft Addition	17,886.18
02/07/2010	3 - Allin, Hilda:600 SQ Ft Addition	18,026.68
04/30/2010	5 - Card, Brad:Theatre Room	4,500.00
06/25/2010	8 - Greene, Jeremy:Kitchen Renovation	2,462.00
12/10/2010	15 - Uchman, Roy:2nd Story	1,050.00
12/15/2010	11 - Rajyaguru, Kamlesh:Tea and Crumpets Room	10,104.00
12/15/2010	12 - Uchman, Roy:Hangar	2,346.93

- 7 Double-click one of the Bills to Pay transactions displayed.

QuickBooks displays the original bill form.

- 8 Close the Enter Bills window and then close the Reminders window.

You'll explore the preferences in more detail as you go through the course.

Paying bills

When QuickBooks reminds you that bill payments are due, you can decide which bills you want to pay and even have QuickBooks print the cheques for you.

To record a bill:

- 1 From the Vendors menu, choose Pay Bills.

QuickBooks displays a list of all bills due on or before 01/06/2011 (which is 10 days after “today”). Just click to select the ones you want to pay, or click Select All Bills to select all the bills in the window.

Suppose you want to pay by cheque from your Chequing account.

- 2 Under Payment Method, ensure Cheque and “To be printed” are selected. Be sure that Chequing is selected as the account under Payment Account.
- 3 Select the first two bills on the list. To select a bill, click the checkbox in the left-hand column.

QuickBooks writes the cheques for you automatically. It also enters a transaction for them in your chequing account. At the same time, it enters a transaction in your accounts payable register, to reduce the total of your amounts payable by the amount of your cheques.

If you select “To be printed,” you can print the cheques from QuickBooks. If you select “Assign cheque no.,” QuickBooks enters the cheques in your register with numbers. (You can edit the numbers if they are incorrect.)

Pay Bills

Select Bills to be Paid

Show bills: ☐ Due on or before 01/06/2011 ☒ Show all bills

Sort By: Due Date

☐	Date Due	Vendor	Ref. No.	Disc. Date	Amt. Due	Disc. Used	Credits Used	Amt. To Pay	
☒	11/07/2010	Blitz Marketing			892.50	0.00	0.00	892.50	
☒	11/14/2010	Roger's and Company...			450.00	0.00	0.00	450.00	
☐	11/17/2010	Utility Corp			360.15	0.00	0.00	0.00	
☐	11/22/2010	The Phone Co.			164.87	0.00	0.00	0.00	
☐	11/30/2010	All Subs	544		18,480.00	0.00	0.00	0.00	
					Totals	39,230.04	0.00	0.00	1,342.50

Clear Selections

Credit Information for Highlighted Bill

Vendor: **Roger's and Company ...**

Bill Ref. No.:

Terms: Sugg. Discount: **0.00**

Number of Credits: **0**

Total Credits Available: **0.00**

Go to Bill Set Discount Set Credits

Payment

Date: 12/27/2010

Method: Cheque

☒ To be printed ☐ Assign cheque no.

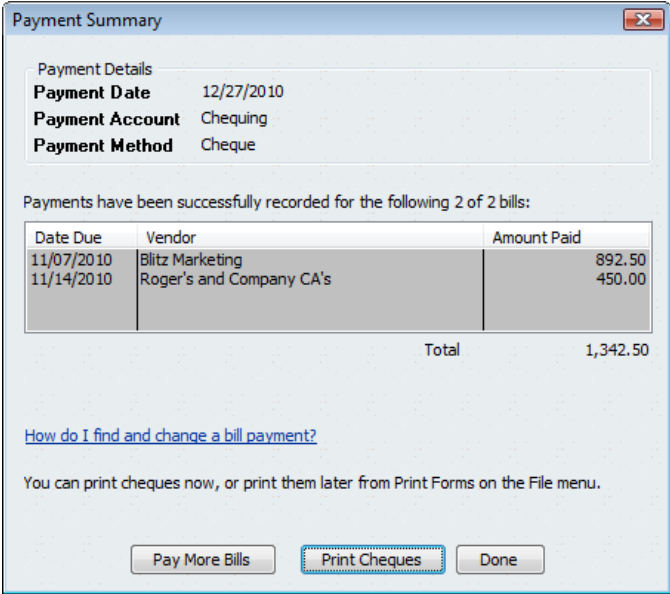
Account: Chequing

Ending Balance: **172,815.98**

Pay Selected Bills Cancel

- 4 Click Pay Selected Bills.

QuickBooks provides a summary of the bills you paid.



Payment Summary

Payment Details

Payment Date 12/27/2010

Payment Account Chequing

Payment Method Cheque

Payments have been successfully recorded for the following 2 of 2 bills:

Date Due	Vendor	Amount Paid
11/07/2010	Blitz Marketing	892.50
11/14/2010	Roger's and Company CA's	450.00
Total		1,342.50

[How do I find and change a bill payment?](#)

You can print cheques now, or print them later from Print Forms on the File menu.

Pay More Bills **Print Cheques** Done

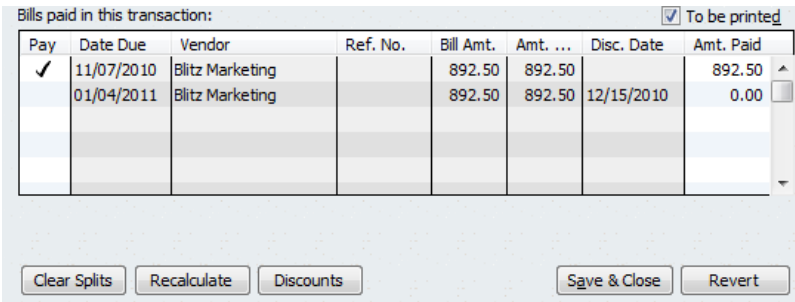
- 5 Click Done.

Now look at the cheques QuickBooks wrote for you.

- 6 From the Banking menu, choose Write Cheques.
- 7 In the Write Cheques window, be sure the Chequing account is selected in the Bank Account field.
- 8 Click Previous twice to see the cheque dated 12/27/2010 that QuickBooks wrote to Blitz Marketing for \$892.50. Notice that QuickBooks wrote the cheque to pay the oldest outstanding bill.

The window now says Bill Payments (Cheque) instead of Write Cheques to indicate this is a cheque that QuickBooks wrote to pay a bill.

The lower part of the window lists the bill that this cheque paid.



Bills paid in this transaction: ☒ To be printed

Pay	Date Due	Vendor	Ref. No.	Bill Amt.	Amt. ...	Disc. Date	Amt. Paid
✓	11/07/2010	Blitz Marketing		892.50	892.50		892.50
	01/04/2011	Blitz Marketing		892.50	892.50	12/15/2010	0.00

Clear Splits Recalculate Discounts Save & Close Revert

Intuit has cheques you can purchase that are made to work with QuickBooks. You can have QuickBooks print all your cheques at once, and save yourself from writing cheques by hand.

9 Close the Bill Payments(Cheque) window.

Now, open the accounts payable register to see how the payments affect your accounts payable. You can open the register of any balance sheet account by starting from the chart of accounts.

To display the accounts payable register:

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

You could select the Accounts Payable account, click the Activities menu button at the bottom of the window, and then choose Use Register. But you can use another shortcut: Just double-click any account to open its register.

- 2 Double-click the Accounts Payable account.

Here's the register with the 12/27/2010 bill payment QuickBooks entered for Blitz Marketing.

Date	Number	Vendor	Due Date	Billed	✓	Paid	Balance
12/22/2010		The Phone Co.	12/22/2010	164.87			37,230.04
	BILL	-split-					
12/27/2010		Blitz Marketing				892.50	36,337.54
	BILLPMT	Chequing					
12/27/2010		Roger's and Compan				450.00	35,887.54
	BILLPMT	Chequing					
12/27/2010		Insurance Experts	12/27/2010	2,000.00			37,887.54
	BILL	Insurance					
Ending balance							37,887.54

- 3 Close the Accounts Payable register and the Chart of Accounts.

Handling purchases you pay for on the spot

When you pay for a purchase on the spot, you don't need to enter a bill first. You can write a cheque at the Write Cheques window for a manually written cheque or a cheque you want to print. (You can even set up a QuickBooks "bank" account for petty cash and record "cheques" for payments made from petty cash.)

Suppose Sheldon's Software House sends over a technician to improve the network for your office, and you want to write and print a cheque.

To record a cheque:

- 1 On the Home page in the Banking area, click Write Cheques.
- 2 In the Write Cheques window, be sure the Chequing account is selected in the Bank Account field.

Now, fill out the cheque the same way you would a paper cheque.

- 3 In the "Pay to the Order of" field, select Sheldon's Software House.

- 4 Type **253.45** as the amount, and press Tab.
QuickBooks automatically writes the amount for you on the next line.
- 5 Click in the Account column of the Expenses tab and assign the cheque to the Office Supplies expense account.
- 6 In the Tax column, if necessary select **S**, note that QuickBooks automatically adjusts the expense amount to reflect the taxes that are paid.
- 7 If you wish to print the cheque right now, click Print. Click the “To be printed” checkbox to select it if you plan to print the cheque later.

QuickBooks keeps track of two separate cheque numbers: the number of the last cheque you printed and the number of the last cheque you wrote by hand and recorded later. It tells you the number it expects to be the next number for a printed cheque.

Write Cheques - Chequing

Bank Account: Chequing Ending Balance: 172,815.98

Pay to the Order of: Sheldon's Software House

No. To Print: 12/27/2010 \$ 253.45

Two hundred fifty-three and 45/100***** Dollars

Address: Sheldon's Software House, 6412 Maple St., Vancouver, BC, V5M 5M5

Memo:

Expenses: \$226.30 Items: \$0.00 [To be printed]

Account	Tax	Amount	Memo	Customer:Job	Billable?
Office Supplies	S	226.30			

Vendor Tax Code: GST (ITC) 5.0% 11.31 PST (BC) on purchases 7.0% 15.84

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

- 8 Click Save & Close to record the cheque and close the window.
Be sure to click Save & Close or Save & New. If you click Clear or close the window, QuickBooks does not record the cheque.

QuickBooks enters the cheque in the register of your chequing account.

When you've written a handwritten cheque (for example, you stop at the office supply store and purchase a box of laser printer paper), just enter the transaction directly in the Write Cheques window when you get back to the office.

Managing inventory

If your business has inventory items to resell, you can use QuickBooks to keep track of ordering items, receiving items, paying for items, and selling items.

Ordering inventory

The first step is to order some inventory items. Now, create a purchase order for doors from Barata's Building Supplies.

To create a purchase order:

- 1 On the Home page, in the Vendors area, choose Purchase Orders.
- 2 In the Vendor field, type **ba** and let QuickFill fill in the rest of the vendor name. Press Tab.
- 3 Click in the Item column and under Materials: Wood Door choose Interior Wood Door from the Item list.
- 4 In the Qty field, type **35**, then press Tab.

QuickBooks multiplies the quantity by the cost to calculate the amount.

Create Purchase Orders

Vendor: Barata's Building Supplies

Ship To: White Ridge Construction Company
5673 Commercial Blvd.
Vancouver, BC V2W 5G5

Date: 12/27/2010 P.O. No.: 10

Purchase Order

Item	Description	Qty	Rate	Customer	Amount	Tax
Materials Heading:Wood...	Interior Wood Door	35	79.95		2,798.25	G
					GST (ITC) 5.0%	139.91
						0.00
Total						2,938.16

Vendor Message: [Text Box]

☒ To be printed ☐ To be e-mailed

Vendor Tax Code: [Dropdown]

Memo: [Text Box]

Buttons: Save & Close, Save & New, Clear

Since the item being ordered has a sales tax code assigned, QuickBooks automatically fills in the code on the invoice.

- 5 Click Save & Close to record the purchase order.

Receiving inventory items

Receiving items is the second step. A few days after you order the doors, they are delivered, and you want to receive the shipment to update your inventory records (the amount of the item you have on hand). Suppose you've received the inventory items, but you haven't received a bill with the items. (This is a very common occurrence.)

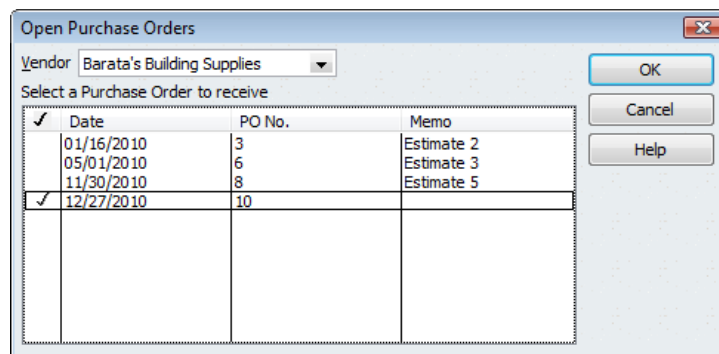
To record the receipt of inventory items:

- 1 From the Vendors menu, choose Receive Items.
- 2 In the Vendor field, type **ba**. When QuickFill completes the entry for you, press Tab.
You'll see a message letting you know that open purchase orders exist for Barata's, and asking if you want to receive the items against one of the outstanding purchase orders.
- 3 In the Open POs Exist window, click Yes.

Now you need to choose the purchase order(s) filled by the shipment.

QuickBooks lets you receive shipments against multiple purchase orders at one time. That's important, because it's very common for vendors to ship items from different purchase orders in the same shipment. In this case, we only have one from which we are receiving items.

- 4 Select purchase order number 10.



- 5 Click OK.

QuickBooks looks up the purchase order(s) you've selected and tells you which items, and how many, you should be receiving. All you have to do is make sure that everything has been shipped in the proper quantities.

Suppose you've received only thirty of the thirty five doors.

- 6 Change the 35 in the Qty field to **30** and press Tab.

Create Item Receipts

Previous Next Find History Journal

Bill Credit Bill Received

Vendor Barata's Building Supplies Date 12/27/2010

Item Receipt Only

Ref. No. Total 2,518.43

Memo Received items (bill to follow)

Item	Description	Qty	Cost	Tax	Amount	Customer:Job	Billable?	PO No.
Materials He...	Interior Wood Door	30	79.95	G	2,398.50			10

Expenses \$0.00 Items \$2,398.50

Select PO Clear Qtys Show PO Time

Vendor Tax Code GST (ITC) 5.0% 119.93 Edit

0.00

Clear Splits Recalculate Save & Close Save & New Clear

QuickBooks keeps track of the missing doors, and lets you know they are still due.

- Click Save & Close to record the item receipt.

Receiving bills after receiving items

The third step is to deal with the final bill for the items you ordered. Perhaps two weeks go by, and you get the bill from Barata's. QuickBooks makes it painless to reflect any changes that appear on the final bill. As it turns out, there's one change you need to record when you pay this bill: Barata's charged you \$75 for shipping.

To record a bill:

- From the Vendors menu, choose Enter Bill for Received Items.
- Select Barata's Building Supplies from the Vendor drop-down list, and select the 12/27/2010 item receipt (the one you recorded today).

Select Item Receipt

Vendor Barata's Building ...

Choose the Item Receipt which corresponds to your bill

Date	Ref No.	Memo
12/27/2010		Received items (bill to follow)

OK Cancel Help

- Click OK, and you'll see the Enter Bills window with the items already filled in.

- 4 Click the Expenses tab and type **Postage and Delivery** in the Account field and press Tab.
- 5 In the Sales Tax Code field type **G**.
- 8 Enter the \$75 shipping charge in the Amount field to assign it to the Postage and Delivery account.
- 9 Press Tab.
- 10 Click Recalculate.

Enter Bills

Previous Next Find History Journal

☒ Bill ☐ Credit ☒ Bill Received

Bill

Vendor: Barata's Building Supplies Date: 12/27/2010

Address: Barata's Building Supplies, 4895 King Edward Ave., Maple Ridge, BC V2H 4G4 Ref. No.:

Amount Due: 2,597.18

Terms: Net 30 Discount Date: Bill Due: 01/26/2011

Memo:

Expenses \$75.00 **Items** \$2,398.50

Account	Tax	Amount	Memo	Customer:Job	Billable?
Postage and Delivery	G	75.00			

Vendor Tax Code: GST (ITC) 5.0% 123.68 Edit

0.00

Clear Splits Recalculate Save & Close Save & New Revert

- 11 Click Save & Close to record the bill.
- 12 If QuickBooks displays a message asking if you want to change the transaction, click Yes.

Selling items

You can sell inventory items by creating an invoice the same way you did earlier. QuickBooks automatically keeps track of the items sold and updates your financial reports. If you sell three doors, QuickBooks automatically reduces the number of doors on hand by three, and adds both the revenue and the cost of goods sold associated with these doors to your financial reports.

Generating inventory reports

QuickBooks has a variety of inventory reports to tell you everything you might want to know about your inventory. Now that you've entered the bill, you can generate an inventory stock status by item report to make sure that all the items you've received are accounted for.

To generate an inventory report:

- 1 From the Reports menu, choose Inventory, and then choose Inventory Stock Status by Item from the submenu. Make sure the report reflects the entire year 2010. Scroll through the report to see all items.

White Ridge Construction Company
Inventory Stock Status by Item
 January through December 2010

Item Description	Pref Vendor	Reorder Pt	On Hand	On Sales Order	For Assemblies	Available
Wall Sconce	Art Deco 9"		2	0	0	2
Lighting Retail - Other			0	0	0	0
Total Lighting Retail			10	0	0	10
Materials Heading						
Cabinets						
Cabinet Wall Unit	Light Pine kitchen c...		10	0	0	10
Finished Cabinets			0	0	0	0
Cabinets - Other			0	0	0	0
Total Cabinets			10	0	0	10
Hardware						
Brass Hinges	Brass door hinges		200	0	0	200
Door Pulls	Door pulls for kitch...		100	0	0	100
Doorknobs	Standard interior d...		50	0	0	50
Doorknobs Locking	Exterior Locking do...		50	0	0	50
Hardware - Other			0	0	0	0
Total Hardware			400	0	0	400

For each inventory item, this report shows quantity on hand, quantity on order, date of next order receipt, and the average quantity sold per week, among others.

If you want to see the transactions that make up any amount in a report, you can use the QuickZoom feature. Whenever you see the mouse pointer change from an arrow to a magnifying glass with a Z inside, double-click the amount you want to investigate.

- 2 Double-click the line for Door Pulls on the report.
 QuickBooks creates a QuickReport that shows more detail on that specific inventory item. You can also use QuickZoom from here.
- 3 On the QuickReport, double-click the Inventory Adjustment transaction. Scroll through the report until you see the transaction recording the adjustment to cabinet pulls.
- 4 From the Window menu, choose Close All to close all the windows you have open.
- 5 Click No at the message asking if you would like to memorize the report.
- 6 Click Home on the icon bar to display the Home page.

Creating reports and graphs

The Reports menu has a wide variety of preset reports. You can customize any of the preset reports to show the exact data you need. To create a report, you choose the report you want from the QuickBooks Reports menu.

To generate a report of overdue customers and balances:

- 1 From the Reports menu, choose Customers & Receivables, and then choose A/R Aging Summary. Choose Custom in the Dates field, and then 12/31/2010 in the next field. Click Refresh.

The report lists the jobs with open balances for each customer. The columns show which amounts are current (not yet due) and which are overdue. Notice that Jeremy Greene is more than 90 days overdue on his kitchen job.

White Ridge Construction Company
A/R Aging Summary
 As of December 31, 2010

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
Allin, Hilda						
600 SQ Ft Addition	0.00	0.00	0.00	0.00	0.00	0.00
Total Allin, Hilda	0.00	0.00	0.00	0.00	0.00	0.00
Card, Brad						
Theatre Room	0.00	0.00	0.00	0.00	0.00	0.00
Total Card, Brad	0.00	0.00	0.00	0.00	0.00	0.00
Greene, Jeremy						
Kitchen Renovation	6,300.00	0.00	0.00	0.00	2,462.00	8,762.00
Total Greene, Jeremy	6,300.00	0.00	0.00	0.00	2,462.00	8,762.00
Rajyaguru, Kamlesh						
Tea and Crumpets Room	0.00	10,104.00	0.00	0.00	0.00	10,104.00
Total Rajyaguru, Kamlesh	0.00	10,104.00	0.00	0.00	0.00	10,104.00
Uchman, Roy						
2nd Story	0.00	1,050.00	0.00	0.00	0.00	1,050.00
Hangar	0.00	2,346.93	0.00	0.00	0.00	2,346.93
Total Uchman, Roy	0.00	3,396.93	0.00	0.00	0.00	3,396.93
TOTAL	6,300.00	13,500.93	0.00	0.00	2,462.00	22,262.93

- 2 For a more concise report, click the “Collapse” button.

White Ridge Construction Company
A/R Aging Summary
 As of December 31, 2010

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
Allin, Hilda	0.00	0.00	0.00	0.00	0.00	0.00
Card, Brad	0.00	0.00	0.00	0.00	0.00	0.00
Greene, Jeremy	6,300.00	0.00	0.00	0.00	2,462.00	8,762.00
Rajyaguru, Kamlesh	0.00	10,104.00	0.00	0.00	0.00	10,104.00
Uchman, Roy	0.00	3,396.93	0.00	0.00	0.00	3,396.93
TOTAL	6,300.00	13,500.93	0.00	0.00	2,462.00	22,262.93

From this report it is easy to see whether anyone else is more than 60 days overdue.

- 3 Now change the “Through (days past due)” field at the top of the report from 90 to **120**. Press Tab.

QuickBooks makes a column for >120. Since Greene’s account is still showing, in that category, we might want to see just how many days he is overdue. QuickZoom in on the amount in the >120 column to see the actual aging of this account.

- 4 Close the QuickZoom report window, and the Aging Summary window.
- 5 Click No at the message asking if you would like to memorize the report.

If you want to see a visual display of how much you’re owed by customers, you can create an accounts receivable graph.

To create an accounts receivable graph:

- 1 From the Reports menu, choose Customers & Receivables and then choose Accounts Receivable Graph.
- 2 Click the Dates button, and in the change graph dates window type 12/31/2010, click OK.
- 3 When you finish viewing the graph, close the graph window.

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APPENDIX B**Course handouts**

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Using the course handouts

In this section, you'll find copies of all the handouts referenced in this course. The handouts are available for download in Portable Document Format (PDF) from the Instructors' Resource Centre.

Handout 1: Balance sheet accounts

The following table describes the use of each of the balance sheet account types available in QuickBooks.

This account type	Tracks
Bank	Chequing, savings, and money market accounts. Add one bank account for every account your company has at a bank or other financial institution. (You should also use this account type to track petty cash.)
Accounts receivable (A/R)	Transactions related to the customers who owe you money, including invoices, payments, deposits of payments, refunds, and credit memos. Most companies have only one A/R account.
Other current asset	Assets likely to be converted to cash or used up within one year, such as notes receivable due within a year, inventory, prepaid expenses, and security deposits.
Fixed asset	Long-term notes receivable and depreciable assets your company owns that aren't likely to be converted into cash within a year, such as equipment or furniture.
Accounts payable (A/P)	Transactions related to the vendors to whom you owe money, including your company's outstanding bills, bill payments, and any credit you have with vendors.
Credit card	Credit card purchases, bills, payments, and credits.
Current liability	Liabilities scheduled to be paid within one year, such as sales tax, payroll taxes, accrued or deferred salaries, and short-term loans.
Long-term liability	Liabilities such as loans or mortgages scheduled to be paid over periods longer than one year.
Equity	Owner's equity, including capital investment, drawings, and retained earnings.

Handout 2: Accounts created automatically

The following is a list of the accounts that QuickBooks creates automatically.

- **Accounts Receivable.** QuickBooks creates this account during the EasyStep Interview, or the first time you create an invoice.
- **Inventory Asset.** When the first inventory item is created in a company data file, QuickBooks creates the Inventory Asset account.
- **Undeposited Funds.** QuickBooks adds this account to the chart of accounts the first time you record a payment from an invoice or a sales receipt. QuickBooks uses this account to hold money you've collected until you deposit it in a bank account.
- **Accounts Payable.** QuickBooks creates this account during the EasyStep Interview, or the first time you enter a bill.
- **Payroll Liabilities.** QuickBooks adds this account to the chart of accounts automatically when you turn on the payroll feature in a company file. QuickBooks initially maps all payroll items that create liabilities to this account.
- **Sales Taxes Payable.** QuickBooks creates these accounts when you turn on the sales tax feature. These accounts are GST, PST, GST/HST, & QST. Depending on your provincial location, you will use the relevant sales tax account(s).
- **Opening Bal Equity.** This account is created the first time you enter the opening balance for a balance sheet account. Every time you add a new account with an opening balance, QuickBooks records the second half of the entry in the Opening Bal Equity account. This means that total equity is the net balance of the assets minus the liabilities entered into QuickBooks. Once you've entered all of the accounts and balances, you may use a journal entry to allocate Opening Balance Equity to the proper equity accounts.
- **Retained Earnings.** This account is unique because there is no register associated with it. Each time you run a balance sheet, you assign the date of the report. QuickBooks then calculates the net income from all transactions from the earliest date in the company file to the end of the fiscal year prior to the current year. QuickBooks displays the results as retained earnings. Because of this feature, you don't need to make the traditional closing entries at the end of the year.
- **Uncategorized Income.** QuickBooks creates this account the first time you enter an opening balance for a customer.
- **COGS.** When the inventory feature is turned on and the first inventory item is created in a company file, QuickBooks creates a Cost of Goods Sold (COGS) account.
- **Payroll Expenses.** This account is created when you turn on payroll in a company data file. All payroll expense items are initially mapped to this account.
- **Uncategorized Expenses.** QuickBooks creates this account the first time you enter an opening balance for a vendor.
- **Reconciliation Discrepancies.** QuickBooks creates this expense account when you enter an adjustment to reconcile small accounting discrepancies. QuickBooks uses this account to track all reconciliation differences.
- **Purchase Orders.** QuickBooks creates this account the first time you create a purchase order. This is a non-posting account that does not affect your balance sheet or income statement.

Handout 3: Registers associated with QuickBooks windows

You can open the register associated with a window by choosing Use Register from the Edit menu when the window is displayed.

While you have this window displayed...	You can display the register for this account...
Create Invoices	Accounts Receivable
Enter Bills	Accounts Payable
Write Cheques	The account you have displayed in the Bank Account field on the cheque form.
Receive Payments	Accounts Receivable
Make Deposits	The account you have displayed in the Deposit To field, or Undeposited Funds if that option is selected.
Enter Sales Receipts	The account you have displayed in the Deposit To field.
Create Credit Memos/Refunds	Accounts Receivable
Enter Credit Card Charges	The account you have displayed in the Credit Card field.

You can also open the register for any balance sheet account (except Retained Earnings) by double-clicking the account name in the chart of accounts.

Handout 4: QuickBooks item types

Items for things you buy and sell

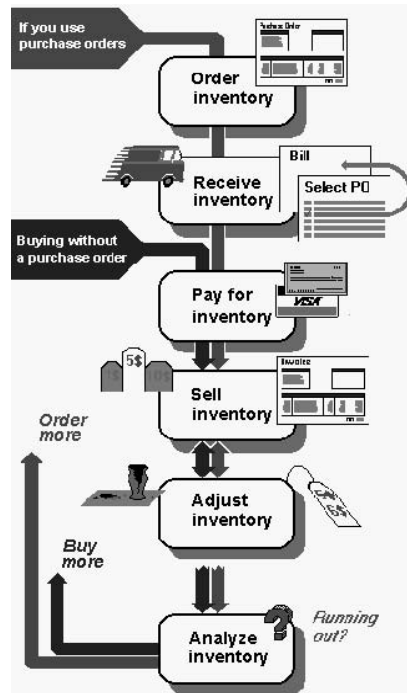
Type	Use to enter
Service	Services you charge for or services you purchase. EXAMPLES: Professional fees, labour
Inventory Part	Items you purchase, track as inventory, and then resell. EXAMPLES: Electrical outlets, t-shirts
Inventory Assembly (Premier)	Items you produce or buy, track as inventory, and then resell. EXAMPLES: Pre-assembled door kits, custom bicycles
Non-Inventory Part	Items you sell but do not purchase; items you purchase but do not resell; items you purchase and resell, but do not track as inventory. EXAMPLES: Custom-made slipcovers, pizza, office supplies
Other Charge	Other charges on a sale or purchase. EXAMPLES: Shipping charges, delivery charges
Group	A group of individual items already on the item list. EXAMPLES: A group of services and lab fees for office visits, a group of services and food items provided by a caterer

Items that calculate

Type	Use to
Subtotal	Calculate a subtotal before calculating a discount or charge that covers several items.
Discount	Calculate an amount to be subtracted from the total. (To discount several items, use a subtotal item before the discount item.)
Payment	Record a payment received at the time of invoicing so that the amount owed on the invoice is reduced.
Sales tax	Calculate a single sales tax for a sale.
Sales Tax Group	Calculate two or more sales taxes grouped together and applied to the same sale.

Handout 5: Inventory workflow

The following graphic provides an overview of how to track inventory information in QuickBooks.



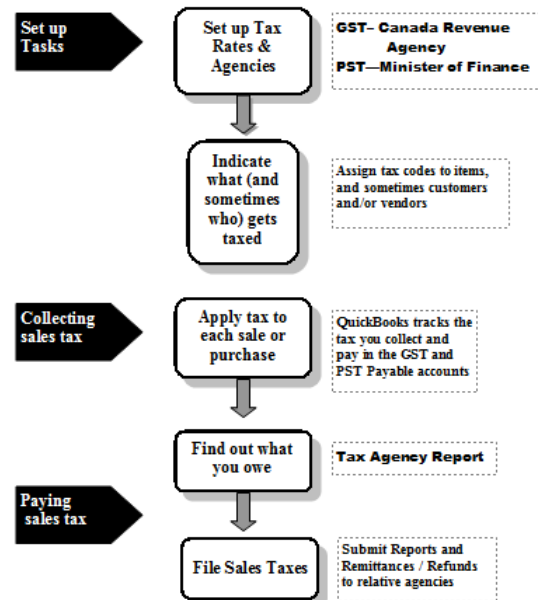
Handout 6: Group vs. inventory assembly items

The following table compares group and assembly items to help you decide which item type is appropriate for a given situation.

Group item	Inventory assembly item
Can include combinations of different item types, such as inventory and service items	Can contain only inventory parts or other inventory assembly items. To combine a service item with an assembly item, create a group and include both the assembly item and the service item in the group.
Allows you to print individual items contained in the group on sales forms	Prints only the assembly name, not component part names, on sales forms.
No reports available specifically for groups	Will appear after inventory part items on standard inventory reports; pending build report will list builds in the pending state.
Quantity on hand of each item included in the group is adjusted in inventory at the time of sale	Quantity on hand of component items is adjusted in inventory when the assembly is built.

Handout 7: Sales tax

The following graphic provides an overview of how to track sales tax information in QuickBooks.



Handout 8: Employer payroll responsibilities

The following is a list of payroll activities for which the employer is responsible.

- 1 Calculate gross pay for employees.
- 2 Calculate Income tax to be deducted.
- 3 Calculate Employment Insurance (EI) premiums.
- 4 Calculate PPIP/QPIP premiums.
- 5 Calculate Canada/Quebec Pension Plan (CPP/QPP) contributions.
- 6 Add any other deductions.
- 7 Withhold taxes and deductions from employee's pay cheque.
- 8 Write a cheque for the net pay to the employee.
- 9 Submit tax reports and pay taxes to the government.
- 10 Pay any other withheld deductions.

Handout 9: Payroll item types

A payroll item is anything that affects the amount on a pay cheque. QuickBooks has six types of payroll items.

The following table provides the name and description of each payroll item type.

Type	Description	Examples
Compensation	Hourly wage, salary, bonus	Straight time, salary, overtime Sales commission, piece rate, tips, awards
Insurance benefits	Deductions for medical insurance and other insurance	Health, dental, and vision insurance, group term life insurance, health savings account
Retirement benefits	Deductions for retirement plans	RRSPs, company pension plans
Paid time off	Employee time off	Vacation, sick, PTO
Miscellaneous	Additions and deductions	Cash advance, mileage reimbursement, wage garnishment, union dues
Custom	other taxes	RESPs, CPP, QPP

Handout 10: List of payroll expenses and liabilities

Payroll expenses

- Employee's gross pay
- Employer payroll taxes:
 - Canada / Quebec Pension Plan (CPP/QPP) contributions
 - Employment Insurance (EI) premiums
 - Medical Benefits – if paid by employer
 - Workers Compensation Board (WCB)

Payroll liabilities

Taxes you've withheld from pay cheques for the following:

- Canada / Quebec Pension Plan (CPP/QPP)
- Employment Insurance (EI)
- Federal income tax

Other expenses owed to government agencies

- WCB

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