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ACCOUNTING 2009

The Official Guide
for Mac Users

Maria Langer

Mc
Graw
Hill

QuickBooks® 2009 for Mac Users The Official Guide

Maria Langer



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About the Author

Maria Langer graduated from Hofstra University with a BBA in Accounting. She worked as an accountant, auditor, and financial analyst over the next eight years.

In the early 90s, as computers began to proliferate, Maria left her corporate job and became a freelance writer. She's written more than 70 computer books since then, many of which are about business and productivity software such as Word, Excel, and FileMaker Pro. She's the best-selling author of a book about Mac OS that has been in print since 1998 and is revised with every new version of Mac OS. She's also written about two of Intuit's financial software packages: Quicken and QuickBooks.

Maria uses QuickBooks to manage the finances of her helicopter tour and charter company. She believes that QuickBooks Accounting for Mac is a must-have for any business owned and operated by a Macintosh user.

To Jake, who was more to us than just a horse.
Happy trails. We'll miss you.

Acknowledgments

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- Kelsey Phillips for brand review and quick turnarounds

Introduction

QuickBooks Accounting for Mac 2009 is the latest version of Intuit Inc.'s powerful double-entry accounting software for Macintosh users. Designed primarily for small and medium-sized businesses, QuickBooks can handle sales, cash receipts, invoicing and accounts receivable, purchase orders and accounts payable, and inventory management. Its intuitive, forms-based interface is customizable and easy to use. It's no wonder that QuickBooks is the top-selling Mac OS accounting software.

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

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

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

Assumptions

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

What You Should Know about Your Computer and Mac OS

To use this book (or QuickBooks Accounting for Mac 2009, for that matter), you should have a general understanding of how to use your computer and Mac OS X. You don't need to be an expert. As you'll see, QuickBooks uses many standard and intuitive interface elements, making it easy to use—even if you're a complete computer novice.

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

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

What You Should Know about QuickBooks and Accounting Principles

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

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

Organization

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

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

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

Part I: Getting Started with QuickBooks

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

Part I has three chapters:

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

Part II: Working with Lists

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

There are three chapters in Part II:

- **Chapter 4:** Lists
- **Chapter 5:** Your Chart of Accounts
- **Chapter 6:** Items: Your Products and Services

Part III: Managing Sales, Inventory, and Receivables

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

There are five chapters in Part III:

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

Part IV: Working with Bills and Payables

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

There are three chapters in Part IV:

- **Chapter 12:** Bills
- **Chapter 13:** Accounts Payable Management
- **Chapter 14:** Purchase Orders

Part V: Working with Banking Features

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

There are three chapters in Part V:

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

Part VI: Handling Basic Accounting Tasks

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

Part VI has four chapters:

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

Part VII: Customizing QuickBooks and Maintaining Data

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

Part VII has two chapters:

- **Chapter 22:** Customizing Preferences and Company Settings
- **Chapter 23:** Maintaining Your Data

Part VIII: Appendixes

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

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

Conventions

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

Menu Commands

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

Keystrokes

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

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

Icons

I use icons to flag two specific types of information.



New in QuickBooks 2009 In addition to interface changes, the folks at Intuit made changes to the QuickBooks feature set. The New in QuickBooks 2009 icon identifies many new features.



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

What's New in QuickBooks Accounting 2009 for Mac

New Features

- [Company Snapshot](#). How's your business doing? See your income, expenses, reminders, account balances, and other information all in one place.
- [Home Page](#). See your essential business tasks and how they fit together.
- [Customer Center](#). Get quick access to everything about your customers & jobs all in one place.
- [Vendor Center](#). Get quick access to everything about your vendors all in one place.
- [Transaction Center](#). See all your transactions in one place.
- [Batch email for forms](#). Mark your forms "To be emailed" and send them all out at once.
- [Integration with Xsiva's Lightspeed Point of Sale](#). Download Lightspeed Point-of-Sale data into QuickBooks in just a few clicks.
- **Free ebook**. The Official Guide to QuickBooks Accounting 2009 for Mac. To download the ebook, choose Help > User's Guide.

Improved Features

- [Online banking](#). You can now use Direct Connect to automatically import your online banking transactions. A new Online Banking Setup Assistant makes it easy to link your online bank account to your related QuickBooks account.
- [Report Center](#). Use the new interface to flip through previews of your reports to find the one you need.
- [New toolbar](#). A new default toolbar gives you one-click access to the new Customer, Vendor, Transaction, and Report centers as well as additional features.
- **Long Item Descriptions**. Input over 4000 characters in item descriptions on related forms.
- **Lists**. The Vendor List and Customer List have both been updated and can be easily expanded into the full Vendor Center and Customer Center.
- [Chart of Accounts](#). Use the new Chart of Accounts to easily search, sort, and reorder accounts and get single-click access to registers, reconciliation, and more.
- [Maps and Directions](#). QuickBooks now has integrated Google Maps. Get quick directions to a customer or vendor or just map their specific location.
- **Print 1099/1096s**. Easier than ever to print 1099 tax forms and now you can print 1096s as well.
- **Sync with iCal**. Add and update important dates like invoice due dates to your iCal calendar and sync To Dos back and forth between iCal and QuickBooks.
- **Duplicate estimates**. Create new estimates by duplicating existing estimates.
- **Multiple estimates**. Create more than one estimate per job.
- **Backup to MobileMe**. Now you can continue working while the backup is in progress and your backup is saved as an encrypted .dmg file for added security.
- [In-product Help](#). With improved search and more content, Help has the answers you need.
- **Product updates**. Update to the latest version of QuickBooks simply and easily.

Company Snapshot

Use the Company Snapshot to get real-time company information and perform tasks in one place. Here you can quickly see trends in your income and expenses, who owes you money, who you owe money, reminders of things to do, and the balances in your accounts. You can also quickly access transactions for all your customers, such as sales receipts, received payments, and statement charges.



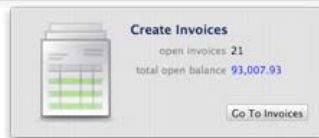
To access the Company Snapshot: Choose Company > Company Snapshot

Home Page

The QuickBooks Home page provides a big picture of how your essential business tasks fit together. Tasks are organized into logical groups (Customer, Vendor, Employee, 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. Badges and placards, at a glance, identify select tasks that need your attention with one click access to a report showing you the detail.



Badges identify at a glance select tasks that need your attention...



...and hovering over these icons quickly shows why that task is calling your attention.

To access the Home Page: Choose Company > Home Page

Customer Center

The Customer Center gives you access to information about all of your customers and jobs and their associated transactions in one place. Here you can quickly find 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 them, and more. You can also quickly access transactions such as sales receipts, received payments, and statement charges.

In the default view of your Customer Center, the Customer:Jobs list is on the left side of the Center, and the detailed information and transactions list for the selected customer or job are on the right. Use the views and icons at the bottom of the Customer Center to manage your customers and job information.

Key activities that can be accomplished in the Customer Center are:

- Add a customer or job
- Create a transaction
- Search for a customer
- Open accounts receivable (for a specific customer)
- Edit a customer or job
- Keep notes about a customer or job
- Get a map or driving directions
- Change the view (hierarchical and flat views with the option for custom ordering)
- Print, Save, or Email the customer list
- Filter the information you see

Customer Center

Search Customers

Name	Balance Total
Abercrombie, Kristy	0.00
Family Room	0.00
Kitchen	0.00
Remodel Bathroom	0.00
Allard, Robert	14,510.00
Babcock's Music Shop	0.00
Baker, Chris	0.00
Balak, Mike	0.00
Barley, Renee	0.00
Bauman, Mark	0.00
Bolinski, Rafal	0.00
Bristol, Sonya	0.00
Burch, Jason	1,005.00
Campbell, Heather	13,900.00
Carr's Pie Shop	0.00
Castillo, Eloisa	0.00
Cook, Brian	9,397.33
Craven, Pam	0.00
Davies, Aaron	0.00
Duncan, Dave	0.00
Dunn, Eric C.W.	0.00
Easley, Paula	0.00
Ecker Designs	1,468.30
Fisher, Jennifer	0.00
Fomin, Slava	0.00
Freeman, Kirby	0.00
Hendro Riyadi	4,223.00
Iacchosian, Dawn	2,320.00

Job Information

Job Name: Remodel Bathroom
Job Type: Residential
Customer Name: Kristy Abercrombie
Billing Address: 5647 Cypress Hill Rd, Bayshore CA 94326
Contact: Kristy Abercrombie
Phone: 415-555-6579
Email: kristy@samplename.com
Job Status: In progress
Start Date: 10/23/11
Projected End: 12/11/11
End Date: 12/23/11

[Map](#) [Directions](#)

Notes

9/15/2015: Send Kristy estimate for bathroom remodel.
9/20/2015: Called Kristy to discuss job. Kristy is not interested at this time. Estimate was competitive, not using another firm.
10/15/2015: Further discussion of bathroom remodel. I offered 10% discount on project if she would sign the contract now.

Name	Type	Number	Date	Account	Amount
Abercrombie, Kristy...	Payment		12/15/11	10100 — Checking	7,633.28
Abercrombie, Kristy...	Estimate	613	12/12/11	90200 — Estimates	7,676.13
Abercrombie, Kristy...	Invoice	1091	12/10/11	11000 — Accoun...	4,522.00
Abercrombie, Kristy...	Check	476	12/01/11	10100 — Checking	-711.15
Abercrombie, Kristy...	Credit Memo	4002	12/01/11	11000 — Accoun...	-711.15
Abercrombie, Kristy...	Invoice	1084	11/25/11	11000 — Accoun...	3,111.28
Abercrombie, Kristy...	Estimate	606	10/30/11	90200 — Estimates	3,114.00

View: All Customers Filter by: Show All Date: All Dates

To open the Customer Center:

Choose Customer > Customer Center

Vendor Center

The Vendor Center gives you access to information about all of your vendors and your transactions in one place. Here you can quickly find vendor contact information, what you've bought in the past, what bills you've paid, the balance you owe, notes you want to keep about a vendor, and more. You can also quickly access transactions such as bills, payments, and purchase orders.

In the default view of your Vendor Center, the Vendor list is displayed on the left side of the Center, and the detail information and transactions list for the selected vendor are displayed on the right. Use the views and icons at the bottom of the Vendor Center to manage your vendor information. Key activities that can be accomplished in the Vendor Center are:

- Add a vendor
- Create a transaction
- Search for a vendor
- Edit a vendor
- Keep notes about a vendor
- Get a map or driving directions
- Filter the information you see

Vendor Center

Search Vendors

Name	Balance Total
A Cheung Limited	0.00
Bank of Amcity	0.00
Bayshore CalOil Service	0.00
Bayshore Water	0.00
Bruce's Office Machines	0.00
C.U. Electric	750.00
Cal Gas & Electric	122.68
Cal Telephone	91.94
CalOil Company	0.00
City of Bayshore	0.00
City of East Bayshore	0.29
City of Middlefield	0.00
Custom Kitchens of Ba...	0.00
Daigle Lighting	1,591.00
Davis Business Associates	0.00
Dianne's Auto Shop	0.00
East Bayshore Auto Mail	0.00
East Bayshore Tool & S...	0.00
Employment Develop...	0.00
Express Delivery Service	0.00
Fay, Maureen Lynn, CPA	0.00
Federal Treasury	0.00
Funds Transfer	0.00
Gallion Masonry	0.00
Great Statewide Bank	0.00
Hamlin Metal	670.00
Holly Heating and Electric	0.00
Hopkins Construction ...	700.00
Kershaw Computer Ser...	0.00

Vendor Information

Vendor Name: Daigle Lighting
Vendor Type: Materials
Company Name: Daigle Lighting
Address: PO Box 5903, Middlefield CA 94482
Contact: Pam Daigle
Phone: 415-555-7769
Alt Phone:
Fax: 415-555-7770
Email: info@samplename.com
Account Number: 2-9187
Terms: Net 30

[Map](#) | [Directions](#)

Notes

Name	Type	Number	Date	Account	Amount
Daigle Lighting	Bill Pmt-Check	502	12/15/11	10100 - Checking	-640.92
Daigle Lighting	Purchase Order		12/15/11	90100 - Purchas...	-65.00
Daigle Lighting	Bill		12/11/11	20000 - Accoun...	-640.92
Daigle Lighting	Purchase Order	6232	12/07/11	90100 - Purchas...	-163.25
Daigle Lighting	Bill		12/02/11	20000 - Accoun...	-52.00
Daigle Lighting	Purchase Order	6229	12/01/11	90100 - Purchas...	-571.32
Daigle Lighting	Bill		11/10/11	20000 - Accoun...	-1,539.00
Daigle Lighting	Bill		10/01/11	20000 - Accoun...	-1,100.00
Daigle Lighting	Bill Pmt-Check	390	09/15/11	10100 - Checking	-525.00
Daigle Lighting	Bill		08/15/11	20000 - Accoun...	-525.00
Daigle Lighting	Bill Pmt-Check	279	03/12/11	10100 - Checking	-1,100.00

View: All Vendors | View: All Transactions | Filter by: Show All | Date: All Dates

To open the Vendor Center:

Choose Vendor > Vendor Center

Transaction Center

The Transaction Center gives you access to information about all of your transactions. Here you can quickly find transactions for all your customers in one place, such as checks, invoices, and bill payments.

Select a transaction on the left side of the Center to view information about the transaction. As you click on a transaction, the right side of the Transaction Center displays the information associated with your selection. Key activities that can be accomplished in the Transaction Center are:

- Find a transaction
- Create a transaction
- Edit a transaction
- Rearrange the columns
- Filter the information you see

	Name	Number	Date	Due Date	Aging	Amount	Open Balance
CUSTOMERS							
Checks	Abercrombie, Kristy:Family Room	1043	06/07/11	07/7/15		1,292.78	0.00
Credit Memos	Abercrombie, Kristy:Family Room	1044	06/07/11	07/7/15		0.00	0.00
Estimates	Abercrombie, Kristy:Kitchen	1024	02/01/11	03/3/15		5,019.08	0.00
Invoices	Abercrombie, Kristy:Remodel Bathroom	1084	11/25/11	12/25/15		3,111.28	0.00
Received Payments	Abercrombie, Kristy:Remodel Bathroom	1091	12/10/11	01/9/16		4,522.00	0.00
Sales Receipts	Allard, Robert:Remodel	1058	09/12/11	09/27/15		14,510.00	14,510.00
Statement Charges	Babcock's Music Shop:Remodel	1035	04/14/11	04/29/15		12,530.00	0.00
	Baker, Chris:Family Room	1049	06/23/11	07/23/15		6,172.24	0.00
VENDORS							
Bill Credits	Baker, Chris:Garage Repair	991	12/15/09	01/14/14		1,040.00	0.00
Bill Payments	Balak, Mike:Utility Shed	1022	01/20/11	03/21/11		2,092.00	0.00
Bills	Barley, Renee:Repairs	1021	01/17/11	02/1/15		3,186.00	0.00
Checks	Bauman, Mark:Home Remodel	1004	03/28/10	04/12/14		16,500.00	0.00
Credit Card Charges	Bolinski, Rafal:2nd story addition	1013	10/14/10	10/14/10		5,079.48	0.00
Credit Card Credits	Bolinski, Rafal:2nd story addition	1014	11/26/10	11/26/10		5,079.48	0.00
Items Receipts	Bristol, Sonya:Repairs	1018	01/04/11	01/4/11		95.69	0.00
Purchase Orders	Bristol, Sonya:Utility Shed	1040	05/16/11	05/16/11		2,092.00	0.00
Sales Tax Payments	Burch, Jason:Room Addition	1063	09/29/11	10/29/15		5,912.93	0.00
	Burch, Jason:Room Addition	1083	11/25/11	12/25/15		1,005.00	1,005.00
	Campbell, Heather:Remodel	1092	12/10/11	12/25/15		13,900.00	13,900.00
OTHER							
Deposits	Carr's Pie Shop:Remodel	1029	03/15/11	03/30/15		14,900.00	0.00
Inventory Adjustments	Castillo, Eloisa:Bay Window	994	12/23/09	01/7/14		361.08	0.00
Journal Entries	Castillo, Eloisa:Utility Room	1028	03/14/11	03/29/15		4,589.81	0.00
	Cook, Brian:2nd story addition	1072	10/30/11	11/29/15		14,085.30	0.00
	Cook, Brian:2nd story addition	1081	11/25/11	12/25/15		5,418.00	5,418.00
	Cook, Brian:Kitchen	1066	10/15/11	11/14/15		3,100.00	700.00
	Cook, Brian:Kitchen	1073	10/30/11	11/29/15		2,580.00	0.00
	Cook, Brian:Kitchen	1075	11/15/11	12/15/15		4,225.41	0.00
	Cook, Brian:Kitchen	1080	11/25/11	12/25/15		1,636.69	1,636.69
	Cook, Brian:Kitchen	1098	12/15/11	01/14/16		1,636.69	1,636.69
	Cook, Brian:Kitchen	FC 6	12/11/11	01/10/16		5.95	5.95
	Craven, Pam:Duct Work	1048	06/23/11	06/23/15		625.00	0.00
	Craven, Pam:Duct Work	1050	06/30/11	06/30/15		321.80	0.00

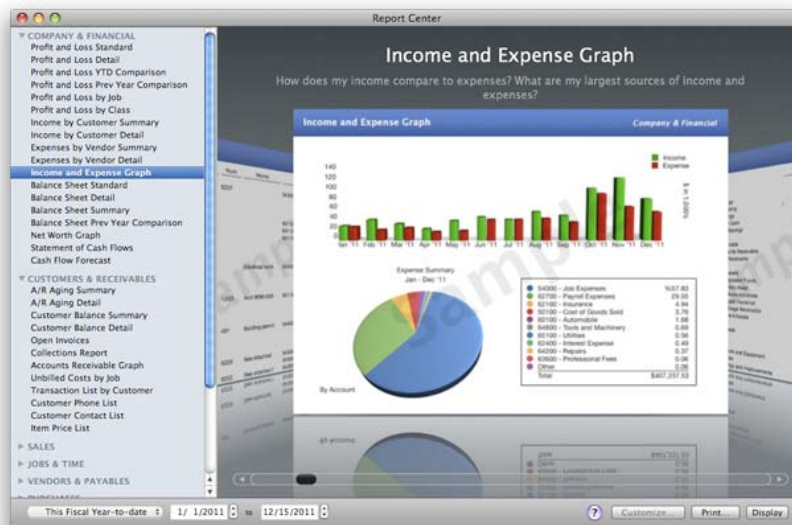
To open the Transaction Center: Choose Company > Transaction Center

Report Center

The Report Center is a central location for all your reports. This center gives you a Cover Flow preview of your reports that you can browse through. Then you can go to the report with a single click.

QuickBooks provides reports to give you information and comparisons about jobs, costs, revenues and time. Select a report on the left side of the center. The report you select displays in the right side of the center. Key activities that can be accomplished in the Report Center are:

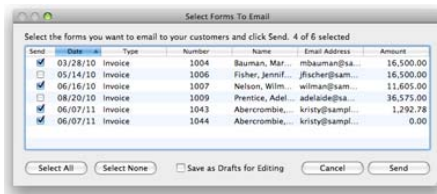
- Browse available reports
- Change the report date range
- Customize a report
- Print a report



To open the Report Center: Choose Reports > Report Center...

Batch Email for Forms

You can email any of your sales forms (invoices, sales receipts, and credit memos) directly from QuickBooks. The form is saved as a PDF file and attached to an email message which is sent using your default email program. QuickBooks uses the email address saved in the customer list to send the sales form. QuickBooks supports Apple Mail and Microsoft® Entourage 2004 and 2008.



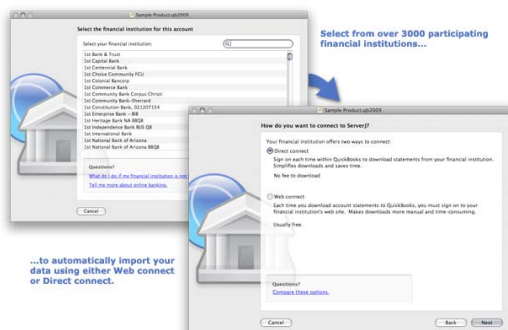
To email a sales form:

- On the sales forms, click “To be emailed.”
- Choose File > Email Forms.
- On the Select Forms to Email window, review the list of forms to email. Be sure the ones you want to send are checked. Uncheck the forms you don’t want to send. Double-click the email address to change an email address if necessary.
- Optionally, check “Save as Drafts for Editing” to have QuickBooks place the checked emails into your email program’s “Drafts” folder to later customize as you see fit.
- Click Send.

Online Banking

In addition to previously available Web Connect, you can now use Direct Connect to import your online banking transactions into QuickBooks. Once setup, just click the download button from the Downloaded Transaction Window’s toolbar to automatically download your financial institution data into QuickBooks.

The new Online Banking Setup Assistant makes it easy to link your online Web Connect or Direct Connect enabled financial account to your related QuickBooks account. Choose your financial institution and following the onscreen instructions to setup.



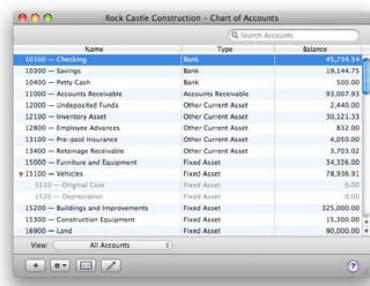
New Default Toolbar

Improved for 2009, the new default toolbar allows quick access to new features like the Home Page, Company Snapshot and Centers with new icon graphics that you expect on a Mac. To customize the toolbar, just click the Customize button to get single click access to your key QuickBooks tasks.



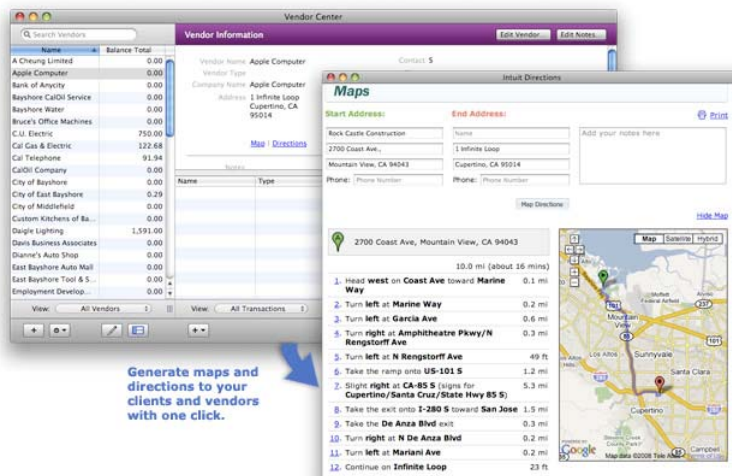
Chart of Accounts List

Like the Customer and Vendor Lists, the Chart of Accounts list has also undergone a modern makeover allowing you to easily search and view for the details you want. In addition, get single click access to key actions like adding and editing an account, opening a register and creating a QuickReport.



Maps & Directions

Open up any record in the Customer or Vendor Center and generate a map or directions to a customer or vendor location in a single click. Add notes, reverse directions and even input a new destination easily.

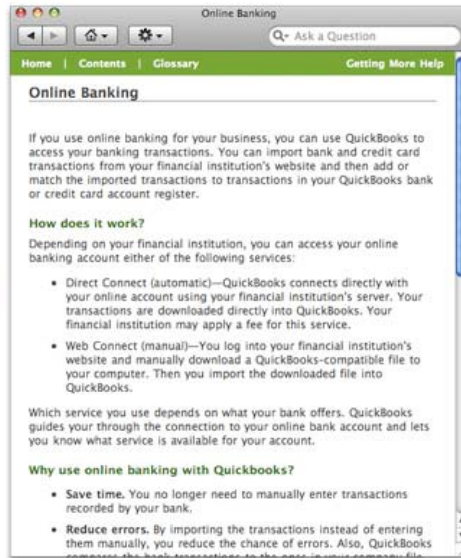


In-product Help

The QuickBooks in-product help enables you to simply type a question and quickly receive detailed help, tips and troubleshooting information right within QuickBooks. For a feature, use tabs to go between what it is, how it works and related tips and tricks. In addition, related content now expands when you want to read it making it quicker to find the information you want.



Search directly from the Help menu to quickly find detailed help.



Part One

Getting Started with QuickBooks

Before you can use QuickBooks Accounting 2009 for Mac to manage the finances of your business, you need to install it on your computer and configure it for your company. This part of the book explains how you can get started with QuickBooks. Its three chapters are:

Chapter 1: Installing QuickBooks

Chapter 2: Setting Up Your Company File

Chapter 3: Entering Historical Transactions

Installing QuickBooks

In this chapter:

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

Before you can use QuickBooks Accounting 2009 for Mac, you must install it on your computer. This chapter tells you what you'll need to run QuickBooks and make the most of its features. Then it explains how to install QuickBooks. It also provides some useful information about using QuickBooks in special situations. Finally, it gives you a brief look at the new QuickBooks Home Page, lists some new QuickBooks features, and tells you how you can get help while using QuickBooks.

System and Feature Requirements

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

- Macintosh computer with an Intel, PowerPC G5, or PowerPC G4 (867 MHz or faster) processor
- Mac OS X 10.5.4 or later
- 512 MB RAM
- CD-ROM or other optical drive for installation
- 120 MB available hard disk space
- Color monitor with at least 1024×768 resolution and millions of colors

To make the most of QuickBooks features, you should also have the following:

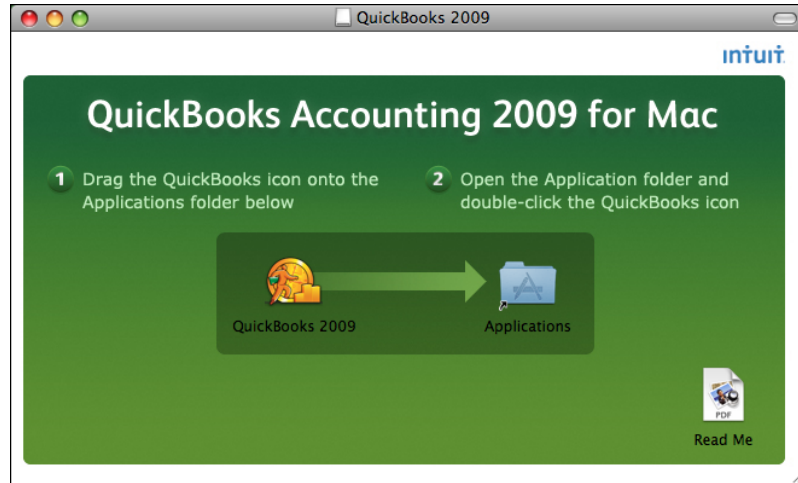
- Printing invoices, checks, deposit slips, lists, purchase orders, mailing labels, reports, or graphs requires a 100 percent Macintosh-compatible printer. Printing checks also requires QuickBooks-compatible check stock.
- Online banking requires an Internet connection and an online account with a participating financial institution.
- Excel integration requires Microsoft Excel 2004 or 2008 for Macintosh.
- E-mail requires Apple Mail or Microsoft Entourage 2004 or 2008 for Macintosh.
- Backup to MobileMe requires an Internet connection and a paid MobileMe account available separately from Apple, Inc.
- iCal and Address Book integration requires iCal and Address Book, which are part of Mac OS X.
- QuickBooks Payroll for Mac, powered by PayCycle, Inc., requires an Internet connection and Adobe Reader to print checks and forms. Additional fees apply.
- System requirements for PayCycle and Aatrix Top Pay may differ from those of QuickBooks. For details, visit their respective web sites at www.paycycle.com and www.aatrix.com.

Installing and Starting QuickBooks

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

To Install QuickBooks

- 1 Insert the QuickBooks CD in your computer's optical drive. The QuickBooks 2009 CD window, which is shown next, appears.



- 2 Drag the QuickBooks 2009 application icon onto the Applications folder icon in the same window and release it. Wait while QuickBooks is copied to your computer's Applications folder.

\$ TIP: To get last-minute information about installing QuickBooks, double-click the Read Me document icon in the QuickBooks 2009 CD window to open it in Preview or Adobe Reader.

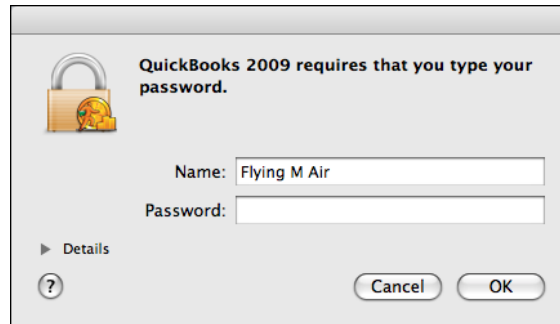
- 3 When you're finished installing QuickBooks, eject the disc and put it in a safe place in case you need to reinstall QuickBooks in the future.

To Open QuickBooks by Opening Its Application Icon

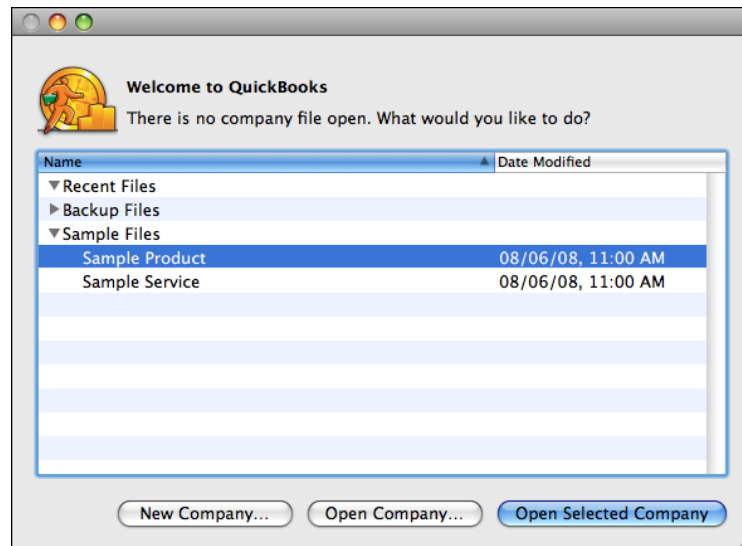
One way to open QuickBooks is to open its application icon. This gives you an opportunity to choose the company file you want to work with.

- 1 Open the Applications folder on your computer.
- 2 Locate and double-click the QuickBooks 2009 application icon.

- 3 A dialog like the one shown next appears. Enter an administrator name and password and click OK.



- 4 If your computer is connected to the Internet, QuickBooks connects to Intuit's update server and checks for software updates. If an update is available, a Software Update dialog, which is shown later in this chapter, appears with information about the update. To install the update, which is recommended, click Install Update. Then wait while the update is downloaded. Click the Install And Relaunch button and follow any other instructions that appear to complete the update and reopen QuickBooks.
- 5 If you have not yet opened a company file, the Welcome To QuickBooks screen, which is shown next, appears. Choose an option:



- To open a file listed in the window, select the file and click Open Selected Company. The list includes two sample files: one for a product-based business and one for a service-based business.
- To create a new company file, click the New Company button. Then follow the instructions in Chapter 2 to set up a new company file.
- To open an existing company file that does not appear in the list, click the Open Company button. Then use the Open dialog that appears to locate, select, and open the company file you want.

QuickBooks displays the Home Page for the company file that was last opened while using QuickBooks, or the company file you selected and opened in the Welcome To QuickBooks screen (see Figure 1-1).

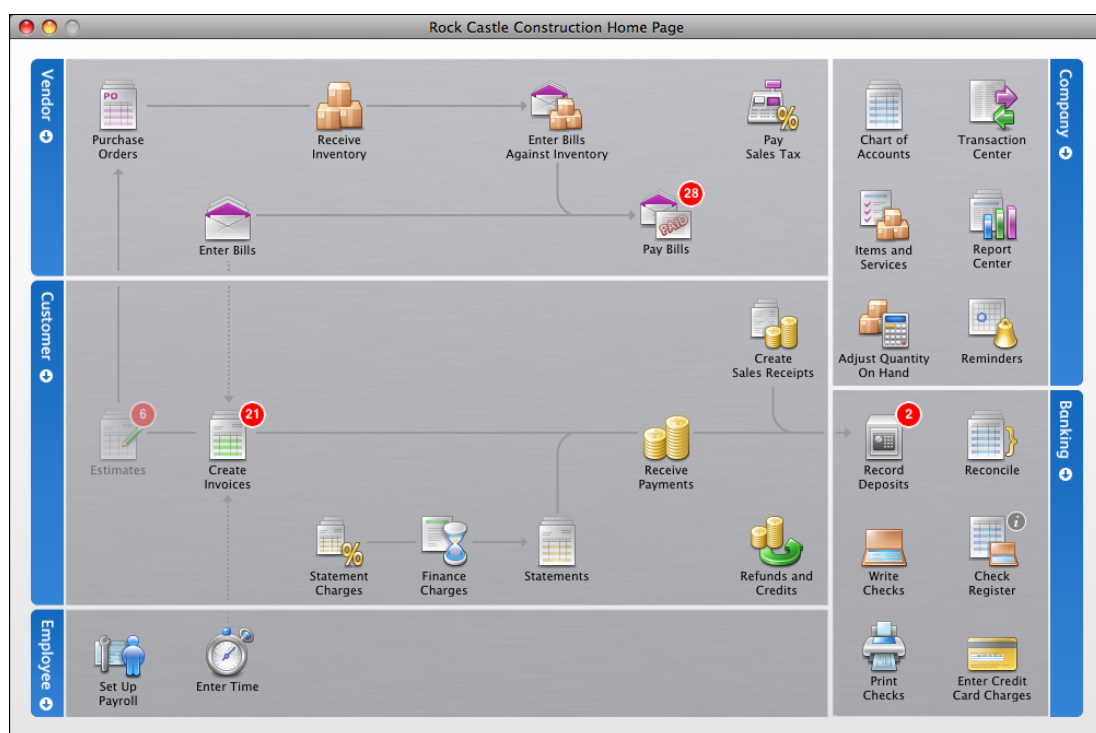


FIGURE 1-1 The new QuickBooks Home Page organizes tasks and clearly shows how they're related.

TIP: The sample company files included with QuickBooks make it easy to explore QuickBooks features with existing data from a fictional company. Use a sample file to enter data, create reports, and work with other QuickBooks features.



WARNING: Do not use a sample file for your company's data. Sample files include a significant amount of sample data. In addition, when you use a sample file, QuickBooks automatically sets your computer's date to December 15, 2011, so that certain date-dependent features work with the data.



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

To Open QuickBooks by Opening a QuickBooks Company File Icon

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

- 1 Locate the icon for the company file you want to open. It might look something like the icon here.
- 2 Double-click the icon. QuickBooks launches and opens the company file for the icon you selected.



Flying M Air.qb2009

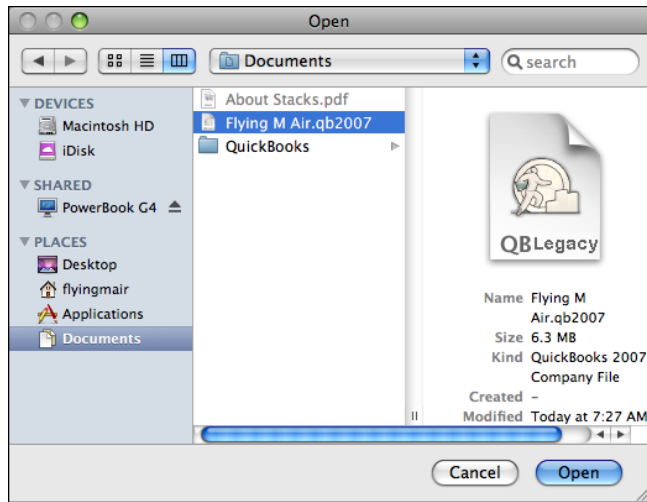
Special Considerations

You may want to use QuickBooks 2009 with a company file created with an earlier version of QuickBooks or use QuickBooks over a network. If so, here are some additional instructions just for you.

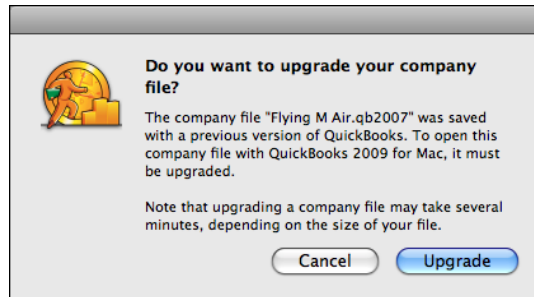
To Upgrade from an Older Version of QuickBooks for Mac

If you've been using a previous version of QuickBooks, you'll need to update your QuickBooks data file to use it with QuickBooks 2009. Doing so is easy:

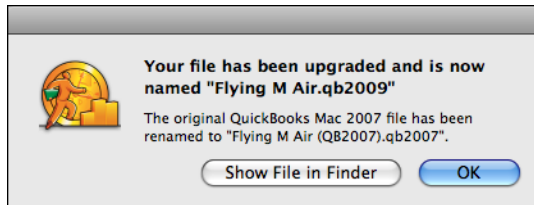
- 1 Quit any previous versions of QuickBooks that are running.
- 2 Open QuickBooks 2009 for Mac.
- 3 In the Welcome To QuickBooks screen shown earlier, click the Open Company button or, if that screen does not appear, choose File | Open Company.
- 4 In the Open dialog that appears (shown next), select the company file you want to update and click Open.



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



- 6 Wait while QuickBooks creates a backup copy of the original file, renames it, and updates it for use with QuickBooks 2009.
- 7 When QuickBooks is finished updating the file, it displays a dialog like the one shown next. Click a button:



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



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



TIP: You can also convert company files or data files created with many different versions of Intuit products—including Windows products—for use with QuickBooks 2009. You can learn how in Appendixes B and C.



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

Using QuickBooks on a Network or Shared Computer

Only one user can access a QuickBooks company file at a time, even if the file is located on a network.

If a non-administrative user on a shared computer wants to use a company file, the user must be given read-write access to the company file and the folder that contains it. You can do this by setting Permissions options in the Info window for the company file.

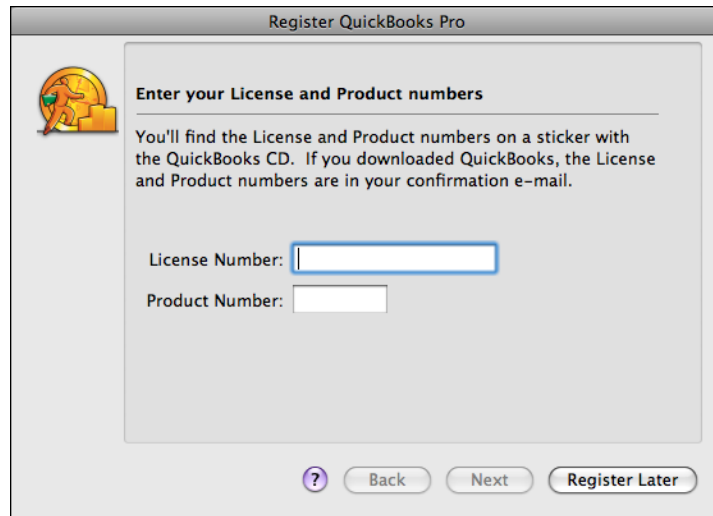
Registering and Updating QuickBooks

When you first start using QuickBooks, you'll probably want to register it with Intuit. Then, periodically, as you use QuickBooks, you may want to use your Internet connection to check for and install software updates that can improve QuickBooks performance.


To Register QuickBooks

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

- 1 Choose QuickBooks | Register QuickBooks.
- 2 The Register QuickBooks Pro dialog, which is shown next, appears. Enter the License and Product numbers that were included with your QuickBooks software in the appropriate fields, and then click Next.



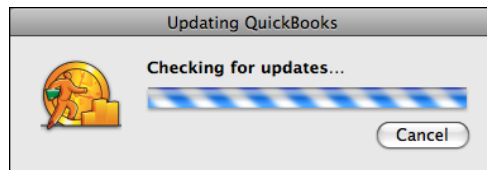
- 3 The Select A Registration Method screen appears. Select an option:
- **Register By Phone** enables you to complete the registration process by calling Intuit Customer Service by phone. When you click Next, a screen with your License and Product numbers appears, along with telephone numbers to contact Customer Service. Call in and provide the information requested. At the end of the registration process, you'll get a Validation Code; enter it in the appropriate field of the onscreen form and click Next. Then follow the onscreen instructions to complete the process.
 - **Register Online** uses your Internet connection to complete the registration process. Fill in the onscreen forms with information about your business and primary contact. At the completion of the process, a Validation Code is automatically entered into QuickBooks and registration is complete.

 **NOTE:** You can use QuickBooks 15 times without registering. After your 15th use, you must register to continue using QuickBooks. Registering your copy of QuickBooks entitles you to automatic upgrade notifications and other special offers.

To Check for QuickBooks Software Updates

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

- 1 Choose QuickBooks | Check For QuickBooks Updates. A dialog like the one shown here appears.



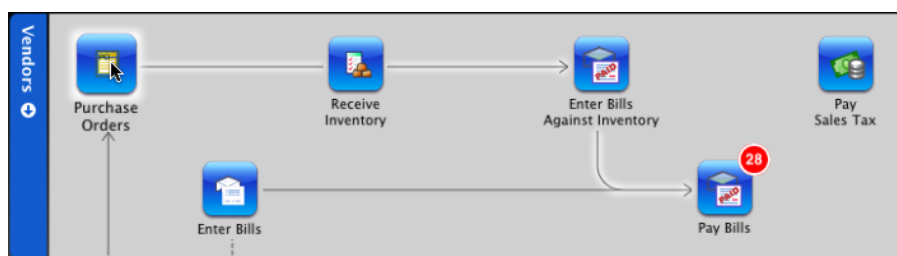
- 2 Wait while QuickBooks checks for updates on the Intuit server.
- 3 If an update is available, a Software Update dialog (shown next) appears with information about the update. You have three choices:
 - **Install Update** (recommended) downloads the update from the Internet while displaying a status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

Exploring the QuickBooks Interface

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

The Home Page

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



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



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



TIP: If the Home Page is not displaying, you can show it by choosing Company | Home Page.

Company Snapshot

The new Company Snapshot (refer to Figure 1-2) provides a wealth of information about your company's finances, all in one place. The Snapshot is interactive, so

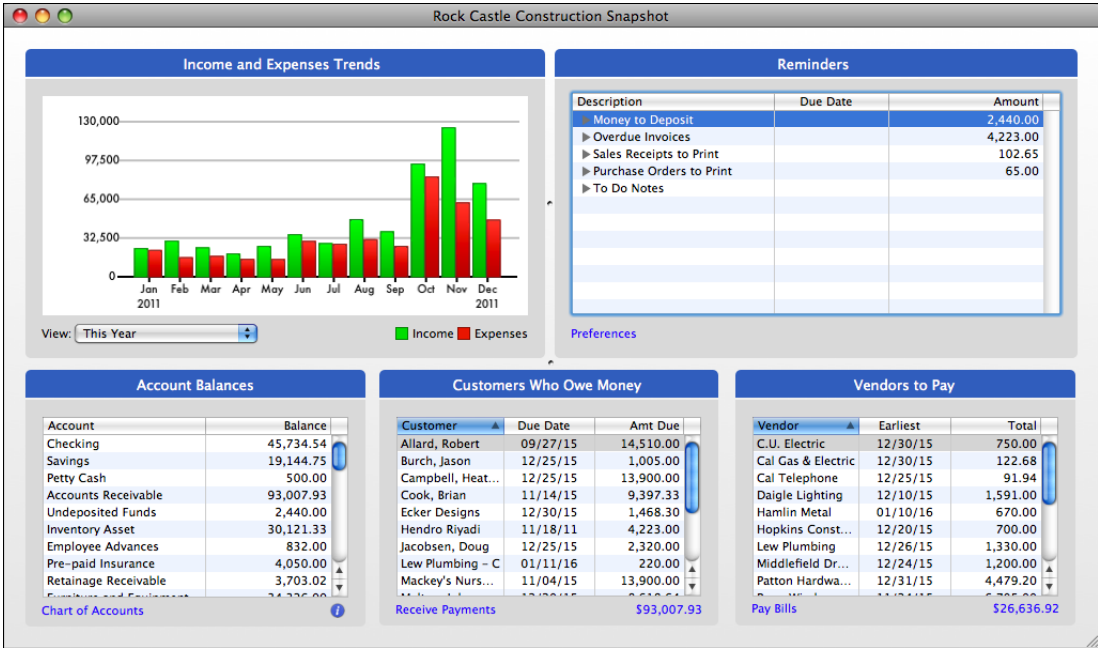


FIGURE 1-2 The Company Snapshot tells you at a glance how your company is doing and gives you easy access to the tools you need to handle transactions and tasks.

double-clicking virtually any item within the Snapshot window opens a window with more information about that item. For example, double-clicking an account in the Account Balances list opens the account register for that account.

Center Windows

Center windows, such as the Customer Center (refer to Figure 1-3) and the Vendor Center, centralize all information about your customers or vendors. You can use a familiar Spotlight search box to search a center, use filters along the bottom of the window to change what's viewed, and click disclosure triangles to display subitems. An item's primary information and list of transactions appears when you select it in the column on the left.

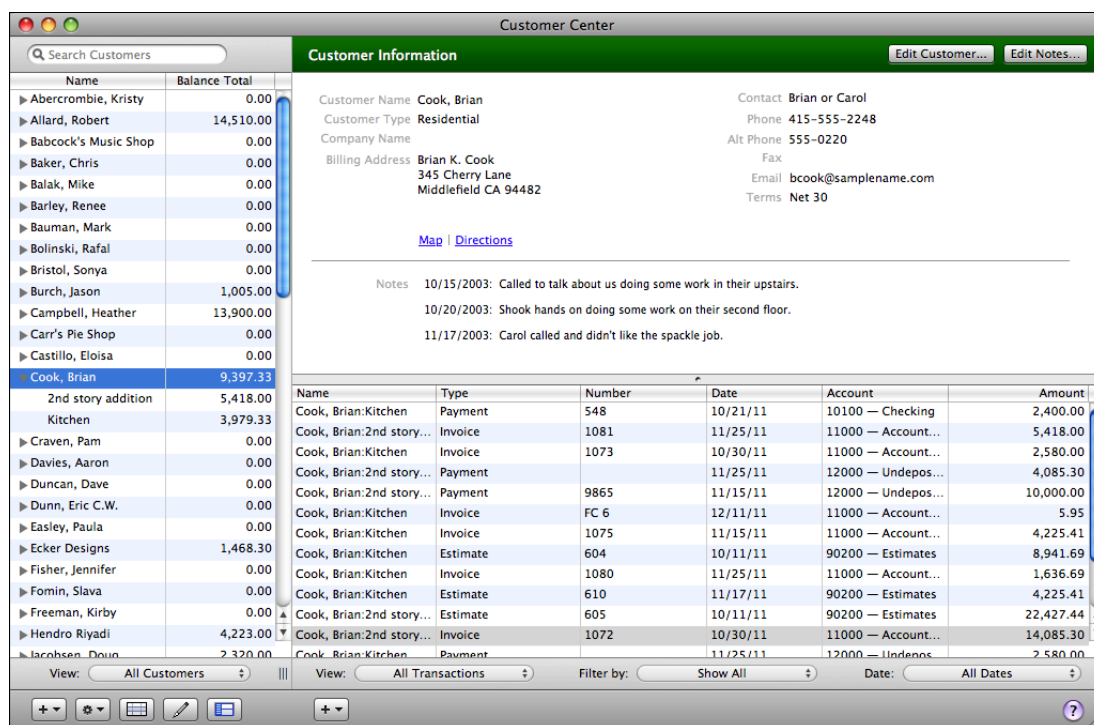


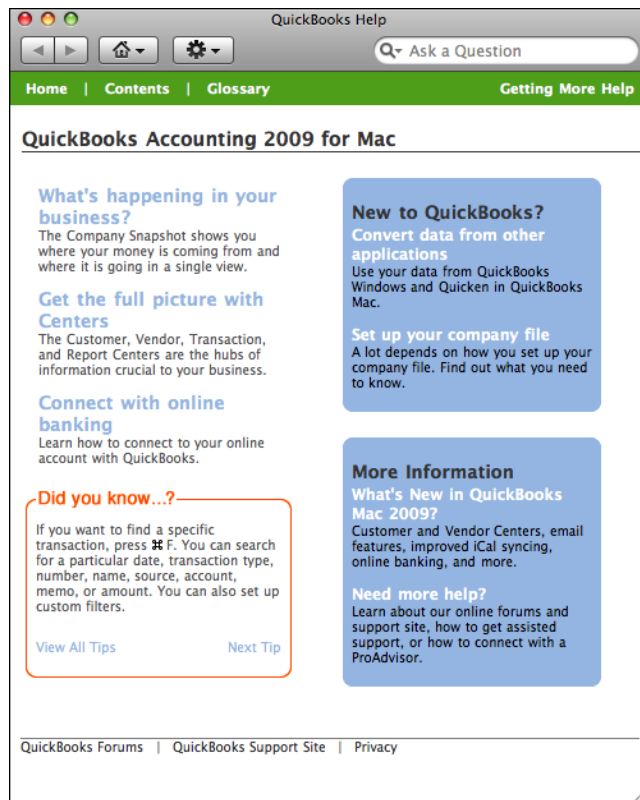
FIGURE 1-3 The new Customer Center is one of two new center windows that centralize related information.

Getting Help

To get help while using QuickBooks, do one of the following:

- Choose Help | QuickBooks Help.
- Press COMMAND-/.
- Click the Help icon in the toolbar (if you have configured the toolbar to include the Help icon).

Any of these techniques will display the QuickBooks Help window, which is shown next. You can click links in the window to browse for information about using QuickBooks. You can also use the Spotlight search field at the top of the window to search for information about a specific topic.

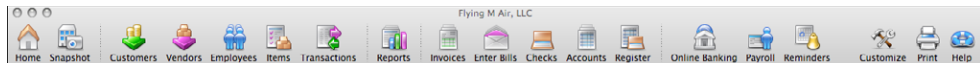


Entering Data Quickly

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

Toolbar

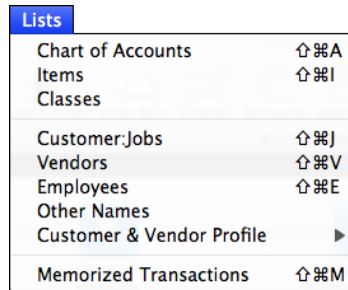
The toolbar (shown next) has icons you can click as shortcuts to forms and activities.



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

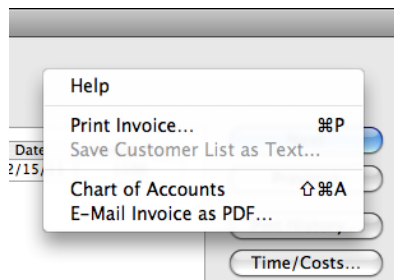
Keyboard Shortcuts

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



Shortcut Menus

Shortcut or contextual menus are also available throughout QuickBooks. To display a shortcut menu, hold the CONTROL key while clicking on any window, or click your right mouse button, if you have one. As shown next, from the shortcut menu, you can access a number of useful commands related to the window you clicked on.



QuickMath

You can use the QuickBooks QuickMath™ feature to make simple calculations in a transaction. Simply position the insertion point in any field designed to accept

P.O. Number		Terms	
Rate	Amount	Tax	
	0.00		
Tax		0.00%	0.00
Total		0.00	

Setting Up Your Company File

n this chapter:

- Choosing a start date
- Gathering information
- Creating your company file
- Setting up company lists
- Entering opening balances
- Setting up payroll (optional)
- Entering optional adjustments
- Customizing preferences

All of the information you enter into QuickBooks is stored in a QuickBooks *company file*. This chapter helps you create your QuickBooks company file by taking you through the basic steps you need to follow to create the file and customize it for your business.



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

Step 1: Choose a Start Date

Your QuickBooks “start date” is the date for which you give QuickBooks a financial snapshot of your company. After you complete Step 8, you’ll enter all transactions from your start date through today to make your QuickBooks company file up to date.

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

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

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

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

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

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

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



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

Step 2: Gather Information

Gather information on your bank account balances, the value of your assets, and so on, as of your company file start date. You can use Table 2-1 as a checklist and to better understand how various information affects your QuickBooks setup.

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

TABLE 2-1

Information Needed for a QuickBooks Setup and How Each Piece of Information Is Used by QuickBooks

Step 3: Create Your Company File

QuickBooks includes a New Company Setup Assistant, which you can use to create a company file and enter basic information into it. This is, by far, the easiest and most thorough way to set up a company file for your business.

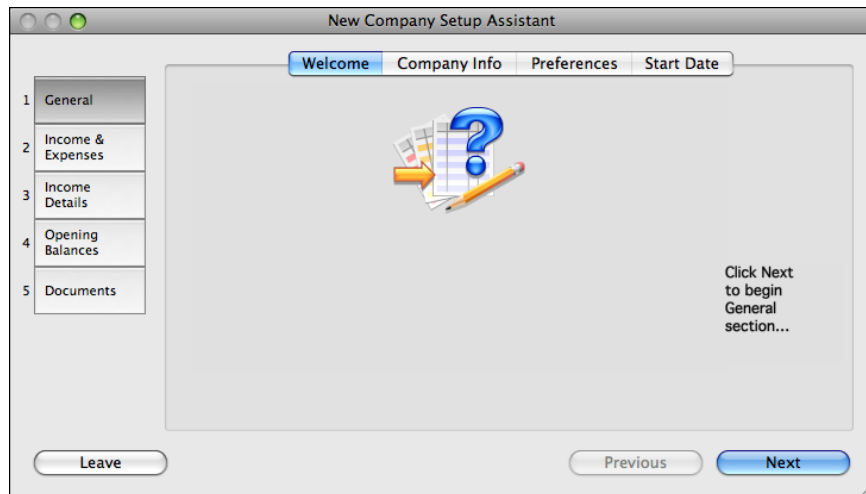
This part of the chapter takes you step-by-step through the use of the New Company Setup Assistant process. Throughout these instructions, you'll find cross-references to additional information in this chapter and elsewhere in this book.

Opening and Using the New Company Setup Assistant

How you start the New Company Setup Assistant varies depending on what's displayed in QuickBooks when you're ready to start it:

- If the Welcome To QuickBooks screen, which is shown and discussed in Chapter 1, is displayed, click the New Company button.
- If another company file is open, choose File | New Company or press SHIFT-COMMAND-N.

The first Welcome screen of the New Company Setup Assistant appears:



Once the New Company Setup Assistant is displayed, it's pretty easy to use. Simply follow the instructions in each screen and, when you're finished entering information or choosing options, click the Next button. The Assistant steps you through each screen, in order. If more information is available for the screen, a More button appears; click it to display a Tell Me More dialog with additional information.

At any time, you can click a button on the left side of the window to move to a different section of the setup process, or click a button at the top of the window to move to a different topic of the current section. You can also click the Previous button to go back to a previous screen.

If a topic in the New Company Setup Assistant does not apply to your business—for example, perhaps you don't have inventory—you can skip the related topic of the Assistant. QuickBooks automatically sets up only those features you need for your business.

If you decide to leave the Assistant, click the Leave button. You can always display the New Company Setup Assistant for the current company file by choosing File | New Company Setup Assistant.



NOTE: It is possible to set up QuickBooks without using the New Company Setup Assistant. To do so, you must know what information to enter and which QuickBooks features to access to enter it. Although the information in this book should serve as a good reference for setting up a company file without the Assistant, it does not provide specific instructions for doing so.



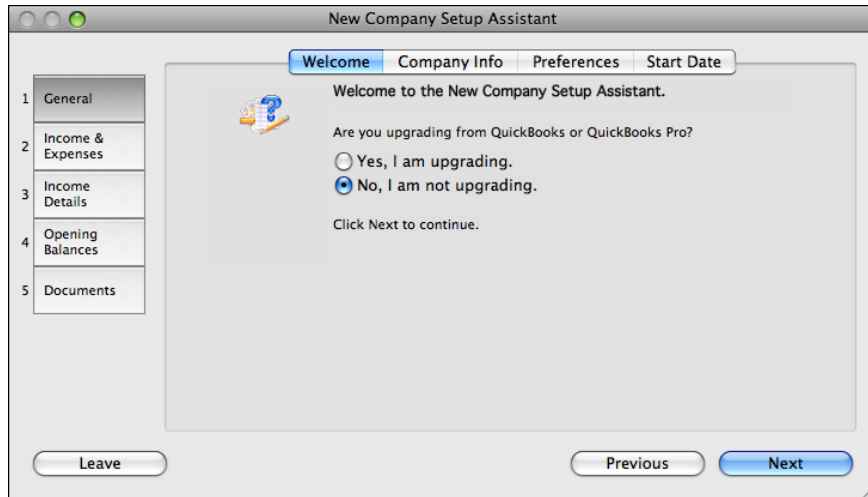
NOTE: The screens that appear in the New Company Setup Assistant vary depending on options you select while using the Assistant. If a screen illustrated and described in this part of the chapter does not appear for you, don't panic. Chances are, you set options that disabled the feature related to that setup screen. You can enable most disabled features manually in the Preferences or Company Settings windows, both of which are discussed in Chapter 22.

Setting General Options

The first section of the New Company Setup Assistant enables you to set General options. It has four topics—Welcome, Company Info, Preferences, and Start Date—each of which has several screens. Let's step through each one.

Welcome

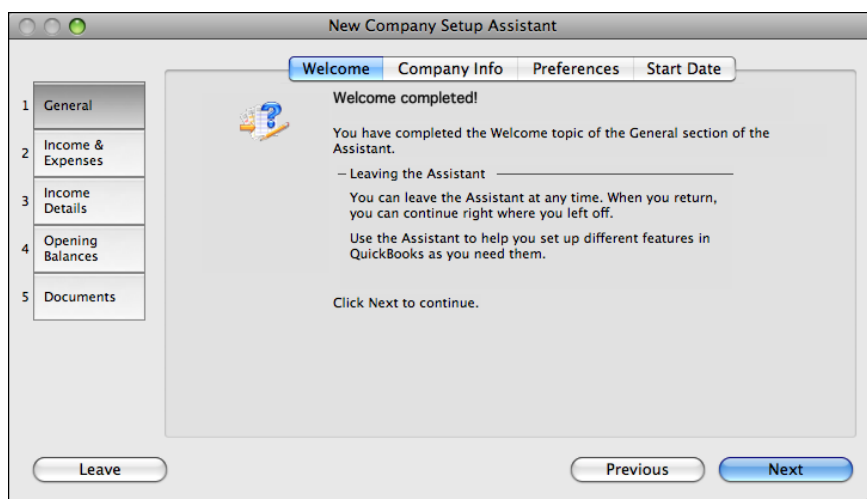
The first Welcome screen, which is shown earlier in this chapter, simply gets you started by instructing you to click the Next button. When you click Next, the next screen appears:



Select an option to tell the Assistant whether you are upgrading from a previous version of QuickBooks:

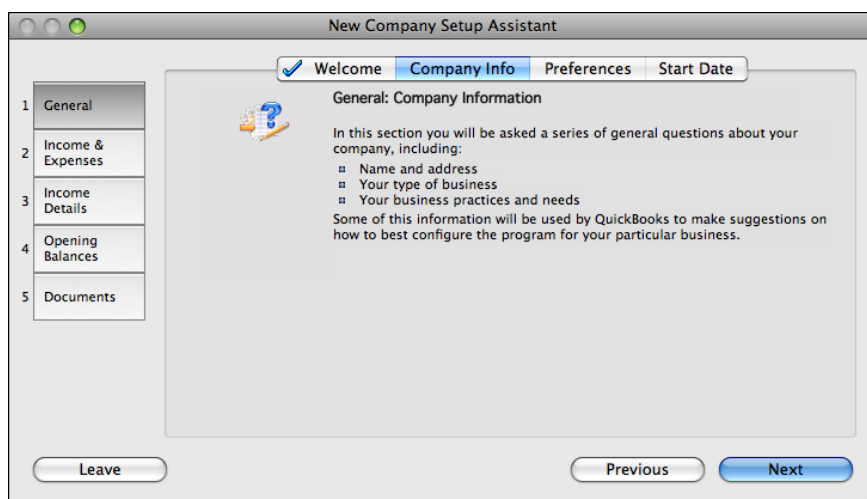
- **Yes, I Am Upgrading** tells QuickBooks that you need to update an existing company file to use with QuickBooks 2009. When you click Next, a screen appears with additional instructions. You can learn more about converting a QuickBooks for Mac company file in Chapter 1 and about converting a QuickBooks for Windows company file in Appendix B. Once you convert the file, you can skip the rest of these instructions.
- **No, I Am Not Upgrading** tells QuickBooks that you want to create a brand-new company file. When you click Next, the Setting Up A New QuickBooks Company screen appears. It offers you an opportunity to skip the Assistant.

When you click the Next button to step through the remaining screens in the Welcome topic, the New Company Setup Assistant provides additional information about navigating around the assistant and entering information. Eventually, it displays the Welcome Completed screen shown next. Click Next.



Company Info

The Company Info topic displays a number of screens that gather general information about your company. The first screen, which is shown next, explains what information you'll need to provide. Click Next.



In the Your Company Name screen (shown next), you're prompted for two versions of your company name:

The screenshot shows the 'New Company Setup Assistant' window with the 'Company Info' tab selected. On the left is a sidebar with five categories: 1 General, 2 Income & Expenses, 3 Income Details, 4 Opening Balances, and 5 Documents. The main area is titled 'Your company name' and contains two text entry fields. The first field is labeled 'Company Name' and has the text 'Flying M Air' entered. The second field is labeled 'Legal name' and has the text 'Flying M Air, LLC' entered. Below these fields is a link that says 'Tell Me More' followed by the text 'What if I have more than one business?' and a 'More' button. At the bottom of the window are three buttons: 'Leave', 'Previous', and 'Next'.


- **Company Name** is the name of your company as you want it to appear on invoices, statements, and other QuickBooks-generated documents.
- **Legal Name** is the name of your company as it appears in legal documents.

Enter the appropriate name in each box and click Next. The Your Company Address screen (shown next) appears. Enter your company address in the box and make sure the correct company is chosen from the pop-up menu.


The screenshot shows the 'New Company Setup Assistant' window with the 'Company Info' tab selected. The sidebar on the left is the same as in the previous screenshot. The main area is titled 'Your company address' and contains a text entry field for the address and a dropdown menu for the country. The address field contains the text '123 Main Street', 'Deadville, AZ 85390'. The country dropdown menu is set to 'US'. At the bottom of the window are three buttons: 'Leave', 'Previous', and 'Next'.

When you click Next, the Other Company Information screen appears. As shown next, it prompts you for three pieces of information:

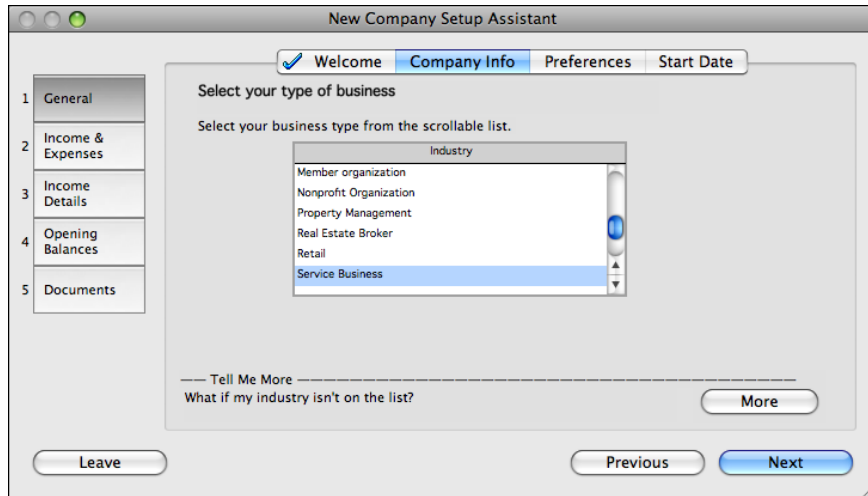
- **Federal Tax ID Number** is the 9-digit number you use on your company's federal tax returns.
- **First Month Of Your Income Tax Year** is the first month of your tax year. In most cases, this is the same as the first month of your fiscal year.
- **First Month In Your Fiscal Year** is the first month of your company's fiscal year. In most cases, this is January.

 **TIP:** If you're not sure about any of these things, ask your accountant or tax preparer. It's important that you get this information right when first setting up.

When you click Next, the Your Company Income Tax Form screen appears. Use the pop-up menu, which is shown next, to choose the appropriate form for your type of business.

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

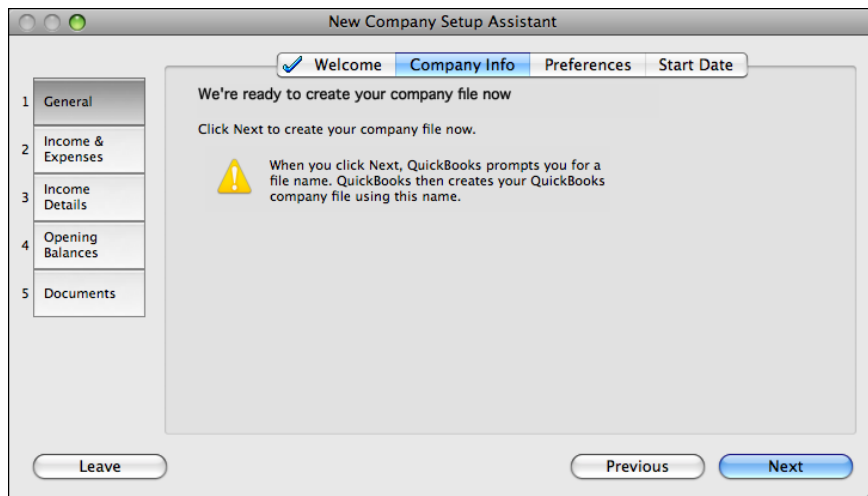
Clicking Next displays the Select Your Type Of Business screen, which is shown next. It includes a scrolling list of industries that your business could be part of. If your industry is not included, choose one that's similar. Then click Next.



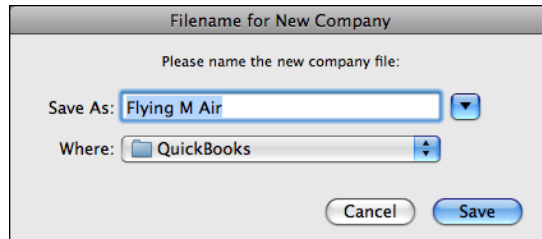
The option you chose in the previous screen determines what appears in the QuickBooks And Your Industry screen that appears next. If you click the Show Help button in that screen, QuickBooks displays information specific to your industry. Click Next to continue.

The Setup Hints For Your Business screen tells you that a green triangle will appear beside setup hints for your industry for the remainder of the New Company Setup Assistant. Click Next.

A screen like the one shown next tells you that the New Company Setup Assistant is ready to create your company file and explains what will happen next.

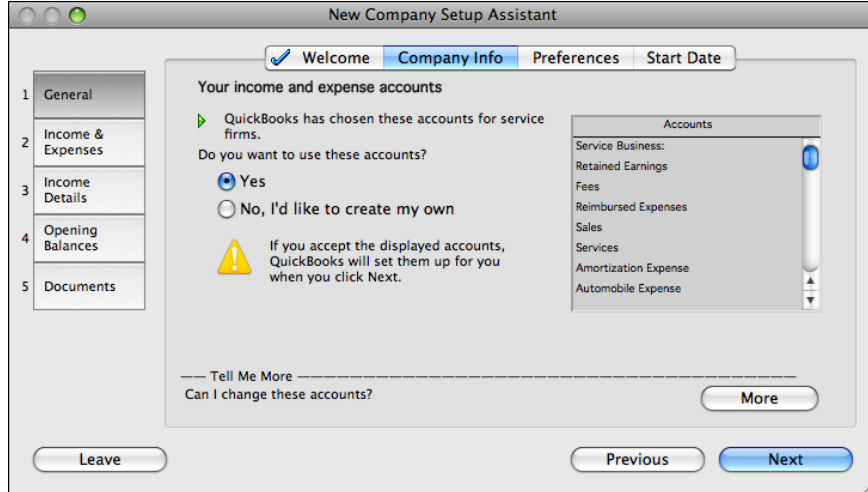


When you click Next, the Filename For New Company dialog, which is shown next, appears. Enter the name you want to use for your company file in the Save As box and click Save. By default, QuickBooks saves company files and other QuickBooks-related files in the QuickBooks folder in your Documents folder.



NOTE: Although you can use the Filename For New Company window to choose a different location, the instructions in this book assume you are saving all QuickBooks files in the QuickBooks folder.

After the file has been saved, the Your Income And Expense Accounts screen appears. As shown next, it gives you two options for creating accounts:



- Yes tells the New Company Setup Assistant to use the predefined accounts listed on the right side of the screen. These are accounts that are commonly used for businesses in your industry. When you click Next, those accounts are added to your QuickBooks company file.

- **No, I'd Like To Create My Own** tells the New Company Setup Assistant that you want to create your own accounts. Select this option if you don't want the Assistant to create accounts so you can create accounts based on your existing chart of accounts.

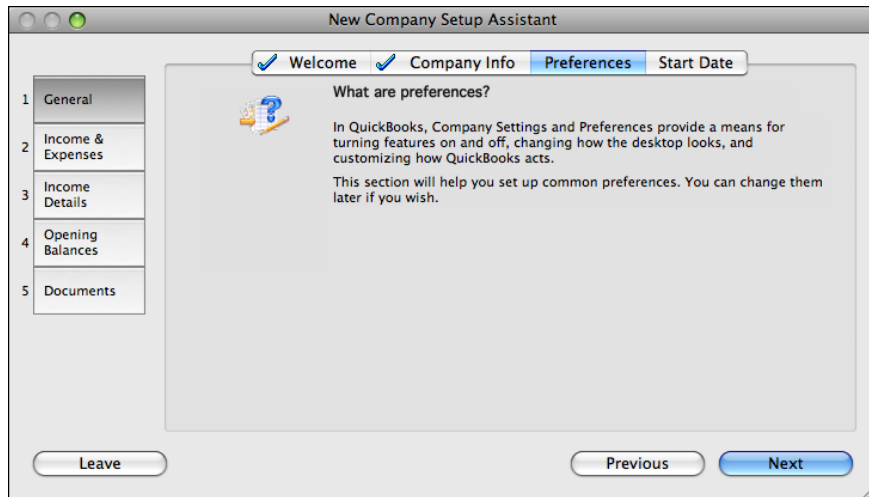


TIP: You're not stuck with the accounts the New Company Setup Assistant creates for you. You can add or remove accounts at any time. You can learn more in Step 4 of this chapter and in Chapter 5.

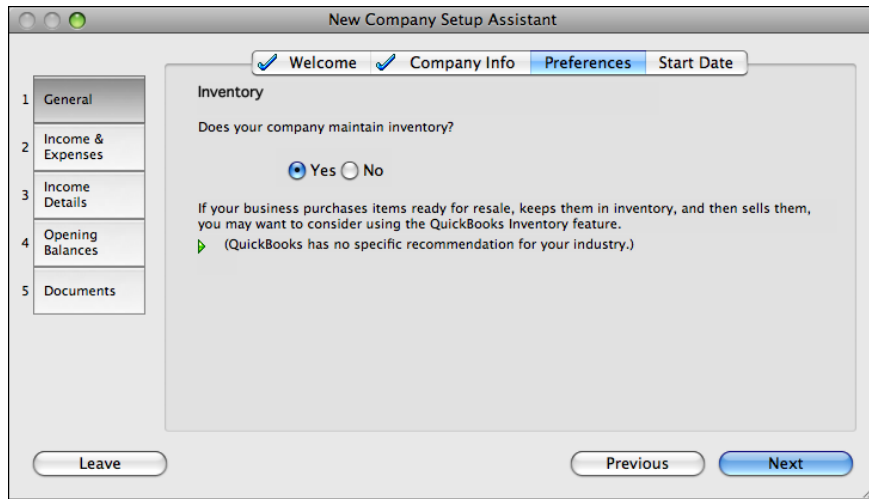
Either way, when you click Next, the New Company Setup Assistant displays a screen that tells you that you're finished with the Company Info topic. Click Next to continue.

Preferences

The first screen of the Preferences topic, which is shown next, provides some general information about what preferences are: settings for enabling or disabling features and setting the way QuickBooks looks and works. After reading the information in this screen, click Next.



The Inventory screen (shown next) asks whether your company maintains inventory. (Inventory consists of items that your company purchases for resale.) Select an option:



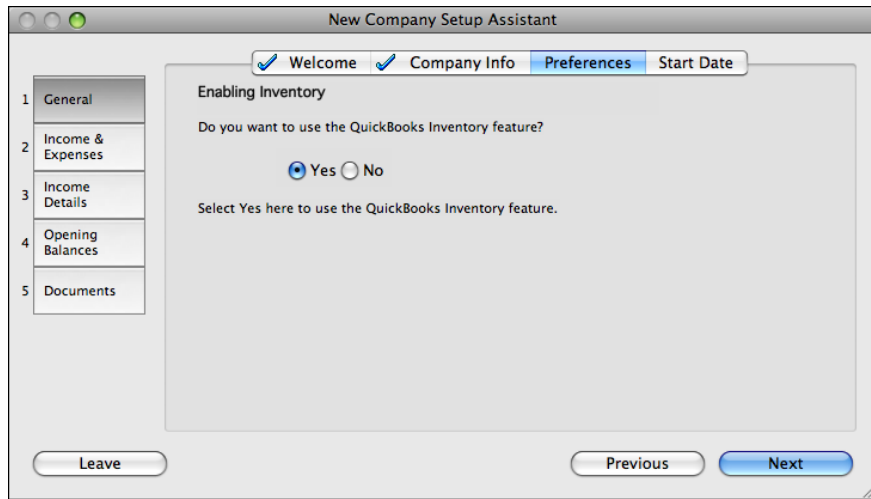
- Yes tells the New Company Setup Assistant that you maintain inventory. This allows you to enable the Inventory tracking feature within QuickBooks.
- No tells the New Company Setup Assistant that you do not maintain inventory. This disables the Inventory tracking feature within QuickBooks.



TIP: If you don't maintain inventory now but may maintain it in the future, you can select No. You can always turn on inventory tracking and set up inventory-related lists and features later.

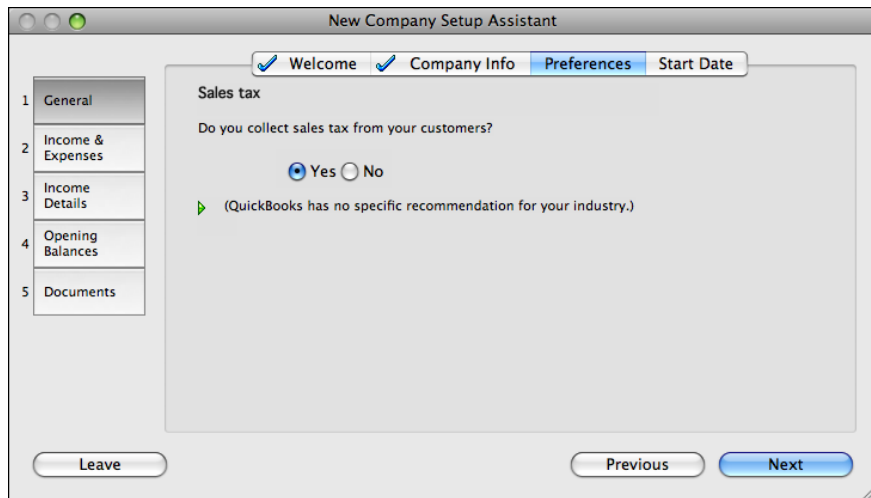
If you chose Yes, when you click Next, the Should I Use QuickBooks For Inventory window appears. It offers access to a Show Help button, which displays additional information about using QuickBooks for inventory. When you are finished accessing Help information, close the Help window and click Next.

If you chose Yes in the Inventory screen shown earlier, the Enabling Inventory screen appears next. As shown in the following illustration, it offers two options for enabling the QuickBooks Inventory feature:



- Yes enables Inventory tracking.
- No disables Inventory tracking.

When you click Next, the New Company Setup Assistant displays the Sales Tax screen. Select an option to indicate whether you collect sales tax:



- Yes enables sales tax tracking within QuickBooks.
- No disables sales tax tracking within QuickBooks.

If you chose Yes, when you click Next, the Single Or Multiple Sales Tax Rates screen, which is shown next, appears. Select the option that most closely matches your situation:

The screenshot shows the 'New Company Setup Assistant' window with the 'Preferences' tab selected. On the left is a sidebar with five categories: 1 General, 2 Income & Expenses, 3 Income Details, 4 Opening Balances, and 5 Documents. The main content area is titled 'Single or multiple sales tax rates?' and asks the user to 'Select one of the following options:'. There are two radio button options: 'I collect single tax rate paid to a single tax agency' (which is unselected) and 'I collect multiple tax rates OR have multiple tax agencies' (which is selected). Below these options, there is explanatory text: 'If you choose a single tax rate payable to a single tax agency, you can enter the sales tax information on the next screen.' and 'If you choose multiple tax rates or agencies, you need to set up your sales tax outside the Assistant.' At the bottom of the main area, there is a link 'Tell Me More' followed by the text 'What are multiple sales tax rates?' and a 'More' button. At the very bottom of the window are three buttons: 'Leave', 'Previous', and 'Next'.

- **I Collect Single Tax Rate Paid To A Single Tax Agency** is for simple one-rate, one-agency sales tax situations.
- **I Collect Multiple Tax Rates Or Have Multiple Tax Agencies** is for more complex multiple-rate or multiple-agency (or both) sales tax situations.

If you chose Yes in the Sales Tax screen and I Collect Single Tax Rate Paid To A Single Tax Agency in the Single Or Multiple Sales Tax Rates screen, the Sales Tax Information screen, which is shown next, appears. Fill in the boxes with the appropriate information:

The screenshot shows the 'New Company Setup Assistant' window with the 'Preferences' tab selected. The sidebar is the same as in the previous screenshot. The main content area is titled 'Sales tax information' and contains four text input fields with labels: 'Enter a short name for the sales tax. This name will be used in QuickBooks reports and pick lists:' (with 'Sales Tax' entered), 'Enter a sales tax description to be printed on invoices:' (with 'AZ Sales Tax' entered), 'Enter your sales tax rate here as a percentage (e.g., "5.2%"):' (with '8.0%' entered), and 'Enter the name of the government agency to which you pay sales tax:' (with 'AZ Department of Revenue' entered). At the bottom of the window are three buttons: 'Leave', 'Previous', and 'Next'.

- **Short Name For The Sales Tax** is a brief label to identify the tax in lists. You might want to keep it simple, like “Sales Tax.”
- **Sales Tax Description** is a more descriptive label to appear on customer invoices.
- **Sales Tax Rate** is the rate applied to sales to calculate tax, entered as a percentage.
- **Name Of Government Agency** is the name of the agency you pay sales tax to.

If, on the other hand, you chose Yes in the Sales Tax screen and I Collect Multiple Tax Rates Or Have Multiple Tax Agencies in the Single Or Multiple Sales Tax Rates screen, the Multiple Sales Taxes Or Agencies screen appears. It tells you that you'll have to set up sales tax after the Assistant.

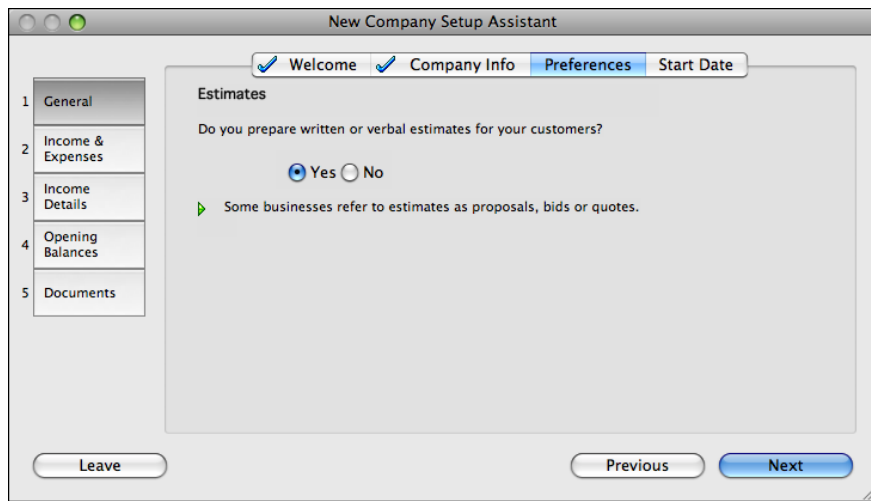
When you click Next, the Your Invoice Format screen, which is shown next, appears. Select an option for the invoice format you want to use and click Next.

The screenshot shows the 'New Company Setup Assistant' window with the 'Preferences' tab selected. On the left is a sidebar with five categories: 1 General, 2 Income & Expenses, 3 Income Details, 4 Opening Balances, and 5 Documents. The main area is titled 'Your invoice format' and contains the following text: 'QuickBooks has several invoice formats to fit different types of businesses. Select the format you prefer to use:'. Below this text are four radio button options: Product, Professional, Service (which is selected), and Custom. A note at the bottom of the main area states: 'You can change this format at any time.' To the right of the text is a preview of an 'Invoice' form. The preview shows fields for 'BILL TO:', 'DATE INVOICE', 'PO #', 'TERMS', 'PROJECT', a table with columns 'QUANTITY', 'DESCR', 'RATE', and 'AMOUNT', and a 'TOTAL' field at the bottom. At the bottom of the window are three buttons: 'Leave', 'Previous', and 'Next'.



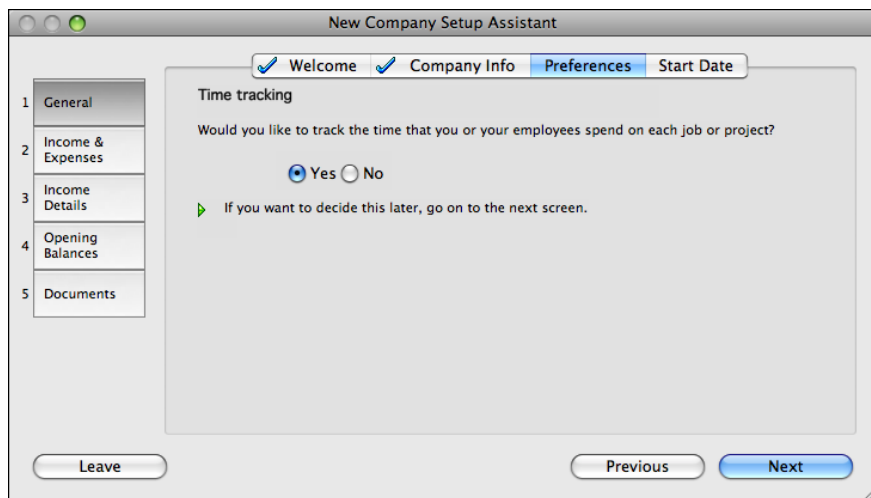
TIP: Choose the invoice format that's closest to what you expect to need for your business. You can always change or customize invoices later.

When you click Next, the New Company Setup Assistant displays the Estimates screen. Estimates, which are known in some businesses as proposals, bids, or quotes, enable you to provide customers with a formal estimate of what products or services will cost. Select an option to indicate whether you want to enable the estimates tracking feature within QuickBooks:



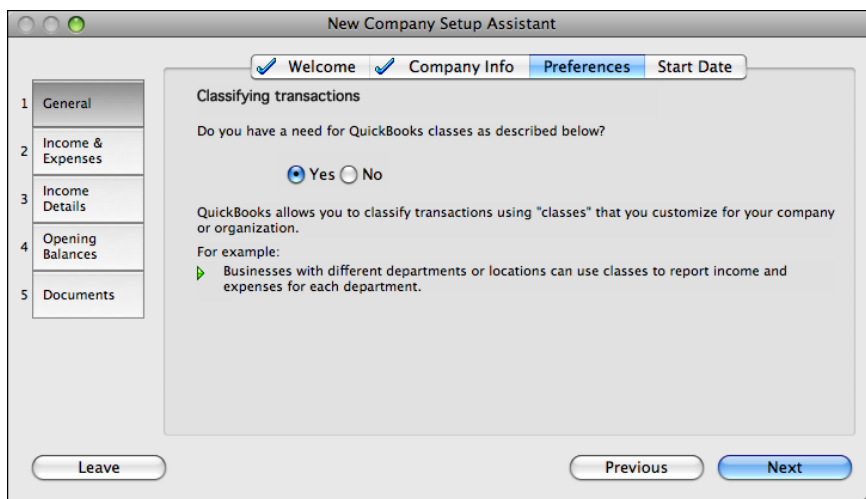
- Yes enables the estimates tracking feature of QuickBooks.
- No disables the estimates tracking feature of QuickBooks.

The Time Tracking screen (shown next) appears when you click Next. Use it to indicate whether you want to track the amount of time that you or your employees spend on jobs or projects:



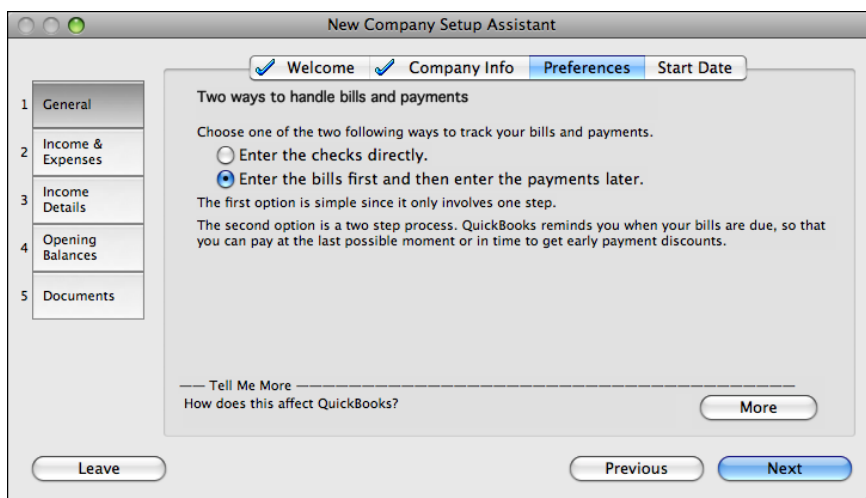
- Yes enables the time tracking feature of QuickBooks.
- No disables the time tracking feature of QuickBooks.

When you click Next, the Classifying Transactions screen appears. As shown next, it provides some information about the classes feature within QuickBooks and asks whether you want to use it:



- **Yes** enables the classes feature of QuickBooks. Select this option if you want to track activity by department or location.
- **No** disables the classes feature of QuickBooks. Select this option if you don't need to track activity by department or location.

When you click Next, the New Company Setup Assistant displays the Two Ways To Handle Bills And Payments screen, which is shown next. Select an option to indicate how you want to pay bills and make other payments:

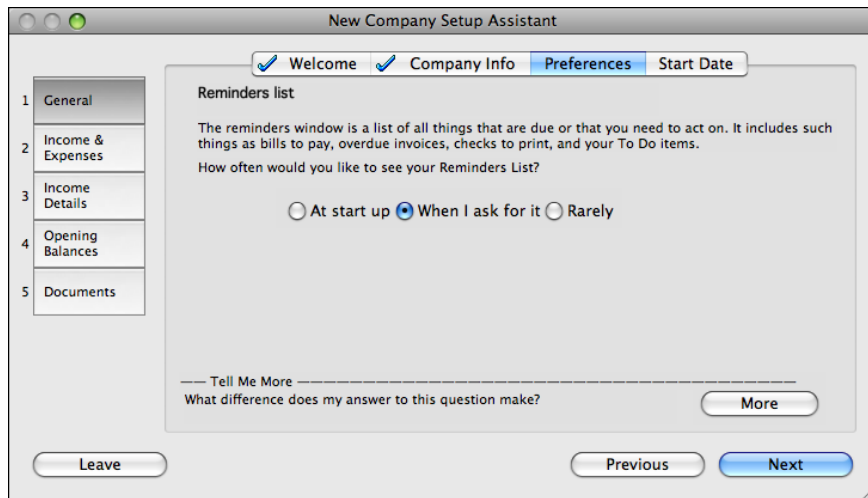


- **Enter The Checks Directly** disables the bill tracking feature. This makes it possible to pay bills and make other payments without first setting up a bill or a payable. Use this option if you are on *cash basis* accounting.
- **Enter The Bills First And Then Enter The Payments Later** enables the bill tracking feature. This makes it possible to enter bills as payables when they are received. When you pay a bill, you reduce the payable. Use this option if you are on *accrual basis* accounting.



TIP: You can learn more about cash- and accrual-based accounting in Appendix A.

Clicking Next displays the Reminders List screen. As shown next, it offers three options for displaying the Reminders List:

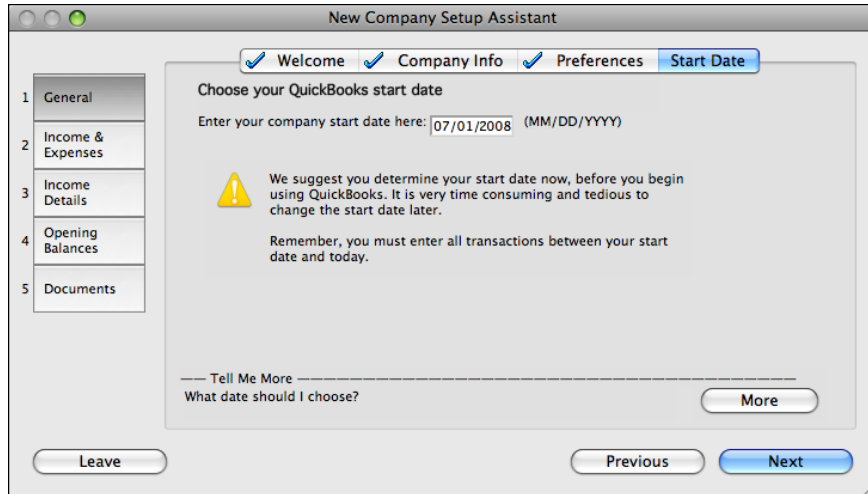


- **At Start Up** displays the Reminders List each time you start QuickBooks. Select this option if you want to use the Reminders List as a starting point each time you work with QuickBooks.
- **When I Ask For It** displays the Reminders List only when you choose its command from the Lists menu. Select this option if you don't need to be reminded all the time but want easy access to the list.
- **Rarely** does not display the Reminders List and buries its command on the Other Lists submenu of the Lists menu. Select this option if you don't expect to use this feature.

When you click Next, the Preferences Completed screen appears. Click Next to continue.

Start Date

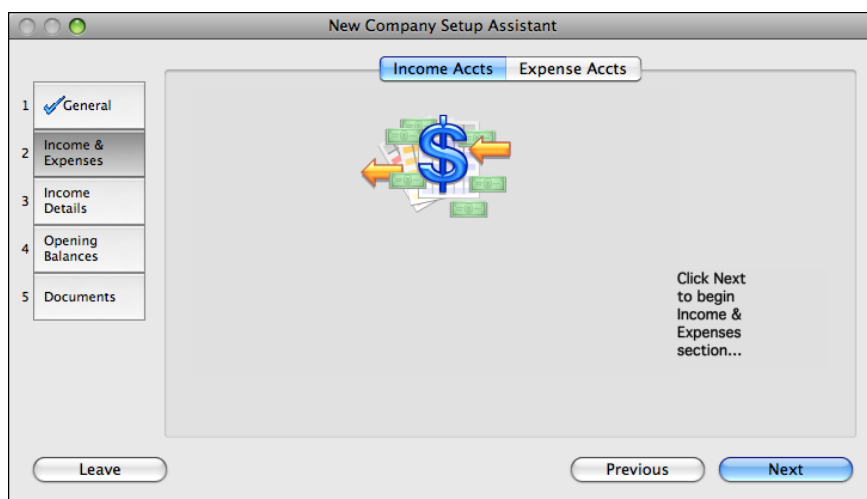
The Start Date topic begins by providing some information about what your start date is and why it's important. Read the information on each screen, and click Next to advance to the next screen of information. Eventually, the Choose Your QuickBooks Start Date screen, which is shown next, appears. Enter the start date for your company file in MM/DD/YYYY format and click Next.



The General Section Completed screen appears. You're now done with the first section of the New Company Setup Assistant. Click Next to continue.

Setting Income & Expenses Options

The Income & Expenses section of the New Company Setup Assistant has two topics: Income Accts and Expense Accts. The first screen, which is shown next, introduces the section. Click Next to get started.

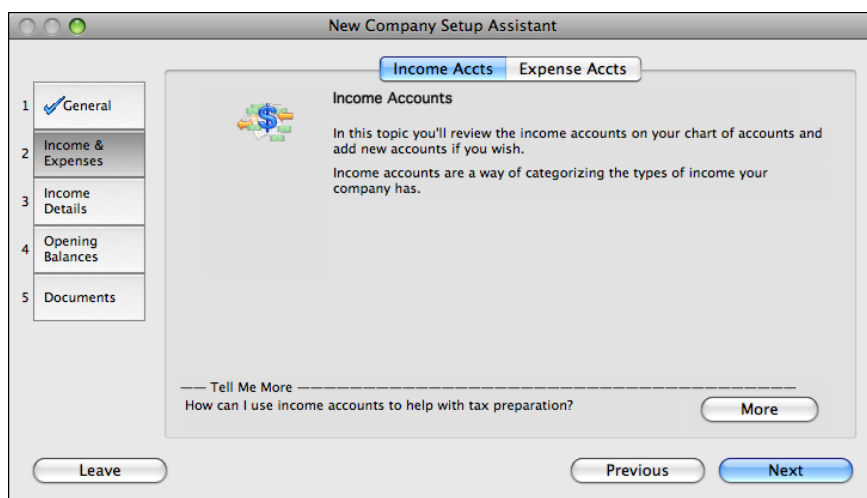


TIP: If your company has a chart of accounts, you can use the screens in this section to add accounts to QuickBooks so its chart of accounts matches your existing chart of accounts.

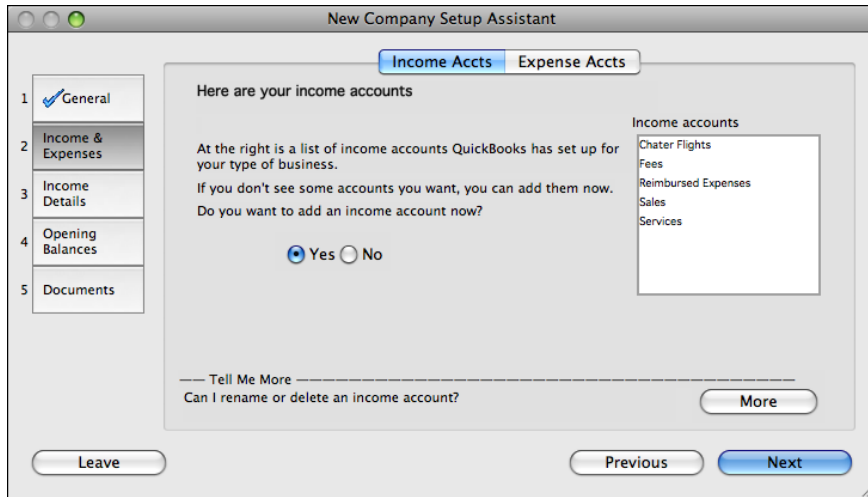
TIP: You can learn more about setting up accounts in Step 4 of this chapter and in Chapter 5.

Income Accts

The Income Accts topic enables you to set up income accounts for your company file. The Income Accounts screen (shown next) explains what the topic enables you to do. When you're finished reading it, click Next.

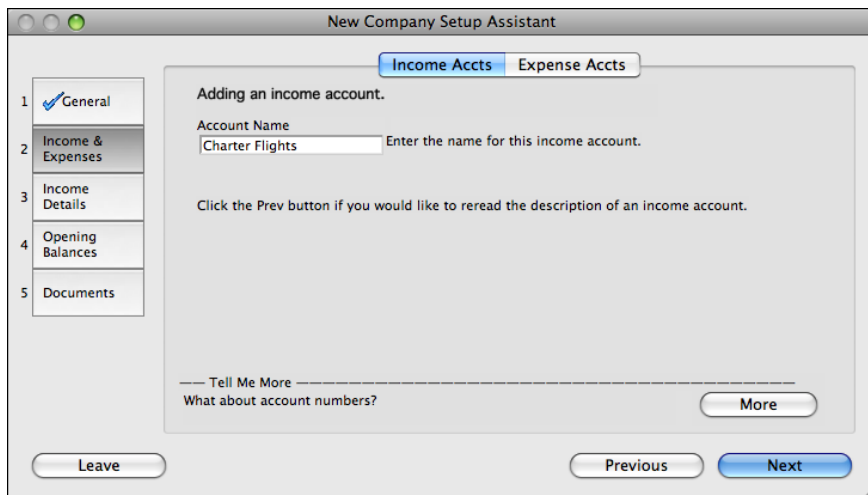


The Here Are Your Income Accounts screen lists all of the income accounts in your company file and gives you an opportunity to add more. The following illustration shows what it might look like for a service business; this screen may look different for your business.



You have two options:

- **Yes** enables you to add additional income accounts. When you click Next, the Adding An Income Account screen (shown next) appears. Enter a name for the new account and click Next. The Here Are Your Income Accounts screen reappears with the account you added. You can repeat this process to add as many income accounts as you like.



- **No** enables you to continue without adding accounts. You'll eventually have to select this option to continue. When you click Next, the Income Accounts Completed screen appears. Click Next to continue.

Expense Accts

The first screen in the Expense Accts topic, Expense Accounts (shown next) tells you a little about expense accounts and offers the opportunity to learn more about them:



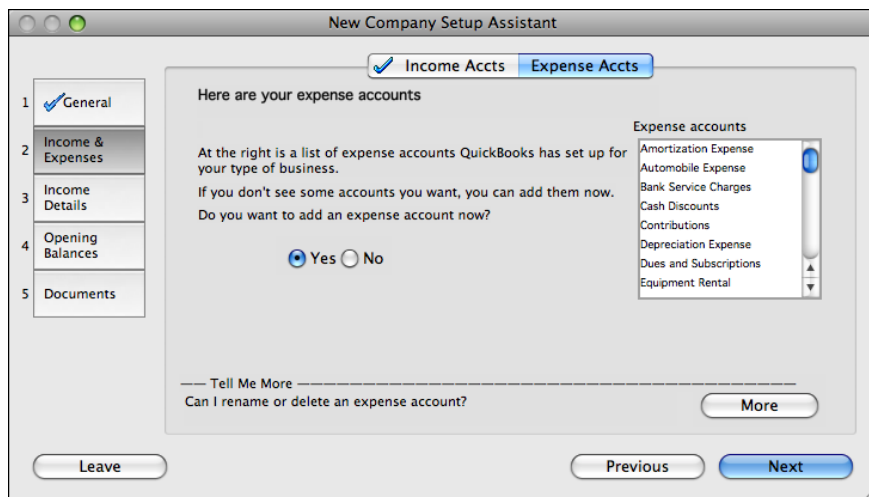
- **More Details** tells the New Company Setup Assistant that you want to learn more about expense accounts. Clicking Next displays two more screens of information. You can click the Next button in each screen to continue.
- **No Thank You** tells the New Company Setup Assistant that you don't need more information. Click Next to continue.

The Set Up All Of Your Accounts screen, which is shown next, offers two options for setting up expense accounts:



- **All Accounts** tells the New Company Setup Assistant that you want to set up all of your company's expense accounts now.
- **Minimum Accounts** tells the New Company Setup Assistant that you just want to set up the minimum number of expense accounts you need so you can get started more quickly with QuickBooks. If you select this option, when you click Next, the Assistant displays a screen that tells you that you need to set up any accounts that you will use to track expenses passed on directly to customers—in other words, *billable expenses*.

When you click Next, the New Company Setup Assistant displays the Here Are Your Expense Accounts screen, which is shown next. The following illustration shows what it might look like for a service business with All Accounts added; this screen may look different for your business.



You have two options:

- **Yes** enables you to add additional expense accounts. When you click Next, the Adding An Expense Account screen (shown next) appears. Enter a name for the new account in the Account Name box. If the account is a subaccount of another expense account, turn on the This Is A Subaccount check box and choose an account from the Parent Account drop-down list. Then click Next. The Here Are Your Expense Accounts screen reappears with the account you added. You can repeat this process to add as many expense accounts as you like.

The screenshot shows the 'New Company Setup Assistant' window with the 'Expense Accts' tab selected. On the left is a sidebar with five numbered options: 1 General (checked), 2 Income & Expenses (selected), 3 Income Details, 4 Opening Balances, and 5 Documents. The main area is titled 'Adding an expense account.' and contains the following fields and controls:

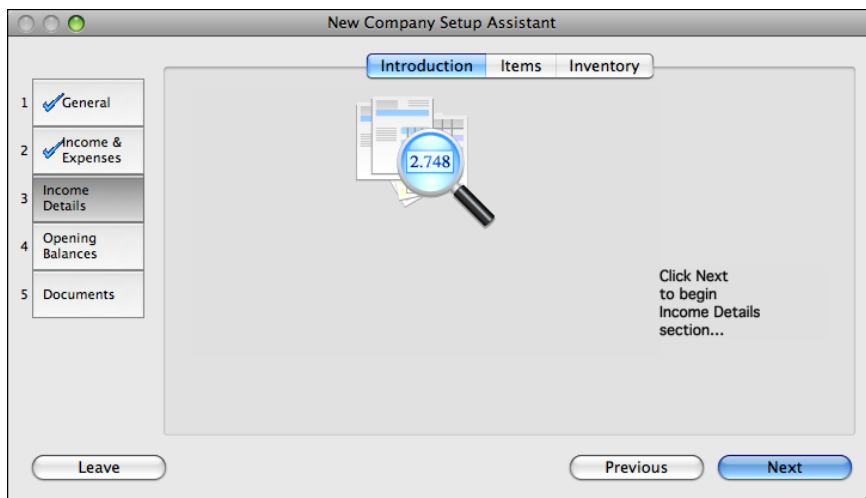
- Account Name:** A text box containing 'Billable Postage'.
- This is a subaccount:** A checked checkbox.
- Parent account:** A dropdown menu showing 'Postage and Delivery'.
- Instructions:** Text on the right says: 'Enter the name for this expense account. Mark this checkbox if this account is a subaccount of an account you have already set up. More detailed instructions for creating subaccounts are in the Tell Me More below.' Below the dropdown, it says: 'Click on the arrow to choose the name of the parent account for this subaccount.'
- Tell Me More:** A link with the text 'How do I add an expense subaccount?' and a 'More' button.
- Navigation:** At the bottom are three buttons: 'Leave', 'Previous', and 'Next' (highlighted in blue).

- **No** enables you to continue without adding accounts. You'll eventually have to select this option to continue. When you click Next, the Expense Accounts Completed screen appears. Click Next to move on to the Income Details section of the New Company Setup Assistant.

Setting Income Details Options

The Income Details section of the New Company Setup Assistant enables you to set options related to the income your company receives. The answers you provide determine which accounts receivable features will be enabled within QuickBooks. There are three topics within this section: Introduction, Items, and Inventory.

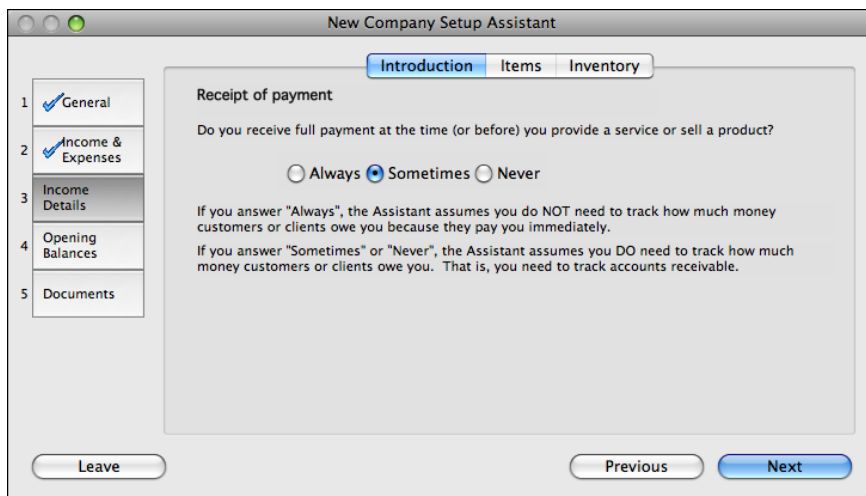
The first screen of the Income Details screen (shown next) invites you to click Next to continue.



Introduction

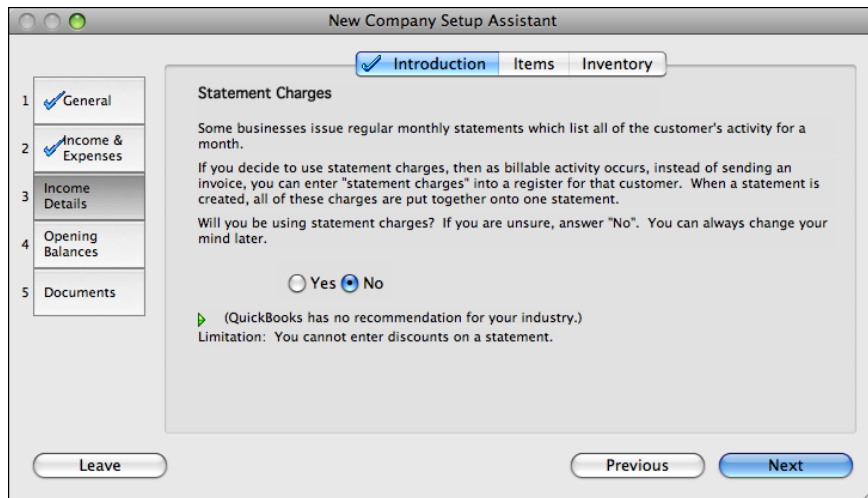
When you click Next in the first screen of the Income Details section, the New Company Setup Assistant displays the Income Details: Introduction screen. This screen provides some information about the Introduction topic. Click Next to continue.

The Receipt Of Payment screen, which is shown next, appears. It offers three choices for how you receive payments from customers:



- **Always** tells the Assistant that you always receive payment in full before or when a product is sold or service is rendered. This disables the QuickBooks accounts receivable features, since you won't need to track money owed to you by your customers.
- **Sometimes** tells the Assistant that sometimes you get payment in full up front and sometimes you don't. This enables the QuickBooks accounts receivable feature so you can track payments received and money owed by customers.
- **Never** tells the Assistant that you never get payment in full up front. This also enables the QuickBooks accounts receivable feature so you can track amounts owed to you by your customers.

If you selected Sometimes or Never in the Receipt Of Payment screen, the New Company Setup Assistant displays the Statement Charges screen shown next. This enables you to specify whether you want to create statements for your customers rather than issue individual invoices for each transaction:



- **Yes** tells the Assistant that you want to use statements rather than individual invoices to bill your customers. This is particularly useful if your customers have many billable transactions and you don't want to issue an invoice for every single one.
- **No** tells the Assistant that you don't want to use statements for billing; you'll use individual invoices.

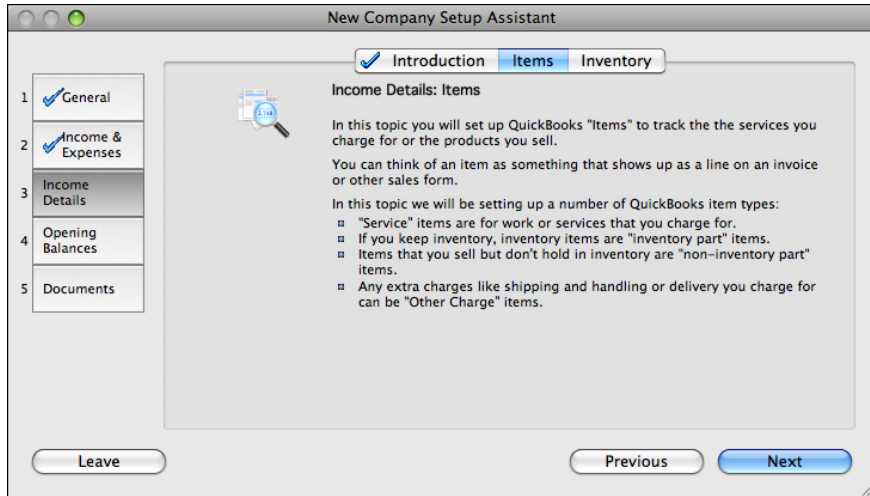


TIP: Don't confuse this feature with the ability to send out periodic statements of activity to your customers. If you bill by invoice, you can still create periodic statements.

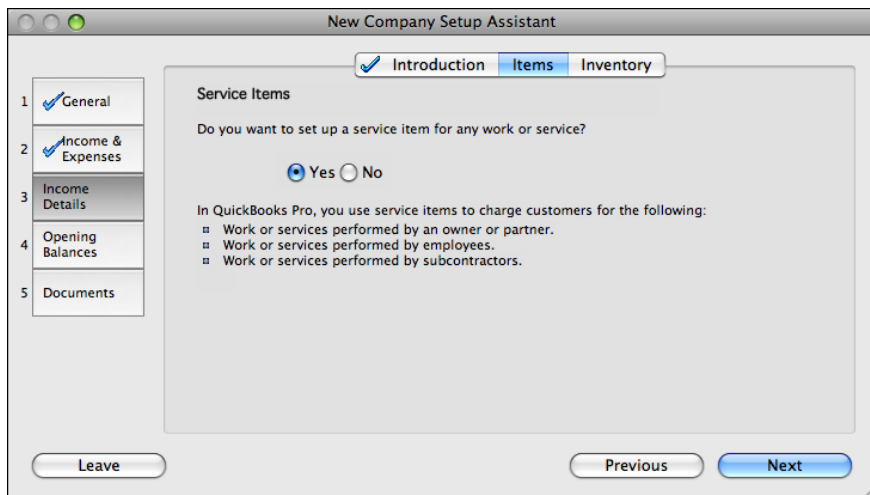
When you click Next, the Introduction Completed screen appears. Click Next to continue to the next topic.

Items

The Items topic starts with a summary of what items are and what the topic will do. When you're finished reading the first screen (shown next), click Next.



The Service Items screen appears. As shown next, it offers two options for creating service items—work or services performed by your company or its subcontractors for a customer. Select an option:

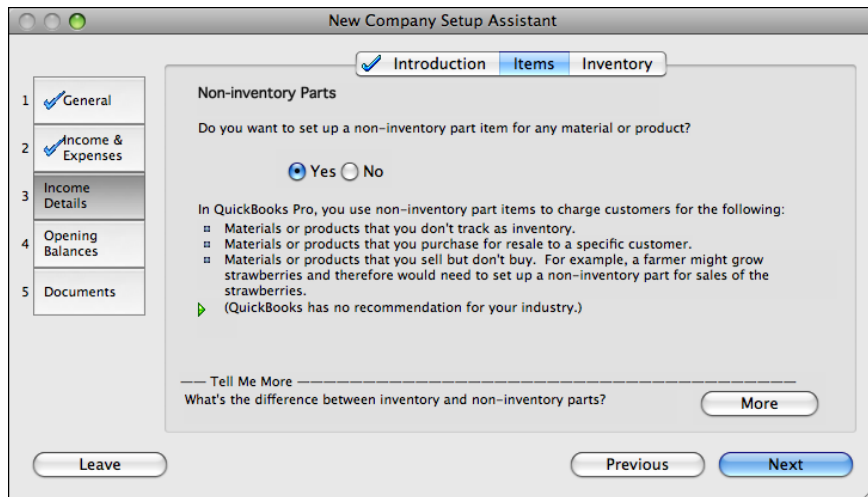


- **Yes** lets you create a service item. When you click Next, the New Company Setup Assistant displays a series of screens you can use to enter details about the service item. When the service item has been created, the Assistant displays a screen that looks very much like the Service Items screen shown here. Select Yes to repeat this process for another service item or No to move on.
- **No** tells the Assistant that you do not want to create any service items.



TIP: You can find more information about creating service items in Chapter 6.

When you click Next, the Non-inventory Parts screen (shown next) appears. It offers two options for creating non-inventory parts—those materials or products that you don't track as inventory. Select an option:

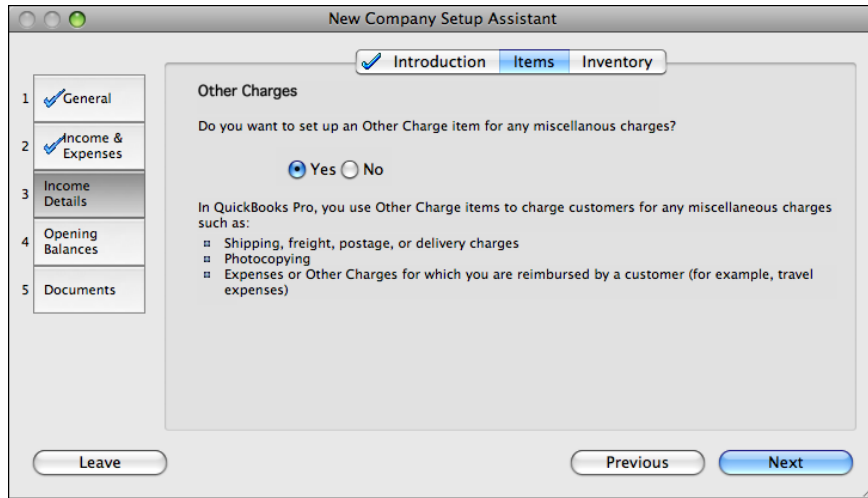


- **Yes** lets you create a non-inventory part. When you click Next, the New Company Setup Assistant displays a series of screens you can use to enter details about the non-inventory part. When the part has been created, the Assistant displays a screen that looks very much like the Non-inventory Parts screen shown here. Select Yes to repeat this process for another non-inventory part or No to move on.
- **No** tells the Assistant that you do not want to create any non-inventory parts.



TIP: You can find more information about creating non-inventory parts in Chapter 6.

When you click Next, the New Company Setup Assistant displays the Other Charges screen shown next. Again, you have two options for creating other charges that you bill to customers:



- **Yes** lets you create any Other Charge item. When you click Next, the New Company Setup Assistant displays a series of screens you can use to enter details about the Other Charge item. When the item has been created, the Assistant displays a screen that looks very much like the Other Charges screen shown here. Select Yes to repeat this process for another Other Charge item or No to move on.
- **No** tells the Assistant that you do not want to create any Other Charge items.

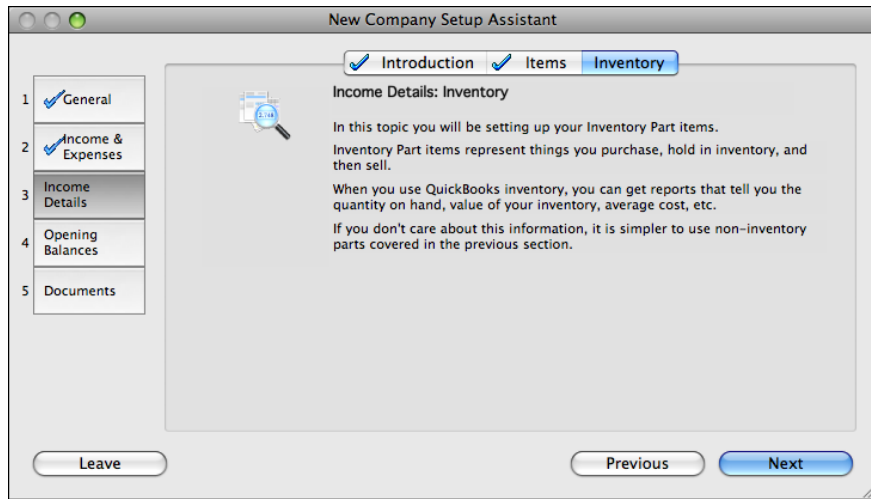


TIP: You can find more information about creating other charge items in Chapter 6.

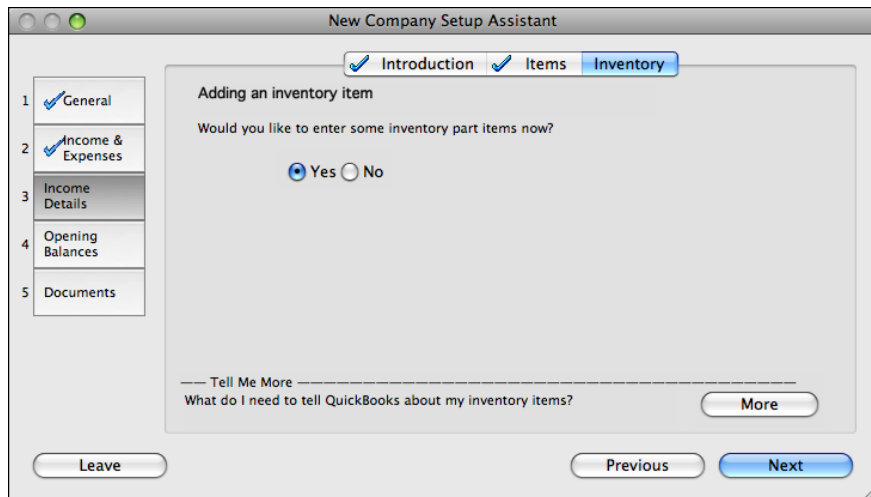
When you click Next, the New Company Setup Assistant displays the Items Completed screen. Click Next to continue.

Inventory


Inventory consists of items you make or buy and keep in stock for sale. The first screen of the Inventory topic explains this, as shown here:



When you click Next, the Adding An Inventory Item screen appears. As shown next, it has two options:




- **Yes** lets you create an inventory item. When you click Next, the New Company Setup Assistant displays a series of screens you can use to enter details about the inventory item. When the item has been created, the Assistant displays a screen that looks very much like the Adding An Inventory Item screen shown here. Select Yes to repeat this process for another inventory item or No to move on.
- **No** tells the Assistant that you do not want to create any inventory items.

 **TIP:** You can find more information about creating inventory items in Chapter 6.

When you click Next, the New Company Setup Assistant displays the Inventory Completed screen. Click Next to continue.

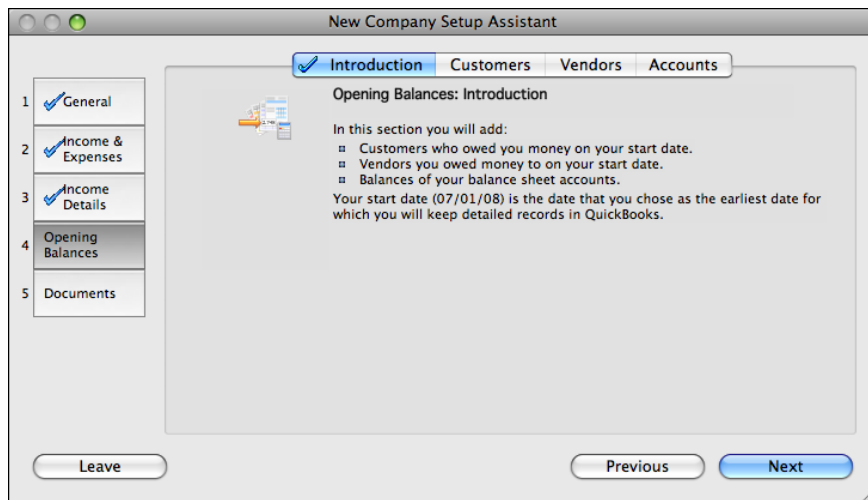
Recording Opening Balances

The Opening Balances section includes up to four topics for entering opening balance information for your company: Introduction, Customers, Vendors, and Accounts. To get started, click Next in the first screen of the section.

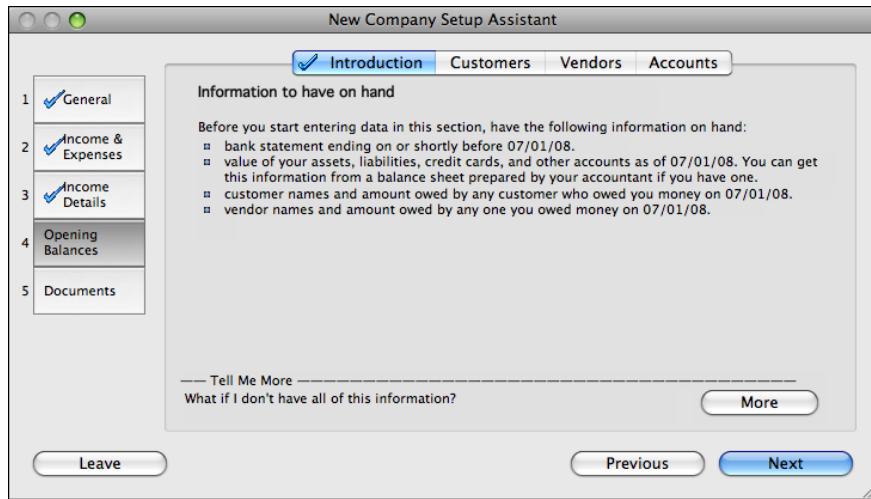
 **TIP:** You can learn more about opening balances in Step 5 of this chapter.

Introduction

The Opening Balances: Introduction screen, which is shown next, provides some basic information about what will be accomplished in the Opening Balances section.

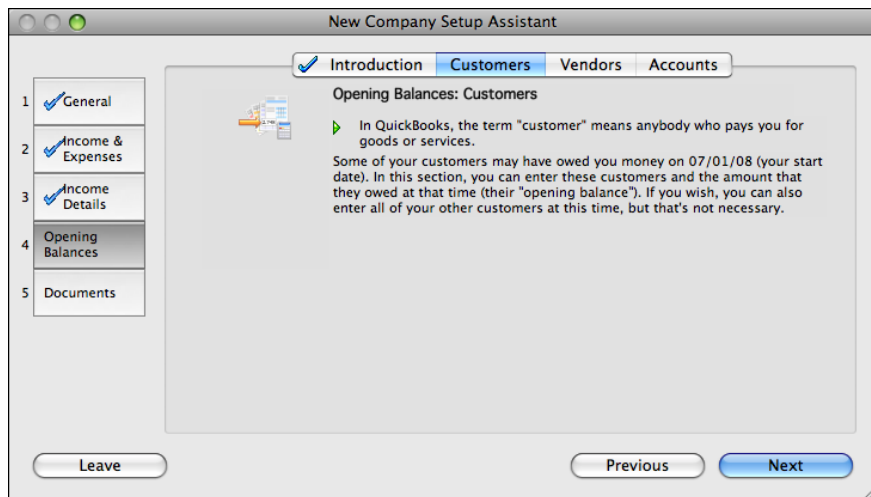


When you click Next, the Information To Have On Hand screen (shown next) provides information about what you'll need to enter opening balances. Read it and take a moment to collect the information you need. Then click Next to start the next topic.

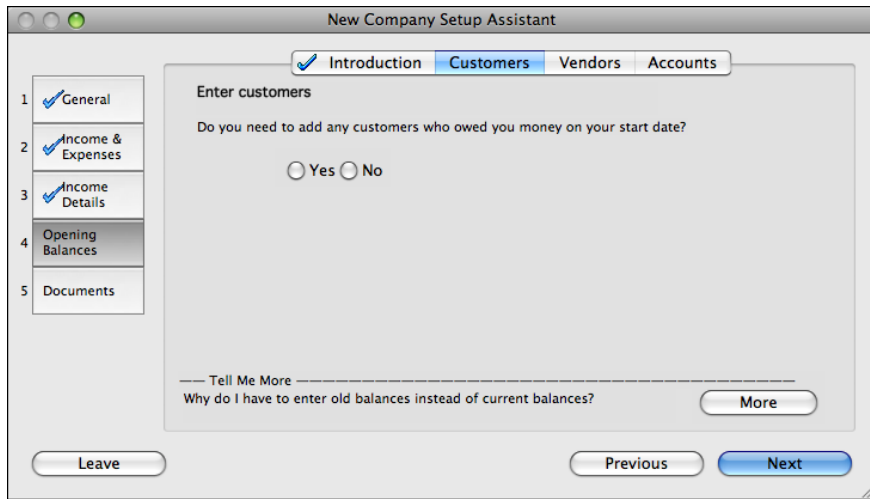


Customers


The Opening Balances: Customers screen (shown next) explains what a *customer* is: anyone who pays you for goods or services. Read the information that appears in the screen and click Next.



The Enter Customers screen appears next. As shown next, it offers two options for entering customers who owed you money as of your start date:



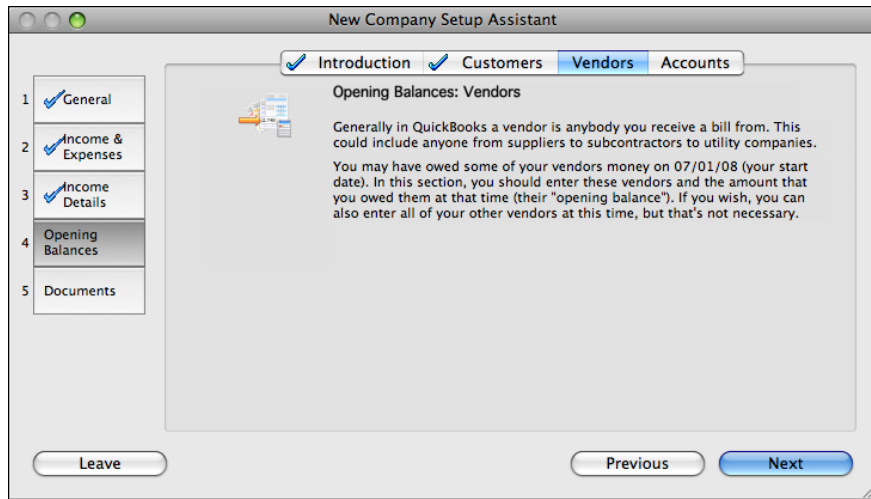
- **Yes** lets you enter information about a customer, its jobs, and amounts you are owed. When you click **Next**, the Assistant displays a series of screens you can use to enter details. When the customer has been created, the Assistant displays the **Adding Another Customer** screen, which looks very much like the **Enter Customers** screen shown here. Select **Yes** to repeat this process for another customer or **No** to move on.
- **No** tells the Assistant that you do not want to enter balances for any customers.

 **TIP:** You can learn more about creating customers and jobs in Chapter 6.

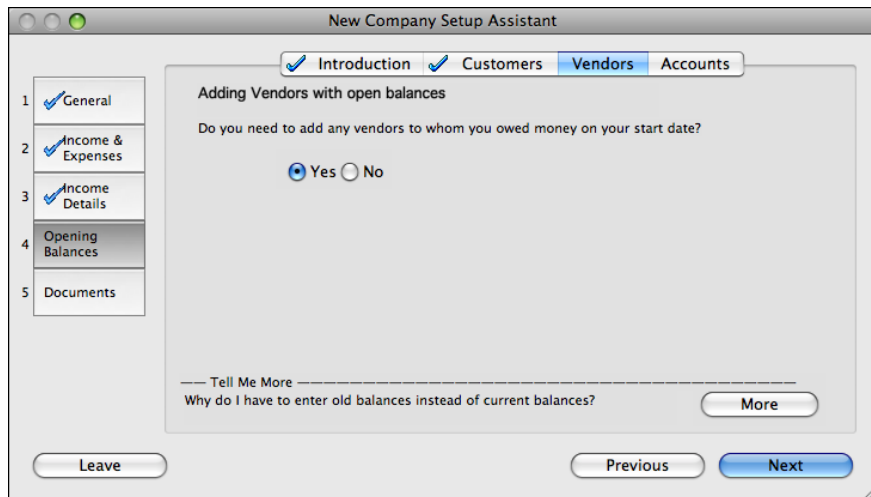
When you click **Next**, the **Customers Completed** screen appears. Click **Next** to continue.

Vendors

The **Opening Balances: Vendors** screen (shown next) starts by defining what a *vendor* is: anyone you receive a bill from. As the screen explains, this could be anyone from a supplier to the local utility company.



When you click Next, the Assistant displays the Adding Vendors With Open Balances screen, which is shown next. Select one of two options:



- **Yes** lets you enter information about a vendor and the amount you owe. When you click Next, the Assistant displays a series of screens you can use to enter details. When the vendor has been created, the Assistant displays the Adding Another Vendor screen, which looks very much like the Adding Vendors With Open Balances screen shown here. Select Yes to repeat this process for another vendor or No to move on.
- **No** tells the Assistant that you do not want to enter balances for any vendors.

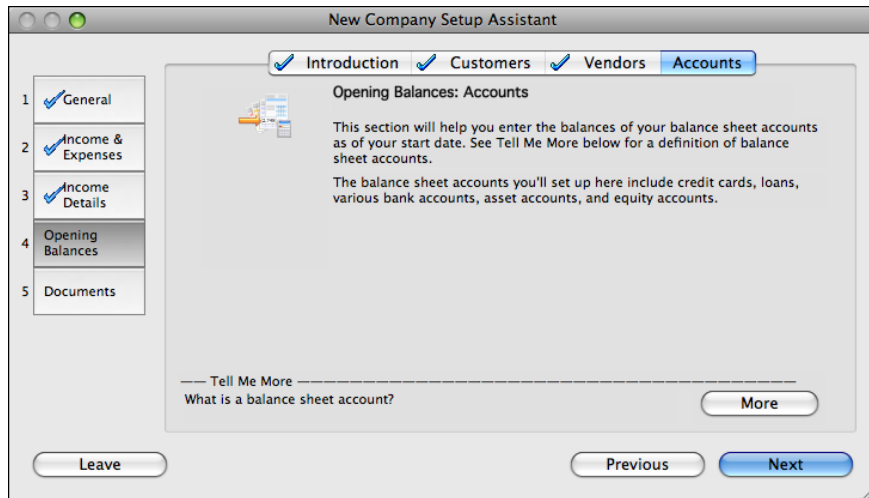


TIP: You can learn more about creating vendors in Chapter 6.

When you click Next, the Vendors Completed screen appears. Click Next to continue.

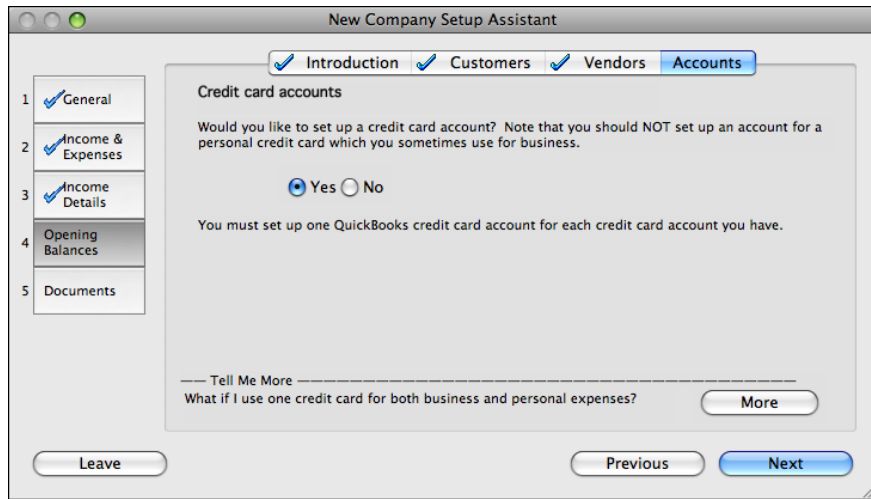
Accounts

The Opening Balances: Accounts screen (shown next) begins by telling you about the information that will be collected from your balance sheet accounts. Click Next to continue.

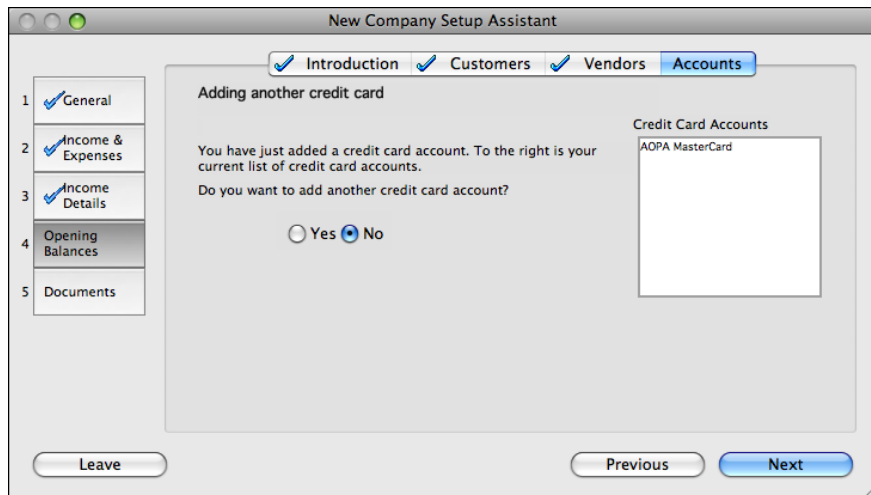


TIP: You can learn more about creating accounts in Chapter 5.

The Credit Card Accounts screen appears next. As shown in the following illustration, this screen offers two options for adding credit card accounts to QuickBooks:

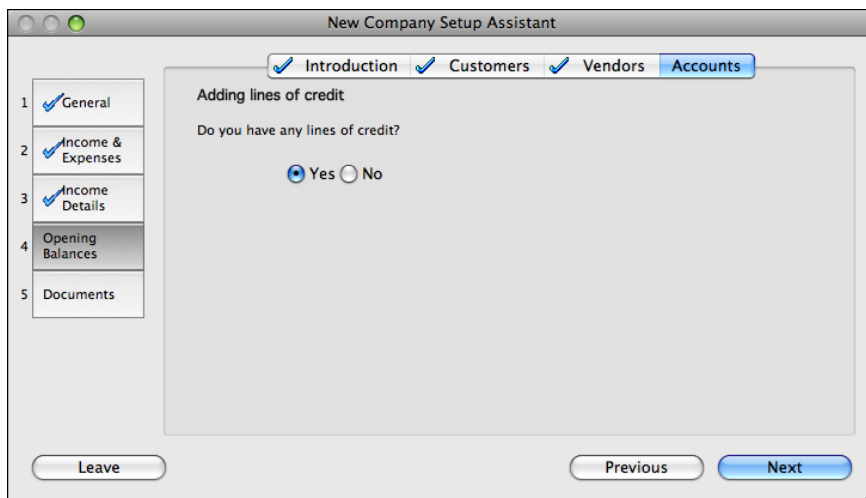


- Yes lets you enter information about a credit card and the amount you owe on it. When you click Next, the Assistant displays a series of screens you can use to enter details. When the credit card has been created, the Assistant displays the Adding Another Credit Card screen (shown next). Select Yes to repeat this process for another credit card or No to move on.

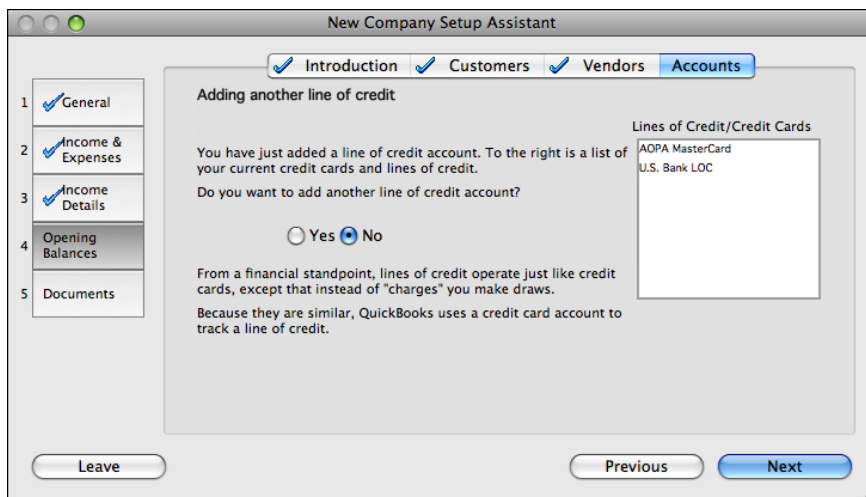


- No tells the Assistant that you do not want to enter balances for any credit cards.

When you click Next, the Adding Lines Of Credit screen (shown next) appears. Again, you have two options:

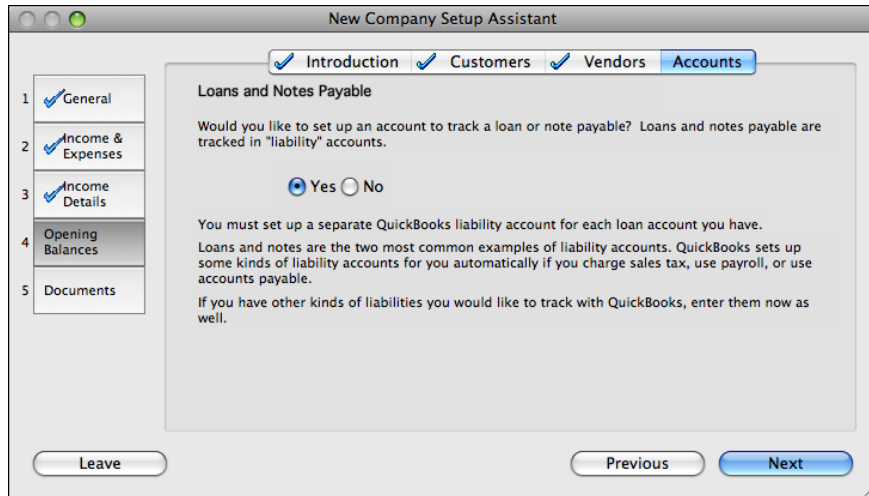


- Yes lets you enter information about a line of credit and its outstanding balance. When you click Next, the Assistant displays a series of screens you can use to enter details. When the line of credit has been created, the Assistant displays the Adding Another Line Of Credit screen (shown next). Select Yes to repeat this process for another line of credit or No to move on.

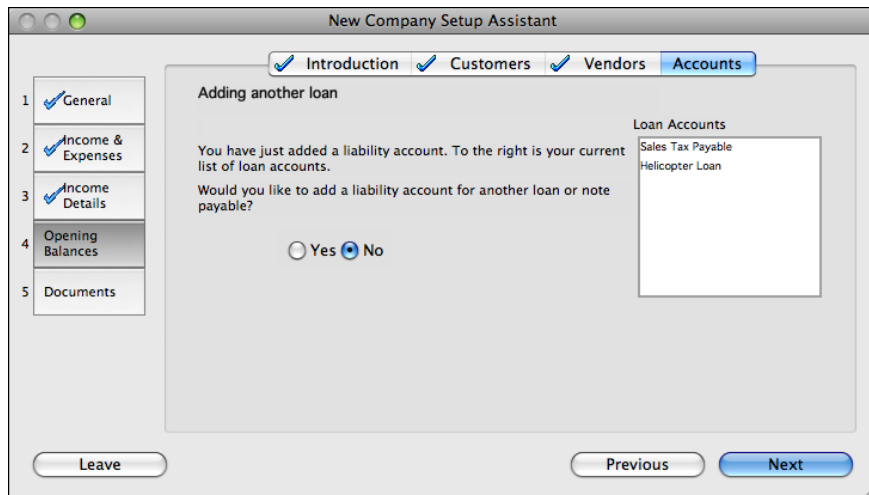


- No tells the Assistant that you do not want to enter balances for any lines of credit.

The Loans And Notes Payable screen appears when you click Next. As shown next, it offers two options for adding loans or other notes payable to your company file:

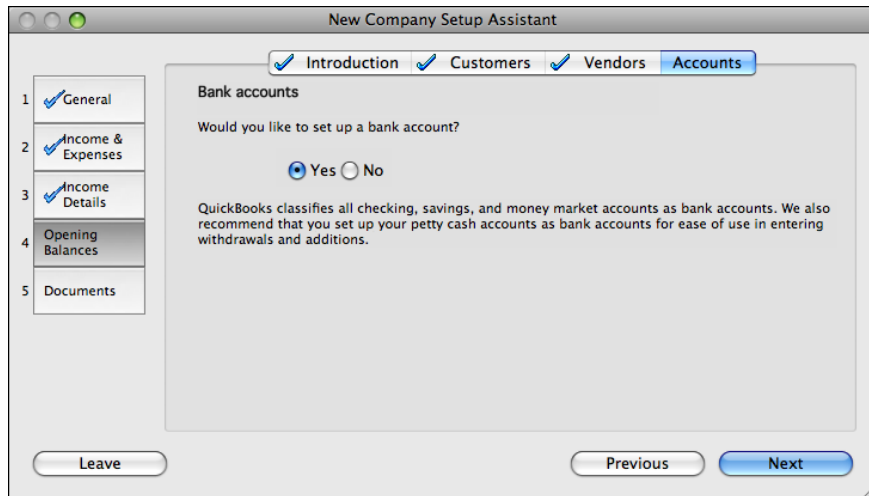


- Yes lets you enter information about a loan or note payable and its outstanding balance. When you click Next, the Assistant displays a series of screens you can use to enter details. When the loan or note payable has been created, the Assistant displays the Adding Another Loan screen (shown next). Select Yes to repeat this process for another loan or note payable or No to move on.



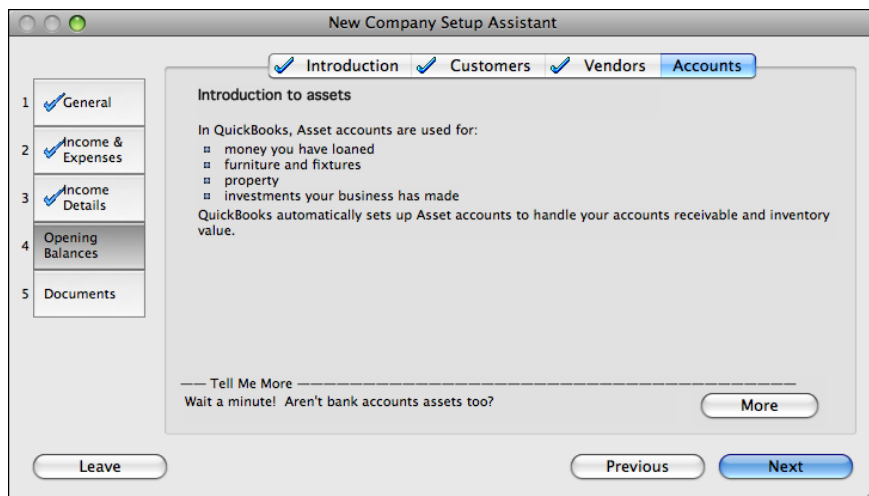
- No tells the Assistant that you do not want to enter balances for any loans or notes payable.

When you click Next, the Bank Accounts screen, which is shown next, appears. Again, you have two options for adding bank accounts:

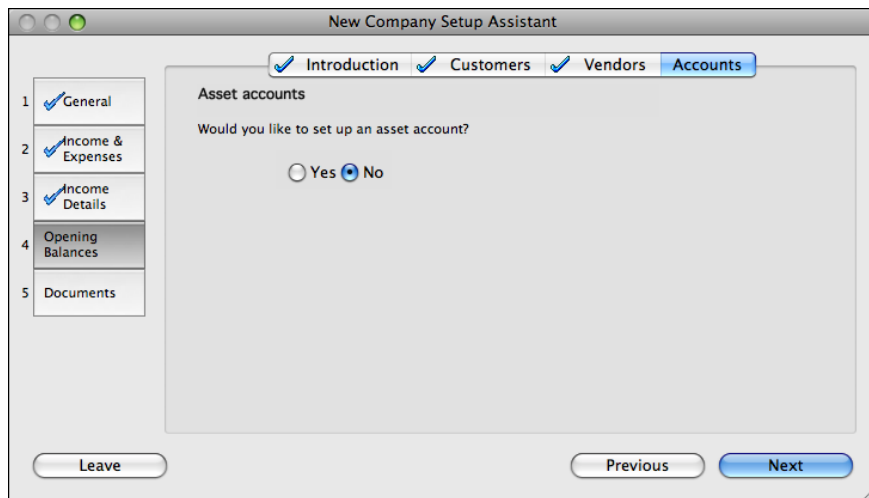


- **Yes** lets you enter information about a bank account and its balance. When you click Next, the Assistant displays a series of screens you can use to enter details. When the bank account has been created, the Assistant displays the Adding Another Bank Account screen, which has two options. Select Yes to repeat this process for another bank account or No to move on.
- **No** tells the Assistant that you do not want to enter balances for any bank accounts.

When you click Next, the New Company Setup Assistant displays the Introduction To Assets screen. Read the information in the screen (shown next) to learn more about assets. Then click next.

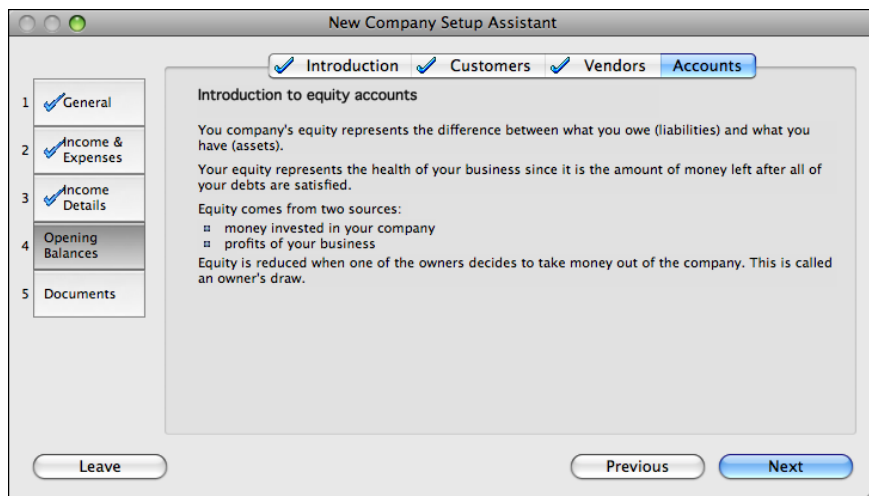


The Asset Accounts screen appears next. As shown here, it offers two options:

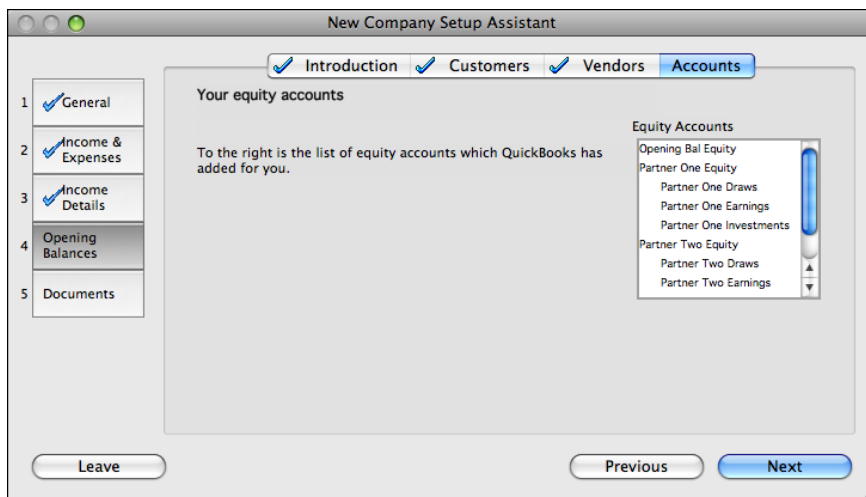


- Yes lets you enter information about an asset and its value. When you click Next, the Assistant displays a screen you can use to enter details. When the asset account has been created, the Assistant displays the Adding Another Asset screen, which has two options. Select Yes to repeat this process for another asset or No to move on.
- No tells the Assistant that you do not want to enter balances for any asset accounts.

The Introduction To Equity Accounts screen appears when you click Next. As shown in the following illustration, it provides basic information about equity accounts. After reading the information there, click Next.



The New Company Setup Assistant displays the Your Equity Accounts screen (shown next), which lists all of the equity accounts already set up for your company. The accounts that are listed vary depending on the type of business and tax return you selected earlier in the company file creation process, so it might not look like what you see here. After reviewing the Equity Accounts list, click Next.



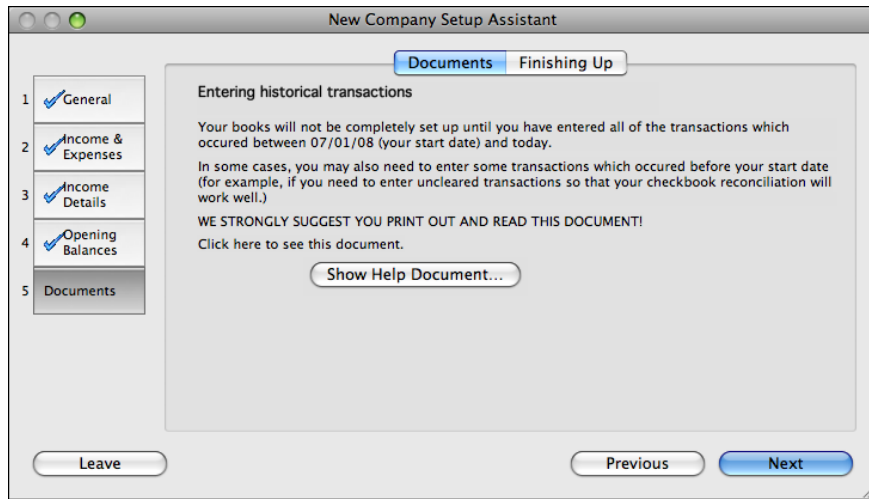
The New Company Setup Assistant displays the Accounts Completed screen. Click Next to move on to the next section of the Assistant.

Setting Documents Options

The final section of the New Company Setup Assistant is Documents. It includes two topics for completing the company file setup process: Documents and Finishing Up. Click Next to get started with the Documents topic.

Documents

The Documents topic displays a series of screens that offer access to help documents with more information customized for your company. Read the contents of each screen and click the Next button to move on. If a document includes a Show Help Document button, as you can see in the Entering Historical Transactions screen shown next, you can click that button to open a Help window with more information. Then return to the New Company Setup Assistant window and continue paging through the screens.



When you're finished looking at documents, the Documents Completed screen appears. Click Next to continue.

Finishing Up

The Finishing Up topic has only one screen: Finishing Up. It congratulates you for going through the New Company Setup Assistant and tells you you're ready to start using QuickBooks. Click the Leave button to close the Assistant window.

Step 4: Set Up Company Lists

If you completed all of the sections in the New Company Setup Assistant, you probably already began setting up company lists. This section provides a bit more information about setting up lists.

Deciding on the Amount of Detail to Include

QuickBooks lets you decide how much detail you want to enter on your company lists before you start working with the product.

At the very minimum, you need the following:

- List of each customer who owes you money and how much as of your start date
- List of each vendor to whom you owe money and how much as of your start date
- A chart of accounts
- If you track the value of inventory, a list of each item in stock, including number of units and value of each as of your start date

To set up your lists more fully, you'll want the following:

- List of customers you regularly do business with
- List of vendors you regularly do business with
- List of employees
- List of items you sell
- List of payment methods you accept
- List of payment terms for customers and vendors
- List of shipping methods (for companies that ship)
- List of messages you regularly use on sales forms

Customer:Job List



NOTE: You can skip this section if all your customers pay at the time of the sale and you don't keep track of their names.

The Customer:Job list has information about your customers and the individual jobs or projects you want to track for each customer. You'll use it for the following:

- Fast entry of name, address, payment terms, tax status on invoices, and other sales forms
- Tracking payments received and amounts owed
- Contacting customers with overdue balances
- Reporting of sales or income by customer, profit and loss by job, budget vs. actual by job
- Tracking reimbursable expenses by customer and job
- Printing mailing labels



TIP: For more information about the Customer:Job list, see Chapter 4.

Before You Add Names

To make your customer list consistent, consider the following:

Do You Track Jobs or Projects?

Jobs allow you to break down a customer's activity by individual jobs or projects. That way, you can see reports about each job separately. To track jobs, be sure you know the amount owed to you for each job as of the start date.

You can also use jobs to track sales to different locations of a customer with a central billing office.

Do You Track Sales Tax for Multiple Tax Districts or at Multiple Rates?

QuickBooks lets you assign sales tax information to a customer. If you charge sales tax and have not already set up your sales tax information, it's best to do it before you add customers. (You can, however, go back later and edit your customer information.)

Do You Track Customers by Type?

Customer types let you classify your customers in any way that makes sense to your business. Examples of customer types are corporate or individual, and residential or commercial. To see reports by customer type, assign a type to every customer.

Do You Track Sales by Employee?

You can associate each customer with an employee. All sales for an employee's customers appear under the employee's name on a sales report by rep. To associate customers with employees, you may want to set up your Employee list first.

Adding Names

If some customers owed you money as of your QuickBooks start date, add each of these customers and their open balances as of your start date to the list now. This will ensure that your accounts receivable will be accurate as of your start date.



NOTE: If you add all open invoices for customers, you will not need to enter an opening balance on the Customer:Job window.



TIP: For more information about the Customer and Other Names lists, see Chapter 4.

Vendor List

Use the Vendor list for:

- Fast entry of name, address, payment terms, and account number on bills, purchase orders, and checks
- Tracking bills received and amounts owed
- Reporting by vendor of amounts owed and aging, expense, items purchased, and 1099-MISC information about contractors
- Printing mailing labels

If you owed some vendors money as of your QuickBooks start date, add each of these vendors to the list now so your accounts payable will be accurate as of your start date.

- To enter unpaid bills for a vendor, the name must be on your Vendor list.
- If you have a regular vendor whom you always pay at time of purchase by cash, credit card, or check, you may put the name either on your Vendor list or your Other Names list.



TIP: For more information about the Vendor list, see Chapter 4.

Employee List

Use the Employee list for:

- Fast entry of name and address on checks
- Tracking time on timesheets
- Tracking sales income by employee



TIP: For more information about the Employee list, see Chapter 4.

Chart of Accounts

Your chart of accounts is your most important list. Use it to track how much money your company has, how much money it owes, how much money is coming in, and how much money is being spent.

Even if you chose a preset chart of accounts, you'll probably want to add a few accounts, delete a few accounts, or maybe just edit some accounts. If you didn't choose a preset chart of accounts, you'll need to add all your accounts.

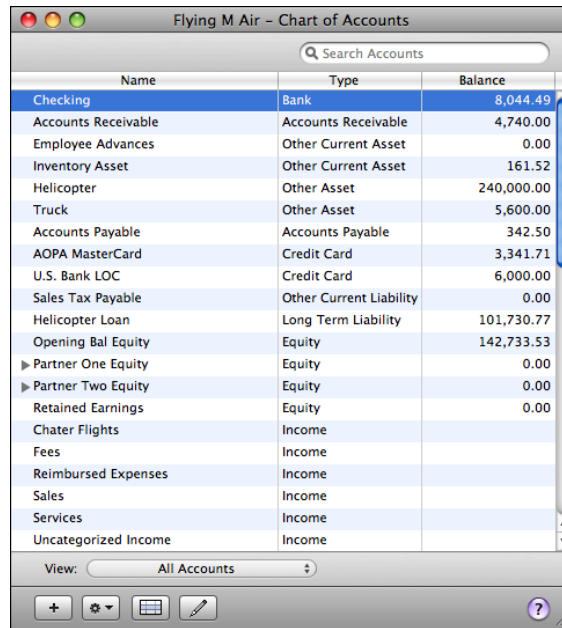


TIP: For more information about your chart of accounts, see Chapter 5.

- To view the Chart Of Accounts window (refer to Figure 2-1), choose Lists | Chart Of Accounts, or press SHIFT-COMMAND-A.
- To print the chart of accounts, open the Chart Of Accounts window (refer to Figure 2-1) and choose File | Print Account List, or press COMMAND-P.



TIP: Review the printed chart of accounts with your accountant before making changes.



Name	Type	Balance
Checking	Bank	8,044.49
Accounts Receivable	Accounts Receivable	4,740.00
Employee Advances	Other Current Asset	0.00
Inventory Asset	Other Current Asset	161.52
Helicopter	Other Asset	240,000.00
Truck	Other Asset	5,600.00
Accounts Payable	Accounts Payable	342.50
AOPA MasterCard	Credit Card	3,341.71
U.S. Bank LOC	Credit Card	6,000.00
Sales Tax Payable	Other Current Liability	0.00
Helicopter Loan	Long Term Liability	101,730.77
Opening Bal Equity	Equity	142,733.53
► Partner One Equity	Equity	0.00
► Partner Two Equity	Equity	0.00
Retained Earnings	Equity	0.00
Chater Flights	Income	
Fees	Income	
Reimbursed Expenses	Income	
Sales	Income	
Services	Income	
Uncategorized Income	Income	

FIGURE 2-1 Here's an example of a partially completed chart of accounts for a service business that files partnership tax returns.

Item List

The Item list has information about the following:

- What your company sells (goods and services)
- Miscellaneous charges, payments, and discounts you enter on sales forms
- Sales tax you collect from customers
- What your company purchases for its own use

Use the Item list for:

- Fast entry of goods, services, and other charges on invoices, cash sales receipts, credit memos, purchase orders, bills, checks, credit card receipts, and estimates
- Tracking sales quantity and income by item
- Tracking purchase quantity and costs by item
- Tracking inventory of goods you buy for resale
- Calculating and tracking sales tax collected

QuickBooks can track inventory only for finished goods purchased for resale. If you have this kind of inventory, add inventory items to your Item list so that the value of your inventory as of the start date is part of your overall assets on that date.

You may also want to add non-inventory goods you sell—or services you provide—to your Item list now so that they are ready to use on sales forms.



TIP: For more information about items and inventory, see Chapter 6.

Step 5: Enter Opening Balances

Entering an accurate opening balance for each balance sheet account as of your start date is important for these reasons:

- An accurate opening balance gives you an accurate balance sheet and, therefore, a true picture of your company's finances: how much it owes and how much it owns.
- You can reconcile your QuickBooks bank accounts with your bank statements if you start with an accurate balance as of a specific date. You won't risk bouncing checks because your QuickBooks checking account will reflect the amount of money actually in the bank.

If possible, start from an accountant's balance sheet. Determining your opening balances will be easier if you have a balance sheet as of your start date to use as a guide as you enter opening balances into QuickBooks. For many accounts, you can take the opening balance from the balance sheet.

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

You can adjust opening balances for any account even after you've been using the account for a while. If you're eager to get started using QuickBooks, you can start using an account now with an approximate balance. (Remember, the balances should be corrected at some point!)

When you're ready to correct the opening balance, see "Editing Opening Balances for Accounts in Use" later in this section.

Determining Amounts for Account Opening Balances

The following table lists the types of balance sheet accounts in QuickBooks and explains how to determine the opening balance for each type.

Type of Account	How to Determine the Opening Balance
Bank Examples: <ul style="list-style-type: none"> • Checking • Savings • Money market fund 	<p>The opening balance for a QuickBooks bank account is the dollar amount you have in the bank on your start date. You can determine this amount in two ways:</p> <ul style="list-style-type: none"> • Use your bank statement. You can use the ending balance on the last bank statement before your start date. At some point, you will need to enter into QuickBooks any transactions that occurred before your start date and that do not appear on the statement you're using or on any statement before that. • Use a balance sheet. You can also use your bank account balance from a financial statement (ordinarily a balance sheet) prepared by your accountant. Ideally, this would be a balance sheet prepared as of the end of a fiscal period, when your start date is that same date. (For example, if your start date is March 31, a balance sheet dated March 31 would be best.)
Accounts Receivable (A/R)	After you enter the unpaid balance for each customer (or job) as of your start date, the opening balance of your QuickBooks A/R account equals the sum of the customer balances.
Other Current Asset Fixed Asset Other Asset	<p>For an asset account, the opening balance is the worth of the asset as of your start date.</p> <p>For an asset account that tracks inventory of items you purchase for resale, the opening balance of the account equals the sum of the values of each inventory item you have added to your Item list.</p> <p>If you track depreciation, create two subaccounts called Cost and Accumulated Depreciation for each fixed asset account. The opening balance of the Cost account is the purchase price of the asset; the opening balance of the Accumulated Depreciation account is the total depreciation taken (a negative number), as of your start date.</p>
Accounts Payable (A/P)	After you enter the unpaid balance for each vendor as of your start date, the opening balance of your QuickBooks A/P account equals the sum of the vendor balances.
Credit Card	<p>The opening balance for a credit card account is the dollar amount you owed on the card as of your start date.</p> <p>Use the ending balance on the last statement before your start date. Then enter any transactions that occurred before your start date and that do not appear on the statement you're using or on any statement before that.</p>


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

Type of Account	How to Determine the Opening Balance
Other Current Liability Long-Term Liability	<p>Do not enter a minus sign when you enter opening balances for liabilities. QuickBooks automatically recognizes that the balance represents money owed.</p> <p>For a sales tax payable account, the opening balance is the amount you owed as of your start date.</p> <p>For a long-term or short-term loan, the opening balance is the loan balance as of your QuickBooks start date.</p>
Equity	<p>The equity in your business includes money you put into the company (your capital investment) plus the sum of the retained earnings (the net profit or loss) for each year the company has been in business.</p> <p>When you enter your first opening balance, QuickBooks creates an equity account called “Opening Bal Equity.” This account is a device to ensure that you can get a balanced balance sheet even before you have entered all of your company’s assets and liabilities.</p> <p>We recommend that most people regard the Opening Bal Equity account as a tool that QuickBooks uses to get you started. It’s best to add one or more additional equity accounts to track your owner’s investment and draws. (QuickBooks creates a retained earnings account automatically.)</p> <p>Distribute earnings (or loss) from before your QuickBooks start date to the retained earnings account QuickBooks set up for your company.</p>

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

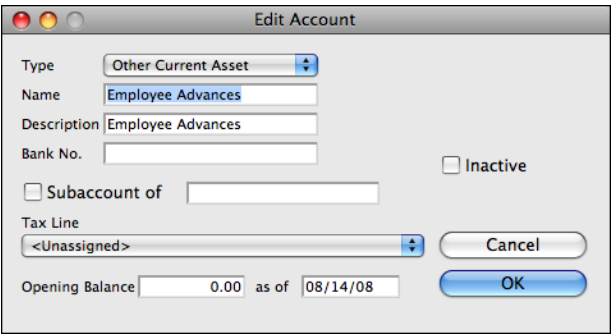
Entering or Editing Opening Balances for Unused Accounts

If you’ve used a preset chart of accounts, you have many balance sheet accounts with no opening balances. You can enter an opening balance easily as long as you have not yet used the account in QuickBooks (for example, to record a check or deposit).

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

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

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



The 'Edit Account' dialog box contains the following fields and controls:

- Type:** A dropdown menu currently showing 'Other Current Asset'.
- Name:** A text field containing 'Employee Advances'.
- Description:** A text field containing 'Employee Advances'.
- Bank No.:** An empty text field.
- Inactive:** An unchecked checkbox.
- Subaccount of:** An unchecked checkbox followed by an empty text field.
- Tax Line:** A dropdown menu showing '<Unassigned>'.
- Buttons:** 'Cancel' and 'OK' buttons on the right side.
- Opening Balance:** A text field showing '0.00' followed by 'as of' and a date field showing '08/14/08'.

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



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

- Click OK.

Editing Opening Balances for Accounts in Use

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

- Choose Lists | Chart Of Accounts to display the Chart Of Accounts window (refer to Figure 2-1).
- Double-click the account you want to edit. The account's register appears, as shown next.

Helicopter							
Date	Ref	Payee		Decrease	✓	Increase	Balance
	Type	Account	Memo				
07/01/08					✓	240,000.00	240,000.00
	GENJRNL	Opening Bal Equity	Account Opening Bala...				
07/01/08	Ref	Payee		Decrease		Increase	
		Account	Memo				
						Ending balance	240,000.00
Record		Restore		Splits		1-Line	

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

Opening Balances for Income and Expense Accounts

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

If your start date is the end of your fiscal year, there is no need to enter any income and expenses for the completed fiscal year. The net income for the year is company earnings. QuickBooks has created an equity account, called Opening Bal Equity, that has all your company equity, whether it's from investments or earnings. You can move equity and earnings to other equity accounts; consult Chapter 18 for details.

Step 6: Set Up Payroll (Optional)

If you have employees and need to run a U.S.-based payroll, consider using QuickBooks Payroll for Mac, powered by PayCycle, Inc. You can learn more about using payroll features in Chapter 20.

Step 7: Enter Optional Adjustments

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

Adjusting for Accrual Basis

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

If you keep your books on a cash basis (that is, you recognize income when you receive payment), QuickBooks does not show these two accounts on your profit

and loss statement until payment occurs. This is what you expect. You do not need to make any adjustments.

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



NOTE: These adjustments are optional.

To Adjust for Uncategorized Income

- 1 Choose Lists | Chart Of Accounts to display the Chart Of Accounts window (refer to Figure 2-1).
- 2 Select the income account called Uncategorized Income.
- 3 Choose Reports | QuickReport. A QuickReport window like the one in Figure 2-2 appears.

Type	Date	Num	Name	Memo	Split	Amount
Uncategorized Income						
Invoice	07/01/08		Flying Fish Helicopters:C	Opening balance	Accounts Receivable	4,200.00
Invoice	07/01/08		Flying Fish Helicopters:P	Opening balance	Accounts Receivable	540.00
Total Uncategorized Income						4,740.00
TOTAL						4,740.00

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

- 4 If the report doesn't list any amounts, choose All from the Dates pop-up menu.
- 5 Write down the total amount for all the customer opening balance transactions. (You may have to scroll to the bottom of the report.)
- 6 Return to the Chart Of Accounts window.

- 7 Double-click the account called Opening Bal Equity. Its account register, which is shown next, appears.

Opening Bal Equity							
Date	Number	Payee		Increase	✓	Decrease	Balance
	Type	Account	Memo				
07/01/08	GENJRNL	Helicopter Loan	Account Opening Bal...			101,730.77	-103,027.99
07/01/08	GENJRNL	Truck	Account Opening Bal...	5,600.00			-97,427.99
07/01/08	GENJRNL	Helicopter	Account Opening Bal...	240,000.00			142,572.01
07/01/08	INV ADJ	Inventory Asset	Cap Opening balance	161.52	✓		142,733.53
07/01/08		Payee		Increase		Decrease	
		Account	Memo				
Ending balance							142,733.53

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

To Adjust for Uncategorized Expenses

- 1 Choose Lists | Chart Of Accounts to display the Chart Of Accounts window (refer to Figure 2-1).
- 2 Select the income account called Uncategorized Expenses.
- 3 Choose Reports | QuickReport. A QuickReport window appears.
- 4 If the report doesn't list any amounts, choose All from the Dates pop-up menu.
- 5 Write down the total amount for all the customer opening balance transactions. (You may have to scroll to the bottom of the report.)
- 6 Return to the Chart Of Accounts window.
- 7 Double-click the account called Opening Bal Equity. Its account register appears.
- 8 In the empty transaction at the bottom of the register, enter a transaction.
 - Enter your start date.
 - In the Account field, choose Uncategorized Expenses.
 - In the Decrease field, enter the total amount from the Uncategorized Expenses QuickReport.
- 9 Click Record.



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

Adjusting for Mid-year Setup

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

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

Have ready a year-to-date profit and loss statement (also called an income statement) for the current fiscal year, through your start date. If the names of the income and expense accounts do not match those in your QuickBooks chart of accounts, be sure you know which QuickBooks account is equivalent to each account on the statement.

To adjust income and expenses for mid-year setup, follow these steps:

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



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

- 4 Begin a new line.
- 5 In the Account field, enter the name of a QuickBooks income account.
- 6 In the Credit field, enter the year-to-date amount for that income account.
- 7 Repeat steps 4 through 6 for each income account.
- 8 Begin a new line.
- 9 In the Account field, enter the name of a QuickBooks expense account.
- 10 In the Debit field, enter the year-to-date amount for that expense account.
- 11 Repeat steps 8 through 10 for each expense account.

- 12 When you're finished, the total debits should equal the total credits. The beginning of the General Journal Entry might look something like the next illustration. Click OK to record the entry and make the adjustment.

Account	Debit	Credit	Memo	Name	<input type="checkbox"/>	Class
Opening Bal Equity	9,295.49					
Sales		51,833.82				
Interest Income		1,558.18				
Advertising	2,119.95					
Bank Service	665.97					
Automobile	1,408.14					
Commissions	259.50					

Distributing Earnings and Equity from Before Your Start Date

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

Creating Reports to Check Your Adjustments

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

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

Step 8: Customize Preferences

QuickBooks has a number of preferences you can customize. For example, you can specify whether you want to:

- Show the Reminders list when QuickBooks starts
- Use a customized format for sales forms, purchase orders, and estimates
- Automatically back up your company file every time you close it

For more information, see Chapter 22.

Next Steps

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

If your start date is today and you don't plan to use payroll, you have finished setting up your company!

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

Intuit, makers of QuickBooks, encourages you to run reports often, to make sure your chart of accounts is set up in a useful way and that you're classifying transactions (using job tracking, class tracking, or both) in a way that is helpful to your company. Of course, you can edit the chart of accounts (or any other list) at any time, but it's easier to make changes when you've recorded only a few transactions.

Entering Historical Transactions

n this chapter:

- Historical transactions overview
- Entering sales and accounts receivable (A/R) transactions
- Entering accounts payable (A/P) transactions
- Entering bank and other transactions
- Changing your start date

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

Historical Transactions Overview

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

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

You Must Enter Transactions in a Specific Order

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

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

This method ensures that QuickBooks knows which invoices and bills are paid in full, which are partially paid, and which are not paid. As you record the payments (and the deposit of customer payments), you'll be updating your bank balance. Then you can fill in any other transactions not previously recorded.

Entering Current and Historical Transactions Simultaneously

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

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

Entering Sales and Accounts Receivable (A/R) Transactions

Enter past sales and A/R transactions before any past checking or bank transactions. As you enter payments received from customers and then enter the deposit of such payments, QuickBooks updates your bank balance.

You can enter sales and A/R transactions before or after accounts payable (A/P) or payroll transactions.



TIP: To put reimbursable expenses from bills on your historical invoices, enter A/P transactions ahead of A/R transactions.

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

- Records of what you sold during the period
- Customer balances as of today
- Records of which historical invoices are unpaid

Gathering Information for Sales and A/R Transactions

If your business invoices customers and receives payment later, you will need the following information:

- Copy of invoices written between your start date and today
- Copy of credit memos written during that period
- Record of payments received and refunds made during that period
- Record of deposits of customer payments made during that period
- Record of your sales tax payments made during that period

If your business receives payment at the time of sale, you will need the following information:

- Record of what you sold between your start date and today, preferably grouped to correspond with deposits of sales income made
- Record of deposits of sales receipts made during that period

Entering Sales and A/R Transactions

As you enter your sales transactions, enter the dates of the original transactions.

For invoices and cash sales, enter items in the Item field so QuickBooks can track your sales income in the correct accounts. You may need to add items to your Item list as you work. For more information, consult Chapter 6.

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

If you collect sales tax, consult Chapter 11 for more information.

Enter your historical sales transactions in the following order:

Invoices In the Create Invoices window, enter a copy of each historical invoice written between your start date and today. Consult Chapter 7 for details.

Cash Sales In the Enter Sales Receipt window, enter the quantities of each item you sold and received payment for at the time of sale. You may group the sales as you wish if you don't track sales by customer. If possible, group them so that the money received from cash sales matches actual bank deposits. Consult Chapter 7 for details.

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

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

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

Payments of Sales Tax In the Pay Sales Tax window, record each payment you made of sales tax you collected. Be sure that you enter the amounts you actually paid the sales tax agencies, and that the Date field shows the payment date. After you record the sales tax checks, display your checking account register. Record the correct number of each check in the Number field. Consult Chapter 11 for more information about sales tax and Chapter 18 for information about account registers.

Purchase Orders In the Create Purchase Orders window, enter the quantity on order for each item. Consult Chapter 14 for information about purchase orders.

Entering Accounts Payable (A/P) Transactions

Enter past A/P transactions before any past checking or bank transactions. As you enter your bills and then enter the payment of these bills, QuickBooks updates your bank balance.

You can enter A/P transactions before or after sales and A/R or payroll transactions.

After you've entered the historical bills and bill payments from your start date to today, the following data will be accurate:

- Records of your billed expenses during the period
- Records of quantities and costs of inventory items purchased during the period
- Vendor balances as of today
- Records of which historical bills are unpaid

Gathering Information for A/P Transactions

You will need the following information to enter your A/P transactions:

- Copies of bills received between your start date and today
- Records of bill payments you made during that period

Entering A/P Transactions

As you enter your A/P transactions, enter the dates of the original transactions. Enter your historical bill transactions in the following order:

Bills In the Enter Bills window, enter a copy of each bill received between your start date and today. Be sure to assign amounts to the correct expense accounts or track the quantities and costs of items received. You can learn more about bills in Chapter 12.

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

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

Check Numbers After you record the checks, display your checking account register. Record the correct number of each check in the Number field. Consult Chapter 18 for details on how to use account registers.

Entering Bank and Other Transactions

When you enter A/P and sales transactions, QuickBooks automatically records the following checking transactions:

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

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

To see what QuickBooks has already entered in your bank account, look in your QuickBooks bank account register. Transactions in the register are in order by date.

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

- Balance in your QuickBooks bank account
- Profit and loss statement for this year to date

Gathering Information for Bank and Other Transactions

You will need the following information to enter your other transactions:

- Record of checks written (and other payments) between your start date and today
- Record of deposits you made during that same period
- Bank statements showing fees and other charges during that same period
- Credit card statements showing charges and payments made between your start date and today

Entering Bank Transactions

Enter your historical bank transactions using the date each transaction actually occurred. It doesn't matter whether you enter checks before or after you enter deposits. Enter the following transactions:

Checks In the Write Checks window, enter all miscellaneous checks written between your start date and today. Do not duplicate bill payments QuickBooks has already entered. Enter the actual check number in the No. field, and clear the To Be Printed checkbox. You can learn more about entering a check with the Write Checks window in Chapter 15.

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

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

Deposits In the Make Deposits window, enter all remaining deposits made between your start date and today. Do not duplicate sales deposits QuickBooks has already entered. For more information about making deposits, consult Chapter 15.

Fees and Transfers In the bank register, enter any other fees or charges from your bank statement. Also enter any transfers between bank accounts. You can learn more about editing transactions in a register in Chapter 18.

Entering Credit Card Transactions

There are two ways you can enter historical credit card transactions.

If you pay your balance in full each month, you can simply record a check for each payment.

- If you entered a balance for your credit card account as of your start date, the first check should pay off that balance. In the Account field of the check, enter the name of the credit card account.
- For checks written to cover credit card charges made between your start date and today, split the amount of the payment among the various expense accounts it covers.

If you don't pay in full each month, or if you know of charges that have not yet appeared on your statement, use the Enter Credit Card Charges window to enter individual charges. For more information about importing credit card transactions downloaded from your financial institution, consult Chapter 16.

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

You can enter interest and other fees directly in the credit card account register.

Reconciling Your Bank Account

Use QuickBooks' reconcile feature to track which checks have cleared your bank. After you've entered your checking transactions, it's a good idea to reconcile your QuickBooks register with each statement, one at a time, from the first statement

after your start date to your last statement. Then you'll know that QuickBooks and your bank are in agreement. See Chapter 17 for more information about reconciling accounts.

Changing Your Start Date

You may want to choose a different start date after you have already entered some of your historical transactions, so you don't have to enter so many "catch-up" historical transactions, or you may want to track detail for an earlier period.

Changing Your Start Date to a Later Date

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

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

Changing Your Start Date to an Earlier Date

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

- 1 Edit the opening balance transaction in the register for each balance sheet account. Consult Chapter 2 for details.
- 2 If you have payroll, edit your payroll year-to-date setup amounts to be correct for your new start date.
- 3 Enter all missing historical transactions from your new start date to your old start date.
- 4 (Optional) Adjust your year-to-date income and expenses for the beginning of your fiscal year up through the start date. Chapter 2 explains how. If you previously entered such an adjustment and are moving back to the end of last fiscal year, delete the old adjustment.

Part Two

Working with Lists

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

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

Chapter 4: Lists

Chapter 5: Your Chart of Accounts

Chapter 6: Items: Your Products and Services

Lists

In this chapter:

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

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

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

Types of Lists

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

Chart of Accounts

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

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

Items

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

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

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

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

Classes

Use classes to track your income and expenses—by department, business office, or separate properties you own. For example, a contractor might classify income and expenses as either “residential” or “commercial” work. If more detail were desired,

the contractor could then create subclasses of “remodels,” “repairs,” and “new construction” under each of the two main classes. At the end of a period, you can create a class report to show all income and expenses for each of your classes.



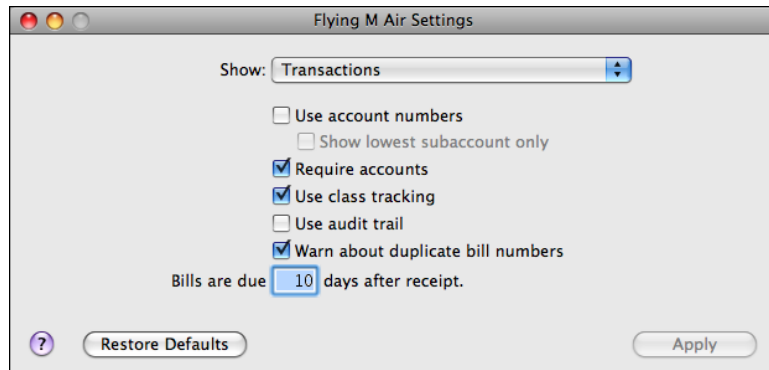
TIP: You can also use jobs to track income and expenses; see the section titled “Customers and Jobs” later in this chapter for more information.

Enabling Class Tracking

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

To turn class tracking on or off:

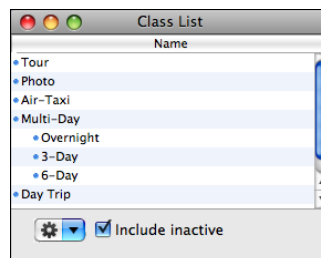
- 1 Choose Company | Company Settings to display the Settings dialog for your company.
- 2 Choose Transactions from the Show pop-up menu to display Transactions settings:



- 3 Select or clear the Use Class Tracking check box.
- 4 Click Apply.

To View the Class List

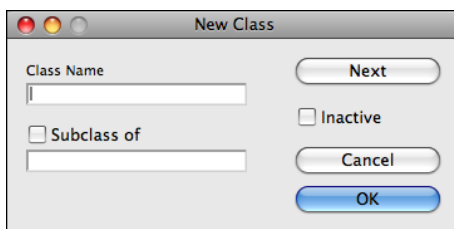
Like most lists, the Class List can be opened from the Lists menu. Choose Lists | Classes. Here’s what the Class List window might look like with several classes and subclasses already created:



To Add a Class

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

- 1 If necessary, display and activate the Class List window.
- 2 Choose New from the Actions pop-up menu or press COMMAND-N. The New Class dialog appears:

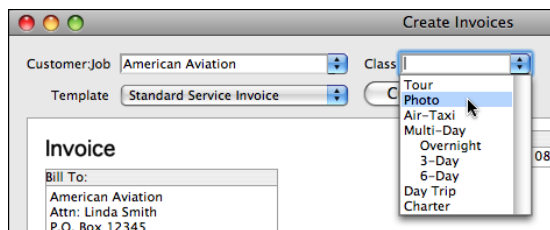


- 3 Enter a name for the class in the Class Name field.
- 4 If this is a subclass of another class, turn on the Subclass Of check box and choose the higher-level, or parent, class from the pop-up menu.
- 5 Click Next to save the class and enter another new class, or click OK to simply save the new class.

To Assign a Class to a Transaction

When class tracking is turned on, QuickBooks adds a Class field to the windows where you enter sales, checks, bills, credit card charges, splits, and other transactions, as well as to A/R and customer registers. To assign a class to a transaction, simply enter the class in the appropriate field. Here are some examples:

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



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

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

The screenshot shows the bottom of the Write Checks window. At the top, it displays "Expenses - \$50.50" and "Items - \$0.00". Below this is a table with columns: Account, Amount, Memo, Customer:Job, and Class. A line item is shown with "Equipment Rental" in the Account column, "50.50" in the Amount column, "Rental Car" in the Memo column, and "American Aviation" in the Customer:Job column. The Class column has a drop-down menu open, showing a list of classes: Tour, Photo, Air-Taxi, Multi-Day, Overnight, 3-Day, 6-Day, Day Trip (highlighted), and Charter.

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


The screenshot shows the General Journal Entry form. At the top, it displays "Date" as "08/20/08" and "Entry No." as an empty field. Below this is a table with columns: Account, Debit, Credit, Memo, Name, and Class. A line item is shown with "Travel &" in the Account column, "25.49" in the Debit column, "Concierge Lunch" in the Memo column, and "Desert Resort" in the Name column. The Class column has a drop-down menu open, showing a list of classes: Tour, Photo, Air-Taxi, Multi-Day, Overnight, 3-Day, 6-Day, Day Trip (highlighted), and Charter. To the right of the table are buttons for "Next", "Cancel", and "OK".

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

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

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


The screenshot shows the Checking account register. At the top, it displays "Checking". Below this is a table with columns: Date, Number, Payee, Payment, Deposit, and Balance. A transaction is shown with "08/20/08" in the Date column, "To Print" in the Number column, "Joe's Car Rental" in the Payee column, "50.50" in the Payment column, and "7,993.99" in the Balance column. Below the transaction is a split pane with columns: Account, Amount, Memo, Customer:Job, and Class. A line item is shown with "Equipment Rental" in the Account column, "50.50" in the Amount column, "Rental Car" in the Memo column, and "American Aviation" in the Customer:Job column. The Class column has a drop-down menu open, showing a list of classes: Day Trip (highlighted). To the right of the split pane are buttons for "Close", "Clear", and "Recalc". At the bottom of the window are buttons for "Record", "Restore", "Splits", and a checkbox for "1-Line". The ending balance is displayed as "7,993.99".



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

Customers and Jobs

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



QuickBooks 2009 has replaced the old Customers:Jobs List with a brand-new Customer Center. This window has two appearances, depending on whether details are displayed. The smaller version of this window, which is shown on the next page, lists just basic information about each customer and its jobs. The full-sized version of this window, which is shown in Figure 4-1, displays detailed information about a selected customer or job, including a list of transactions. It also includes buttons you can use to edit the customer’s information or notes related to its record.

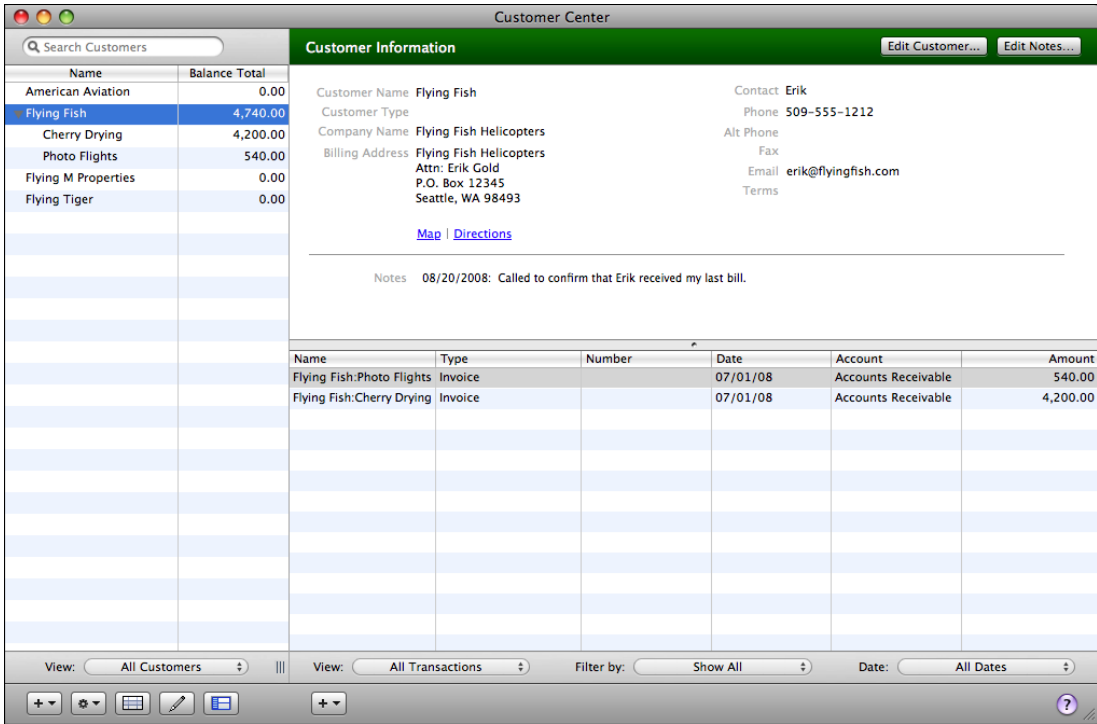
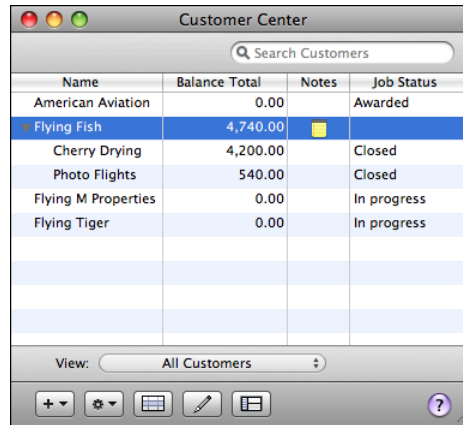


FIGURE 4-1

The new Customer Center window can provide details about selected customers or jobs.

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



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

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

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

To View the Customer Center Window

Choose Lists | Customer:Jobs, or press SHIFT-COMMAND-J. The smaller version of the Customer Center window appears, as shown earlier.

To Toggle Between Short and Detailed Views

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



To Add a New Customer

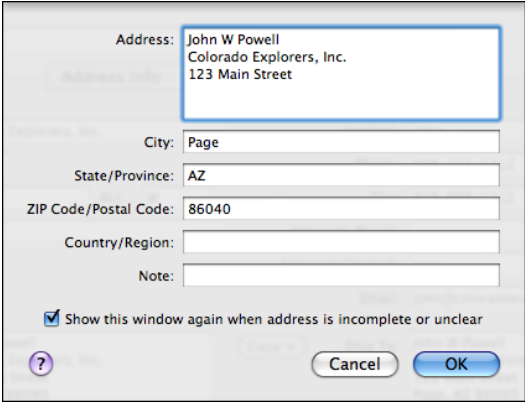
You add new customers to the Customer Center with the New Customer dialog. It includes several different panes for entering information about the customer.

- 1 If necessary, display and activate the Customer Center window.

- 2 Choose Edit | New Customer, or press COMMAND-N. The Address Info pane of the New Customer window appears (refer to Figure 4-2).

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

- 3 Enter the customer's name in the Customer field. This is your internal name for the customer, and it appears in the Name column of the Customer Center's customer list; it doesn't print on invoices, checks, or other forms and is not exported for mail merge. You can enter the company name if the customer is a company, or a person's name if the customer is an individual. Enter the last name first for individuals if you'd like your list to be sorted alphabetically by last name.
- 4 Complete the Address Info screen. The information required in each of these fields is pretty self-explanatory. You can leave any field blank if it does not apply. The name and address in the Bill To and Ship To blocks print on invoices, checks, and other forms. If you click the Address Details button under either address block, a dialog like the one shown next appears so you can enter address components separately in fields. This helps ensure that a complete, mail merge-compatible address is entered.



Address: John W Powell
Colorado Explorers, Inc.
123 Main Street

City: Page

State/Province: AZ

ZIP Code/Postal Code: 86040

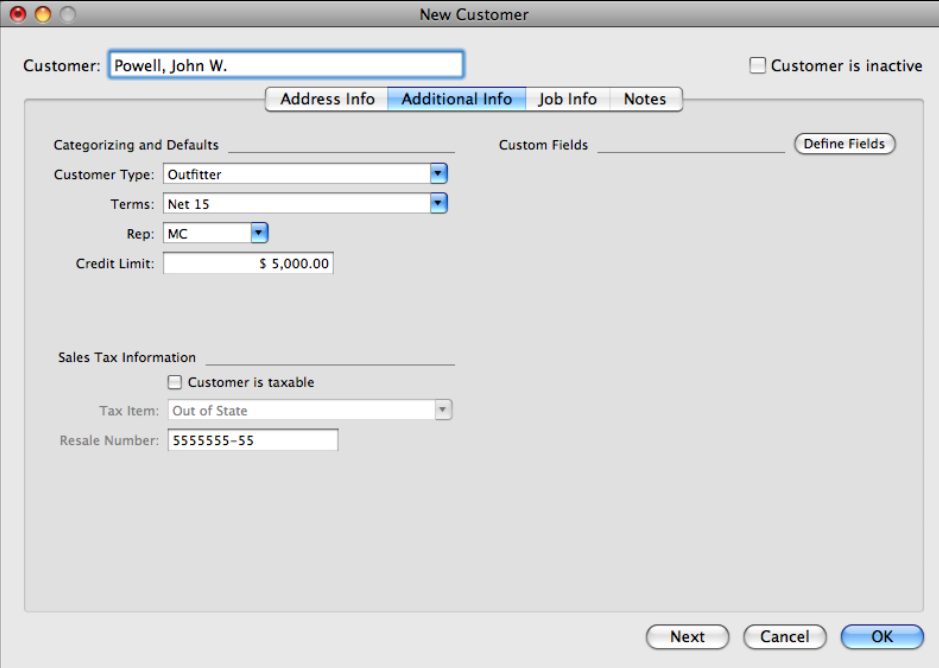
Country/Region:

Note:

☒ Show this window again when address is incomplete or unclear

Cancel OK

- 5 Click the Additional Info button and complete the Additional Info screen. As shown in Figure 4-3, this screen prompts you for mostly billing-related information. Fields that are drop-down lists refer to other lists; choose an option from the list to complete the field. You can leave any field blank if it does not apply.



New Customer

Customer: Powell, John W. ☐ Customer is inactive

Address Info Additional Info Job Info Notes

Categorizing and Defaults Custom Fields Define Fields

Customer Type: Outfitter

Terms: Net 15

Rep: MC

Credit Limit: \$ 5,000.00

Sales Tax Information

☐ Customer is taxable

Tax Item: Out of State

Resale Number: 555555-55

Next Cancel OK

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

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

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

- Customer: Powell, John W.
- Customer is inactive: ☐
- Address Info | Additional Info | **Job Info** | Notes
- Sales Tax Information: _____
- Job Status: Awarded (dropdown)
- Start Date: 05/01/09
- Projected End: 09/30/09
- End Date: mm/dd/yy
- Job Description: 2009 Euro Guests
- Job Type: Package Tour (dropdown)
- Buttons: Next, Cancel, OK

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

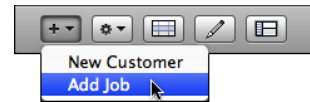
- 7 Click Next to save the customer and enter another new customer, or click OK to simply save the new customer.

To Add a Job

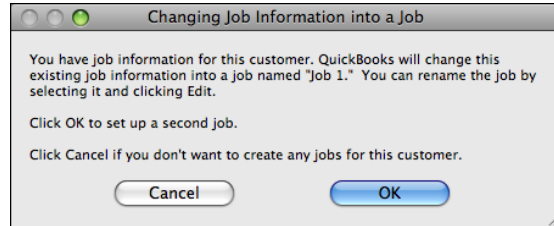
If you do multiple jobs for some or all of your customers, you can use the QuickBooks job tracking features to keep track of individual jobs for each customer. This enables you to separate revenue and expenses by job so you can better understand profitability. To take advantage of this feature, you must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

- 1 If necessary, display and activate the Customer Center window.
- 2 Select the customer you want to add a job to.

- 3 Choose Add Job from the + pop-up menu at the bottom of the Customer Center window, shown here:



- 4 If you created a job for the customer when you created the customer, a dialog like the one shown next appears, telling you that that job will be named “Job 1” and a new job will be created. Click OK. You’ll then need to repeat step 3.



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

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

- 6 Click the Additional Info button to enter or modify options in the Additional Info screen (refer to Figure 4-6).

The screenshot shows a 'New Job' dialog box with a title bar containing standard Mac OS window controls. The 'Job:' field at the top left contains the text 'Walk-Ins'. To the right of this field is a checkbox labeled 'Job is inactive'. Below the 'Job:' field is a tabbed interface with four tabs: 'Address Info', 'Additional Info' (which is selected and highlighted in blue), 'Job Info', and 'Notes'. The 'Additional Info' tab contains two main sections. The first section, 'Categorizing and Defaults', includes a 'Customer Type:' dropdown menu with 'Outfitter' selected, a 'Credit Limit:' text field containing '\$ 5,000.00', and an 'Opening Balance' section with a 'Balance:' text field containing '\$ 0.00' and an 'As of:' text field containing '08/20/08'. The second section, 'Custom Fields', is currently empty and has a 'Define Fields' button to its right. At the bottom right of the dialog box are three buttons: 'Next', 'Cancel', and 'OK'.

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

- 7 Click the Job Info button to enter job-specific information in the Job Info screen. The options in this screen are identical to those in the Job Info screen shown in Figure 4-4.
- 8 Click Next to save the job and enter another new job, or click OK to simply save the new job.

To Enter Notes for a Customer or Job

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

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

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

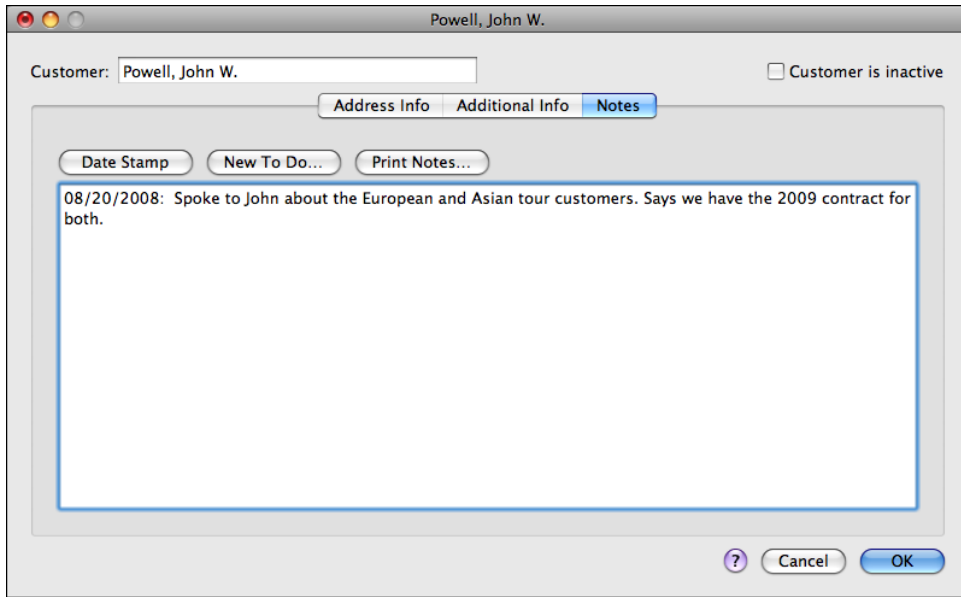



FIGURE 4-7 You can enter and view notes for a customer or job in a screen like this one.


- 3 To automatically insert the date for a note, click the Date Stamp button.
- 4 Enter notes about the customer or job. As you can imagine, all standard text entry and editing techniques apply.
- 5 If desired, click New To Do to add a note to the To Do list.



TIP: You can learn more about the To Do notes feature and its integration with iCal later in this chapter.

- 6 To print the notes, click Print Notes and use the standard Print dialog that appears to set print options and print.
- 7 To save the notes, click OK.


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


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

To Delete Customers and Jobs

You can delete a customer or job if it is not used in any transactions.

- 1 If necessary, display and activate the Customer Center window.
- 2 Select the unused customer or job you want to delete.
- 3 Choose Edit | Delete Customer, Edit | Delete Job, or press **COMMAND-D**.
- 4 Click OK in the confirmation dialog that appears. The customer or job is removed.

 **NOTE:** QuickBooks does not allow you to delete a customer or job if there are any transactions associated with the customer or job. You must remove the customer or job from every associated transaction.

 **TIP:** If you have existing transactions for a customer or job and want to delete it, consider merging it with another customer or job instead of deleting it. When you merge, QuickBooks changes the name on all transactions. You can learn more about merging list items later in this chapter.

Customer Types

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

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

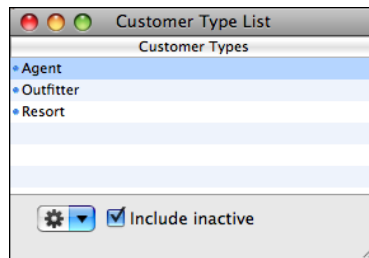
You can print mailing labels and statements sorted by customer type. For example, you could send advertisements (or statements) to all high schools for which you took graduation pictures.

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

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

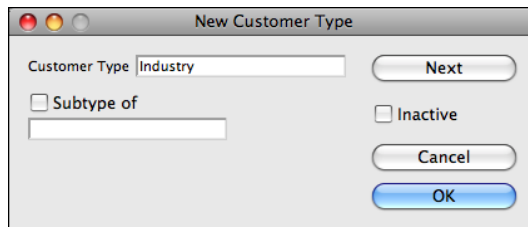
To View the Customer Type List

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



To Add a Customer Type

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



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

Job Types

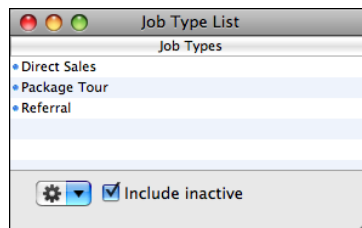
Job types are useful for grouping and totaling information on reports. Use job types for classifying factors that are different from customer types. For example:

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

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

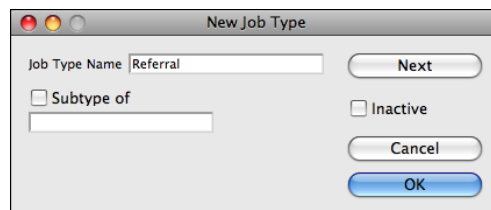
To View the Job Type List

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



To Add a Job Type

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



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

Vendors

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



QuickBooks 2009 has replaced the old Vendor List with a brand-new Vendor Center. This window has two appearances, depending on whether details are displayed. The smaller version of this window, which is shown here, lists just basic information about each vendor. The full-sized version of this window, which is shown in Figure 4-8, displays detailed information about a selected vendor, including a list

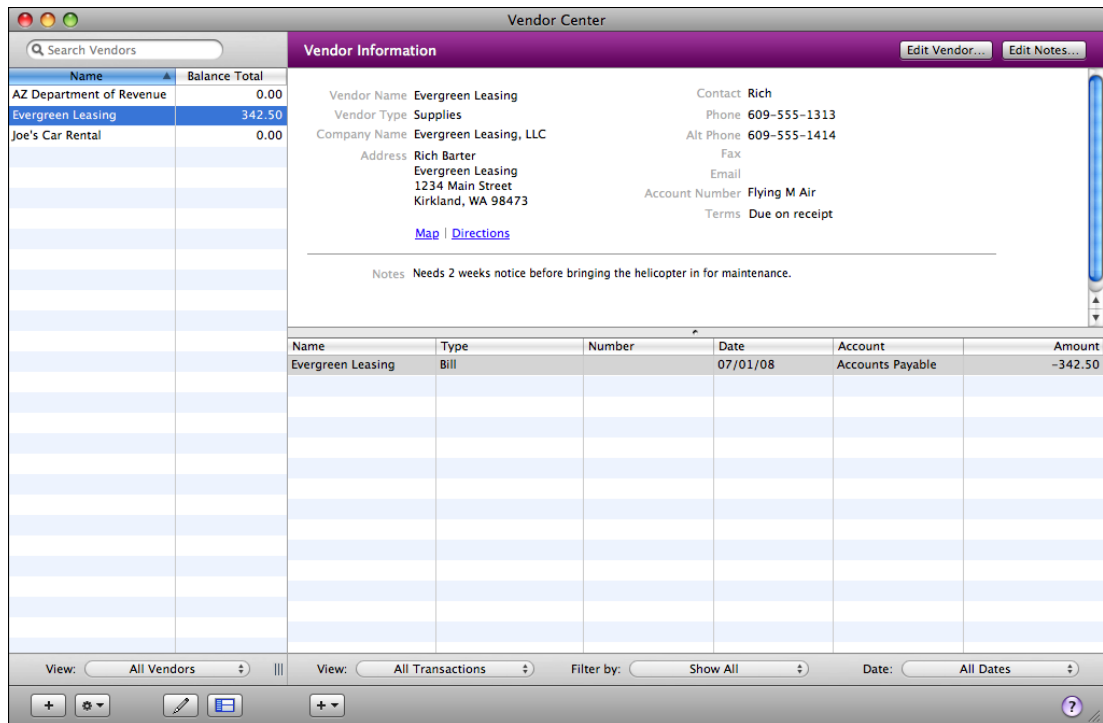
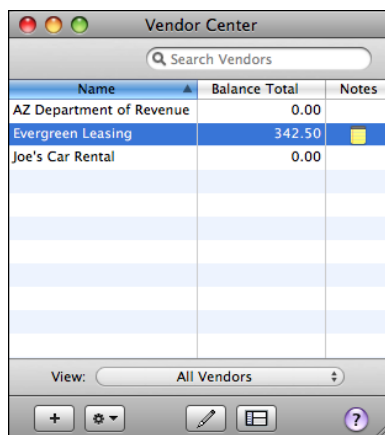


FIGURE 4-8

The new Vendor Center window provides detailed information about a selected vendor.

of transactions. It also includes buttons you can use to edit the vendor's information or notes related to its record. Both windows offer Spotlight searching to find a specific customer or job in the list and pop-up filters to narrow-down list results.



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

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



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

To View the Vendor Center Window

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

To Toggle Between Short and Detailed Views

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



To Add a New Vendor

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

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

The screenshot shows the 'New Vendor' dialog box with the 'Address Info' tab selected. The 'Vendor' field at the top left contains 'Wenatchee Fuel'. To its right is a checkbox labeled 'Vendor is inactive'. Below these are three tabs: 'Address Info' (selected), 'Additional Info', and 'Notes'. The main area contains several input fields: 'Company Name' (Wenatchee Fuel Company), 'Mr./Ms./...' (empty), 'First Name' (empty), 'Last Name' (empty), 'M.I.' (empty), 'Address' (Wenatchee Fuel Company, 123 Main Street, Wenatchee, WA 98673), 'Contact' (Rob), 'Phone' (509-666-1616), 'Fax' (empty), 'Alternate Phone' (empty), 'Alternate Contact' (Marylou), 'Email' (empty), and 'Print on check as' (Wenatchee Fuel Company). An 'Address Details' button is located below the address field. At the bottom right are buttons for '?', 'Next', 'Cancel', and 'OK'.

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

- 3 Enter the vendor's name in the Vendor field. This is your internal name for the vendor, and it appears in the Name column of the Vendor Center's vendor list; it doesn't print on purchase orders, checks, or other forms and is not exported for mail merge. You can enter the company name if the vendor is a company, or a person's name if the vendor is an individual. Enter the last name first for individuals if you'd like your list to be sorted alphabetically by last name.
- 4 Complete the Address Info screen. The information required in each of these fields is pretty self-explanatory. You can leave any field blank if it does not apply. The name and address in the Address block print on purchase orders, checks, and other forms. If you click the Address Details button under the Address block, a dialog like the one shown in the section titled "To Add a New Customer" earlier in this chapter appears so you can enter address components separately in fields. This helps ensure that a complete, mail merge-compatible address is entered.

- 5 Click the Additional Info button and complete the Additional Info screen. As shown in Figure 4-10, this screen prompts you for mostly billing-related information. The Account No. field is your company's account number on the vendor's records. Fields that are drop-down lists refer to other lists; choose an option from the list to complete the field. You can leave any field blank if it does not apply.

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

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

To Check Vendor Addresses for 1099-MISC Forms

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

- Individual's Name and the Company Name in the fields are the same as the Individual's Name and Company Name in the block address
- State is a two-letter abbreviation
- ZIP code is included
- Attn: line (if any) is on the line after the ZIP code

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

To Enter Notes about a Vendor

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

- 1 If necessary, display and activate the Vendor Center window.
- 2 If you're looking at the Vendor Center's list view, double-click in the Notes column beside the vendor you want to add notes for.
or
If you're looking at the Vendor Center's detail view (refer to Figure 4-8), select the vendor you want to add notes for, and click the Edit Notes button in the upper-right corner of the window.
The Notes screen of the vendor window appears. It includes a big notepad for entering notes and other comments. Each notepad holds roughly ten windows' worth of text. Figure 4-11 shows what it looks like for a customer with a note already added.
- 3 Enter notes about the vendor. All standard text entry and editing techniques apply.
- 4 To save the notes, click OK.

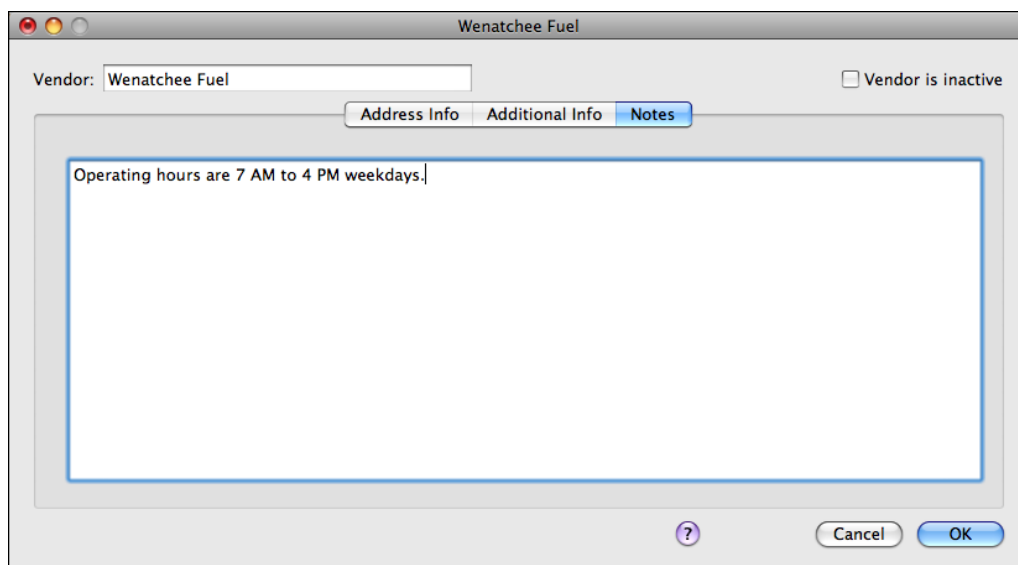


FIGURE 4-11 You can enter and view notes for a vendor in a screen like this one.



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



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

To Delete a Vendor

You can delete a vendor if it is not used in any transactions.

- 1 If necessary, display and activate the Vendor Center window.
- 2 Select the unused vendor you want to delete.
- 3 Choose Edit | Delete Vendor, or press COMMAND-D.
- 4 Click OK in the confirmation dialog that appears. The vendor is removed.



NOTE: QuickBooks does not allow you to delete a vendor if there are any transactions associated with the vendor. You must first remove the vendor from every associated transaction.

Vendor Types

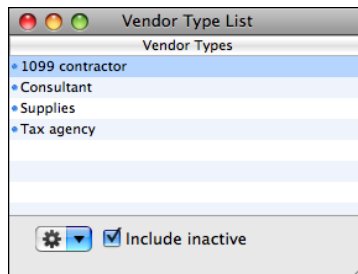
The New Vendor window and Edit Vendor window have a Type field (refer to Figure 4-10). Use this field to classify your vendors by the type of service they perform or items they sell.

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

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

To View the Vendor Type List

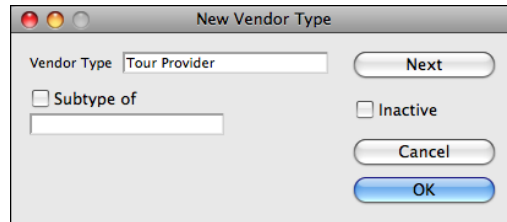
The Vendor Type List is accessible from a submenu under the Lists menu. Choose Lists | Customer & Vendor Profile | Vendor Types. The Vendor Type List, which is shown here, appears.



NOTE: By default, the Vendor Type List is preconfigured with four Vendor Types: 1099 Contractor, Consultant, Supplies, and Tax Agency.

To Add a Vendor Type

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



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

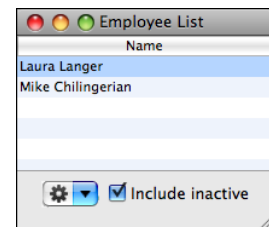
Employees

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

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

To View the Employee List

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



To Add an Employee

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

- 1 If necessary, display and activate the Employee List window.
- 2 Choose Edit | New Employee, or press COMMAND-N. The Address Info screen of the New Employee dialog, which is shown in Figure 4-12, appears.

The screenshot shows a 'New Employee' dialog box with the 'Address Info' tab selected. The form is for 'John A Aabbott'. Fields include: Mr./Ms./... (Mr.), First Name (John), M.I. (A), Last Name (Aabbott), Initials (JAA), Address (John A Aabbott, 1313 Mockingbird Way, Perkinsville, AZ 85489), Phone (928-123-1234), Alternate Phone, Social Security Number (123-45-6789), Hired (01/16/04), Released (mm/dd/yy), and Email Address (john@gilesrd.com). There is an 'Employee is inactive' checkbox and an 'Address Details' button. At the bottom are buttons for '?', 'Next', 'Cancel', and 'OK'.

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

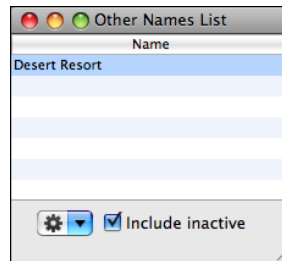
- 3 Complete the Address Info screen. The information required in each field is pretty self-explanatory. You can leave a field blank if it does not apply. The Initials field is used in the Rep drop-down list that appears in some sales forms. The name and address in the Address block print on checks and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

Other Names

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

To View the Other Names List

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



To Add a Name

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

- ❶ If necessary, display and activate the Other Names List window.
- ❷ Choose Edit | New Other Names, or press COMMAND-N. The Address Info screen of the New Name dialog, which is shown in Figure 4-13, appears.
- ❸ Complete the Address Info screen. The information required in each field is pretty self-explanatory. You can leave a field blank if it does not apply. The name and address in the Address block print on forms as necessary. If you click the Address Details button under the Address block, a dialog like the one shown in the section titled “To Add a New Customer” earlier in this chapter appears so you can enter address components separately in fields. This helps ensure that a complete, mail merge-compatible address is entered.
- ❹ Click Next to save the name and enter another new name, or click OK to simply save the new name.



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

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

To Change an Other Name to a Different Name Type

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

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

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



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

Terms

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

QuickBooks accepts two types of terms:

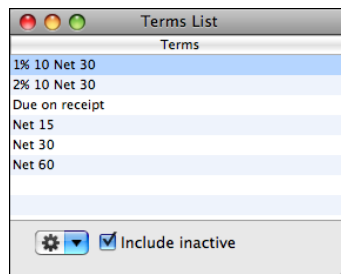
- **Standard terms**, which are defined by the number of days until discount is earned and payment is due. For example, if you expect payment from a customer within 30 days, and you give a discount of 2 percent if you receive the payment within 10 days, the terms are 2% 10 Net 30.
- **Date-driven terms**,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

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

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

To View the Terms List

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





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

To Add Terms

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

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

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

Payment Methods

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



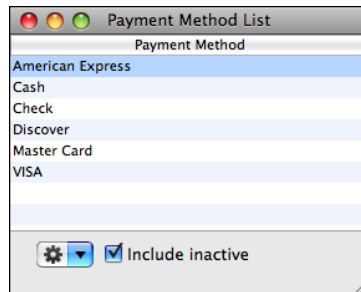
TIP: You can learn more about working with deposits in Chapter 9.



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

To View the Payment Method List

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

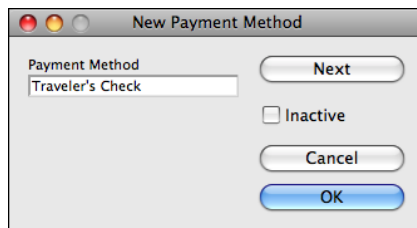


NOTE: The Payment Method List is preconfigured with commonly used payment methods: American Express, Cash, Check, Discover, Master Card, and Visa. You can use these payment methods as is, add your own, or delete them.

To Add Payment Methods

You add payment methods with the New Payment Method dialog.

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



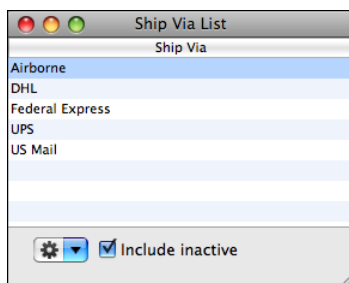
- 3 Enter a payment method in the Payment Method field.
- 4 Click Next to save the payment method and enter another new payment method, or click OK to simply save the new payment method.

Ship Via

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

To View the Ship Via List

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

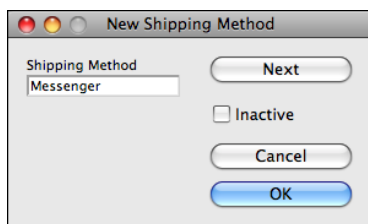


NOTE: The Ship Via List is preconfigured with commonly used shipping methods: Airborne, DHL, Federal Express, UPS, and US Mail. You can use these shipping methods as is, add your own, or delete them.

To Add Ship Via List Items

You add shipping methods with the New Shipping Method dialog.

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



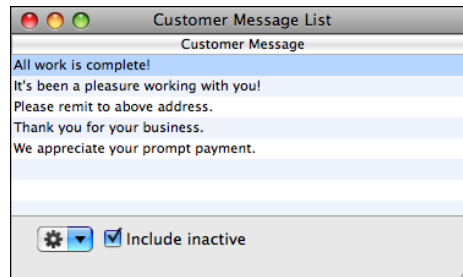
- 3 Enter a shipping method in the Shipping Method field.
- 4 Click Next to save the shipping method and enter another new shipping method, or click OK to simply save the new shipping method.

Customer Messages

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

To View the Customer Message List

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

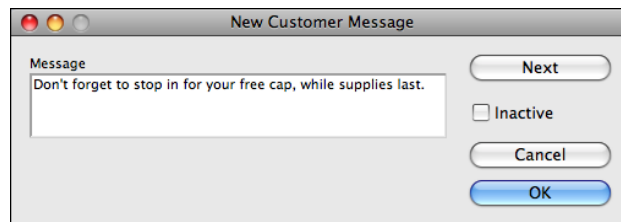


NOTE: The Customer Message List is preconfigured with a few friendly messages that you might want to send to your customers. You can use these messages as is, add your own, or delete them.

To Add Customer Messages

You add customer messages with the New Customer Message dialog.

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



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

Purchase Orders

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



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

To View the Purchase Orders

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

Vendor	Date	PO Number
GotPrint.com	08/15/08	2008-22
Wenatchee Fuel	08/20/08	2008-23

To See Only Open Purchase Orders

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

Memorized Transactions

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



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

To Memorize a Transaction

To memorize a transaction, you must first create it.

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

Account	Debit	Credit	Memo	Name		Class
Accounts	155.00		Hangar Rent	Flying Tiger		
Other Income		155.00	Hangar Rent	Flying Tiger		

- 2 If you create a check, bill, invoice, or credit card charge, do not click OK. If you create a statement charge, click Record.
- 3 Choose Edit | Memorize *Transaction Type*, or press COMMAND-+. In our example, the menu command would be Memorize General Journal. The Memorize Transaction dialog, which is shown next, appears.

- 4 QuickBooks names the transaction in the Memorize Transaction window, but you can change the name by editing the contents of the Name field.
- 5 Select an option to specify how you want QuickBooks to treat the transaction:
 - **Remind Me** tells QuickBooks to remind you about this transaction. Select how often you want to be reminded, and enter the next date on which you want QuickBooks to remind you.
 - **Don't Remind Me** tells QuickBooks not to remind you of this transaction.

- **Automatically Enter** tells QuickBooks to automatically enter this transaction for you. Indicate how often you want the transaction to be entered, the next date on which you want QuickBooks to enter the transaction, the number of transactions that are remaining to be entered, and how many days in advance of the next date you want QuickBooks to enter the transaction. If you leave the Number Remaining field blank, QuickBooks continues to enter the transaction until you tell it to stop.
- **With Transactions In Group** tells QuickBooks to remind you of this transaction with others in the group that you specify. This option is only available if you have set up transaction groups, as discussed later in this chapter.

6 To add a reminder to iCal, select the Show In iCal check box.



TIP: You can learn more about integrating with iCal later in this chapter.

7 Click OK. QuickBooks adds the transaction to the Memorized Transaction List.



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

To Recall a Memorized Transaction

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

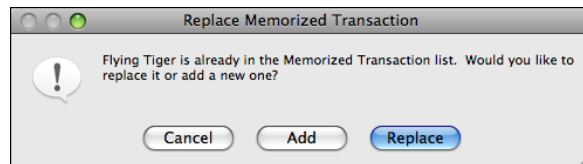
1 Choose Lists | Memorized Transactions. The Memorized Transaction List window, which is shown next, appears.

Memorized Transaction List						
Transaction Name	Type	Source Account	Amount	Frequency	Auto	Next Date
Flying Tiger	General Journal	Accounts Receivable	155.00	Monthly	✓	09/01/08

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

To Change an Existing Memorized Transaction

- ❶ Choose Lists | Memorized Transactions. The Memorized Transaction List window, which is shown earlier, appears.
- ❷ Select the transaction you want to change.
- ❸ Choose Use from the Actions pop-up menu at the bottom of the window.
- ❹ QuickBooks opens the appropriate transaction window and enters the memorized information. Make changes or additions to the transaction as necessary.
- ❺ Choose Edit | Memorize *Transaction Type*, or press COMMAND-+. QuickBooks displays an alert dialog like the one shown next, telling you that a memorized transaction for this name already exists.



- ❻ You have three options:
 - **Replace** copies over the old memorized transaction with your changes.
 - **Add** adds a new memorized transaction.
 - **Cancel** leaves the memorized transaction as it is without saving the changes.

Memorized Transaction Groups

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

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

Example 2 You own a health club. Twice a year, you send a billing statement to every member of your club for membership dues. You could memorize each person’s billing statement; then group them all together on your Memorized Transaction List, and have QuickBooks remind you when it’s time to recall and print all the membership billing statements.

To Create a Memorized Transaction Group

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

- 1 Choose Lists | Memorized Transactions to display the Memorized Transactions List window.
- 2 Choose Make New Group from the Actions pop-up menu at the bottom of the window. The New Memorized Transaction Group dialog, which is shown next, appears.

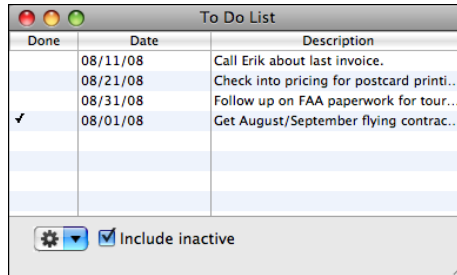
- 3 Enter a name for the group in the Name field.
- 4 Select how you want QuickBooks to treat the transaction group:
 - **Remind Me** tells QuickBooks to remind you about this transaction group. Select how often you want to be reminded, and enter the next date on which you want QuickBooks to remind you.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

To Do Notes

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

To View the To Do List

Choose Company | To Do List. The To Do List window, which is shown here, appears.

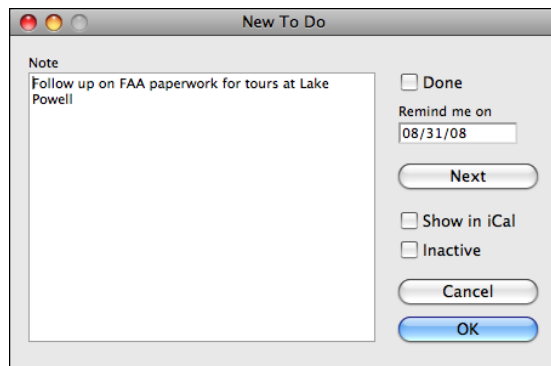


As you can see, QuickBooks sorts the current and past due To Do notes by date, and lists completed To Do notes at the bottom of the list.

To Add a Note to the To Do List

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

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



- 3 Enter the note and the reminder date in the appropriate fields of the dialog.
- 4 To display the reminder in iCal, turn on the Show In iCal check box.



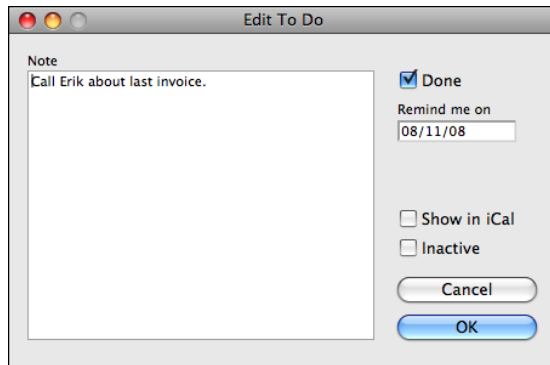
NOTE: You can learn more about adding items to iCal in Chapter 7.

- 5 To save the note and create another note, click Next; otherwise, to save the note without creating another note, click OK.

To Mark a To Do List Item as Done

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

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



- 4 Click OK.

Reminders

QuickBooks automatically maintains a Reminders window to remind you when it's time to pay bills, print invoices, print checks, deposit money in the bank, enter memorized transactions, act on overdue invoices, or act on To Do notes you've created. One of the great things about the Reminders window is that items are automatically removed from it when they are completed.

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

To View the Reminders Window

Choose Company | Reminders. The Reminders window appears in one of two formats: summary, which is shown next, or detail, which appears in Figure 4-14.

Due Date	Description	Amount
	To Do Notes	
	Bills to Pay	-342.50
	Overdue Invoices	4,740.00
	Checks to Print	-50.50
	Purchase Orders to Print	-456.10

Custom View Summary **Detail**

To Toggle Between Reminders Window Views

You can switch among three different Reminders window views:

- To switch to detail view (shown in Figure 4-14), click the Detail button.

Due Date	Description	Amount
	To Do Notes	
08/21/08	Check into pricing for postcard printing	
	Bills to Pay	-342.50
07/01/08	Evergreen Leasing	-342.50
	Overdue Invoices	4,740.00
07/01/08	Flying Fish:Cherry Drying	4,200.00
07/01/08	Flying Fish:Photo Flights	540.00
	Checks to Print	-50.50
08/20/08	Joe's Car Rental	-50.50
	Purchase Orders to Print	-456.10
08/15/08	2008-22 - GotPrint.com	-139.00
08/20/08	2008-23 - Wenatchee Fuel	-317.10

Custom View Summary **Detail**

FIGURE 4-14 The detail view of the Reminders window displays individual items in your reminders list.

- To switch to summary view (shown in an earlier illustration), click the Summary button.
- To create a custom view, click the Custom View button. Then double-click on the category of reminder you want to view to expand just that category of items.

Maximum Number of Items

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

List Type	Item Limit
Chart of Accounts	10,000
Classes	10,000
Terms	10,000
Payment Methods	10,000
Shipping Methods	10,000
Name Types (all name types together)	10,000
Customer Messages	10,000
Memorized Transactions	30,000
Items (including inventory items)	16,000
Total Names (employees, customers, vendors, and other names)	16,000

TABLE 4-1 Maximum Number of Items per List

Editing and Deleting List Items

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

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

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



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

You can also delete list items—but only if they do not have subitems and have not been used in any transactions. Use the Find command to locate the transactions in which the item you want to delete is used, so that you can delete it from its list. As discussed earlier in this chapter, the new Customer Center and Vendor Center windows make it easy to see how customers, jobs, and vendors are used in transactions by listing them right in the Center window (refer to Figures 4-1 and 4-8).



TIP: Chapter 18 explains how to search for transactions.

To Edit or Rename a List Item

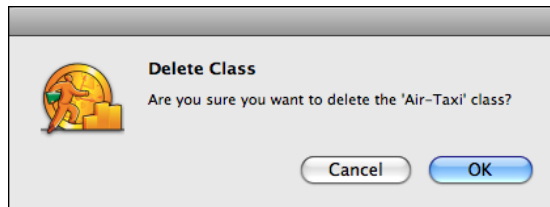
You edit or rename a list item in an edit dialog that looks a lot like the New dialog you used to create the item. You can refer to illustrations and figures throughout the first half of this chapter to get a better idea of what this dialog might look like.


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

To Delete a List Item

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

- 1 Confirm that the item is not used in any transaction.
- 2 If necessary, display the list containing the item you want to delete.
- 3 Select the item you want to delete.
- 4 Choose Edit | Delete *Item Type* or press COMMAND-D.
- 5 A confirmation dialog like the one shown next appears. Click OK to delete the item.



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

Speeding Up Data Entry with Lists

Lists perform two functions within QuickBooks:

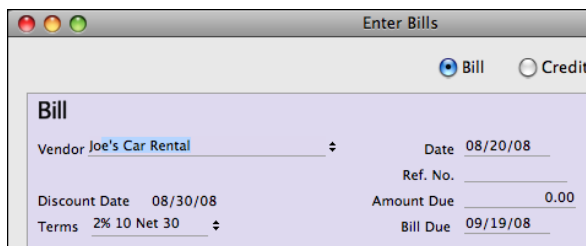
- Lists ensure that data is consistently entered by only allowing you to enter items that appear on a list.
- Lists speed up data entry by giving you tools for quickly entering a list item in a QuickBooks form.

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

QuickFill

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

The following illustration shows how this works. In this example, the letters *Jo* were typed into the Vendor field of an Enter Bills form. QuickBooks automatically searched its list and found the Vendor *Joe's Car Rental* and entered it into the field:

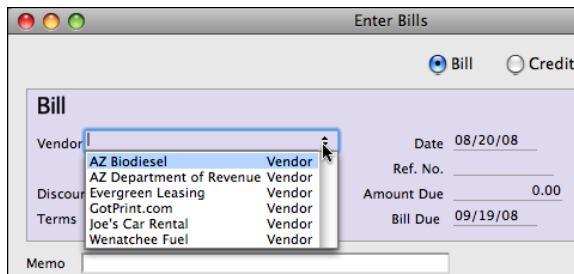


The screenshot shows the 'Enter Bills' window. At the top, there are three colored window control buttons (red, yellow, green) and the title 'Enter Bills'. Below the title bar, there are two radio buttons: 'Bill' (selected) and 'Credit'. The main area is titled 'Bill'. It contains several fields: 'Vendor' (Joe's Car Rental), 'Date' (08/20/08), 'Ref. No.' (blank), 'Amount Due' (0.00), 'Bill Due' (09/19/08), 'Discount Date' (08/30/08), and 'Terms' (2% 10 Net 30). Each field has a small downward arrow next to it, indicating it's a drop-down menu.

Keep in mind that you may need to type more than just two or three letters to narrow down the list of possible matches if your list is long. And you can always enter an item that is not on the list; if you do, QuickBooks will prompt you to add it to the appropriate list or select the one you really want.

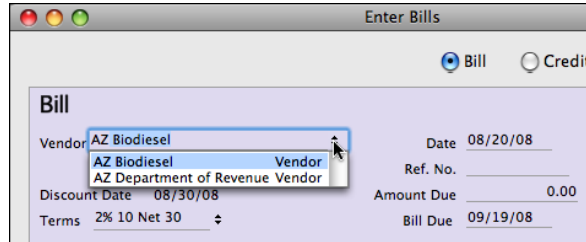
Drop-Down Lists and Pop-Up Menus

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



This screenshot shows the 'Enter Bills' window with the 'Vendor' drop-down menu open. The menu lists several vendors: 'AZ Biodiesel', 'AZ Department of Revenue', 'Evergreen Leasing', 'GotPrint.com', 'Joe's Car Rental', and 'Wenatchee Fuel'. The 'Vendor' field is currently empty. The other fields in the window are the same as in the previous screenshot: 'Date' (08/20/08), 'Ref. No.' (blank), 'Amount Due' (0.00), 'Bill Due' (09/19/08), 'Discount Date' (08/30/08), and 'Terms' (2% 10 Net 30).

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



Using a Command or Keystroke to Display Lists

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

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

Customized Fields

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

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

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

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

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

in the field. QuickBooks also retains the data you entered in a field, even if you turn off the field.

Adding Customized Fields to Lists

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

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

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

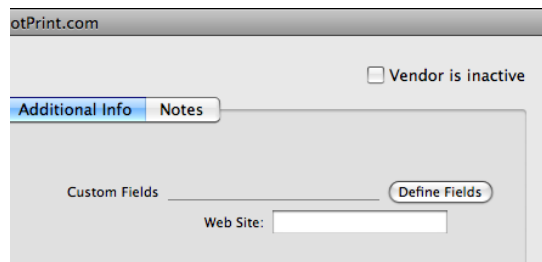
You use the edit dialog for any list item to add a custom field for all items in that list. Here's how to add customized fields for customers, vendors, and employees.

- 1 If necessary, display the list you want to add fields for: Customer Center, Vendor Center, or Employee List.
- 2 Double-click any customer, job, vendor, or employee on the list.
- 3 Click the Additional Info button to display the Additional Info screen. (Refer to Figures 4-3, 4-6, and 4-10.)
- 4 Click Define Fields. The Custom Fields dialog, which is shown in Figure 4-15, appears.

Label	Customer/Jobs	Vendors	Employees
Web Site	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Next of Kin Name	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Next of Kin Phone	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

- 5 Double-click in an empty line in the Label column to display an insertion point and enter a field name for the custom field.
- 6 Turn on the check boxes in the same line for the list(s) you want the field to appear on.
- 7 Repeat steps 5 and 6 for each custom field you want to add.
- 8 Click OK. A dialog may appear, explaining that you have activated custom fields, Click OK.
- 9 The custom fields you created appear in the Additional Info screen for the item you selected in step 2, as shown next. If desired, you can enter data into the field for that item.



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

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

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

To Add Customized Fields for Items

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

- 1 Choose Lists | Items to display the Items List.

- 2 Double-click the name of the item you want to add custom fields for. The Edit Item dialog appears. It might look something like this:

- 3 Click the Custom Fields button.
- 4 A dialog may appear, telling you that there are no custom fields defined for items. Click OK.
- 5 The Custom Fields For *Item Name* dialog appears. Click Define Fields.
- 6 In the Define Custom Fields For Items dialog (shown next), turn on the Use check box and enter a label for each of the custom fields you want to use.

Use	Label
<input checked="" type="checkbox"/>	Size
<input checked="" type="checkbox"/>	Color
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	

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

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

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

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

Using Customized Fields

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



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

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

Removing Customized Fields

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

Keeping Your Lists Organized

QuickBooks offers several ways to keep your lists organized. Table 4-2 summarizes them. In this part of the chapter, you can find detailed instructions for the organization features you're likely to use most.

Changing the Order of List Items

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

To Manually Arrange a List

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

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

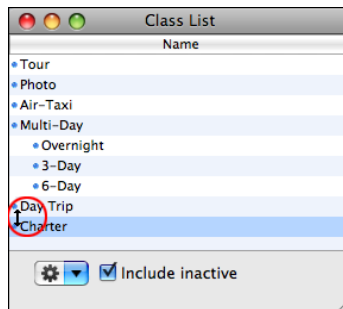
TABLE 4-2 Summary of List Organization Features



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

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

- 1 Position the mouse pointer over the small blue dot in front of the list item you wish to move.
- 2 Press the mouse button and begin to drag up or down. The cursor changes to a two-headed arrow, as shown next.

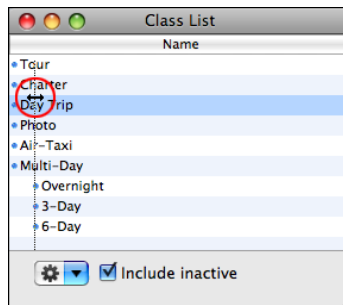


- 3 Drag the item up or down to its new location. When you release the mouse button, the item moves.

To Change the Hierarchy of List Items and Subitems

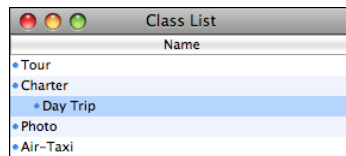
You can move subitems independently of their parent items; that is, you can move a subitem up or down from one main item to a different main item.

- 1 Position the mouse pointer over the small blue dot in front of the list item you wish to move.
- 2 Press the mouse button and begin to drag left or right. The cursor changes to a two-headed arrow, as shown next.



3 Drag left or right as follows:

- To move a list item and its subitems, drag the main item.
- To make a subitem a main item, drag it to the left.
- To make a main item a subitem, drag it to the right (shown next).
- To make a subitem of a subitem, drag the item further to the right.



To Sort by Column in Ascending Order

Click any column header once. The list is sorted in ascending order by that column. Here's an example of a Customer Center customer list sorted in ascending order by Balance Total:

Name	Balance Total	Notes	Job Status
▶ Powell, John W.	0.00		
Flying M Properties	0.00		In progress
Flying Tiger	465.00		In progress
American Aviation	2,025.00		Awarded
▶ Flying Fish	4,740.00		

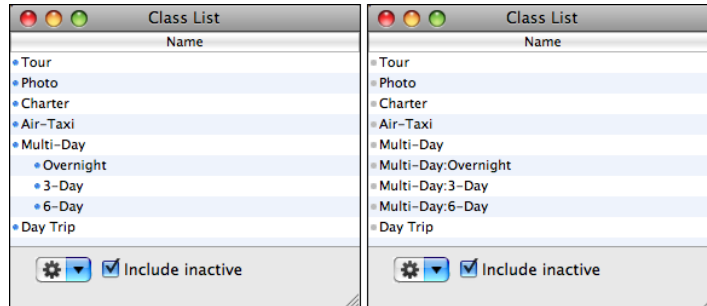
To Sort by Column in Descending Order

Click any column header twice. The list is sorted in descending order by that column. Here's an example of a Customer Center customer list sorted in descending order by name:

Name	Balance Total	Notes	Job Status
▶ Powell, John W.	0.00		
Flying Tiger	465.00		In progress
Flying M Properties	0.00		In progress
▶ Flying Fish	4,740.00		
American Aviation	2,025.00		Awarded

To Display a List in Flat or Hierarchical View

All lists by default are displayed in hierarchical view—that is, subitems are indented and listed directly below their corresponding “parent” item. But you can also display lists in flat view, which displays items without indentation. You can see the difference in the Class List windows shown next.



From the list’s Actions pop-up menu, choose either Flat View or Hierarchical View.

To Toggle Between a Manually Rearranged and Column-Sorted List

You can switch or toggle between manually arranged and column-sorted list views. This gives you maximum flexibility in organizing your lists.

From the list’s Actions pop-up menu, choose Show Sorted List. Each time you select this command, QuickBooks toggles the view between manually arranged and column-sorted views.

Reverting Lists to Their Default Sort Order

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

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

The list reverts back to its default sort order.

Merging List Items

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

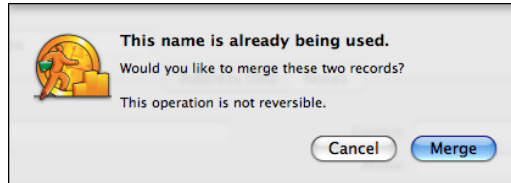


NOTE: Merging list items is irreversible. Do not merge two items on a list unless you are absolutely certain you want to do so.

To Merge Two List Items

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

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



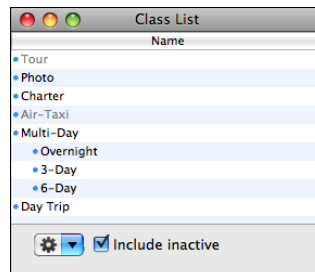
Hiding Inactive List Items

You can hide inactive items so they do not appear in lists. This can make it easier to scroll through, and select from, very long lists that include a lot of items you no longer use.

To Mark a List Item as Inactive

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

- ❶ If necessary, display and activate the list containing the item you want to mark as inactive.
- ❷ Select the item you want to mark as inactive.
- ❸ Choose Edit | Make Inactive. The item turns gray in the list. Here's an example with two inactive items:





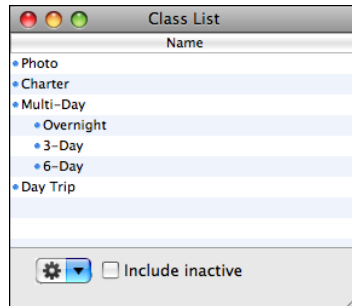
TIP: You can also set an item as inactive by turning on a check box in the item's edit dialog. Figure 4-2 shows an example.

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

- When you mark a list item as inactive, it is hidden in any windows that use that list. For example, an inactive item from the Customer Center's customer list will be hidden in the Customer:Job drop-down list in the Create Invoices window.
- Inactive list items still appear in reports and transactions.
- When you mark an item as inactive, its subitems are also marked inactive.
- To make an inactive item active again, make sure it's displayed in its list, select it, and then choose Edit | Make Active.

To Hide Inactive Items in a List

In the list containing the inactive items you want to hide, turn off the Include Inactive check box. The items disappear. The following illustration shows the previous example with inactive items hidden:



Printing, Saving, or E-mailing a List

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

To Print a List

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

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

To Save a List as a PDF

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

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

To E-mail a List as a PDF

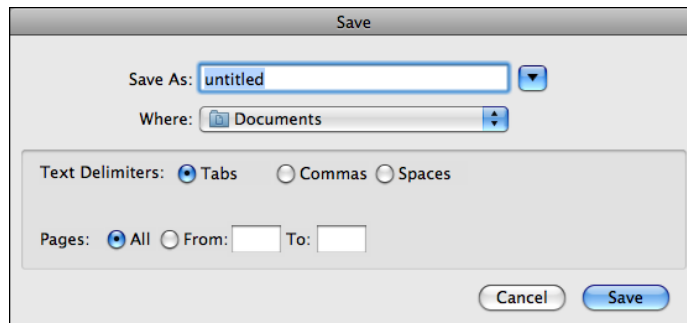
You can also e-mail a PDF of a list right from within QuickBooks.

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

To Save a List as Text


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

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



Synchronizing Your Contacts with Address Book

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

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

Enabling Contact Sync

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

To Turn On Contact Sync

- 1 Choose Company | Contact Sync Settings. The Contact Sync screen of the QuickBooks Preferences dialog, which is shown in Figure 4-16, appears.

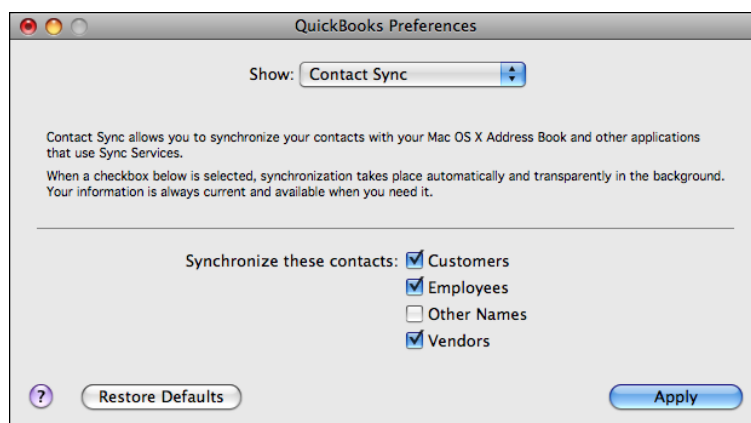


FIGURE 4-16 Use Contact Sync preferences to indicate which QuickBooks contacts you want to synchronize with Address Book.

- 2 Turn on the check boxes beside each type of contact you want to synchronize.
- 3 Click Apply.
- 4 Close the QuickBooks Preferences dialog.

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

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

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

To Turn Off Contact Sync

- 1 Choose Company | Contact Sync Settings. The Contact Sync screen of the QuickBooks Preferences dialog, which is shown in Figure 4-16, appears.
- 2 Clear all of the check boxes.
- 3 Click Apply.
- 4 Close the Preferences dialog.

To See Which QuickBooks Fields Are Synchronized

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

- 1 If necessary, open a list you have synchronized with Address Book.
- 2 Double-click any item in the list to open its edit dialog. As shown in Figure 4-17, fields that are synchronized are shaded pale yellow. (If you don't see any shaded fields, make sure that contact sync is turned on, as explained in the previous section.)

The screenshot shows a contact edit window for 'Powell, John W.'. The window has tabs for 'Address Info', 'Additional Info', and 'Notes'. The 'Address Info' tab is active, displaying various contact fields. Fields that are synchronized with the Mac OS X Address Book are shaded pale yellow, including 'Company Name', 'Contact', 'Phone', 'Fax', 'Email', 'Bill To' address, and 'Ship To' address. Other fields like 'Mr./Ms./...:', 'First Name', 'Last Name', 'Alternate Phone', and 'Alternate Contact' are not shaded. A 'Copy >' button is located between the 'Bill To' and 'Ship To' address fields. At the bottom, a legend states: 'Shaded items are synchronized with Mac OS X Address Book and other applications that use Sync Services.' There are also 'Cancel' and 'OK' buttons at the bottom right.

FIGURE 4-17 You can see which fields are synchronized by looking at the edit dialog for any item in a synchronized list.

How Address Book Handles QuickBooks Contacts

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

- For every QuickBooks list you synchronize, a corresponding Address Book group is created with the company name appended. For example, if your company file is named Flying M Air, LLC, and you synchronize the Customers List, a group is created in Address Book called “Customers:Flying M Air, LLC” as shown in Figure 4-18.

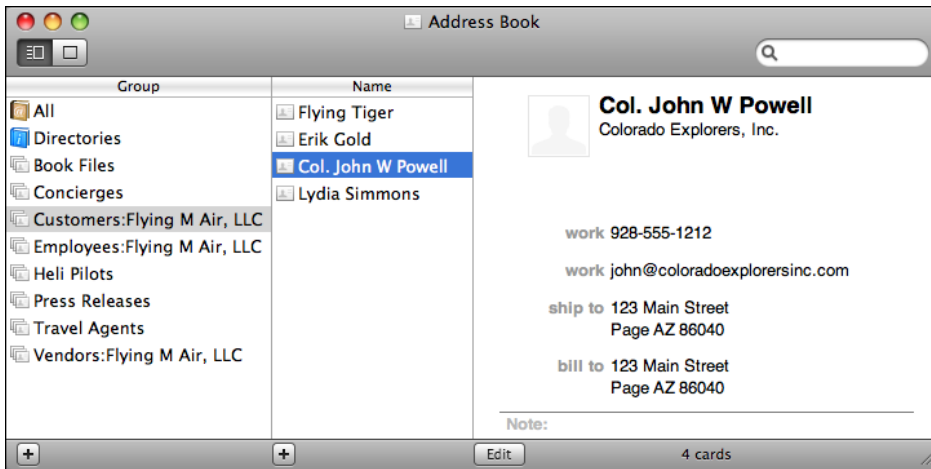


FIGURE 4-18 QuickBooks adds its contacts to your Address Book file, grouping them by list.

- Contacts in Address Book are sorted according to your Address Book preferences; to change them, open Address Book, choose Address Book | Preferences, and then click the General button. (By default, Address Book sorts contacts by Last Name and displays contacts by First Name Last Name.)
- When you make changes to the QuickBooks groups in Address Book, those changes are automatically updated in QuickBooks. For example, you can change contact info or drag existing contacts into the appropriate QuickBooks group within Address Book to modify the same information in QuickBooks.



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

Your Chart of Accounts

In this chapter:

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

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

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



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

Chart of Accounts Overview

QuickBooks accounts are highly flexible and easy to use. You can name accounts using your own words, and arrange them in any order that is useful for your company.



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

Every chart of accounts has two kinds of accounts:

- Balance sheet accounts
- Income and expense accounts

Understanding Balance Sheet Accounts

Balance sheet accounts include assets, liabilities, and equity:

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

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

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

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

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

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

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

TABLE 5-1 Types of Balance Sheet Accounts

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

Name	Type	Balance
Checking	Bank	7,993.99
ING Savings	Bank	14,977.96
Accounts Receivable	Accounts Receivable	7,230.00
Employee Advances	Other Current Asset	0.00
Inventory Asset	Other Current Asset	161.52
Undeposited Funds	Other Current Asset	0.00
Helicopter	Other Asset	240,000.00
Prepaid Expenses	Other Asset	6,285.82
Prepaid Hotel	Other Asset	4,427.92
Touring Equipment	Other Asset	21,965.44
Truck	Other Asset	5,600.00
Accounts Payable	Accounts Payable	342.50
AOPA MasterCard	Credit Card	3,341.71
Bank of America Visa	Credit Card	564.66
BP Visa	Credit Card	19,128.96
U.S. Bank Card	Credit Card	6,000.00
Sales Tax Payable	Other Current Liability	0.00
Helicopter Loan	Long Term Liability	101,730.77
U.S. Bank Loan	Long Term Liability	17,013.22
*Retained Earnings	Equity	
Opening Bal Equity	Equity	144,388.34
▶ Partner One Equity	Equity	25.49
▶ Partner Two Equity	Equity	0.00
Retained Earnings	Equity	0.00
Reimbursed Expenses	Income	
Sales	Income	
Services	Income	
Uncategorized Income	Income	
Cost of Goods Sold	Cost of Goods Sold	
Advertising	Expense	
Amortization Expense	Expense	
Automobile Expense	Expense	

FIGURE 5-1

A chart of accounts includes balance sheet accounts and income and expense accounts.

To Print the Chart of Accounts

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

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

To See an Account Register

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

- 1 If necessary, display and activate the Chart Of Accounts window.
- 2 Double-click the balance sheet account for which you want to see the account register. The account register window for that account appears. The following illustration shows an example of the Accounts Receivable account register.

Accounts Receivable							
Date	Number	Customer	Item	Qty	Rate	Amt Chrg	Amt Paid
	Type	Description		Class		Billed Date	Due Date
08/16/08	2008-1	American Aviation				675.00	
	INV						08/31/08
08/16/08	2008-2	American Aviation				675.00	
	INV						08/31/08
08/20/08	2008-3	American Aviation				675.00	
	INV						09/04/08
09/01/08		Flying Tiger				155.00	
	GENJRNL	Hangar Rent					
08/21/08	Number	Customer	Item	Qty	Rate	Amt Chrg	
		Description		Clas			
Ending balance						6,920.00	



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

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

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

Understanding Income and Expense Accounts

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

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

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

08/21/08

Flying M Air, LLC
Balance Sheet Standard
 As of August 21, 2008

Aug 21, '08

ASSETS	
Current Assets	
Checking/Savings	
Checking	7,993.99
ING Savings	<u>14,977.96</u>
Total Checking/Savings	22,971.95
Accounts Receivable	
Accounts Receivable	<u>6,765.00</u>
Total Accounts Receivable	6,765.00
Other Current Assets	
Inventory Asset	<u>161.52</u>
Total Other Current Assets	<u>161.52</u>
Total Current Assets	29,898.47
Other Assets	
Helicopter	240,000.00
Prepaid Expenses	6,285.82
Prepaid Hotel	4,427.92
Touring Equipment	21,965.44
Truck	<u>5,600.00</u>
Total Other Assets	<u>278,279.18</u>
TOTAL ASSETS	<u>308,177.65</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	<u>342.50</u>
Total Accounts Payable	342.50

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

To See Detail for an Income or Expense Account

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

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

To See a Profit and Loss Report

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

Account QuickReport

Customize... Filters... Format... Header/Footer... Hide Header Memorize...

Dates: This Fiscal Year-to-date From: 01/01/08 To: 08/21/08 Export to Excel

08/21/08

Flying M Air, LLC
Account QuickReport
 January 1 through August 21, 2008

Type	Date	Num	Name	Memo	Split	Amount
Sales						
General Journal	07/01/08				Opening Bal Equity	51,833.82
Invoice	08/16/08	2008-1	American Aviation	Photo flight	Accounts Receivable	675.00
Invoice	08/16/08	2008-2	American Aviation	Photo flight	Accounts Receivable	675.00
Invoice	08/20/08	2008-3	American Aviation	Photo flight	Accounts Receivable	675.00
Total Sales						<u>53,858.82</u>
TOTAL						<u>53,858.82</u>

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

Cost of Goods Sold Accounts

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

Profit and Loss Standard

Customize... Filters... Format... Header/Footer... Hide Header Collapse Memorize...

Dates: This Month-to-date From: 08/01/08 To: 08/21/08 Columns: Total only Export to Excel

08/21/08

Flying M Air, LLC
Profit and Loss Standard
 August 1 - 21, 2008
 Aug 1 - 21, '08

Ordinary Income/Expense	
Income	
Sales	2,025.00
Total Income	<u>2,025.00</u>
Gross Profit	2,025.00
Expense	
Advertising	139.00
Equipment Rental	50.50
Operating Expenses	317.10
Travel & Ent	
Entertainment	25.49
Total Travel & Ent	<u>25.49</u>
Total Expense	<u>532.09</u>
Net Ordinary Income	<u>1,492.91</u>
Net Income	<u>1,492.91</u>

FIGURE 5-4 You can display a Profit and Loss Standard report for any period of time.

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

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

Automatically Created Accounts

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

Name	Account Type	This Account Is Automatically Created When
Sales Tax Payable	Other Current Liability	You create a new company and answer "Yes" to the question about charging sales tax. If you answer "No," QuickBooks creates this account later if you ever use sales tax on an invoice.
Undeposited Funds	Other Current Asset	You first receive an invoice payment or cash from a cash sale. Undeposited Funds holds money you've collected until you deposit it in a bank account.
Accounts Receivable	Accounts Receivable	You create an invoice for the first time.
Accounts Payable	Accounts Payable	You first enter a bill.
Purchase Orders Estimates	Non-Posting	You first create a purchase order or estimate. These accounts do not affect your balance sheet or income statement.
Opening Bal Equity	Equity	You first enter balance sheet account opening balances. This account is used by QuickBooks to help set up your accounts correctly.
Retained Earnings	Equity	You set up a new QuickBooks company.
Uncategorized Income	Income	You enter opening balances for customers.
Uncategorized Expense	Expense	You enter opening balances for vendors.
Inventory Asset	Other Current Asset	You first add an inventory item.
Cost of Goods Sold	Cost of Goods Sold	You first add an inventory item.

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

Adding New Accounts

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



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

To Add a New Account

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

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

- 3 Set options in the dialog for the account.



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

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

Special Uses for Subaccounts

You can use subaccounts when arranging income and expense accounts. When you set up subaccounts for an account, each subaccount becomes part of the original

account. This is especially useful for some balance sheet accounts, such as joint checking accounts and fixed asset accounts.

To Set Up a Joint Checking Account

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

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

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

To Use Subaccounts for Fixed Assets

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

Working with Accounts

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

Entering Opening Balances for Existing Accounts

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

To Enter an Opening Balance for an Account with No Transactions

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

- 1 If necessary, display and activate the Chart Of Accounts window.
- 2 Select the account for which you want to enter an opening balance.

- 3 If necessary, click the blank entry at the end of the register to activate it.
- 4 In the Date field, enter the date as of which you want to record the opening balance.



NOTE: QuickBooks automatically fills in the Date field with the current date, but you should enter your QuickBooks start date (or the date of your last statement prior to your start date).

- 5 In the Payee field, enter a description of the transaction, such as “Opening Balance.” If a Name Not Found dialog appears, click the Quick Add button, select Other in the Select Name Type dialog that appears, and click OK.
- 6 Enter the opening balance amount:
 - In a bank account, enter the amount in the Deposit column.
 - In an asset, liability, or equity account, enter the amount in the Increase column.
 - In a credit card account, enter the amount in the Charge column.
- 7 In the Account field, choose Opening Bal Equity from the pop-up menu. When you’re finished with the entry, it might look something like this:

06/30/08	Ref	Opening Balance	⇅	3,341.71		Payment	
	CC	Opening Bal Equity	⇅	Memo			

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

To Change an Existing Opening Balance for an Account

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



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

- 1 If necessary, display and activate the Chart Of Accounts window.
- 2 Double-click the account for which you want to modify the opening balance. The account’s register opens.
- 3 Find the Account Opening Balance transaction in the register. It’s likely to be the first one in the register, since the register sorts transactions by date.

- ④ If you are changing your start date, change the date of the transaction to your new start date.
- ⑤ Change the amount to the correct opening balance.
- ⑥ Click Record. QuickBooks adjusts the account balance from the start date forward.

Editing Account Information

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

To Edit Account Information

You edit an account in the Edit Account dialog.

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

Deleting an Account

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

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

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

To Find Transactions that Use an Account

Use one of the following techniques:

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

To Delete an Unused Account

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

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

Other Account Management Tasks

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

Keeping Your Chart of Accounts Organized

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

Changing an Account's Color

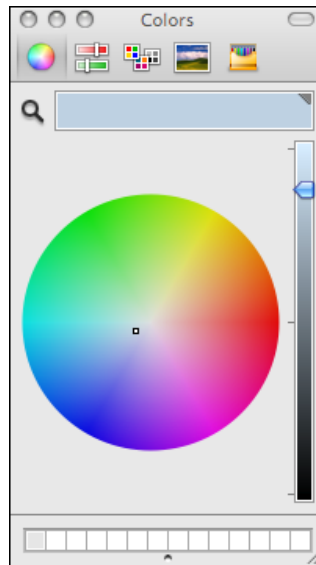
When you change an account's color, your change affects the account's register and associated data entry forms. For example, if you make your checking account blue, both the register and the Write Checks window for that account will be blue.

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

To Change an Account's Color

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

- 1 Open the register or data entry form for the account for which you want to change the color.
- 2 Choose Edit | Change Account Color to display a standard color palette like the one shown here.



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

Merging Existing Accounts

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

Items: Your Products and Services

In this chapter:

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

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

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

Items Overview

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

Whether you record a sale or a purchase, use items from your Item List to fill out the form quickly. When you choose an item in the Item field on the form, QuickBooks fills in the description, rate, or price, and then calculates the amount.

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

Using Items, Saving Time

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

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

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

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

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

Types of Items

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

If You Sell Items

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

If you've already created inventory items for things you buy and resell, you can use those items on both sales forms and purchase forms.

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

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

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

If You Buy Items

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



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

How Items for Purchases Can Help You

You can use items for purchases to do the following:

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

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

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

Item Types to Use on Purchase Forms

You can use the following item types on purchase forms:

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

Using Group Items on Purchase Orders

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

Buying Reimbursable Items

You may purchase services or products for specific customers or jobs and then invoice the customer for the items (with or without markup). For example, an interior designer may buy furniture at wholesale and sell it to the client at retail.

The create and edit dialogs for service items, non-inventory parts, and other charge items all have a check box that allows you to pass through their costs at a markup, and track costs and revenues in separate accounts. Then you can track both the expenses and the income for these items for a particular job. The check box is labeled differently, depending on the type of item you are creating:

- For service items, the check box is labeled This Service Is Performed By A Subcontractor.
- For a non-inventory part item, the check box is labeled This Item Is Purchased For And Sold To A Specific Customer:Job.
- For an other charge item, the check box is labeled This Is A Reimbursable Charge.

The Item List Window

The Item List window, which is covered briefly in Chapter 4, lists all of the items you have created for your business. Figure 6-2 shows what it might look like.

Item List					
Name	Description	Type	Account	On Hand	Price
• SW Circle	Southwest Circle Helicopt...	Service	Sales		2,495.00
• Day Trip	Day Trip in the Arizona Ar...	Service	Sales		0.00
• Sedona	Day trip to Sedona from P...	Service	Sales		395.00
• Grand Canyon	Day Trip to the Grand Can...	Service	Sales		495.00
• Grand Tour	Grand Tour of the Deadvill...	Service	Sales		95.00
• Photo Flight	Photo flight	Service	Sales		450.00
• Cap	Flying M Air baseball cap	Inventory Part	Sales	22	12.00
• Luggage	Black wheelie bag with Fly...	Inventory Part	Sales	8	75.00
• Postcard	Souvenir postcard of helic...	Inventory Part	Sales	6	0.46
• Photos	8x10 photo of the pilot an...	Non-inventory Part	Sales		20.00
• 100LL	100LL Aviation Fuel	Non-inventory Part	Operating Expenses		4.53
• W100Plus Oil	12-quart case of W100Plu...	Non-inventory Part	Operating Expenses		45.40
• RackCard	Advertising Rack Cards	Non-inventory Part	Advertising		139.00
• Shipping	Shipping Charge	Other Charge	Other Income		0.00
• Late Fee	Fee for late departure	Other Charge	Sales		25.00
• Subtotal	Subtotal	Subtotal			
• Southwest Circle	Southwest Circle Helicopt...	Group			
• Reimb Group	Total Reimbursable Expen...	Group			
• 3rd Pax Discount	Third passenger flies for h...	Discount	Sales:Sales Discounts		-50.0%
• 10% Off	10% Discount	Discount	Sales:Sales Discounts		-10.0%
• Payment	Deposit applied	Payment	Undeposited Funds		
• Maricopa	Sales Tax: Maricopa County	Sales Tax Item	Sales Tax Payable		6.3%
• Out of State	Out-of-state sale, exempt...	Sales Tax Item	Sales Tax Payable		0.0%
• Wickenburg	Sales Tax: Wickenburg	Sales Tax Item	Sales Tax Payable		1.7%
• Wickenburg Sales Tax	Sales Tax	Sales Tax Group			8.0%



☒ Include inactive

FIGURE 6-2 The Item List window lists all of the items you have created for your business.

To display the Item List window, choose Lists | Items, or press SHIFT-COMMAND-I.



TIP: Chapter 4 provides a wealth of general information about working with lists. You may want to consult it to learn more about organizing and managing the Item List in your QuickBooks company file.

Creating Items

Create items to represent things that you buy, sell, or resell in your course of business. You can also create items that represent a discount, calculate a subtotal, or represent a sales tax on a form. When you enter a sale or purchase, you select items from your Item list to quickly and accurately fill in the form.

You create items in the New Item dialog. The fields for information in this dialog change depending on the type of item you are creating. This part of the chapter explains how to create each type of item and provides tips for using them.

Service Items

Service items represent services you charge for or buy (or both). These services can be professional fees or labor. They can also be subcontracted services you purchase for a specific job.



NOTE: After you have set up a service item, you cannot change its type to another item type.

To Create a Service Item

When you create a service item, you enter its name, description, price, and account, and can set other options.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Choose Edit | New Items, or press COMMAND-N. The New Item dialog appears.
- 3 If necessary, choose Service from the Type pop-up menu to display service item options, shown next.

- 4 Enter information about the item:
 - **Item Name/Number** is the internal identifier you will use to enter the item on sales and purchase forms.
 - **Subitem Of** enables you to make the item a subitem of another item. To do this, turn on the check box and choose an existing item as a parent from the drop-down list that appears.
 - **This Service Is Performed By A Subcontractor** tells QuickBooks that the service is performed by someone outside your company. When you turn on this check box, the dialog expands to offer additional options. Turn on this check box for services performed by a subcontractor or if it is for employee labor for which you write estimates and you want to be able to compare estimated costs with actual costs. Consult the section titled “Services Performed

by Subcontractors” later in this chapter for more information about setting up a subcontracted service item.

- **Description** is a description of the service. This is what will appear on sales forms, so it should be descriptive enough for your customers to understand what they’re paying for.
 - **Rate** is the rate you charge customers for the service item. If you plan to track time for the service and then charge for it, the rate should be the hourly rate you charge. (If you charge different hourly rates, set up a separate service item or subitem for each rate.)
 - **Taxable** enables you to indicate whether the item is taxable. Turn on the check box if you must collect and pay sales tax for the service.
 - **Account** is the income account in which you want to record a sale of the service.
- 5 To create custom fields for the item, click the Custom Fields button. Consult Chapter 4 for information about creating and using custom fields.
 - 6 To save this item and create another one, click Next. Otherwise, to save this item without creating another one, click OK. The item is added to the Item List.

Non-inventory Part Items

Set up a non-inventory part item for any of the following:

- Products and goods you purchase for a specific job and then charge for
- Products and goods you sell but do not purchase
- Products and goods you purchase but do not resell
- Products and goods you purchase and resell but don’t track as inventory

To Create a Non-inventory Part Item

Creating a non-inventory part item is remarkably similar to creating a service item.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Choose Edit | New Items, or press COMMAND-N. The New Item dialog appears.
- 3 Choose Non-inventory Part from the Type pop-up menu to display non-inventory part item options, shown next.

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

- Title:** New Item
- Type:** Non-inventory P... (dropdown menu)
- Item Name/Number:** W100Plus Oil
- Subitem of:** (empty field, checkbox is unchecked)
- Description:** 12-quart case of W100Plus aviation oil.
- Price:** 45.40
- Account:** Operating Expenses (dropdown menu)
- Taxable:** (checkbox is unchecked)
- Inactive:** (checkbox is unchecked)
- Buttons:** Custom Fields, Next, Cancel, OK

- 4 Enter information about the item:
 - **Item Name/Number** is the internal identifier you will use to enter the item on sales and purchase forms.
 - **Subitem Of** enables you to make the item a subitem of another item. To do this, turn on the check box and choose an existing item as a parent from the drop-down list that appears.
 - **This Item Is Purchased For And Sold To A Specific Customer:Job** tells QuickBooks that the item is for a specific customer or job. When you turn on this check box, the dialog expands to offer additional options. Consult the section titled “Items Ordered Especially for a Job” later in this chapter for more information about setting up a non-inventory part item specifically for a customer or job.
 - **Description** is a description of the item. This is what will appear on sales and purchase forms, so it should be descriptive enough for your customers or vendors to understand what the item is.
 - **Price** is the amount you charge customers for the item (if it’s an item you sell) or the amount you pay a vendor for the item (if it’s an item you buy).
 - **Taxable** enables you to indicate whether the item is taxable.
 - **Account** is the income (for items you sell) or expense (for items you buy) account in which you want to record a transaction for the item.
- 5 To create custom fields for the item, click the Custom Fields button. Consult Chapter 4 for information about creating and using custom fields.
- 6 To save this item and create another one, click Next. Otherwise, to save this item without creating another one, click OK. The item is added to the Item List.

Other Charge Items

Set up an other charge item for miscellaneous charges such as shipping and delivery charges you add to your sales forms.

To Create an Other Charge Item

To create an other charge item, you’ll enter basic information about the item.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Choose Edit | New Items, or press COMMAND-N. The New Item dialog appears.

- 3 Choose Other Charge from the Type pop-up menu to display other charge item options, shown next.

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

- Type:** Other Charge (selected in a dropdown menu)
- Item Name/Number:** Shipping
- Subitem of:** (empty field, checkbox is unchecked)
- Custom Fields:** (button)
- This is a reimbursable charge:** (checkbox is unchecked)
- Description:** Shipping Charge
- Amount or %:** 0.00
- Taxable:** (checkbox is unchecked)
- Account:** Other Income (selected in a dropdown menu)
- Inactive:** (checkbox is unchecked)
- Buttons:** Next, Cancel, OK

- 4 Enter information about the item:
 - **Item Name/Number** is the internal identifier you will use to enter the item on sales and purchase forms.
 - **Subitem Of** enables you to make the item a subitem of another item. To do this, turn on the check box and choose an existing item as a parent from the drop-down list that appears.
 - **This Is A Reimbursable Charge** tells QuickBooks that the item is a reimbursable expense. When you turn on this check box, the dialog expands to offer additional options. Consult the section titled “Reimbursable Charges” later in this chapter for more information about setting up and using reimbursable charges.
 - **Description** is a description of the item. This is what will appear on sales and purchase forms, so it should be descriptive enough for your customers or vendors to understand what the item is.
 - **Amount Or %** is the amount or percentage you charge customers for the item (for items you sell) or you pay vendors (for items you buy). To enter a percentage, be sure to type the % symbol after the percentage rate. QuickBooks applies the percentage to the line item immediately above the one where this one is used on a sales or purchase form.
 - **Taxable** enables you to indicate whether the item is taxable.
 - **Account** is the income (for items you sell) or expense (for items you buy) account in which you want to record a transaction for the item.
- 5 To create custom fields for the item, click the Custom Fields button. Consult Chapter 4 for information about creating and using custom fields.
- 6 To save this item and create another one, click Next. Otherwise, to save this item without creating another one, click OK. The item is added to the Item List.

Inventory Part Items

If you track inventory, the inventory part item type allows you to keep track of how many items remain in stock after a sale, how many items you have on order, your cost of goods sold, and the value of your inventory.



TIP: To create an inventory part item, inventory tracking must be enabled in company settings. Inventory is discussed in detail in Chapter 8.

To Create an Inventory Part Item

When you create an inventory part item, QuickBooks asks for information for both the purchase and sale of the item. It uses the applicable information on the purchase and sales forms you create that include the item.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Choose Edit | New Items, or press COMMAND-N. The New Item dialog appears.
- 3 Choose Inventory Part from the Type pop-up menu to display inventory part item options, shown next.

- 4 Enter information about the item:
 - **Item Name/Number** is the internal identifier you will use to enter the item on sales and purchase forms.
 - **Subitem Of** enables you to make the item a subitem of another item. To do this, turn on the check box and choose an existing item as a parent from the drop-down list that appears.
 - **Description On Purchase Transactions** is a description of the item as it should appear on purchase forms. It should be descriptive enough for your vendor to understand what the item is.
 - **Cost** is your purchase cost per item.

- **COGS Account** is the Cost of Goods Sold account for the item. Choose an option from the drop-down list.
 - **Preferred Vendor** is the vendor you normally use to purchase the item. Choose an option from the drop-down list. This field is optional.
 - **Description On Sales Transactions** is a description of the item as it should appear on sales forms. It should be descriptive enough for your customer to know what he's paying for.
 - **Sales Price** is the amount you charge customers for the item.
 - **Taxable** enables you to indicate whether the item is taxable.
 - **Income Account** is the income account in which you want to record the revenue for the item. Choose an option from the drop-down list.
 - **Asset Account** is the balance sheet account where you record the value of inventory of the item. Choose an option from the drop-down list.
 - **Reorder Point** is the number of units that should be remaining on hand when QuickBooks reminds you to order more. Make sure this value is high enough that you don't run out before new inventory arrives.
 - **Qty On Hand** is the number of units currently on hand when you create the inventory part item. If you haven't purchased any of this item yet, the value in this field will be 0.
 - **Total Value** is calculated automatically by QuickBooks based on the quantity on hand and unit cost.
 - **As Of** is the date the inventory was taken. This is the starting balance date for the item's inventory quantity and value.
- 5 To create custom fields for the item, click the Custom Fields button. Consult Chapter 4 for information about creating and using custom fields.
- 6 To save this item and create another one, click Next. Otherwise, to save this item without creating another one, click OK. The item is added to the Item List.

Group Items

The group item type allows you to enter several items all at once on a sales form, purchase order, estimate, check, or bill. If you often sell the same group of items together, using a group item saves you the trouble of entering the same set of line items again and again.

As shown in Figure 6-3, when you use a group item on a sales form, you can enter quantities for the group or each item in the group, and edit descriptions and rates. When you specify a quantity for the group, it affects the quantity and amount of each item in the group.

The group item lets you be very detailed in tracking the items you sell without showing all that detail to your customers. The more detailed your items are, the more information you can get from reports.

Create Invoices

Customer/Job: [dropdown] Class: [dropdown]
 Template: New Template... [dropdown] Customize... [button]

Invoice

Bill To: [text area]

Date: 08/22/08 Invoice No.: 2008-5

P.O. Number: [dropdown] Terms: [dropdown]

Item	Description	Quantity	Rate	Amount	Tax
Southwest Circle	Southwest Circle Helicopter	2			
SW Circle	Southwest Circle Helicopter	2	2,495.00	4,990.00	
Luggage	Black wheelie bag with Flying M Air	2	0.00	0.00	
Cap	Flying M Air baseball cap	2	0.00	0.00	
	Southwest Circle Helicopter			4,990.00	
Customer Message: [text area]				Tax: 0.0%	0.00
				Total	4,990.00

Memo: [text area] Balance Due: 4,990.00

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

FIGURE 6-3 When you use a group in a sales form, it automatically enters all of the components of the group.

For example, if you have a construction company, you may send invoices for full jobs, such as complete remodels. If you use a single service item called *Remodel*, a sales report can show your income from remodels.

If, however, you use more detailed items, you can learn more from your sales reports. You could break down the remodel cost, and use items such as *lumber*, *hardware*, *markup*, *carpentry hours*, and *laborer hours*. You can then gather these items under one group item called *Remodel*. Even if you choose not to print the items in the group on the invoice for your customer to see, you'll still have those details on your sales reports.

To Create a Group Item

When you create a group item, you name and describe the group, then list the component items.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Choose Edit | New, or press COMMAND-N. The New Item dialog appears.

- 3 Choose Group from the Type pop-up menu to display group item options, shown next.

New Item

Type: Group Group Name/Number: Southwest Circle

Description: Southwest Circle Helicopter Adventure. 6-day helicopter excursion in U.S. Southwest.

☒ Print items in group

Item	Description	Qty
SW Circle	Southwest Circle Helicopter	1
Luggage	Black wheelie bag with Flying M Air	1
Cap	Flying M Air baseball cap	1

Custom Fields Next Inactive Cancel OK

- 4 Enter information about the group item:
 - **Group Name/Number** is the internal identifier you will use to enter the item on sales and purchase forms.
 - **Description** is a description of the group as it should appear on forms. It should be descriptive enough for your customer or vendor to know what's in the group.
 - **Print Items In Group** tells QuickBooks to itemize the group's content on sales and purchase forms. Although this isn't necessary for items you sell, it's recommended for items you buy. (Otherwise, how would your vendors know what to send?)
- 5 Click in a line of the Item column in the list at the bottom half of the dialog, and use the drop-down list that appears to select an item to include in the group.
- 6 Click in the Qty column of the same line to enter the number of that item in the group.
- 7 Repeat steps 5 and 6 for each item you want to include in the group.
- 8 To create custom fields for the item, click the Custom Fields button. Consult Chapter 4 for information about creating and using custom fields.
- 9 To save this item and create another one, click Next. Otherwise, to save this item without creating another one, click OK. The item is added to the Item List.



NOTE: When you use this group on a sales form, you can enter quantities for the group or each item in the group, and edit descriptions and rates. When you specify a quantity for the group, it affects the quantity and amount of each item in the group.



TIP: If you want a group to include a markup or discount calculated on several items in the group, you must include a subtotal item before the markup or discount item. Subtotal and discount items are discussed in the next two sections of this chapter.

Subtotal Items

The subtotal item adds up the amounts of the items above it, up to the last subtotal. You can see an example of two subtotals in an invoice form in Figure 6-4.

Create Invoices

Customer/Job: Smith Family Class: [dropdown]
 Template: Standard Service Invoice Customize...

Invoice
 Bill To: Smith Family

Item	Description	Rate	Quantity	Amount	Tax
Grand Tour	Grand Tour, Passenger: Joe Smith	95.00	1	95.00	T
Grand Tour	Grand Tour, Passenger: Mary Smith	95.00	1	95.00	T
Grand Tour	Grand Tour, Passenger: Kevin Smith	95.00	1	95.00	T
3rd Pax Discount	Third passenger flies for half price.	-50.0%		-47.50	
Subtotal	Total for Flight			237.50	
Postcard	Souvenir postcard of helicopter	0.46	6	2.76	T
Cap	Flying M Air baseball cap	12.00	2	24.00	T
Subtotal	Subtotal			26.76	
Customer Message				Tax: Wickenburg Sales 8.0%	24.94
				Total	239.20

Memo: [text area] Balance Due 239.20

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

FIGURE 6-4 This invoice form has multiple items, a discount, subtotals, and sales tax applied.

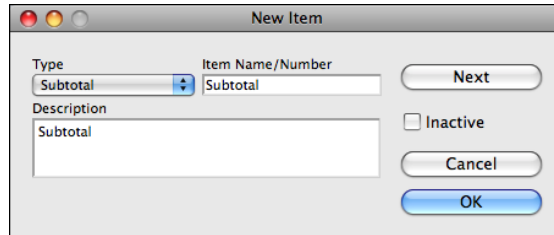
You'll need a subtotal item if you ever want to apply a percentage discount or surcharge to several items. Since QuickBooks calculates percentages on the line above, you'll need to subtotal the items before entering the percentage line item.

If you use two subtotals in a row, the last subtotal will add up all the previous subtotals on the form.

To Create a Subtotal Item

When you create a subtotal, QuickBooks only needs two pieces of information.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Choose Edit | New Items, or press COMMAND-N. The New Item dialog appears.
- 3 Choose Subtotal from the Type pop-up menu to display subtotal item options, shown next.



The screenshot shows the 'New Item' dialog box. The 'Type' dropdown menu is set to 'Subtotal'. The 'Item Name/Number' text field contains the word 'Subtotal'. Below it, the 'Description' text field also contains the word 'Subtotal'. To the right of the 'Description' field is an unchecked checkbox labeled 'Inactive'. At the bottom right of the dialog are three buttons: 'Next', 'Cancel', and 'OK'.

- 4 Enter information about the item:
 - **Item Name/Number** is the internal identifier you will use to enter the item on sales and purchase forms.
 - **Description** is a description of the subtotal as it should appear on forms. You might want to keep it simple, like *Subtotal*.
- 5 To save this item and create another one, click Next. Otherwise, to save this item without creating another one, click OK. The item is added to the Item List.

Discount Items

A discount can be either a fixed amount or a percentage of the line above.

If you give discounts of different percentages at the time of sale, and you want QuickBooks to calculate the amount, you need a separate discount item for each percentage. If you give discounts of stated amounts, on the other hand, you can easily edit the amount right on the sales form.

To discount one particular item you've sold and not the entire sale, add a discount item directly beneath the one discounted item. You can see an example of this in Figure 6-4. You won't need a subtotal item.



TIP: You do not need a discount item for discounts you give for early payment. You can learn more about early payment discounts in Chapter 9.

To Create a Discount Item

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Choose Edit | New Items, or press COMMAND-N. The New Item dialog appears.

- 3 Choose Discount from the Type pop-up menu to display discount item options, shown next.

- 4 Enter information about the item:
 - **Item Name/Number** is the internal identifier you will use to enter the item on sales and purchase forms.
 - **Subitem Of** enables you to make the item a subitem of another item. To do this, turn on the check box and choose an existing item as a parent from the drop-down list that appears.
 - **Description** is a description of the item. This is what will appear on forms, so it should be descriptive enough for your customers to understand what the item is.
 - **Amount Or %** is the amount or percentage of the discount. To enter a percentage, be sure to type the % symbol after the percentage rate. Remember, QuickBooks applies the percentage to the line item immediately above the one where this one is used on a sales or purchase form.
 - **Account** is the account in which you want to record the amount of the discount when used. This can be an expense account or an income (sometimes called a *contra-income*) account.
 - **Apply Discount Before Sales Tax** indicates whether the discount should be applied before calculating sales tax. Applying a fixed discount amount before sales tax can reduce sales tax.
- 5 To create custom fields for the item, click the Custom Fields button. Consult Chapter 4 for information about creating and using custom fields.
- 6 To save this item and create another one, click Next. Otherwise, to save this item without creating another one, click OK. The item is added to the Item List.

Payment Items

You'll need a payment item if you receive a partial payment toward the amount of an invoice or statement at the time you create the invoice or statement.

The payment item tells QuickBooks to subtract the amount of the payment from the total invoice or statement amount. To record the payment on the invoice or statement, enter a payment item for the amount you've received after you've entered all the items you've sold (refer to Figure 6-4). You can tell QuickBooks to automatically put any payment amount you record with a payment item into your Undeposited Funds account until you make a deposit, or to deposit the payment directly to a checking or other account.

If you receive payment in full at the time of the sale, use the Enter Sales Receipt window (instead of the Invoice window). If you receive payment after the sale, use the Receive Payments window, which enables you to apply payments to an invoice.

You also use a payment item to record a down payment in the Create Credit Memos/Refunds window. Note that while a positive payment item subtracts from the total of an invoice or statement, a positive payment item adds to the total of a credit memo in the Create Credit Memos/Refunds window.



TIP: You can learn more about working with and depositing payments in Chapter 9.

To Create a Payment Item

When you create a payment item, you specify the payment method and deposit instructions, in addition to the basic name and description information.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Choose Edit | New Items, or press COMMAND-N. The New Item dialog appears.
- 3 Choose Payment from the Type pop-up menu to display discount item options, shown next.

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

- Type:** Payment (selected in dropdown)
- Item Name/Number:** Deposit Received
- Description:** Deposit Received at time of booking.
- Payment Method:** Master Card (selected in dropdown)
- Deposit To:** Checking (selected in dropdown)
- Buttons:** Custom Fields, Next, Cancel, OK
- Options:** Inactive (checkbox, unchecked)
- Radio Buttons:** Group with other undeposited funds (unchecked), Deposit To (checked)

- 4 Enter information about the item:
 - **Item Name/Number** is the internal identifier you will use to enter the item on sales and purchase forms.

- **Description** is a description of the item. This is what will appear on forms, so it should be descriptive enough for your customers to understand what the item is.
- **Payment Method** is the method of payment for the amount received. If you choose a payment method, from the drop-down list, QuickBooks allows you to group the money you receive by payment method when you deposit it.



TIP: If you group your bank deposits by payment method, create a separate payment item for each payment method your customers use. You can learn more in Chapter 9.

- 5 Select one of the two deposit options at the bottom of the dialog:
 - **Group With Other Undeposited Funds** records the deposit received with other undeposited funds. You can then include it when you create a deposit slip and make a deposit. You might use this option for payments by check that will be deposited later with other checks.
 - **Deposit To** enables you to select a bank account that you can automatically record the deposit to. If you select this option, be sure to choose an account from the drop-down list. You might use this option for credit card payments that are automatically deposited in your bank account.



TIP: You may want to create two payment items: one that groups payments with other undeposited funds, and one that deposits payments directly to an account. You can learn more about depositing payments in Chapter 9.

- 6 To create custom fields for the item, click the Custom Fields button. Consult Chapter 4 for information about creating and using custom fields.
- 7 To save this item and create another one, click Next. Otherwise, to save this item without creating another one, click OK. The item is added to the Item List.

Sales Tax Items

QuickBooks offers two types of items for sales tax on your Item List, both of which are listed in Table 6-2.

Item Type	Designed For
Sales Tax Item	A single tax with a specified rate, payable to a specified agency, that you collect from customers
Sales Tax Group	A group of two or more single taxes collected for the same sale and shown on the sales form as one tax item

TABLE 6-2 Types of Sales Tax Items Available in QuickBooks

On invoices, cash sales receipts, and credit memos, you specify which sales tax applies to the taxable items. QuickBooks calculates the correct tax and prints it on the sales form after all the other line items.

Creating and using sales tax items is discussed in detail in Chapter 11. Be sure to read that chapter before setting up sales tax items for your company. It'll give you a complete picture of how QuickBooks handles sales tax.

Additional Notes about Creating Items

There are a few things to keep in mind when creating any of these items:

- The item name appears on the Item List that you choose from when entering a sale or purchase. It prints on invoices, sales receipts, estimates, or purchase orders only if you print Item columns.
- When entering an item name, you may use letters or numbers, up to a maximum of 31 characters.
- A subitem must be the same type of item as its parent item.
- An item's description may be up to three lines long. You can edit a description on the sales or purchase form if you need to.
- If the price or rate of an item changes often, you can leave the Rate or Price field set to 0.00 (the default value) and enter an amount when you're entering a sale or purchase.
- If you sell a taxable item, you'll see a *T* next to the item on the sales form. If the customer is taxable, QuickBooks will use the item in its calculation of sales tax. For more information on sales tax, see Chapter 11.

Tips for Businesses that Invoice for Costs

Here are some tips for businesses that invoice for costs. They include tips on setting up items for services or products, entering the costs incurred, and then invoicing for the costs.

Why Use Items for Costs?

QuickBooks has two ways of tracking a purchase or other cost on a bill, check, or credit card charge:

- Set up an item on the Item List. Remember, items can be services, products, or miscellaneous charges. You can then enter the item on the Items pane of the bill, check, or credit card charge.
- Assign an expense account on the Expenses pane of the bill, check, or credit card charge.

Thus, for every cost you enter, you have a choice between entering it as an item purchased and entering it as an expense. You can even have a combination of expenses and items on the same bill, check, or credit card charge.

In QuickBooks, there are several advantages to using items:

- It is easy to associate the cost of an item with an expense account and the income with a separate income account. You do this when you set up the item. Just turn on the check box in the New Item window for service, non-inventory part, or other charge items. Then you'll have two account fields.
- You can track the number of units or hours purchased or sold.
- You can create estimates and purchase orders.
- If you write a purchase order for an item, you can create a bill from the purchase order and assign a job. Then you can invoice the customer for the item.
- When you enter a bill, check, or credit card charge, QuickBooks fills in the description of the item and the unit cost after you choose the item from the pop-up menu on the Items pane.
- When you invoice the customer for the cost of the item, QuickBooks fills in the sales description of the item and the sales price.
- There are reports comparing costs and revenues that are broken down by item.

For detailed instructions on entering costs on the Items or Expenses pane of a bill, check, or credit card charge, see the following:

- Chapter 12: Bills
- Chapter 15: Managing Check and Credit Card Transactions
- Chapter 16: Importing Online Bank and Credit Card Transactions

Services Performed by Subcontractors

How you bill customers for services performed by subcontractors depends on how the subcontractor bills you—hourly or flat rate—and how you prefer to track subcontractor costs.

- When a service is billed by the hour, set up a service item for the service and include information about the subcontractor rate. Then invoice your customer based on the item.
- When a service is billed with a flat rate, you can either use a service item for the service and invoice based on the item, or use an expense for the service and invoice your customer based on the expense.

Either way, QuickBooks allows you to charge a higher rate than the one you pay the subcontractor.

Here are a few details to help you set up services performed by subcontractors and invoice your clients for them.

To Track and Invoice for a Service via a Service Item

When a service is provided by a subcontractor, you can set up a service item for it on your Item List. You can then enter the service item on estimates, purchase orders, and bills. After you record it on a bill, you can invoice your customer for it. This applies to services that are billed by the hour or by the unit.

- ❶ Follow the instructions earlier in this chapter to add a service item to your Item List for the services performed by the subcontractor.
- ❷ In the New Item dialog, turn on the check box labeled *This Service Is Performed By A Subcontractor*. This expands the dialog so it looks like the one shown in Figure 6-5.

FIGURE 6-5 When you indicate that a service is performed by a subcontractor, the New Item dialog expands to offer additional options.

- ❸ Use fields in the Purchase Information and Sales Information fields to enter specifics about the purchase and resale of this service.
- ❹ Click OK to save the new service item.
- ❺ When you receive a bill for the service, use the Items pane of the bill, as discussed in Chapter 12 and shown in Figure 6-6:
 - Enter the service item in the Item field.
 - Enter the hours billed in the Qty field.
 - Fill in the Customer:Job field on the same line of the Items pane so you can associate the job with this cost.

Enter Bills

☒ Bill ☐ Credit ☒ Bill Received

Bill

Vendor Heli-Temps Date 08/22/08

Ref. No. Amount Due 262.50

Terms Bill Due 09/01/08

Memo

☐ Show in iCal

Next Previous Recalc Cancel OK

Expenses - \$0.00 Items - \$262.50

Item	Description	Qty	Cost	Amount	Customer:Job	Class
Ground Crew	Ground Crew	3.5	75.00	262.50	American	Chart

Select PO Receive All Show PO

FIGURE 6-6 Use the Items pane of the Enter Bills window to enter the cost of a service performed by a subcontractor for a customer.

- 6 When you invoice the customer for the subcontracted work, click the Time/Costs button and then select this service item on the Items pane of the Choose Billable Time And Costs dialog (refer to Figure 6-7). QuickBooks automatically fills in the sales price, which may be higher than the cost you entered on the bill.

Choose Billable Time and Costs

Time and Costs For: American Aviation

Items - \$350.00 Expenses - \$0.00 Time - \$0.00

Select All

Use	Date	Item	Description	Qty	Rate	Amount	Hide
✓	08/22/08	Ground	Ground Crew services	3.5	100.00	350.00	

☐ Print selected time and costs as one invoice item Total billable time and costs 350.00

Help Cancel OK

FIGURE 6-7 Use the Items pane of the Choose Billable Time And Costs dialog to select billable items.



TIP: You can learn more about invoicing for billable time and costs in Chapter 7.

To Track and Invoice for Subcontracted Services as Expenses

If the subcontractor charges a flat fee and the fee varies, it's easier to use expenses to record the cost and invoice your customer with a markup. You won't, however, be able to write estimates or purchase orders for the service.

In this method, you don't set up a service item on your Item List for the service. You simply record the expense and then pass the expense to the customer, along with a markup if you wish.

- 1 When you receive a bill for the service, use the Expenses pane of the bill, as shown in Figure 6-8:

Account	Amount	Memo	Customer:Job		Class
Travel & Ent:Travel	50.00	Car Rental	Flying Tiger	<input type="checkbox"/>	Multi-Day

FIGURE 6-8

Use the Expenses pane of the Enter Bills window to record bills for expenses to charge back to a customer.

- Enter the expense account for this cost in the Account field of the bill.
- Enter the flat fee in the Amount field.
- Fill in the Customer:Job field on the same line of the Expenses pane, so you can associate the job with this cost.

- 2 When you are invoicing the customer for the subcontracted work, click the Time/Costs button, and then mark this service on the Expenses pane of the Choose Billable Time And Costs dialog (refer to Figure 6-9). QuickBooks fills in the actual cost unless you add a markup to your reimbursable expenses.

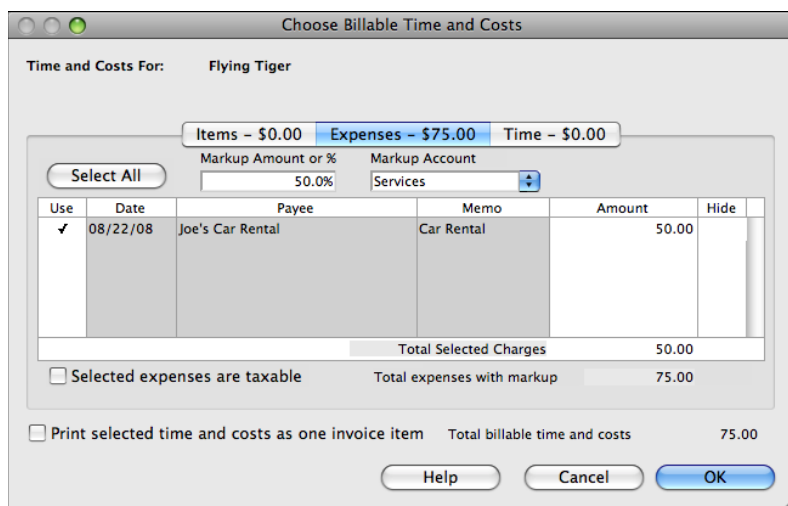
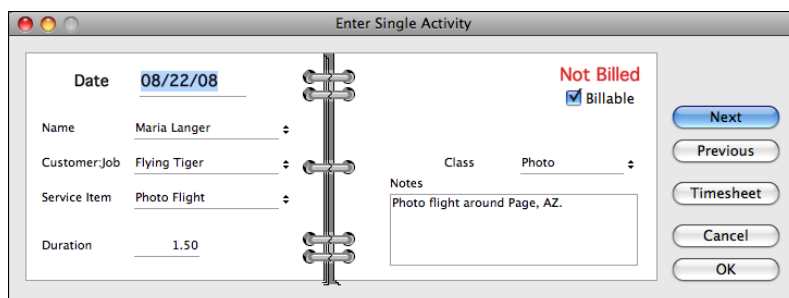


FIGURE 6-9 You can bill for expenses, with a markup, by selecting them in the Expenses pane of the Choose Billable Time And Costs dialog.

Services Performed by an Owner or Partner

Set up one or more service items for services performed by an owner or partner. Don't select the check box labeled This Service Is Performed By A Subcontractor unless you plan to account for the costs of the work as discussed in Chapter 7.

You can easily make the work of an owner or partner billable by tracking the time as discussed in Chapter 20. Assign a service item that corresponds to the type of work performed. Be sure to fill in the Customer:Job field, and be sure the time is marked as Billable. Here's what the Enter Single Activity dialog might look like for an owner:



When you invoice the customer for the work of the owner or partner, mark the time entries on the Time pane of the Choose Billable Time And Costs window (refer to Figure 6-10). QuickBooks automatically fills in the sales price for the service item you assigned.

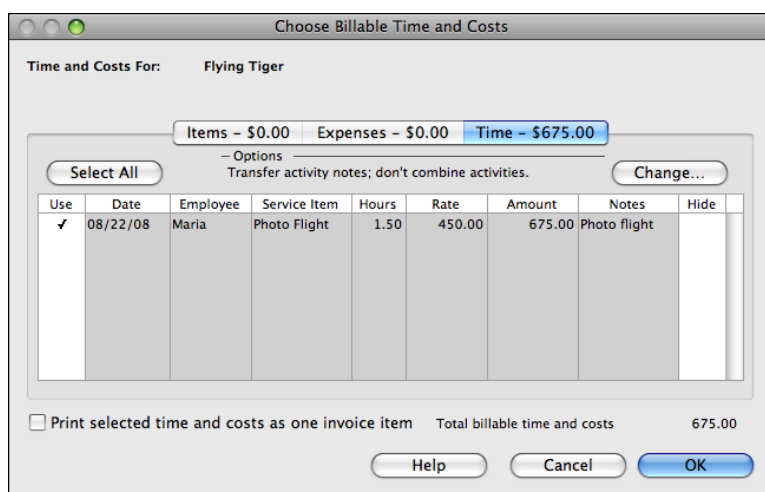


FIGURE 6-10 You can invoice a customer for time spent by an owner or partner just like any other time billed.



TIP: You'll probably want to set up an owner or partner on the Other Names List, since an owner or partner is not a customer, a vendor, or an employee. You can learn more about the Other Names List in Chapter 4.

Items Ordered Especially for a Job

You may purchase items that are ordered for a specific customer or job. You can set these items up to provide both purchase and sale information. An added benefit to creating non-inventory parts for these items is that you can create estimates and purchase orders for them.

To Handle Items that Are Custom-Ordered for a Job

Set up a non-inventory part that is purchased for and sold to a specific customer. Then invoice your customer for the item after entering the bill for it.

- 1 Follow the instructions earlier in this chapter to add a non-inventory part item to your Item List for the part you purchase for the job or customer.
- 2 In the New Item dialog, turn on the check box labeled This Item Is Purchased For And Sold To A Specific Customer:Job. This expands the dialog so it looks like the one shown in Figure 6-11.

FIGURE 6-11 When you indicate that a part is bought for a specific customer, the New Item dialog expands to offer additional options.

- 3 Use fields in the Purchase Information and Sales Information fields to enter specifics about the purchase and resale of this item.
- 4 Click OK to save the new non-inventory part item.
- 5 When you receive a bill for the item, use the Items pane of the Enter Bills window, as discussed in Chapter 12 and shown in Figure 6-6.
 - Enter the non-inventory part item in the Item field.
 - Enter the quantity of items purchased in the Qty field.
 - Fill in the Customer:Job field on the same line of the Items pane so you can associate the job with this cost.
- 6 When you invoice the customer for the subcontracted work, click the Time/Costs button and then select this item on the Items pane of the Choose Billable Time And Costs dialog (refer to Figure 6-7). QuickBooks automatically fills in the sales price, which may be higher than the cost you entered on the bill.

Materials from Inventory Used in a Job

If you keep materials in inventory and want to invoice customers for an unitemized group of materials used in their jobs, you can track the costs and changes in inventory. (If you would rather itemize the materials used, simply add them directly to the invoice.)

To Track Inventory Used in a Job and Add the Cost as a Lump Sum to the Customer's Invoice

Using a group item with inventory items makes it possible for QuickBooks to automatically adjust the inventory of each item you use when you record the invoice.

- 1 Set up a group item called “Materials” on your Item List. Include all the inventory parts you normally use as materials in a job. You can omit quantities if they vary from job to job.
- 2 On the invoice, enter the group name in the Item field.
- 3 After QuickBooks displays all the individual items in the group, you can edit their quantities in the Qty field for each item.

To Track Inventory Used in a Job Without Charging for It

If you don't want to invoice customers for materials taken out of inventory and used in their jobs, you can still track the costs and changes in inventory. Just use the Adjust Quantity/Value On Hand window, as discussed in Chapter 8, to reduce the inventory by the number of items used. Be sure to enter the customer or job name in the Customer:Job field of the form.



TIP: Inventory is discussed in detail in Chapter 8.

Using Subitems

You can create a hierarchy of parent items and subitems to group similar items on your Item List. On reports based on items, QuickBooks subtotals each group of subitems. On sales forms, you use subitems the same way you use other items.

For example, you could enter Lumber as a parent item, and Decking, Rough, and Trim as subitems. On your Item List, subitems are indented beneath their parent item. You can see an example of this in Figure 6-2.

To Create Parent Items

Follow the instructions earlier in this chapter to create an item. If you won't be using the parent item on invoices or other sales forms, you can leave the rate or price of the parent item zero. QuickBooks requires you to assign an account to the item even if you don't plan to sell it.

To Create Subitems

Follow the instructions earlier in this chapter to create an item. It must be the same type of item as its parent item. Turn on the Subitem Of check box, and choose the name of the parent item from the drop-down list. Be sure to enter price or amount and account information.

Reports about Items

Reports can show sales by item, purchases by item, job and project information by item, or information about inventory items. The preset item reports include only the following types of items:

- Service
- Non-inventory parts
- Inventory parts
- Other charges
- Discounts

They do not include payment items, group items (although they include the members of groups), reimbursed expenses, sales tax items, or sales tax groups.



TIP: For more information about inventory reports, see Chapter 8.

Item reports are accessible from various submenus under the Reports menu. Table 6-3 provides a list of the item-related reports you can find.

To Create a Report about Your Items

Choose the command for the report you want to create.

- 1 Choose Reports | Sales; Reports | Purchases; or Reports | Jobs & Time.
- 2 Choose an item report listed in the submenu.



TIP: For more information about the QuickBooks reporting features, consult Chapter 21.

Editing and Deleting Item Information

After you've created an item, you can edit information about it at any time, subject to certain restrictions:

- You can change the name, description, account information, and most other basic information about an item.
- You can change a non-inventory part or other charge item to a service, non-inventory part, inventory part, or other charge item; however, you cannot change any other existing type.
- If an item has subitems, you must clear the Subitem Of check box for its subitems before changing the item's type.

You can also delete an item if it has not been used in any transaction or group item.

Report / Menu Command	Reports Menu Submenu	Description
Sales by Item Summary	Sales	Summarizes your unit and dollar sales and returns for this month, subtotaled by item type and item
Sales by Item Detail	Sales	Like the sales by item summary report, but with invoices, cash sales receipts, and credit memos listed for each item
Purchases by Item Summary	Purchases	Summarizes your unit and dollar purchases and returns for this month, subtotaled by item type and item
Purchases by Item Detail	Purchases	Like the purchases by item summary report, but with bills, checks, and credit card receipts listed for each item
Job Profitability Detail	Jobs & Time	Actual cost, actual revenue, and difference for one customer or job, subtotaled by item type and item
Job Estimates vs. Actuals Detail	Jobs & Time	Estimated cost, actual cost, and difference; estimated revenue, actual revenue, and difference; report is for one customer or job and is subtotaled by item type and item
Item Profitability	Jobs & Time	Shows actual cost, actual revenue, and difference, subtotaled by item type and item
Item Estimates vs. Actuals	Jobs & Time	Shows estimated cost, actual cost, and difference; estimated revenue, actual revenue, and difference; report is subtotaled by item type and item
Time by Job Summary	Jobs & Time	Shows hours worked subtotaled first by customer and job and then by service item
Time by Item	Jobs & Time	Shows hours worked subtotaled first by service item and then by customer and job

TABLE 6-3 Item-Related Reports Available from Reports Menu Submenus

To Edit an Item

Editing an item is as simple as opening an edit dialog and making changes.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Double-click the item you want to edit. An Edit Item dialog like the one shown next appears. This window varies in options depending on the type of item you are editing. Consult the New Item dialogs illustrated throughout this chapter to get an idea of what each Edit dialog might look like.

- 3 Make changes as desired. If an item cannot be changed (such as Type in the previous illustration), it will be gray.
- 4 Click OK to save your changes.

To Delete an Unused Item

You can delete an item only if it is not used in any transaction or group item.

TIP: To locate all transactions that use a given item, create a QuickReport for the item for all dates. You can learn more in Chapters 4 and 21.

- 1 If necessary, display and activate the Item List window (refer to Figure 6-2).
- 2 Select the unused item you want to delete.
- 3 Choose Edit | Delete Items, or press COMMAND-D.
- 4 A confirmation dialog appears. Click OK. The item is removed from the Item List.

TIP: You can also remove unused items when you condense your QuickBooks data. See Chapter 23 for details.

Changing Prices

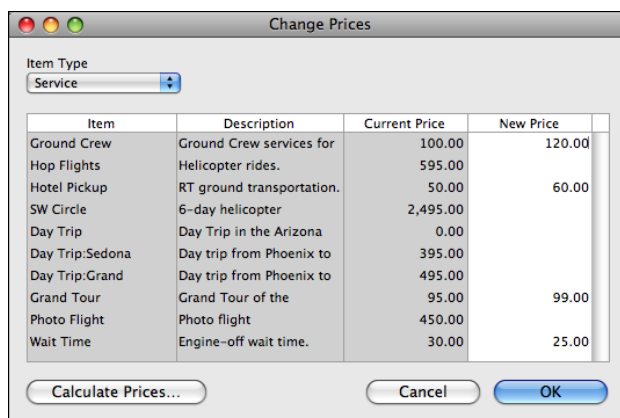
Although you can change the price of an item in the Edit Item dialog shown earlier, there's a faster way if you want to change multiple prices at once: use the Change

Prices window. You can manually change item prices, or have QuickBooks calculate new prices based on a dollar amount or percentage.

To Change Prices Manually

Manually changing prices gives you complete control over the price change.

- ❶ If necessary, display and activate the Item List window (refer to Figure 6-2).
- ❷ Choose Change Prices from the Actions pop-up menu at the bottom of the window. The Changes Prices dialog, which is shown next, appears.



- ❸ Choose the type of items you want to change from the Item Type pop-up menu.
- ❹ Click in the New Price column for the item and enter a new price. You can repeat this process for as many items as you like.
- ❺ Click OK to save your changes.

To Change Prices by Calculation

You can calculate new prices based on a percent or dollar increase to the current sales price or cost.

- ❶ If necessary, display and activate the Item List window (refer to Figure 6-2).
- ❷ Choose Change Prices from the Actions pop-up menu at the bottom of the window. The Change Prices dialog, which is shown in the previous section, appears.
- ❸ Click the Calculate Prices button to display calculation options at the bottom of the dialog, as shown next.

Change Prices

Item Type: Service

Select All Select None

✓	Item	Description	Current Price	New Price
✓	Ground Crew	Ground Crew services for	100.00	120.00
✓	Hop Flights	Helicopter rides.	595.00	615.00
	Hotel Pickup	RT ground transportation.	50.00	60.00
✓	SW Circle	6-day helicopter	2,495.00	2,515.00
	Day Trip	Day Trip in the Arizona	0.00	
	Day Trip:Sedona	Day trip from Phoenix to	395.00	
	Day Trip:Grand	Day trip from Phoenix to	495.00	

Mark up sales price of checked items by (amount or %) 20.00

Based on ☒ Current Sales Price ☐ Unit Cost

Calculate Prices... Apply Cancel OK

- 4 Click in the far left column of the table of items to check off the items you want to change. If you want to select all items, you can click the Select All button at the top of the dialog.
- 5 Select one of the two options to determine whether you want to base the calculations on the Current Sales Price or the Unit Cost.
- 6 Enter a dollar amount or percent in the Mark Up field. If entering a percent, don't forget to include the percent symbol (%).
- 7 Click Apply. The prices of all checked items are changed.
- 8 To fine-tune the changes, you can still click in and enter or change prices for each item in the New Price column.
- 9 When you're finished making changes, click OK.

Part Three

Managing Sales, Inventory, and Receivables

The main goal of any for-profit business is to sell products or services (or both). QuickBooks makes it easy to stay on top of sales by providing tools for creating invoices and sales receipts, as well as credits and statements. By filling out consistently designed, user-friendly forms, you can not only create professionally formatted sales documents, but also keep track of what's being sold. These same sales forms also impact inventory, accounts receivable, and sales tax payable. As you collect payments from your customers, QuickBooks also keeps track of accounts receivable and bank balances.

This part of the book explores the features of QuickBooks that you can use to track and manage sales, inventory, and receivables. Its five chapters are:

Chapter 7: Tracking Sales

Chapter 8: Inventory

Chapter 9: Receiving and Depositing Payments

Chapter 10: Accounts Receivable Management

Chapter 11: Tracking and Paying Sales Tax

Tracking Sales

In this chapter:

- Types of sales forms
- Entering a sales transaction
- Working with sales transactions
- Customizing your sales form
- Printing, saving, or e-mailing a sales form
- Charging for actual time and costs
- Creating a daily sales summary
- Assessing finance charges
- Using billing statements
- Using estimates
- Questions and answers about sales forms

With most businesses, the primary goal is to sell products or services. QuickBooks offers a number of ways you can record your company's sales, whether they're cash transactions at a retail sales counter or invoiced sales based on estimates you prepared in advance.

This chapter covers the tools QuickBooks offers to record sales and create estimates. With luck, these are the features you'll be using most often as you run your business.

Types of Sales Forms

When you sell a product or service to your customers, record the transaction using a *sales form*. The form you use depends on the type of sale or whether items are being returned. As you can see in Figures 7-1, 7-2, and 7-3, all sales forms include the same basic fields for information. In fact, if you can fill out one form, you'll have no trouble filling out the others.

Sales Receipts

A *sales receipt* form (refer to Figure 7-1) is for recording point-of-sale payments—that is, payment on the spot—for products and services. You can also use it to summarize each day's sales if you don't want to record each cash sale separately.

Enter Sales Receipt

Customer/Job: Flying Frog Class:
 Template: Standard Service Sales Receipt Customize...
Sales Receipt
 Sold To: Flying Frog Helicopters, Attn: Erik Gold, P.O. Box 12345, Seattle, WA 98493
 Date: 08/27/08 Sale No.: 2394

Item	Description	Quantity	Rate	Amount	Tax
Photo Flight	Photo flight	2.3	450.00	1,035.00	

 Check No.: Payment Method: Check
 Customer Message: Tax: Out of State 0.0% 0.00
 Total: 1,035.00
☒ Group with other undeposited funds Memo:
☐ Deposit To: Checking
 Right side buttons: Next, Previous, Time/Costs..., Customer is taxable, Show in iCal, To be printed, Print..., To be emailed, Cancel, OK

FIGURE 7-1

Use the Enter Sales Receipt window to enter point-of-sales payments or a summary of the day's sales.

Sales recorded on a Sales Receipt form can include payments by cash, credit card, or check. Sales receipts do not involve accounts receivable. Instead, they are treated in one of two ways:

- QuickBooks puts the money in an account called *Undeposited Funds* until you record a deposit to a bank account.
- QuickBooks deposits the money directly into the account you specify.

To create a sales receipt, choose Customers | Enter Sales Receipts. The Enter Sales Receipt window shown in Figure 7-1 appears.

Invoices

You use an *invoice* form (refer to Figure 7-2) to bill a customer or client who has purchased goods or services from you, and to record other transactions that affect your accounts receivable account. These transactions result in a customer or client owing you money.

Create Invoices

Customer/Job: Class: Template:

Invoice

Date: 08/27/08 Invoice No.: 2008-13

Bill To

Smith Family
123 Main Street
Deadville, AZ 85390

Terms

Item	Description	Rate	Quantity	Amount	Tax
Hop Flights	Helicopter rides.	595.00	0.8	476.00	
Cap	Flying M Air baseball cap	12.00	6	72.00	T
Gliders	Balsa wood glider.	0.95	12	11.40	T
Customer Message: It's been a pleasure working with you!				Tax: Wickenburg Sales 8.0%	6.67
Total				566.07	

Memo: Balance Due: 566.07

☒ Customer is taxable ☐ Show in iCal ☒ To be printed ☒ To be emailed

FIGURE 7-2 Use an invoice form to record sales on credit or any other transaction that affects accounts receivable.

Most businesses that sell on credit use invoices. An invoice lists what you sold on one date. It also shows the quantity and cost of each item. Use invoices if you:

- Sell goods or services and need to keep a detailed record of each sale with multiple line descriptions

- Use sales tax, finance charges, discounts, or any other item that is calculated as a percent of charges
- Bill at the time of a sale or the completion of a job, rather than on a regular interval
- Group and total certain types of billings together, for example, all services or all reimbursable expenses

Examples of businesses that could use invoices include general contractors, consultants, and mail order firms.

When you use invoices to bill your customers, you can also send statements as reminders to your customers about delinquent payments. As you enter invoices, customer payments, and credit memos day to day, QuickBooks tracks information to create reminder statements.

To create an invoice, choose Customers | Create Invoices, or press COMMAND-I. The Create Invoices window shown in Figure 7-2 appears.

Billing Statements

To send statements instead of invoices, you can use *billing statements*. A billing statement lists the charges a customer has accumulated over a period of time. You enter the charges when they occur, and then send a statement at your regular billing time. You can use statements to bill customers periodically, such as once a month.



NOTE: You should use invoices instead of statements if you charge sales tax, use group items, or apply percentage-based discounts.

Examples of businesses that could use billing statements include medical and dental practices, and property management companies.

Credit Memos

You use a *credit memo* (refer to Figure 7-3) to record returned items and/or canceled orders for which you've already sent an invoice or billing statement and received a payment. Completing this form reduces the amount owed by a customer. You can then issue a refund by check or apply the credit to future invoices.

To create a credit memo, choose Customers | Create Credit Memos/Refunds. The Create Credit Memos/Refunds window shown in Figure 7-3 appears.

Create Credit Memos/Refunds

Customer:Job **Flying Tiger** Class

Template **Standard Service Credit Memo** **Customize...**

Credit Memo

Date: 08/31/08 Credit No.: 2008-14

Customer:
Flying Tiger
P.O. Box 1435
Deadville, AZ 85390

P.O. Number

Item	Description	Quantity	Rate	Amount	Tax
Cap	Flying M Air baseball cap	4	12.00	48.00	T

Customer Message Tax **Wickenburg Sales** 8.0% 3.84

Total 51.84

Memo **Bought too many hats** Remaining Credit 51.84

Buttons: Next, Previous, Refund, Tx History..., Customer is taxable (checked), Show in iCal, To be printed, Print..., To be emailed, Cancel, OK

FIGURE 7-3 Use the Create Credit Memos/Refunds window to record returns of products already invoiced or paid for.

Entering a Sales Transaction

Entering a sales transaction can be broken down into three main steps:

- Enter the customer information. In most cases, you'll simply choose a customer from the Customer:Job drop-down list, and QuickBooks will fill in all the related information for that customer.
- Enter the item information. You can use the Item drop-down list on each line of the sales form to choose items you are selling. QuickBooks fills in all related information for that customer.
- Complete the sales form. This entails selecting a customer message and sales tax rate (if you have multiple rates).

This part of the chapter goes into detail on each of these steps. To get started, use one of the following commands to open the sales form you want to use:

- To create a sales receipt (Figure 7-1), choose Customers | Enter Sales Receipts.
- To create an invoice (Figure 7-2), choose Customers | Create Invoices, or press COMMAND-I.
- To create a credit memo (Figure 7-3), choose Customers | Create Credit Memos/Refunds.

Entering Customer Information

Customer information comes from the Customer Center’s customer list, which is discussed in detail in Chapter 4. You can choose an existing customer from the list or create one on the fly as you enter the sale. You can also make changes to existing customer information as needed for the sale. All of this information appears at the top of the sales form. Figure 7-4 shows an example of this part of a completed invoice form.

The screenshot shows a software window titled "Create Invoices - Accounts Receivable". At the top, there are three dropdown menus: "Customer:Job" (selected: Flying Fish:Photo Flights), "Class" (empty), and "Account" (selected: Accounts Receivable). Below these is a "Template" dropdown (selected: Standard Service Invoice) and a "Customize..." button. The main area is divided into two sections. On the left, under the heading "Invoice", is a "Bill To" box containing the address: "Ernie Greenbeck", "Flying Fish Helicopters", "12345 Airport Way", "Kirkland, WA 98789". On the right, there are two small tables. The first table has columns "Date" and "Invoice No." with values "08/23/08" and "2008-6" respectively. The second table has a column "Terms" with the value "2% 10 Net 30". To the right of these tables are several buttons: "Next", "Previous", "Pmt History...", "Time/Costs...", and a checkbox labeled "Customer is taxable" which is currently unchecked.

FIGURE 7-4 Customer information is entered at the top of the sales form.

To Enter Customer Information

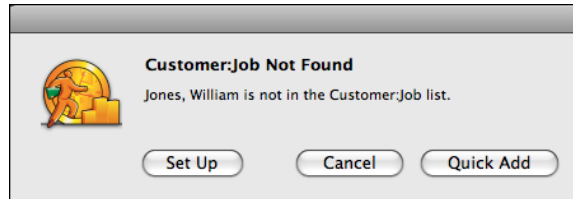
- 1 In the Customer:Job field, choose a customer or job from the pop-up menu, as shown next, or enter a new customer or job.

This screenshot shows a close-up of the "Customer:Job" dropdown menu. The menu is open, displaying a list of options. Each option consists of a customer name followed by "Customer:Job" and a job name. The options are: "American Aviation Customer:Job", "Flying Fish Customer:Job", "Cherry Drying Job", "Photo Flights Job", "Flying M Properties Customer:Job", "Flying Tiger Customer:Job", "Powell, John W. Customer:Job", "Job 1 Job", "Walk-Ins Job", and "Smith Family Customer:Job". A mouse cursor is pointing at the top of the dropdown menu.

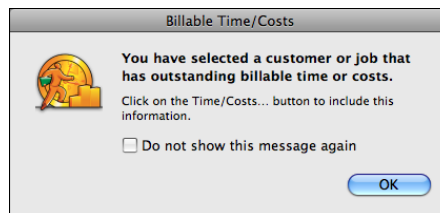


TIP: For sales receipts, you do not have to enter a name in the Customer:Job field unless you want this customer’s name added to your customer list. To display the customer’s name on the printed receipt, enter the name in the Sold To field.

- 2 If you enter a new customer or job, a dialog like the one shown next appears. You can click Set Up to display the New Customer dialog and enter all information about the customer (as discussed in Chapter 4), or click Quick Add to add just the customer's name to the Customers list. You can later enter more complete information for the customer if desired.



- 3 If you create an invoice or sales receipt, QuickBooks will automatically alert you with a dialog like the one shown next if you choose a Customer:Job that has outstanding billable time and/or costs. To turn off future alerts, select the Do Not Show This Message Again check box, and then click OK. (If you change your mind and want to turn on future alerts, choose QuickBooks | Preferences, and then select the Turn On All One-time Messages check box.)




- 4 If desired, assign a class to the sales form by choosing an option from the Class drop-down list. The Class field appears only if class tracking is turned on in Transaction Preferences. You can also assign classes to individual line items by adding a Class column when you customize a sales form.



TIP: Classes are discussed in detail in Chapter 4; customizing sales forms is covered later in this chapter.

- 5 For an invoice or a credit memo, if you have more than one accounts receivable account, choose the one you want to use from the Account drop-down list. This field only appears if you have more than one A/R account (refer to Figure 7-4) and does not appear on a cash sale.
- 6 Enter the date in the Date field. By default, the current date is inserted, but you can change it by typing a new date or by pressing + or – to increase or decrease the date by one day.

- 7 Enter the number in the Sale No., Invoice No., or Credit No. field. QuickBooks automatically inserts the next number in the form's series, but you can replace what's automatically inserted. You can use letters, numbers, and hyphens. Press + or – (when the entire field is selected) to increase or decrease the number by one.
- 8 Enter your customer's name and address in the Sold To, Bill To, or Customer block. If complete contact information is included in the Customer Center's customer list, that information will automatically be inserted, but you can change it if you need to. You can also enter new information for a customer for which the information is not on file in QuickBooks.
- 9 If your customer has a purchase order number they want on the sales form and the sales form is configured to display the P.O. Number field, enter the number in the field.
- 10 For an invoice, QuickBooks enters terms if you assigned any when you set up the customer. QuickBooks uses the terms to determine the due date of the invoice and whether you owe your customer a discount for early payment. If the Terms field is blank or you want to change the terms, choose an option from the Terms drop-down list.

 **TIP:** For more information about terms, consult Chapter 4.


Entering Item Information

Items can include merchandise or services sold, as well as any discounts or payments applied at the time of the invoice or sale. A line item includes an item, description, price, the quantity of items sold, and the total amount for that item. You can also include subtotals and discounts as line items. Figure 7-5 shows what the body of a sales form might look like with a bunch of line items, including two subtotals.

Item	Description	Rate	Quantity	Amount	Tax
Photo Flight	Photo Flight around Seattle: Jones	450.00	2.2	990.00	
Photo Flight	Photo flight to Snowqualmie: Smith	450.00	1.9	855.00	
Subtotal	Total flight time			1,845.00	
Cap	Flying M Air baseball cap	12.00	2	24.00	T
Postcard	Souvenir postcard of helicopter	0.00	12	0.00	T
Subtotal	Total extras			24.00	

FIGURE 7-5 The body of a sales form lists line items.


As discussed in detail in Chapter 6, you can create a list of items that fit your sales and purchasing needs; then choose from the list as you fill out sales forms.

 **NOTE:** It's important to understand items thoroughly so that you get accurate sales and income reports. Read Chapter 6 for more information.

Each item is associated with an account that you assign to it—usually an income account. When you enter an item in the Item field of a sales form, QuickBooks records the income from the item in the assigned account. Then you can see the income on profit and loss statements.

QuickBooks adds sales tax for items on the sales forms under the following conditions:

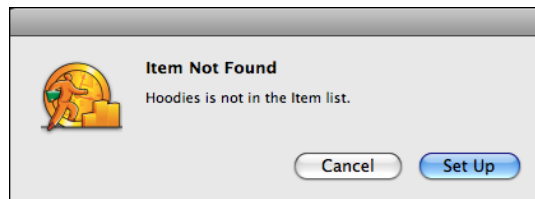
- Sales tax is turned on.
- The sales tax rate is set up through a sales tax item.
- Taxable items that you sell are set up or marked as taxable.
- The customer is set up or marked as taxable.


 **TIP:** To learn about sales tax, see Chapter 11.

You can charge your customers for billable hours, items purchased for the job, and other reimbursable expenses you've already entered. QuickBooks puts these charges on the sales form for you; you don't have to enter them yourself. See the section titled "Charging for Actual Time and Costs" later in this chapter for details.

To Enter Item Information

- 1 In the Item field, choose an item from the drop-down list or enter a new item.
- 2 If you enter a new item, QuickBooks displays a dialog like the one shown next. Click Set Up to display the New Item dialog and enter specifics for the item.



 **TIP:** Consult Chapter 6 for detailed instructions on creating items.

- 3 QuickBooks automatically inserts a description for the item based on information in the Item List. You can change the description if you like.
- 4 Enter a quantity in the Quantity field.
- 5 Enter the rate or price per item. Again, QuickBooks automatically inserts a rate based on information in the Item List, but you can edit what's inserted if you need to.
- 6 QuickBooks uses the quantity and rate to calculate the value in the Amount field. You cannot change this field, but if the amount is wrong for the sale, you can change the Quantity or Rate fields to correct it.
- 7 Repeat steps 1 through 6 for each item you want to add to the sales form. Additional lines appear if you need them.

To Insert a Line Item Between Two Other Line Items

To insert a new line item between two others, you need to insert a new line in the form.

- 1 Click in the line where you want the new line to appear.
- 2 Choose Edit | Insert Line, or press COMMAND-Y. QuickBooks inserts an empty line that shifts the current line and all lines below that line down. QuickBooks recalculates any subtotals, percentages, and the Total field at the bottom of the sale to include the amount of the new line item.



TIP: If you need a blank line for spacing, leave all the fields on a line empty.

To Delete a Line Item

If you want to remove a line item from a sales form, delete it.

- 1 Click the item you want to delete.
- 2 Choose Edit | Delete Line, or press COMMAND-B. The line and its contents disappear.



TIP: For items that are more than one line long, such as items with multiple-line descriptions, delete each line separately. However, you can delete a group item by deleting its first line.

Completing the Sales Form

You complete the sales form by entering a customer message, choosing a sales tax item, entering an optional memo, and setting other options. Figure 7-6 shows an example of a completed sales form for an invoice.

Create Invoices - Accounts Receivable

Customer/Job: **Flying Fish:Photo Flights** Class: **Accounts Receivable** Account: **Accounts Receivable**

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

Invoice

Date: 08/23/08 Invoice No.: 2008-6

Bill To

Ernie Greenbeck
Flying Fish Helicopters
12345 Airport Way
Kirkland, WA 98789

Terms
2% 10 Net 30

Item	Description	Rate	Quantity	Amount	Tax
Photo Flight	Photo Flight around Seattle: Jones	450.00	2.2	990.00	
Photo Flight	Photo flight to Snowqualmie: Smith	450.00	1.9	855.00	
Subtotal	Total flight time			1,845.00	
Cap	Flying M Air baseball cap	12.00	2	24.00	T
Postcard	Souvenir postcard of helicopter	0.00	12	0.00	T
Subtotal	Total extras			24.00	
Customer Message	Thank you for your business.	Tax	WA Sales Tax	8.2%	0.00
					Total
					1,869.00

Memo: Two photo flights plus souvenirs.

Balance Due 1,869.00

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

FIGURE 7-6 Here's an example of a completed sales form to create an invoice.


To Complete the Sales Form

- 1 In the Customer Message field, choose a message from the drop-down list, or enter a new message to your customer.
- 2 If you enter a message, a dialog appears, asking if you want to set up the message or just add it to the list. Click the Quick Add button to add the message without displaying the Add Customer Message dialog.
- 3 Toggle the Customer Is Taxable check box on or off depending on whether the customer should be charged tax. QuickBooks automatically sets this option for you based on information in the Customer Center's customer list, but you can override it here if you need to.
- 4 If necessary, select a tax item from the Tax drop-down list. Again, QuickBooks automatically uses the tax item you assigned to this customer when you added the customer to the Customer Center, but you can change it.




TIP: For more information about sales tax, consult Chapter 11.


- 5 For a sales receipt, select an option for depositing the proceeds from the sale:
 - **Group With Other Undeposited Funds** records the proceeds in an Undeposited Funds account, where they will remain until you make a deposit.
 - **Deposit To** enables you to select an account to immediately deposit the funds into.
- 6 If desired, enter a memo for the sales form. This memo does not print on an invoice or cash sales receipt. It does print on a reminder statement as a description of an invoice. If you send reminder statements to your customers, you might want to use this memo field for an invoice summary. The memo also appears in the Accounts Receivable and customer registers.

 **TIP:** You can learn more about depositing payments in Chapter 9.

- 7 Turn on check boxes to activate additional features:
 - **To Be Printed** adds the sale to a list of sales forms you can print all at the same time.
 - **To Be Emailed** adds the sale to a list of sales forms you can e-mail all at the same time.
 - **Show In iCal** adds the sale to iCal as an event.

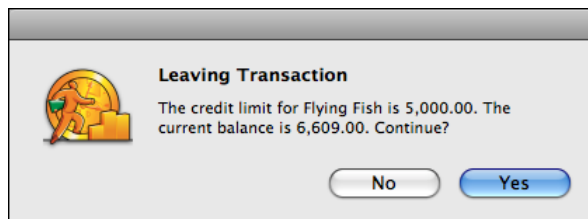
 **TIP:** Printing, e-mailing, and adding sales forms to iCal are all discussed later in this chapter.

- 8 To customize the format of your sales form, choose a template from the Template pop-up menu or click the Customize button.

 **TIP:** Working with and customizing templates is discussed later in this chapter.

- 9 To print the sales form immediately, click Print. Then use the standard Print dialog that appears to set options and send the form to your printer.
- 10 Click OK.

If an invoice amount puts the customer over its credit limit, a dialog like the one shown next appears. You have two options:



- No takes you back to the invoice, where you can remove line items or make other changes before accepting it.
- Yes accepts the invoice, even though it puts the customer over its credit limit.

If the sale is an invoice or credit memo, QuickBooks records the invoice in your accounts receivable account register. If the sale is a cash sale, QuickBooks records the sale in your Undeposited Funds register or deposits funds directly into a checking or other account. You can learn more about depositing payments in Chapter 9.

Working with Sales Transactions

There are a number of additional things you can do with sales transactions once they have been entered. For example, you can edit or delete them, void them, add them to iCal, or mark them as pending. This part of the chapter takes a look at each of these tasks.

To Display a Saved Form

To work with a saved sales form, you'll need to display it.

- 1 Open the window for the type of form you want to edit (refer to Figures 7-1, 7-2, and 7-3).
- 2 Click the Previous button repeatedly to page back through existing transactions until the one you want to edit is displayed.



TIP: You can also search for a sales form or double-click it in the Customer Center window to open it. You can learn more about searching for transactions in Chapter 18 and about the Customer Center in Chapter 4.

To Edit a Sales Form

You can edit an invoice, cash sales receipt, or credit memo in the same window in which you created it. This is useful when you forget a line item or discover an error when you see the printed form.

- 1 Display the sales form you want to edit.
- 2 Make changes as desired.
- 3 Click OK.

To Void a Sale

Void a sales form instead of deleting it to retain complete records of all sales.

- 1 Display the sales form you want to void.

- 2 Choose **Edit | Void Form Type**. QuickBooks changes the amounts on the sale to zero and enters “VOID” in the Memo field before any existing memo. You can see this in Figure 7-7.

Create Credit Memos/Refunds

Customer: Job **Flying Tiger** Class Template **Standard Service Credit Memo** Customize...

Credit Memo

Date: 08/31/08 Credit No.

Customer: Flying Tiger
P.O. Box 1435
Deadville, AZ 85390

P.O. Number

Item	Description	Quantity	Rate	Amount	Tax
Cap	Flying M Air baseball cap	0	12.00	0.00	T
Customer Message Tax Wickenburg Sales 8.0%				0.00	
Total				0.00	

Memo: VOID: Bought too many hats Remaining Credit 0.00

Buttons: Next, Previous, Refund, Tx History..., Customer is taxable (checked), Show in iCal, To be printed, Print..., To be emailed, Cancel, OK

FIGURE 7-7 A voided invoice has zero amounts and the word “VOID” in the memo field.

To Delete a Sale

You can delete a sales form if you no longer need it—for example, if the sale was canceled before it was completed.

Don't delete a sales form if you made an error on it. Just correct the error on the original form and reprint it. Likewise, don't delete an invoice if you've already applied a payment to it. If a customer cancels an order on which you have received some payment, your records will be clearer if you use the Credit Memo/Refund window, as discussed later in this chapter.

- 1 Display the sales form you want to delete.
- 2 Choose **Edit | Delete Form Type**, or press **COMMAND-D**.
- 3 Click **OK** in the confirmation dialog that appears. The sales form is permanently deleted from your company file.


To Add a Sales Transaction to iCal

iCal is a calendar application that comes preinstalled on Mac OS X computers. You can add some QuickBooks transactions to your iCal calendar to help remind you of important transaction dates.

- 1 In any form that includes a Show In iCal check box (refer to Figures 7-1, 7-2, and 7-3 for examples), turn on that check box.
- 2 Complete the form as you normally would, and click OK to save it. If iCal is already open, QuickBooks adds the transaction. If iCal isn't already open, QuickBooks opens iCal, adds the transaction, and then closes iCal. Figure 7-8 shows what a transaction added to iCal might look like.



FIGURE 7-8 You can add transactions to iCal in a special QuickBooks calendar named for your company file.

 **NOTE:** QuickBooks uses a transaction's due date as the iCal date.

To Mark a Sale as Pending

You can mark an invoice, cash sale, or credit memo as pending so that it does not affect account balances, registers, and reports. You can use pending sales for the following situations:

- **Order entry.** When you receive an order from a customer, you can enter a pending sale. When the customer pays for the order, you can mark the sale as final.

- **Draft approval.** When you create a billing draft that needs to be reviewed before you permanently enter it into QuickBooks, use a pending sale. Once the draft is approved, mark the sale as final.

You cannot mark a transaction that already has payments against it as pending.

- 1 After you complete the sales form, choose **Edit | Mark Form Type As Pending**. QuickBooks displays the words “PENDING non-posting” on the sales form on your screen, as shown in Figure 7-9. If you want the printed sales form to indicate this sale is pending, use a customer message such as “Pending” or “Needs approval.”

Customer: Job **Smith Family** Class **Accounts Receivable** Account **Accounts Receivable**

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

Invoice

Bill To: **Smith Family**

Date: **08/22/08** Invoice No.: **2008-5**

PENDING non-posting

Item	Description	Rate	Quantity	Amount	Tax
Grand Tour	Grand Tour, Passenger: Joe Smith	95.00	1	95.00	T
Grand Tour	Grand Tour, Passenger: Mary Smith	95.00	1	95.00	T
Grand Tour	Grand Tour, Passenger: Kevin Smith	95.00	1	95.00	T
3rd Pax Discount	Third passenger flies for half price.	-50.00		-47.50	
Subtotal	Total for Flight			237.50	
Customer Message					
Tax	Wickenburg Sales	8.00%		24.94	
	Total			239.20	

Balance Due **239.20**

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

FIGURE 7-9 The word “PENDING” appears on a pending sales transaction’s form.

- 2 Click **OK**. QuickBooks does not record the sale until you mark it as final, so the sale does not affect account balances and reports.

TIP: You can create a Pending Sales Report to display a list of all pending sales. To do so, choose **Reports | Sales | Pending Sales**. You can learn more about QuickBooks reports in Chapter 21.

To Mark a Pending Sale as Final

Marking a pending sale as final removes the pending status and records it.

- 1 Display the sales form you want to mark as final.
- 2 Choose Edit | Mark *Form Type* As Final. The *PENDING* stamp is removed from the form.
- 3 Click OK to record the sale. If the sale is an invoice, QuickBooks records the invoice in your Accounts Receivable register. If the sale is a cash sale, QuickBooks records the sale in your Undeposited Funds register or deposits funds directly into a checking or other account.

Memorizing Invoices and Statement Charges for Future Use

You can memorize a sale that you enter repeatedly (for example, an invoice for a standing monthly order from a regular customer). As discussed in Chapter 4, after you memorize the sale, you can have QuickBooks remind you when to use the memorized transaction, or have QuickBooks enter the memorized transaction automatically.

If you regularly send invoices with the same line items to several customers, you can memorize the line items. If you send periodic billing statements to customers for the same charges, such as rent, you can memorize the statement charges. When you're ready to use the memorized invoice or statement charge, recall it, fill in the customer and any other header information, and add or change any line items or charges as necessary.

You can also combine numerous memorized invoices or statement charges into a memorized transaction group. Memorized transaction groups, which are discussed in Chapter 4, are particularly useful for businesses that send invoices or statements to all their clients at once, like property managers or therapists.

Printing, Saving, and E-mailing Sales Forms

QuickBooks supports a number of output formats for sales forms: printing, saving as a PDF, and e-mailing.

To Print a Sales Form

- 1 Display the sales form you want to print.
- 2 Click the Print button.
- 3 Use the standard Print dialog that appears to set options and send the form to your printer.

To Save a Sales Form as a PDF

- 1 Display the sales form you want to save as a PDF.
- 2 Click the Print button.

- 3 In the standard Print dialog that appears, click the PDF button and choose Save As PDF from the menu.
- 4 Use the Save dialog to enter a name and choose a location for the file.
- 5 Click Save.

To E-mail a Sales Form as a PDF

- 1 Display the sales form you want to save as a PDF.
- 2 Choose File | Email *Form Type* As PDF. QuickBooks launches your default e-mail program, creates a new message, and attaches a PDF of the sales form to the message.
- 3 Enter the e-mail address for the recipient.
- 4 Click Send.

Customizing Your Sales Form

QuickBooks includes many different templates that you can choose from to create and print your sales forms. Each template can be further customized to add or remove fields, modify fonts and font sizes, and incorporate a company logo or other image.

This part of the chapter explains how you can choose a different template to change the appearance of your sales forms. It also introduces the powerful and flexible Layout Designer application that makes it possible to fully customize your forms.

Choosing a Sales Form Format

QuickBooks offers a handful of different formats for each type of sales forms. The standard form templates are designed for specific types of businesses:

Product Format The Standard Product format template (refer to Figure 7-10) is designed for businesses that sell and ship parts or products. The printed Product forms have the narrowest description column of the preset formats. On a Product invoice, you can track the salesperson in the Rep field, and then create reports broken down by salesperson.

Professional Format The Standard Professional format template is good for businesses that sell services and require a lot of room for descriptions. The nonprinting fields are for bookkeeping purposes and fast data entry. For example, you can multiply the hours worked by the rate, but the client sees only the amount. The printed Professional invoice has the widest description column.

Service Format The Standard Service format template (refer to Figures 7-1, 7-2, and 7-3) is good for businesses that primarily sell services, but may sell some goods.

The screenshot shows a software window titled "Create Invoices". At the top, there are dropdown menus for "Customer:Job" and "Class", and a "Template" dropdown set to "Standard Product Invoice" with a "Customize..." button next to it. Below this is the "Invoice" form. It has two main sections: "Bill To" and "Ship To", each with a large text area. To the right of these are fields for "Date" (08/23/08) and "Invoice No." (2008-7). Below these are fields for "P.O. Number", "Terms", "Rep", "Ship Date" (08/23/08), "Ship Via", and "FOB". A table with columns "Item", "Description", "Quantity", "Rate", "Amount", and "Tax" is present. At the bottom of the table, there are fields for "Customer Message", "Tax" (0.00%), and "Total" (0.00). A "Memo" field is at the bottom left, and "Balance Due 0.00" is at the bottom right. On the right side of the window, there are buttons: "Next", "Previous", "Pmt History...", "Time/Costs...", "Print...", "Cancel", and "OK". There are also checkboxes for "Customer is taxable", "Show in iCal", "To be printed", and "To be emailed" (which is checked).

FIGURE 7-10 The Standard Product Invoice is for businesses that sell parts or products.

Other Formats There are a number of other formats based on these, as well as some that are simplified or stylized. You can also create a brand-new template from scratch.

You can customize the names of fields on any sales form, and decide which fields to view on screen and which fields to print. If you enter information into a field and then later eliminate that field, the information remains in your data file even though the field is gone. However, you must specify to view or print the field again to see that information.

To decide which format is right for your company, consider the amount of detail you want your customers to see and the length of the line-item description. The sales form format you choose does not affect the information you see in reports. You can print samples of the formats you want to see or save paper by previewing them on screen.

To Change the Sales Form Format

In a sales form, choose an option from the Template pop-up menu, as shown next. The options you see vary depending on the type of sales form and whether you have already created custom forms.

The fields that appear on the sales form may change in order or may offer more or fewer fields, depending on the template you selected.

To Preview a Printed Sales Form

You can preview a printed sales form to see how it will look when printed. This will help you choose the correct form for your needs.

- ❶ Display the sales form you want to preview.
- ❷ If necessary, choose the format you want to preview from the Template pop-up menu.
- ❸ Click the Print button.
- ❹ In the standard Print dialog that appears, click the Preview button. QuickBooks creates a preview of the form and displays it in the Preview application that comes with Mac OS X (refer to Figure 7-11).

Customizing the Content on a Sales Form

You can customize the content of your sales form using the Layout Designer application that's part of QuickBooks. This tool enables you to choose fields to include on the form, reposition and format form contents, and add images.

Here's how it works. Choose the sales form template that most closely matches what you want. Then click the Customize button near the top of the window to open the Layout Designer application. A window with the template appears. Click buttons on the toolbar to open palettes for customizing the form. Figure 7-12 shows what it might look like with the Invoice Fields, Fonts, and Formatting palettes displayed.

FIGURE 7-11 Here's what the Standard Professional Invoice template would look like when printed.

Select items on the template and use tools in the palettes to modify it. When the template looks just the way you want it to, choose **File | Save** to save it. Then choose **Layout Designer | Quit Layout Designer** to return to QuickBooks.

A complete discussion of the Layout Designer is beyond the scope of this book. Experiment with it on your own, and you'll soon get a feel for creating perfect sales form templates for your business.

Charging for Actual Time and Costs

Charging your customer for the actual time and costs for a job is a two-step process:

- 1 Track the time and costs, assigning them to the specific job.
- 2 Transfer the time and costs to a sales form (with or without a markup) or to the register for the job.

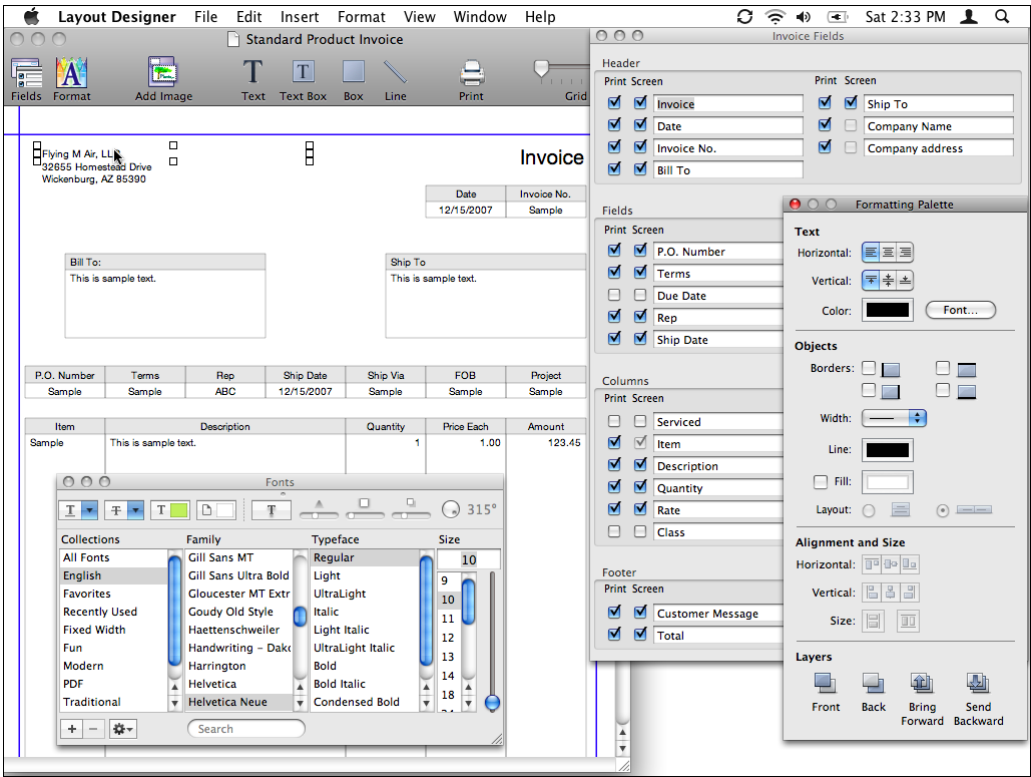


FIGURE 7-12 Here’s the Layout Designer with several palettes open for customizing an invoice form.

Table 7-1 offers a guide for the things you must do to bill customers for actual time and costs, along with cross-references to other information in this book that’ll help you get the job done.

Adding Time and Costs to a Sales Form

You can add time and reimbursable expenses directly to a sales form, as long as the time and costs have been recorded in QuickBooks for the customer.

To Charge for Time and Costs on a Sales Form

These instructions assume you are creating a sales transaction for a customer that has unbilled items, expenses, or time associated with it. To associate an expense

To Track	You Must	Refer To
Time billable to this job	Record hours spent on this job, using either a weekly timesheet or a single activity record. Be sure to mark the hours as billable.	Chapter 20
	Assign the hours to the same job for which you plan to write the invoice.	
	Assign the hours to the service item that should be used on the invoice.	
	To show the service date for each time entry on the invoice, customize the invoice to add a Service Date column.	
Items, subcontracted services, and other charges purchased for this job	Record a bill, check, or credit card charge, using the Items pane to identify items and services purchased for this job.	Chapters 6, 12, and 14
	Assign the items to the same job for which you plan to write the invoice.	
Other costs incurred for this job	Record a bill, check, or credit card charge, using the Expenses pane to identify other costs incurred for this job.	Chapters 12 and 14
	Assign the expenses to the same job for which you plan to write the invoice.	

TABLE 7-1 Tasks to Bill Customers for Actual Time and Costs

with a customer, be sure to choose a Customer:Job option when entering the bill or recording the time as outlined in Table 7-1.

- ❶ Open a Create Invoice or Enter Sales Receipts window.
- ❷ Follow instructions earlier in this chapter to enter customer information into the form. After you enter the Customer:Job, a dialog may appear, telling you that you have selected a customer or job that has outstanding billable time or costs. Click OK.
- ❸ Click Time/Costs. The Choose Billable Time And Costs dialog appears.
- ❹ To charge the customer for items, click Items to display the Items pane (shown next). Then click in the Use column beside each item you want to add to the sales form. Items appear on the Items pane after they have been entered on the Items pane of a bill, check, or credit card charge and have been assigned to this job but have not yet been used on a sales form.

Choose Billable Time and Costs

Time and Costs For: Flying Fish:Cherry Drying

Items – \$1,132.50Expenses – \$0.00Time – \$0.00

Select All

Use	Date	Item	Description	Qty	Rate	Amount	Hide
✓	08/23/08	100LL	100LL Aviation Fuel	250	4.53	1,132.50	

☐ Print selected time and costs as one invoice itemTotal billable time and costs1,132.50

HelpCancelOK

NOTE: On the sales form, QuickBooks uses the sales price—not the cost—for each inventory part and for each resale non-inventory part, subcontracted service, and reimbursable other charge item. You can change the price on the sales form. (If you set up the item with a sales price of 0.00 because costs vary, be sure to enter a sales price on the sales form.)

- 5 To charge the customer for expenses, click Expenses to display the Expenses pane (shown next). Then click in the Use column beside each expense you want to add to the sales form for reimbursement.

Choose Billable Time and Costs

Time and Costs For: Flying Fish:Cherry Drying

Items – \$1,132.50Expenses – \$458.64Time – \$0.00

Select All

Markup Amount or %20.0%Markup AccountSales

Use	Date	Payee	Memo	Amount	Hide
✓	07/03/08	Wenatchee Fuel		159.77	
✓	07/03/08	Lake Chelan Airport	Fuel	72.23	
	07/05/08	Lake Pateros Grill	Jim	21.31	
	07/07/08	Lake Pateros Grill	Rob	38.28	
✓	07/07/08	Whataway Air Service	Fuel	150.20	
Total Selected Charges				382.20	
Total expenses with markup				458.64	

☐ Selected expenses are taxable

☐ Print selected time and costs as one invoice itemTotal billable time and costs1,591.14

HelpCancelOK

TIP: To add a markup to your actual expenses, enter an amount or a percentage in the Markup Amount Or % field. Then enter an account in the Markup Account field. Alternatively, you can change the rates or prices directly on the sales form. Then the entire income for each expense is assigned to the account for the expense (instead of partly to a markup account).

NOTE: You can assign income for a reimbursed expense to an income account, as discussed in Chapter 23. If you do not assign the income to an income account, the income cancels the original expense in the expense account. (Your net profit is the same in either case.)

- 6 To charge the customer for time, click Time to display the Time pane (shown next). Then click in the Use column beside each time item you want to add to the sales form for reimbursement. In this window and on the sales form, QuickBooks uses the hourly rate for the service item you assigned to the activity, not the payroll rate of the employee. If the service item has the subcontractor check box marked, QuickBooks uses the sales price. You can change the rate on the sales form.

Choose Billable Time and Costs

Time and Costs For: Flying Fish:Cherry Drying

Items - \$1,132.50 Expenses - \$458.64 Time - \$900.00

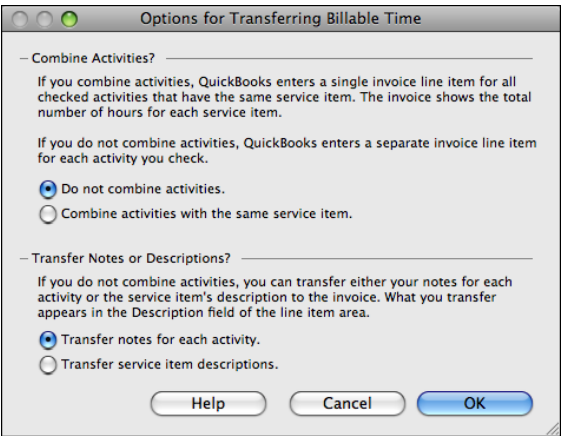
Select All Options Transfer activity notes; don't combine activities. Change...

Use	Date	Employee	Service Item	Hours	Rate	Amount	Notes	Hide
✓	08/18/08	Maria	Photo Flight	2.00	450.00	900.00		
	08/20/08	Maria	Photo Flight	0.50	450.00	225.00		
	08/21/08	Maria	Photo Flight	2.10	450.00	945.00		
	08/22/08	Maria	Photo Flight	1.90	450.00	855.00		

☐ Print selected time and costs as one invoice item Total billable time and costs 2,491.14

Help Cancel OK

- 7 To change how QuickBooks groups and describes time activities on the sales form, click Change. Then set options in the Options For Transferring Billable Time dialog, which is shown next, and click OK.



- 8
- Click OK to add the marked costs to the sales form. It might look something like this:

Item	Description	Rate	Quantity	Amount	Tax
Photo Flight		450.00	2	900.00	
100LL	100LL Aviation Fuel	4.53	250	1,132.50	T
Reimb Group					
		159.77		159.77	
	Fuel	72.23		72.23	
	Fuel	150.20		150.20	
Reimb Subt	Reimbursable Expenses Subtotal			382.20	
	Markup	20.0%		76.44	
	Total Reimbursable Expenses			458.64	

- 9
- To group costs into two or more groups, repeat steps 3 through 8.
- 10
- Review the form before clicking OK to make sure it includes only the charges you want to include.
- 11
- Complete the form as discussed earlier in this chapter.



NOTE: If you record a sales form that has actual job costs on it and then discover you made a mistake, the actual job costs you used previously are no longer available to use again. To reinstate such costs, go to the original record (that is, weekly timesheet, single activity, bill, check, or credit card charge). Click the Billable field to make the cost billable again.

Tips for Invoicing for Time and Costs

This section provides a few miscellaneous tips to keep in mind when invoicing for time and costs.

To pass through expenses from a vendor or supplier, enter the bill or payment before creating the invoice.

If the vendor submits a bill, enter the bill in the Enter Bills window. If you bought something by check or credit card, enter the check or credit card charge. You can pass through expenses from either the Items pane or the Expenses pane, as long as you assign a customer or job.

Use the Items pane, not the Time pane, when invoicing for subcontracted work.

Subcontracted work is on the Items pane of the Choose Billable Time And Costs window, if you recorded it on the Items pane of the subcontractor's bill as a subcontracted service item. Even if you also track time for the subcontractor, do not look for the work on the Time pane. (Time for a vendor is never billable.)

If you enter costs on the Expenses pane, associate an income account with the expense account.

QuickBooks assigns income for reimbursed expenses to the original expense account unless you associate an income account with the expense account. To learn how to do this, consult Chapter 23.

If you invoice for time, consider combining time activities for the same service item before transferring them from the Time pane to the sales form.

To combine time activities for the same service item on the sales form, click Change on the Time pane. Then select Combine Activities With The Same Service Item and click OK. When you transfer time to the sales form, QuickBooks enters only one line for each service item, with the total hours for that service item. If you select Do Not Combine Activities, QuickBooks enters each time activity on a separate line of the sales form. Select Transfer Notes For Each Activity if you want the notes in the Description field of the sales form. Otherwise, select Transfer Service Item Descriptions.

To transfer the date of each cost or time activity to the sales form, add a Service Date column.

Customize the sales form by adding a Service Date column. Then for items and expenses, QuickBooks enters the date of each bill, check, or credit card charge in that column. For time, it enters the activity date (or the earliest activity date, if you are combining several activities for one service item).

You can invoice for only 90 percent of time and costs at the completion of a job.

Construction contractors may invoice for 90 percent at the completion of a job and the final 10 percent later. Here are two ways to accomplish this.

Method 1 (Invoice for 90% at Each Phase) Create two Other Charge items for retainage on your Item List:

- On the first item, enter -10% in the Amount field; in the Account field, assign an Other Current Asset account for retainage. Add this retainage item to every invoice you write during the job, to reduce the amount owed by 10 percent. (At the same time, the Other Current Asset increases by the same amount.)
- Create a second Other Charge item with a blank Amount field; in the Account field, assign the same Other Current Asset account for retainage. When you are ready to invoice for the final 10 percent, determine how much it is. (An easy way to determine the amount is to display the register of the Other Current Asset account for retainage, select the job in the register, and click QuickReport.) Create a new invoice with only this Other Charge item on it. Enter the amount in the Amount field of the invoice.

Method 2 (Invoice for Remaining 90% of Total at Completion) This method has two steps:

- Create one Other Charge item for retainage on your Item List. Leave the Amount field blank; in the Account field, assign an Other Current Asset account for retainage. At the completion of the job, record an invoice for the full amount of the final phase. Run the job profitability summary report (one of the project reports) to determine the total revenue for the job. Then edit the invoice you just recorded by adding the Other Charge item for retainage and entering 10 percent of the total revenue as a negative number in the Amount field of the invoice. For example, if the total revenue is \$20,000, you should enter the 10 percent retainage as -2000.
- When you are ready to invoice for the final 10 percent, create a new invoice with only this Other Charge item on it. Enter the amount as a positive number in the Amount field of the invoice.

You can track the costs of services performed by an owner or partner.

Since owners and partners do not submit bills, the costs of the services they perform will not be part of the overall costs of the job unless you enter a transaction to account for the work. If you want owner and partner time to contribute to the job costs on reports such as job profitability or job estimates vs. actuals, here's what to do.

First, when you set up a service item for the work of the owner or partner, select the check box for *This Service Is Performed By A Subcontractor*. Then enter the name of the person's equity account in the *Expense Account* field. (On the pop-up menu of accounts, equity accounts are above expense accounts.)

To make owner and partner time part of the job costs on job reports without affecting the profit and loss statement, write a zero-amount check as follows:

- ❶ Write the check either in your regular checking account or in a special checking account (with no money in it) that you can set up for checks like these.
- ❷ Enter the name of the owner or partner in the *Pay To The Order Of* field.
- ❸ Clear the *To Be Printed* check box.
- ❹ In the *No.* field, enter a word or leave it blank.
- ❺ On the *Items* pane, in the *Item* field, enter each service item for the work performed. On each line, enter the number of hours in the *Qty* field, and enter the job in the *Customer:Job* field.
- ❻ On the *Expenses* pane, enter the name of the person's equity account in the *Account* field. In the *Amount* field, enter the negative of the amount on the *Items* pane. Do not enter a job.



NOTE: If you have not yet invoiced the customer for the time, be careful not to invoice twice for the same time. Use the work from the *Time* pane only, not the *Items* pane, of the *Choose Billable Time And Costs* window. (On the *Items* pane, mark the *Hide* field to remove the work permanently from the *Items* pane without putting it on an invoice.)

After you record the zero-amount check, the cost (as shown on the *Items* pane) appears on all job and item reports that show costs by job or by item. On the other hand, the cost does not appear as an expense on a profit and loss by job report because it is not assigned to an expense account.

Managing Daily Cash Transactions

If you create many sales receipts in your business, you may be interested in several QuickBooks features to make the process easier or provide you with additional information, such as creating a daily sales summary, viewing daily sales transactions, and tracking daily overages and shortages. This part of the chapter explains how you can do all of these things.

Working with Daily Cash Sales

QuickBooks enables you to summarize your cash sales at the end of the day rather than entering each sale individually. It also lists these sales in one register so they're easy to find and review.

To Create a Daily Sales Summary

If you have a number of cash sales each day, and you don't need to add each cash-paying customer to your Customer:Job list, use the Enter Sales Receipt window to record a summary of the day's sales activity.

- 1 Choose Customers | Enter Sales Receipts.
- 2 Leave the Customer field blank, since you don't need to add a name to the Customer:Job list.
- 3 Enter each item that was sold and the quantity sold for the day. For example, if you sell several packages of fancy paper in one day to walk-in customers, lump all the paper sales into one line item, with the total quantity of all sales in the Amount field.
- 4 Complete the sales receipt form and click OK.

To See a Register of Your Cash Sales

QuickBooks records your cash sales in the Undeposited Funds account if you have chosen to group the funds for later deposit. You can see each of your cash sales in the account register for that account.

- 1 Choose Lists | Chart Of Accounts to display the Chart Of Accounts window.
- 2 Double-click the account named Undeposited Funds.



NOTE: Any cash sales you have chosen to deposit directly to an account do not appear in this register.

Tracking Daily Overages and Shortages

You can track your daily overages (money on hand that exceeds the listed amount in your books) and shortages (money on hand that is less than the listed amount in your books).

To Set Up Overages and Shortages Accounts

- 1 Choose Lists | Chart Of Accounts to display your Chart of Accounts.
- 2 Create an income account called Discrepancies.
- 3 Create two new income subaccounts—Overages and Shortages—for the Discrepancies account.



TIP: You can learn more about setting up accounts in Chapter 5.

To Set Up Overage and Shortage Items

- 1 Choose Lists | Items to display the Item List.

- 2 Create a non-inventory part item called Overages, and assign it to your Overages subaccount.
- 3 Create a non-inventory part item called Shortages, and assign it to your Shortages subaccount.



TIP: You can learn more about setting up items in Chapter 6.

To Record Discrepancies

Use the Overages and Shortages items in the Enter Sales Receipt window when you are creating a daily sales summary to record any discrepancies. When you view a sales report, you'll see any overages or shortages for each day of cash sales.



NOTE: Remember to record shortages with a negative amount in the Enter Sales Receipt window.

Assessing Finance Charges

If you've set up payment terms for your customers, QuickBooks can assess finance charges for any customers whose payments are late. When you assess finance charges, QuickBooks creates an invoice for each charge. To set up your finance charge rate, consult Chapter 23.

To Assess Finance Charges

- 1 Choose Customers | Assess Finance Charges.
- 2 If finance charges have not yet been set up, a dialog appears, asking if you want to set them up. Click Yes. (Finance charges must be set up before you can assess them.)
- 3 In the Assess Finance Charges dialog that appears (shown next), click the Assess column beside each customer or job for which you want to assess finance charges. Only those customers or jobs for which finance charges can be assessed at that time appear in the dialog.

Assess Finance Charges

Click the assess column for each customer for whom you wish to create a finance charge invoice.
Customers with *s have payments or credit memos which have not been applied to any invoice.
The overdue balance does not include these credits.

Assessment: 08/23/08

Assess	Last FC	Customer	Overdue Bal.	Fin. Charge
✓		Flying Fish	0.00	
✓		Cherry Drying	4,200.00	128.07
✓		Photo Flights	540.00	16.47

Collection History

Mark All

Unmark All

Settings...

Cancel

OK

☒ Mark Invoices "To be printed"

- 4 Change any finance charge amounts, if desired, by editing the amount in the Fin. Charge column. QuickBooks uses the customer's terms to determine the finance charge amount.
- 5 To print the finance charge invoices, select the Mark Invoices "To Be Printed" check box. If you send reminder or billing statements, you can leave the check box clear.
- 6 Click OK. QuickBooks records an invoice for each customer you marked. You can view the invoices in the Customer Center's transaction list for the customer or job.

How QuickBooks Calculates Finance Charge Amounts

QuickBooks uses this equation to calculate finance charges:

$$\text{number of days past due} \times \text{balance due} \times \text{rate}/365$$

For example, suppose that on June 1, you assess a finance charge for a customer whose terms are Net 30. QuickBooks creates an invoice for the amount of the finance charge. If your customer does not pay by July 2, and you added terms of Net 30 to the finance charge invoice and selected the Assess Finance Charges On Finance Charges check box, QuickBooks calculates interest on both the original overdue amount and on the finance charge amount. If you did not select the Assess Finance Charges On Finance Charges check box, QuickBooks calculates finance charges only on the original overdue amount.

Laws vary about whether you can charge interest on overdue interest payments. Please confirm with the appropriate jurisdiction that you are in compliance with that jurisdiction's lending laws.

Using Billing Statements

QuickBooks creates billing statements that summarize activity for a customer during a specified time period. A billing statement includes the following information:

- Balance forward
- Date, number, amount, and description for each statement charge
- Date and amount of each payment received
- Finance charges
- Balances
 - Current balance (the non-overdue portion of the balance forward plus new invoice amounts minus payments received)
 - 1 to 30 days overdue
 - 31 to 60 days overdue
 - 61 to 90 days overdue

- More than 90 days overdue
- Total amount due

Figure 7-13 shows an example of one style of billing statement.

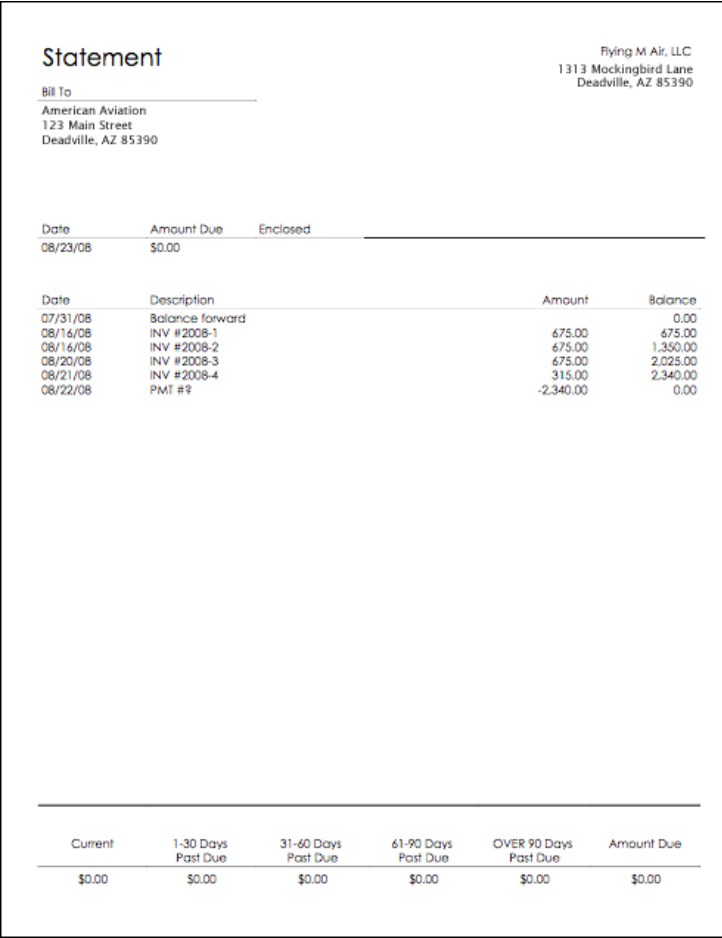


FIGURE 7-13 You can create billing statements that summarize a customer’s account activity.

Entering Statement Charges

You enter statement charges into a customer register, which displays all accounts receivable transactions for a customer or job. A statement charge is one item from your list. You need to enter a separate charge for each item.

To Enter Statement Charges for Reimbursable Job Costs or Time

Follow these steps to enter statement charges for products, services, or other items on your Item List.

- 1 Choose Customers | Enter Statement Charges to display the Accounts Receivable register.
- 2 Choose the customer or job you want to enter a charge for from the Customer:Job pop-up menu. That customer or job's transactions appear in the register window, as shown next in the previous illustration.
- 3 Click Time/Costs to display the Choose Billable Time And Costs dialog for statement charges. Here's what the Expenses pane might look like:

Choose Billable Time and Costs

Time and Costs For: Flying Tiger

Date for each statement charge: ☒ Dates from tables below. ☐ This date: 08/24/08

Items - \$0.00 Expenses - \$50.00 Time - \$675.00

Select All

Use	Date	Payee	Memo	Amount	Hide
<input checked="" type="checkbox"/>	08/22/08	Joe's Car Rental	Car Rental	50.00	

Total Selected Charges 50.00

Total billable time and costs 725.00

Help Cancel OK

- 4 Follow the appropriate steps in the section titled “To Charge for Time and Costs on a Sales Form” earlier in this chapter to select charges to add to the statement.
- 5 Select one of the date options at the top of the dialog:
 - **Dates From Tables Below** enters the actual date of each charge into the customer register.
 - **This Date** enters the date that you specify.



NOTE: The date that QuickBooks records for the statement charge affects both the customer register (QuickBooks sorts the customer register by date) and the statements that you send customers (each statement covers a specific date range). It could also affect payment due dates and finance charges for late payments.

- 6 Click OK.

The charges are added as individual charges to the register, as shown here:

Flying Tiger – Accounts Receivable

Customer/Job

Flying Tiger

Date	Number	Item	Qty	Rate	Amt Chrg	Amt Paid	Balance
	Type	Description		Class	Billed Date	Due Date	
08/22/08		Photo Flight	1.5	450.00	675.00		675.00
	STMTCHG	Photo flight around Page, AZ. Photo					
08/22/08				50.00	50.00		725.00
	STMTCHG	Car Rental		Multi-Day			
08/23/08		Late Fee	1	25.00	25.00		750.00
	STMTCHG	Late Payment Fee					
09/01/08					155.00		905.00
	GENJRNL	Hangar Rent					
08/23/08	Number	Item	Qty	Rate	Amt Chrg		
	Description		Class				
Ending balance							905.00

Record

Restore

Time/Costs...

☐ 1-Line

☐ Show open balance

Keep in mind that the following restrictions apply to statement charges:

- You cannot combine items or expenses into a single statement charge. However, you can combine time activities for the same service item.
- You cannot add a markup to expenses.
- You cannot add sales tax to expenses. Also, QuickBooks doesn't add sales tax to any items, even for items that are normally taxable. Specify whether to enter each statement charge with the date shown for it in the table, or with a date that you specify.

Printing Billing Statements

You can create and print billing statements for your customers at any time. You do this with the Select Statements To Print dialog, which is shown in Figure 7-14.

Select Statements to Print

Print Statements for Transactions With...

Dates From08/01/08To08/24/08

Statement Date08/24/08

TemplateStandard StatementCustomize...

For Customers

☐ All Customers

☒ Selected CustomersChoose...

☐ One Customer

☐ Customers of Type

Finance Charges...

Print One Statement

☒ For Each Customer

☐ For Each Job

☐ Don't print statements with a zero balance.

Help

Cancel

OK

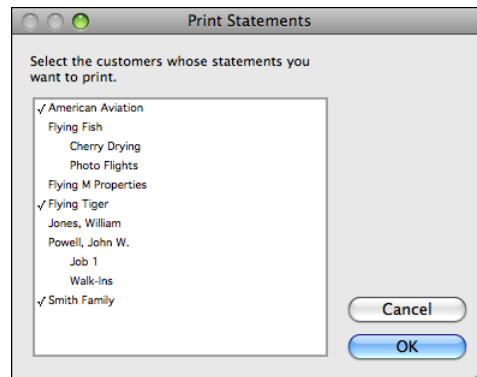
FIGURE 7-14 Use the Select Statements To Print dialog to set up statement printing options.

This dialog enables you to set options that determine which statements print, as well as what the statements look like. To open this dialog, choose Customers | Print Statements.

To Select Which Billing Statements to Print

In the Select Statements To Print dialog, set options to determine which statements will print.

- 1 Set transaction and statement date options:
 - **Dates From** is the starting date of transactions to include on the statement.
 - **To** is the ending date of transactions to include on the statement.
 - **Statement Date** is the date of the statement.
- 2 Select an option to determine which customers' or jobs' statements will be printed:
 - **All Customers** prints statements for all customers.
 - **Selected Customers** enables you to specify which customers to create statements for. Click the Choose button and use the Print Statements dialog that appears (shown next) to place a check mark beside each customer or job you want to print a statement for. Click OK in the dialog to save your settings.



- **One Customer** enables you to print a statement for just the customer you select from the drop-down list.
 - **Customers Of Type** enables you to select a type from a drop-down list; all customers of that type will be selected automatically for statement printing.
- 3 Select a Print One Statement option:
 - **For Each Customer** prints a separate statement for each customer. If the customer has multiple jobs, all jobs are included on the statement.
 - **For Each Job** prints a separate statement for each job. If a customer has multiple jobs, it receives multiple statements.

- 4 To skip statements with zero balances, turn on the Don't Print Statements With A Zero Balance check box.

Specifying or Customizing the Statement Template

You can select one of several predefined statement templates or modify an existing template to meet your needs. This works just like the sales form customization discussed earlier in this chapter.

- To select a template for the statement, choose an option from the Template pop-up menu.
- To customize a template for the statement, choose the template that is closest to what you want from the Template pop-up menu, and then click Customize. Use the Layout Designer application discussed earlier in this chapter to make changes to the template, save the customized form, and return to QuickBooks.

To Include Finance Charges in Statements

If you have not already used the Assess Finance Charges command discussed earlier in this chapter to create finance charge invoices, you can include statement charges for finance charges. Click the Finance Charges button in the Select Statements To Print dialog (refer to Figure 7-14) to display the Assess Finance Charges dialog shown earlier. Check off the customers or jobs for which you want to assess finance charges, and click OK to add them to the statement.

To Print Statements

When you've set options as desired in the Select Statements To Print dialog (refer to Figure 7-14), you can print them.

- 1 Click OK in the Select Statements To Print dialog.
- 2 A standard Print dialog appears.
 - To print the statements, set options in the dialog and click Print.
 - To preview the statements, click the Preview button. This opens a preview of each page in Apple's Preview application. If you like what you see, you can print the statements; otherwise, you can go back and make changes as desired without wasting paper.
 - To create a PDF of the statement pages, use options under the PDF button's menu.
- 3 The Did Statement(s) Print OK? dialog appears. If the statements printed properly, click OK. Otherwise, click No to return to the Print dialog and try again.

Using Estimates

An *estimate* is a description of work you propose to do for, or products you propose to sell to, a current or prospective customer.

Creating an estimate is very similar to creating an invoice.

- You associate each estimate with a customer or with a job for the customer. You may have only one estimate for each name (customer or customer:job combination), which must be on your Customer:Job list.
- You can start with a blank estimate and fill in items already on your Item List, or enter new items as you write. You can also start with a memorized estimate that is partly filled in.
- Modify an existing estimate any time and resubmit it.
- You can customize an estimate by choosing from among several predefined formats or using the Layout Designer to fully customize the appearance.
- Print estimates on a multipurpose form, letterhead, or plain paper.
- If the customer accepts the estimate, you can turn the estimate into an invoice.
- When you have actual costs and revenues, you can compare them with your estimated costs and revenues.

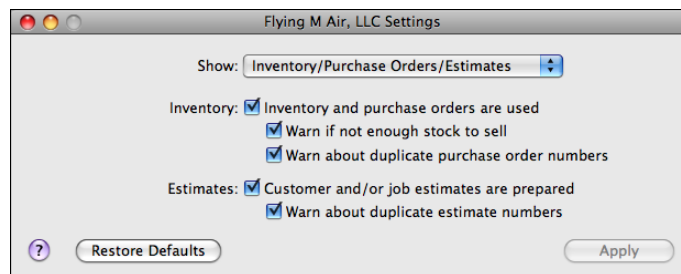
Creating Estimates

You create estimates with the Create Estimates form, which is similar to the Create Invoices form, but includes a few additional fields. Here are the details.

To Turn the Estimate Feature On

To use the estimate feature, it must be enabled.

- 1 Choose Company | Company Settings to display the Settings dialog.
- 2 Choose Inventory/Purchase Orders/Estimates from the Show pop-up menu to display related options, which are shown here:



- 3 Turn on the check box marked Customer And/Or Job Estimates Are Prepared.

- 4 Click Apply.
- 5 Click the close button to dismiss the dialog.

To Create an Estimate

Creating an estimate is very similar to creating a sales form, as discussed near the beginning of this chapter.

- 1 Choose Customers | Create Estimates to display the Create Estimates window (refer to Figure 7-15).

Create Estimates

Customer:Job Jones, William

Class Photo

Template Standard Estimate

Customize...

Active

Name/Address

William Jones
143 West Street
Deadville, AZ 85390

Estimate

Date08/24/08

Estimate No.4392

Item	Description	Quantity	Cost	Amount	Markup	Total	Tax
Photo Flight	Photo flight to Waters Sunset Mill Site	1.2	450.00	540.00		540.00	
Wait Time	Engine-off wait time.	2	30.00	60.00		60.00	T
Hotel Pickup	Round trip transportation between		25.00	25.00	100.0%	50.00	
Customer Message							
	Tax		Out of State	(0.0%)		0.00	
	Total			625.00	25.00	650.00	

Memo

Previous

Cancel

Create Invoice

Print...

Customer is taxable

To be emailed

Next

OK

FIGURE 7-15 The Create Estimates window is very much like the other sales forms windows you use with QuickBooks.

- \$

NOTE: If this choice is not on the menu, you must first turn on the estimating feature, as discussed earlier in this section.
- 2 Complete the Create Estimates window. For complete instructions, consult the section titled “Entering a Sales Transaction” earlier in this chapter.
- \$

NOTE: Although previous version of QuickBooks allowed only one estimate per customer:job, QuickBooks 2009 allows multiple estimates. This makes it easy to create estimates that meet the ever-changing needs of your customers.

Markup of Items

QuickBooks allows you to add a markup to your basic costs when you write an estimate.

QuickBooks hides markups from the customer by printing only the price or rate after markup; however, you can customize your estimates to print the original cost and markup if you want customers to have this information.

When you set up items on your Item List, you can have separate amounts for the cost and for the sales price for all the types of items you are likely to sell:

- Service items (when the check box for subcontractors is marked)
- Inventory parts
- Non-inventory parts (when the check box for a specific customer:job is marked)
- Other charge items (when the check box for reimbursable charges is marked)



TIP: Chapter 6 provides more information about items.

To Enter Markups on the Estimate

If you enter an item that has both a cost and a sales price, QuickBooks prefills the markup percentage on the basis of those two prices. For one of the item types listed above, you can enter (or edit) a markup on the estimate regardless of whether QuickBooks has prefilled a markup percentage.

When there is a percent (%) sign after the number in the Markup field, QuickBooks multiplies that percentage by the amount in the Amount field, adds it to the amount, and enters the total in the Total field.

For example, if the amount is \$200 and the markup is 15%, QuickBooks enters \$230 in the Total field.

When there is no percent (%) sign after the number in the Markup field, QuickBooks interprets the number as an amount. It adds the amount in the Amount field to the amount in the Markup field and enters the total in the Total field.

For example, if the amount is \$200 and the markup is \$15, QuickBooks enters \$215 in the Total field.

What Shows Up on Printed Estimates

If you have markups set to show only on the onscreen estimate, QuickBooks prints a Rate column instead of the Cost column, and it omits the Amount and Markup columns. The amount in the Rate column always equals the amount in the Total column divided by the quantity.

Hiding Markup On Screen

To hide markup on screen—for example, if you prepare estimates at your computer with your customer present—you must clear the check boxes for the Markup column in the Estimate Fields palette in the Layout Designer, which you use to customize estimate forms on screen and in print.



TIP: The Layout Designer is discussed earlier in this chapter. You can use the Layout Designer to create a custom template without the Markup field and save it so it's always available for this purpose.

When markup is hidden on screen, estimates have neither an Amount nor a Markup column. When you enter an item with both a cost and a sales price, QuickBooks enters the item's sales price (not its cost) in the Rate field.

If you now look at estimates you recorded when there was a Markup column, the Rate field now shows an amount equal to the total divided by the quantity, just as on the printed estimate.

Working with Estimates

Here are a number of tasks you may want to perform with the QuickBooks estimates feature.

To Print an Estimate

You print an estimate just like any other sales form. Click the Print button in the Create Estimates window (refer to Figure 7-15). Then use the standard Print dialog that appears to send the estimate to your printer, create a PDF, or e-mail the estimate as a PDF.

To Display an Existing Estimate from a List of Estimates

You can use the QuickBooks QuickReport feature to generate a list of active estimates.

- ❶ Choose Lists | Chart Of Accounts.
- ❷ Double-click the Estimates account at the bottom of the list. (This is a special nonposting account.)
- ❸ In the QuickReport that QuickBooks creates, locate the estimate (they are in order by date), and double-click to QuickZoom to it.

To Display an Existing Estimate from the Customer Center

The detail view of the Customer Center, which is discussed in detail in Chapter 4, includes a list of all transactions for a customer, including active estimates.

- 1 Choose Lists | Customer:Jobs.
- 2 If necessary, click the Show Customer List And Details button at the bottom of the window to expand it to show the list and details.
- 3 Select the customer or job name for the existing estimate.
- 4 The estimate appears in the list in the lower-right corner of the window. Double-click it to open it.

To Display an Existing Estimate by Browsing Estimates

You can also browse through existing estimates until you find the one you want to see.

- 1 Choose Customers | Create Estimates to display the Create Estimates window.
- 2 Click the Previous button until you see the estimate you want.

Turning an Estimate into an Invoice

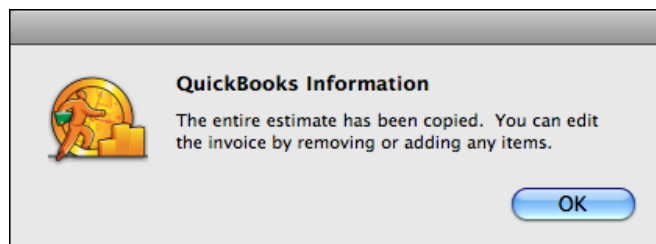
When the customer has accepted your estimate and has agreed to pay a fixed amount (rather than for actual time and costs), you can turn the entire estimate into an invoice. QuickBooks copies the estimate information into an invoice form that you can modify as necessary.

If you invoice in installments or phases, you can create multiple invoices from the same estimate. If your estimate has been created with multiple line items, each representing a billable task or phase of the project, you can delete all lines from the invoice except the one(s) for this installment.

To Turn an Entire Estimate into an Invoice

Turning an estimate into an invoice is as easy as clicking a button.

- 1 Display the estimate you want to turn into an invoice.
- 2 Click Create Invoice at the bottom of the Create Estimates window.
- 3 QuickBooks opens the Create Invoices window, copies the details from the estimate to an invoices form (refer to Figure 7-16), and displays a dialog like the one shown next. Click OK to dismiss the dialog.



Create Invoices

Customer:Job Jones, William Class Photo

Template Standard Service Invoice Customize...

Invoice

Bill To
William Jones
143 West Street
Deadvile, AZ 85390

Date 08/24/08 Invoice No. 2008-8

Item	Description	Rate	Quantity	Amount	Tax
Photo Flight	Photo flight to Waters Sunset Mill Site	450.00	1.2	540.00	
Wait Time	Engine-off wait time.	30.00	2	60.00	T
Hotel Pickup	Round trip transportation between	50.00		50.00	
				Total	654.80

Customer Message Tax Wickenburg Sales 8.0% 4.80

Memo Balance Due 654.80

Next Previous Pmt History... Time/Costs... Customer is taxable Show in iCal To be printed Print... To be emailed Cancel OK

FIGURE 7-16 QuickBooks converts estimates into invoices at a click of a button.

- 4 Edit the invoice as necessary to prepare it for submission to your customer.
- 5 Click OK to save the invoice.

Differences Between the Estimate and the Invoice

Even when you have customized your estimates and invoices similarly, there are differences in what you see on screen.

On an estimate, you see a preset cost and a markup. Invoices, on the other hand, don't have a Markup column. The Amount on the invoice equals the Total on the estimate. The Rate (or Price) on the invoice is the sales price (the estimate Total divided by the Qty).

Questions and Answers about Sales Forms

Got questions about sales forms? Here are some that others have asked, along with the answers.

When I preview an invoice, there is a Project field that is not in the Create Invoices window. How can I put something in that field?

The Project field shows the job. If you have set up jobs for your customers on the Customer:Job list, choose a job in the Customer:Job field of the Create Invoices

window. The job prints in the Project field of Service and Product invoices. (Professional invoices do not print this field, but you can still track jobs for reports.)

How do I include units of measure (UOM) for line items?

Add a custom field for the item called “UOM.” Use a custom invoice or other sales form, and select the “UOM” column to print on the sales form. (You can learn more about custom fields for items in Chapter 6.)

How can I print packing slips without prices?

Choose one of the Packing Slip templates for your sale and use that to print.

I changed the price (or rate or description) of an item on my Item List, but QuickBooks didn’t update the invoice I was writing. How can I get the change on the invoice without having to retype it?

Delete the item from the Item field of the invoice. Click outside the field. Then choose the item again. Now it will have the updated information.

How can I enter a sales rep on a Service or Professional invoice?

You can use a custom form that looks just like a Service or Professional invoice (if that’s what you like) but with a Rep field added. Also, if you assign customers to employees by using the Rep field in the New (or Edit) Customer window, all sales to the customer are attributed to the employee on Sales by Rep reports.

How can I calculate the daily overage or shortage from my cash register receipts? In Quicken, the last line of the split always showed the difference between my total deposit and the detail from cash register receipts, but neither the Enter Sales Receipt window nor the Make Deposits window works that way.

Use the General Journal Entry window. (Choose Banking | Make General Journal Entries.) On the first line of the detail area, choose the name of your checking account in the Account field. Enter the deposit amount in the Debit field. On the next several lines, show the detail. In the Account field, choose the appropriate income account. Enter the amount in the Credit field. If the total credits do not equal the total debits, the difference will be on the last line. An overage will be in the Credit field. A shortage will be in the Debit field. Choose the appropriate account for this amount and click OK.

Inventory

In this chapter:

- Inventory overview
- Viewing items on order
- Receiving inventory items
- Using the inventory register
- Viewing the average cost of inventory items
- Adjusting value and quantity on hand
- Returning items to a vendor
- Inventory reports

If your company sells merchandise that it stores until sold, you'll love the inventory-tracking features in QuickBooks. Not only do they help you keep track of items on hand, but they also include tools for reordering, taking physical inventory, and reporting inventory values.

This chapter takes a closer look at inventory items and the QuickBooks tools you can use to keep track of them.

Inventory Overview

If your business purchases items, keeps them in inventory, and then sells them, you can track the current number in stock and the value of your inventory after every purchase and sale.

After you enter information about each item, you can:

- Fill in ordering information on purchase orders
- Track changes in the value of your inventory when you receive and sell items
- Fill in sales information on invoices or cash sales receipts
- Track income when you sell items
- Track cost of goods sold when you buy and sell items
- View the value of your inventory at any time
- View your average cost for any of your inventory items
- Set a warning when you enter a sale for more items than you have in stock (although QuickBooks still allows you to enter the sale)

Accounts Used to Track Inventory

To track inventory, you need certain types of accounts in your chart of accounts. Table 8-1 summarizes them.



TIP: For any of these accounts, you can set up subaccounts to track values, income, and costs for different types of inventory sold. Creating accounts is covered in detail in Chapter 5.

Ordering Inventory with Purchase Orders

When you use purchase orders to order inventory, QuickBooks helps you fill in the purchase order quickly and keeps track of how many items are on order and when you expect to receive them.



TIP: For more information about using purchase orders, see Chapter 14.

Account Type	Suggested Name	QuickBooks Uses for Tracking	Comments
Other Current Asset	Inventory Value	The current value of your inventory	
Income	Sales	The income from the resale of inventory items	If you sell products and services, you might want to have a separate income account for each.
Cost of Goods Sold	Cost of Goods Sold	The cost to you of the items you have sold	QuickBooks automatically creates this account for you the first time you add an inventory item. On a profit and loss report, QuickBooks subtracts the total cost of goods sold from your total income to provide a gross profit before expenses.

TABLE 8-1 Types of Accounts Needed to Track Inventory in QuickBooks

Average Cost of an Inventory Item

The average cost of an inventory item equals the total cost of the items currently in stock divided by the number of items in stock. QuickBooks uses this method to determine the value of inventory, rather than another method such as LIFO or FIFO.

QuickBooks recalculates the average cost of an item every time you record the purchase of more units of the item. It adds the cost of the new items to the cost of the old stock and then divides by the total number of new and old items.

For example, suppose you originally bought 100 shirts at \$5 each. When you reordered, the price had gone up to \$6 each. When you receive a new shipment of 100 shirts, you have 10 from the original shipment left in stock.

Thus:

The cost of your old stock = 10 shirts × \$5 per shirt = \$50 total cost
The cost of the new inventory = 100 shirts × \$6 per shirt = \$600 total cost
The cost of the old and new inventory combined = \$50 + \$600 = \$650 total
You now have 110 shirts total, so the average cost = \$650 / 110 = \$5.91 each

If your quantity on hand of an item goes below zero, that is, you enter an invoice for items you don't have yet, QuickBooks uses your last average cost as the average cost of the item. When you actually purchase the items, QuickBooks adjusts the average cost if necessary.

Selling Inventory

When you sell items from inventory, QuickBooks not only helps you fill in the sales form quickly, but also keeps track of how many items remain in stock after the sale. As you sell items, QuickBooks assumes that you are reducing the value of your inventory by the number of items sold times the average cost per item. Thus, a sale does not affect the average cost.



TIP: For information about how to record the sale of inventory items, see Chapter 7.

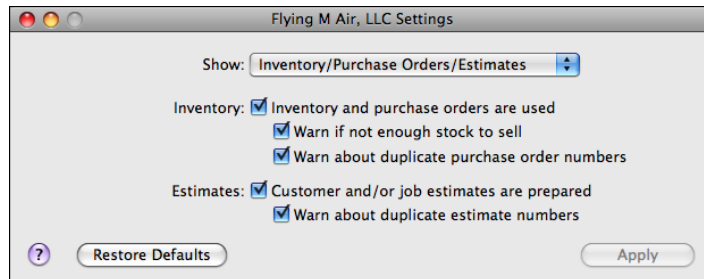
After you enter a sale, QuickBooks does the following:

- It increases your sales income by the amount of each line item.
- It adjusts your cost of goods sold by the result of the quantity sold \times average cost per item.
- It enters a transaction in your inventory register for each item sold.

Setting Up to Track Inventory

To set up your business to track inventory, you must do two things:

Turn on the inventory preference. Choose Company | Company Settings, and then choose Inventory/Purchase Orders/Estimates from the Show pop-up menu. In the Settings dialog (which is shown next), turn on the check box for Inventory And Purchase Orders Are Used, and then click Apply.



Create your inventory items. You must create an inventory item for each item you plan to sell and track with the inventory feature. You can learn more about creating items in Chapter 6.

Viewing Items on Order

After you record a purchase order for inventory items (as discussed in Chapter 14), QuickBooks tracks which items, and how many, you have on order. There are several ways to view the items on order.

To View a List of Purchase Orders

The Purchase Order List (shown next) displays the vendor, date, and PO number for each open purchase order. To display it, choose Vendors | Purchase Orders List.

Vendor	Date	PO Number
Creations in Thread	08/15/08	2008-25
Creations in Thread	08/25/08	2008-26
GotPrint.com	08/10/08	2008-24
Wenatchee Fuel	08/08/08	2008-23

To View a Specific Purchase Order

When you view a purchase order recorded earlier, it displays information about which items have been received to date. Figure 8-1 shows an example.

Vendor: Wenatchee Fuel Class: ☐ Closed

Template: Standard Purchase Order

Purchase Order

Vendor: 123 Main Street
Wenatchee, WA 98673

Ship To: Flying M Air
123 Main Street
Deadville, AZ 85390

Date	P.O. Number
08/08/08	2008-23

Item	Description	Quantity	Rate	Expected Amount	FOB
100LL	100LL Aviation Fuel	70	4.53	317.10	

Vendor Message:

Total: 317.10

Memo:

☒ Show in iCal
☒ To be printed
☒ To be emailed

FIGURE 8-1

A purchase order shows what has been ordered, as well as what has been received to date.

- 1 Display the Purchase Order List.
- 2 Double-click the purchase order you want to see.

To View the Quantity on Order for All Inventory Items

QuickBooks calculates the quantity on order for each item from all open purchase orders. You can see this information in the Inventory Stock Status By Item report (refer to Figure 8-2). Choose Reports | Inventory | Inventory Stock Status By Item.



FIGURE 8-2 The Inventory Stock Status By Item report shows you what’s currently on order.

To View a List of Open Purchase Orders for One Item

You can use a QuickReport to view a list of activity—including open purchase orders—for an item. Figure 8-3 shows what it might look like.

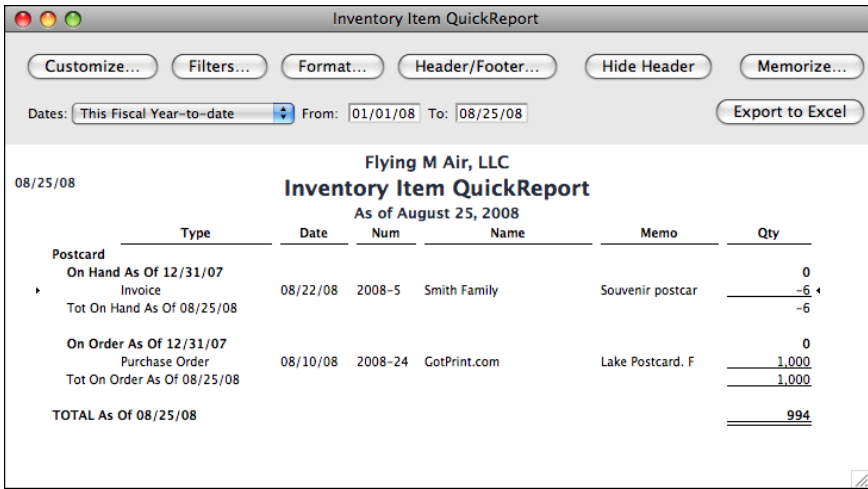


FIGURE 8-3 An inventory item’s QuickReport shows all kind of activity for the item, including open purchase orders.

- ❶ Choose Lists | Items to display the Item List window.
- ❷ Select the item you want to see open purchase orders for.
- ❸ Choose QuickReport from the Actions pop-up menu at the bottom of the window.
- ❹ To see detail about a purchase order, double-click it in the QuickReport window.

Receiving Inventory Items

Whether or not you use purchase orders, there are three ways to record the inventory items you receive, depending on how you pay for the items:

- You buy inventory over-the-counter.
- You receive items, and the bill comes later.
- You receive items with the bill included.

This part of the chapter looks at each method.

Buying Inventory Over-the-Counter

When you're paying for and receiving items on the spot, you record the items and payment in one step on the check or credit card form. When you pay with cash, use the check form to enter the payment if you have petty cash set up as a bank account type on your chart of accounts.



TIP: To pay for inventory items with a check or credit card, consult Chapter 15.

Receiving Items and Getting a Bill Later

When you receive items and get the bill later, enter the information in two steps: enter an item receipt, and enter the bill when you get it. There are two ways to enter an item receipt, depending on whether you ordered the items on a PO.

To Enter an Item Receipt for Items That Were Not Ordered on a PO

- ❶ Choose Vendors | Receive Items. The Create Item Receipts window appears (refer to Figure 8-4).
- ❷ Choose a Vendor from the drop-down list.
- ❸ Click the Items button.

Create Item Receipts

☒ Bill ☐ Credit ☐ Bill Received

Bill

Vendor: Toys that Fly Date: 08/25/08

ITEM RECEIPT ONLY

Ref. No. Total: 93.25

Memo: Received items (bill to follow)

☐ Show in iCal

Buttons: Next, Previous, Recalc, Cancel, OK

Expenses - \$0.00 | **Items - \$93.25**

Item	Description	Qty	Cost	Amount	Customer:Job	<input type="checkbox"/>	Class
Helicopter Toys	Helicopter toys.	100	0.87	87.00			
Gliders	Balsa wood	25	0.25	6.25			

Buttons: Select PO, Receive All, Show PO

FIGURE 8-4 Use the Create Item Receipts dialog to record the receipt of items.

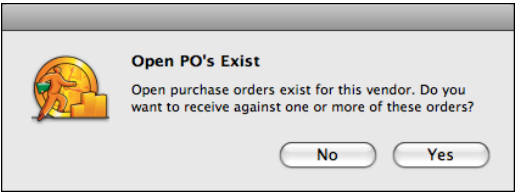
- 4 Use the Items pane to enter the items you're receiving. To do this, select the item from a line in the Item column, and fill in quantity and other information on the rest of the line. Repeat this process for each item received.
- 5 Click OK.

Two things happen:

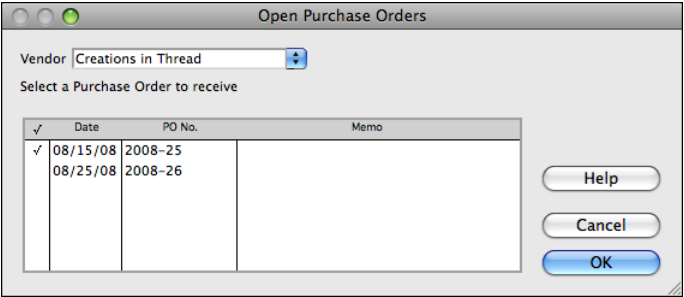
- QuickBooks increases your Accounts Payable by the amount shown on the item receipt. You can see the increase in the Accounts Payable register.
- For each inventory item on the receipt, QuickBooks adjusts the quantity in stock and recalculates your average cost for each item.

To Enter an Item Receipt for Items Ordered on a PO

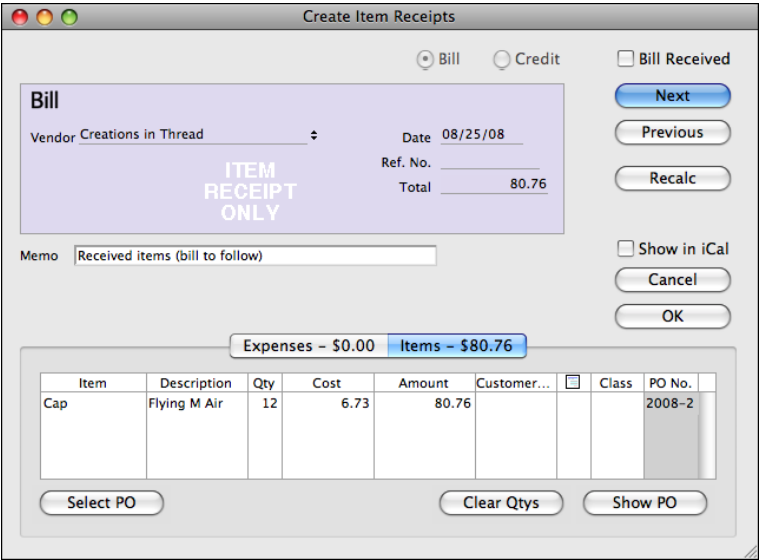
- 1 Choose Vendors | Receive Items. The Create Item Receipts window appears (refer to Figure 8-4).
- 2 Choose a Vendor from the drop-down list.
- 3 A dialog like the one shown next appears, telling you that one or more open purchase orders exist for this vendor. Click Yes.



- 4 The Open Purchase Orders dialog, which is shown next, appears. Click in the left column to place a check mark beside each purchase order you want to receive for and click OK.



- 5 The Items pane in the bottom half of the dialog fills in with items from the purchase order. Enter the quantity received for each item in the Qty field. You can also change the per item cost in the Cost column if you need to. If you received additional items not on any purchase order, enter them directly on the next available line. As shown next, QuickBooks automatically calculates the amount due.





TIP: If you make a mistake editing the detail area, or delete a line you later decide you want to have on the receipt, click Select PO; then click the PO containing the items you want to re-add to the receipt. QuickBooks remembers the edits you've made to other lines, but replaces any lines you deleted. If you make changes in the detail area and then decide you want to start over or see all items as they are on the PO, click Clear Qtys, and then click Receive All. QuickBooks replaces your changes with the original quantity and cost of items from the PO.

6 Click OK.

Three things happen:

- QuickBooks increases your Accounts Payable by the amount shown on the item receipt.
- For each inventory item on the receipt, QuickBooks adjusts the quantity in stock and recalculates your average cost for each item.
- For each inventory item on the receipt, QuickBooks reduces your quantity on order.

To Enter a Bill for Items You've Received

When you receive a bill, you can convert the item receipt to a bill. You can also add any expenses that weren't on the item receipt, such as shipping charges.

- 1 Choose Vendors | Enter Bill For Received Items to display the Select Item Receipt dialog, which is shown next.

Select Item Receipt

Vendor: Toys that Fly

Choose the Item Receipt which corresponds to your bill

Date	Ref No.	Memo
08/25/08		Received items (bill to follow)

Buttons: Help, Cancel, OK

- 2 Choose the vendor who sent the bill from the Vendor drop-down list. A list of corresponding item receipts appears.
- 3 Select the receipt for the bill you received and click OK.
- 4 The Enter Bills window appears. As shown in Figure 8-5, it's already filled in with information from the item receipt. Make changes and additions as necessary in the window, including in the Items and Expenses panes. When

Enter Bills

☒ Bill ☐ Credit ☒ Bill Received

Bill

Vendor: Toys that Fly Date: 08/25/08

Ref. No. Amount Due: 105.90

Terms Bill Due: 09/04/08

Memo

Expenses - \$12.65 Items - \$93.25

Item	Description	Qty	Cost	Amount	Customer:Job		Class
Helicopter Toys	Helicopter toys.	100	0.87	87.00			
Gliders	Balsa wood	25	0.25	6.25			

Select PO Clear Qtys Show PO

FIGURE 8-5 When you convert an item receipt into a bill, QuickBooks fills in much of the information in the Enter Bills form for you.

you're finished, the amount due, terms, and details should match the bill you received from the vendor.

- 5 Click OK.

NOTE: If you made any changes to costs in the detail area, QuickBooks adjusts the average cost for the inventory items you changed.

TIP: You can learn more about entering bills in Chapter 12.

Receiving Items with a Bill Included

When you receive a bill with items you purchase, you can enter the item receipt and bill at the same time.

To Enter Items and a Bill in One Step

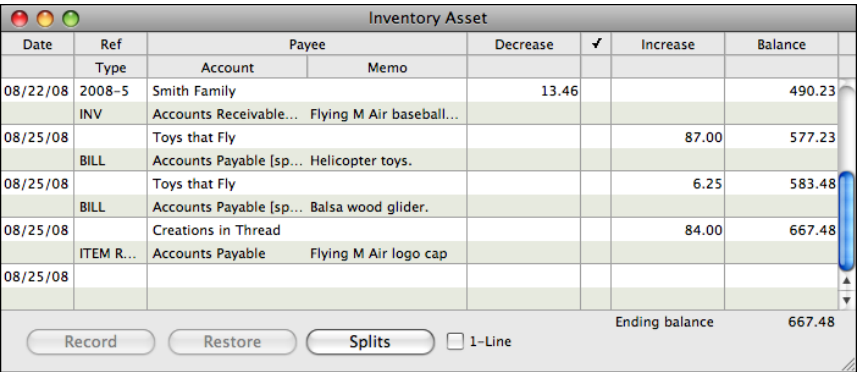
- 1 Choose Vendors | Receive Items And Enter Bill. The Enter Bills window, which is shown in Figure 8-5, appears.
- 2 Complete the form, following instructions in the previous section.

Other Inventory Management Tasks

Here are a few additional things you’ll probably want to do with inventory as you work with QuickBooks.

Using the Inventory Register

You can view a register for your inventory asset account just as you can for any Other Current Asset account. As shown in Figure 8-6, an inventory register has one entry for each item bought, sold, or adjusted in a transaction.




Inventory Asset					
Date	Ref	Payee	Decrease	✓	Increase
	Type	Account	Memo		Balance
08/22/08	2008-5	Smith Family		13.46	490.23
	INV	Accounts Receivable...	Flying M Air baseball...		
08/25/08		Toys that Fly			87.00
	BILL	Accounts Payable [sp...	Helicopter toys.		
08/25/08		Toys that Fly			6.25
	BILL	Accounts Payable [sp...	Balsa wood glider.		
08/25/08		Creations in Thread			84.00
	ITEM R...	Accounts Payable	Flying M Air logo cap		
08/25/08					
Ending balance					667.48

FIGURE 8-6 The Inventory account register shows all inventory bought, sold, or adjusted.

To View the Inventory Register

- 1 Choose Lists | Chart Of Accounts.
- 2 Double-click your inventory asset account.

 **TIP:** You can double-click an item in the Inventory register window to view the source document for that transaction.

Viewing the Average Cost of Inventory Items

The average cost of an inventory item equals the total cost of the items currently in stock divided by the number of items in stock. QuickBooks recalculates the average cost of an item every time you record the purchase of more units of the item. It adds the cost of the new items to the cost of the old stock and then divides by the total number of new and old items.

To View the Average Cost of an Inventory Item

You can see the average cost of an inventory item in the Edit Item dialog for the item.

- 1 Choose Lists | Items to display the Item List window.
- 2 Double-click the item you want to view details for. The average cost (Avg. Cost) appears at the bottom of the Edit Item window:

The screenshot shows the 'Edit Item' dialog box for an 'Inventory Part' named 'Cap'. The 'Description on Purchase Transactions' is 'Flying M Air logo cap' and the 'Description on Sales Transactions' is 'Flying M Air baseball cap'. The 'Cost' is 6.73 and the 'Sales Price' is 12.00. The 'COGS Account' is 'Cost of Goods Sold' and the 'Income Account' is 'Sales'. The 'Avg. Cost' is 6.82529. The 'Qty on Hand' is 34 and the 'Qty on Order' is 24. The 'Reorder Point' is 6.00. The 'Asset Account' is 'Inventory Asset'. The 'Preferred Vendor' is empty. The 'Subitem of' is empty. The 'Taxable' checkbox is checked. The 'Inactive' checkbox is unchecked. The 'Custom Fields' button is visible. The 'Cancel' and 'OK' buttons are at the bottom right.

To View the Average Cost of All Inventory Items

You can see the average cost of all inventory items on hand in an Inventory Valuation Summary report (refer to Figure 8-7). Choose Reports | Inventory | Valuation Summary to view it.

The screenshot shows the 'Inventory Valuation Summary' report for 'Flying M Air, LLC' as of August 25, 2008. The report includes a table with columns for Item Description, On Hand, Avg Cost, Asset Value, % of Tot Asset, Sales Price, Retail Value, and % of Tot Retail. The data is as follows:

Item Description	On Hand	Avg Cost	Asset Value	% of Tot Asset	Sales Price	Retail Value	% of Tot Retail
Cap	34	6.83	232.06	34.8%	12.00	408.00	23.5%
Gliders	25	0.25	6.25	0.9%	0.95	23.75	1.4%
Helicopter Toys	100	0.87	87.00	13.0%	2.50	250.00	14.4%
Luggage	8	25.50	204.00	30.6%	75.00	600.00	34.5%
Postcard	994	0.14	138.17	20.7%	0.46	457.24	26.3%
TOTAL	1,161		667.48	100.0%		1,738.99	100.0%

FIGURE 8-7

An Inventory Valuation Summary report shows all inventory items and their average cost.

Adjusting Value and Quantity on Hand

Although QuickBooks automatically adjusts your quantities after every purchase and sale, you may need to adjust them yourself from time to time. For example, you may lose inventory as a result of spoilage, fire, theft, breakage, or flood. Or, when you take a physical inventory, you may discover that some quantities differ from the values in QuickBooks.

When you adjust a quantity, QuickBooks assumes that the average cost of the item remains the same, and it adjusts the value accordingly. For example, if the average cost is \$10 and you reduce the quantity by 2, QuickBooks reduces the value of the items on hand by \$20.

To Adjust the Quantity on Hand

- 1
- Choose Vendors | Inventory Activities | Adjust Quantity/Value On Hand. The Adjust Quantity/Value On Hand dialog, which is shown in Figure 8-8, appears.

Adjust Quantity/Value on Hand

Adjustment Date08/25/08

Customer:Job

Ref. No.1

Class

Adjustment AccountOther Expenses

Item	Description	Current Qty	New Qty	Qty Difference
Cap	Flying M Air baseball cap	34	32	-2
Gliders	Balsa wood glider.	25	26	1
Helicopter Toys	Helicopter toys.	100		
Luggage	Black wheelie bag with	8	7	-1
Postcard	Souvenir postcard of	994		

Memo

☐ Value Adjustment

Total Value of Adjustment

-38.90

Next

Previous

Cancel

OK

FIGURE 8-8 Use this dialog to adjust the quantity or value of inventory items on hand.

- 2
- Fill in the top part of the form:
- **Adjustment Date** is the date of the adjustment. QuickBooks fills this in automatically with the current date.
 - **Ref. No.** is an optional transaction reference number for the adjustment.
 - **Adjustment Account** is the account the value adjustment should be recorded to. This is normally an expense account. If you need to assign the expense to more than one account, enter a separate adjustment for each account.

- **Customer:Job** enables you to assign the adjustment to a specific customer or job. Use this option if the inventory adjustment is specific to a customer or job—for example, a theft or fire at a job site.
 - **Class** enables you to apply a class to the transaction if class tracking is enabled. The class tracking feature is covered in Chapter 4.
- 3 For each item listed, enter a new quantity (if different) in the New Qty field. QuickBooks calculates the unit difference, as well as the value difference, which appears at the bottom of the dialog.
 - 4 To also adjust the value of inventory—for example, to reduce the value of inventory that you may have to sell at a loss due to damage or seasonal demand—turn on the Value Adjustment check box. You can then enter values in a New Value column that appears in the dialog.



NOTE: If you edit the value, you'll change the average cost of the items in stock. Edit the value only if you know that the value of items has changed, even if the quantity has remained the same.

- 5 Click OK. QuickBooks enters the adjustment in your inventory register.

Returning Items to a Vendor

You can return items to a vendor before or after you've entered the bill in QuickBooks.

If you are recording a return for items before you've entered a bill, you use different methods depending on whether you entered the items on an item receipt or on a purchase order.

To Record a Return for Items on an Item Receipt

Delete the item receipt, or delete some items off the receipt or edit the quantities if you're returning a partial shipment:

- To delete the entire item receipt, display it and then choose Edit | Delete Item Receipt, or press COMMAND-D. Click OK in the confirmation dialog that appears.
- To remove a line from an item receipt, click in the line and then choose Edit | Delete Line, or press COMMAND-B.
- To edit quantities in an item receipt, enter a new value in the Qty field for the item.



NOTE: If you originally used a PO to order the items you're returning, and you don't want to leave the PO open for these items (because your vendor is not sending replacements, for example), you can close all or part of the PO manually. Chapter 14 explains how.

To Record a Return to a Vendor after You've Entered a Bill

- 1 Choose Vendors | Enter Bills to display the Enter Bills window (refer to Figure 8-5).
- 2 Select the Credit option at the top of the Enter Bills window.
- 3 In the Vendor field, choose the vendor to whom you're returning items.
- 4 Click the Items button and enter item details in the Items pane.
- 5 Click OK. QuickBooks decreases your quantity on hand of the items you enter and creates a credit with this vendor which you can apply to your next bill.



TIP: You can learn more about credits in Chapter 12.

Creating Inventory Reports

QuickBooks offers a number of inventory reports, some of which have already been discussed and shown in this chapter.

To Create an Inventory Item QuickReport

An inventory item QuickReport (refer to Figure 8-3) shows opening and ending quantity on hand, and a list of every transaction (purchase, sale, or quantity adjustment) that has affected quantity on hand for the selected item since the beginning of the time period (defaults to this fiscal year). It also lists every open purchase order with quantities still on order for this item, and total on order.

- 1 Choose Lists | Items to display the Item List window.
- 2 Select the inventory item you want to see a QuickReport for.
- 3 Choose QuickReport from the Actions pop-up menu at the bottom of the window.

To Create a Physical Inventory Worksheet

A Physical Inventory Worksheet (refer to Figure 8-9) is a report you can use as a basis to take a physical inventory—an actual count of items on hand. To create this worksheet, choose Vendors | Inventory Activities | Physical Inventory Worksheet. Print the report and use it while counting to record actual amounts on hand.

08/25/08

Flying M Air, LLC
Physical Inventory Worksheet
 All Transactions

	Item Description	Pref Vendor	On Hand	Physical Count
Cap	▶ Flying M Air logo cap		32	
Gliders	Balsa wood glider.	Toys that Fly	26	
Helicopter Toys	Helicopter toys.	Toys that Fly	100	
Luggage	Black wheelie bag with FI	Creations in	7	
Postcard	Lake Postcard, Front ima	GotPrint.com	994	

FIGURE 8-9 A Physical Inventory Worksheet can form the basis of an inventory count—and subsequent adjustment.

To Create an Inventory Report

QuickBooks also offers a number of standard inventory reports, which you can find listed on the Inventory submenu under the Reports menu. To create a report, select its command.



TIP: You can learn more about reports in Chapter 21.

Receiving and Depositing Payments

n this chapter:

- Recording an invoice or statement payment
- Overpayments, down payments, and prepayments
- Retainers
- Correcting the application of a payment
- Depositing payments
- Recording a return
- Handling a bounced check from a customer
- Questions and answers about payments

When you receive payments from customers for invoices or billing statements you’ve sent, you’ll discover additional benefits of using QuickBooks’ accounts receivable:

- As you start to record a payment, you immediately see the customer’s current balance, including any credits, and a complete list of outstanding invoices (or statement charges). You can assign the payment to any of the invoices or statement charges.
- You can indicate which payments to group in a deposit in the same way your bank groups them on its statements, according to type (check, cash, or credit card), and print a deposit summary you can take to your bank.
- You can record a cash sale, create a credit memo, or create a refund check.

Table 9-1 lists the various types of payments you might receive and the QuickBooks window you’d use to record them. This chapter covers how to record the payments you receive and deposit for your business.


To Record This Type of Payment	Use This QuickBooks Window
Payment against an invoice or billing statement	Receive Payments
Full payment at time of sale	Enter Sales Receipt
Partial payment at or before time of sale	Create Invoices (use a Payment item)
Down payment, prepayment	Receive Payments

TABLE 9-1

Overview of Payments and Windows for Recording Them

Recording Payments for Amounts Owed

If you invoice your customers or send them statements of amounts due, you’re likely to get payments for the invoices or statements. In QuickBooks, you apply payments directly to the invoice or statement so it’s clear which items remain outstanding (if any) after payment has been applied.

 **TIP:** Creating invoices and statements is covered in Chapter 7.

This part of the chapter explains how to record payments for amounts owed to your company by your customers. It also covers two special circumstances—applying discounts for early payments and recording bad debts—and explains how QuickBooks calculates amounts in the Receive Payments window.

Recording Payments and Bad Debts

When you receive a payment, you probably want to get it into the bank as soon as possible. But hold on, at least until you've entered it into QuickBooks. As you'll see in this section, it's quick and easy to do.

To Enter a Customer's Invoice or Statement Payment

- 1 Choose Customers | Receive Payments. The Receive Payments window, which is shown in Figure 9-1, appears.

Customer Payment

Customer:Job American Aviation

Memo

DATE 08/26/08 BALANCE 2,340.00

Amount 2,025.00

Pmt. Method Check

Check No. 3467

Deposit: ☐ Group with other undeposited funds ☒ Deposit To: Checking

Existing Credits: 0.00

☐ Apply Existing Credits?

Total to Apply: 2,025.00

Unapplied Amount: 0.00

Outstanding Invoices/Statement Charges

✓	Date	Type	Number	Job	Orig. Amt.	Disc. Date	Amt. Due	Payment
✓	08/16/08	Invoice	2008-1		675.00	08/26/08	675.00	675.00
✓	08/16/08	Invoice	2008-2		675.00	08/26/08	675.00	675.00
✓	08/20/08	Invoice	2008-3		675.00	08/30/08	675.00	675.00
	08/21/08	Invoice	2008-4		315.00	08/31/08	315.00	0.00
Totals							2,340.00	2,025.00

Buttons: Next, Previous, Discount Info, Clear Payments, Print Credit Memo, Add deposit reminder to iCal, Cancel, OK

FIGURE 9-1 Use the Receive Payments window to match customer payments with amounts owed.

- 2 Fill in the top area of the form:
 - **Customer:Job** is the customer or job for which payment was received. It's important that you choose the right customer or job (for a multi-job customer), since the payment will be applied directly to invoices or statement charges for that customer or job.
 - **Date** is the date of payment processing. QuickBooks automatically fills this in with today's date or the date last used.
 - **Balance** is automatically filled in by QuickBooks based on the outstanding invoices or charges for the customer:job.
 - **Amount** is the amount of the payment received.



TIP: If a customer pays for two jobs with one payment, use the Receive Payments window twice and split the amount of the payment as though it were two payments. Then choose the first job in the Customer:Job field, and enter only the amount the customer is paying for that particular job in the Amount field. After completing the entry, repeat this process for the other job with the remaining payment.

- **Pmt. Method** is the method of payment.
 - **Check No.** is the check number or other transaction number you might want to apply. This information is especially useful to your customers when they review a statement of account activity after payment is processed.
- 3 Select a deposit option:
 - **Group With Other Undeposited Funds** adds the deposit to the Undeposited Funds account, where it will remain until deposited. Preparing deposits is covered later in this chapter.
 - **Deposit To** enables you to specify an account to deposit the funds to immediately. Use this option if you don't want or need to use QuickBooks' deposit features.
 - 4 If the customer has existing credits on its account, you can turn on the Apply Existing Credits check box. Credits on the account can then be applied with the payment.
 - 5 In the bottom half of the window, click in the left column to display check marks for each invoice or statement charge you want to apply the payment to. QuickBooks automatically applies the payment amount to the oldest invoices or charges first, but you can change how it applies it by toggling check marks and entering different values in the Payment column for an item.



NOTE: If the customer sends more money than he or she owes, the extra amount is treated as unapplied credit. You can learn more about unapplied credits later in this chapter.

- 6 Click OK to record the payment. QuickBooks reduces the amount owed by the customer in its account.

To Apply a Discount for Early Payment

Use the Discount Info button when your payment terms include a discount for customers who pay before the due date. QuickBooks holds any credit amount in Accounts Receivable until you apply it to an invoice or issue a refund check.



NOTE: To apply a discount for other reasons besides early payment, use the Discount item. You can learn about discount items in Chapter 6.

- 1 Follow the instructions in the previous section to enter payment information in the Receive Payments window (refer to Figure 9-1).
- 2 If the Disc. Date column shows a date the same as or earlier than the payment date, there is a discount available to this customer based on the terms on the original invoice. You can apply a discount even if you did not set up discount terms prior to receiving payments. Click in the Payment column of the appropriate line, and then click the Discount Info button. This displays the Discount Information dialog, which is shown next.

The Discount Information dialog box displays the following information:

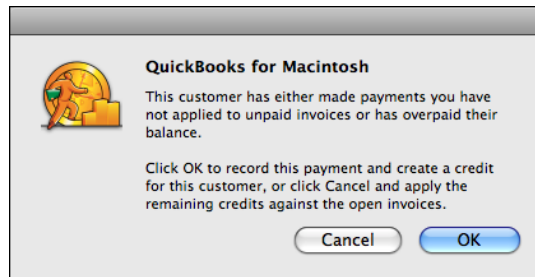
- Invoice Number: 2008-1
- Discount Available Through: 08/26/08
- Invoice Amount: 675.00
- Current Balance: 675.00
- Terms: 2% 10 Net
- Suggested Discount: 13.50
- Discount (in dollars): 13.50
- Discount Account: Sales:Sales Discounts

Buttons: Help, Cancel, OK

- 3 Review QuickBooks' calculated discount amount, or enter another amount in the Discount (In Dollars) field.
- 4 In the Discount Account field, choose the account you use to track discounts.
- 5 Click OK. The Amount Due and Payment amounts are adjusted accordingly:

✓	Date	Type	Number	Job	Orig. Amt.	Disc. Date	Amt. Due	Payment
✓	08/16/08	Invoice	2008-1		675.00	08/26/08	661.50	661.50

- 6 Repeat steps 2 through 5 for each invoice or statement charge for which you want to apply a discount.
- 7 Click OK to save the payment information. If you have not applied all payments to the account, a dialog like the one shown next appears. Click Cancel to go back to the Receive Payments window and apply the payments to other charges (if there are any), or click OK to record the payment and create a credit for the customer's account.



NOTE: If the customer has paid the full amount (rather than the discounted amount) and has other outstanding invoices or statement charges, you can apply the credit to those charges. Otherwise, the unapplied amount will become a credit on the customer's account.

To Correct the Application of a Payment

If you apply a payment to the wrong invoice (or statement charge), you can easily correct the error by editing the payment transaction.

NOTE: You cannot edit or delete a payment that has been deposited. To edit a deposited payment, you must remove it from the deposit transaction. You can learn more about deposits later in this chapter.

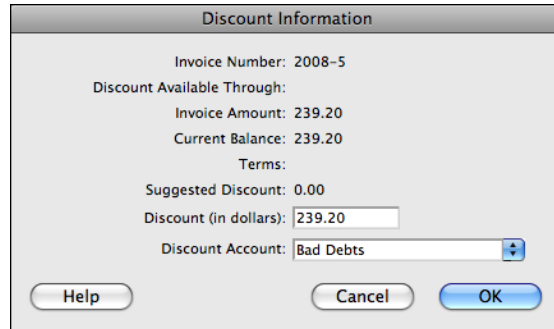
- 1 In the Accounts Receivable register, select the payment you want to change.
- 2 Choose Edit | Edit Payment, or press COMMAND-E. The Receive Payments window for that payment appears (refer to Figure 9-1).
- 3 Make changes as necessary to correct the payment.
- 4 Click OK to save your changes.

To Record Bad Debts

You can also use the Discount Information window to record bad debts and write-offs from your customers. This method does not change your sales tax liability.

- 1 Open the Receive Payments window and choose the customer from whom you incurred the bad debt.
- 2 Leave the Amount field at 0.00.
- 3 In the Memo field, enter an appropriate description. This description appears in the customer's register and prints on statements.
- 4 Click in the Payment column of the line that will not be paid; then click the Discount Info button.

- 5 In the Discount Information dialog (shown next), enter the amount of the bad debt in the Discount (In Dollars) field and the name of your bad debt expense account in the Discount Account field.



The Discount Information dialog box displays the following information:

- Invoice Number: 2008-5
- Discount Available Through:
- Invoice Amount: 239.20
- Current Balance: 239.20
- Terms:
- Suggested Discount: 0.00
- Discount (in dollars): 239.20
- Discount Account: Bad Debts

Buttons at the bottom: Help, Cancel, OK.

- 6 Click OK in the Discount Information dialog.
- 7 Click OK in the Receive Payments window.

Calculated Amounts in the Receive Payments Window

The Receive Payments window (refer to Figure 9-1) shows several calculated amounts for your convenience: Existing Credits, Total To Apply, and Unapplied Amount. Here's what they might look like for a customer with existing credits:

Existing Credits:	40.50
<input type="checkbox"/> Apply Existing Credits?	
Total to Apply:	315.00
Unapplied Amount:	0.00

Existing Credits

The Existing Credits for a customer consist of any amounts from transactions that resulted in credit to the customer, such as an overpayment, down payment, return for which you recorded a credit memo, or cancellation of an order after paying. QuickBooks displays this amount automatically as soon as you enter the customer's name. To apply existing credits to invoices (or statement charges), turn on the Apply Existing Credits check box.

Total to Apply

The Total To Apply is the sum of the current payment amount and the customer's existing credits (if the check box is toggled on). It is the total amount available to apply to invoices (or statement charges). QuickBooks calculates this amount automatically after you fill in the amount of the current payment or mark the check

box to apply credits. If the total includes both existing credits and a payment, QuickBooks applies the existing credits to open invoices or statement charges first. It then applies the current payment amount.

Unapplied Amount

If you have the Automatically Apply Payments option turned off in Sales/Invoicing Preferences, QuickBooks recalculates the Unapplied Amount each time you apply part of the payment to an invoice. Initially, the figure displayed is the same as the Total To Apply amount. As you apply the payment to invoices, the Unapplied Amount field shows the difference between the Total To Apply amount and the totals shown in the Payment column. When the Total To Apply amount is applied completely, the Unapplied Amount becomes 0.00.

If the customer has sent more than he or she owes, the overpayment is in the Unapplied Amount field after you have applied the payment to all open invoices (or statement charges). The next time you use the Receive Payments window for this customer, this new credit will be part of the customer's Existing Credits.

Other Types of Payments

QuickBooks also makes it easy to account for other kinds of payments, including:

- **Overpayments**, which occur when a customer pays more than it owes.
- **Down Payments** or **Prepayments**, which occur when customers pay you a portion of amounts due before they are invoiced or charged.
- **Retainers**, which are payments in advance of performing a service.

This part of the chapter examines how QuickBooks handles each of these types of payments.

Overpayments, Down Payments, and Prepayments

If a customer sends you more money than he or she owes, there will be an amount left over at the Receive Payments window after you have applied the payment to invoices (or statement charges). You can print a credit memo for your customer, acknowledging the amount you owe.


Whether you print the credit memo or not, QuickBooks keeps track of the credit amount, and you can apply it to any future invoices (or statement charges) for the customer.

QuickBooks either holds the money you receive for payments in an account called Undeposited Funds until you record a deposit to your bank account, or deposits the money directly into a checking or other account. See “Depositing Payments.”

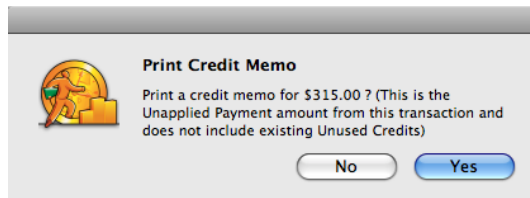
To Record an Overpayment, Down Payment, or Prepayment


One way to record an overpayment, down payment, or prepayment is with the Receive Payments window.

- ❶ Choose Customers | Receive Payments to display the Receive Payments window (refer to Figure 9-1).
- ❷ Complete the form as discussed earlier in this chapter. Here are a few additional things to keep in mind:
 - If you're recording a down payment and you are doing more than one job for the customer, be sure to specify both the customer name and job name in the Customer:Job field. The job name will ensure that the down payment gets applied to invoices (or statement charges) for this particular job.
 - For an overpayment, apply as much of the payment as you can to outstanding invoices (or statement charges).
- ❸ Note the leftover amount in the Unapplied Amount field. If the payment is a down payment and there is no invoice (or statement charge) yet, the entire payment amount is displayed in the Unapplied Amount field. QuickBooks holds the unapplied amount with this customer's name, so that when you do have an invoice or statement charge for this customer, you can apply this down payment amount. The next time you enter this customer in the Receive Payments window, this credit amount is included in the Existing Credits field.

 **NOTE:** The customer's balance (next to the customer name in the Customer Center's customer list) also reflects the credit amount.

- ❹ To print a credit memo for the amount paid beyond the customer's balance, click the Print Credit Memo button. A dialog like the one shown next appears. Click Yes, and then click Print in the Print dialog that appears.



 **NOTE:** The amount that prints on the credit memo is the dollar amount in the Unapplied Amount field minus the amount in the Existing Credits field.

- ❺ Click OK to save the payment information.

Recording a Down Payment in a Credit Memo Window

You can also use the Create Credit Memos/Refunds window to record a down payment and print a receipt. Whether you use the Receive Payments window or the Create Credit Memos/Refunds window to record a customer's down payment, the credit amount ends up in the Existing Credits field of the Receive Payments window, and you can use the down payment amount to pay off part or all of an invoice (or statement charge).

- 1 Choose Customers | Create Credit Memos/Refunds to display the Create Credit Memos/Refunds window, which is shown in Figure 9-2.

Create Credit Memos/Refunds

Customer: Job Jones, William Class Photo

Template Standard Service Credit Memo Customize...

Credit Memo

Customer
William Jones
143 West Street
Deadville, AZ 85390

Date 08/26/08 Credit No. 2008-9

P.O. Number 8392

Item	Description	Quantity	Rate	Amount	Tax
Payment	Downpayment for September Photo		500.00	500.00	
Customer Message					
	Tax Wickenburg Sales 8.0%			0.00	
	Total			500.00	

Memo Remaining Credit 500.00

Buttons: Next, Previous, Refund, Tx History..., Customer is taxable (checked), Show in iCal, To be printed (checked), Print..., To be emailed (checked), Cancel, OK

FIGURE 9-2 You can use the Create Credit Memos/Refunds window to record a down payment.

- 2 Fill in the top of the credit memo just as you would an invoice for this customer or customer and job. (If you need assistance, consult Chapter 7.)
- 3 In the line-item area, use a payment item to record the down payment amount. You can add any description for the down payment.



TIP: You can learn more about payment items in Chapter 6.

- 4 To print the credit memo, click the Print button. Then click Print in the standard Print dialog that appears.
- 5 Click OK to record the credit memo.

The credit amount appears in the Receive Payments window for this customer. You can use the credit (down payment) amount toward any invoice (or statement charge) for this customer.

Retainers

A *retainer* is money you receive in advance of performing a service. This money creates a liability because you owe the service to the customer. As you work off the liability, you may want to know how much remains. For example, property owners may receive prepaid rent.

To use retainers in QuickBooks, you need to set up the following:

An Other Current Liability account for tracking retainers. Retainers are liabilities because in return for them, you owe clients a certain amount of work.

- Name this account “Retainers,” and type “Unearned retainers” in the Description field.
- Set up the account with a zero opening balance unless you want to track retainers existing as of your start date.

An Other Charge item to use for showing the retainer on invoices. You’ll use this item when you bill for retainers on invoices or statement charges as discussed in Chapter 7.

- Name this item “Retainer,” and type “Retainer applied” in the Description field.
- In the Account field, enter the name of your account for tracking retainers.

A Payment item to use for showing the original payment received. You’ll use this item in the Create Invoice window when recording the receipt of retainer payments.

- Name this item “Payment,” and type “Payment by check received” in the Description field.
- Choose Check in the Payment Method field. If you accept advance payments by other methods, set up separate items for each method.



TIP: Learn about creating accounts in Chapter 5 and about creating items in Chapter 6.

To Track Receipt of a Retainer

You record the receipt of a retainer on an invoice form. Here’s how.

- 1 Choose Customers | Create Invoices, or press COMMAND-I. The Create Invoices window, which is shown in Figure 9-3, appears.

Create Invoices

Customer: Job Powell, John W. Class [dropdown]
 Template Standard Service Invoice Customize...

Invoice

Bill To
 John W Powell
 Colorado Explorers, Inc.
 123 Main Street
 Page, AZ 86040

Date 08/26/08 Invoice No. 2008-10

Item	Description	Rate	Quantity	Amount	Tax
Retainer	Retainer account established	1,000.00		1,000.00	
Payment	Payment on account	-1,000.00		-1,000.00	
				Total	0.00

Customer Message [dropdown] Tax Out of State 0.0% 0.00

Memo [text area] Balance Due 0.00

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

FIGURE 9-3 You record a retainer on an invoice form like this.

- 2 Fill in the top half of the form as you normally would for the customer.
- 3 In the Item column of the first line of the items area, choose the Retainer item.
- 4 Edit the description so that it says “Retainer account established.”
- 5 In the Rate field, enter the retainer amount as a positive number. This amount increases the balance of your liability account that tracks retainers.
- 6 In the Item column of the next line, choose the Payment item.
- 7 Enter an appropriate description for the item, if necessary.
- 8 In the Rate field, enter the payment amount as a positive number. QuickBooks automatically makes a payment negative. This line item balances the previous line item and makes the invoice balance zero.
- 9 Click OK to save the invoice.



NOTE: It is not necessary to send this invoice to your customer, but you must have it recorded in QuickBooks.

To Apply the Retainer to Services

You apply a retainer on an invoice very much as you might apply a deposit.

- 1 On an invoice for the customer, enter one or more line items for services. Usually, you’ll write a new invoice. However, you could add the first service to

the invoice that shows receipt of the retainer. You could even add all subsequent services to the same invoice.

- 2 Add a Subtotal item if you have more than one line item.
- 3 On the next blank line, choose the Retainer item in the Item field.
- 4 In the Rate field, enter the amount of the retainer that you are applying as a negative number. This amount decreases the balance of your liability account that tracks retainers. If you apply an amount equal to the charges on the invoice, the balance on the invoice is zero. When you're finished, it might look something like Figure 9-4.

Create Invoices

Customer/Job: Powell, John W. Class:
 Template: Standard Service Invoice Customize...
 Date: 08/26/08 Invoice No.: 2008-11
 Terms: Net 15
 Customer is taxable
 Show in iCal
 To be printed
 To be emailed
 Cancel
 OK

Invoice

Bill To: John W Powell, Colorado Explorers, Inc., 123 Main Street, Page, AZ 86040

Item	Description	Rate	Quantity	Amount	Tax
Photo Flight	Photo flight	450.00	1.7	765.00	
Cap	Flying M Air baseball cap	12.00	6	72.00	
Subtotal	Subtotal			837.00	
Retainer	Amount paid by retainer.	-837.00		-837.00	
Total				0.00	

Customer Message: Tax: Out of State 0.0% 0.00
 Memo: Balance Due 0.00

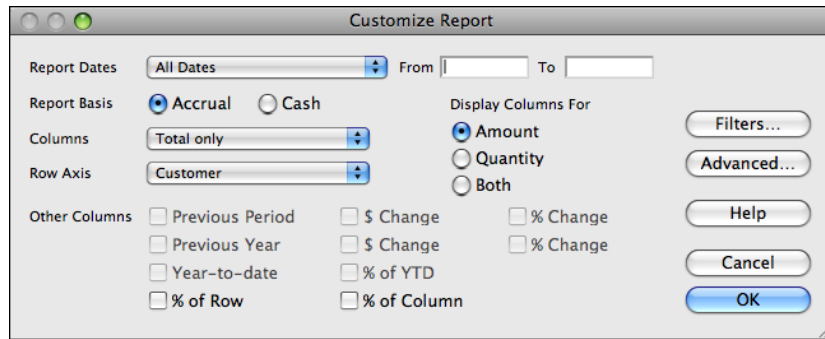
FIGURE 9-4 You use an invoice form to apply a retainer to invoiced charges.

- 5 Click OK to save the invoice.

To Create a Report of Retainer Balance by Customer

To see the current retainer balance for each client, you can create a custom report.

- 1 Choose Reports | Custom Summary Report. QuickBooks creates a basic summary report and displays it in a report window.
- 2 Click the Customize button to display the Customize Report dialog, shown next.



- 3 Choose All Dates from the Report Dates pop-up menu.
- 4 Choose Customer from the Row Axis pop-up menu.
- 5 Click the Filters button to display the Report Filters dialog (shown next).



- 6 Choose the Name of your Retainers account from the Account drop-down list.
- 7 Click Apply.
- 8 If a dialog appears, warning you about report/filter mismatch, click OK.
- 9 In the Customize Report dialog, click OK. The default report changes to show only customers with retainers and the balance of their retainers (refer to Figure 9-5).



TIP: Once you've created a custom report, you can memorize it so it's easy to create again any time you need to. Chapter 21 explains how to create, customize, and memorize reports.

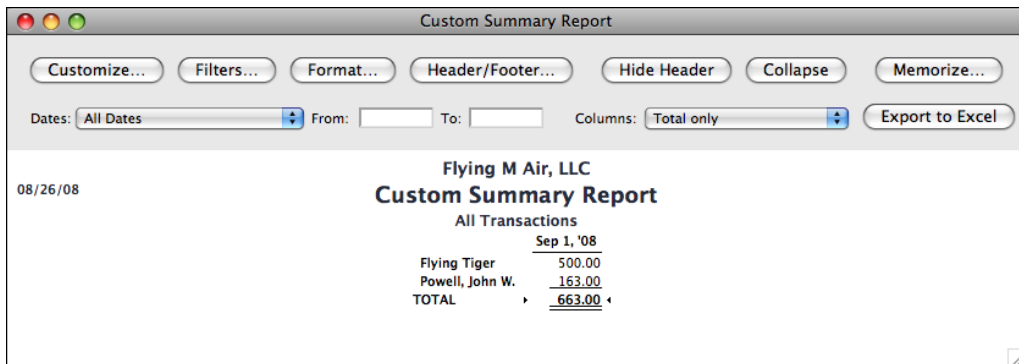


FIGURE 9-5 You can create a custom report that lists the balances for all customer retainers.

Depositing Payments

When you receive payments, whether for invoices or cash sales, you can either show them as deposited into a bank account, or you can wait until the end of the day or the end of the week to deposit the money you've collected. QuickBooks allows you to use the method you prefer for depositing payments.

When you are deciding on the method to use to deposit payments, think about how your bank statement shows deposits. You should select the deposit method in QuickBooks that imitates your bank statement to make it easier for you to reconcile your bank accounts.

If the bank statement shows a lump sum for a deposit, you should choose to group payments with other funds for later deposit. If, on the other hand, the bank statement shows each individual check that was deposited, you should choose to deposit directly to an account.

You choose a deposit method in the Receive Payments window, the Enter Sales Receipt window, or the New/Edit Item window for a payment item that you might use on an invoice. The Deposit options usually look something like this:

☒ Group with other undeposited funds
☐ Deposit To



TIP: If you use invoices to bill your customers and you deposit payments directly to several different accounts, create a separate payment item for each account.

Here’s how they work:

- If you choose Group With Other Undeposited Funds, QuickBooks holds your undeposited funds in an Other Current Asset account called Undeposited Funds until you record a deposit.
- If you choose Deposit To and select an account from the pop-up menu, QuickBooks automatically records a deposit for the amount of the payment in the account you selected on the date you received the payment.

To Record a Deposit

If you have undeposited funds, you’ll need to create an entry in QuickBooks to record the deposit when you make it.

- 1
- Choose Banking | Make Deposits. The Payments To Deposit dialog, which is shown in Figure 9-6, appears. It displays all payments that you have received but not yet deposited.

Payments to Deposit

Select payments to deposit:

✓	Date	Type	No.	Payment Method	Name	Amount
✓	08/22/08	INV	2008-5	Check	Smith Family	50.00
✓	08/26/08	PMT	3467	Check	American Aviation	2,025.00
✓	08/26/08	CREDMEM	2008-9	Check	Jones, William	500.00
✓	08/26/08	INV	2008-12	Check	Flying Tiger	500.00
✓	08/26/08	INV	2008-10	Check	Powell, John W.	1,000.00

5 of 5 payments selected for deposit

Subtotal: 4,075.00

Select AllSelect NoneHelpCancelOK

FIGURE 9-6

Use the Payments To Deposit dialog to select the payments you want to include in a deposit.

- 2
- Click in the left column to place a check mark beside each item you want to include in the deposit. You can use the Select All or Select None button to toggle all the checks at once.
- 3
- Click OK. QuickBooks lists the payments in the Make Deposits window (refer to Figure 9-7).

Make Deposits

Deposit To: Date: Memo:

Enter any other amounts to deposit below, or click Payments to add or remove received payments to deposit.

Received From	From Account	Memo	Chk No.	Pmt Meth.	Class	Amount
Smith Family	Undeposited Funds	Deposit applied		Check		50.00
American Aviation	Undeposited Funds	Deposit applied	3467	Check		2,025.00
Jones, William	Undeposited Funds	Deposit applied	8392	Check	Photo	500.00
Flying Tiger	Undeposited Funds	Deposit applied		Check		500.00
Powell, John W.	Undeposited Funds	Deposit applied		Check		1,000.00

Deposit Subtotal: 4,075.00

If you are taking cash back from this deposit, choose the account used to track the cash, such as your petty cash account, then enter an optional memo, and the amount of cash.

Cash back goes to: Cash back memo: Less cash back:

Deposit Total: 3,975.00

FIGURE 9-7 QuickBooks lists items to be deposited in the Make Deposits window.

- 4 Enter information into the form's fields as necessary:
 - **Deposit To** is the account funds will be deposited into.
 - **Date** is the deposit date. QuickBooks automatically fills this in with today's date.
 - **Memo** is an optional note about the deposit.
- 5 In the list of items area, add lines for any amounts to deposit that are not payments you received for sale of items. This might include refunds or rebates from vendors, or money an owner is investing in the company.
- 6 If you will get cash back from the deposit, complete the fields at the bottom of the window:
 - **Cash Back Goes To** is the account that cash back from the transaction will go to. This is normally a petty cash account, but it could be an equity account if the money will be turned over to an owner or some other account, depending on how the funds are used.
 - **Cash Back Memo** is an optional note to appear in the account where the cash back transaction is posted.
 - **Less Cash Back** is the amount of cash back from the deposit.
- 7 To save the deposit, click OK.

To Print a Deposit Summary

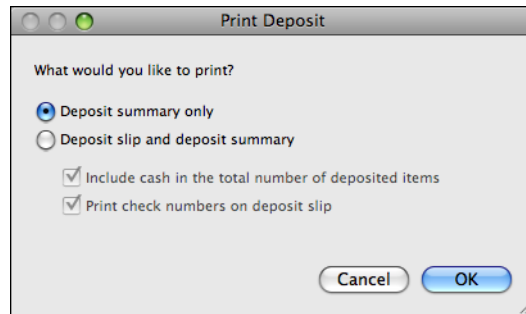
When you record a deposit into a bank account, you can print a deposit summary like the one in Figure 9-8 that lists the payments you have recorded. Use the printed list to help you fill out a deposit slip at the bank.

Deposit Summary				08/26/08
Summary of Deposits to Checking on 08/26/08				
Chk No.	PmtMeth.	Rcd From	Memo	Amount
	Check	Smith Family	Deposit applied	50.00
3467	Check	American Aviation		2,025.00
8392	Check	Jones, William	Deposit applied	500.00
	Check	Flying Tiger	Deposit applied	500.00
	Check	Powell, John W.	Deposit applied	1,000.00
Less Cash Back:				100.00
Deposit Total:				3,975.00

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FIGURE 9-8 You can print a Deposit Summary to take to the bank with you.

- 1 Follow the instructions in the previous section to prepare a deposit, but don't click OK yet.
- 2 Click Print. The Print Deposit dialog, which is shown next, appears.



- 3 Select Deposit Summary Only.
- 4 Click OK.
- 5 In the Print dialog that appears, click Print.
- 6 Back in the Make Deposits window, click OK to save the deposit.


To Put Different Payment Methods into Separate Deposits

To make it easier to reconcile your bank accounts, separate deposits if your bank statement separates them. For example, your bank may separate credit card deposits and checks. You should treat payment methods the same way your bank does, so that your QuickBooks check register matches your bank statement.

Follow the instructions in the section titled “To Record a Deposit” to prepare your deposit transaction, but in step 2, select only those payment types that will be grouped in a deposit transaction. Complete the transaction as usual.

To Edit or Delete a Payment Deposited with the Make Deposits Window

If you need to edit or delete a payment that you’ve already included in a deposit in the Make Deposits window, you must remove the payment from the original deposit transaction before you can edit or delete it in the A/R register, the Receive Payments window, an invoice, a billing statement, or a cash sale.

 **NOTE:** If you have set up QuickBooks to bypass Undeposited Funds and deposit payments directly to an account, you cannot edit or delete a payment without affecting your records. When you delete a payment from the account register, the payment no longer exists in QuickBooks. You will need to enter the correct deposit.

- 1 From the Undeposited Funds register, select the deposit containing the payment you want to edit or delete.
- 2 Choose Edit | Edit Deposit, or press COMMAND-E. The Make Deposits window for the deposit appears (refer to Figure 9-7).

- 3 Select the line containing the payment you want to delete.
- 4 Choose Edit | Delete Line, or press COMMAND-B. QuickBooks deletes this payment from this deposit. The payment still exists in your records; it is just undeposited. QuickBooks puts the money back in Undeposited Funds.
- 5 Click OK in the Make Deposits window to record the deposit without the payment you've deleted.

Recording a Return

Use the Create Credit Memos/Refunds window to record a return in either of these situations:

- A customer brings back items for which you have already recorded a payment for an invoice or a cash sale.
- A customer cancels an order for items for which you have already recorded a payment for an invoice.



TIP: If you use billing statements, you can enter a negative statement charge to record a return. You can learn more about statement charges in Chapter 7.

To Record a Return

- 1 Choose Customers | Create Credit Memos/Refunds. The Create Credit Memos/Refunds window, which is shown in Figure 9-2, appears.
- 2 Fill in the window as you would an invoice or sales receipt form. Be sure to itemize all returned items in the line-item area. QuickBooks adjusts income and inventory (if applicable) as necessary.
- 3 If you plan to print the credit memo for your customer, you can enter a customer message.
- 4 Click OK. QuickBooks enters a negative amount in your A/R register, indicating that you owe the customer for the amount of the return.

To Print a Credit Memo for a Return

- 1 Display the Create Credit Memos/Refunds window for the credit memo you want to print.
- 2 Click the Print button.
- 3 Set options in the standard Print dialog that appears.
- 4 Click Print.

To Write a Refund Check for a Credit

- 1 Display the Create Credit Memos/Refunds window for the credit memo you want to write a refund check for.
- 2 Click the Refund button. QuickBooks displays the Write Checks window with a check prepared. Figure 9-9 shows what it might look like.

Write Checks - Checking

Bank Account: Checking Ending Balance: 11,968.99

Check Details:

Print As: William Jones
 Pay to the Order of: Jones, William
 No. To Print: 1
 Date: 08/26/08
 Amount: \$ 500.00
 Five hundred and 00/100***** Dollars

Address: William Jones, 143 West Street, Deadville, AZ 85390

Memo: _____

Buttons: Next, Previous, Show in iCal, ☒ To be printed, Print..., Recalc, Format, Cancel, OK

Expenses - \$500.00 Items - \$0.00

Account	Amount	Memo	Customer:Job	<input type="checkbox"/>	Class
Accounts Receivable	500.00		Jones, William		Photo

FIGURE 9-9 A refund check looks like any other check you create with QuickBooks.

- 3 Make sure all the information on the check is correct.
- 4 Click Print to print the check immediately, or turn on the To Be Printed check box to print it with other checks.
- 5 Click OK.

To Connect a Refund Check to its Credit Memo

Once you've recorded a credit memo and prepared a refund check, you need to connect the check to the credit memo in the Receive Payments window so that QuickBooks can properly track the transaction.

- 1 Choose Customers | Receive Payments to display the Receive Payments window (refer to Figure 9-1).

- 2
- Choose the customer to whom you just wrote a refund check. You'll see the amount of the credit included in the Existing Credits field and the refund check in the bottom section of the window:

Deposit: ☒ Group with other undeposited funds

☐ Deposit To

Existing Credits: 500.00

☒ Apply Existing Credits?

Total to Apply: 500.00

Unapplied Amount: 0.00

Outstanding Invoices/Statement Charges

✓	Date	Type	Number	Job	Orig. Amt.	Disc. Date	Amt. Due	Payment	
	08/24/08	Invoice	2008-8		654.80	13/25/72	654.80	0.00	
✓	08/26/08	Refund			500.00	03/02/01	500.00	500.00	
Totals							1,154.80	500.00	

- 3
- On the Refund line, enter the credit amount (this is the same as the check amount) in the Payment column and press TAB.
- 4
- Click OK.

To Apply a Credit Amount to an Invoice or Billing Statement

- 1
- Choose Customers | Receive Payments to display the Receive Payments window (refer to Figure 9-1).
- 2
- Choose the customer's name. You'll see the credit amount in the Existing Credits field.
- 3
- Turn on the Apply Existing Credits check box to apply the credit amount to any invoice for this customer. It might look something like this:

Deposit: ☒ Group with other undeposited funds

☐ Deposit To

Existing Credits: 500.00

☒ Apply Existing Credits?


Total to Apply: 500.00

Unapplied Amount: 0.00

Outstanding Invoices/Statement Charges

✓	Date	Type	Number	Job	Orig. Amt.	Disc. Date	Amt. Due	Payment	
✓	08/24/08	Invoice	2008-8		654.80	01/26/01	654.80	500.00	
Totals							654.80	500.00	

- 4
- Click OK.



TIP: You can learn more about calculated amounts in the Receive Payments window earlier in this chapter.

To Void an Invoice or Billing Statement

When you record a return, you can void an invoice or a billing statement if you haven't received a payment yet. You retain a record of what was returned, and you can edit the memo on the invoice or statement to state the reason for the return.

- ❶ Display the original invoice or statement.
- ❷ Choose Edit | Void Invoice. QuickBooks zeros out the transaction's quantities and extended amounts and enters the word "VOID" in the Memo field.
- ❸ Click OK to save the voided transaction.

Handling a Bounced Check from a Customer

When a customer's check bounces, you must subtract the amount of the check from the account where you originally deposited the check, and update your A/R account to show that you are still owed the amount of the check.

To Create an Item for Tracking Bad Checks

To track bad checks, you can use an Other Charge item created just for the purpose.

- ❶ Choose Lists | Items to display the Item List window.
- ❷ Choose Edit | New Item, or press COMMAND-N. The New Item dialog, which is shown next, appears.


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

- Type:** Other Charge (dropdown)
- Item Name/Number:** Bad Check
- Subitem of:** (empty field)
- This is a reimbursable charge:** (unchecked checkbox)
- Description:** Bad Checks from naughty customers
- Amount or %:** 0.00
- Taxable:** (unchecked checkbox)
- Inactive:** (unchecked checkbox)
- Account:** Checking (dropdown)
- Buttons:** Custom Fields, Cancel, OK

- ❸ Choose Other Charge from the Type drop-down list.
- ❹ In the Item Name/Number field, enter "Bad Check."
- ❺ In the Account field, choose your checking account.
- ❻ Leave the Amount Or % field set to 0.00.
- ❼ Click OK.

To Record a Bounced Check if You Send Your Customers Invoices

- 1 Choose Customers | Create Invoices to display the Create Invoices window (refer to Figure 9-3).
- 2 Fill in the customer information in the top half of the window.
- 3 Change the Date to the date the bank reversed the deposit.
- 4 Enter the Bad Check item in the detail area. For the amount, enter the amount of the bounced check plus any additional bank charges you want to pass on to the customer.


 **NOTE:** To assess a penalty as well, you should create another Other Charge item called Penalties. The account for this item can be an income account. Add the Penalties item in the detail area.

- 5 Change the terms to make the invoice due now with no discount.
- 6 In the Memo field, you can enter references to the invoices paid with the bounced check.
- 7 Click OK.

To Record a Bounced Check if You Send Your Customers Billing Statements

- 1 Open the register for the customer whose check bounced.
- 2 Scroll to the empty line at the end of the register.
- 3 Change the Date to the date the bank reversed the deposit.
- 4 Enter the Bad Check item in the Item field. For the amount, enter the amount of the bounced check plus any additional bank charges you want to pass on to the customer.
- 5 In the Description field, you can enter references to the statement charges paid with the bounced check. When you're finished, it might look like this:

08/26/08	Number	Bad Check	Qty	259.20	259.20		
	STMTCHG	Bounced check for inv.	Class				

 **NOTE:** To assess a penalty as well, you should create another Other Charge item called Penalties. The account for this item can be an income account. Add the Penalties item as another statement charge.

- 6 Click Record.
- 7 Print a billing statement for the customer.

To Record a Replacement Check or Related Bad Debt

If you receive a replacement check from the customer, enter it in the Receive Payments window as a payment for the invoice or statement charge you just created.

If the customer never sends another check to cover the one that bounced, record the amount as a Bad Debt expense in the Receive Payments window.

Questions and Answers about Payments

Here are a few common questions (with answers) about working with payments in QuickBooks.

I want to record a payment from a customer. Why don't the customer's invoices show up in the Receive Payments window?

If you use jobs on invoices or billing statements, you must choose the job in the Receive Payments window. If one payment covers more than one job, record the portion for each job separately. The Customer:Job drop-down list then displays the outstanding balance for each job.

My customer has an unapplied credit because of overpaying for one job. How can I apply the credit to a second job for that customer?

- ① In your A/R register or the register for that customer, select the overpayment.
- ② Choose Edit | Transaction History. If there is a deposit, select it and click Go To.
- ③ In the Make Deposits window, choose Edit | Delete Deposit and click OK.
- ④ In the A/R register or customer register, select the same payment and click Edit.
- ⑤ Edit the Amount field of the payment to be the correct amount for the first job (the Unapplied Amount should become zero) and click OK.
- ⑥ Enter a new payment in the Receive Payments window for the second job and for the amount of the credit.
- ⑦ Now deposit the two payments (and anything else that was part of the deleted deposit). If you had previously reconciled the deposit, click in the ☒ field of this deposit in your check register, and click Record.

A customer overpaid. I clicked Print Credit Memo in the Receive Payments window. Why isn't the credit memo showing up in my A/R register?

The only credit memos that appear in the A/R register are those you write in the Create Credit Memos/Refunds window. QuickBooks continues to display the credit

in the Existing Credits field of the Receive Payments window. You can apply the credit to any invoices (or statement charges) in this window, now or later.

How should I write a refund check for a customer overpayment?

- ❶ Write a check in the Write Checks window:
 - Enter the customer name in the Pay To The Order Of field.
 - Choose the A/R account name in the Account field.
 - Choose the job (if applicable) or customer in the Customer:Job field.
- ❷ In the Receive Payments window, apply the existing credits to the refund check and click OK.

Tracking and Paying Sales Tax

n this chapter:

- Sales tax overview
- Turning on sales tax
- Creating tax items for each single tax you apply
- Creating tax groups
- Editing sales tax items
- Assigning taxes to customers
- Marking items you sell as taxable
- Applying sales tax to an invoice or cash sale
- Non-taxable sales
- Unusual tax situations
- Keeping track of how much sales tax you owe
- Paying sales tax

Sales tax is a part of life for most businesses in the United States. You collect sales tax for one or more jurisdictions and remit what you've collected monthly or quarterly.

QuickBooks makes collecting and paying sales tax easy—even if you have to deal with many tax rates in multiple jurisdictions. You set up sales tax items and groups and associate them with the government agencies you pay. You charge sales tax to your customers on Invoices and Sales Receipt forms so they pay what's due. Then, when it's time for you to pay sales tax, QuickBooks does all the calculations for you—and can even write the payment checks.

This chapter takes a closer look at working with sales tax in QuickBooks. Whether you pay one tax agency or a dozen, you'll learn what you need to make the job as quick and painless as possible.

Sales Tax Overview

Keeping track of the sales taxes you have to collect and pay can be a challenge. You may have to collect more than one tax per sale, and different sales may require different taxes. Some of the things you sell may be taxable, while others aren't. In addition, certain customers must be taxed, while sales to others are non-taxable.

QuickBooks can help you automate your sales tax complexities so that you can enter sales quickly and easily, and you have accurate information about the sales taxes you've collected when it comes time to pay.

The QuickBooks Sales Tax Process

Setting up, collecting, and paying sales tax is a three-step process:

Step 1: Set Up Sales Tax Rates The setup process has two parts to it:

- **Set up tax rates and agencies.** Normally, you'll do this just once when you set up your QuickBooks company file. But as tax rates change, you'll modify the rates accordingly. And, if you start selling to customers in other jurisdictions, you may need to add more rates and agencies to accommodate them.
- **Indicate who and what gets taxed.** Customers can be taxable or non-taxable. For example, if one or more of your customers are purchasing items from you for resale, they might not be taxable. Likewise, the items you sell—products and services—may or may not be taxable. For example, you may sell services that are not taxed and products that are. Indicating who or what gets taxed is an ongoing process; each time you add a customer or item to your company file, you'll indicate its tax status.



NOTE: It's vital that you understand the sales tax rules for your jurisdictions. You can learn more by contacting the individual sales tax agencies for which you collect sales tax. If you do not collect sales tax when you should, you may be liable to pay back taxes from your own funds.

Step 2: Collect Sales Tax As you sell items to customers, QuickBooks automatically takes tax settings into consideration. It calculates sales tax for you based on the rates you apply. It records this information in a Sales Tax Payable account, which is discussed in more detail later in this part of the chapter.

Step 3: Pay Sales Tax Since QuickBooks records Sales Tax Payable by tax agency, it knows how much you owe each agency. When it's time to pay taxes, QuickBooks can write the payment check for you and adjust account balances to record sales taxes as paid.

Sales Tax Payable Account

When you set up a company that charges sales tax, or when you enter your first sale, QuickBooks automatically creates a current liability account called Sales Tax Payable. The Sales Tax Payable account keeps track of as many tax agencies as you need.

As you record invoices or cash sales with sales tax, QuickBooks automatically adds the tax to the Sales Tax Payable account. To see a record of the transaction, use the Sales Tax Payable register, which is illustrated and discussed later in this chapter.

Understanding Your Tax Rates and Agencies

How you charge sales tax depends on many different factors. Here are some things to consider and how you can use QuickBooks to record taxes properly.

If Your Business Collects Only One Tax for One Agency...

You must set up a preset, or most common, tax item when you create your QuickBooks company file (if you indicated that you charge sales tax), or when you turn on sales tax in Company Settings. To learn how to create your tax item, see "Creating Tax Items for Each Single Tax You Apply" later in this chapter.

Once you've set up your tax item, QuickBooks is ready to use it automatically on sales forms. Your Sales Tax Liability report will show all your sales recorded as taxable or non-taxable sales for the tax district associated with your tax item.

If Your Business Collects Several Sales Taxes...

There are two possible solutions:

You Charge One Combination Rate: You report or pay several single taxes, but you want to charge your customers only one overall tax amount, a combination of several single taxes. Setting up your taxes to work automatically is a three-step process:

- ❶ Create sales tax items for each single tax you must report on when you report sales tax.
- ❷ Create a sales tax group that includes the single taxes.
- ❸ Choose which tax is your most common, so that the rate appears automatically.

You Charge Different Rates under Different Conditions: Some of the taxes you charge may be single taxes, while others are groups of taxes. Setting up your taxes to work automatically is a three-step process:

- ❶ Create sales tax items for each single tax you must report on when you report sales tax.
- ❷ Set up group tax items for those taxes you charge that are made up of several taxes.
- ❸ Choose which tax (single or group) is your most common, so that the rate appears automatically.

Deciding Whether to Use Single Tax Items or Groups

QuickBooks reports taxable sales and non-taxable sales for each single tax item you create. Use the following two examples of tax reporting to help you determine how to set up your sales tax items.

Scenario

The following scenario applies to both examples:

- You collect sales tax for your state and several counties.
 - State tax is 6%
 - County X tax is 1%
 - County Y tax is 2%
- When you charge tax on a sale, you want your customers to see one overall tax amount, not separate taxes for the state and county.

Example 1

When you report the tax you've collected to your state, you are required to show your taxable and non-taxable sales for each county, and you are expected to report the state tax you've collected separately:

- County X at 1%
- County Y at 2%
- State at 6%

If your reporting situation is like this, you need to create separate sales tax items for each county and the state, since you report on each separately.

For your customer's benefit, you can create group tax items, one for each county, that include that county's tax and the state tax.

- Group 1, called *County X at 7%*, includes items for County X: 1% and State: 6%
- Group 2, called *County Y at 8%*, includes items for County Y: 2% and State: 6%

This way, your customers see one overall tax, but QuickBooks can still report on each county and the state separately.

Example 2

When you report the tax you've collected to your state, you are required to show your taxable and non-taxable sales for each county, and expected to include state tax in each county's amount:

- County X tax is 7%
- County Y tax is 8%

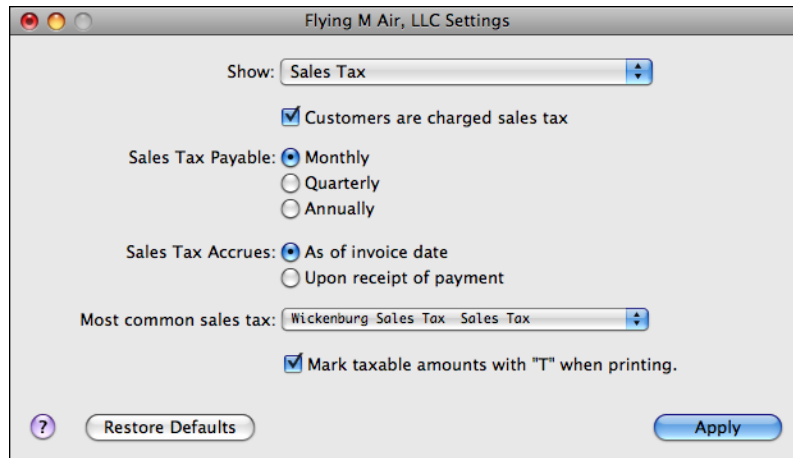
If your reporting situation is like this, where you include more than one single tax in the tax amounts you report, you do not need to create separate tax items for the separate tax amounts, because you'll never need to report on them separately. Instead, create single tax items that look like the items you report on. You would create one item called County X tax with a rate of 7%, and one item called County Y tax with a rate of 8%. This situation does not require any tax groups.

Turning on Sales Tax


If you did not specify that you charge sales tax when you first set up your company, you need to turn on sales tax before you can track it.

To Turn on Sales Tax

- 1 Choose Company | Company Settings to display the Settings dialog for your company.
- 2 Choose Sales Tax from the Show pop-up menu to display Sales Tax options (shown next):




- 3 Turn on the check box marked Customers Are Charged Sales Tax.
- 4 Set other sales tax options as desired.
- 5 Click Apply.
- 6 Click the Settings dialog's close button to dismiss it.


 **TIP:** Sales Tax settings for your company are covered in Chapter 22.

Setting Up Sales Tax Items

You need to set up a separate sales tax item for each sales tax you charge. You will use these items when you create Invoices and Sales Receipts to sell products and services to your customers.

 **TIP:** If you skipped over the section titled “Deciding Whether to Use Single Tax Items or Groups,” go back and read it now, since it will help you understand how many sales tax items or groups you need.

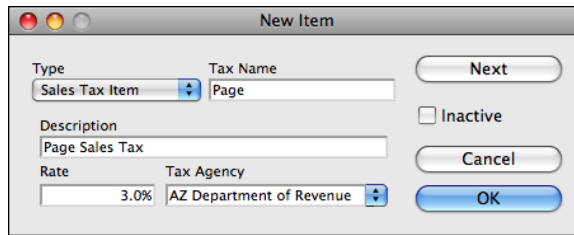
To get started creating items, choose Lists | Items, or press SHIFT-COMMAND-I, to open the Item List window. With the window active, you'll choose Edit | New Item or press COMMAND-N to display the New Item window for each new sales tax item or group you create.

 **TIP:** To learn more about creating items, consult Chapter 6.

To Create a Single Sales Tax Item

You'll need to create a separate sales tax item for each tax whose amount you must report. Use the following procedure until you've created as many tax items as you have single taxes.

- 1 In the New Item window (shown next), choose Sales Tax Item from the Type pop-up menu.



The screenshot shows the 'New Item' dialog box. The 'Type' dropdown menu is open, showing 'Sales Tax Item' selected. The 'Tax Name' field is 'Page'. The 'Description' field is 'Page Sales Tax'. The 'Rate' field is '3.0%'. The 'Tax Agency' dropdown is 'AZ Department of Revenue'. There are 'Next', 'Cancel', and 'OK' buttons. An 'Inactive' checkbox is also present.

- 2 In the Tax Name field, enter a name for the tax. This name will be one of the sales tax choices available when you create an invoice or other sales form.
- 3 In the Description field, enter a description of the sales tax. The description prints on your invoices and other sales forms after the final line item. You *cannot* edit it on the forms themselves.
- 4 In the Rate field, enter the tax rate. QuickBooks assumes the rate is a percentage. For example, enter 7.25 if the rate is 7.25%. QuickBooks will insert a percent symbol (%) when you move to another field.
- 5 In the Tax Agency field, choose the tax agency you pay the tax to. This should already be set up on your Vendor List; if it is not, QuickBooks offers to set it up or add it to the list. When you are ready to pay the tax you owe to this agency, QuickBooks fills out a check payable to this agency for the correct amount.
- 6 Click OK to save the tax.

To Create a Sales Tax Group

Even though you may be charging your customers a combination of local taxes and a state tax, they're used to seeing only one sales tax line and rate on receipts and invoices. By creating group tax items, QuickBooks allows you to track and report taxes separately, but display them as one combined amount to customers.

After you have added the single sales tax items you need, create a sales tax group for each group of two or more single sales tax items you must apply at the same time to sales.

- 1 In the New Item window (shown next) choose Sales Tax Group from the Type pop-up menu.

New Item

Type

Sales Tax Group

Group Name/Number

Page Sales Tax

Description

Sales Tax

Enter each individual sales tax you need to charge in this district. QuickBooks will collect tax for these items as a group, but will report on each one individually.

Tax Item	Rate	Tax Agency	Description
Page	3.0%	AZ Department of	Page Sales Tax
Coconino County	6.725%	AZ Department of	Sales Tax
Group Rate		9.725%	


☐ Inactive

- 2 In the Group Name/Number field, enter a name for the tax group. This name will be one of the sales tax choices available when you create an invoice or other sales form.
- 3 In the Description field, enter a description of the sales tax. The description prints on your invoices and other sales forms after the final line item. You cannot edit it on the forms themselves.
- 4 In the list in the bottom half of the window, click in the Tax Item column to choose a sales tax item to add to the group. Only the sales tax items you have already created appear in the drop-down list.
- 5 Repeat step 4 for each sales tax item you want to add to the group. The group rate at the bottom of the dialog shows the accumulation of all rates added.
- 6 Click OK to save the tax group.

To Edit a Sales Tax Item

You can change the name, rate, and description of your sales tax item, and the tax agency to whom you pay sales tax.

- 1 In the Item List window, double-click the sales tax item you want to modify to open the Edit Item dialog.
- 2 Make changes as desired and click OK.

 **NOTE:** Changes to items—including sales tax items—take effect on a go-forward basis. For example, suppose a county sales tax rate change takes effect on November 1. You would modify that county’s sales tax item on that date, before recording any sales. This way, sales tax before that date is recorded at the old rate, and sales tax on or after that date is recorded at the new rate.

Assigning Taxes to Customers

To assign tax to a customer, complete two fields related to sales tax on the customer’s record. You will need to:

- Mark the customer as either taxable or not.
- Assign a preset single tax or tax group to the customer.

When you enter this customer's name on a sale, QuickBooks uses the tax you specified on the customer's record.



TIP: You can learn more about working with the Customer Center and adding customers and jobs in Chapter 4.

To Assign Taxes to Customers

- 1 Choose Lists | Customer:Jobs, or press SHIFT-COMMAND-J, to display the Customer Center window.
- 2 Double-click an existing customer or job in the Customer List, or choose Edit | New Customer, or press COMMAND-N, to create a new customer. The edit customer or New Customer dialog appears.
- 3 Click the Additional Info button to display its options (refer to Figure 10-1).

The screenshot shows the 'Additional Info' pane of the 'Edit Customer' dialog for 'Jones, William'. The dialog has tabs for 'Address Info', 'Additional Info' (selected), 'Job Info', and 'Notes'. The 'Customer is inactive' checkbox is unchecked. The 'Categorizing and Defaults' section includes 'Customer Type' (Passenger), 'Terms' (1% 10 Net 30), 'Rep' (MC), and 'Credit Limit' (\$ 5,000.00). The 'Custom Fields' section has a 'Web Site' field and a 'Define Fields' button. The 'Sales Tax Information' section includes a checked 'Customer is taxable' checkbox, 'Tax Item' (Page Sales Tax), and a 'Resale Number' field. 'Cancel' and 'OK' buttons are at the bottom right.

FIGURE 10-1 The Additional Info pane of the edit customer dialog enables you to set tax options for a customer.

- 4 If the customer is taxable, turn on the Customer Is Taxable check box. Then choose a tax item or group from the Tax Item drop-down list. This becomes the default tax rate for the customer.
or
If the customer is not taxable, turn off the Customer Is Taxable check box. Then enter the customer's resale number (which you should keep on file) in the Resale Number field.
- 5 Click OK to save your settings.



NOTE: Just because you assign a default sales tax item or group to a customer doesn't mean you have to use it on every sale. You can override the sales tax if necessary. For example, suppose you normally provide a service to a customer in one city, but you are providing the same service to the same customer in a different city. You can choose the local sales tax item or group (assuming it has been created in QuickBooks) when you record the sale. Using sales tax items in sales forms is discussed later in this chapter.

To Sell to Out-of-State Customers

If your tax agency requires you to track the amount of sales to out-of-state customers, use the QuickBooks-created sales tax item with a zero tax rate, called Out Of State.

Marking Items You Sell as Taxable

Some of the items you sell may be taxable while others aren't. For example, maybe you sell taxable parts, but the services you sell are not taxable. In QuickBooks, you can mark any item you sell as taxable. When you enter a sale for a taxable customer, QuickBooks calculates sales tax only for those items you've marked as taxable. You can change any default tax information on any sale.

You can mark inventory parts, non-inventory parts, services, and other charges as taxable. You cannot mark any other types of items as taxable; however, discount items allow you to choose whether to apply the discount before or after sales tax is calculated.

To Mark an Item as Taxable

- 1 Choose Lists | Items, or press SHIFT-COMMAND-I, to display the Item List window.
- 2 Double-click the item you want to mark as taxable. The Edit Item dialog appears. Figure 10-2 shows an example for an inventory part item; the dialog you display will look different, depending on the type of item you're editing.
- 3 Turn on the Taxable check box.
- 4 Click OK.

FIGURE 10-2 The Edit Item dialog has all kinds of options—including a Taxable check box.

To Change an Item's Taxable Status on a Sales Form

When you use a taxable item in a sale, QuickBooks displays a *T* next to the item to indicate which items are taxable. Here's an example:

Item	Description	Rate	Quantity	Amount	Tax
Photo Flight	Photo flight to Rainbow Bridge 2 passengers; 5:30 PM	450.00	0.7	315.00	
Cap	Flying M Air baseball cap	12.00	2	24.00	T

You can change the taxable status of an item on any invoice or receipt without changing an item's taxable status permanently. The change is only for the sale on which you're working.

On the sales form, click a *T* to remove it, or click in the Tax column next to a line item to make a *T* appear.

Applying Sales Tax to an Invoice or Cash Sale

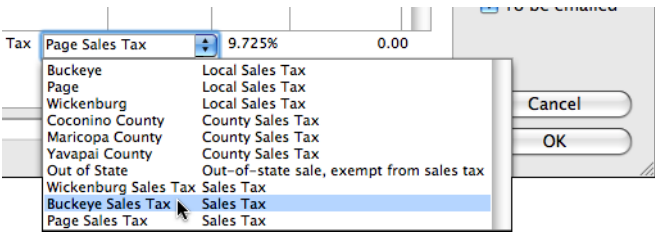
QuickBooks automatically calculates the tax on a sale if you have:

- Set up your most common sales tax
- Assigned taxes to your customers
- Marked taxable items on your Item List as taxable

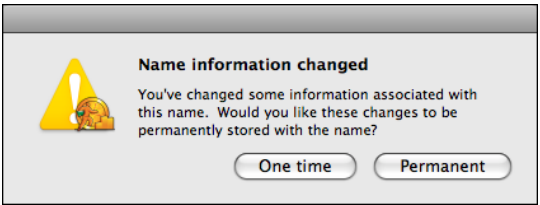
At the time of sale, QuickBooks applies the tax you have assigned a customer to items you've marked taxable (shown with a *T* on the sales form). When you enter a sale for a new customer, QuickBooks automatically fills in your most common tax in the Tax field.

To Apply a Different Tax to a Sale

- 1 Prepare a sales form as you normally would for the customer. (Consult Chapter 7 for details.)
- 2 Choose a different item from the Tax pop-up menu at the bottom of the sales form, as shown next. QuickBooks applies the new tax item or tax group to the taxable amounts on the sale.




- 3 Click OK to save the form.
- 4 QuickBooks displays a dialog like the one shown next, asking if you would like the change to be permanently stored with the name.



- **Permanent** always associates the new tax item or tax group with that customer.
- **One Time** uses the new tax item or tax group for just this transaction and reverts to the customer's preset tax item the next time you enter a sale to this customer.

To Add a Sales Tax Line Item to a Sale

When you want sales tax to apply to some taxable items on a sale, but not all taxable items, use a sales tax item in the detail area of the sale. A sales tax line item calculates tax on the taxable portion of the line above if that line is not a percentage. To add a sales tax line item, choose the item from the list in the Item column of the sales form's detail area.

 **NOTE:** The tax item that you use in the detail area cannot be the same as the tax item selected in the Tax field at the bottom of the form.

In the following example, sales tax is charged on the item Gliders, but not on the item Cap. That's because the sales tax item appears after Gliders.

Item	Description	Rate	Quantity	Amount	Tax
Hop Flights	Helicopter rides.	595.00	0.8	476.00	
Cap	Flying M Air baseball cap	12.00	6	72.00	T
Gliders	Balsa wood glider.	0.95	12	11.40	T
Yavapai County	County Sales Tax	6.35%		0.72	

This next example uses a Subtotal field after the first three line items, followed immediately by a tax line item. In this case, the tax applies to all taxable items included in the subtotal, since the sales tax item appears after the subtotal. (You can learn more about subtotal items in Chapter 4.)

Item	Description	Rate	Quantity	Amount	Tax
Hop Flights	Helicopter rides.	595.00	0.8	476.00	
Cap	Flying M Air baseball cap	12.00	6	72.00	T
Gliders	Balsa wood glider.	0.95	12	11.40	T
Subtotal	Subtotal			559.40	
Yavapai County	County Sales Tax	6.35%		5.30	

It's important to keep in mind that in both examples, if a non-zero tax item is selected at the bottom of the sales form, the taxable items will be taxed at that rate, too. If that's not what you want to happen, you need to choose a 0% tax rate (such as Out Of State) from the Tax drop-down list at the bottom of the sales form.

How might you use this? Well, suppose you have to pay the same state or county sales tax rate for all items in a sale, but different city or local rates for individual items. You can choose the state or county sales tax item at the bottom of the sales form, and use individual city or local tax items under each item you sell.

To Not Tax a Customer on a Particular Sale

Occasionally, you may need to record a non-taxable sale for a normally taxable customer.

- 1 On the right side of the sales form, clear the Customer Is Taxable check box.
- 2 Leave the sales tax item in the Tax field. The sale is recorded as a non-taxable sale for the correct tax district or districts.
- 3 Complete the sales form and click OK.



NOTE: If you never tax a customer, clear the Taxable check box on the customer's record, as discussed earlier in this chapter.

Unusual Tax Situations

You may need to change the sales tax that QuickBooks automatically applies when you have an unusual sale. Table 10-1 gives examples of special tax situations and how you can handle them.

Special Tax Situation	How to Handle in QuickBooks	Result
Sale to out-of-state customer.	Choose the Out Of State sales tax item for the sale (QuickBooks creates this item).	QuickBooks records the sale as non-taxable and out of state, so you can report it when you pay taxes.
Some items on a sale are taxed at one rate, some at another rate.	<ul style="list-style-type: none"> List items taxed at the same rate together. Add a subtotal item below each set of items. Add a tax line item below each set of taxable items. Create a placeholder 0.00% tax item to put in the Tax field, since you can't record a sale with the Tax field empty. 	QuickBooks includes the taxable items subtotaled above each tax line item in that tax line item's gross sales and taxable sales. Non-taxable items included in the subtotal above each tax line item are included in that tax item's gross sales and non-taxable sales.
All taxable items on a sale are taxable at one rate; some items are taxable at an additional rate.	<ul style="list-style-type: none"> List all items taxable at the additional rate together. Add a subtotal item below the set of items. Add a tax line item for the additional rate below the subtotal line. In the Tax field, enter the tax item for all taxable items. 	All taxable items are included in taxable sales for the tax item in the Tax field. Items with the additional tax are included in taxable sales for the tax line item.
QuickBooks cannot calculate tax the way you need it calculated (for example, for tiered taxes).	<ul style="list-style-type: none"> Create a tax item for the tax. Enter the tax as a line item on a sale, and then select and type over the amount of the tax using an amount you calculate yourself. 	QuickBooks reports the amount you type in as the amount of tax you owe your tax agency for the sale. Taxable sales and non-taxable sales amounts are based on the taxable and non-taxable amounts included in the item (usually a subtotal) above the tax line.
Shipping and handling are taxable in your state.	Set up an Other Charge item called "shipping and handling" that is taxable.	QuickBooks calculates tax on shipping and handling, since you've marked it as taxable.
A sales tax credit or discount from the tax agency.	Enter it directly in the register of your Sales Tax Payable account: <ul style="list-style-type: none"> Put the tax agency name in the Vendor field and the amount in the Paid column. Enter your income account for tax credits or discounts in the Account field. 	After you record your entry, QuickBooks makes the transaction type GENJRNL (general journal). Next time you pay your sales tax, the credit or discount will be a negative amount in the Pay Sales Tax window. Mark the Pay column next to the credit or discount, so that the payment check is reduced by its amount.

TABLE 10-1 How You Can Handle Some Unusual Sales Tax Situations with QuickBooks

Keeping Track of How Much Sales Tax You Owe

You can view the sales tax liability you are accruing in the Sales Tax Liability report and the Sales Tax Payable register.

To View the Sales Tax Liability Report

QuickBooks' preset Sales Tax Liability report (refer to Figure 10-3) shows your total taxable sales, total non-taxable sales, and the amount of sales tax you owe each tax agency as of the date you specified. To view the report, choose Reports | Vendors & Payables | Sales Tax Liability.

	Total Sales	Non-Taxable Sales	Taxable Sales	Tax Rate	Tax	Sales Tax Payable As of Aug 31, '08
AZ Department of Revenue						
Coconino County	2,491.14	1,358.64	1,132.50	6.725%	76.16	76.16
Maricopa County	1,521.16	1,066.00	455.16	6.3%	28.67	28.67
Out of State	4,175.00	4,175.00	0.00	0.0%	0.00	0.00
Page	2,830.14	1,673.64	1,156.50	3.0%	34.70	34.70
Wickenburg	1,521.16	1,066.00	455.16	1.7%	7.74	7.74
Total AZ Department of Revenue	12,538.60	9,339.28	3,199.32		147.27	147.27
TOTAL	12,538.60	9,339.28	3,199.32		147.27	147.27

FIGURE 10-3 The Sales Tax Liability report summarizes your monthly sales tax liability.

NOTE: QuickBooks displays your Sales Tax Liability report on an accrual basis unless you changed the setting in the Sales Tax settings pane. You can learn more about setting preferences and company options in Chapter 22.

TIP: Reports are covered in more detail in Chapter 21.

To Display the Sales Tax Payable Register


Each time you enter a sale that includes sales tax, QuickBooks enters the tax information in your Sales Tax Payable register. QuickBooks keeps track of transactions for all tax vendors in the same Sales Tax Payable account.

- 1

Choose Lists | Chart Of Accounts to display the Chart Of Accounts window.
- 2

Double-click your Sales Tax Payable account. The Sales Tax Payable account register window, which is shown next, appears.

Sales Tax Payable								
Date	Number	Vendor		Due Date	Billed	✓	Paid	Balance
	Type	Account	Memo					
08/26/08	2008-9	AZ Department of Revenue		08/31/08	0.00			140.60
	CREDMEM	Accounts Recei...						
08/26/08	2008-9	AZ Department of Revenue		08/31/08	0.00			140.60
	CREDMEM	Accounts Recei...						
08/27/08	2008-13	AZ Department of Revenue		08/31/08	1.42			142.02
	INV	Accounts Recei...						
08/27/08	2008-13	AZ Department of Revenue		08/31/08	5.25			147.27
	INV	Accounts Recei...						
08/27/08	Number	Vendor	⌵	Due Date	Billed		Paid	
	Account	⌵	Memo					
Ending balance								147.27
RecordRestoreSplits <input type="checkbox"/> 1-Line								



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

To See a List of All Transactions Involving a Particular Tax Agency

You can also view a QuickReport for a specific tax agency to see individual transactions for that agency.

- 3

Choose Lists | Vendors to open the Vendor Center window.
- 4

In the Vendor List, select the tax agency you want to see transactions for.
- 5

Choose Quick Report from the Actions pop-up menu at the bottom of the Vendor Center window. A Sales Tax Vendor QuickReport window like the one in Figure 10-4 appears.

Paying Sales Tax

Use the Pay Sales Tax window to see how much tax you owe and to write a check to your tax agency or agencies. QuickBooks calculates the tax you owe on either a cash basis or an accrual basis, depending on Sales Tax settings for your company (shown earlier in this chapter and discussed in Chapter 22). QuickBooks prepares payment checks and updates your sales tax account with the payment information.

Sales Tax Vendor QuickReport

Customize... Filters... Format... Header/Footer... Hide Header Memorize...

Dates: All Dates From: To: Export to Excel

08/27/08

Flying M Air, LLC

Sales Tax Vendor QuickReport

All Transactions

Type	Date	Num	Memo	Due Date	Amount
AZ Department of Revenue					
Invoice	08/16/08	2008-1	Out-of-state sal	08/31/08	0.00
Invoice	08/16/08	2008-2	Out-of-state sal	08/31/08	0.00
Invoice	08/20/08	2008-3	Out-of-state sal	08/31/08	0.00
Invoice	08/21/08	2008-4	Local Sales Tax	08/31/08	0.72
Invoice	08/22/08	2008-5		08/31/08	5.30
Invoice	08/22/08	2008-5		08/31/08	19.64
Invoice	08/23/08	2008-7		08/31/08	33.98
Invoice	08/23/08	2008-7		08/31/08	76.16
Estimate	08/24/08	4392	Out-of-state sal	08/24/08	0.00
Invoice	08/24/08	2008-8		08/31/08	1.02
Invoice	08/24/08	2008-8		08/31/08	3.78
Credit Memo	08/26/08	2008-9		08/31/08	0.00
Credit Memo	08/26/08	2008-9		08/31/08	0.00
Invoice	08/26/08	2008-10	Out-of-state sal	08/31/08	0.00
Invoice	08/26/08	2008-12	Out-of-state sal	08/31/08	0.00
Invoice	08/26/08	2008-11	Local Sales Tax	08/31/08	0.00
Invoice	08/27/08	2008-13		08/31/08	1.42
Invoice	08/27/08	2008-13		08/31/08	5.25
Total AZ Department of Revenue					147.27
TOTAL					147.27

FIGURE 10-4

A Sales Tax Vendor QuickReport lists all transactions under a specific tax agency's jurisdiction.

To Pay Off Your Sales Tax Liability

- 1 Choose Vendors | Pay Sales Tax. The Pay Sales Tax dialog, which is shown next, appears.

Pay Sales Tax

Pay From Account: Checking Check Date: 09/05/08 Show sales tax due through: 08/31/08

Pay	Item	Vendor	Amt. Due	Amt. Paid
✓	Page	AZ Department of Revenue	34.70	34.70
✓	Maricopa County	AZ Department of Revenue	28.67	28.67
✓	Wickenburg	AZ Department of Revenue	7.74	7.74
✓	Coconino County	AZ Department of Revenue	76.16	76.16
Totals			147.27	147.27

☒ To be printed Ending Bank Balance 11,562.52

Clear Payments Help Cancel OK

- 2 In the Pay From Account drop-down list, choose the account from which you want to pay your sales tax agency or agencies.
- 3 Enter the date for the payment check in the Check Date field.
- 4 If necessary, change the date in the Show Sales Tax Due Through field to display the end date for the sales tax period you are paying. By default, QuickBooks uses the date at the end of the last sales tax period.



TIP: You can change the default date QuickBooks uses by indicating whether you pay monthly, quarterly, or annually in Sales Tax settings for your company. Consult Chapter 22 for details.

- 5 Click in the Pay column to place check marks beside each tax item you want to pay. You can edit the value in the Amt. Paid column, if necessary, to adjust the payment amount. If you make a mistake, you can click Clear Payments to start over.
- 6 Click OK. QuickBooks writes and records checks to the tax agencies you indicated. All you need to do is print the checks. QuickBooks also updates your sales tax report and Sales Tax Payable register to show that you've paid the tax agencies.

Accounts Receivable Management

n this chapter:

- Viewing the Accounts Receivable register
- Viewing the customer register
- Editing a transaction in the Accounts Receivable register
- Changing the opening balance for a customer
- Viewing an accounts receivable transaction history
- Viewing a QuickReport about a customer
- Working with accounts receivable reports and graphs

As you enter accounts receivable transactions, QuickBooks tracks information about your customers and the money you’re owed. You can easily find out:

- Which customers owe you money and how much
- Whether a particular invoice or billing statement has been paid
- A customer’s buying history
- Which invoices or billing statements have payments that are more than a month overdue

You can get answers to these and many other questions by using the tools QuickBooks provides for viewing your accounts receivable. This chapter takes a look at these tools, including the brand-new Customer Center window.

Viewing Accounts Receivable Details

QuickBooks offers three basic ways to see accounts receivable activity:

- The Accounts Receivable register combines information for all customers who have been invoiced for sales.
- The customer register for a specific customer displays transactions for just that customer.
- The Customer Center’s transaction list itemizes each transaction for a selected customer, including cash transactions.

The Accounts Receivable Register

As shown in Figure 11-1, the Accounts Receivable register lists all invoices, statement charges, payments, credit memos, and customer discounts you’ve entered. You can browse through the register and easily open related QuickBooks windows such as the Create Invoices and Receive Payments windows.

Accounts Receivable							
Date	Number	Customer	Item	Qty	Rate	Amt Chrg	Amt Paid
	Type	Description		Class		Billed Date	Due Date
08/26/08	2008-9	Jones, William				-500.00	
	CREDMEM						08/26/08
08/26/08		Smith Family	Bad Check		259.20	259.20	
	STMTCHG	Bounced check for inv. 2008-5					
08/27/08	2008-13	Smith Family				566.07	
	INV						08/27/08
09/01/08		Flying Tiger				155.00	
	GENJRNL	Hangar Rent					
08/27/08	Number	Customer	Item	Qty	Rate	Amt Chrg	
	Description			Clas			
						Ending balance	9,675.42
Record		Restore		<input type="checkbox"/> 1-Line <input type="checkbox"/> Show open balance			

FIGURE 11-1 The Accounts Receivable register lists all transactions that affect your company’s accounts receivable balance.

To View the Accounts Receivable Register

- 1 Choose Lists | Chart Of Accounts, or press SHIFT-COMMAND-A, to display the Chart Of Accounts window.
- 2 Double-click the Accounts Receivable account. The Accounts Receivable account register appears.



NOTE: By default, this account is named Accounts Receivable. You can change the name if you like. You can also create multiple accounts receivable accounts if you need to.

The Customer Register

The customer register (refer to Figure 11-2) is an Accounts Receivable register for just one customer. A customer register is available for each customer on your Customer:Job list. It lists all invoices, statement charges, payments, credit memos, and customer discounts you've entered for that customer. All of the tasks you can do with the Accounts Receivable register you can also do with the customer register.

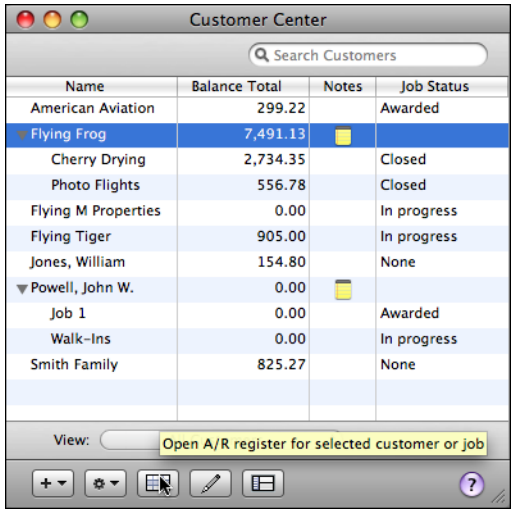
Flying Frog – Accounts Receivable							
Customer:Job Flying Frog							
Date	Number	Item	Qty	Rate	Amt Chrg	Amt Paid	Balance
Type	Description		Class		Billed Date	Due Date	
08/23/08	2363				2,601.28		7,341.28
	INV					09/22/08	
08/23/08	FC 1004				128.07		7,469.35
	INV	Finance Charge				08/23/08	
08/24/08	FC 1006				5.00		7,474.35
	INV	Finance Charge				08/24/08	
08/24/08	FC 1008				16.78		7,491.13
	INV	Finance Charge				08/24/08	
08/27/08		Item	Qty	Rate	Amt Chrg		
		Description		Class			
Ending balance							7,491.13
Record Restore Time/Costs... <input type="checkbox"/> 1-Line <input type="checkbox"/> Show open balance							

FIGURE 11-2 The customer register displays all accounts receivable activity for a specific customer.

To View the Customer Register

- 1 Choose Lists | Customer:Jobs, or press SHIFT-COMMAND-J, to open the Customer Center window.
- 2 In the list of customers and jobs, select the customer you want to view a register for.

- 3 Click the Open Accounts Receivable Register For Selected Customer Or Job button at the bottom of the window. Here’s what it might look like in a Customer Center window with detail hidden:



The customer register opens (refer to Figure 11-2).

To View a Different Customer in the Customer Register

Once the Customer Register window is open, you can switch from one customer to another. Simply choose the customer you want to view from the Customer:Job drop-down list at the top of the window (refer to Figure 11-2).

Customer Center Transaction List



QuickBooks 2009 includes the new Customer Center, a window that, when expanded, shows details for selected customers or jobs. As discussed in Chapter 4, you can view the Customer Center as a simple customer list or as a window with details (see Figure 11-3).

To View the Customer Center’s Transaction List

- 1 Choose Lists | Customer:Jobs, or press SHIFT-COMMAND-J. The Customer Center window appears.
- 2 If the window appears as a list of customers and jobs, click the Show Customer List And Details button at the bottom of the window. It expands to show additional information (refer to Figure 11-3).

Customer Center

Search Customers

Name	Balance Total
American Aviation	299.22
Flying Frog	491.13
Cherry Drying	474.35
Photo Flights	16.78
Flying M Properties	0.00
Flying Tiger	905.00
Jones, William	154.80
▼ Powell, John W.	0.00
Job 1	0.00
Walk-Ins	0.00
Smith Family	825.27

Customer Information

Customer Name: Flying Frog
 Customer Type: [blank]
 Company Name: Flying Frog Helicopters
 Billing Address: Flying Frog Helicopters, Attn: Erik Gold, P.O. Box 12345, Seattle, WA 98493
 Contact: Erik
 Phone: 509-555-1212
 Alt Phone: [blank]
 Fax: [blank]
 Email: erik@flyingfrog.com
 Terms: [blank]

[Map](#) | [Directions](#)

Notes: 08/20/2008: Called to confirm that Erik received my last bill.

Name	Type	Number	Date	Account	Amount
Flying Frog:Photo Flights	Invoice	2287	07/01/08	Accounts Receivable	540.00
Flying Frog	Invoice	2295	07/01/08	Accounts Receivable	4,200.00
Flying Frog	Payment	3492	08/22/08	Undeposited Funds	5,000.00
Flying Frog:Cherry Drying	Invoice	FC 1004	08/23/08	Accounts Receivable	128.07
Flying Frog:Cherry Drying	Invoice	2363	08/23/08	Accounts Receivable	2,601.28
Flying Frog:Cherry Drying	Invoice	FC 1006	08/24/08	Accounts Receivable	5.00
Flying Frog:Photo Flights	Invoice	FC 1008	08/24/08	Accounts Receivable	16.78
Flying Frog	Sales Receipt	2394	08/27/08	Undeposited Funds	1,035.00
Flying Frog	Payment	2451	08/27/08	Undeposited Funds	2,000.00

View: All Customers | View: All Transactions | Filter by: Show All | Date: All Dates

FIGURE 11-3 The Customer Center window can display a list of transactions for a selected customer or job.

- In the customer list on the left side of the window, select the customer or job you want to view transactions for. The transactions for that customer appear in the bottom right of the Customer Center window.

NOTE: Unlike the Accounts Receivable register and customer register windows, the Customer Center transaction list includes all transactions—not just those that affect accounts receivable balances.

TIP: You can view or edit the details of a transaction in the list. Double-click the transaction to display its source window or dialog.

Editing Register Transactions

Whether you entered a sale with a sales form or as a statement charge, you can edit the transaction in the Accounts Receivable register or customer register.



NOTE: You can only edit transactions that affect accounts receivable balances in these registers. Sales entered with an Enter Sales Receipt window are not listed in the accounts receivable registers.

To Edit an Accounts Receivable Transaction in a Register

- 1 Open the Accounts Receivable register or customer register for the transaction you want to edit.
- 2 Locate the transaction you want to edit.



TIP: If you have many transactions in your register, let QuickBooks search for the transaction you want. You can learn about using QuickBooks' Find feature in Chapter 18.

- 3 Double-click the transaction.
- 4 QuickBooks displays the transaction in its original form, unless you selected a statement charge. (You edit statement charges directly in the register, as discussed in Chapter 7.)
- 5 Make any changes you'd like in the form.
- 6 Click OK.

To Change the Opening Balance for a Customer in a Register

You can use the Accounts Receivable register or a customer's register to change the opening balance for a customer.

- 1 Open the Accounts Receivable register or customer register.
- 2 Double-click the customer's opening balance transaction. This transaction is usually one of the first in the register for that customer and may include a Description of "Opening Balance."
- 3 QuickBooks displays the Create Invoices window for the transaction. Change the amount in the Amount field.
- 4 Click OK.

Viewing an Accounts Receivable Transaction History

A transaction history shows you transactions that are related or "linked" to the one you selected, so you can move easily to any related transaction. For example, from an invoice, you can move to any of the payments that paid the invoice.

You can view an accounts receivable transaction history from the following registers and windows:

- Accounts Receivable register
- Customer register
- Check register
- Undeposited Funds register
- Create Invoices window
- Receive Payments window
- Create Credit Memos/Refunds window

The history shows all transactions that are related to the transaction you select.

Transaction History for Transaction Types

Table 11-1 describes the transaction history QuickBooks shows for different types of transactions.

Transaction History for This Type of Transaction	Shows These Related Transactions, In Chronological Order
Invoice Statement charge	Payments applied to the invoice or statement charge Point-of-sale payments (Payment invoice items) Deposits of point-of-sale payments Discounts applied for early payment Credit memos applied to the invoice or statement charge
Payment	Invoices to which the payment was applied Deposit, if the payment was deposited using the Make Deposits window
Deposit	Payments included in the deposit
Credit memo	Invoices this credit paid
Discount	Invoice to which the discount was applied
Cash Sale Receipt	Deposit of the money received

TABLE 11-1 Transaction History for Various Transaction Types

To View a Transaction History for an Accounts Receivable Transaction

- 1 Select or display the transaction you're interested in from the Accounts Receivable register or from the appropriate window: Create Invoices, Receive Payments, or Create Credit Memos/Refunds.

- 2 Choose Edit | Transaction History, press COMMAND-U, or click the Pmt History button (if available). The Transaction History dialog appears. Here’s what it looks like for an invoice paid with two individual payments:

Transaction History – Invoice

Invoice Information

Customer:Job

Flying Frog:Cherry Drying

Invoice Date

08/23/08

Invoice No.

2363

Memo

Invoice Total

2,601.28

Help

Print

Edit

Close

Go To

Payments, deposits of payment line items, credits, and discounts

Type	Date	Number	Amount	Invoice Balance
Payment	08/22/08	3492	-260.00	2,341.28
Payment	08/27/08	2451	-2,000.00	341.28

To Go to a Linked Transaction

- 1 In the Transaction History dialog, select the transaction you want to see.
- 2 Click the Go To button. QuickBooks displays the source form for the transaction you selected.

Viewing a QuickReport about a Customer

From any Accounts Receivable window, you can see a QuickReport about a customer. The QuickReport shows different information depending on how you create it.

When you create a QuickReport while displaying an invoice, payment, or the customer list, the QuickReport shows all open invoices, statement charges, and unapplied credits related to a customer. It also shows the due date, the open balance, and the original amount of the invoice or statement charge. The total equals the customer’s balance. You can see an example of a QuickReport in Figure 11-4.

When you create a QuickReport while displaying the Accounts Receivable register or customer register, the QuickReport shows all transactions, including payments and paid invoices and statement charges, for a customer. It also shows the account that you assigned the payment to, the open balance, and the original amount of the invoice or statement charge. The total equals the customer’s balance.

Flying M Air, LLC
Customer QuickReport
All Transactions

Type	Date	Num	Memo	Due Date	Open Balance	Amount
Flying Frog						
Cherry Drying						
Invoice	08/23/08	2363		09/22/08	341.28	2,601.28
Invoice	08/23/08	FC 1004	Finance Charge	08/23/08	128.07	128.07
Invoice	08/24/08	FC 1006	Finance Charge	08/24/08	5.00	5.00
Total Cherry Drying					474.35	2,734.35
Photo Flights						
Invoice	07/01/08	2287	Opening balance	07/01/08		540.00
Invoice	08/24/08	FC 1008	Finance Charge	08/24/08	16.78	16.78
Total Photo Flights					16.78	556.78
Flying Frog - Other						
Invoice	07/01/08	2295	Opening balance	07/01/08		4,200.00
Payment	08/22/08	3492				5,000.00
Sales Receipt	08/27/08	2394		08/27/08	1,035.00	1,035.00
Payment	08/27/08	2451				2,000.00
Total Flying Frog - Other					1,035.00	12,235.00
Total Flying Frog					1,526.13	15,526.13
TOTAL					1,526.13	15,526.13

FIGURE 11-4 A QuickReport created from the customer list includes details about each transaction.

To View a QuickReport for a Customer

- 1 Display an invoice or customer payment, select a transaction from the Accounts Receivable register or customer register, or select a name in the Customer Center window.
- 2 From an invoice or payment, choose Reports | QuickReport; from the Customer Center window, choose QuickReport from the Actions pop-up menu.

QuickBooks displays a chronological report showing transactions for the customer.

Working with Accounts Receivable Reports and Graphs

QuickBooks has several preset Accounts Receivable reports that give you valuable information about your customers and sales. You can filter each preset report so

that it shows only the information you need to see. You can also customize each report so that it looks the way you want on screen and on paper.

Because preset reports are designed to give you just the information you need, you may not need to change any settings when you display the report. Just choose the report you want from the Reports menu.



TIP: You can learn more about creating and customizing reports in Chapter 21.

To Create an Accounts Receivable Report or Graph

- ❶ Choose Reports | Customers & Receivables.
- ❷ Choose the Accounts Receivable report or graph you want to see.

Part Four

Working with Bills and Payables

Bills and accounts payable are unfortunate facts of life for any business. As you buy the products and services you need to run your business, you accumulate bills and debt. QuickBooks makes it easy to track your bills and accounts payable. Not only can it remind you to pay your bills on time, but it can show you exactly how much you owe to vendors and other creditors at any time. QuickBooks also helps you keep track of products and services you have on order with its purchase order tracking features.

This part of the book explores the features of QuickBooks that can help you track and pay your debt. Its three chapters are:

Chapter 12: Bills

Chapter 13: Accounts Payable Management

Chapter 14: Purchase Orders

Bills

In this chapter:

- Bills overview
- Entering a bill
- Paying bills
- Viewing a bill payment
- Editing bills and payments
- Deleting bills and payments
- Having QuickBooks remind you to pay your bills
- Entering credit from a vendor
- Questions and answers about bills

Bills—requests for payment from the individuals and organizations that provide products and services—are among the least appealing aspects of running a business. Covering costs for things such as utilities, repairs, and the inventory items you sell, bills increase your company's debt and require prompt payment to keep your creditors happy.

This chapter explains how to use QuickBooks to record, process, and pay the bills you receive in the course of doing business.

Bills Overview

Using QuickBooks' *Accounts Payable*—or *A/P*—includes two easy steps, both of which are covered in detail in this chapter:

- 1 Enter bills when you receive them.
- 2 Check off the bills you want to pay. QuickBooks writes and records the checks, which you can then print.

QuickBooks can remind you when your payments are due, and calculate and apply any discounts you earn for paying bills early.

At any time, you can see reports about your purchasing and the vendors you buy from, as well as cash flow reports, which help you learn about and plan your spending.

If You Defer Bill Payment Until the Due Date

If you set bills aside to pay later, accounts payable is an easy and beneficial way to handle your bills. QuickBooks can help you pay on time and help you forecast your cash flow, so you can use your business's money in the best way possible.

Even if you report on a cash basis (so that accounts payable doesn't enter into your reports), the Enter Bills and Pay Bills features described in this chapter provide a convenient way of keeping track of and controlling the timing of your bill payments.

If You Pay Bills Right Away

If you always pay bills when you receive them, and you prefer to continue that practice rather than wait until they're due, you do not need to use accounts payable. Use the Write Checks window to pay your bills and assign their amounts to appropriate expense accounts.



TIP: You can learn more about writing checks in Chapter 15.

Entering a Bill

To get the most benefit from tracking Accounts Payable, enter bills as soon as you receive them. That way, your cash flow reports will be up to date, and you won't run the risk of setting bills aside and forgetting about them.

This part of the chapter looks at the various ways to enter bills in QuickBooks.

Using the Enter Bills Window

The most straightforward way to enter bills is with the Enter Bills window, which is shown in Figure 12-1. It prompts you for all the information you need about the vendor, expense, and items on the bill. To open this window, choose Vendors | Enter Bills.

Item	Description	Qty	Cost	Amount	Customer...	Class	PO No.
Cap	Flying M Air	36	6.73	242.28			2008-2

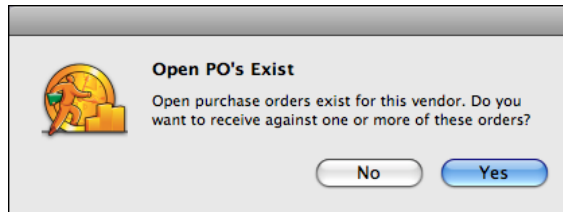
FIGURE 12-1 The Enter Bills window includes fields for entering complete information about an incoming bill.

To Enter Vendor-Related Information

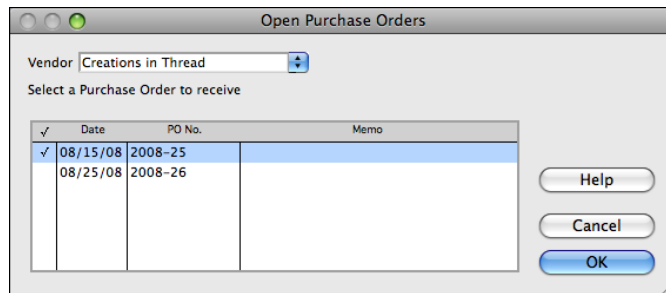
The top half of the Enter Bills window (refer to Figure 12-1) includes fields for entering information about the vendor, as well as general information about the bill.

- 1 In the Vendor field, choose a vendor name from the drop-down list or enter a new vendor. If you enter a new vendor, QuickBooks will prompt you to set up the vendor.

- 2 If a purchase order exists for the vendor, a dialog like the one shown next appears. You have two options:



- **No** tells QuickBooks you are not entering a bill for items received for a purchase order. Skip ahead to step 4.
 - **Yes** tells QuickBooks that you are entering a bill for items received on a purchase order.
- 3 QuickBooks displays the Open Purchase Orders dialog (shown next). Click in the left column to place a check mark beside each purchase order you want to receive items for on the bill.



- 4 Click OK. The items appear in the Items pane on the bottom half of the Enter Bills window (refer to Figure 12-1).
- 5 Fill in the remaining fields at the top of the Enter Bills window:
- **Date** is the bill date. You can leave it set to the date QuickBooks enters (the current date), or change it to mark the date on the bill.
 - **Ref. No.** is an optional reference number for the bill. You might want to use this field to enter the bill's invoice number. If you print voucher checks, entering the invoice number in this field helps specify to your vendor which bills you're paying, since the number in the Ref No. field prints in the voucher area.
 - **Amount Due** is the total amount due on the bill.
 - **Bill Due** is the bill's due date.

- **Terms** are any special payment terms the vendor has given you. QuickBooks automatically enters any payment terms you specified for the vendor when setting it up in the Vendor Center (as discussed in Chapter 4). QuickBooks will use this information to calculate payment discounts if you can take advantage of them when you pay the bill.
- **Memo** is an optional memo for the bill. If the Account field is blank on this vendor's record, the memo you enter here appears as the check memo. You can use the Memo field for your account number, the vendor's invoice number, or anything you'd normally like to see on the check memo.

To Record Bill Details for Expenses

The Expenses pane at the bottom of the Enter Bills window is for entering nonitem expenses. For example, you might use it to record electricity expenses for a bill from your utility company or postage expenses that are part of a bill for inventory items received.



NOTE: For inventory item purchases, you may want to associate expenses like tax or freight charges with your Cost of Goods Sold (COGS) account instead of an expense account.

- 1 At the bottom of the Enter Bills window (refer to Figure 12-1), click the Expenses button to display the Expenses pane, which is shown next:

Account	Amount	Memo	Customer:Job	<input type="checkbox"/>	Class
Cost of Goods Sold	24.55	Shipping for Hats			

- 2 For each expense on the bill, fill in a line in the Expenses pane. You must fill in the Account and Amount fields; the Memo, Customer:Job, and Class fields are optional.



TIP: If you assign the amount of the bill to various expense accounts, customers, jobs, and classes in the detail area, your reports will accurately reflect how much you spend within each expense account, for each customer or job, and within each class you have set up. Distributing the bill amount to the correct customers also allows you to apply any reimbursable expenses to your sales, as discussed in Chapter 7.

- 3 If you enter a customer or job in the Customer:Job field, indicate in the billable column beside it whether to pass this charge on to the customer:
 - If the expense is billable to that customer, leave the invoice icon next to the customer's name as it is.
 - If the expense is not billable to that customer, click on the invoice icon next to the customer's name to mark an X through it. (Clicking on the invoice icon again removes the X.)



NOTE: After you record the invoice that includes the expense, the invoice icon for that expense is grayed, indicating that you've billed the customer for that expense.

To Record Bill Details for Items

You can use the Items pane at the bottom of the Enter Bills window to list the items included on a bill.

- 1 At the bottom of the Enter Bills window (refer to Figure 12-1), click the Items button to display the Items pane.
- 2 If you already received items from a purchase order, those items will be listed. You can make changes as necessary in this area until it reflects the actual items you received and are being charged for on the bill.
- 3 For each item on the bill, fill in a line in the Items pane. You must fill in the Item, Qty, and Cost fields; the Description and Cost fields should automatically be filled in when you choose an item, but you can override either one. The Customer:Job and Class fields are optional.



NOTE: If you enter inventory items, QuickBooks adjusts your inventory to show that you have received the items. QuickBooks uses the cost you enter here to adjust the average cost.

- 4 If you enter a customer or job in the Customer:Job field, indicate in the billable column whether to pass this item cost on to the customer:
 - If the item is billable to that customer, leave the invoice icon next to the customer's name as it is.
 - If the item is not billable to that customer, click on the invoice icon next to the customer's name to mark an X through it. (Clicking on the invoice icon again removes the X.)

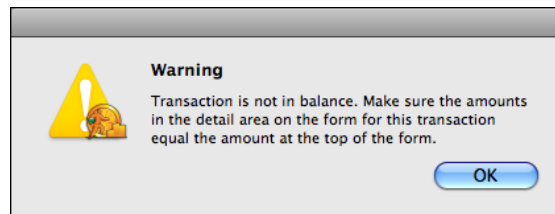


NOTE: After you record the invoice that includes the billable item, the invoice icon for that item is grayed, indicating that you've billed the customer for that item.

To Complete the Bill

Once you have entered vendor, expense, and item details, you can complete the bill.

- 1 Click Next to record this bill and enter another, or click OK to record the bill and close the window.
- 2 QuickBooks tells you if the amounts in the detail area do not add up to the total of the bill by displaying a dialog like the one shown next. Click OK to return to the bill, and then click Recalc in the Enter Bills window to recalculate the amounts in the detail area and put the total in the Amount Due field. Then repeat step 1.



QuickBooks enters the transaction into your Accounts Payable register.

Using the Accounts Payable Register to Enter a Bill

You can enter some bills directly into the Accounts Payable register. You might find this useful for entering simple bills for a single expense or item.

\$ NOTE: To receive against a purchase order, or distribute the amount of a bill to several accounts, customers, jobs, classes, or items, use the Enter Bills window as discussed earlier in this part of the chapter.

To Enter a Bill in the Accounts Payable Register

The Accounts Payable register works just like any other register for entering and editing transactions.

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

- 1 Choose Lists | Chart Of Accounts, or press SHIFT-COMMAND-A, to display the Chart Of Accounts window.
- 2 Double-click the Accounts Payable account to open its register. Figure 12-2 shows what it might look like.
- 3 Enter the bill information in the blank transaction at the bottom of the register:
 - **Date** is the bill date.
 - **Number** is an optional bill identifier, such as an invoice number.

Paying Bills

In the Pay Bills window, you can list all unpaid bills (refer to Figure 12-4) or all bills due as of a date you enter. You mark the bills you want to pay, and QuickBooks writes and records the checks or credit card charges. If you pay by check, you can then print (or write) the checks.

Payment Date: 08/28/08

Pay By: ☒ Check ☐ Credit Card

☒ To be printed ☐ Show bills due on or before 09/07/08 ☒ Show all bills

Checking Sort Bills By: Due Date

Credits are shown as negative Bill Amts.

✓	Date Due	Vendor	Ref. No.	Bill Amt.	Amt. Due	Disc. Date	Amt. Paid
✓	08/20/08	GotPrint.com		139.00	139.00		139.00
	09/01/08	Joe's Car Rental		50.00	50.00		0.00
	09/15/08	APS	1642	183.23	183.23		0.00
✓	09/21/08	Heli-Temps		262.50	259.87	09/01/08	259.87
	09/22/08	GotPrint.com		1,282.50	1,282.50	09/02/08	0.00
✓	09/24/08	Toys that Fly		105.90	100.60	09/01/08	100.60
	09/25/08	Creations in Thread	3476	266.83	266.83	09/05/08	0.00
Totals				2,289.96	2,282.03		499.47

Ending Bank Balance: 10,867.82


FIGURE 12-4 Use the Pay Bills window to select the bills you want to pay.

You don't have to print (or even use) checks to use the Pay Bills window. Use the Pay Bills window to automatically calculate what you owe each vendor and record the checks (or credit card charges). QuickBooks enters the checks in your check (or credit card) register.

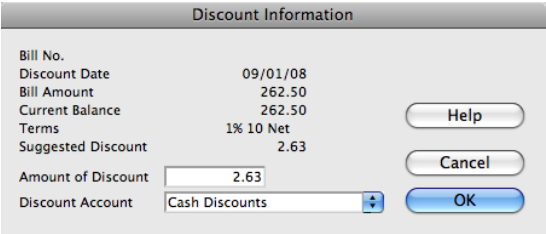
Don't enter checks to your vendors after using the Pay Bills window. QuickBooks writes and records checks to pay the bills you marked in the Pay Bills window. If you also enter bill payments in the Write Checks window, you'll have two checks recorded to each vendor.

To Pay Bills

- 1 Choose Vendors | Pay Bills to display the Pay Bills window (refer to Figure 12-4).
- 2 If you don't see all the bills you expect in the Pay Bills window, check that the date in the Show Bills Due On Or Before field is correct, or select Show All Bills.
- 3 Select a Pay By option (Check or Credit Card) and the appropriate account.
- 4 If you select Check as your payment method, turn on the To Be Printed check box if you plan to print the check or checks.

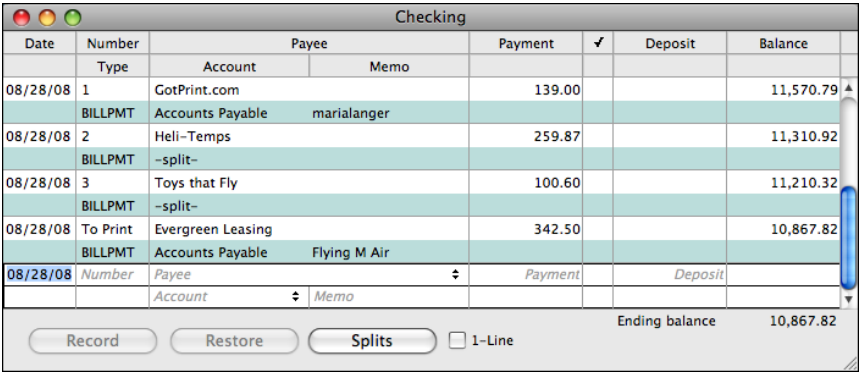
 **TIP:** If you pay by cash and your Petty Cash account is a bank account type, select Check in the Pay By area, and then choose your cash account from the drop-down list.

- 5 Choose a Sort Bills By option from the pop-up menu: Due Date, Discount Date, Vendor, or Amount Due.
- 6 Click to place a check mark in the left column beside each bill you want to pay now.
- 7 To pay only part of a bill now, enter the amount you'd like to pay in the Amt. Paid column.
- 8 To review or update discount information for a bill, select the bill and click Discount Info. In the Discount Information window (shown here), review the discount information. Make changes as necessary and click OK to record the discount. QuickBooks reduces the Amt. Due for this bill in the Pay Bills window. If you pay the lowered amount, QuickBooks puts the amount of the discount into the account you specified in the Discount Information window.
- 9 Click Next to pay this bill and keep the Pay Bills window open, or click OK to record your payments and close the window.



Discount Information	
Bill No.	
Discount Date	09/01/08
Bill Amount	262.50
Current Balance	262.50
Terms	1% 10 Net
Suggested Discount	2.63
Amount of Discount	<input type="text" value="2.63"/>
Discount Account	<input type="text" value="Cash Discounts"/>
<input type="button" value="Help"/>	
<input type="button" value="Cancel"/>	
<input type="button" value="OK"/>	

QuickBooks prepares one check for each vendor and records the checks in the check register with BILLPMT in the Type field (refer to Figure 12-5). If you pay with a credit card, QuickBooks records a charge for each vendor in your credit card register.



Checking							
Date	Number	Payee		Payment	✓	Deposit	Balance
	Type	Account	Memo				
08/28/08	1	GotPrint.com		139.00			11,570.79
	BILLPMT	Accounts Payable	marialanger				
08/28/08	2	Heli-Temps		259.87			11,310.92
	BILLPMT	-split-					
08/28/08	3	Toys that Fly		100.60			11,210.32
	BILLPMT	-split-					
08/28/08	To Print	Evergreen Leasing		342.50			10,867.82
	BILLPMT	Accounts Payable	Flying M Air				
08/28/08	Number	Payee		Payment		Deposit	
		Account	Memo				
Ending balance							10,867.82

☐ 1-Line

FIGURE 12-5 Bill payment checks appear in your check register with the BILLPMT type.

QuickBooks also records the payment to each vendor, along with any discounts applied, in the Accounts Payable register (refer to Figure 12-6). The amount you paid appears in the Paid column.

Date	Number	Vendor	Due Date	Billed	✓	Paid	Balance
Type	Account	Memo					
08/28/08		Heli-Temps				259.87	1,981.69
	BILLPMT	Checking [split]					
08/28/08		Heli-Temps				2.63	1,979.06
	DISC	Checking [split]					
08/28/08		Toys that Fly				100.60	1,878.46
	BILLPMT	Checking [split]					
08/28/08		Toys that Fly				5.30	1,873.16
	DISC	Checking [split]					
08/28/08	Number	Vendor	Due Date	Billed		Paid	
	Account	Memo					
Ending balance							1,873.16

FIGURE 12-6 You can see bill payments and discounts taken in the Accounts Payable register.

To Enter the Correct Check Numbers in the Check Register

If you send handwritten checks, go to the check register (refer to Figure 12-5), and enter the number of each handwritten check in the Number field of each check QuickBooks prepared.



TIP: Using the check register is discussed in detail in Chapter 15.

To Print Checks

- 1 Choose File | Print Forms | Checks.
- 2 Choose the account you want to print checks for from the Account drop-down list. A list of all checks ready to be printed for that account appears in the list, as shown next:

Print	Date	Name	Amount
<input checked="" type="checkbox"/>	08/20/08	Joe's Car Rental	50.50
<input checked="" type="checkbox"/>	08/28/08	Evergreen Leasing	342.50
<input checked="" type="checkbox"/>	08/28/08	GotPrint.com	139.00
<input checked="" type="checkbox"/>	08/28/08	Heli-Temps	259.87
<input checked="" type="checkbox"/>	08/28/08	Toys that Fly	100.60

- 3 Turn on the check box beside each check you want to print.
- 4 Click Print.
- 5 Follow the onscreen prompts to print the checks. If you need help, consult Chapter 15.

Working with Bills and Bill Payments

There are a number of other tasks you might need to perform when working with bills and bill payments. For example, you might need to view, edit, or delete a bill or payment. Here are some instructions for completing these tasks.

To View a Bill Payment

For a check, double-click the check in either the check register or the Accounts Payable register. (In either register, its Type field says BILLPMT; refer to Figures 12-5 and 12-6.)

or

For a credit card charge bill payment, double-click the charge in your credit card register or the Accounts Payable register.

QuickBooks displays the payment (see Figure 12-7). The detail area of the check or credit card charge itemizes which bills were paid with the payment.

Bank Account: **Checking** Ending Balance: 10,867.82

No. To Print: 1 Date 08/28/08

Pay to the Order of: Heli-Temps \$ 259.87

Two hundred fifty-nine and 87/100***** Dollars

Address: Heli-Temps

Memo:

Bill Payment Information:

Pay	Date Due	Vendor	Ref. No.	Bill Amt.	Amt. Due	Disc. Date	Amt. Paid
✓	09/21/08	Heli-Temps		262.50	259.87	09/01/08	259.87

FIGURE 12-7 A bill payment by check includes detail about the bill(s) paid.

To View a Bill's Payment History

- ❶ In the Accounts Payable register, select the transaction for the bill whose payment history you want to see. (Its Type field says BILL.)
- ❷ Choose Edit | Transaction History, or press COMMAND-U.

QuickBooks displays transactions (purchase orders, payments, or credits) related to the bill in a Transaction History window like the one shown next.

Transaction History - Bill

Bill Information

Vendor: Toys that Fly
 Date Received: 08/25/08
 Bill No.:
 Memo:

Bill Due: 09/24/08
 Bill Amount: 105.90

Payments and Credits


Type	Date	Number	Amount	Bill Balance
Discount	08/28/08		-5.30	100.60
Payment	08/28/08		-100.60	0.00

Buttons: Help, Print, Edit, Close, Go To

To Edit a Bill or Payment

You can edit any bill or payment transaction. Even if you've already paid a bill, you can edit its amount. If you reduce the bill amount, QuickBooks creates a credit with the vendor you overpaid. If you increase the bill amount, QuickBooks considers the bill not fully paid until you pay the additional amount.

- ❶ In the Accounts Payable register, locate the specific bill or payment you want to edit.

 **TIP:** You can use QuickBooks' search features to find a specific transaction in a register. Chapter 18 explains how.

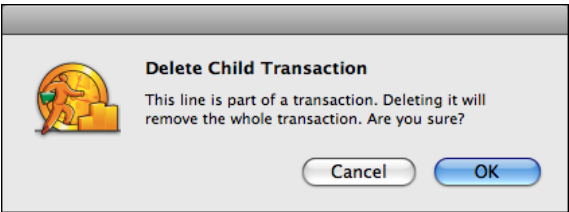
- ❷ Double-click the transaction to open it in an appropriate editing window. For example, if you double-click a bill, QuickBooks displays the Enter Bills window (refer to Figure 12-1).
- ❸ Make changes as desired.
- ❹ Click OK.

QuickBooks records your changes in the Accounts Payable register.

To Delete a Bill or Payment

You can delete any bill or payment transaction. If you delete a bill that you have already paid, QuickBooks creates a credit with the vendor. If you delete a payment, the bill or bills it was paying will have unpaid balances.

- 1 In the Accounts Payable register, locate and select the specific bill or payment you want to delete.
- 2 Choose Edit | Delete Bill; Edit | Delete Bill Pmt – *Payment Method*; or press COMMAND-D.
- 3 If the transaction is part of another transaction, a dialog like the one shown next may appear. To delete the entire transaction, click OK.



Having QuickBooks Remind You to Pay Bills

The due date in the Enter Bills window makes it possible for QuickBooks to remind you to pay each bill. You configure the reminders feature by telling QuickBooks how many days in advance to remind you about bills. QuickBooks then includes bill reminders in its Reminders window. Here's an example of what it might look like:

A screenshot of the 'Reminders' window in QuickBooks. It has a title bar with standard window controls. Below the title bar is a table with three columns: 'Due Date', 'Description', and 'Amount'. The table lists various reminders, including 'To Do Notes', 'Money to Deposit', 'Bills to Pay', 'Creations in Thread', 'Joe's Car Rental', 'Overdue Invoices', and 'Checks to Print'. At the bottom of the window, there are three buttons: 'Custom View', 'Summary', and 'Detail'.

Due Date	Description	Amount
	To Do Notes	
	Money to Deposit	8,035.00
	Bills to Pay	-316.83
08/31/05	Creations in Thread	-266.83
09/01/08	Joe's Car Rental	-50.00
	Overdue Invoices	128.07
	Checks to Print	-892.47

TIP: The Reminders list window is covered in Chapter 4.

To Configure the Reminders Feature for Bills

- 1 Choose QuickBooks | Preferences to display the QuickBooks Preferences dialog.
- 2 Choose Reminders from the Show pop-up menu to display Reminders options, which are shown in Figure 12-8.

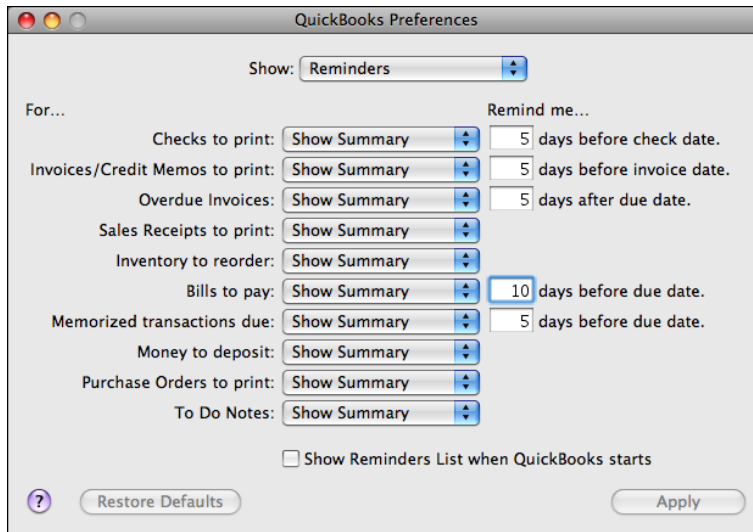



FIGURE 12-8 The Reminders preferences enable you to configure the reminders feature.

- 3 Choose an option from the Bills To Pay pop-up menu:
 - **Show Summary** displays a summary of the bills to pay.
 - **Show List** displays an itemized list of bills to pay.
 - **Don't Remind Me** disables the reminders feature for QuickBooks.
- 4 Enter the number of days before the due dates of your bills that you'd like to be reminded to pay. For example, if it takes four days for your mailed checks to reach your vendors, you might enter 5 or 6 days.
- 5 Click Apply.
- 6 Close the QuickBooks Preferences window.

 **TIP:** Preferences are discussed in greater detail in Chapter 23.

Entering Credit from a Vendor

When a vendor issues your company a credit—for example, when you return merchandise or get an adjustment on an invoice—you can enter that credit into QuickBooks to reduce your Accounts Payable balance. You enter credit from a vendor in the Enter Bills window, with the Credit option selected, as shown in Figure 12-9.

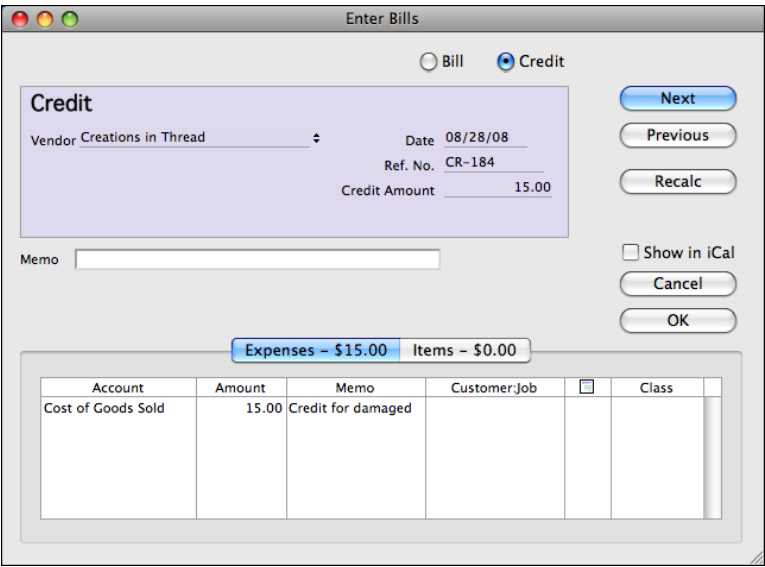


FIGURE 12-9 Use the Enter Bills window to enter a credit into QuickBooks.

To Enter a Credit Amount You Have with a Vendor

- 1 Choose Vendors | Enter Bills.
- 2 At the top of the Enter Bills window, select the Credit option. The window changes to show credit options (refer to Figure 12-9).
- 3 Fill in the Credit form as you would a Bill form. Consult the instructions near the beginning of this chapter for help.
- 4 Click OK. QuickBooks records the credit in your Accounts Payable account. In the Accounts Payable register, the transaction type is BILLCRED.

To Apply Credit to a Bill

You can easily apply any credit you have with a vendor to pay bills from that vendor.

- 1 Choose Vendors | Pay Bills to display the Pay Bills dialog.
- 2 In the Sort Bills By pop-up menu, choose Vendor. QuickBooks displays both bills and credits for each vendor:

✓	Date Due	Vendor	Ref. No.	Bill Amt.	Amt. Due	Disc. Date	Amt. Paid
✓	08/31/05	Creations in Thread	3476	266.83	266.83	08/11/05	266.83
✓		Creations in Thread	CR-184	-15.00	-15.00		-15.00
	09/01/08	Joe's Car Rental		50.00	50.00		0.00

- 3 Select the bills you want to pay and any credits you want to use.
- 4 QuickBooks applies any credit you marked to bills you marked for the same vendor.
- 5 Click OK. QuickBooks writes a check to each vendor for the amount of the bills you marked minus any credits you marked.

Questions and Answers about Bills

Here are a few commonly asked questions (and answers) about using QuickBooks' bills features.

Why don't the checks that QuickBooks wrote to pay bills show up in the Select Checks To Print window?

In the Pay Bills window, you did not select the To Be Printed check box.

To mark checks to be printed, display the check register and enter "To Print" in the Number field. (To QuickFill the Number field with *To Print*, enter *T* in the Number field and click Record.)

I just entered several bills, but when I try to pay them, I can't find them in the Pay Bills window. Why aren't they there?

The due date on the "missing" bills is probably later than the date in the Show Bills Due On Or Before field in the Pay Bills window. Change the date in that field to one after the due date for all the bills, or click Show All Bills.

How should I record a finance charge from a vendor for late payment of a bill?

Enter a new bill for the finance charge alone.

How should I record a discount from a vendor for early payment of a bill?

If you are paying less than the full amount of the bill, you can apply the discount in the Pay Bills window. If you have paid the bill in full and now have credit from the vendor, enter a credit for the overpayment.

When I look at my Accounts Payable register, it doesn't show any amounts for bills I've already paid or their payments. Why are the amounts missing?

At the bottom of the register, you have a check mark in the Show Open Balance check box. When you select this option, the register shows only the remaining balances on unpaid bills and unapplied credits. Click the check box to clear it. You will see original amounts for all bills, payments, and credits.

Last month I paid several bills from one vendor with a single check. Is there some way I can print the details of which bills I paid with that check?

Print a voucher check on plain paper. The voucher area lists the amount you paid on each bill.

I have a vendor who is also a customer. How can I show a bill as being paid by my services, and an invoice as being paid by the vendor's services?

You will need to have slightly different names on your Customer:Job and Vendor lists to be able to track the vendor as a customer also. One way is to add “_v” after the name for the Vendor List, but specify that checks should print with the regular name.

After you've entered both the bill and the invoice, write two general journal transactions:

- 1 Choose Banking | Make General Journal Entries.
- 2 On the first line of the detail area, enter the name of your Accounts Payable account in the Account column, the amount to apply in the Debit column, and the vendor name in the Name column.
- 3 On the second line, enter a name such as “Exchange” (an income or expense account) in the Account column, the same amount you entered in the Debit column in the Credit column, and the vendor name in the Name column.
- 4 Click Next.
- 5 For the second transaction, on the first line of the detail area, enter the name of your A/R account in the Account column, the amount to apply in the Credit column, and the customer name in the Name column.
- 6 On the second line, enter the same income or expense account as in the first transaction (for example, Exchange) in the Account column, the same amount you entered in the Credit column in the Debit column, and the customer name in the Name column.
- 7 Now you have “payments” in both your A/R and Accounts Payable accounts.

To apply the “payments” to the invoice and bill:

- 1 In the Receive Payments window, apply the existing credits to the invoice.
- 2 In the Pay Bills window, mark both the bill and the general journal “payment” to be paid, and click OK.

If the amounts are the same, QuickBooks doesn't write a check, but records both transactions as paid.

Accounts Payable Management

n this chapter:

- Viewing the Accounts Payable register
- Editing a transaction in the Accounts Payable register
- Viewing an accounts payable transaction history
- Viewing a QuickReport about a vendor
- Working with Accounts Payable reports and graphs

Once you’ve recorded some bills and payments in your Accounts Payable account, QuickBooks can give you important information about your vendors and the money you owe now and in the near future. You can easily find out:

- Which vendors you owe and how much
- Whether you’ve paid a certain bill
- Whether any of your payments are overdue, which ones, and by how much
- How much you spent with each vendor last quarter


You can get answers to these and many other questions by using the tools QuickBooks provides for viewing your accounts payable.

Working with the Accounts Payable Register

The Accounts Payable register (see Figure 13-1) is a list of all bills, payments, and credits related to your vendors. From the register, you can view your accounts payable transactions in date order and enter bills directly into the register.

Accounts Payable								
Date	Number	Vendor		Due Date	Billed	✓	Paid	Balance
	Type	Account	Memo					
08/25/08		Wenatchee Fuel			90.60			2,277.33
	ITEM R...	Operating Expe...	Received items...					
08/26/08	AZ-2467	APS		09/03/08	183.23			2,460.56
	BILL	Utilities:Gas an...	July Electric bill					
08/28/08	1230	GotPrint.com					139.00	2,321.56
	BILLPMT	Checking						
08/28/08	1231	Evergreen Leasing					342.50	1,979.06
	BILLPMT	Checking						
08/28/08	1234	Creations in Thread					251.83	1,727.23
	BILLPMT	Checking						
08/28/08	1235	Toys that Fly					100.60	1,626.63
	BILLPMT	Checking [split]						
08/28/08	1236	Toys that Fly					5.30	1,621.33
	DISC	Checking [split]						
08/28/08	CR-184	Creations in Thread		Paid			15.00	1,606.33
	BILLCRED	Cost of Goods...						
08/29/08		Vendor		Due Date	Billed		Paid	
		Account	Memo					
Ending balance								1,606.33
Record Restore Splits <input type="checkbox"/> 1-Line <input type="checkbox"/> Show open balance								

FIGURE 13-1 The Accounts Payable account register window shows all transactions that affect accounts payable balances.

 **TIP:** You can learn how to enter bills using the Enter Bills window or Accounts Payable register window in Chapter 12.

To View the Accounts Payable Register

- 1 Choose Lists | Chart Of Accounts, or press SHIFT-COMMAND-A, to display the Chart Of Accounts window.
- 2 Double-click your Accounts Payable account. The Accounts Payable register window appears (refer to Figure 13-1).

To Change the Display of the Accounts Payable Register

You can use two check boxes in the register window to change its display:

- 1-Line collapses the register so it shows only one line per transaction, like this:

Date	Number	Vendor	Account	Due Date	Billed	✓	Paid	Balance
08/23/08		GotPrint.com	-split-	09/22/08	1,282.50			2,080.83
08/25/08		Toys that Fly	-split-	Paid	105.90			2,186.73
08/25/08		Wenatchee Fuel	Operating Expe...		90.60			2,277.33
08/26/08	AZ-2467	APS	Utilities:Gas an...	09/03/08	183.23			2,460.56
08/28/08	1230	GotPrint.com	Checking				139.00	2,321.56
08/28/08	1231	Evergreen Leasi...	Checking				342.50	1,979.06
08/28/08	1234	Creations in Th...	Checking				251.83	1,727.23
08/28/08	1235	Toys that Fly	Checking [split]				100.60	1,626.63
08/28/08	1236	Toys that Fly	Checking [split]				5.30	1,621.33
08/28/08	CR-184	Creations in Th...	Cost of Goods...	Paid			15.00	1,606.33
08/29/08	Number	Vendor	Account	Due Date	Billed		Paid	
								Ending balance 1,606.33

- Show Open Balance displays only unpaid balances in the Billed and Paid columns. If all items displayed are closed (or paid), values are not displayed. Compare the following illustration to Figure 13-1 to see the difference.

Accounts Payable

Date	Number	Vendor		Due Date	Billed	✓	Paid	Balance
	Type	Account	Memo					
08/28/08	1234	Creations in Thread						1,727.23
	BILLPMT	Checking						
08/28/08	1235	Toys that Fly						1,626.63
	BILLPMT	Checking [split]						
08/28/08	1236	Toys that Fly						1,621.33
	DISC	Checking [split]						
08/28/08	CR-184	Creations in Thread		Paid				1,606.33
	BILLCRED	Cost of Goods...						
08/29/08	Number	Vendor	↕	Due Date				
		Account	↕ Memo					

Ending balance1,606.33

RecordRestoreSplits

☐ 1-Line☒ Show open balance

To Edit an Accounts Payable Transaction in the Register

- 1 Open the Accounts Payable register for the transaction you want to edit.



TIP: If you have many transactions in your register, let QuickBooks search for the transaction you want. Check Chapter 18 for details on how to search for transactions.

- 2 Double-click the transaction you'd like to edit. This should display the entry form used to create the entry.
- 3 Make changes as desired in the form, and then click OK.

To Change the Opening Balance for a Vendor

You can use the Accounts Payable register to change the opening balance for a vendor.

- 1 Open the Accounts Payable register for the transaction you want to edit.
- 2 Select the vendor's opening balance transaction. It should be among the first for that vendor and probably has the words "Opening Balance" in the Memo field.
- 3 Change the amount in the Billed field.
- 4 Click Record.

Viewing an Accounts Payable Transaction History

A transaction history shows transactions that are related or "linked" to the one you selected, so you can move easily to any related transaction. For example, from a bill, you can move to any of the payments that paid the bill.

You can view an accounts payable transaction history from the following registers and windows:

- Accounts Payable register
- Check register
- Credit card register
- Enter Bills window
- Create Purchase Orders window
- Write Checks window
- Enter Credit Card Charges window

The history shows all transactions in the register that are related to the transaction you select, in chronological order. Table 13-1 describes the transaction history QuickBooks shows for different types of transactions.

Transaction History for This Type of Transaction	Shows These Related Transactions, in Chronological Order
Bill	Payments made on the bill Discounts Purchase Orders
Payment	Bills to which your payment was applied
Credit with a vendor	Bills to which your credit was applied
Item receipt	PO's against which the items were received

TABLE 13-1 Transaction History for Various Types of Accounts Payable Transactions

To View a Transaction History for Any Accounts Payable Transaction

- 1 Select the transaction you're interested in from the Accounts Payable register or transaction window: Enter Bills, Create Purchase Orders, Write Checks, or Enter Credit Card Charges.
- 2 Choose Edit | Transaction History, or press COMMAND-U. The Transaction History dialog for the transaction appears. Here's what it might look like for a bill payment by check:

Transaction History - Bill Pmt -Check

Bill Payment Information

Vendor	Creations in Thread	Payment From	Checking
Date Paid	08/28/08	Payment Amount	251.83
Check No.	1234		
Memo			

Bills Paid

Type	Date	Number	Amount	Payment Balance
Bill	08/01/05	3476	-251.83	0.00

Buttons: Help, Print, Edit, Close, Go To

Working with Accounts Payable Reports and Graphs

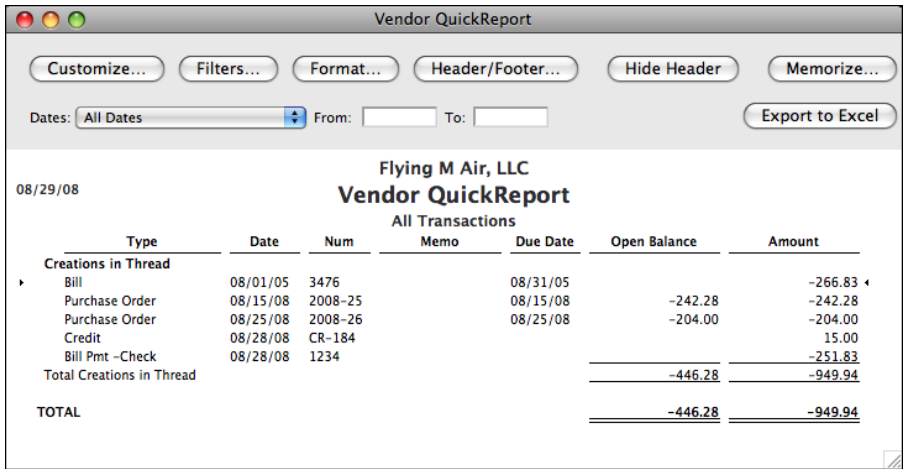
QuickBooks' extensive and flexible report feature, which is discussed in detail in Chapter 21, offers a number of predefined reports you can use to get information about accounts payable and individual vendors. This part of the chapter looks at

Vendor QuickReports and the standard Accounts Payable reports found under the Reports menu.

Viewing a Vendor QuickReport

From any Accounts Payable window, you can see a QuickReport about a vendor. The QuickReport shows different information depending on how you create it.

- When you create a QuickReport while displaying a bill or the Vendor Center’s vendor list, it shows all unpaid bills from that vendor. The QuickReport also shows the due date, the open balance, and the original amount of the bill. The total equals the vendor’s balance. Figure 13-2 shows an example.



Vendor QuickReport

Customize... Filters... Format... Header/Footer... Hide Header Memorize...

Dates: All Dates From: To: Export to Excel

08/29/08

Flying M Air, LLC
Vendor QuickReport
All Transactions

Type	Date	Num	Memo	Due Date	Open Balance	Amount
Creations in Thread						
Bill	08/01/05	3476		08/31/05		-266.83
Purchase Order	08/15/08	2008-25		08/15/08	-242.28	-242.28
Purchase Order	08/25/08	2008-26		08/25/08	-204.00	-204.00
Credit	08/28/08	CR-184				15.00
Bill Pmt -Check	08/28/08	1234				-251.83
Total Creations in Thread					-446.28	-949.94
TOTAL					-446.28	-949.94

FIGURE 13-2 A Vendor QuickReport shows vendor activity.

- When you create a QuickReport while displaying the Accounts Payable register, it shows all transactions, including payments and paid bills, for a vendor. The QuickReport also shows the account that you assigned the bill to, the open balance, and the original amount of the bill. The total equals the vendor’s balance.

To View a QuickReport for a Vendor

- 1 Display a bill or payment, or select a name from the Vendor Center’s vendor list.
- 2 Choose Reports | QuickReport. QuickBooks displays a chronological report showing transactions for the vendor (refer to Figure 13-2).

Viewing Accounts Payable Reports

QuickBooks has several preset Accounts Payable reports that give you valuable information about your vendors and expenses. You can “filter” each preset report so that it shows only the information you want to see. You can also customize the appearance of each report.

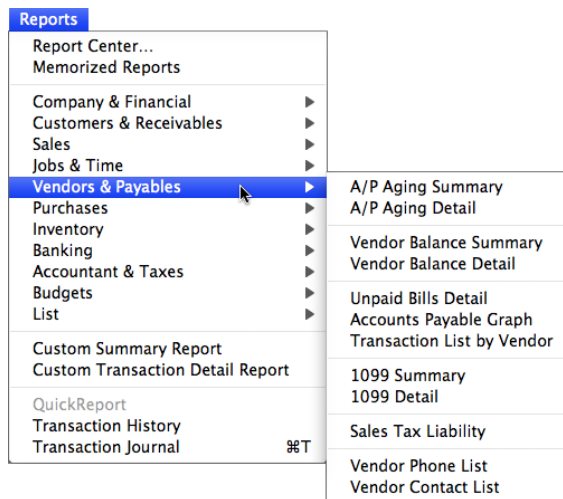
Because preset reports are designed to give you just the information you need, you may not need to change any settings when you display the report. Just choose the report you want from the Reports menu.



TIP: Creating, customizing, and printing reports is discussed in detail in Chapter 21.

To Create an Accounts Payable Report or Graph

- 1 Choose Reports | Vendors & Payables to display a submenu of reports like the one shown here:



- 2 Choose the accounts payable report or graph you want to see.

Purchase Orders

In this chapter:

- Purchase order overview
- Turning on the purchase order feature
- Entering a purchase order
- Editing purchase orders
- Printing purchase orders
- Viewing purchase orders
- Receiving items against a purchase order
- Closing a purchase order manually

If your company makes frequent purchases of products and services from vendors, the purchase order features of QuickBooks can help you maintain your sanity. You use a familiar form to enter the products and services you are buying and can even print out the form to submit it to a vendor. QuickBooks keeps track of outstanding orders for you. Then, when items are received or services are rendered, you can mark them received on the purchase order. You can even use the purchase order as a basis for incoming bills for items received.

This chapter takes a closer look at purchase orders to see how they fit into QuickBooks and make accounting for the products and services you buy easy.

Purchase Order Overview

Purchase orders (PO's) help track your inventory on order. At any time, you can see items you have on order and when they're due to be received. When you receive items you've ordered, check them against the purchase order. If they're all there, QuickBooks marks the purchase order RECEIVED IN FULL.

When to Use Purchase Orders

Use a purchase order when you order items. Use other forms when you receive or buy items that are never on order. Table 14-1 summarizes your options.


To Do This	Use This Form
Order items that you'll receive and pay for later	Purchase order
Receive items before receiving a bill; no initial order	Item receipt (covered in Chapter 8)
Receive items and a bill together; no initial order	Bill (covered in Chapter 12)
Pay for and receive items at the same time, as in an over-the-counter purchase	Check or credit card (covered in Chapter 15)

TABLE 14-1

Forms You Use to Order, Receive, and Pay For Items

Turning on the Purchase Order Feature

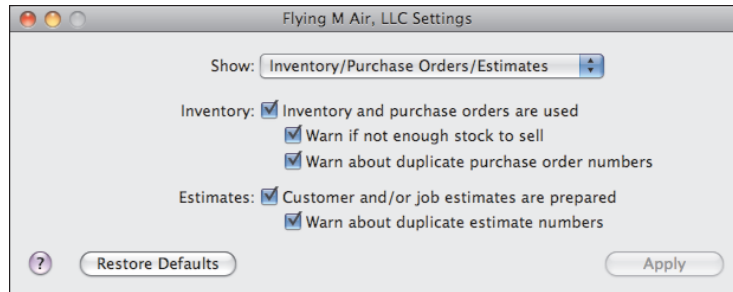
To use the purchase order feature, you must enable it.



NOTE: If you are using the QuickBooks inventory features, purchase orders are already enabled.

- 1
- Choose Company | Company Settings to display the Settings dialog for your company.

- 2 Choose Inventory/Purchase Orders/Estimates from the Show pop-up menu to display related options (shown next).



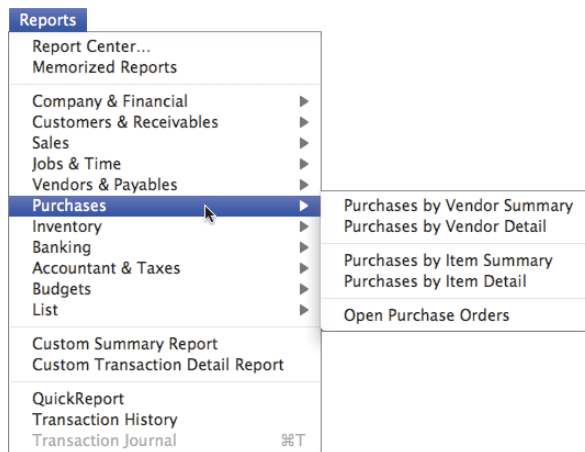
- 3 Make sure the Inventory And Purchase Orders Are Used check box is turned on.
- 4 Click Apply.
- 5 Close the Settings dialog.

Your Purchase Orders Account

When you create your first purchase order, QuickBooks creates a Purchase Orders account that appears as the last account in your Chart of Accounts. This is a *non-posting* account that does not affect your balance sheet or income statement.

Reports Showing Items On Order

Several QuickBooks reports are set up specifically to help you track items you have on order. Choose Reports | Purchases (shown here) to access them.



Entering a Purchase Order

You can use purchase orders to buy inventory, non-inventory (such as office supplies), and service items.

When you use purchase orders to buy inventory items, QuickBooks updates your inventory, so you know which items are on order and when they're due to be received. When you use purchase orders for non-inventory items, you can still track your open purchase orders to see what you have and have not received, but non-inventory items are not included in reports showing items on order.

To Buy Items with a Purchase Order

- ❶
- Choose Vendors | Create Purchase Orders to display the Create Purchase Orders window (refer to Figure 14-1).

Create Purchase Orders

Vendor: Toys that Fly

Class:

Template: Standard Purchase Order

Customize...

Purchase Order

Vendor
Toys that Fly
P.O. Box 3289
Nashville, TN 58493

Date
08/29/08

P.O. Number
2008-27

Ship To
Flying M Air, LLC
Deadville Municipal Airport
Deadville, AZ 85390

Item	Description	Quantity	Rate	Amount
Gliders	Balsa wood glider.	200	0.25	50.00
Helicopter Toys	Helicopter toys.	100	0.87	87.00

Vendor Message

Total137.00

Next

Previous

Receipts...

☐ Show in iCal

☒ To be printed

Print...


☒ To be emailed

Cancel

OK

FIGURE 14-1 Use the Create Purchase Orders window to enter the details of a purchase.

- ❷
- Choose a vendor from the Vendor drop-down list, or enter a new vendor in the field. If you enter a new vendor, QuickBooks prompts you to set up the vendor and returns you to the Create Purchase Orders form when you're finished.



TIP: Setting up vendors is discussed in Chapter 4.

- 3 QuickBooks automatically fills in the vendor's address in the Vendor block, your company's shipping address in the Ship To block, and today's date in the Expected field. The date in the Expected (delivery date) field appears on stock status reports as the next receipt date for inventory on order. Modify the contents of these fields if necessary.
- 4 If class tracking is enabled, choose an option from the Class drop-down list if desired.



TIP: Class tracking is discussed in Chapter 4.

- 5 To change the layout and appearance of the purchase order, choose a different option from the Template pop-up menu. These instructions assume you are using the Standard Purchase Order.



TIP: You can further customize purchase orders by clicking the Customize button and using the Layout Designer to modify and save the purchase order template.

- 6 On a line in the middle of the form, enter an item you want to order. As you choose an item in the Item column, QuickBooks fills in the Description and Rate. You can override either entry. If you enter a new item, QuickBooks prompts you to set up the item and returns you to the Create Purchase Orders form when you're finished.



TIP: Adding items is discussed in Chapter 6.

- 7 Enter the quantity you want to order in the Quantity field. QuickBooks calculates the amount.
- 8 Repeat steps 6 and 7 for each item you want to order.
- 9 Enter an optional message to your vendor in the Vendor Message field.
- 10 Enter an optional memo for this purchase order in the Memo field. The memo appears in the purchase order list and other places QuickBooks refers to this purchase order. It may be helpful to enter a short description. The memo does not print on the purchase order.
- 11 Click OK.

To Edit an Existing Purchase Order


- 1 Display the purchase order you want to modify in the Create Purchase Orders window.
- 2 Make changes as desired.
- 3 Click OK.

To Delete an Existing Purchase Order

- 1 Display the purchase order you want to delete in the Create Purchase Orders window, or select it in the Purchase Orders register or other list.
- 2 Choose Edit | Delete Purchase Order, or press COMMAND-D.
- 3 Click OK in the confirmation dialog that appears. The purchase order is removed.

To Print a Purchase Order

- 1 Display the purchase order you want to print in the Create Purchase Orders window.
- 2 Click the Print button.
- 3 Use the standard Print dialog that appears to set options and send the purchase order to your printer.

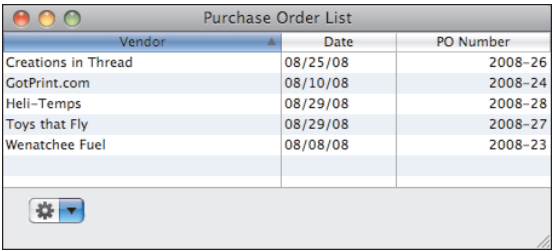
 **TIP:** Printing is discussed in greater detail in Chapter 21.

Viewing Purchase Orders


You can quickly see either a list or QuickReport of the purchase orders you’ve created.

To See a List of All Your Purchase Orders

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



Vendor	Date	PO Number
Creations in Thread	08/25/08	2008-26
GotPrint.com	08/10/08	2008-24
Heli-Temps	08/29/08	2008-28
Toys that Fly	08/29/08	2008-27
Wenatchee Fuel	08/08/08	2008-23

 **TIP:** You can omit closed purchase orders from the Purchase Order List by choosing Show Only Open Purchase Orders from the list’s Actions pop-up menu.

To See a Specific Purchase Order

In the Purchase Order List window (shown earlier), double-click the purchase order you want to view. It opens in the Create Purchase Orders window.

To See a QuickReport of Your Purchase Orders

- 1 Choose Lists | Chart Of Accounts, or press SHIFT-COMMAND-A, to display the Chart Of Accounts window.
- 2 Scroll down to the bottom of the list and select Purchase Orders.
- 3 Choose Reports | QuickReport. The Account QuickReport, which is shown in Figure 14-2, shows the purchase orders you've created in chronological order, along with the PO number, vendor name, memo, and amount.

Account QuickReport

Customize... Filters... Format... Header/Footer... Hide Header Memorize...

Dates: This Fiscal Year-to-date From: 01/01/08 To: 08/29/08 Export to Excel

08/29/08

Flying M Air, LLC
Account QuickReport
 As of August 29, 2008

Type	Date	Num	Name	Memo	Split	Amount
Purchase Orders						
Purchase Order	08/08/08	2008-23	Wenatchee Fuel		Operating Expenses	-317.10
Purchase Order	08/10/08	2008-24	GotPrint.com		-SPLIT-	-339.00
Purchase Order	08/15/08	2008-25	Creations in Thread		Inventory Asset	-242.28
Purchase Order	08/25/08	2008-26	Creations in Thread		Inventory Asset	-204.00
Purchase Order	08/29/08	2008-27	Toys that Fly		-SPLIT-	-137.00
Purchase Order	08/29/08	2008-28	Heli-Temps		Reimbursed Expe	-450.00
Total Purchase Orders						<u>-1,689.38</u>
TOTAL						<u><u>-1,689.38</u></u>

FIGURE 14-2 An Account QuickReport for the Purchase Orders account lists all purchase orders.

Receiving Items Against a Purchase Order

When you receive items against a purchase order, the QuickBooks form you use depends on when you pay for the items. Once you receive the items, you can see a list of the transactions where you recorded receipt of these items.

Table 14-2 summarizes which form to use to receive items.

To Do This	Use This Form	Menu Command	Chapter Covered
Receive items with no bill; pay later	Item Receipt	Vendors Receive Items	Chapter 8
Receive items and bill at the same time	Bill	Vendors Enter Bill	Chapter 12
Receive items and pay for them at the same time	Check or credit card	Banking Write Checks or Banking Enter Credit Card Charges	Chapter 15

TABLE 14-2

Forms to Use to Receive Items

To See a Transaction History for a Purchase Order

Click the Receipts button for a purchase order in the Create Purchase Orders window. The transaction history for that purchase order appears. It might look something like this:

Transaction History – Purchase Order

Purchase Order Information

Vendor

Creations in Thread

Date Ordered

08/15/08

PO No.

2008-25

Memo

Receipts

Type	Date	Number	Amount
Bill	08/01/05	3476	36

Help

Print

Edit

Close

Go To

Closing a Purchase Order Manually

When you receive all the items against a purchase order, QuickBooks marks the purchase order *RECEIVED IN FULL*. Suppose, however, that your vendor is out of an item, or the item is not made anymore. In that case, you will not be able to receive all of the items on the purchase order. You could close either all or part of the purchase order manually, so that QuickBooks doesn't show the items as being on order anymore, but you still have a record that you ordered them. When you close a purchase order manually, QuickBooks marks the purchase order *CLOSED*.

To Close a Line of a Purchase Order Manually

- 1 Choose Vendors | Purchase Order List to display the list of purchase orders.
- 2 Double-click an open purchase order you want to close items on.
- 3 On the purchase order, click in the Clsd column on the right side of the detail area beside an item you don't expect to get. QuickBooks places a check mark there to mark the item as closed.
- 4 Click OK.



NOTE: QuickBooks removes any inventory items you mark as closed from reports showing items on order. If you close every line of the purchase order, QuickBooks marks the whole purchase order closed.

To Close an Entire Purchase Order Manually

- 1 Choose Vendors | Purchase Order List to display the list of purchase orders.
- 2 Double-click an open purchase order you want to close.
- 3 Turn on the Closed check box at the top of the form. QuickBooks marks each line item as closed, displays *CLOSED* on the purchase order, removes the purchase order from the Open Purchase Orders report, and no longer shows the items as on order.

Part Five

Working with Banking Features

Every business has at least one bank account that it uses for depositing receipts from customers and paying bills. Similarly, most businesses use credit cards to handle purchases and other payments they need to make during the course of doing business. QuickBooks makes it easy to keep track of the balances of bank and credit card accounts with features such as the Write Checks, account register, and Enter Bills windows. If your financial institution supports transaction download features, you can download bank and credit card transactions directly into QuickBooks, thus saving data entry time. Finally, to make sure you and your bank are on the same page, its account reconciliation features make it possible to compare your balances to the bank's so you can identify and track down any differences.

This part of the book explores these banking features of QuickBooks. Its three chapters are:

Chapter 15: Managing Check and Credit Card Transactions

Chapter 16: Importing Online Bank and Credit Card Transactions

Chapter 17: Reconciling Bank and Credit Card Accounts

Managing Check and Credit Card Transactions

n this chapter:

- Checks overview
- Entering a check
- Printing, saving, or e-mailing checks
- Depositing funds into your checking account
- Credit card overview
- Entering a credit card transaction
- Reconciling/paying your credit card statement

Most businesses use bank and credit card accounts to handle their day-to-day financing needs. Checking and savings accounts are extremely common. You'll deposit receipts from sales and other payments from customers in a bank account and then use those funds to pay your company's bills. You may also use one or more credit cards to make purchases of items used during the course of doing business.

This chapter takes a closer look at your bank and credit card accounts. It starts by discussing how you can write and print checks and make checking account deposits. It then goes on to explain how to record credit card transactions and make payments on your credit card accounts.

Working with Bank Accounts

As discussed in Chapter 5, a bank account in QuickBooks is any kind of account that handles cash transactions. Your company is likely to have a Checking account, but may also have a Savings account and a Petty Cash account. All of these QuickBooks accounts are considered to be bank accounts, even if—in the instance of a Petty Cash account—there's no bank or other financial institution involved.

Although this chapter's discussion of bank accounts focuses on a checking account, everything covered here also applies to other QuickBooks bank accounts. This part of the chapter explores the Write Checks window and other features you can use to work with bank accounts.

Overview of the Write Checks Window

The QuickBooks Write Checks window (refer to Figure 15-1) looks just like the paper checks you're used to. Use the Write Checks window to do the following:

- Write checks.
- Record any bank account or petty cash withdrawals.
- Review and edit checks and withdrawals.
- Print checks.

To open the Write Checks window, choose Banking | Write Checks, or press COMMAND-K. The Write Checks window, which is shown in Figure 15-1, appears. Use the Bank Account drop-down list to choose the account for which you want to write checks, and fill in the form to write the check.



TIP: You can also write checks and other withdrawals directly into the check register, as discussed in Chapter 18.

Account	Amount	Memo	Customer:Job	Class
Postage and Delivery	10.50	Shipping		
Advertising	145.00	Flyers	American Aviation	Photo

FIGURE 15-1 The Write Checks window offers a familiar interface for writing checks for any bank account.



NOTE: If you use the Enter Bills and Pay Bills windows to enter and pay your bills, respectively, QuickBooks writes the checks to your vendors for you. Do not write checks with the Write Checks window or check register for these bills.

Entering a Check

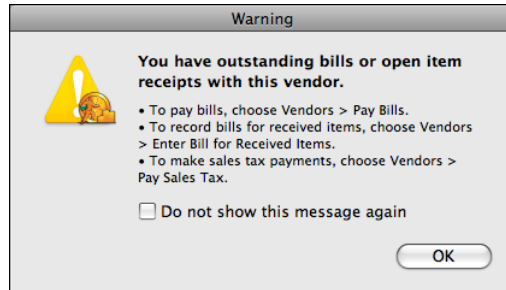
Entering information for a check is a two-step process. First, enter the payee information in the top part of the Write Checks window. Then enter details—expenses, items, or both—in the bottom part of the Write Checks window. Here's how to enter all of this information in the Write Checks window.

To Enter Payee Information

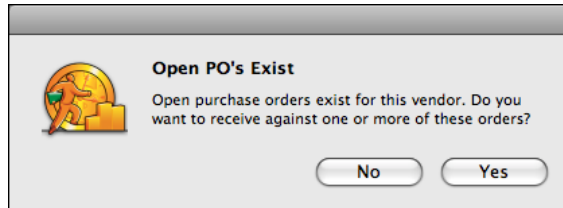
Payee information goes in the top half of the Write Checks window.

- 1 Display the Write Checks window (refer to Figure 15-1), and choose the Bank Account you want to use to write the check.
- 2 In the Pay To The Order Of field, choose a payee name from the drop-down list, or enter the name of a new payee. A few things may happen, depending on the status of the payee:

- If you enter a payee for which you have outstanding bills or open item receipts, a dialog like the one shown next appears. It explains how you should handle payment for this vendor. Read the instructions, click OK, and if the payment is for an open item, follow the instructions in the dialog to make the payment.



- If you enter a payee for which you have open purchase orders, a dialog like the one shown next appears. If this payment is for items on a purchase order, click Yes and use the Open Purchase Orders dialog to receive items. (You can learn more about working with purchase orders in Chapter 14.) When you check off the items you are receiving for in the dialog and click OK, QuickBooks returns you to the Write Checks window with the bottom half of the form completed based on the purchase order information.



- If you enter a new name in this field, QuickBooks displays a dialog offering to set up the name for you; you'll have to specify whether the payee is a Vendor, Customer, Employee, or Other Name to set up the name. (You can learn more about setting up vendors, customers, employees, and other names in Chapter 4.) When you're finished setting up the name, you'll return to the Write Checks window to continue filling in the check form.
- 3 If necessary, enter the transaction date in the Date field. QuickBooks automatically fills this in with the current date, but you can change it.
 - 4 Enter the amount of the transaction in the \$ field. QuickBooks automatically writes out this amount in words in the field below it.

- 5 If necessary, enter or change the contents of the Address block. QuickBooks automatically enters the payee address from the appropriate list (vendors, customers, etc.), but if the Address block is empty or you need to make changes, you can do it here.
- 6 If desired, enter a memo for the check. This text will appear on the check when printed.



NOTE: When you write a check to someone you've written a check to before, QuickBooks fills in the check fields with the information from the last check to this person. As you tab through the check fields, you can change any field information that is different for this check. This feature, called QuickFill or AutoRecall, can be turned on or off in Data Entry Preferences, which are discussed in Chapter 23.

To Enter Details for Expenses

If the check is for expenses, enter the expenses in the Expenses pane of the Write Checks form.

- 1 In the Write Checks window, click the Expenses button to display the Expenses pane (refer to Figure 15-1).
- 2 On each line of the Expenses pane, choose or enter the Account, Amount, Memo, Customer:Job, and Class fields for the expense. Of these fields, only the Account and Amount are necessary; the other fields are optional. If you assign the amount of the check to various expense accounts, customers, jobs, and classes in the detail area, your reports will accurately reflect how much you spend within each expense account, for each customer or job, and within each class you have set up.



NOTE: Distributing the check amount to the correct customers also allows you to apply any reimbursable expenses to your sales. You can learn more in Chapter 7.

- 3 If you enter a customer or job in the Customer:Job field, indicate in the billable column beside it whether the expense is billable to that customer:
 - If the expense is billable to the customer, leave the invoice icon next to the customer's name as it is.
 - If the expense is not billable to that customer, click the invoice icon next to the customer's name to mark an X through it. (Clicking the invoice icon again removes the X.)



NOTE: After you record the invoice that includes the expense, the invoice icon for that expense is grayed, indicating that you've billed the customer for that expense.

To Enter Details for Items

If a check is to pay for items on your Item List, you can enter details in the Items pane of the Write Checks window.

- 1 In the Write Checks window, click the Items button to display the Items pane, which is shown next.

Item	Description	Qty	Cost	Amount	Customer:Job	<input type="checkbox"/>	Class
Postcard	Lake Postcard. Front	1.00	0.139	139.00			

- 2 On each line of the Items pane, choose or enter the Item, Description, Qty, Cost, Customer:Job, and Class fields for the items. Of these fields, only the Item, Qty, and Cost are necessary; the other fields are optional. If you assign the amount of the check to various items, customers, jobs, and classes in the detail area, your reports will accurately reflect how much you spend for individual items, for each customer or job, and within each class you have set up.

\$ NOTE: If you enter inventory items, QuickBooks adjusts your inventory to show that you have received the items. QuickBooks uses the cost you enter here to adjust the average cost.

\$ NOTE: If the check is for items on a purchase order, some or all detail may already be filled in. You can add additional lines for other items not included on the purchase order(s) or adjust quantities received, if necessary.

- 3 If you enter a customer or job in the Customer:Job field, indicate in the billable column whether the item is billable to that customer:
 - If the item is billable to the customer, leave the invoice icon next to the customer's name as it is.
 - If the item is not billable to that customer, click the invoice icon next to the customer's name to mark an X through it. (Clicking the invoice icon again removes the X.)

\$ NOTE: After you record the invoice that includes the item, the invoice icon for that item is grayed, indicating that you've billed the customer for that item.

To Complete the Write Checks Form

To finish recording the transaction, you can set a few options and click OK or Next to record the check.

- 1 On the right side of the Write Checks window (refer to Figure 15-1), set options as desired:
 - **Show In iCal** adds the check to iCal. Showing transactions in iCal is discussed in Chapter 7.
 - **To Be Printed** adds the check to the batch of checks to be printed later. This also sets the Number field of the account register to *To Print* (refer to Figure 15-2) until the check is printed and a check number is assigned. Printing checks is discussed a little later in this chapter.

Date	Number	Payee	Payment	✓	Deposit	Balance
08/28/08	To Print	GotPrint.com	139.00			11,018.92
	BILLPMT	Accounts Payable				
08/28/08	To Print	Toys that Fly	100.60			10,918.32
	BILLPMT	-split-				
08/28/08	To Print	Creations in Thread	251.83			10,666.49
	BILLPMT	Accounts Payable				
09/02/08	To Print	Deadville Office Supplies	294.50		Deposit	10,371.99
	CHK	-split- Special Order				
09/02/08						
Ending balance						10,371.99

FIGURE 15-2 The words *To Print* appear in the Number column of checks to be printed in the account register.

NOTE: If you write checks by hand, clear the To Be Printed check box and make sure the No. field has the same check number as the check you write.

- 2 To save the check and write another check, click Next, or to save the check without writing another check, click OK. QuickBooks enters the transaction into your checking or other bank account register.

NOTE: QuickBooks tells you if the transaction is not in balance—in other words, if amounts in the detail area do not add up to the total of the check. If a Warning dialog appears, click OK to return to the Write Checks window. Then either manually correct the amounts, or click Recalc to recalculate the amounts in the detail area and put the total in the \$ field on the check face.

Printing Checks

You can print checks as you create them or later, in batches. You can also e-mail checks as you create them.



NOTE: Before printing checks for the first time, choose File | Print Setup | Check to set basic options for all check printing, such as the type of check stock you use.

To Print a Single Check

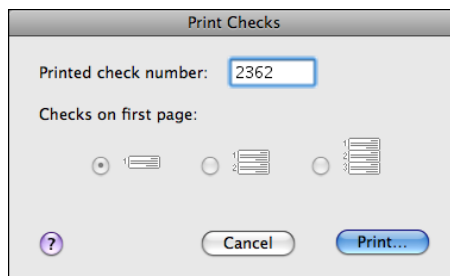
You can print a check from right within the Write Checks window.

- 1 Insert QuickBooks-compatible check stock in your printer.
- 2 In the Write Checks window, display the check you want to print.



TIP: You can use the Previous button in the Write Checks window to scroll back through previously recorded checks.

- 3 Click the Print button.
- 4 A Print Checks dialog like the one shown next appears. Use it to check and, if necessary, change the check number for the next check of your printed check stock and set other options.



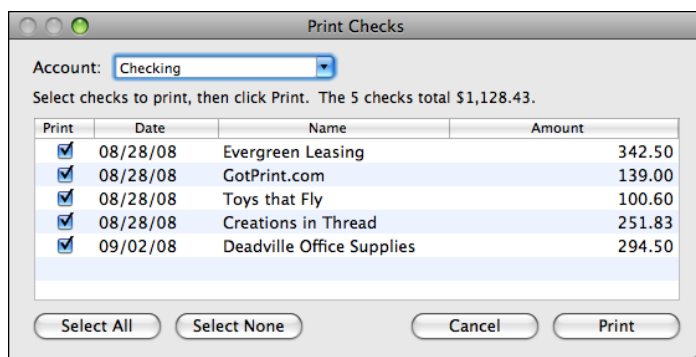
- 5 Click Print.
- 6 Use the standard Print dialog that appears to set options. Then click Print to send the check to your printer.

To Print a Batch of Checks

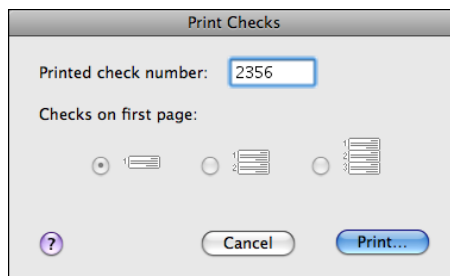
You can print any combination of checks set *To Print* all at once.

- 1 Insert QuickBooks-compatible check stock in your printer.
- 2 In the Write Checks window, make sure the To Be Printed check box is selected on the checks you want to print (refer to Figure 15-1), or in the account register for your Checking account, make sure *To Print* appears in the Number field of the checks you want to print (refer to Figure 15-2).

- 3 Choose File | Print Forms | Checks.
- 4 In the Print Checks dialog that appears (shown next), select the account for which you want to print checks. A list of checks to be printed for that account appears.

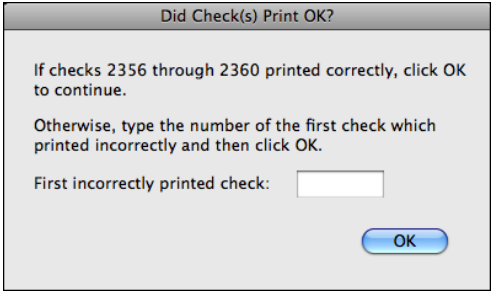


- 5 Click in the Print column to place a check mark beside each check you want to print.
- 6 Click Print.
- 7 A Print Checks dialog like the one shown next appears. Confirm that the check number in the Printed Check Number box is the one that's next in the check stock you inserted in your printer. If it is not, change the number.



- 8 Select a partial print setting in the dialog if necessary. (This is not possible for voucher checks.)
- 9 Click Print.
- 10 Use the standard Print dialog that appears to set print options. Then click the Print button to send the checks to your printer.

- 11 Wait while the checks print. When your computer has finished sending checks to the printer, it displays a dialog like the one shown next.



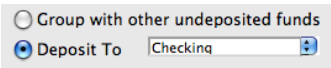
- If all checks printed without problems, click OK.
- If one or more checks did not print properly, enter the number for the first incorrectly printed check. QuickBooks sets those checks *To Print* again and takes you back to step 4 with only the checks that didn't print listed in the dialog. Repeat steps 4 through 11 to print the checks again.

QuickBooks assigns check numbers to the checks that printed properly. The next time you print checks, they will not appear in the Print Checks dialog shown in step 4.

Depositing Funds into Your Checking Account

You can deposit funds and customer payments into your checking account. Money can come from cash receipts, invoice payments received from customers, or other sources. There are several ways to deposit funds into your checking account:

- As discussed in Chapter 7, you can deposit funds directly from a sales form into your checking account by selecting the Deposit To option at the bottom of the form and choosing the account name, as shown here:
- You can deposit funds, including Undeposited Funds, into your checking account using the Make Deposits window, as discussed in Chapter 9.
- You can use your Checking account register to create a deposit transaction for funds that do not affect a customer balance. Chapter 18 provides details for working with account registers. Here's an example of a deposit entered in the register for a rebate check:



09/02/08	Number	MBNA Credit Card	Payment	50.00
	DEP	Operating Expenses	Fuel Rebate	

- You can use the General Journal Entry form to create an entry that records a deposit. This, in effect, is the same as using the Checking account register, but it utilizes a different form.



NOTE: In most cases, you'll use one of the first two methods listed here to enter deposit transactions into QuickBooks.

Accounting for Credit Card Charges

You can use QuickBooks credit card accounts to track charges and assign them to the appropriate expense accounts. You can learn more about adding credit card accounts to your Chart of Accounts in Chapter 5.

When you enter a credit card charge, QuickBooks reports the amount as a liability on your balance sheet since you owe money for the charge. If you enter individual credit card charges, QuickBooks accounts for the amount you owe as accounts payable until you pay the bill. If you never enter a bill, but just pay by check when you get your statement, QuickBooks decreases your liability amount when you pay.

When you purchase inventory items with a credit card, QuickBooks adjusts your inventory automatically. Chapters 6 and 8 cover inventory items in QuickBooks.

You can also pay bills with your credit card. QuickBooks enters a charge in your credit card register for each vendor you paid. Consult Chapter 12 for more information about paying bills.

You can reconcile a credit card account with your credit card statement just as you'd reconcile a bank account. Chapter 17 explains how. After you've reconciled, you can enter the credit card bill in accounts payable or write a check to pay the bill.

Entering Credit Card Transactions

Although you can enter, edit, and delete credit card transactions in your credit card register, if you plan to distribute a transaction amount among several accounts, customers, jobs, or classes, you'll need to use the Enter Credit Card Charges window. This window, which is shown in Figure 15-3, includes fields to gather complete information about the transaction. To open the Enter Credit Card Charges window, choose Banking | Enter Credit Card Charges.



TIP: For information about working with registers, see Chapter 18.

The Enter Credit Card Charges form has two parts. Use the receipt area in the top part to enter basic information about the transaction, such as the organization where you charged the purchase, the date, and the amount. Use the bottom part to itemize expenses or items or both. Here are the detailed instructions for completing this form.

Enter Credit Card Charges - AOPA MasterCard

Credit Card: AOPA MasterCard Ending Balance: 4,392.01

Purchased From: Creations in Thread Ref No.:

☒ Charge ☐ Credit

DATE: 09/02/08

AMOUNT: 108.26

Memo:

Expenses - \$27.50 Items - \$80.76

Account	Amount	Memo	Customer:Job		Class
Postage and Delivery	12.50	Shipping		<input type="checkbox"/>	
Office Supplies	15.00	Bags	American Aviation	<input type="checkbox"/>	Charter

FIGURE 15-3 Use the Enter Credit Card Charges window to enter complete information about individual credit card transactions.

To Fill in the Credit Card Receipt Area

Use the receipt area at the top of the form to enter basic information about the charge.

- 1 Use the Credit Card drop-down list to choose the credit card account you used to make the charge. This list should include all credit card accounts you set up in QuickBooks.
- 2 Choose or enter a vendor in the Purchased From field. A few different things may happen, depending on what you choose or enter:
 - If you choose a vendor for which you have outstanding bills or open item receipts, QuickBooks explains how you should handle the transaction. Read the instructions, click OK, and if the charge is for an open item, follow the instructions in the dialog to record it.
 - If you enter a vendor for which you have open purchase orders, QuickBooks displays a dialog that enables you to receive the items using the Open Purchase Orders dialog to receive items. (You can learn more about working with purchase orders in Chapter 14.) If you do this, QuickBooks returns you to the Enter Credit Card Charges window with the bottom half of the form completed based on the purchase order information.

- If you enter a new name in this field, QuickBooks displays a dialog offering to set up the name for you; you'll have to specify whether the payee is a Vendor, Customer, Employee, or Other Name to set up the name. (You can learn more about setting up vendors, customers, employees, and other names in Chapter 4.) When you're finished setting up the name, you'll return to the Write Checks window to continue filling in the check form.
- 3 If desired, enter a reference number for the credit card transaction in the Ref No. field.
 - 4 Enter the date of the transaction in the Date field.
 - 5 Enter the amount of the charge in the Amount field.
 - 6 If desired, enter a note about the charge in the Memo field.

To Enter Details for Expenses

If the credit card transaction is for expenses, enter the expenses in the Expenses pane of the Enter Credit Card Charges form.

- 1 In the Enter Credit Card Charges window, click the Expenses button to display the Expenses pane (refer to Figure 15-3).
- 2 On each line of the Expenses pane, choose or enter the Account, Amount, Memo, Customer:Job, and Class fields for the expense. Of these fields, only the Account and Amount are necessary; the other fields are optional. If you assign the amount of the check to various expense accounts, customers, jobs, and classes in the detail area, your reports will accurately reflect how much you spend within each expense account, for each customer or job, and within each class you have set up.



NOTE: Distributing the credit card charge amount to the correct customers also allows you to apply any reimbursable expenses to your sales. You can learn more in Chapter 7.

- 3 If you enter a customer or job in the Customer:Job field, indicate in the billable column whether the expense is billable to that customer:
 - If the expense is billable to the customer, leave the invoice icon next to the customer's name as it is.
 - If the expense is not billable to that customer, click the invoice icon next to the customer's name to mark an X through it. (Clicking the invoice icon again removes the X.)



NOTE: After you record the invoice that includes the expense, the invoice icon for that expense is grayed, indicating that you've billed the customer for that expense.

To Enter Details for Items

If a credit card charge is to pay for items on your Item List, you can enter details in the Items pane of the Enter Credit Card Charges window.

- 1 In the Enter Credit Card Charges window, click the Items button to display the Items pane, which is shown next.

Item	Description	Qty	Cost	Amount	Customer:Job	Class
Capl	Flying M Air	12	6.73	80.76	American	Char

- 2 On each line of the Items pane, choose or enter the Item, Description, Qty, Cost, Customer:Job, and Class fields for the items. Of these fields, only the Item, Qty, and Cost are necessary; the other fields are optional. If you assign the amount of the credit card charge to various items, customers, jobs, and classes in the detail area, your reports will accurately reflect how much you spend for individual items, for each customer or job, and within each class you have set up.

\$ NOTE: If you enter inventory items, QuickBooks adjusts your inventory to show that you have received the items. QuickBooks uses the cost you enter here to adjust the average cost.

\$ NOTE: If the credit card charge is for items on a purchase order, some or all detail may already be filled in. You can add additional lines for other items not included on the purchase order(s) or adjust quantities received, if necessary.

- 3 If you enter a customer or job in the Customer:Job field, indicate in the billable column whether the item is billable to that customer:

- If the item is billable to the customer, leave the invoice icon next to the customer's name as it is.
- If the item is not billable to that customer, click the invoice icon next to the customer's name to mark an X through it. (Clicking the invoice icon again removes the X.)

\$ NOTE: After you record the invoice that includes the item, the invoice icon for that item is grayed, indicating that you've billed the customer for that item.

To Complete the Enter Credit Card Charges Form

To save the credit card transaction and enter another one, click Next, or to save the credit card transaction without writing another one, click OK. QuickBooks enters the transaction into your credit card account register.



NOTE: QuickBooks tells you if the transaction is not in balance—in other words, if amounts in the detail area do not add up to the total of the credit card charge. If a Warning dialog appears, click OK to return to the Enter Credit Card Charges window. Then either manually correct the amounts, or click Recalc to recalculate the amounts in the detail area and put the total in the Amount field.

Recording Credit Card Credits

When you return an item to a vendor and receive a credit on your credit card account, this reduces the amount you owe to your credit card company. A credit transaction is recorded just like a charge transaction in the Enter Credit Card Charges window discussed earlier in this part of the chapter. The only difference is that before you complete the form, you need to select the Credit option in the top half of the window, as shown here:

Purchased From		Ref No.	
<input type="radio"/> Charge <input checked="" type="radio"/> Credit		DATE 09/02/08	
		AMOUNT 0.00	

Paying Your Credit Card Account

You can record a payment for a credit card account two ways:

- Perform an account reconciliation, as discussed in Chapter 17. At the conclusion, QuickBooks displays the Make Payment dialog, which you can use to initiate a payment for the account.
- Use the Write Checks window, which is discussed at the beginning of the chapter, to write a check for the credit card payment.

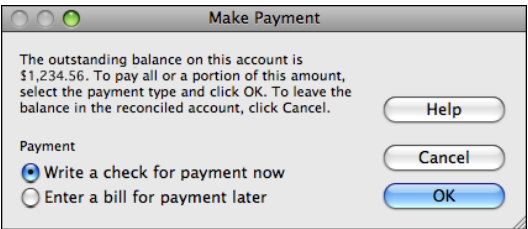
Here's an overview of each method.

To Make a Credit Card Payment after Reconciling the Account

When you receive your credit card statement, you check off transactions you've entered to make sure your QuickBooks records agree with the statement you get

from the credit card company. This procedure is similar to reconciling a bank statement, which is discussed in detail in Chapter 17.

At the end of the account reconciliation procedure, QuickBooks displays the Make Payment dialog. As shown next, it offers two options:



- **Write A Check For Payment Now** displays the Write Checks window (refer to Figure 15-4), all filled out for a credit card payment. Adjust the amount if desired and click OK to record the check.

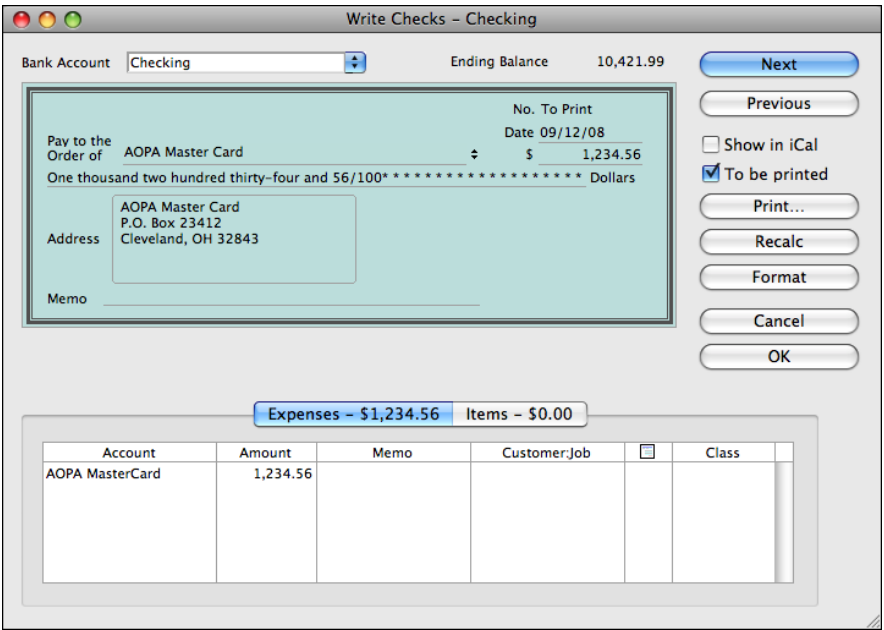


FIGURE 15-4 QuickBooks can write a check for a credit card payment.

- **Enter A Bill For Payment Later** displays the Enter Bills window (refer to Figure 15-5), all filled out for a bill payment to the credit card company. Adjust the amount if desired, and click OK to record the bill for later payment. You can learn more about recording and paying bills in Chapter 12.

FIGURE 15-5 QuickBooks can automatically enter a bill for a credit card payment.

If you click Cancel in the Make Payment dialog, no payment is set up for the credit card account, and the outstanding amount remains in the account.

\$ NOTE: Although QuickBooks automatically creates a check or bill for the entire outstanding amount of the credit card statement, you only have to make the minimum payment that appears on your credit card bill. Keep in mind, however, that if you pay your balance in full each month, you can avoid costly finance charges and save money.

To Make a Credit Card Payment by Writing a Check or Entering a Bill

Although it's a good idea to reconcile your credit card accounts regularly, you don't have to do so to pay your credit card bill. Instead, either manually write a check (refer to Figure 15-4) or enter a bill (refer to Figure 15-5) for the amount you want to pay. Just be sure to use the Expenses pane of the form to enter the credit card account name for the amount of the payment. This will reduce the balance for the credit card account when you pay the bill.

Importing Online Bank and Credit Card Transactions

n this chapter:

- Online banking overview
- Setting up online banking features
- Importing transactions
- Updating your register
- Customizing the Downloaded Transactions window toolbar

What would be quicker and easier than manually entering bank and credit card transactions into QuickBooks? Having QuickBooks enter transaction information for you automatically, of course.

With QuickBooks' online banking features, you may be able to download transactions from your financial institutions directly into your QuickBooks bank and credit card accounts. This chapter explains how online banking works, what you need to get started, and how to take advantage of it to save time and effort.

Online Banking Overview

QuickBooks' online banking features let you import bank and credit card transactions from your financial institution's web site into QuickBooks. You can then add and/or match the imported transactions to transactions in your QuickBooks bank or credit card account register.

Importing online transactions helps you to save time, since you no longer need to manually enter these transactions. It can also reduce potential data entry errors, since the amounts you download are the same as what your financial institution has recorded for your account.

You can import transactions from the following types of accounts:

- Checking
- Savings
- Money market
- Credit card
- Line of credit

System Requirements

To import online transactions, you need Internet access for your computer. You also need access to QuickBooks' downloads feature on a participating financial institution's web site, which may be subject to application approval, additional terms, conditions, and fees.

While this may seem daunting, most popular banks and credit card companies support some kind of online banking for QuickBooks customers. In some cases, this service is provided at no additional fee.



NOTE: Contact your financial institution to find out how QuickBooks is supported, and sign up for access *before* following the instructions in this chapter.

Service Options

Depending on your financial institution, you can download transactions using one of the following services:

- **Direct Connect** enables QuickBooks to connect directly to your financial institution's server to download transactions into QuickBooks.
- **Web Connect** requires you to manually access your bank's web site and download a QuickBooks-compatible transaction file. You then import that file into QuickBooks.

This chapter of the book covers both methods.

Setting Up Online Banking

Before you can use online banking, you must set up your accounts to access it. How you set up the account depends on the type of access that's available at your financial institution. The following instructions should cover any kind of setup.

To Begin the Online Banking Setup Process

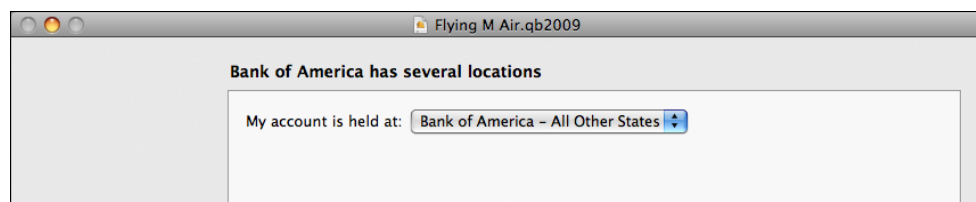
No matter how your financial institution supports QuickBooks, you start the setup process the same way: with the Online Banking Setup dialog.

- 1 Choose Banking | Online Banking Setup. The financial institution list of the Online Banking Setup dialog appears. It should look something like what you see in Figure 16-1.
- 2 Begin typing the name of your financial institution in the spotlight search box near the top of the dialog. The list is narrowed down to match what you typed.
- 3 When you see your financial institution in the list, click to select it.



NOTE: If your financial institution is not listed, click the link labeled What Do I Do If My Financial Institution Is Not Listed? and follow the instructions in the Help window that appears.

- 4 Click Next.
- 5 If your financial institution has multiple locations, a screen with a pop-up menu like the one shown next might appear. Choose your bank's location from the pop-up menu and click Next.



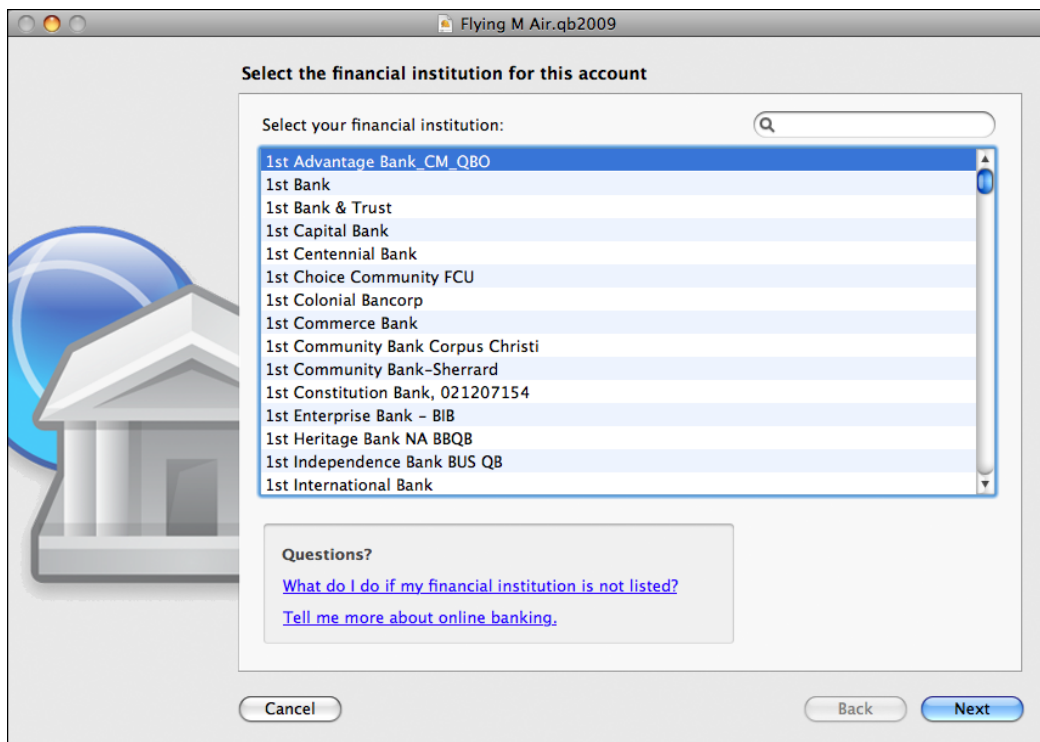


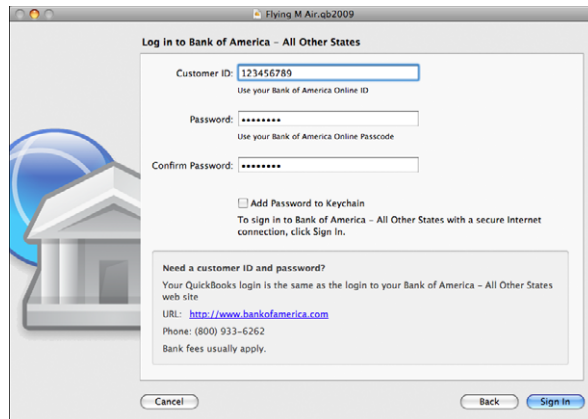
FIGURE 16-1 The first screen of the Online Banking Setup dialog displays a list of supported financial institutions.

- 6 Continue following the instructions in the section titled “To Set Up for Direct Connect” or “To Set Up for Web Connect” as appropriate.

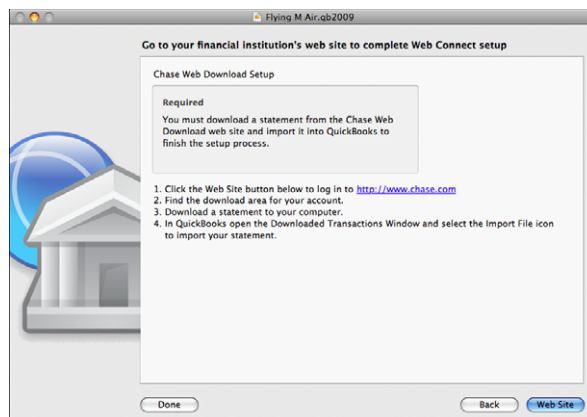
To Set Up for Direct Connect

Direct Connect makes it possible to download transactions from your bank from within QuickBooks (this may incur a fee from your financial institution). This is quicker and easier than using Web Connect, so it should be your preferred method whenever it is available.

- 1 Follow the instructions in the previous section, titled “To Begin the Online Banking Setup Process.”
- 2 A screen telling you that account activation is required may appear. You have two options, as shown next:



- **Yes, My Account Has Been Activated For QuickBooks Online Services** tells QuickBooks that you're ready to complete the setup and perform your first download. When you click Next, you'll continue setting up; follow the remaining steps here.
 - **No, I Need To Contact Them To Activate My Account For QuickBooks Online Services** tells QuickBooks that you're not ready. When you click Next, a screen with contact information for your financial institution appears. Get in touch with your bank, and tell them you want to download into QuickBooks. Then, when your account is ready, start these instructions again.
- 3 QuickBooks displays a dialog that prompts you for login or account information. The appearance and contents of this dialog vary from one financial institution to another. In Figure 16-2, you can see what it looks like for Bank of America, which prompts for Customer ID and Password information. Enter the requested information and click Sign In.
 - 4 Wait while QuickBooks goes online and connects to your financial institution's server. When a list of accounts like the one shown next appears, skip ahead to the section titled "To Complete the Setup Process" later in this chapter.



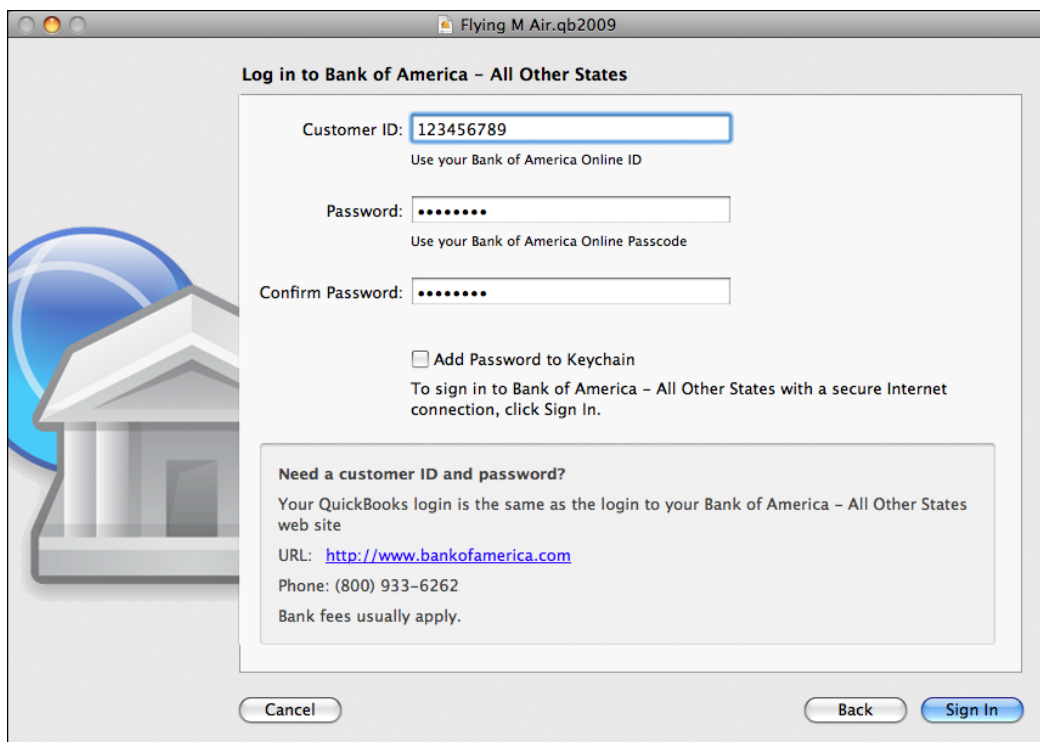


FIGURE 16-2 For some banks, you may have to enter your online banking login information.

To Set Up for Web Connect

Web Connect is a two-step process. First, download a QuickBooks-compatible file of transactions from your financial institution. Then import those transactions into QuickBooks. To set up this process, perform a download as instructed in the Online Banking Setup dialog.

- 1 Follow the instructions in the section titled “To Begin the Online Banking Setup Process,” earlier in this chapter.
- 2 A screen like the one in Figure 16-3 appears, telling you that you must download a statement from your financial institution and import it into QuickBooks. Click the Web Site button.

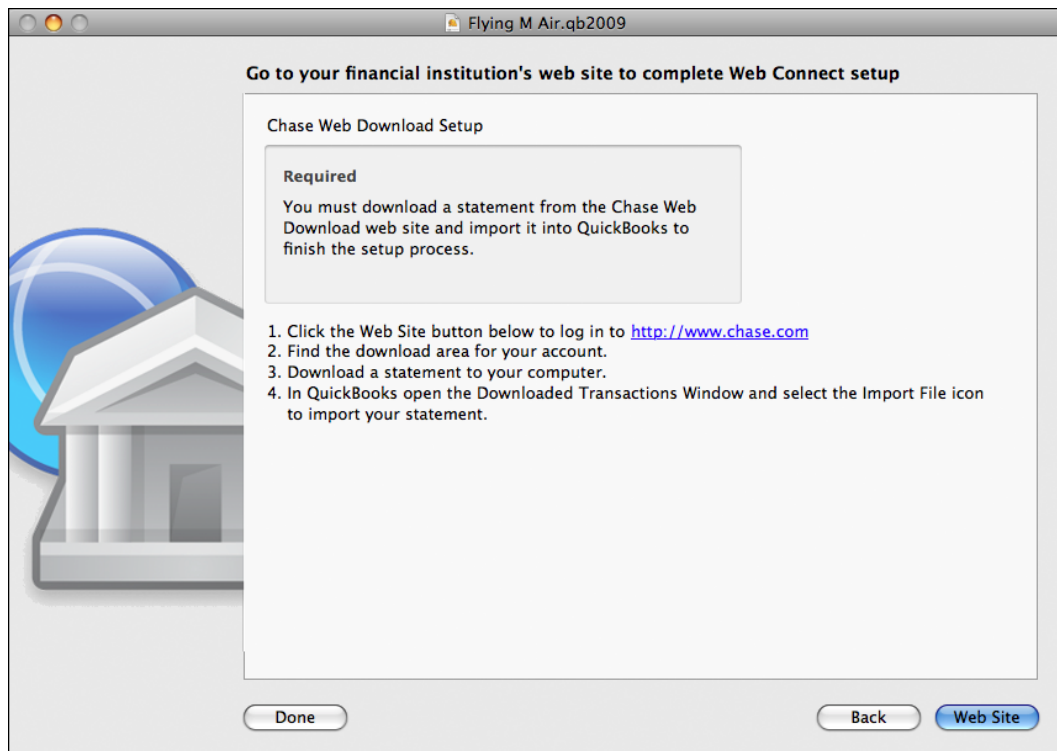


FIGURE 16-3 This screen appears if your financial institution supports Web Connect for online banking.

- 3 QuickBooks uses your default web browser to connect to your financial institution's web site. Log in and navigate to the web page where you can download transactions. Figure 16-4 shows what it looks like for a credit card at Chase's web site.

\$ NOTE: If you're not sure how to find the download page for your financial institution's web site, consult the online help available on that site. Every financial institution's site is different, so it's impossible to provide instructions for every financial institution here.

- 4 Set options to specify the transaction period. If offered a software format, be sure to choose QuickBooks or QuickBooks Web Connect. Then click the button or link to start the download.
- 5 Wait while your web browser downloads the transaction file. It may display a dialog like the one shown next, offering to open the file with QuickBooks.

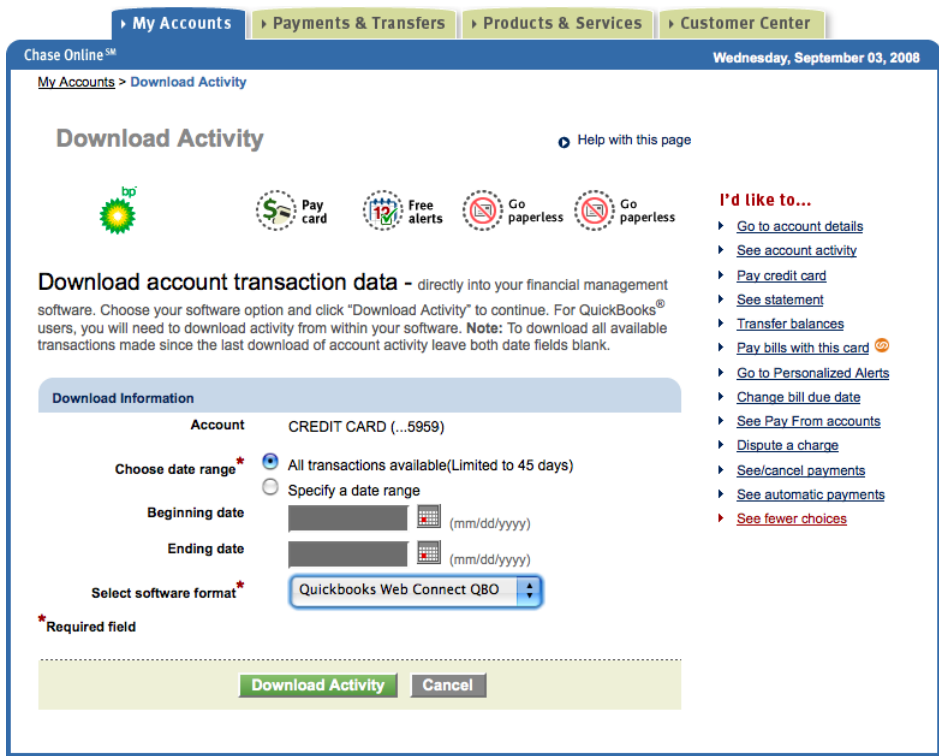
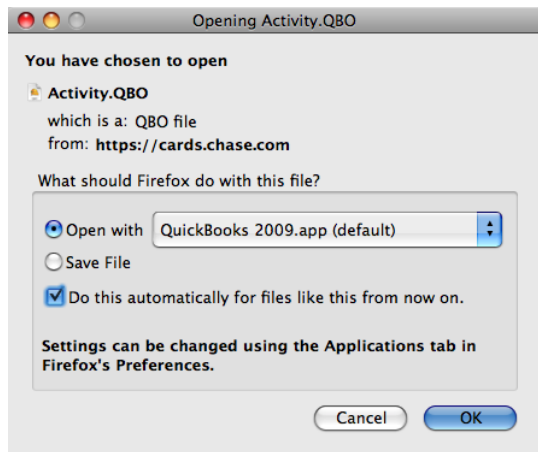
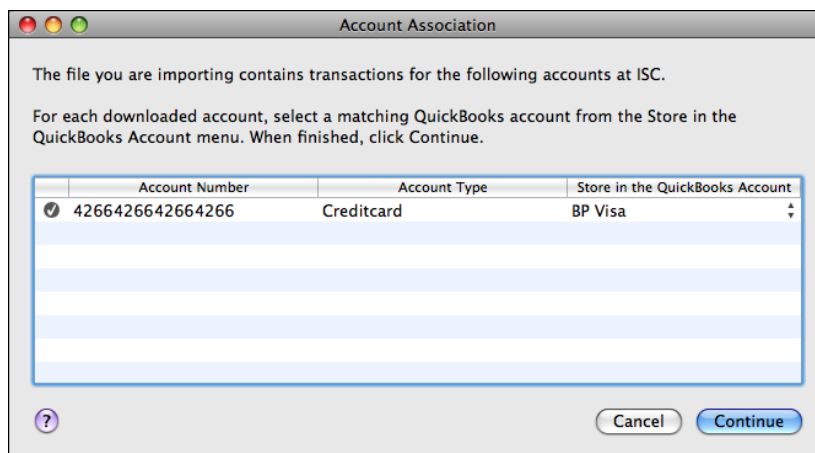


FIGURE 16-4 Here's an example of a download page on the Chase.com web site for a credit card account.

Although you can try this, it may not work. For best results, save the file to your hard disk, and open it within QuickBooks using the Import command or button as discussed in the next step.



- 6 Choose File | Import | From Web Connect and use the Open dialog that appears to locate, select, and open the downloaded file. Although its name will vary depending on your financial institution, it will have a .qbo filename extension.
- 7 After a moment, QuickBooks displays a list of accounts activated for QuickBooks. It may appear in the Online Banking Setup dialog (shown earlier) or in its own Account Association dialog (shown next). Continue following instructions in the next section, titled “To Complete the Setup Process.”



To Complete the Setup Process

Once QuickBooks has downloaded the information from your financial institution, you can match it to an account (or create a new account to match it to) and complete the first import.

- 1 At this point, you should see a list of one or more accounts at your financial institution. In the Store In The QuickBooks Account column for each financial institution account, choose the QuickBooks account you want to link to.



NOTE: If you choose New from the pop-up menu in the Store In The QuickBooks Account column for an account, the New Account dialog will appear so you can create a new QuickBooks account to link to the account at your financial institution. Creating accounts is covered in Chapter 5.

- 2 Click Continue or Next.
- 3 QuickBooks imports transactions from your financial institution. When it's finished, it tells you that your account has been successfully set up for online access. Click Done.
- 4 Add or match transactions in the Downloaded Transactions window (refer to Figure 16-5) as discussed later in this chapter.

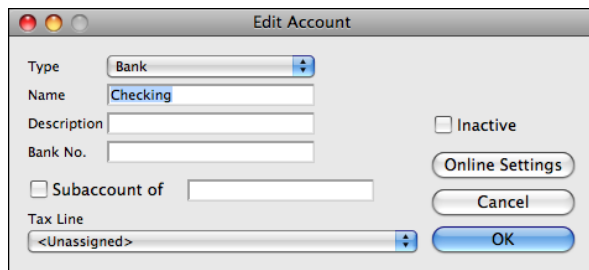
To Unlink a QuickBooks Account from an Online Account

To link a different QuickBooks account to imported transactions, you must disassociate the currently associated account first.



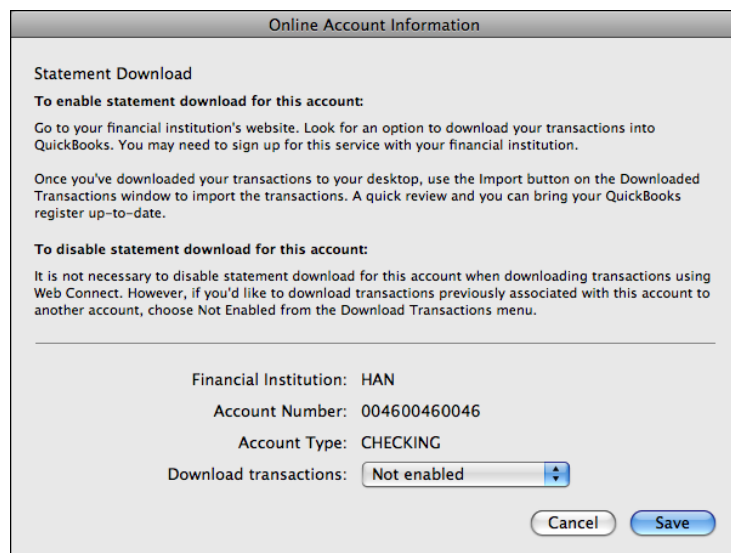
NOTE: You must accept or delete any transactions still displayed in the Downloaded Transactions window before disassociating an account. Consult the instructions for adding or matching downloaded transactions later in this chapter if you need help.

- 1 Choose Lists | Chart Of Accounts to display the Chart Of Accounts list window.
- 2 Select the account you wish to unlink from imported online transactions.
- 3 Choose Edit | Edit Account, or press COMMAND-E, to display the Edit Account dialog (shown next).



The 'Edit Account' dialog box is shown. It has a title bar with standard window controls. The fields include: 'Type' (dropdown menu showing 'Bank'), 'Name' (text field with 'Checking'), 'Description' (text field), 'Bank No.' (text field), 'Subaccount of' (checkbox and text field), and 'Tax Line' (dropdown menu showing '<Unassigned>'). On the right side, there is an 'Inactive' checkbox, and three buttons: 'Online Settings', 'Cancel', and 'OK'.

- 4 Click Online Settings.
- 5 In the Online Account Information dialog (shown next), choose Not Enabled from the Download Transactions pop-up menu.



The 'Online Account Information' dialog box is shown. It has a title bar with standard window controls. The content includes: 'Statement Download' section with instructions on how to enable or disable statement download; 'Financial Institution: HAN', 'Account Number: 004600460046', 'Account Type: CHECKING', and 'Download transactions: Not enabled' (dropdown menu). At the bottom right, there are 'Cancel' and 'Save' buttons.

- 6 Click Save.
- 7 In the Edit Account window, click OK.

Downloading Transactions after Setup Is Complete

Once online banking setup is complete, downloading new transactions is quick and easy. How you do it varies depending on which service—Direct Connect or Web Connect—your QuickBooks account is set up for.

To Download Transactions for Direct Connect Accounts

Downloading transactions with Direct Connect is done from within QuickBooks.

- 1 Choose Banking | Downloaded Transactions to display the Downloaded Transactions window (refer to Figure 16-5 shown later in this chapter).
- 2 Choose the name of a Direct Connect account from the QuickBooks Account pop-up menu.
- 3 Click the Download button in the window's toolbar.
- 4 Wait while QuickBooks connects to your financial institution and downloads transactions. When it's finished, it displays a dialog telling you how many transactions were downloaded (if any). Click OK to dismiss the dialog.
- 5 Add or match transactions in the Downloaded Transactions window (refer to Figure 16-5) as discussed later in this chapter.

To Download Transactions for Web Connect Accounts

Downloading transactions with Web Connect starts from within QuickBooks, then goes to your web browser where you need to log in and set up the download, and finally ends up back in QuickBooks.

- 1 Choose Banking | Downloaded Transactions to display the Downloaded Transactions window (refer to Figure 16-5 shown later in this chapter).
- 2 Choose the name of a Web Connect account from the QuickBooks Account pop-up menu.
- 3 Click the Download button in the window's toolbar.
- 4 QuickBooks launches your default web browser to connect to your financial institution's web site. Log in and navigate to the web page where you can download transactions.
- 5 Set options to specify the transaction period. If offered a software format, be sure to choose QuickBooks or QuickBooks Web Connect. Then click the button or link to start the download.

- 6 Wait while your web browser downloads the transaction file. It may display a dialog like the one shown next, offering to open the file with QuickBooks. Although you can try this, it may not work. For best results, save the file to your hard disk, and open it within QuickBooks using the Import button as discussed in the next step.
- 7 Click the Import button. Then use the standard Open dialog that appears to locate, select, and open the downloaded file. Although its name will vary depending on your financial institution, it will have a .qbo filename extension.
- 8 Wait while QuickBooks imports the transactions. When it's finished, it displays a dialog telling you how many transactions were downloaded (if any). Click OK to dismiss the dialog.
- 9 Add or match transactions in the Downloaded Transactions window (refer to Figure 16-5) as discussed later in this chapter.

Working with Downloaded Transactions

When you download transactions from your financial institution, they appear in the Downloaded Transactions window (refer to Figure 16-5). Although this window appears automatically after you download and import transactions, you can display it at any time by choosing Banking | Online Transactions.

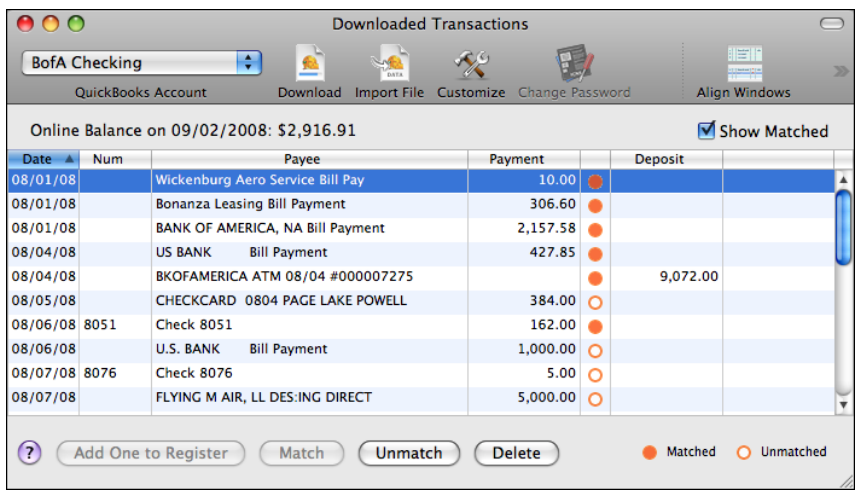


FIGURE 16-5

The Downloaded Transactions window lists all downloaded transactions that have not yet been accepted into QuickBooks for an account.

Matched vs. Unmatched Transactions

QuickBooks marks transactions in the Downloaded Transactions window (refer to Figure 16-5) with one of two coded circles:

- **Matched** (marked with a solid circle) transactions correspond to those already in your register.
- **Unmatched** (marked with a hollow circle) transactions don't correspond to ones already in your register. In most cases, they're new, but they could be transactions that were incorrectly entered into your register.

Your goal is to make sure that all downloaded transactions have been correctly entered into your account register.



TIP: You can easily view both your account register and the Downloaded Transactions window by clicking the Align Windows button in the Downloaded Transactions window. Figure 16-6 shows an example.

To Work with Matched Transactions

- 1 Select a matched transaction in the Downloaded Transactions window. QuickBooks automatically selects the same transaction in the account register.
- 2 Do one of the following:
 - If QuickBooks correctly matched the imported transaction to a transaction in your account register, there is nothing more you need to do; QuickBooks marks the transaction as cleared with a check mark in the register and as Matched in the Downloaded Transactions window.
 - If QuickBooks incorrectly matched the transaction, click Unmatch. You can then match it to another transaction or enter a new transaction for it.
 - To delete the transaction from the Downloaded Transactions window, click Delete. QuickBooks deletes the transaction from the Downloaded Transactions window without confirmation.

To Work with Unmatched Transactions

- 1 Select the unmatched transaction in the Downloaded Transactions window.
- 2 Do one of the following:
 - To match the transaction with a transaction in the register, select the transaction in the register you want to match, and then click Match in the Downloaded Transactions window. The amount in both transactions must match exactly, and if there is a check number or reference number, they must match exactly. QuickBooks marks the transaction as cleared with a check mark in the register and as Matched in the Downloaded Transactions window.

BofA Checking

Date	Number	Payee	Payment	✓	Deposit	Balance
	Type	Account	Memo			
08/01/08		Bonanza Leasing	306.60	✓		2,600.31
	CHK	Rent				
08/01/08		Bank of America	2,157.58	✓		442.73
	CHK	Helicopter Loan				
08/03/08	Number	Payee		✓	9,072.00	9,514.73
	DEP	-split-	Deposit			
08/03/08		US Bank	427.85	✓		9,086.88
	CHK	U.S. Bank Loan				
08/03/08		Wickenburg Aero Service	10.00	✓		9,076.88
	CHK	Rent				
08/03/08	8051	Quincy Flying Service	162.00	✓		8,914.88
	CHK	Rent				
09/03/08						
Ending balance						8,914.88

RecordRestoreSplits☐ 1-Line

Downloaded Transactions

BofA Checking

QuickBooks AccountDownloadImport FileCustomizeChange PasswordAlign Windows

Online Balance on 09/02/2008: \$2,916.91☒ Show Matched

Date	Num	Payee	Payment	Deposit
08/01/08		Wickenburg Aero Service Bill Pay	10.00	
08/01/08		Bonanza Leasing Bill Payment	306.60	
08/01/08		BANK OF AMERICA, NA Bill Payment	2,157.58	
08/04/08		US BANK Bill Payment	427.85	
08/04/08		BKOFAMERICA ATM 08/04 #000007275		9,072.00
08/05/08		CHECKCARD 0804 PAGE LAKE POWELL	384.00	
08/06/08	8051	Check 8051	162.00	
08/06/08		U.S. BANK Bill Payment	1,000.00	
08/07/08	8076	Check 8076	5.00	
08/07/08		FLYING M AIR, LL DES:ING DIRECT	5,000.00	


?Add One to RegisterMatchUnmatchDelete

● Matched

○ Unmatched

FIGURE 16-6 You can use the Align Windows button to see your account register and the Downloaded Transactions window at the same time.

- To add the transaction as a new transaction in the account register, click Add One To Register. QuickBooks creates a new transaction in the account register and prefills the Payee and amount fields; enter the rest of the transaction details, and then click Record.

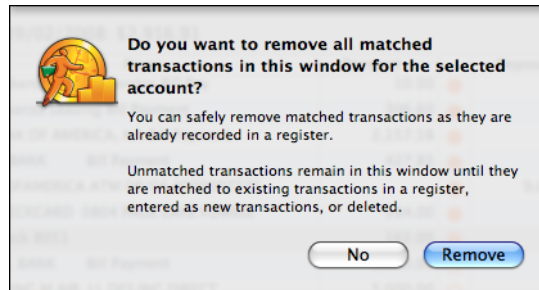
 **TIP:** To avoid creating many different payees for the same vendor, you can choose an existing payee instead of using the one that QuickBooks prefills for you.

- To delete the transaction from the Downloaded Transactions window, click Delete.

Updating Your Register

When you're finished working with the matched and unmatched transactions, you can close the Downloaded Transactions window to update your register.

- 1 Close the Downloaded Transactions window.
- 2 QuickBooks displays a dialog like the one shown next, asking if you want to remove the matched transactions from the Downloaded Transactions window. Click Remove.



The next time you open the Downloaded Transactions window, only unmatched transactions will appear.

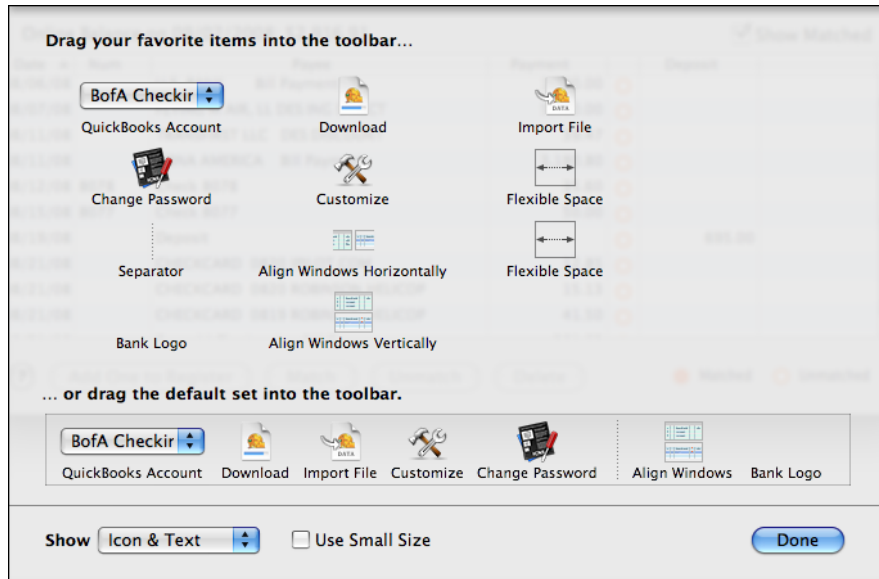
Customizing the Downloaded Transactions Window Toolbar

You can customize the Downloaded Transactions window toolbar to add or remove buttons.

To Customize the Downloaded Transactions Window's Toolbar

- 1 Choose Banking | Downloaded Transactions to display the Downloaded Transactions toolbar (refer to Figure 16-5).

- 2 Click the Customize button. A Customize dialog sheet like the one shown next appears.



- 3 Customize the toolbar as follows:
 - To add a button to the toolbar, drag it from the dialog into place on the toolbar.
 - To remove a button from the toolbar, drag it off the toolbar.
 - To reposition buttons on the toolbar, drag buttons into desired positions.
 - To restore the toolbar to the default, drag the default set of buttons near the bottom of the dialog onto the toolbar.
- 4 Click Done to save your changes.

Reconciling Bank and Credit Card Accounts

n this chapter:

- Reconciling accounts overview
- Reconciling your bank accounts
- Marking cleared transactions
- Completing reconciliation
- Correcting differences
- Printing a reconciliation report

One of the most important yet least favorite tasks of managing a business's finances is reconciling its balance sheet accounts—primarily checking, savings, and credit card accounts. Reconciling accounts entails comparing your list of transactions with your financial institution's, finding and resolving discrepancies (if any), and ensuring that the balances match.

QuickBooks includes an account reconciliation feature that makes it very easy to reconcile your accounts. You enter statement information in a form and check off transactions. QuickBooks does all the math for you, making it easy to see if your QuickBooks account differs from your financial institution's statement, and helping you to resolve any differences.

This chapter takes a closer look at the QuickBooks reconciliation features and explains how you can use them to make monthly account reconciliations quick and painless.

Reconciling Accounts Overview

The goal of reconciling is to make sure that your QuickBooks records and the bank's or credit card company's records agree about the balance in your account. You can reconcile any QuickBooks credit card account or checking account, as well as accounts for savings and money market funds.

When your statement arrives, you can reconcile it with your QuickBooks credit card or check register in just a few minutes. QuickBooks lets you reconcile to the degree of accuracy that you prefer. You can track down every cent if you want to, but QuickBooks does not require you to balance to the penny.

If You've Skipped Reconciling for a Month or More

If you have used QuickBooks for a number of months and have just decided that you want to use the Reconcile feature, you may not want to go back and reconcile your QuickBooks account against the bank statements for each of the previous months. You can skip reconciling for some months, but your records may not be as accurate as they would be if you were to reconcile monthly.

The most accurate way to catch up is to reconcile each month you skipped. Balance each month separately, starting with your earliest statement since you've been using QuickBooks, until you balance your most recent statement.

If You Add Earlier Transactions to QuickBooks

You may have begun using QuickBooks as of a certain date and would now like to add transactions that occurred before that original start date.

If, after you add earlier transactions, you want to reconcile past months, you should reconcile month by month only if you've never used QuickBooks' reconcile feature.

However, if you've already reconciled one or more months, you should reconcile forward only; that is, reconcile months after your start date. Use the previous months' data for reporting only. You need to mark all older transactions as cleared to reconcile future months.

If You Cancel in the Middle of Reconciling

QuickBooks keeps track of the items you've marked as cleared so far. They appear in the register with a light check mark in the cleared column, instead of a bold check mark, indicating that those items are pending and you haven't completed reconciling them.

You'll need to reenter your ending balance or the amounts you entered for interest and service charges when you choose Banking | Reconcile again.

You don't ordinarily need to cancel in the middle of reconciling, since you can work in other windows to correct errors and still leave the Reconcile window open.

Balancing Your Account for the First Time

Before you can reconcile your accounts accurately, you need to do the following:

- **Enter all uncleared transactions in your account.** These are all transactions that haven't cleared or shown up on previous statements. In most cases, you'll be reminded to enter all uncleared transactions because they appear on the statement. You can enter these transactions as you find them during reconciliation.
- **Update the Opening Balance transaction to reflect the amount that was actually in your account when you began using QuickBooks.** You can correct the amount of the Opening Balance transaction in your register to match the ending balance from the last bank statement you received before you started using QuickBooks. Or, you can create an opening balance adjustment at the end of your first reconciliation.

Reconciling a Bank or Credit Card Account

Reconciling a bank and a credit card account are very similar. In both cases, you'll open the Reconcile dialog (refer to Figure 17-1), enter information from your statement, and check off cleared transactions. QuickBooks will keep track of the difference between your account's transactions and those on your statement, making it easy to find transactions that differ or appear in one location but not the other.

This part of the chapter walks through the process of reconciling a bank statement for a checking account. These instructions should provide enough guidance for reconciling other bank and credit card accounts.

To Enter Information from Your Bank Statement

You begin the reconciliation process by opening the Reconcile dialog and entering basic information from your bank or credit card statement.

- 1 Choose Banking | Reconcile to display the Reconcile dialog (refer to Figure 17-1).

Reconcile - BofA Checking

Account To Reconcile: BofA Checking

Opening Balance: 2,916.91

Ending Balance: 3,450.38

Transactions to be added (optional)

Service Charge: 12.00 Date: 08/30/08 Account: Bank Service Charges

Interest Earned: 0.00 Date: 08/30/08 Account:

Deposits and Other Credits

✓	Date	Chk No.	Payee	Memo	Amount
✓	08/03/08			Deposit	9,072.00
✓	08/19/08		Flying Frog		695.00
✓	08/25/08		Smith Family	Charter Flight	2,340.00
	08/28/08		Lonnies Baker	Charter Flight	2,000.00

Go To

Checks and Payments

✓	Date	Chk No.	Payee	Memo	Amount
✓	08/01/08		Wickenburg Aero Serv...		10.00
✓	08/01/08		Bonanza Leasing		306.60
✓	08/03/08		US Bank		427.85
✓	08/03/08		Wickenburg Aero Serv...		10.00
✓	08/05/08		Page Lake Powell Cam...		384.00

Mark All

Unmark All

Last Report

Cancel

Done

Items you have marked cleared

3	Deposits and Other Credits	12,107.00	Ending Balance	3,450.38
19	Checks and Payments	11,573.53	Cleared Balance	3,450.38
			Difference	0.00

FIGURE 17-1 Use the Reconcile dialog to match transactions on your statement to those in your QuickBooks account.

- 2 Select the account you want to reconcile from the Account To Reconcile pop-up menu.
- 3 Compare the opening balance amount shown on your bank statement with the amount shown in the Opening Balance field in the Reconcile window. QuickBooks' Opening Balance is the sum of all previously cleared items (those marked with a check mark in the register). If the opening balances match, go to step 5.

NOTE: If this is the first time you've reconciled, or if you've skipped reconciling for several months, the amounts may differ. See "Updating Your Previously Reconciled Balance" later in this chapter.

- 4 If the amount in the Opening Balance field doesn't match the opening balance shown on your bank statement, enter the opening balance from the statement. Entering the amount from your bank statement is for your reference only. QuickBooks does not use the number you enter to calculate any balance.
- 5 Find the ending balance on your bank statement, and enter it in the Ending Balance field.
- 6 In the Service Charge field, enter any service charges listed on your statement that you haven't already entered in your QuickBooks register. Enter the date of the charge in the Date field beside it. If necessary, choose an account for that charge from the Account drop-down list on the same line.



NOTE: The Checks And Payments total includes any service charge you enter. When you've finished reconciling, QuickBooks enters a cleared transaction for the charge in your register using the date you provide.

- 7 In the Interest Earned field, enter the interest you've earned that you haven't already entered in your QuickBooks register. Enter the date of that interest earned in the Date field beside it. If necessary, choose an account for that interest from the Account drop-down list on the same line.



NOTE: The Deposits And Other Credits total includes any interest you enter. When you've finished reconciling, QuickBooks records the cleared interest transaction for you in the register using the date you provide.

- 8 Continue following instructions in the next section, titled "To Mark Cleared Transactions."

To Mark Cleared Transactions

A cleared transaction is one that has been processed by the bank and is listed on your bank statement. The Reconcile window contains a list of transactions you haven't marked as cleared in your QuickBooks account.

For each transaction in the Reconcile window (refer to Figure 17-1) that matches a transaction on the bank statement, click to place a check mark in the leftmost column beside the transaction. You can mark all the transactions as having cleared by clicking Mark All. To unmark a transaction, click the transaction again. To unmark all transactions, click Unmark All.



NOTE: If you use QuickBooks' online banking features to download transactions from your financial institution, some items may already be checked off. You can uncheck any items that do not appear on your statement.

To Correct Transactions

If a transaction contains an incorrect amount or other error, correct it.

- 1 Select the incorrect transaction in the Reconcile window (refer to Figure 17-1).
- 2 Click Go To to move to the transaction. QuickBooks displays the original transaction window.
- 3 Correct the error.
- 4 Click OK to record the change.
- 5 Click in the Reconcile window or choose Banking | Reconcile to return to the list of items you were marking.
- 6 Mark the corrected transaction as cleared.

To Enter a Missing Transaction

If a transaction on your bank statement doesn't appear in the Reconcile window (refer to Figure 17-1), enter it.

- 1 Choose Edit | Use Register, or press COMMAND-R, to open the account register.
- 2 Scroll to the blank transaction at the end of the register.
- 3 Enter the missing transaction.



TIP: You can learn more about entering transactions directly into registers in Chapter 18.

- 4 Click Record to record the transaction.
- 5 Click in the Reconcile window or choose Banking | Reconcile to return to the list of items you were marking.
- 6 Mark the transaction as cleared.

To Complete the Reconciliation

After you complete your reconciliation, the balance in your QuickBooks check register is accurate as of your latest bank statement. The next time you look at the check register, you'll see a check mark in the cleared column next to each reconciled transaction.

- 1 When you've finished checking off cleared transactions and making any corrections, look at the Difference amount in the bottom right corner of the Reconcile window.
 - If the Difference amount is zero, you've reconciled the current bank statement successfully.
 - If the Difference amount is not zero, consult the section titled "Correcting Differences" that follows for instructions on resolving differences.

- 2 Click Done to complete reconciliation.
- 3 Continue following instructions in the section titled “Correcting Differences” (if the Difference amount is not zero) next or “Printing a Reconciliation Report” (if the Difference amount is zero) later in this chapter.

Correcting Differences

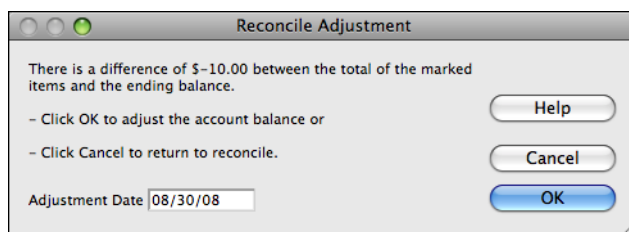
If your account doesn’t balance—that is, the Difference amount in the Reconcile window (refer to Figure 17-1) is not zero—you can record an adjustment transaction that modifies your QuickBooks balance so that it agrees with your bank statement. Or, you can find the difference between your check register and the bank statement and correct it.

Having QuickBooks Adjust for Differences

You might decide to ignore the difference between your QuickBooks account balance and the bank statement, if the amount is small and you feel it’s not worth your time to track it down. If you ignore the difference, you’ll want QuickBooks to enter an adjustment for the amount of the difference. That way, you’ll start with accurate totals the next time you reconcile your account.

To Create a Balance Adjustment

- 1 If there is a difference to resolve at the end of the reconciliation, when you click Done, QuickBooks displays a window like the one shown next, displaying the amount of the difference.



- 2 Click OK to add a balance adjustment transaction to your account register. You can delete the adjustment transaction later if you find the error.



NOTE: If you click Cancel in this dialog, QuickBooks takes you back to the Reconcile window. You can then attempt to track down the difference on your own.

Updating Your Previously Reconciled Balance

If the opening balance from your bank statement is different from the amount QuickBooks expected as your previously reconciled balance, you need to correct the difference so that QuickBooks can reconcile your account accurately.

The previously reconciled balance might differ because of one of the following reasons:

- You are balancing your QuickBooks account for the first time. QuickBooks uses the amount of the Opening Balance transaction in your register as the Opening Balance in the Reconcile window. When you set up the QuickBooks account, you may have entered a balance that was different from the actual amount in your bank or credit card account. There are probably transactions missing from your QuickBooks account that affect the balance. Consult “Balancing Your Account for the First Time” earlier in this chapter for more information.
- You inadvertently changed or deleted a previously reconciled transaction.
- You mistakenly cleared a transaction in the current statement period the last time you reconciled the account.

If you find the problem, fix the error in your register. QuickBooks updates the Opening Balance in the Reconcile window. Your opening balances should now match.

Or, you can ignore the discrepancy in the opening balances and create a balance adjustment, so that your QuickBooks account balance matches the bank’s as of the day of the statement.

Finding and Correcting Differences Yourself

As you search your QuickBooks transactions for the source of differences, check for these common reconciling errors:

- You mistakenly cleared transactions that weren’t on your statement.
- You didn’t mark all the transactions shown on your statement.
- You didn’t notice an incorrect dollar amount on one or more items.
- You’re missing transactions in your QuickBooks records that appear on the statement.
- You have not yet entered service charge or interest transactions that are included on your bank statement. Or perhaps you entered these items in the Reconcile window, but they’re already listed among the transactions in the window.
- You never cleared your QuickBooks opening balance for this checking account.

If you prefer to work off paper instead of your screen, you can print a transaction report, filtered for this account, for cleared or uncleared transactions (whichever you’re researching), or for particular transaction types, such as checks, deposits, or payments. This report may be easier to look at than your register, where transaction

types are mixed. You can also run an audit trail report to look for modified or deleted transactions.



TIP: You can learn more about creating reports in Chapter 21.

To Correct a Problem with the Number of Checks, Withdrawals, or Deposits

- ❶ Count the number of checks and withdrawals on your bank statement, and compare that number with the number of checks and withdrawals you've marked in the Reconcile window.
- ❷ Count the number of deposits listed on your bank statement, and compare that number with the total number of deposits checked off in the Reconcile window.
- ❸ If you find that the problem is the number of checks and withdrawals, look only at payment transactions for a mistake. If you find the problem is the number of deposits, look only at deposit transactions for a mistake. Check to see if you:
 - Missed recording a transaction in QuickBooks
 - Missed marking an item as cleared
 - Mistakenly marked an item as cleared
 - Entered a transaction twice
 - Entered a deposit as a payment or a payment as a deposit



NOTE: The bank may summarize transactions that you've listed separately in your register. For example, if you made several deposits on a single day, the bank might indicate the total sum of deposits for that day rather than listing each deposit separately. Similarly, you may summarize transactions in your register, such as bank charges, that the bank itemizes. For advice about matching deposits to your statement for easier reconciliation, consult Chapter 9.

To Correct a Problem with the Dollar Amount of Checks, Withdrawals, or Deposits

- ❶ Compare the dollar amount of the checks and withdrawals total in the Reconcile window with the dollar amount of these items shown on your bank statement. If the totals don't agree, you may have incorrectly entered a check or withdrawal amount.
- ❷ Select any incorrect transactions you find. Then click Go To to edit the amount.
- ❸ Return to the Reconcile window.
- ❹ Compare the total dollar amount of the deposits in the Reconcile window with the total dollar amount of deposits shown on your bank statement. If the totals don't agree, you may have incorrectly entered a deposit amount.

- 5 Select any incorrect transactions you find. Then click Go To to edit the amount.
- 6 Return to the Reconcile window.

As you change cleared items or make corrections to the amounts of items, QuickBooks updates the information at the bottom of the window. Examine the new totals to see if they match the ending balance on your bank statement.

If the account still doesn't balance, you may want to double-check your work. In particular, make sure that all items on the bank statement are correctly recorded in the check register and are marked as cleared.

Bank Errors

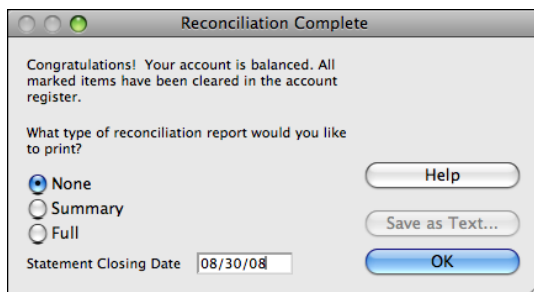
If you still can't locate the problem, the bank may have made a mistake by processing a transaction for a different amount than you wrote it for. If this is the case, let QuickBooks make an adjustment transaction; then contact your bank. The bank will make an adjustment that appears on your next statement. Because QuickBooks' adjustment appears as a cleared item in the check register, your account will be off by the same amount at the end of the next reconciliation. Delete QuickBooks' balance adjustment transaction when you reconcile the next statement.

Printing a Reconciliation Report

At the end of the reconciliation process, QuickBooks offers to create a reconciliation report. You might find this report helpful to document the reconciliation, especially if you had to add or revise transactions or create an adjusting entry.

To Print a Reconciliation Report

- 1 At the end of the reconciliation process, QuickBooks displays a Reconciliation Complete dialog like the one shown next. Select an option:
 - **None** does not print a reconciliation report.
 - **Summary** prints a report that summarizes cleared, uncleared, and new transactions, providing the number of transactions and total for each type.
 - **Full** prints a report that lists all cleared, uncleared, and new transactions, itemizing each one and totaling them by type.





NOTE: You can click the Save As Text button to save a Summary or Full report as a text file. Click the button to display a standard Save dialog, and use it to save the file on disk.

- 2 Click OK (if None is selected) or Print (if either other option is selected).

If you clicked Print, a standard Print dialog appears. Set options and click Print to send the report to your printer. If the report printed correctly, you can click Yes in the dialog that appears.



NOTE: QuickBooks automatically writes a full reconciliation report to a file after you reconcile, even if you choose None in the Reconciliation Complete window. You can print a report of your last reconciliation of this account by clicking the Last Report button in the Reconcile window (refer to Figure 17-1). QuickBooks automatically overwrites this report when you reconcile again.

Part Six

Handling Basic Accounting Tasks

While QuickBooks offers a user-friendly, forms-based interface for entering transactions for your business, underneath all of that, it's still a full-blown double-entry accounting system. That means you have access to all the accounting tools you need to make accounting entries that affect all aspects of your business. Make entries directly into registers; track assets, liabilities, and equity; keep track of employee time and payroll expenses; and generate reports that help you understand your business's financial situation.

This part of the book covers all of these things. Its four chapters are:

Chapter 18: Account Registers

Chapter 19: Assets, Liabilities, and Equity

Chapter 20: Time Tracking and Payroll

Chapter 21: Reports and Graphs

Account Registers

In this chapter:

- Account registers overview
- Opening an account's register
- Entering transactions in a register
- Editing transactions in a register
- Finding a specific transaction
- Printing, saving, or e-mailing a register

As you work with QuickBooks, entering information about transactions into its user-friendly and intuitive forms, QuickBooks is working in the background, creating entries that affect balances and activity in your accounts. Each of your balance sheet accounts has a register that you can use to view, modify, and create entries.

This chapter explains how to use QuickBooks account registers to work with the transactions and balances in your accounts.

Account Registers Overview

QuickBooks provides a register for each of your bank and cash accounts. Each register is a record of all activity that affects your account balance, displayed in chronological order.

Although all QuickBooks registers are similar, special characteristics of other account registers are discussed in the chapters relating to their account types. For example, the Accounts Receivable register is discussed in Chapter 10.

Opening an Account's Register

A register (refer to Figure 18-1 later in this chapter) is a list of all transactions in a particular QuickBooks Balance Sheet account. When you record a check in the Write Checks window or a deposit in the Make Deposit window, QuickBooks automatically adds the transaction to the appropriate register.

To Open the Register for the Balance Sheet Account You're Working With

With the window you're working in active, choose Edit | Use Register, press COMMAND-R, or click the Register icon on the toolbar.

For example, suppose you're working with the Write Checks window. If you click the Register button in the toolbar, QuickBooks displays the account register window for whatever Bank Account is selected at the top of the Write Checks window.

To Open a Register for any Balance Sheet Account

- 1 Choose Lists | Chart Of Accounts to display the Chart Of Accounts window.
- 2 Double-click the name of the balance sheet account for which you want to display the register. The register window appears. Figure 18-1 shows an example of a bank account register for a checking account.

Scrolling Through a Register

You can scroll through a register using the scroll bar on the right side of the register window.

Date	Number	Payee			Payment	✓	Deposit	Balance
	Type	Account	Memo					
08/25/08		Chase Card Services			378.00	✓		3,588.28
	CHK	BP Visa						
08/28/08		Lonnie Baker					2,000.00	5,588.28
	DEP	Sales	Charter Flight					
08/28/08		Verizon Wireless			125.90	✓		5,462.38
	CHK	Telephone						
08/29/08		Bank of America			2,157.58			3,304.80
	CHK	Helicopter Loan						
08/30/08					12.00	✓		3,292.80
	CHK	Bank Service Charges	Service Charge					
09/29/08	To Print	Bonanza Leasing			306.60			2,986.20
	CHK	Rent						
09/29/08	Number	Payee			Payment		Deposit	
		Account	Memo					
Ending balance								2,986.20

Record Restore Splits ☐ 1-Line

FIGURE 18-1 A checking account register has a familiar check register interface, as most other registers do.

You can also use the keyboard shortcuts, shown in Table 18-1, in most registers.

Keyboard Shortcut *	What It Does in a Register Window
HOME	First transaction
END	Last transaction (normally blank)
UP ARROW	Previous transaction
DOWN ARROW	Next transaction
PAGE UP	Up one screen
PAGE DOWN	Down one screen
TAB	Next field
SHIFT-TAB	Previous field

* Laptop users may have to press the FN key in conjunction with some of these keystrokes.

TABLE 18-1 Keyboard Shortcuts for Working with Register Windows

Account Colors

You can apply different colors to different accounts to make it easy to distinguish between them. Chapter 5 explains how.

Entering Transactions in a Register

In many cases, you can enter transactions that affect the balance of a Balance Sheet account directly into an account register. This section explains how.



NOTE: Not all transactions can be entered in a register. For example, to enter into QuickBooks that you received items and a bill, use the Enter Bills window.

To Add a Transaction

You add transactions into the blank entry at the end of the register's list of transactions.

- 1 Open the register in which you want to enter the transaction.
- 2 Scroll down to the end of the transaction list, and click the blank entry at the end of the register (refer to Figure 18-1).
- 3 Fill in the register fields for the new transaction.



NOTE: When empty, register fields are identified with gray italic text, as well as by column headings at the top of the window. You can see this in Figure 18-1. Register fields vary depending on the type of register you opened.



TIP: You can use QuickBooks's QuickMath feature to perform quick calculations in the amount fields of a register entry. For example, you may want to calculate some of your business expenses, such as two items for office supplies and one for software. Consult Chapter 1 for more information.

- 4 Click Record to add the transaction to the register.

Where the transaction appears varies depending on its date:

- If you enter a transaction dated earlier than today, it may disappear from view because the transaction moves to its correct chronological position in the register when you record it.
- If you enter a transaction dated after today, QuickBooks places it below a thick line in the register (refer to Figure 18-1).

To Enter a Split Transaction

Sometimes you need to assign more than one account, customer, job, or class to a transaction. For example, you may write a check to a vendor that pays for advertising as well as a subscription.

You can *split* a transaction to distribute amounts among different accounts, customers, jobs, or classes. This makes it possible to keep track of how much you're spending on each one.

You can also view split transactions using the Expenses pane of the Write Checks, Enter Bills, Enter Credit Card Charges, or Create Item Receipts windows.



NOTE: You cannot view or enter a split transaction in the register that tracks items.

- 1 Select the transaction you want to split, or click in the blank entry at the end of the register to create a new transaction and fill in the fields on the first line.




TIP: If you don't know the total amount of the transaction, leave the amount field blank. QuickBooks totals the amount as you fill in the splits and displays it in the amount field.

- 2 Click Splits. The transaction expands to offer multiple lines for entering accounts, amounts, and other information, as shown here:


09/04/08	To Print	Wickenburg Aero Service	229.50	Deposit
	CHK	-split-	Memo	

Account	Amount	Memo	Customer:Job	<input type="checkbox"/>	Class
Supplies	54.50	AeroShell W100Plus		<input type="checkbox"/>	
Maintenance	125.00	Oil Change		<input type="checkbox"/>	
Repairs	50.00	Repair Seat Belt	Flying Frog	<input type="checkbox"/>	Charter

- 3 In the Account field, enter an account.
- 4 In the Amount field, enter the amount to be assigned to the account. If you entered an amount in step 1, QuickBooks subtracts the amount entered here from the total amount and displays the remainder in the next Amount field. Otherwise, it adds it to the total amount.
- 5 If desired, enter a note in the Memo field.
- 6 If desired, choose a customer or job from the Customer:Job drop-down list, and indicate in the column with the invoice icon whether the expense is billable to that customer.
 - If the expense is billable to the customer, leave the invoice icon next to the customer's name as it is.
 - If the expense is not billable to the customer, click the invoice icon next to the customer's name to mark an X through it. (Clicking the invoice icon again removes the X.)

 **NOTE:** After you record an invoice that includes the expense, the invoice icon for that expense is grayed, indicating that you've billed this customer for that expense. Invoicing customers for expenses is covered in Chapter 7.

7 If desired, enter a class in the Class field.

 **TIP:** Tracking classes is covered in Chapter 4.

8 Repeat steps 3 through 7 until you have added one line for each part of the transaction. The previous illustration shows a good example.

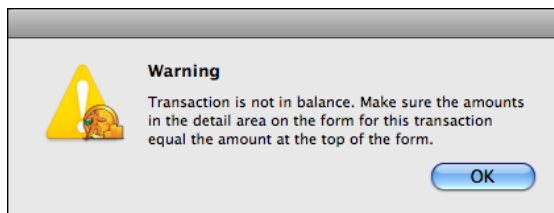
9 Click Record. The transaction collapses to hide split detail, the amount is adjusted accordingly, and the word “-split-” appears in the Account field, as shown next:

09/04/08	To Print	Wickenburg Aero Service	229.50		3,063.30
	CHK	-split-			

To Balance a Transaction

As you enter amounts in the Splits window, QuickBooks enters the remainder on the next free line. Sometimes the total of the amounts entered in the Splits pane doesn't equal the figure entered in the register. For example, you might delete a splits line, or change the total amount in the register.

1 If your split amounts don't add up to the register figure when you click Record, QuickBooks warns you that the transaction is not in balance by displaying a dialog like the one shown next.



2 Click OK to dismiss the dialog and go back to the transaction.

3 Click the Recalc button in the Splits pane. QuickBooks recalculates the amount and adjusts it in the register.

4 Click Record to save the corrected transaction.

Editing Transactions in a Register

When you edit and record an existing transaction, QuickBooks recalculates the account balance, if necessary.

You cannot directly edit the Type field and the Balance field in the register. If you need to change the balance, you must do so by adding, editing, or deleting a payment or deposit as an adjustment.

To Edit a Transaction's Details

- 1 Open the account register containing the transaction you want to modify.
- 2 Double-click the transaction you want to edit. The appropriate transaction window appears. For example, if the transaction is a check, the Write Checks window opens; if it's a deposit, the Make Deposits window opens.
- 3 Enter your corrections. (If you need help using the form, refer to the chapter in which it is discussed.)
- 4 Click OK in the transaction form to save your changes.



NOTE: If you begin making changes and decide you would rather go back to the transaction as it was before you started editing (before you record your changes), choose Edit | Revert.



TIP: You can also edit a transaction directly in the register. Select the detail you want to change and change it. Be careful not to double-click; that will open a form. Then click Record to save your changes. If you decide not to change the entry after you've already begun, click the Restore button at the bottom of the register window to start over.

To Move a Transaction to a Different Account

If you accidentally enter a transaction into the wrong account, you can easily correct the mistake without having to reenter the transaction.

- 1 In the account register where the transaction appears, double-click the transaction you want to move.
- 2 Use the form that appears to select the correct account for the transaction.
- 3 Click OK. The transaction is moved to the account you chose.

To Void a Transaction

If you want complete records of all transactions, you may want to void a transaction instead of deleting it. For example, if you stop payment on a check, or a check is

lost or contained an error, you'll have a record of the situation if you choose Void instead of Delete.

- ❶ In the account register window, select the transaction you want to void.
- ❷ Choose Edit | Void *Transaction Type*. As shown next, QuickBooks attaches the word "Void" to the transaction's memo and changes the transaction amount to zero, so that it no longer affects your account balance.

09/04/08	To Print	Wickenburg Aero Service	↕	0.00	✓	Deposit	3,063.30
	CHK	-split-	VOID:				



NOTE: If you change your mind and want to restore the transaction to the way it was before you voided it, you can select it and choose Edit | Revert.

To Delete a Transaction

If you enter a transaction in error, you might want to delete it.

- ❶ In the account register window, select the transaction you want to delete.
- ❷ Choose Edit | Delete *Transaction Type*, or press COMMAND-D.
- ❸ QuickBooks displays a confirmation dialog. Click OK to delete the transaction.



NOTE: Deleting a transaction is permanent.

Finding a Specific Transaction

As your QuickBooks company file grows with your daily entries and other transactions, you might have difficulty finding a specific transaction by simply scrolling through registers or other windows. Fortunately, QuickBooks has a search feature that makes it easy to find transactions by a variety of search criteria.

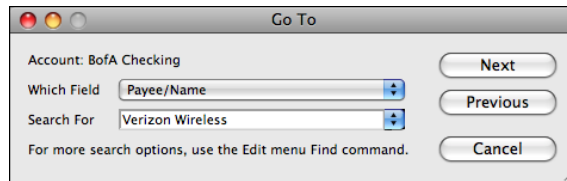
To Go to a Transaction in a Specific Register

You can quickly move to a transaction within a specific register if you know the contents of the following fields:

- The name in the Payee, Vendor, or Customer field.
- The check or transaction number in the Number or Ref field.
- The text in the Memo field.
- The amount in an amount field.

You do this with the Go To dialog.

- ❶ Open the register you want to search.
- ❷ Choose Edit | Go To to display the Go To dialog, which is shown next.



- 3 Choose a search field from the Which Field pop-up menu: Payee/Name, Number/Ref, Memo, or Amount.
- 4 Choose or enter a customer, vendor, employee, or other name to search for in the Search For field.
- 5 Click Next to search forward chronologically; click Previous to search backward chronologically through the register. QuickBooks selects each matching transaction, one at a time.

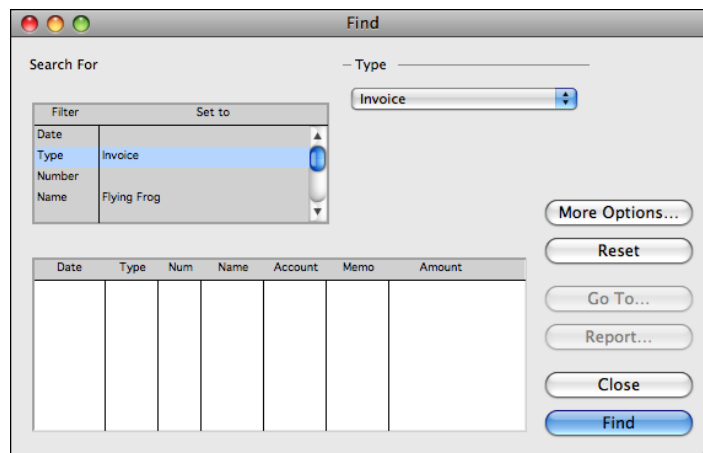


NOTE: The Go To dialog only searches the register you're working in. To search for a transaction in another register, use the Find feature, which is discussed next.

To Search for a Specific Transaction Throughout QuickBooks

You can use the Find command from anywhere in QuickBooks, to search all transactions in any account for the criteria you specify.

- 1 Choose Edit | Find, or press COMMAND-F. The Find dialog, which is shown next, appears.




- 2 In the Find window, choose a filter in the Filter column. Table 18-2 lists them and explains what each one is used for.

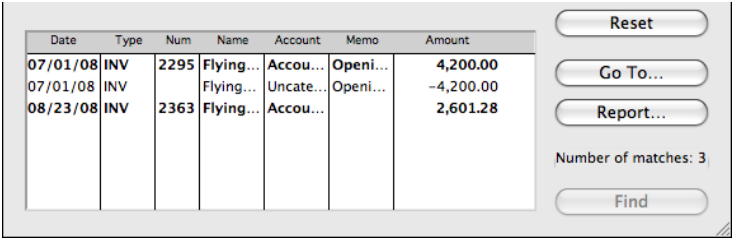
To Find a Transaction Using	Choose This Filter
Dates	Date
The type of transaction (checks, deposits, invoices, bills, purchase orders, etc.)	Type
The transaction number that appears in the register or on the entry form	Number
Customers, vendors, employees, or any other names	Name
The account from which the transaction originated	Source
The account to which the amount of the transaction was distributed	Account
Memos	Memo
Amounts	Amount


TABLE 18-2 Filters Available in the Find Dialog

- 3 For the filter you selected, choose or enter the applicable search criterion in the upper right of the Find dialog. For example, to look for an invoice, click Type in the Filter column, and select Invoice from the drop-down list. The Set To column displays the criterion that you specified.
- 4 Repeat steps 2 and 3 as necessary to set as many filters as you want. For example, to continue searching for your invoice, you could click Name and select the customer's name from the list. If you know that the invoice is for more than \$2,500.00, you could then click Amount and > (greater than), and enter 2500.

 **NOTE:** QuickBooks will attempt to find transactions that match all criteria you entered.

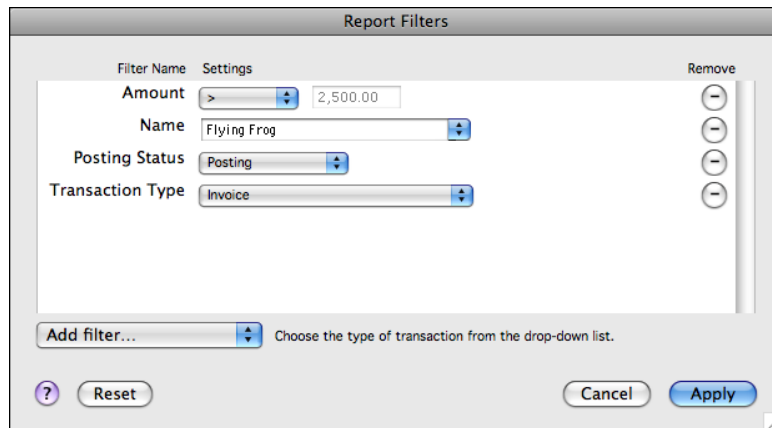
- 5 Click Find. QuickBooks displays a list of search results in the bottom of the Find dialog, as shown next. You can double-click a listed transaction (or select it and click Go To) to open it in its source window.



 **NOTE:** If you search for a specific transaction number, QuickBooks does not display each line associated with it, but displays only the transaction.

Once you've found transactions with the Find dialog, you can do a few other things:

- To start over or search for different transactions, click Reset.
- To see a report using the search criteria, click Report.
- To add more filters, including filters not listed in the Find dialog, click More Options. Then use the Report Filters dialog that appears (shown next) to set additional filtering options.



\$ TIP: The Report Filters dialog is covered in detail in Chapter 21.

Printing a Register

You can print a register to save hard copy for your files.

To Print a Register

- 1 Display the register you want to print.
- 2 Choose File | Print Register, or press COMMAND-P.
- 3 In the standard Print dialog that appears, set printing options and click Print to send the register to your printer.

\$ TIP: In step 3, you can use options under the PDF menu to save the register as a PDF file or e-mail it as a PDF to someone else.

Assets, Liabilities, and Equity

n this chapter:

- Assets overview
- Adding fixed asset and depreciation accounts
- Selling fixed assets
- Recording thefts or losses of fixed assets
- Purchasing assets
- Liabilities overview
- Borrowing money
- Adding a loan to your chart of accounts
- Tracking loan payments
- Equity overview
- Creating equity accounts
- Transferring money out of Opening Bal Equity
- Recording an owner's draw
- Recording an owner's capital investment
- Distributing yearly profits to partners

A company balance sheet includes three categories of accounts: assets, liabilities, and equity. Assets are the things you own. Liabilities are the things you owe. Equity is the net of the other two. These are basic accounting principles that form the basis of QuickBooks and other double-entry account software systems.

This chapter takes a look at assets, liabilities, and equity and explains how you can use QuickBooks features to account for them.

Assets Overview

Your assets are the things your company owns, such as:

- Cash you have on hand
- Money in your checking and savings accounts
- Money you are owed for services you've provided or items you've sold (accounts receivable)
- Money you have loaned
- Furniture and fixtures
- Property
- Equipment

You'll probably want to use expense accounts, rather than asset accounts, for ordinary supplies, such as stationery, light bulbs, and disks. Also, if you don't report on inventory but purchase items for resale, you can use expense accounts for such items. For example, a caterer can use expense accounts for the food purchased.

Current Assets

Current assets are assets likely to be converted to cash within one year. They include accounts receivable, bank accounts, and cash.

QuickBooks provides three types of current asset accounts for you to use as you create asset accounts for your company:

- Bank
- Accounts Receivable
- Other Current Asset

Bank Accounts

You'll need to set up a *bank* type account to track each bank account your company has. You can also use a bank account for petty cash.

Accounts Receivable

Your *accounts receivable* account tracks amounts owed to your business for the goods and services you've sold to your customers. When you create an invoice, QuickBooks records the amount of the invoice in your accounts receivable account.

Other Current Assets

Use an *Other Current Asset* account to track any other asset that is likely to be converted into cash or used up within one year.

If you buy and sell inventory, the value of all your inventory on hand is usually an Other Current Asset account named Inventory Asset.

Other Current Assets could include:

- Treasury bills
- Certificates of deposit
- Prepaid expenses (amounts already paid for services your business has yet to receive)
- Prepaid deposits (which will be returned to you at a later date)
- Reimbursable expenses
- Notes receivable (if due within one year)
- You can also use an Other Current Asset account for petty cash

Fixed Assets

A *fixed asset* is something tangible you own and use in your business that is not converted into cash during one year of normal operations. A fixed asset is usually something necessary for the operation of your business, like a truck, cash register, computer, or photocopier.

Understanding Depreciation

Fixed assets include equipment or property that your business owns that are not for sale. Since fixed assets last a long time, their cost is not completely expensed in the year in which they were bought. Instead, their cost is spread over several years. However, because fixed assets wear out or become obsolete, their value declines constantly from the day they are purchased. The amount of this decline in value is called *depreciation*.

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



NOTE: Determining the amount of depreciation to deduct can be a complex process, and the IRS rules on the subject change often. Ask an accountant for help in figuring actual depreciation amounts.

Here's an example of how depreciation works. Say you bought a company truck in December 2005 for \$20,000. By December 2007, the truck may have depreciated by \$4,000. Therefore, the value of the truck in December 2007 is:

$$\$20,000 - \$4,000 = \$16,000$$

$$\text{Original cost} - \text{accumulated depreciation} = \text{current value}$$

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

Truck		
Accumulated Depreciation	-6,200.00	
Cost	<u>20,000.00</u>	
Total Truck		<u>13,800.00</u>

Tracking Fixed Assets

You can use the following method to track fixed assets and depreciation. This method allows you to see the cost of each asset or asset group and its accumulated depreciation separately on your balance sheet.

Set up a fixed asset account for each asset with two subaccounts: one for original costs and one for accumulated depreciation. You record past and present purchases in the subaccount for costs. You record depreciation in the other subaccount. The fixed assets portion of your balance sheet shows the total of the subaccounts, which equals the current value of the assets.

Fixed Assets		
Helicopter		
Accumulated Depreciation	-120,000.00	
Cost	<u>346,000.00</u>	
Total Helicopter		226,000.00
Truck		
Accumulated Depreciation	-6,200.00	
Cost	<u>20,000.00</u>	
Total Truck		<u>13,800.00</u>
Total Fixed Assets		239,800.00

If You Bought the Asset with a Loan

If you buy a new truck with a loan, you've gained an asset—the truck—and you've also gained a liability—the loan. The asset and liability are not connected in any way in QuickBooks. On your balance sheet, you'll see the value of the truck as an asset, adding to the net worth of your business, and the loan as a liability, subtracting from the net worth of your business.

Adding Fixed Asset and Depreciation Accounts

When you use one or more fixed asset accounts and plan to track depreciation, set up separate subaccounts for original costs and for accumulated depreciation. You record past and present purchases in the subaccount for costs. You record depreciation

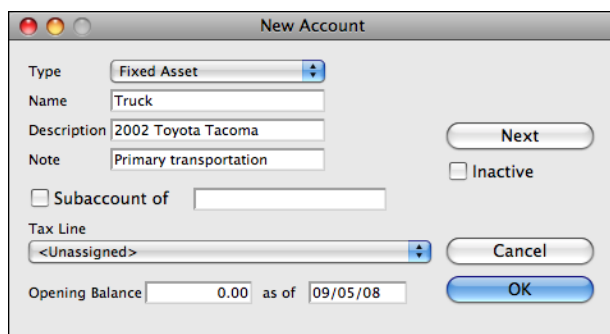
in the other subaccount. Then your balance sheet shows the total of the subaccounts, which equals the current value of the assets.

This section explains how to create the parent account for an asset, as well as the cost and depreciation accounts for the same asset. You should consider using this approach for every fixed asset you track in QuickBooks.

To Add a New Fixed Asset Account

Start by creating a “parent” account for the asset.

- 1 Choose Lists | Chart Of Accounts, or press SHIFT-COMMAND-A, to display the Chart Of Accounts window.
- 2 Choose Edit | New Account, or press COMMAND-N, to display the New Account dialog, shown next.

The image shows a 'New Account' dialog box from QuickBooks. It has a title bar with standard Mac OS window controls. The 'Type' dropdown menu is set to 'Fixed Asset'. The 'Name' field contains 'Truck'. The 'Description' field contains '2002 Toyota Tacoma'. The 'Note' field contains 'Primary transportation'. There is a 'Subaccount of' checkbox which is unchecked, followed by an empty text field. The 'Tax Line' dropdown menu is set to '<Unassigned>'. At the bottom, the 'Opening Balance' is set to '0.00' with the date '09/05/08'. On the right side, there are three buttons: 'Next', 'Cancel', and 'OK'.

- 3 Choose Fixed Asset from the Type pop-up menu.
- 4 Enter a name for the asset in the Name field.
- 5 If desired, enter a description and note in the appropriate fields.
- 6 If desired, choose a tax line to associate with this account from the Tax Line pop-up menu.
- 7 Leave the opening balance set to 0.00.
- 8 Click Next.
- 9 QuickBooks creates the account and displays the New Account form again so you can create another account. Continue following the instructions in the next section to add the asset's cost subaccount.

To Add a Cost Subaccount for an Asset

Next, you'll create a subaccount of the asset's parent account to track the cost of the asset.

- 1 In the New Account dialog, choose Fixed Asset from the Type pop-up menu.
- 2 Enter “Cost” in the Name field.

- 3 If desired, enter a description and note in the appropriate fields.
- 4 Turn on the Subaccount Of check box, and choose the name of the asset account for which this subaccount is the cost from the drop-down list.
- 5 Enter the Opening Balance and As Of date for the asset's purchase. The opening balance is the original cost of the asset if you purchased the asset before your QuickBooks start date. If you're buying the asset now, do not enter an opening balance. Instead, enter a transaction in the register of the account you used to purchase the asset, such as a checking or credit card account. In the detail area of the purchase transaction, choose this cost account in the Account field. At this point, the New Account dialog should look like this:

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

- Type: Fixed Asset (dropdown)
- Name: Cost
- Description: Cost of 2002 Tacoma Pickup
- Note: (empty)
- Subaccount of: ☒ Truck (dropdown)
- Tax Line: <Unassigned> (dropdown)
- Opening Balance: 20,000.00 as of 07/04/08
- Buttons: Next, Cancel, OK
- Inactive checkbox: ☐

- 6 Click Next.
- 7 QuickBooks creates the account and displays the New Account form again so you can create another account. Continue following the instructions in the next section to add the asset's accumulated depreciation subaccount.

To Add an Accumulated Depreciation Subaccount for an Asset

Next, you'll add an accumulated depreciation subaccount to keep track of the asset's periodic depreciation.

- 1 In the New Account dialog, choose Fixed Asset from the Type pop-up menu.
- 2 Enter "Accumulated Depreciation" in the Name field.
- 3 If desired, enter a description and note in the appropriate fields.
- 4 Turn on the Subaccount Of check box, and choose the name of the asset account for which this subaccount is tracking depreciation from the drop-down list.
- 5 Enter the amount of accumulated depreciation for the asset as a negative number in the Opening Balance field. The opening balance is the accumulated depreciation for the asset as of the day before your start date. Enter this amount as a negative number so that it will be subtracted from the value of the asset. If you're buying the asset now, leave this opening balance at 0.00. At this point, the New Account dialog should look like this:

New Account

Type: Fixed Asset

Name: Accumulated Depreciation

Description: Acc Dep for Toyota Tacoma

Note:

☒ Subaccount of: Truck

Tax Line: <Unassigned>

Opening Balance: -6,200.00 as of 09/05/08

Next

Inactive

Cancel

OK

- 6 If you have not yet created a depreciation account to track all depreciation, or if you want to add another asset account, click Next. Otherwise, click OK.
- 7 QuickBooks creates the account. If you have not yet created a depreciation account to track all depreciation, continue following the instructions in the next section to do so.



NOTE: When you add the Cost and Accumulated Depreciation subaccounts, QuickBooks displays them in alphabetical order in your chart of accounts. You can drag Cost above Accumulated Depreciation in the chart of accounts so that Cost appears first in the chart of accounts and reports. You can learn more about working with the Chart Of Accounts window in Chapter 5.

To Add a Depreciation Expense Account

You'll also need to add one expense account to track all your depreciation, since the amount that your assets lose in value is an expense to your business.

- 1 In the New Account dialog, choose Expense from the Type pop-up menu.
- 2 Enter "Depreciation Expense" in the Name field.
- 3 If desired, enter a description and note in the appropriate fields.
- 4 If desired, choose a tax line to associate with this account from the Tax Line pop-up menu.
- 5 At this point, the New Account dialog should look something like what's shown next. Click OK.

New Account

Type: Expense

Name: Depreciation Expense

Description:

Note:

☐ Subaccount of:

Tax Line: Schedule M-1: Depreciation per books

Next

Inactive

Cancel

OK

Selling Fixed Assets

You may sell a fixed asset for more than or less than its *book value*—its value on your company books.

For example, suppose you bought a truck for \$20,000 a few years ago. You have depreciated it to \$13,800 (its book value), but you are able to sell it for \$15,000. Thus, you have a capital gain of \$1,200 on the sale.

You want your records to show that you no longer own the asset, so its current value on your books should be zero.

To your company, any capital gain is income and any capital loss is expense. You can add an Other Income account called Capital Gain/Loss so that gains or losses will appear on your profit and loss statement. Losses will be negative.

Determining the Current Value of a Fixed Asset

Before you enter the sale of a fixed asset, you need to know the asset's book value. How you determine book value depends on how you track fixed assets in QuickBooks.

To Determine the Value of an Asset from the Chart of Accounts

If you've created separate fixed asset accounts for each asset as described earlier in this chapter, you'll see the asset's book value right in your chart of accounts. Here's an example of two assets:

Flying M Air, LLC - Chart of Accounts		
Search Accounts		
Name	Type	Balance
▼ Helicopter	Fixed Asset	226,000.00
Accumulated Depreciation	Fixed Asset	-120,000.00
Cost	Fixed Asset	346,000.00
▼ Truck	Fixed Asset	13,800.00
Accumulated Depreciation	Fixed Asset	-6,200.00
Cost	Fixed Asset	20,000.00
Prepaid Expenses	Other Asset	6,285.82
Prepaid Hotel	Other Asset	4,477.92

The book value of each asset is in the parent account for the asset. The cost and accumulated depreciation appear in the corresponding subaccounts. This is all the information you need to enter the sale of the asset.

To Determine the Book Value of an Asset Using QuickReports

If you record all transactions for all fixed assets in one or more asset accounts using asset names in transactions, you'll have to do a bit more work to determine the book value of a single asset. Create one or more QuickReports as follows:

- If you've tracked everything about the asset in a single asset account, display the register for the asset account. Select any transaction with the name of the asset, and choose Reports | QuickReport. The QuickReport that appears shows all costs and depreciation entries, and the total amount is the current value. Make a note of the current value.
- If you've tracked the accumulated depreciation of the asset in a depreciation subaccount, display the register for the subaccount. Select any transaction with the name of the asset, and choose Reports | QuickReport. The QuickReport that appears shows all depreciation entries and the total depreciation for this asset. Make a note of the total depreciation.
- If you've tracked the asset cost (or value as of your start date) in a different asset account, display the register and make a note of the cost (or starting value).

Entering a Sale Transaction

You enter a fixed asset sale transaction with the General Journal Entry form. This enables you to properly record the debits and credits for the transaction.

To Enter the Sale of a Fixed Asset

- 1 Choose Banking | Make General Journal Entries to display the General Journal Entry form. The following illustration shows what this form might look like after completing these steps.

The screenshot shows a window titled "General Journal Entry". At the top, there are fields for "Date" (09/05/08) and "Entry No." (empty). Below these is a table with columns: Account, Debit, Credit, Memo, Name, a checkbox, and Class. The table contains four rows of data:

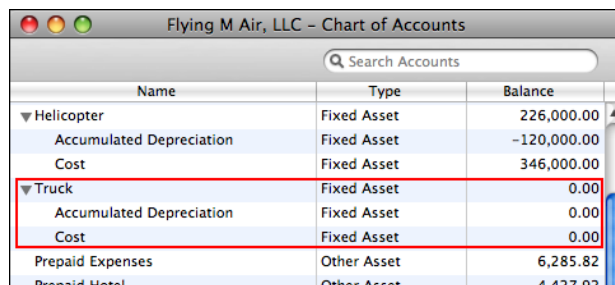
Account	Debit	Credit	Memo	Name	<input type="checkbox"/>	Class
Truck:Cost		20,000.00	Sale of Truck			
Truck:Accumulate	6,200.00		Sale of Truck			
Checking	15,000.00		Sale of Truck			
Capital Gain/Loss		1,200.00	Sale of Truck			

On the right side of the form, there are three buttons: "Next", "Cancel", and "OK".

- 2 Enter the sale date in the Date field.
- 3 If desired, enter a transaction number for the entry in the Entry No. field.
- 4 On the first line, in the Account field, choose the fixed asset account or subaccount where you track the cost (or starting value) of the asset.
- 5 In the Credit field for the same line, enter the total cost (or starting value) if you track depreciation in a separate asset subaccount.

- 6 If you track asset transactions using the asset name, enter the asset name in the Name field.
- 7 On the second line, in the Account field, choose the fixed asset account or subaccount where you track the accumulated depreciation of the asset.
- 8 In the Debit field for the same line, enter the total accumulated depreciation of the asset.
- 9 If you track asset transactions using the asset name, enter the asset name in the Name field.
- 10 On the third line, in the Account field, choose the bank account in which you deposited the money from the sale of the asset.
- 11 In the Debit field for the same line, enter the actual amount you deposited. This amount may be higher or lower than the current value.
- 12 If you track asset transactions using the asset name, enter the asset name in the Name field.
- 13 Press TAB until QuickBooks fills in the difference in the Debit or Credit field of the next line.
- 14 On the fourth line, in the Account field, choose the Other Income account for capital gains and losses.
- 15 If you track asset transactions using the asset name, enter the asset name in the Name field.
- 16 Click OK.

The cost and accumulated depreciation for this asset are removed from their accounts, leaving the balance of the asset as zero. It might look something like this in your chart of accounts:



Name	Type	Balance
▼ Helicopter	Fixed Asset	226,000.00
Accumulated Depreciation	Fixed Asset	-120,000.00
Cost	Fixed Asset	346,000.00
▼ Truck	Fixed Asset	0.00
Accumulated Depreciation	Fixed Asset	0.00
Cost	Fixed Asset	0.00
Prepaid Expenses	Other Asset	6,285.82
Prepaid Hotel	Other Asset	4,427.92

Making a Loan to the Purchaser

If you sell an asset and take back a loan, you'll need an Other Asset account to track the loan you have made. Money that someone owes you is a company asset.

For example, suppose that in the truck sale transaction discussed earlier, the buyer, Mr. Johnson, gives you \$5,000 down and asks you to finance the remaining \$10,000. You'll deposit just \$5,000 in your bank account and have a loan owed from Mr. Johnson for \$10,000, which you would track in an Other Asset account.

To Record a Sale with a Loan

Enter the sale as described in “To Enter the Sale of a Fixed Asset” in the previous section, with the following exceptions:

- On the third line, in step 11, enter the amount of cash deposited in your bank account. This will be less than the purchase price of the asset.
- After step 15, create a fifth line for the transaction with the loan account in the Account field, the amount of the loan in the Debit field, and the name of the asset (if necessary) in the Name field.

When you're finished, the transaction might look something like this:

The screenshot shows the 'General Journal Entry' window. The Date is 09/05/08 and Entry No. is blank. The table below shows the journal entry:

Account	Debit	Credit	Memo	Name		Class
Truck:Cost		20,000.00	Sale of Truck			
Truck:Accumulate	6,200.00		Sale of Truck			
Checking	5,000.00		Sale of Truck			
Capital Gain/Loss		1,200.00	Sale of Truck			
Johnson Loan	10,000.00		Loan for Truck			

Buttons: Next, Cancel, OK

To Record a Payment on a Loan

When the buyer sends you a payment, enter the payment in the Make Deposits window.

- 1 Choose Banking | Make Deposits to display the Make Deposits window. Here's what it might look like when filled in for this transaction:

The screenshot shows the 'Make Deposits' window. The Deposit To is Checking, Date is 09/05/08, and Memo is Loan Payment. The table below shows the deposits:

Received From	From Account	Memo	Chk No.	Pmt Meth.	Class	Amount
Jim Johnson	Johnson Loan	Loan Payment	2311	Check		244.85
Jim Johnson	Interest Income	Johnson Loan	2311	Check		70.83

Deposit Subtotal: 315.68

If you are taking cash back from this deposit, choose the account used to track the cash, such as your petty cash account, then enter an optional memo, and the amount of cash.

Cash back goes to: [dropdown] Cash back memo: [text box] Less cash back: [text box]

Deposit Total: 315.68

Buttons: Next, Previous, Payments..., Print..., Cancel, OK

- ② Choose the bank account you are depositing the money to from the Deposit To drop-down list.
- ③ Enter the deposit date in the Date field.
- ④ If desired, enter a note about the deposit in the Memo field.
- ⑤ On the first line, in the Received From field, enter the name of the person you are receiving the payment from.
- ⑥ In the From Account field of the same line, choose the name of the Other Asset account in which the loan is being tracked.
- ⑦ If desired, enter a memo, check number, and payment method for the payment.
- ⑧ In the Amount field of the same line, enter the amount of principal paid on the loan.
- ⑨ On the second line, in the Received From field, again enter the name of the person you are receiving the payment from.
- ⑩ In the From Account field of the same line, choose the name of the income account in which the interest earned is being recorded.
- ⑪ If desired, enter a memo, check number, and payment method for the payment. This may be the same as you entered for the first line.
- ⑫ In the Amount field of the same line, enter the amount of interest paid on the loan.
- ⑬ Check to be sure that the Deposit Subtotal matches the amount of the payment.
- ⑭ Click OK.

Recording Thefts or Losses of Fixed Assets

You track a theft or loss of a fixed asset very much like you track a sale, except you use an Other Expense account to record the amount of the loss.

To Record Thefts or Losses

Enter the transaction as described in “To Enter the Sale of a Fixed Asset” in the previous section, with the following exceptions:

- On the third line, in step 11, enter the amount of cash received from your insurance company to cover the loss. This is what you’ll deposit in the bank. If you were not covered by insurance, omit this line entirely.
- In step 14, on the fourth line, choose the Other Expense account you use for thefts or losses.

When you're finished, the transaction might look something like this:

The screenshot shows a window titled "General Journal Entry". It has fields for "Date" (09/05/08) and "Entry No.". Below these is a table with columns: Account, Debit, Credit, Memo, Name, a checkbox, and Class. The table contains four rows of data:

Account	Debit	Credit	Memo	Name		Class
Truck:Cost		20,000.00	Theft of Truck			
Truck:Accumulate	6,200.00		Theft of Truck			
Checking	8,000.00		Theft of Truck			
Thefts/Losses	5,800.00		Theft of Truck			

On the right side of the window are three buttons: "Next", "Cancel", and "OK".

Purchasing Assets

When you enter the purchase of an asset, use the usual check or credit card window you would use for any company purchase, except assign the purchase to your asset account, instead of an expense account.

To Pay for an Asset with a Company Check or Credit Card

- 1 Enter the purchase in the Write Checks window or the Enter Credit Card Charges window (shown next).

The screenshot shows a window titled "Enter Credit Card Charges - AOPA MasterCard". It has a "Credit Card" dropdown set to "AOPA MasterCard" and an "Ending Balance" of 1,196.18. Below this is a section for "Purchased From" set to "Apple Store" and "Ref No.". There are radio buttons for "Charge" (selected) and "Credit". A "DATE" field is set to "08/15/08". Below the date is a table with columns for "DATE", "AMOUNT", and a blank column. The "AMOUNT" row shows 1,948.35. Below the table is a "Memo" field. At the bottom, there is a summary bar showing "Expenses - \$1,948.35" and "Items - \$0.00". Below the summary bar is a table with columns: Account, Amount, Memo, Customer:Job, a checkbox, and Class. The table contains one row of data:

Account	Amount	Memo	Customer:Job		Class
Office Equipment	1,948.35	New Computer			

On the right side of the window are five buttons: "Next", "Previous", "Recalc", "Cancel", and "OK".

- 2 In the Account field, choose the account for the asset, whether it's an expense account, an Other Current Asset account, or a fixed asset account.
- 3 Click OK.



TIP: You can learn more about entering check and credit card transactions in Chapter 15.

To Pay for an Asset with Cash

- 1 Open your Petty Cash account register.
- 2 Enter the transaction in the register.
- 3 Click Record.



TIP: You can learn more about entering transactions in account registers in Chapter 18.

To Track a Fixed Asset by Name

Rather than set up a separate account (or account with subaccounts) for each asset as discussed earlier in this chapter, you can group multiple assets together in a single fixed asset account. You can then track each asset by name, using the name that appears on the Other Name list that identifies the asset. When you track the name of the asset, you can create a QuickReport as discussed earlier in this chapter to see all transactions for that asset and determine its book value. You might find this useful for smaller assets, such as individual pieces of office equipment or furniture.

- 1 In the register of the Fixed Asset account, replace the Payee name with the name that identifies the asset. (The purchase transaction retains the original payee name.)
- 2 If prompted, add this name to your Other Names List.
- 3 Click Record.



NOTE: Be sure to use this name in any transaction related to that asset, including depreciation, sale, or loss.

Liabilities Overview

Liabilities are your company's debts. Liabilities also represent the credit extended to your business. They include your payables, money you owe on credit cards, sales tax you owe the government, withholdings from employee earnings you owe the government, and short-term and long-term debts.

If you indicate that you charge sales tax when you set up a new company, QuickBooks automatically sets up a liability account called Sales Tax Payable. You can add as many other liability accounts as you need to track your debts.

Current Liabilities

A current liability is a debt your company expects to pay within a year, such as a short-term loan or a bill.

QuickBooks provides three types of current liability accounts:

Accounts Payable Accounts payable is the amount you owe to suppliers or vendors for services or items you've bought from them. Your accounts payable balance is the total of the unpaid bills that you entered in the Enter Bills window.

Credit Card Accounts With QuickBooks you can easily track expenses you charge to your credit cards. Just set up a credit card account for each card you have.

Other Current Liabilities Use an Other Current Liability account to track any other liability that is scheduled to be paid off within one year of regular operations. Examples of Other Current Liabilities are accrued sales tax, lines of credit, and short-term loans.

Long-Term Liabilities

The most common long-term liabilities are loans that you expect to pay off in more than one year. This includes loans for items such as vehicles, equipment, and real estate.

Borrowing Money

QuickBooks makes it easy to pull together the financial information a lender asks for. After you receive the loan, track it as a company liability.

Reports to Show Your Lender

Your lender will probably ask for *profit and loss statements* (sometimes called *P and Ls* or *income statements*) and *balance sheets* for the current fiscal year and for prior fiscal years.



TIP: For details about working with reports, see Chapter 21.

To Create a Profit and Loss Statement

Choose Reports | Company & Financial | Profit And Loss Standard. QuickBooks displays a report for the current month to date.

To Create a Balance Sheet

Choose Reports | Company & Financial | Balance Sheet Standard. QuickBooks displays a report as of the current date.



NOTE: Make sure the report covers the dates you need. If it doesn't, choose the correct date or date range in the list for Dates.

Adding a Loan to Your Chart of Accounts

Use liability accounts to track the loans your company has with lending institutions and lenders.

If you take out a loan to pay for a new asset, such as a new vehicle for your business, the asset account (for the vehicle) and the liability account (for the loan) are not connected in QuickBooks in any way.

To Add a Loan to Your Chart of Accounts

- 1 Choose Lists | Chart Of Accounts, or press SHIFT-COMMAND-A, to display the Chart Of Accounts window.
- 2 Choose Edit | New Account, or press COMMAND-N, to display the New Account window (shown next).

- 3 Choose an option from the Type pop-up menu:
 - For short-term loans, choose Other Current Liability.
 - For long-term loans, choose Long Term Liability.
- 4 Enter a name for the loan in the Name field.
- 5 If desired, enter a description and a bank or loan number in the appropriate fields.
- 6 If desired, choose a tax line to associate with this account from the Tax Line pop-up menu.

- 7 For a new loan, enter 0.00 as the Opening Balance. For an existing loan, enter the balance as of your start date.
- 8 Enter the date corresponding to the Opening Balance amount in the As Of field.
- 9 Click OK.

To Deposit Loan Money in a Bank Account

- 1 Choose Banking | Make Deposits to display the Make Deposits window, shown next.

Make Deposits

Deposit To: Checking Date: 09/05/08 Memo: Loan Proceeds

Enter any other amounts to deposit below, or click Payments to add or remove received payments to deposit.

Received From	From Account	Memo	Chk No.	Pmt Meth.	Class	Amount
ABC Financial Services	Cash Advance	Deposit Proceeds	1049563	Check		5,000.00

Deposit Subtotal: 5,000.00

If you are taking cash back from this deposit, choose the account used to track the cash, such as your petty cash account, then enter an optional memo, and the amount of cash.

Cash back goes to: Cash back memo: Less cash back:

Deposit Total: 5,000.00

Buttons: Next, Previous, Payments..., Print..., Cancel, OK

- 2 Choose the account you are depositing the money into from the Deposit To drop-down list.
- 3 Enter the deposit date in the Date field.
- 4 If desired, enter a note in the Memo field.
- 5 In the Received From field, choose the name of the person or organization that is lending you money. This will normally be the same name you will make payments to.
- 6 Use the From Account drop-down list to choose the name of the loan liability account you've created to track the loan.
- 7 If desired, enter a memo, check number, and payment method in appropriate fields.
- 8 Enter the amount you received in the Amount field.
- 9 Click OK. QuickBooks adds the amount to the bank account and also creates a loan balance of that amount.

Tracking Loan Payments

When you make a loan payment, you're actually paying two things:

- A portion of the payment goes toward the interest on the loan. For a loan with monthly payments, this amount can be roughly calculated as:

current outstanding loan balance × annual interest rate / 12

- The remainder of the payment goes toward the outstanding loan balance or *principal*. This can be roughly calculated as:

payment amount - current month's interest

These amounts change every month. The amount allocated to interest decreases, and the amount allocated to principal increases.

Although you can make a rough calculation of these amounts for entry purposes, many lenders send monthly statements that show exact payment distribution and loan balance. You may also be able to obtain or create an *amortization schedule* that shows the distribution of each payment between interest and principal for the entire loan term. Using these documents to record loan payments can ensure accuracy.

To Record a Payment on a Loan

- 1 Choose Banking | Write Checks to display the Write Checks window.
- 2 Write a check to your lender for the amount of the payment.
- 3 In the detail area of the Expenses pane, assign the amount for interest to an interest expense account, and the amount for principal to your liability account for this loan. Here's what this might look like:

The screenshot shows the 'Write Checks' window with the 'Expenses' pane active. At the top, it displays 'Expenses - \$656.53' and 'Items - \$0.00'. Below this is a table with the following columns: Account, Amount, Memo, Customer:Job, a checkbox, and Class. The table contains two rows of data:

Account	Amount	Memo	Customer:Job	<input type="checkbox"/>	Class
Interest Expense	226.67				
Truck Loan	429.86				

- 4 Click OK.



TIP: You can learn more about writing checks in Chapter 15.

Equity Overview

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

This part of the chapter teaches you how to set up equity accounts, how to move money from the QuickBooks Opening Bal Equity account to your own equity accounts, and how to record an owner’s draw.



NOTE: Discuss how your business handles equity with your accountant to determine the best setup and procedures for your situation.

Equity and Your Balance Sheet

A balance sheet shows your company assets, liabilities, and equity on a particular date. Since equity is the difference between total assets and total liabilities, the total assets equal the sum of total liabilities and equity.

When you set up your company in QuickBooks as of a particular start date, you may already have company assets and liabilities as of that date. When you tell QuickBooks the opening balances of your assets and liabilities, QuickBooks automatically tracks the amount of equity in an equity account called Opening Bal Equity (where “Bal” is short for “balance”).

If your company is a sole proprietorship (that is, 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.

After you have entered transactions in QuickBooks for a while, the company’s income and expenses produce a net income from the start date to the present date. QuickBooks adds the net income to the balance sheet to keep it in balance.

Here’s a simple example. Suppose you started a company with just \$5,000 on your start date. Your balance sheet might look like the one shown here.

Megg's Company	
Balance Sheet	
As of January 1, 2009	
ASSETS	
Current Assets	
Checking/Savings	
ABC Bank	5,000.00
Total Checking/Savings	5,000.00
Total Current Assets	5,000.00
TOTAL ASSETS	5,000.00
LIABILITIES & EQUITY	
Equity	
Opening Bal Equity	5,000.00
Total Equity	5,000.00
TOTAL LIABILITIES & EQUITY	5,000.00

In your first month, you have income of \$3,000 and expenses of \$2,000. As a result, you'd have \$1,000 more in checking. As shown here, QuickBooks adds a Net Income line of \$1,000 to the equity section of the Balance Sheet to keep assets equal to liabilities plus equity.

Megg's Company	
Balance Sheet	
As of February 1, 2009	
ASSETS	
Current Assets	
Checking/Savings	
ABC Bank	<u>6,000.00</u>
Total Checking/Savings	<u>6,000.00</u>
Total Current Assets	<u>6,000.00</u>
TOTAL ASSETS	<u>6,000.00</u>
LIABILITIES & EQUITY	
Equity	
Opening Bal Equity	5,000.00
Net Income	<u>1,000.00</u>
Total Equity	<u>6,000.00</u>
TOTAL LIABILITIES & EQUITY	<u>6,000.00</u>

The Net Income line is the only amount on the Balance Sheet that is neither the balance of an account nor a subtotal of account balances. Instead, it comes from the company's activities for the current fiscal year. It is the same amount as the bottom line on a profit and loss statement for the current fiscal year.

After the end of the first fiscal year, QuickBooks automatically makes an end-of-year adjustment to net income. It makes the net income return to zero and transfers the net income earned in the previous year into the equity account called *Retained Earnings*.

In our example, if the net income for the year was \$12,000, QuickBooks puts the \$12,000 in the Retained Earnings account and makes net income zero. Here's what the balance sheet might look like at the beginning of the next fiscal year:

Megg's Company	
Balance Sheet	
As of January 1, 2010	
ASSETS	
Current Assets	
Checking/Savings	
ABC Bank	<u>17,000.00</u>
Total Checking/Savings	<u>17,000.00</u>
Total Current Assets	<u>17,000.00</u>
TOTAL ASSETS	<u>17,000.00</u>
LIABILITIES & EQUITY	
Equity	
Opening Bal Equity	5,000.00
Retained Earnings	<u>12,000.00</u>
Total Equity	<u>17,000.00</u>
TOTAL LIABILITIES & EQUITY	<u>17,000.00</u>

After the end of the second fiscal year, QuickBooks makes a similar adjustment, increasing Retained Earnings by the amount of net income for the second fiscal year.

Thus, at any time, the Net Income line of the Balance Sheet shows net income for the current fiscal year. The Retained Earnings line shows net income for previous fiscal years tracked in QuickBooks. Here's an example of a mid-year Balance Sheet:

Megg's Company Balance Sheet	
As of July 1, 2011	
ASSETS	
Current Assets	
Checking/Savings	
ABC Bank	35,000.00
Total Checking/Savings	<u>35,000.00</u>
Total Current Assets	<u>35,000.00</u>
TOTAL ASSETS	<u>35,000.00</u>
LIABILITIES & EQUITY	
Equity	
Opening Bal Equity	5,000.00
Retained Earnings	24,000.00
Net Income	<u>6,000.00</u>
Total Equity	<u>35,000.00</u>
TOTAL LIABILITIES & EQUITY	<u>35,000.00</u>

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

- Money invested in your company, which is called the *owner's investments*
- Profits of your business

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

Some people like to track owner investments, owner's draws, and retained earnings prior to the QuickBooks start date by putting them in separate equity accounts. If you decide to add additional equity accounts, QuickBooks still adds the Retained Earnings and Net Income lines on your Balance Sheet.

Types of Ownership

There are three basic types of business ownership:

- Sole proprietorship
- Partnership
- Corporation

For each type of business, you may want to add equity accounts to track the details of investments, withdrawals, and earnings.

Sole Proprietorships

A *sole proprietorship* is an unincorporated company owned by one person.

Since all the equity belongs to one person, tracking equity can be very simple. All the equity is initially in the Opening Bal Equity account QuickBooks creates when you set up a new QuickBooks company. QuickBooks creates a second equity account, called Retained Earnings, which initially has a zero balance.



TIP: You may want to take one additional step after setting up to move the balance of Opening Bal Equity into Retained Earnings. You can learn how later in this chapter.

To separate the different types of equity in your business, you can use separate equity accounts:

Cooper's Equity	5,000.00
Cooper's Investment	10,000.00
Cooper's Draws	-5,000.00

New Businesses If the business itself is new as of your QuickBooks start date, your initial assets in QuickBooks, including your business bank account, come from the owner's investment. The business has no prior earnings.

- Transfer the balance from Opening Bal Equity to a new equity account called *Owner Investments*. Record any additional investments in the business in this account.
- Add a third equity account called *Owner Withdrawals*. It should have a zero opening balance.

Established Businesses If the business is ongoing as of your QuickBooks start date, the equity on the start date is a combination of owner investments and prior earnings minus owner withdrawals.

- Add a third equity account called *Owner Investments*. For its opening balance as of your start date, enter your actual capital investment prior to the start date. If you make additional investments in the business, record them in this account.
- (Optional) Add a fourth equity account called *Owner Withdrawals*. For its opening balance as of your start date, enter your actual owner withdrawals prior to the start date as a negative amount. (Or, start with a zero opening balance but track owner withdrawals in this account from now on.)
- Move the balance of Opening Bal Equity into Retained Earnings. (You can learn how later in this chapter.) If you don't have a separate account for owner withdrawals, you can assign them to Retained Earnings in the future.

Partnerships

A *partnership* is an unincorporated business owned by two or more persons. In a partnership, each partner owns a share of all assets and liabilities. Each partner may have invested in the partnership, and each receives a specified share of profits. Partners do not receive salaries, but they may withdraw money against their share of profits. QuickBooks makes it easy to track these partnership transactions.

There are many possible ways to handle partnership equity:

- Set up separate equity accounts for each partner. If you don't want to see further detail, record each partner's capital investment, draws, and share of profits in the partner's single equity account. If you use this approach, each partner's equity will always appear as one amount, as in the following example: Mike's equity +20,000; Maria's equity +25,000.
- (Optional) Add subaccounts to provide the level of detail you'd like to see on the chart of accounts and on the balance sheet. For example, add subaccounts for each partner's capital investment, share of profits, and draws. On the chart of accounts and on the balance sheet, QuickBooks shows amounts for each subaccount as well as subtotals for each partner's equity, as in the following example.

Mike's Equity	20,000.00
Mike's Investment	10,000.00
Mike's Profit	35,000.00
Mike's Draws	-25,000.00
Maria's Equity	25,000.00
Maria's Investment	10,000.00
Maria's Profit	35,000.00
Maria's Draws	-20,000.00

In this example, each partner has one main equity account that includes subaccounts for tracking investment, share of profits, and draws.

When you have finished setting up the partnership in QuickBooks, transfer any money remaining in Opening Bal Equity to the appropriate partner equity accounts, since all the equity belongs to the partners. You can enter such transfers directly into the register of Opening Bal Equity.

Corporations

A *corporation* is owned by its stockholders. Unlike a sole proprietorship or a partnership, a corporation can pay a working owner a salary.

In a corporation, you'll usually want to separate the stockholders' investment of capital from the stockholders' share of earnings.

To track paid-in capital or investments of stockholders, add an equity account with a name such as *Capital Stock*. Although you do need to have records of the

names and investments of each stockholder, you probably won't want to show this detail on your chart of accounts. For the opening balance, enter the total paid-in capital as of your QuickBooks start date.

After you have set up all your accounts, the amount remaining in Opening Bal Equity represents retained earnings prior to the start date. You can rename this account with a name such as *Prior Earnings*.

QuickBooks automatically tracks the corporation's retained earnings for completed fiscal years in an equity account called Retained Earnings. After the end of the year, you may distribute some or all of the retained earnings of the corporation to stockholders as dividends.

Tracking Retained Earnings

You may need to transfer some of your Opening Bal Equity into retained earnings when you first set up your company (as explained later in this chapter), but after you're set up, QuickBooks automatically transfers your profit (or loss) into Retained Earnings at the end of each fiscal year.

For example, if your fiscal year is January through December, and you create a standard balance sheet on December 31, 2008, QuickBooks shows your net income for 2008 on a line labeled *Net Income*.

If you create the same standard balance sheet on January 1, 2009, you'll see that the same net income from 2008 now appears in an account called Retained Earnings, and net income has changed to 0.00 (for 2009).

Retained Earnings is a special balance sheet account. Its balance is not displayed in the chart of accounts. To see your retained earnings amount, create a Balance Sheet report.

Working with Equity Accounts

Although QuickBooks handles quite a few equity tasks automatically, there are several tasks you may need to perform while working with QuickBooks.

To Add an Equity Account to Your Chart of Accounts

QuickBooks creates two equity accounts (Opening Bal Equity and Retained Earnings) when you set up your company. You may, however, want to add at least one other equity account to your chart of accounts if you've invested capital in your company.

To keep track of your personal investment in your business separately from your draws, you can create two equity accounts: one called *Owner Investment* and one called *Owner Draws*.

- 1 Choose Lists | Chart Of Accounts, or press SHIFT-COMMAND-A, to display the Chart Of Accounts window.

- 2 Choose Edit | New Account, or press COMMAND-N, to display the New Account dialog, which is shown next.

- 3 Choose Equity from the Type pop-up menu.
- 4 Enter a name for the account in the Name field.
- 5 If you know the balance of this equity account as of your QuickBooks start date, enter the balance and start date in the Opening Balance and As Of fields:
 - If you're creating an equity account to track your investment, enter the total amount of your investment as of your start date.
 - If you're creating only one equity account to track your investment and draws, subtract the amount of your total draws as of your start date from your investment, and enter the result as your owner's equity starting balance.
 - If you're creating an equity account to track draws only, the total amount of your draws should be entered as a negative starting balance.
- 6 Click OK.

To Transfer Money out of Opening Bal Equity

After you've set up your chart of accounts and entered correct opening balances for each balance sheet account, you may want to transfer money from Opening Bal Equity to other equity accounts.

If you've created an equity account to track your investment and draws and entered a starting balance for that equity account, it's likely that any money left in Opening Bal Equity is retained earnings from prior years. You can transfer the Opening Bal Equity amount to Retained Earnings to finish setting up.

- 1 Choose Lists | Chart Of Accounts, or press SHIFT-COMMAND-A, to open the Chart Of Accounts window.
- 2 Double-click Opening Bal Equity to display its account register, which is shown next.

Date	Number	Payee	Increase	Decrease	Balance
Type	Account	Memo			
08/01/08			204.00		270,066.83
	INV ADJ	Inventory Asset			
		Luggage Opening bal...			
09/01/08				120,000.00	150,066.83
	GENJRN	Helicopter:Accumula...			
		Account Opening Bal...			
09/02/08			123.29		150,190.12
	CC CRED	AOPA MasterCard			
		Balance Adjustment			
09/05/08				6,200.00	143,990.12
	GENJRN	Old Truck:Accumulat...			
		Account Opening Bal...			
09/05/08	Number	Payee	Increase		
	GENJRN	Owner's Equity		143,990.12	
		Memo			
Ending balance					143,990.12

- 3 Scroll down to the blank entry at the bottom of the entry list and create a new entry.
- 4 In the Account field, enter the name of the equity account to which you are transferring the money.
- 5 Enter the amount you are transferring in the Decrease field.
- 6 Click Record.



TIP: you can learn more about recording transactions directly into registers in Chapter 18.

To Record an Owner's Draw

When you want to withdraw money for your own use, you can write yourself a check. In the detail area of the check, you select an equity account, such as Owner's Equity, or if you have a draw account, Owner's Draws.

- 1 Choose Banking | Write Checks, or press COMMAND-K, to open the Write Checks window.
- 2 Write a check to yourself for the amount you want to draw from the business.
- 3 In the Account field in the Expenses pane at the bottom of the Write Check window, choose the equity account you use to record draws.
- 4 Click OK.



TIP: You can learn more about writing checks in Chapter 15.

To Record an Owner Investment

When you or a business partner invests personal money in your business after your QuickBooks start date, record the transaction in an equity account.

Perhaps you have an account called Owner's Equity, Partner's Equity, Owner Investment, or something similar. The balance of such an account is increased by an investment of owner capital.

Record the investment as a deposit into the bank account where you actually deposited the money. For example, if you write a personal check to your company and you deposit the check into your company's savings account, record a deposit to the savings account, and show the equity account in the detail area of the deposit.

- ❶ Choose Banking | Make Deposits to display the Make Deposits window.
- ❷ Choose the account into which you're depositing the money from the Deposit To drop-down list.
- ❸ In the Received From field, choose the owner who is making the investment.
- ❹ Choose the appropriate equity account in the From Account field.
- ❺ Enter the amount of the owner investment in the Amount field.
- ❻ Fill in the rest of the fields as necessary.
- ❼ Click OK.



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

To Distribute Profits to Partners

The profit and loss statement for a year shows the net profit for the business for that year. After you have decided how much of the profit each partner should get, you can distribute the profit by entering a transaction in each partner's equity account.

- ❶ Create an Other Expense type account called *Distribution of Net Income*. On your profit and loss statement, the amount of the distribution you assign to this account will appear at the bottom of the statement, after the net income from operations. You only need to perform this step once.
- ❷ Display the register of the equity account where you track a partner's share of profits and create a new entry.
- ❸ Enter the partner's share of profits in the Increase field. (If there is a loss, enter the amount in the Decrease field.)
- ❹ In the Account field, choose the Distribution Of Net Income account.
- ❺ Repeat steps 2 through 4 for each partner who is to receive a distribution of profits.

Time Tracking and Payroll

In this chapter:

- Time tracking overview
- Time tracking preferences
- Filling in a weekly timesheet
- Entering single activities
- Invoicing customers for time
- Reports about time
- QuickBooks Payroll

Many businesses keep track of employee and owner time spent at work or doing specific jobs. The daily or weekly time information can be used to bill customers, calculate job costs, and calculate payroll.

Whether time tracking is for payroll purposes or for billing to customers, QuickBooks' time-tracking tools can help you get the job done. QuickBooks offers two different kinds of timesheets to enter time spent on the job. It also offers integration with QuickBooks Payroll for Mac powered by PayCycle, Inc. so you can take control of payroll processing and keep all your payroll information in your QuickBooks company file.

This chapter looks at QuickBooks' time-tracking features and gets you started with QuickBooks Payroll.

Time Tracking Overview

Time tracking lets you track the time a person spends on each job, as well as sick and vacation time. You can then use this information to invoice the customer for the time spent doing a job.

Time Tracking Methods

Table 20-1 shows two different ways to enter time.

Window Where You Enter Time	Advantage	Disadvantage
Weekly Timesheet	You can enter all jobs for one day (or even one week) for one person at one time. You can see the work already entered for a person for the week.	The weekly timesheet has many fields and looks more complex than an Enter Single Activity window. There is little room to enter a note about an activity.
Enter Single Activity	You can concentrate on the details of one day's work (or part of a day's work) on one job.	You cannot enter more than one day, one job, or one activity in an Enter Single Activity window.

TABLE 20-1 Advantages and Disadvantages of QuickBooks Time-Tracking Methods

Both a Weekly Timesheet window and an Enter Single Activity window are for a single person. You cannot enter time for two people in the same Weekly Timesheet or Enter Single Activity window.

When you fill in and record an Enter Single Activity window, you can later view the information on a weekly timesheet. Conversely, when you fill in and save a weekly timesheet, you can view Enter Single Activity windows, each of which shows the work on one job on one day. The two are simply different views of the same data.

Invoicing Customers for Time Worked

After you've recorded time worked by an employee on a particular job, you can invoice the customer for this time. When you're writing an invoice, you can display a list of unbilled time worked for the job and select which time to include. When you record the invoice, QuickBooks marks the time you selected as billed, so you won't bill for it again by mistake. You can also charge for time as a statement charge.



TIP: You can learn more about billing for time later in this chapter and in Chapter 7.

Tracking Time for Subcontractors

Here are two reasons you may want to track subcontractor time:

- On time reports, you want to see all time for a particular job, whether for an employee, a subcontractor, or an owner.
- You want to track subcontractor time independently of the time subcontractors report on the bills they submit to you.

Subcontractors should usually be set up as vendors so that you can enter bills from them and keep track of how much you owe them. Even if you track time for a vendor, you can't invoice directly for the time the way you can for employee or owner time. Instead, you must enter the vendor expenses on a bill, check, or credit card charge. You can enter these expenses on the Items pane (as service items, for example) or on the Expenses pane. Then you can invoice for the vendor expenses.



TIP: You can learn more about setting up billable items in Chapter 6 and billing for expenses in Chapter 7.

Tracking Time

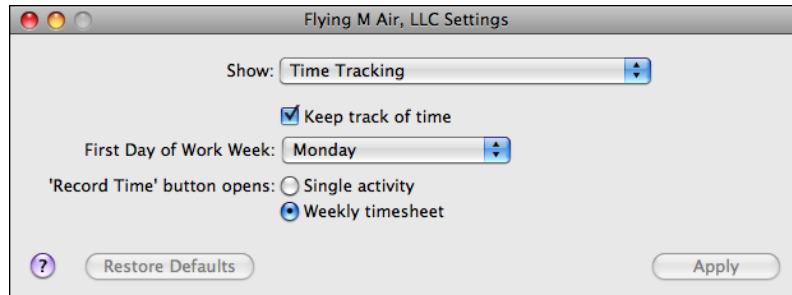
You can use QuickBooks' two time-tracking forms to enter time spent at work or doing various activities. First, however, you must enable the time-tracking features. This part of the chapter covers all of these tasks.

To Set Time Tracking Preferences

To use QuickBooks' time-tracking features, you must enable them. You do this with the Settings dialog for your company.

- 1 Choose Company | Company Settings to display the Settings dialog for your company.

- 2 Choose Time Tracking from the Show pop-up menu to display Time Tracking Options (shown next).



- 3 Turn on the Keep Track Of Time check box.
- 4 Choose a day from the First Day Of Work Week pop-up menu.
- 5 Select one of the two 'Record Time' Button Opens options to determine which format of timesheet opens when the Record Time button is clicked.
- 6 Click Apply.
- 7 Close the Settings window.

To Fill in a Weekly Timesheet for a Person

A weekly timesheet is a record of time spent by one person on any number of jobs within a seven-day period. Use a weekly timesheet when you want to record work done on several days or on several jobs.

Any data previously entered in either an Enter Single Activity window or a weekly timesheet automatically appears on the person's weekly timesheet for the same time period.

- 1 Choose Employees | Time Tracking | Use Weekly Timesheet to display the Weekly Timesheet window, which is shown in Figure 20-1.
- 2 In the Name field, enter the name of the person who performed the work. You can choose an existing name from the list, or enter a new name to set up as an employee, vendor, or other name. On the list, vendors are above employees, and other names are below employees. (Subcontractors are usually vendors, because they submit bills you have to pay; owners and partners are usually other names, since they are neither employees nor vendors.) If you have already entered activity for this person for this week, that activity appears in the form—even if it was entered in the Enter Single Activity window. Press TAB.

Weekly Timesheet

Name: John A. Abbott

Timesheet for Sep 1 to Sep 7, 2008

Customer:Job	Service Item	Notes	Class	M 1	Tu 2	W 3	Th 4	F 5	Sa 6	Su 7	Total
Jones, William	Ground Crew	Special Event			4.00	2.00		2.00	6.00		8.00
Powell, John	Wait Time	Photo Shoot	Photo					4.00			4.00
Lonnie Baker	Ground Crew	Carnival								5.50	5.50
Totals				0.00	4.00	2.00	0.00	6.00	6.00	5.50	23.50

Buttons: Edit Activity, New Sheet, Prev Week, Next Week, Cancel, OK

FIGURE 20-1 Use the Weekly Timesheet to record all the time for a person for an entire week.

- 3 If necessary, change the date range of the week displayed. You can click the Next Week or Prev Week button, or click the Set Date button and use the Set Date dialog (shown next) to specify a date within the week you want to display.

Set Date

Enter any date within the week for which you want to display a weekly timesheet.


New Date: 09/01/08

Buttons: Cancel, OK


- 4 If the work was performed for a specific customer or job, in the Customer:Job field of the Weekly Timesheet window, choose the customer or job the work was performed for. Press TAB.
- 5 If you plan to bill a customer for the work or want to keep track of the work by item, choose an item in the Service Item field. The service item tracks the income for this work when you enter it on the customer's invoice. QuickBooks uses the income account and rate you assigned to this item when you set it up. Press TAB.

\$ TIP: Setting up items is covered in Chapter 6.


- 6 If desired, enter additional information about the work in the Notes field. Press TAB.

 **TIP:** To write an extensive note, enter the time in the Enter (or Edit) Single Activity window instead of the Weekly Timesheet window. To display the Edit Single Activity window from the timesheet, click the column for the correct day, and then click Edit Activity. Make changes in the Edit Single Activity window, and click OK to return to the Weekly Timesheet window.


- 7 If desired, choose a class from the Class drop-down list. This column only appears if class tracking is enabled.


 **TIP:** You can learn more about class tracking in Chapter 4.

- 8 In the column for the correct day, enter the number of hours worked on this job (or used as sick or vacation time). Use a decimal point to enter parts of an hour as a decimal, or use a colon to enter hours and minutes. For example, for 4 hours and 30 minutes, enter either 4.5 or 4:30. Press TAB. QuickBooks displays the hours according to your data entry preference for portions of an hour.

 **TIP:** Data entry preferences are covered in Chapter 22.

- 9 You can enter hours for more than one day on the same line, as long as all of the other information is the same for all days on the line.
- 10 Set the Billable field (to the right of the Total column) to specify whether the work on that line is billable. Click the invoice icon to place an X over it or to remove an X that is already there. An X indicates that the time is *not* billable. (After you invoice for this time, QuickBooks replaces the white invoice icon with a gray invoice icon.)

 **NOTE:** The Customer:Job and Service Item fields must be filled in to bill a customer for time. If this information is omitted, that time is not billable, and a red X appears over the icon. You can see an example of this in Figure 20-1.

 **NOTE:** If a vendor name is in the Name field, you cannot remove the X. Instead, you can invoice the customer for vendor expenses recorded on the Items or Expenses pane of bills, checks, or credit card charges, as discussed in Chapter 7.

- 11 Repeat steps 4 through 10 to add lines, if necessary, to record time spent on other jobs or doing other services.
- 12 Save the recorded time:
- To record and close the window, click OK.
 - To record and display the Weekly Timesheet window for a different person for the same week, enter that person's name in the Name field.

- To record and display a new, blank Weekly Timesheet window for the same week, click New Sheet.
- To record and display a weekly timesheet for this person for next (or last) week, click Next Week (or Prev Week).

To Enter a Single Activity

The Enter Single Activity window is designed for recording time spent by one person on a single activity for a single job and on a single date.


Use the Enter Single Activity window when you want to enter details of a job as soon as you've done work on it. For example, a lawyer might use it to record a billable phone conversation.




NOTE: To enter several dates, activities, or jobs at once, use a weekly timesheet instead, as discussed in the previous section.

- 1 Choose Employees | Time Tracking | Enter Single Activity to display the Enter Single Activity window, which is shown next.


- 2 In the Date field, enter the date the work was performed. Press TAB.
- 3 In the Name field, enter the name of the person who performed the work, and press TAB. You can choose an existing name from the list, or enter a new name to set up as an employee, vendor, or other name. On the list, vendors are above employees, and other names are below employees. (Subcontractors are usually vendors, because they submit bills you have to pay; owners and partners are usually other names, since they are neither employees nor vendors.)
- 4 If the work was performed for a specific customer or job, in the Customer:Job field, choose the customer or job the work was performed for. Press TAB.
- 5 If you plan to bill a customer for the work or want to keep track of the work by item, choose an item in the Service Item field. The service item tracks the income for this work when you enter it on the customer's invoice. QuickBooks uses the income account and rate you assigned to this item when you set it up. Press TAB.


 **TIP:** Setting up items is covered in Chapter 6.

- 6 In the Duration field, enter the number of hours worked on this date for this job and service item. Use a decimal point to enter parts of an hour as a decimal. Use a colon to enter hours and minutes. For example, for 4 hours and 30 minutes, enter either 4.5 or 4:30. When you press TAB, QuickBooks displays the hours according to your data entry preference for portions of an hour.


 **TIP:** Data entry preferences are covered in Chapter 22.

- 7 If you plan to invoice the customer for this time, be sure the Billable check box it is turned on; otherwise, clear it. If the check box is turned on, you will be able to charge the customer for the time spent doing this job and to track whether you have invoiced it yet. The activity is marked *Not Billed* until you have invoiced the customer for the time. Afterwards, the activity is marked *Billed*.

 **NOTE:** The Customer:Job and Service Item fields must be filled in to bill a customer for time. If this information is omitted, that time is not billable, and you cannot turn on the Billable check box.

 **NOTE:** If a vendor name is in the Name field, you cannot turn on the Billable check box. Instead, you can invoice the customer for vendor expenses recorded on the Items or Expenses pane of bills, checks, or credit card charges, as discussed in Chapter 7.

- 8 If desired, choose a class from the Class drop-down list. This column only appears if class tracking is enabled.

 **TIP:** You can learn more about class tracking in Chapter 4.

- 9 In the Notes field, enter any additional information you want to record about this activity.
- 10 Click Next to save your entry and create another single activity time entry, or click OK to simply save your entry.

Invoicing Customers for Time

After you've recorded time worked on one or more jobs, you can invoice your customers for the time worked on their jobs.

QuickBooks uses the customer:job and service item you assigned to each activity. When you start to create an invoice for the customer:job, you can display a list of

all billable but still unbilled activities for that customer:job. Then you can choose which ones to put on this invoice.

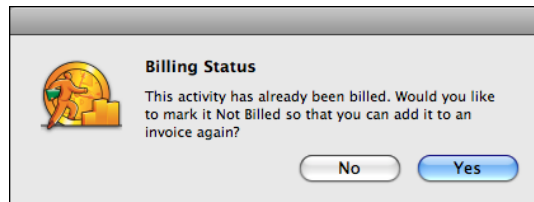


TIP: For full details about invoicing customers for time, consult Chapter 7. If you use statement charges, you can charge customers for time as a statement charge in the same way; that's also discussed in Chapter 7.

To Make Time Billable Again

When you record an invoice for billable time, QuickBooks changes the billing status from not billed to billed. The status doesn't change back to not billed even if you edit or delete the invoice.

- 1 Display the Weekly Timesheet or Enter Single Activity window for the time data you want to change.
- 2 Do the following:
 - On the Weekly Timesheet, click the gray invoice icon.
 - In the Enter Single Activity window, turn on the Billable check box.
- 3 The Billing Status dialog, which is shown next, appears. Click Yes.
 - On a Weekly Timesheet, the invoice icon turns white, indicating that the item is now billable again.
 - In the Enter Single Activity window, the status appears as "Not Billed" with the Billable check box turned on.




- 4 Click OK to save your changes in the Weekly Timesheet or Enter Single Activity window.

Reports about Time

QuickBooks has three reports that look at time tracked:

- Time by name
- Time by job
- Time by item


You can find all of these reports listed on the Jobs & Time submenu under the Reports menu. Choose a report to create it.

 **TIP:** You can print or customize time reports just like other reports. For more information, see Chapter 21.

QuickBooks Payroll

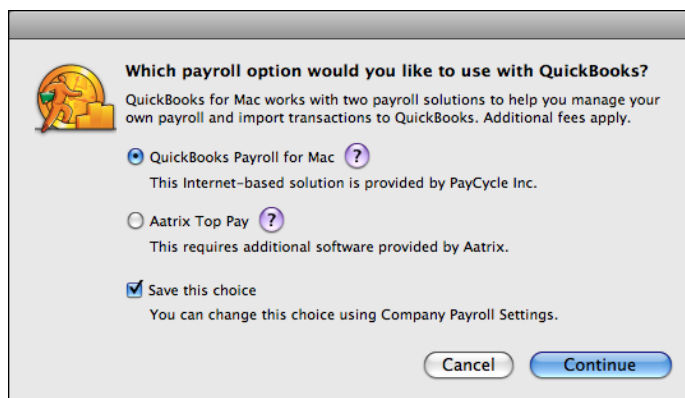
If you have employees and need to run a U.S.-based payroll, consider using QuickBooks Payroll for Mac powered by PayCycle, Inc.

QuickBooks Payroll processes your payroll, prints payroll checks, and lets you import payroll data into QuickBooks so you can assemble your expenses and liabilities and create reports. Internet access is required and additional fees will apply.


 **NOTE:** QuickBooks also supports Aatrix Top Pay, a software application available from Aatrix. You can learn more about Top Pay on the Aatrix web site, <http://www.aatrix.com/mac/home>.

To Create Your QuickBooks Payroll Account

- 1 In QuickBooks, open the company file for which you want to set up a QuickBooks payroll account.
- 2 Choose Employees | Payroll to display a dialog like the one shown next.



- 3 Select QuickBooks Payroll For Mac, turn on the Save This Choice check box, and click Continue.
- 4 A QuickBooks browser window opens, displaying the QuickBooks Payroll welcome page shown in Figure 20-2.

 **NOTE:** Because QuickBooks Payroll for Mac is a web-based service, the actual appearance of its interface may vary from what is shown here.

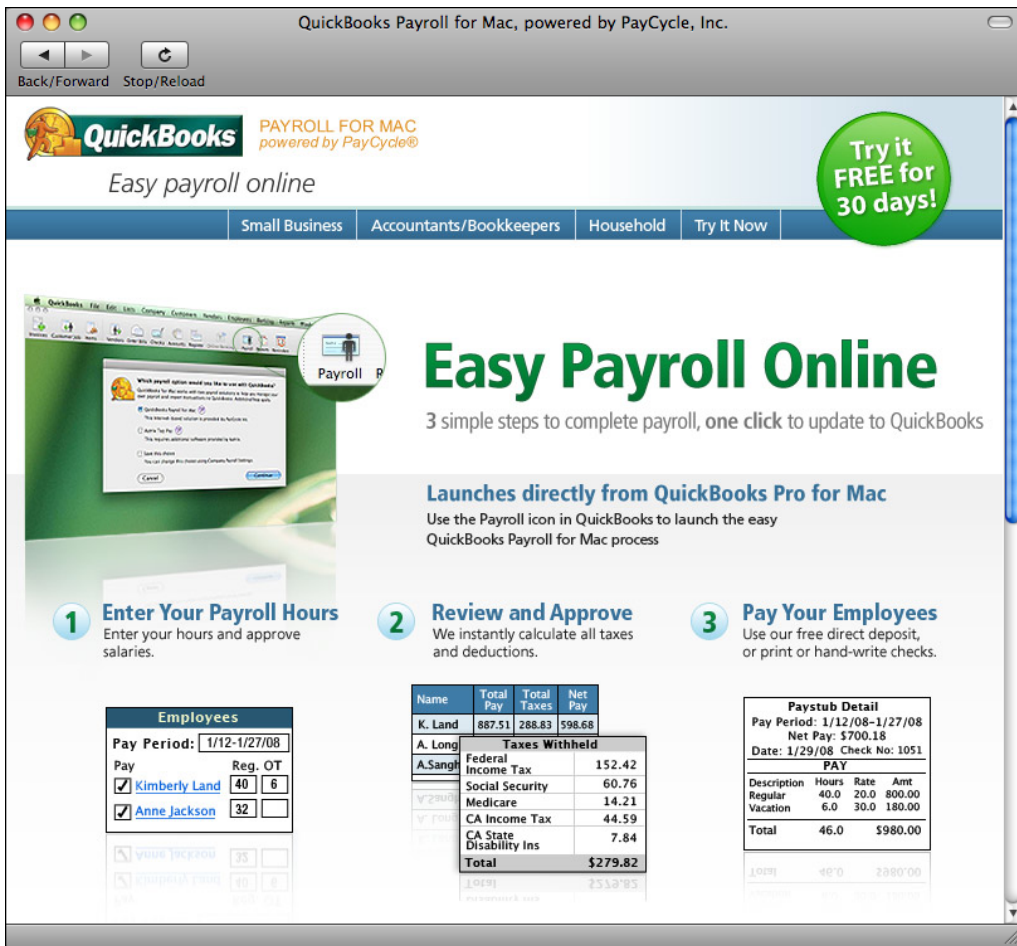


FIGURE 20-2 When you use QuickBooks Payroll for Mac, you interact with the web-based service using a browser that's part of QuickBooks.

- 5 Follow the onscreen instructions to set up your account and get started.
- 6 Once you create your account and log in, you should see a screen similar to the one in Figure 20-3. Click buttons across the top of the page to perform the various payroll tasks.
- 7 If you need help, click the Help pane for complete information about performing QuickBooks Payroll tasks, including how to:
 - Set up pay items and schedules
 - Print paychecks and paystubs
 - Import data into QuickBooks

QuickBooks Payroll for Mac, powered by PayCycle, Inc.

Back/Forward Stop/Reload

Search Log Out

TO DO PAY DAY TAXES & FORMS SETUP REPORTS HELP

Create Checks | Approve Checks | Print | Check Register

Create Paychecks

* = Required

Regular Checks Go

Questions? Click here for Customer Care, 7 days a week.

Every Friday

Pay Period* 09/06/2008 - 09/12/2008 Pay Date* 09/12/2008 Bank Holidays

Pay*	Name	Regular	Hourly 2	Last Chk
<input checked="" type="checkbox"/>	John Abbott	12		all items...
<input checked="" type="checkbox"/>	Michael Chilingirian	Salaried		all items...

Select all
Clear all

Memo

Create Paychecks

- Enter hours for all hourly employees you wish to pay. (PayCycle automatically calculates salary for salaried employees.) Enter any additional amounts for commission, bonus, etc. as applicable. When you have entered all information, click Create Paychecks.
- To skip an employee, clear the Pay box next to the name.
- To pay a salaried employee for a partial pay period, click "all items", enter the number of hours worked, then click Create.
- [How do I turn off direct deposit for one payroll for an employee?](#)
- [What's the difference between a bonus paid on regular paychecks and a "bonus run"?](#)

FIGURE 20-3 Use QuickBooks Payroll for Mac to create paychecks for employees.

To Set Up QuickBooks Payroll and QuickBooks for Importing Data into QuickBooks

Before you can copy payroll data from QuickBooks Payroll into QuickBooks, you must:

- Configure QuickBooks accounts to accept QuickBooks Payroll data by creating required payroll accounts.
- Configure QuickBooks Payroll with QuickBooks account names in which to store QuickBooks Payroll data.

You can get detailed instructions on doing this from a help topic on QuickBooks Payroll.

- 1 In the QuickBooks Payroll window, click the Help pane.
- 2 Enter “QuickBooks” in the search box and click the Search button.
- 3 Click the link labeled “export data to, QuickBooks (detailed instructions).” This will explain, in detail, how to set up QuickBooks for importing payroll data and how to set up QuickBooks Payroll for exporting data into QuickBooks.



NOTE: You only have to complete this setup process once. You must do this before you attempt to copy payroll data into QuickBooks as discussed in the next section.

To Copy Payroll Data into QuickBooks

- 1 In the QuickBooks Payroll window, click the Pay Day pane.
- 2 Click the Check Register link to display the current payroll check register, shown in Figure 20-4.

QuickBooks Payroll for Mac, powered by PayCycle, Inc.

Back/Forward Stop/Reload

Search Log Out

TO DO PAY DAY TAXES & FORMS SETUP REPORTS HELP

Create Checks | Approve Checks | Print | Check Register

Check Register for Flying M Air, LLC

Range or to

Select	Date	Check Num	Name	Total Pay	Copied to QuickBooks
<input type="checkbox"/>	09/12/2008	1343	John Aabbott	144.00	
<input type="checkbox"/>	09/12/2008	1344	Michael Chilingierian	1019.23	

Select all
Clear all

Having trouble [viewing or printing checks?](#) ?

FIGURE 20-4 QuickBooks Payroll keeps a check register for each pay period.


- 3 In the Select column, turn on the check boxes for each check you want to copy. You can also click Select All to turn on all the check boxes.
- 4 Click Copy To QuickBooks.
- 5 When a dialog appears, telling you that QuickBooks Payroll has copied the transactions, click OK.

To Confirm that the Payroll Transactions Were Copied Successfully

- 1 In QuickBooks, choose Lists | Employees.
- 2 Select an employee for whom you copied a payroll transaction.
- 3 Choose Reports | QuickReport to display an Employee QuickReport.
- 4 Choose the correct date range from the Dates pop-up menu at the top of the report window. The report should show the transaction you just copied from QuickBooks Payroll, as shown in Figure 20-5.



FIGURE 20-5 An Employee QuickReport lists all imported payroll checks for that employee.

 **NOTE:** The payroll checks will also appear in the checking account register used for payroll.

To Print QuickBooks Payroll Reports

- 1 In the QuickBooks Payroll window, click the Reports pane.
- 2 Click the link for the report you want to print.
- 3 If necessary, change the date range of the report.
- 4 Click the Printer-friendly Version link.
- 5 Choose File | Print, or press COMMAND-P.
- 6 Use the standard Print dialog that appears to set options, and click Print to send the report to your printer.

Reports and Graphs

n this chapter:

- Creating a report
- Customizing a report
- Filtering report data
- Using QuickZoom for report details
- Printing, saving, or e-mailing a report
- Exporting a report to Microsoft Excel
- Memorizing and recalling reports
- QuickReports
- Questions and answers about reports
- Graphs

As you work with QuickBooks, you enter information into forms and registers to record the transactions that take place as you operate your business. The reward for all your data entry efforts is the ability to create highly customizable reports that can help you understand the operation and financial health of your business.

This chapter takes a closer look at QuickBooks’ reporting features. It explains how to create and customize reports, as well as how to memorize customized reports so they’re quick and easy to create again.

Creating a Report

QuickBooks offers two ways to create reports:



- Use the Reports menu to quickly create one of dozens of predefined reports.
- Use the new Report Center to browse reports, set report options, and create a report.

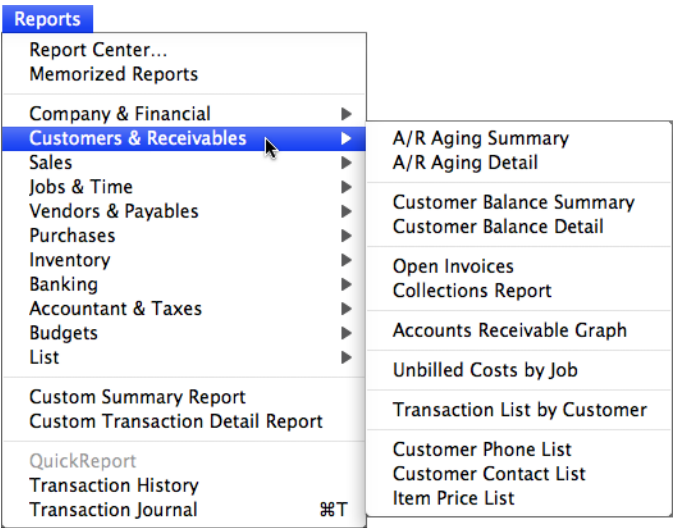
This part of the chapter looks at both methods of creating reports.



TIP: Before you create reports, it’s a good idea to check and possibly change the Reporting settings for your company. You can learn more about Reporting settings and other preferences in Chapter 22.

To Create a Report with the Reports Menu

Creating a report with the Reports menu is easy: simply select a menu command under the Reports menu or one of its submenus. For example, here’s the list of reports on the Customers & Receivables submenu under the Reports menu:



The report appears immediately in a standard Report window, as shown in Figure 21-1. You can then use buttons and set options in the Report window's header to customize the report.

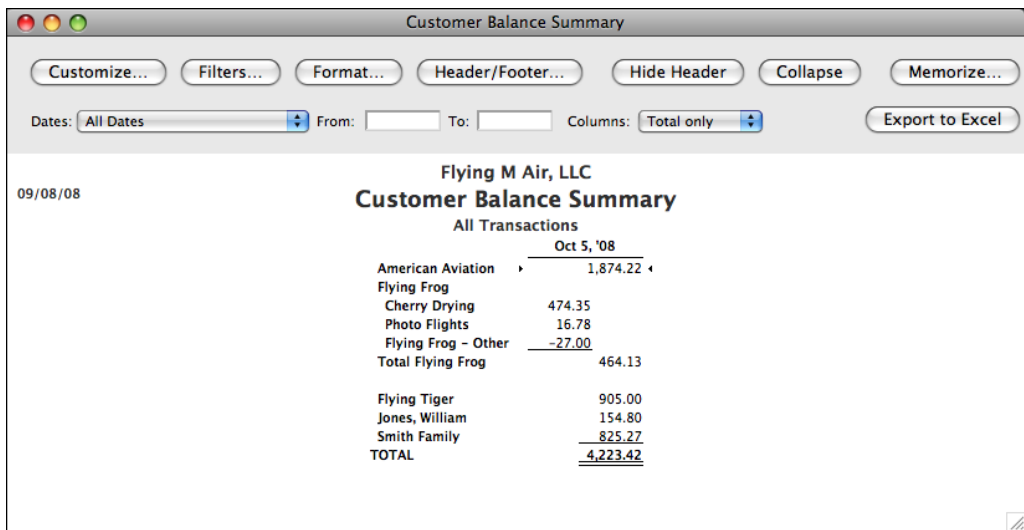


FIGURE 21-1 Here's an example of a Customer Balance Summary report in a standard Report window.

To Create a Report with the Report Center

The new Report Center window offers another way to create reports. You can use it to browse and preview reports before selecting the one you want. You can also customize a report before it is created, so the report that appears will show exactly what you want.

- 1 Choose Reports | Report Center to open the Report Center window (refer to Figure 21-2).
- 2 If necessary, on the left side of the window, click the disclosure triangle beside a category of reports to display a list of reports beneath it.
- 3 Select a report from the list. A preview of the report appears on the right side of the dialog.

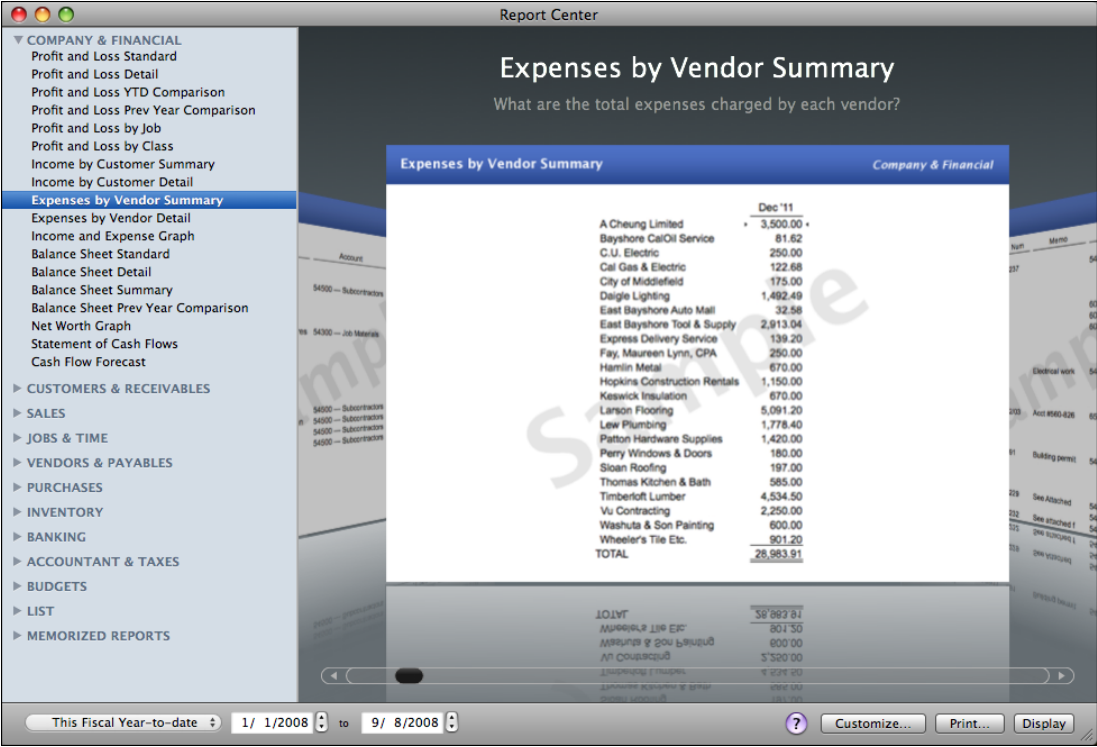


FIGURE 21-2 The Report Center enables you to browse and customize reports before creating them.

NOTE: The Report Center displays previews of your reports in a fashion similar to Mac OS X's Cover Flow, so you can scroll through report previews with the horizontal scroll bar at the bottom of the preview area.

- 4 Select a date option or enter custom dates for the report in the bottom left of the window.
- 5 Click Display.

NOTE: If desired, after step 4, you can click the Customize button to display the Customize Report dialog, which is discussed next. After setting options in the dialog, click OK to display the report with your custom settings. You can then skip step 5.

Customizing a Report

There are a number of ways you can customize a report:

- Use a Report window's button bar to set options and access other customization features.
- Drag a column's edge to make the column wider or narrower.
- Use the Customize Report dialog to change the report date and columns so it covers a different reporting period or provides period details.
- Use the Report Filters dialog to filter out transactions you do not want to include in the report.
- Use the Advanced Options dialog to set display rows, display columns, and reporting calendar options.
- Use the Format Report dialog to set basic report formatting options, including the font or typeface.
- Use the Format Header/Footer dialog to set the appearance of headers and footers in printed reports.

This part of the chapter explains how you can do all of these things to customize a report so it meets your needs.

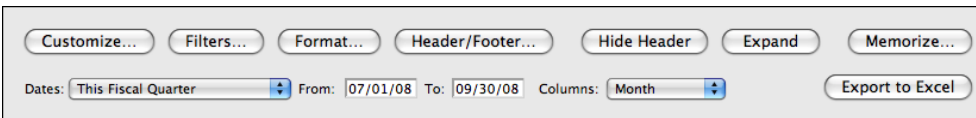
Customization Options in the Report Window

The Report window offers several customization options:

- Use the button bar to set date and column options and access other customization tools.
- Click a column heading to change the sort order of items in a report.
- Rearrange columns.
- Drag a column border to change the width of one or all columns.

To Set Options with the Button Bar

The button bar (shown next) appears at the top of every report. As summarized in Table 21-1, you can use the button bar to customize a report to create the exact report you want.



Use This	To Do This
Customize	Display the Customize Report dialog, which you can use to change several report elements at once.
Filters	Display the Report Filters dialog, which you can use to restrict the report to selected names, accounts, types of transactions, and so on.
Format	Display the Format Report dialog, which you can use to change fonts and adjust how numbers display.
Header/Footer	Display the Format Header/Footer dialog, which you can use to change the information in, and the positions of, the header or footer.
Hide Header or Show Header	Hide the report title and header to show more of the report. You can show the header again by clicking the Show Header button. This button does not affect the printed report.
Collapse or Expand	Summarize details and combine subaccounts or subitems on the report. You can expand accounts and items by clicking the Expand button.
Memorize	Display the Memorize Report dialog, which you can use to memorize the current report settings.
Dates pop-up menu	Change the date range covered by the report.
From and To fields	Enter the start and end dates of a date range, instead of choosing a preset date range.
Columns or Total By pop-up menu	Change how the data is grouped or subtotaled.
Export to Excel	Export the data to a Microsoft Excel spreadsheet.

TABLE 21-1 Buttons and Other Options in the Report Window Button Bar

To Adjust Columns

You can click or drag in the Report window to make a variety of changes to report columns. Table 21-2 summarizes them.

Using the Customize Report Dialog

The Customize button on the Report window button bar and at the bottom of the Report Center window (refer to Figure 21-2) gives you access to the Customize Report dialog, where you can change a number of report elements at once. Some of these features also have buttons or lists elsewhere on the button bar.

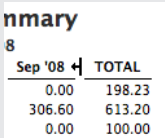
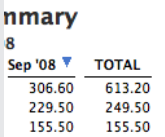
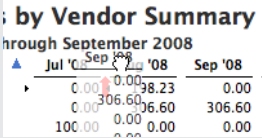
To Make This Change	Do This
Make column wider or narrower	<p>Move your mouse between two columns headings until you see an arrow cursor (shown next). Drag the cursor to the right or left.</p> 
Sort data by a particular column	<p>Click any column heading to sort on it; click the header again to sort in the opposite direction. As shown next, the arrow next to the column header shows whether the column is sorted in ascending or descending order.</p> 
Rearrange columns	<p>Drag the column's header to its new position (shown next).</p> 

TABLE 21-2 Making Changes to Columns in a Report Window

The Customize Report dialog varies according to the type of report. Here's what it might look like for a Profit and Loss report:

Customize Report

Report Dates

This Month-to-date

From 09/01/08 To 09/08/08

Report Basis

☒ Accrual ☐ Cash

Columns

Total only

Other Columns

☐ Previous Period

☐ \$ Change

☐ % Change

☐ Previous Year

☐ \$ Change

☐ % Change

☐ Year-to-date

☐ % of YTD

☐ % of Income

☐ % of Expenses

☐ % of Row

☐ % of Column

Filters...

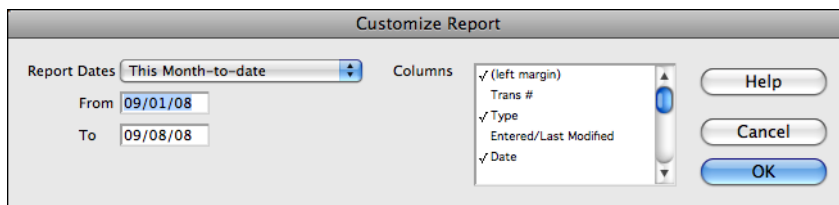
Advanced...

Help

Cancel

OK

And here's what it might look like for a Transaction List report:



The following instructions explain the kinds of things you can do with the Customize Report dialog. To open it, simply click the Customize button on a Report window's button bar or at the bottom of the Report Center window, with the report you want to create selected.

To Change a Report Date Range

The date range covered in a report is the range in the Dates field on the Report window's button bar. Balance sheet reports show balances as of the last date of the period chosen. Quarterly or yearly date ranges are based on your company's fiscal year unless you customize the report.

There are two ways to change a report's date range:

- Choose another date range from the Report Dates pop-up menu.
- Enter a different start date in the From field and a different end date in the To field.

To Specify Columns in a Report

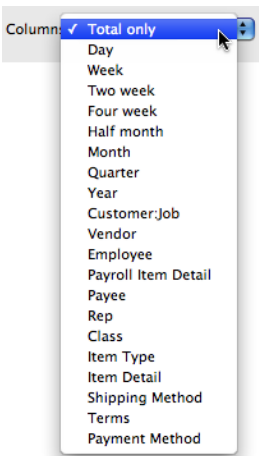
For some kinds of reports, you can add and remove the columns of data that you want to see. Use the Columns scrolling list or pop-up menu in the Customize Report dialog to select the columns to include. The list or menu will display only those columns available for that report. In the scrolling list, each item that you check appears as a column in the report. Click the item to remove the check mark if you don't want the column to be displayed in the report.

Other kinds of reports can include calculated columns of information, such as % Change and Previous Year. Use the Other Columns check boxes in the Customize Report dialog to indicate which columns should be added to the report. Check boxes that are gray are not available for the current report type.

To Subtotal Data in Columns on a Summary Report

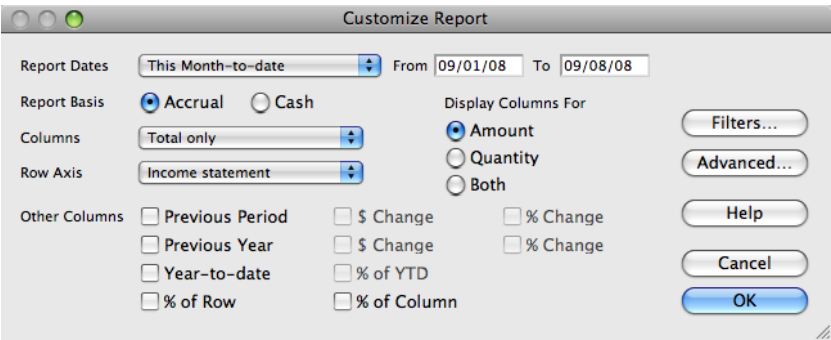
Most QuickBooks reports allow you to group and subtotal data by time periods, list items, or other factors.

On the Report window's button bar or in the Customize Report dialog, choose the element you want to subtotal by from the Columns pop-up menu (shown next).



To Group Data by Row on a Custom Report

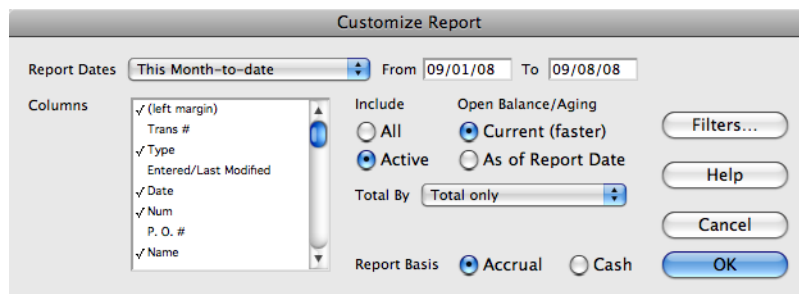
As shown next, the Customize Report dialog for a Custom Summary report offers additional options for grouping and summarizing data. You can, for example, group data by row.



- ❶ Choose Report | Custom Summary Report to display the default Custom Summary report.
- ❷ Click Customize to display the Customize Report dialog.
- ❸ Choose a row name from the Row Axis pop-up menu.

To Customize How Transactions Are Grouped and Subtotaled

A Custom Transaction Detail report lists individual transactions that can be grouped and subtotaled. Its Customize Report dialog looks like this:



- 1 Choose Report | Custom Transaction Detail Report to display the default Custom Transaction Detail report.
- 2 On the Report window's button bar or in the Customize Report dialog, choose the element you want to subtotal by from the Total By pop-up menu.

To Include All Headings

If you subtotal a transaction detail report by time period, account, or other factor, the report usually includes a subtotal heading only if there are transactions for it.

- 1 Click Customize to display the Customize Report dialog.
- 2 Select the All option under Include.

To Create a Comparison Report

You can create reports that compare any year against the previous year. You can also compare any period (month, quarter, and so on) against the previous period.



NOTE: Two preset reports in QuickBooks, the Profit and Loss Previous Year Comparison report and the Balance Sheet Comparison report, already provide yearly comparisons.

- 1 Create a profit and loss, balance sheet, time, or custom report.
- 2 Click Customize on the Report window's button bar to display the Customize Report dialog.
- 3 Choose the date range you want to compare in the Report Dates list.
- 4 In the Other Columns area, turn on the Previous Period check box, the Previous Year check box, or both.

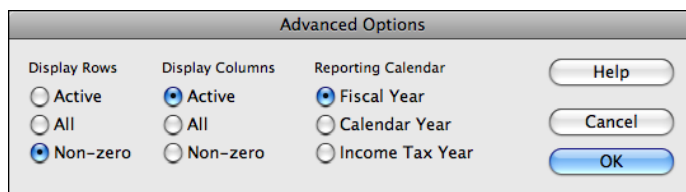
- 5 If desired, for each comparison, turn on the \$ Change check box, the % Change check box, or both. If you turn on these check boxes, the report displays the dollar change or percentage change from the previous period or year. Note that on time reports, there is an Hour Change check box instead of a \$ Change check box.
- 6 Click OK.

Advanced Options

You can choose which rows and columns to display in the report, and which reporting calendar to use for the report. These options are available only for reports that summarize data.

To Set Advanced Options for a Report

- 1 Click Customize to display the Customize Report window.
- 2 Click Advanced to display the Advanced Options dialog, which is shown next:



The Advanced Options dialog box is titled "Advanced Options". It contains three columns of radio button options: "Display Rows", "Display Columns", and "Reporting Calendar". To the right of these columns are three buttons: "Help", "Cancel", and "OK".

Display Rows	Display Columns	Reporting Calendar
<input type="radio"/> Active	<input checked="" type="radio"/> Active	<input checked="" type="radio"/> Fiscal Year
<input type="radio"/> All	<input type="radio"/> All	<input type="radio"/> Calendar Year
<input checked="" type="radio"/> Non-zero	<input type="radio"/> Non-zero	<input type="radio"/> Income Tax Year

Buttons: Help, Cancel, OK

- 3 Select an option for Display Rows and Display Columns:
 - **Active** displays only those rows or columns that showed activity during the period covered by the report. The amount shown may be zero if there were transactions that canceled each other.
 - **All** displays all rows or columns, regardless of whether they showed activity during the period covered by the report.
 - **Non-zero** displays only those rows or columns that show activity during the period and contain an amount.
- 4 Select an option for Reporting Calendar:
 - **Fiscal Year** displays information for your company's fiscal year starting with the month you specified in the New Company Setup Assistant interview or Company Info window.
 - **Calendar Year** displays information for the calendar year.
 - **Income Tax Year** displays information for your company's income tax year starting with the month you specified in the New Company Setup Assistant interview or Company Info window.
- 5 Click OK in the Advanced Options window.
- 6 Click OK in the Customize Report window.

Formatting Numbers, Fonts, and the Header and Footer

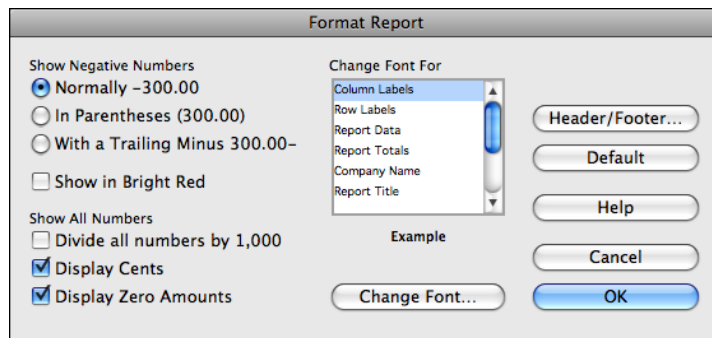
The default formatting options for reports are set in the Report Format settings for your company. But you can override those defaults for any report you create.



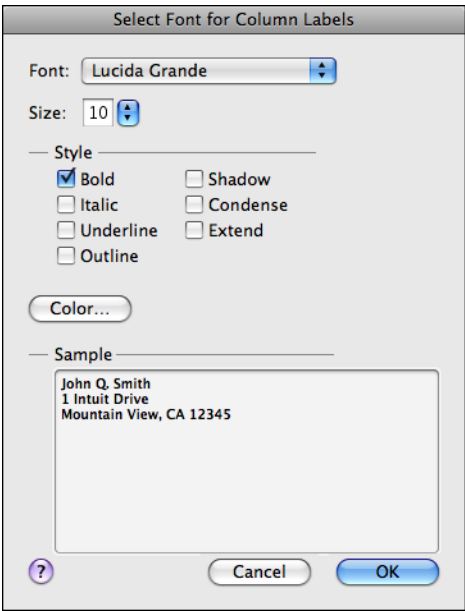
TIP: You can learn how to change the default Report Format settings in Chapter 22.

To Format Numbers and Fonts

- 1 Click Format on the Report window's button bar to display the Format Report dialog, which is shown next.



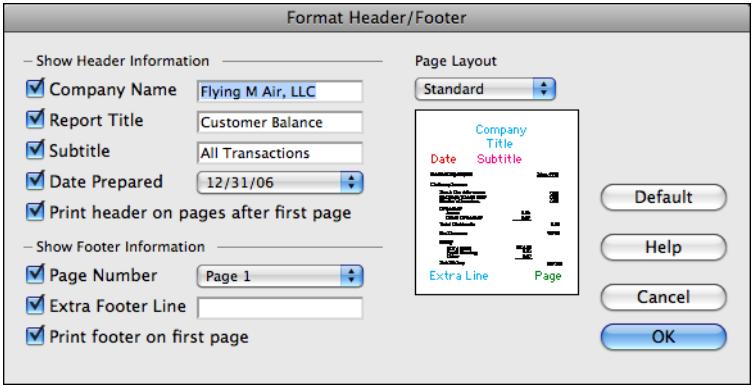
- 2 Select an option under the Show Negative Numbers:
 - **Normally** displays negative numbers with a minus sign in front of them.
 - **In Parentheses** displays negative numbers within a pair of parentheses.
 - **With A Trailing Minus** displays negative numbers with a minus sign after them.
- 3 To display negative numbers in red, turn on the Show In Bright Red check box.
- 4 Toggle check boxes under Show All Numbers:
 - **Divide All Numbers By 1,000** displays numbers in thousands.
 - **Display Cents** displays numbers in dollars and cents.
 - **Display Zero Amounts** displays all amounts, including zeros.
- 5 To change the font for a report component, select the component in the Change Font For list, and click the Change Font button. Set options in the Select Font dialog that appears (shown next), and click OK. Repeat this process for each component you want to change.



- 6 Click OK.

To Format the Header and Footer of the Report

- 1 Click Header/Footer in the Format Report window or on the Report window's button bar. The Format Header/Footer dialog, which is shown next, appears.



- 2 Toggle check boxes to determine which header or footer elements should appear.
- 3 Enter the text or choose the formatting options for the elements that will appear.

- 4 Choose an option on the Page Layout pop-up menu to set the overall format for the header and footer. You can see the effect of your changes in the preview beneath the menu.
- 5 Click OK.

Filtering Report Data

When you filter report data, you limit a report to transactions that meet the criteria you specify. For example, you may wish to look at the number of each kind of item sold to one particular customer.



TIP: After you filter a report, you can memorize the filters you set to create a similar report later, without having to set the filters again. You can learn how later in this chapter.

Not all filters in the Report Filters window affect all reports. If you choose a filter that does not affect the results in the report, then QuickBooks does not save the filter setting in the window. For example, if you select a filter for Name and leave the default setting All Names, when you close the Report Filters window and reopen it for that report, the Name filter will be gone (since filtering for All Names does not affect the results of the report).

To Filter Report Data

- 1 Click Filters on the Report window's button bar or in the Customize Report dialog. The Report Filters dialog, which is shown next, appears.



Filter Name	Settings	Remove
Account	All accounts payable	⊖
Date	Today 9/ 8/ 2008 to 9/ 8/ 2008	⊖
Name	All vendors	⊖
Paid Status	Open	⊖

Add filter... Choose the types of accounts or a specific account from the drop-down list. Indicate whether or not you want split detail to appear in the report (Balance Sheet accounts only).

Reset Cancel Apply

- 2 To add a filter to the dialog, choose the filter name from the Add Filter pop-up menu (shown here). The filter appears in the list of filters in the dialog. Set options for the filter to determine how you want transactions filtered to create the report. You can repeat this process as many times as you like to fine-tune the report.



NOTE: You can set up as many filters as you like. The ones that cannot be applied are gray in the pop-up list.

- 3 To save your changes, click Apply, or to return to the original filter settings, click Reset.

To Use Filters with Customized Fields

If you use customized fields in transactions, you can filter your reports on data you've entered into the fields. Your custom fields appear at the bottom of the Filters pop-up menu.

You can filter only on customized fields that are associated with transactions. For example, to filter a report by a custom Referred By field for customers, those customers must appear on a transaction. Reports cannot show which names on a list (Customer:Job, Vendor, Employee, Item) are associated with a particular customized field.

Account
Aging
Amount
Class
Cleared
Customer Type
Date
Detail Level
Due Date
Entered/Modified
Estimate Active
FOB
Item
Job Type
Memo
Name
Number
Paid Status
Payment Method
Payroll Item
Posting Status
Received
Rep
Ship Date
Ship Via
Source Account
Terms
To Be Printed
Transaction Type
Vendor Type
Web Site
Next of Kin Name
Next of Kin Phone
Size
Color

Using QuickZoom for Report Details

QuickZoom shows which transactions make up any amount in a report.

Using QuickZoom is easy. Simply point to a number on a report. When the mouse pointer changes from an arrow to a magnifying glass (as shown here), double-click the amount or transaction you want to investigate.

One of two things happens when you double-click a number on a report:

- When you double-click a number that's the sum of multiple transactions, QuickBooks displays a detail report listing the individual transactions that make up the number.

mer Summary

December 2008

Jan - Dec '08

3,920.00

2,165.57
16.78

- When you double-click a number that represents the total of a transaction, QuickBooks displays the source document for the transaction so you can see its details. For example, if you double-click a transaction on a Sales report, QuickBooks displays the Invoice or Sales Receipt (or other form) that was used to create that transaction. If you make changes to the form and save them, QuickBooks automatically updates the displayed report.

Printing, Saving, or E-mailing a Report

There are several ways to output a report or share it with others.

To Print a Report

- 1 Choose File | Print Report, or press COMMAND-P. A standard Print dialog appears.
- 2 Set print options.
- 3 Click Print to send the report to your printer.

To Save a Report as a PDF

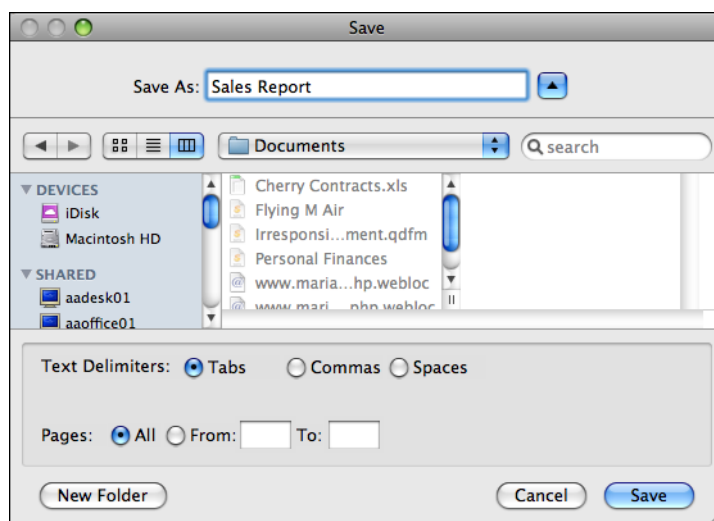
- 1 Choose File | Print Report, or press COMMAND-P. A standard Print dialog appears.
- 2 Choose Save As PDF from the PDF menu in the dialog.
- 3 In the Save dialog that appears, enter a name and choose a disk location for the report file.
- 4 Click Save.

To E-mail a Report as a PDF

- 1 Choose File | E-Mail Report As PDF
- 2 QuickBooks launches your default e-mail application, creates a new message, and attaches the report to the message as a PDF. Complete the e-mail form by entering one or more e-mail addresses for recipients, changing the default subject, and entering a message in the form's message area.
- 3 Click Send to send the message.

To Save a Report as Text

- 1 Choose File | Save Report As Text. QuickBooks displays a specialized Save dialog like the one shown next.



- 2 Enter a name and select a disk location for the text file.
- 3 To specify the character that should separate each column of report text, select one of the Text Delimiters options.
- 4 To indicate which pages of the report to include, select All or enter page numbers in the From and To boxes beside Pages.
- 5 Click Save.

To Export a Report to Excel

- 1 Click the Export To Excel button in the Report window's button bar.
- 2 QuickBooks opens a copy of the report in Excel, preserving as much as possible the fonts and colors you set in the original report. You can use Excel's formatting and data features to further customize the report.
- 3 To save the report in Excel, choose File | Save As to display the Save dialog.
- 4 Enter a name and select a disk location for the file.
- 5 From the Format pop-up menu, choose Microsoft Excel Workbook.
- 6 Click Save.




NOTE: You must also have Microsoft Excel X, 2004, or 2008 installed on your Mac to use this feature.

Memorizing and Recalling Reports

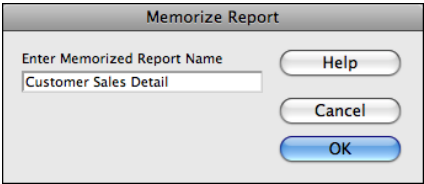
Whenever you change the settings for a report, you can memorize the customized report with the new settings. Then, whenever you want to create a similar report, you can recall it from your own list of memorized reports.

When you recall a memorized report, it has the same settings as the one you memorized. The data may be different, however, if it has changed since you memorized the report. For example, if the report was set in September to cover last month, and you recall it in December, the recalled report will have data for November, not for August.

 **NOTE:** QuickBooks memorizes report settings, not data. To save actual data, print the report to a text file.

To Memorize a Report

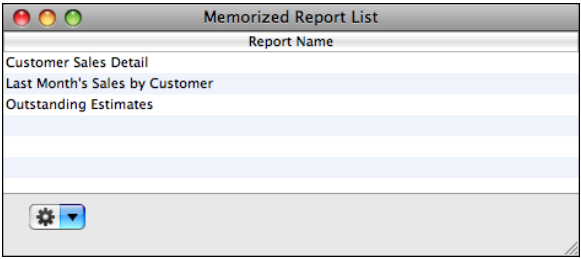
- 1 After you have customized a report, click the Memorize button in the Report window’s button bar.
- 2 In the Memorize Report dialog (shown next), type a unique name for the report.




- 3 Click OK.
- 4 QuickBooks adds the report to the Memorized Report List.

To Recall a Memorized Report

- 1 Choose Reports | Memorized Reports to display the Memorized Report List window, shown next.



- 2 Double-click the name of the report you want to display.

 **TIP:** Memorized reports also appear in the Report Center window, as shown in Figure 21-3.

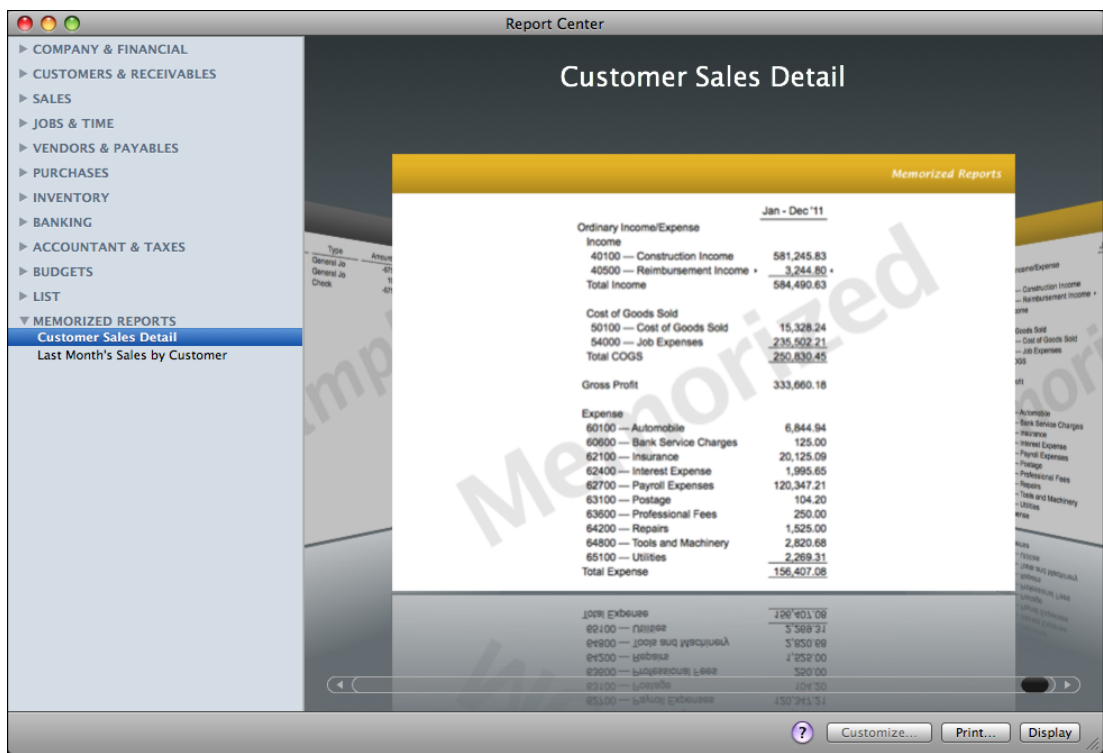
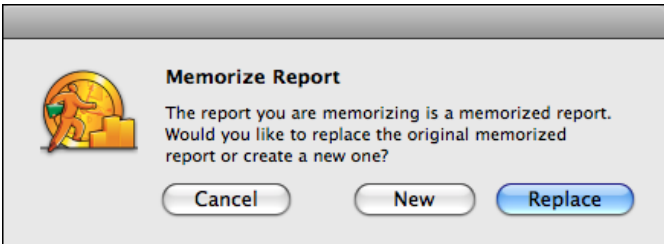


FIGURE 21-3 You can use the Report Center window to preview and open a memorized report.

To Change an Existing Memorized Report

- 1 Choose Reports | Memorized Reports to display the Memorized Report List window.
- 2 Double-click the name of the report you want to display.
- 3 Make desired changes to the report settings.
- 4 Click the Memorize button on the Report window's button bar.
- 5 QuickBooks displays a dialog like the one shown next, telling you that you're saving a memorized report. You have three options:



- **Replace** copies over the old memorized report with your changes.
- **New** creates a new memorized report. You can use the Memorize Report dialog (shown earlier) to name the new report.
- **Cancel** does not memorize the changed report at all.

To Change the Name of a Memorized Report

- 1 Choose Reports | Memorized Reports to display the Memorized Report List window.
- 2 Select the report whose name you want to change.
- 3 Choose Edit | Edit Memorized Reports, or press COMMAND-E, to display the Memorize Report dialog (shown earlier).
- 4 Enter the new report name.
- 5 Click OK.

To Delete a Memorized Report

- 1 Choose Reports | Memorized Reports to display the Memorized Report List window.
- 2 Select the report you want to delete.
- 3 Choose Edit | Delete Memorized Report, or press COMMAND-D.
- 4 Click OK in the confirmation dialog that appears.

QuickReports

At key places in QuickBooks, you can use the Reports menu's QuickReport command to bring up the information you're most likely to want at that place. You can create a QuickReport for a list, account register, or form (such as an invoice or a bill) that has a name field (such as customer name or vendor name).

What a QuickReport Shows

The information displayed about each transaction varies by QuickReport. Figure 21-4 shows an example for a specific customer from the Customer Center's customer list.



TIP: Each QuickReport can be customized like a standard transaction report. You can learn more about customizing reports earlier in this chapter.

Customer QuickReport

Customize... Filters... Format... Header/Footer... Hide Header Memorize...

Dates: All Dates From: To: Export to Excel

09/09/08

Flying M Air, LLC
Customer QuickReport
All Transactions

Type	Date	Num	Memo	Due Date	Open Balance	Amount
Flying Frog Cherry Drying						
Invoice	08/23/08	2363		09/22/08	341.28	2,601.28
Invoice	08/23/08	FC 1004	Finance Charge	08/23/08	128.07	128.07
Invoice	08/24/08	FC 1006	Finance Charge	08/24/08	5.00	5.00
Photo Flights						
Invoice	07/01/08	2287	Opening balance	07/01/08		540.00
Invoice	08/24/08	FC 1008	Finance Charge	08/24/08	16.78	16.78
Flying Frog - Other						
Invoice	07/01/08	2295	Opening balance	07/01/08	4,000.00	8,200.00
Payment	08/04/08	3492			4,027.00	9,027.00
Deposit	08/19/08				695.00	695.00
Sales Receipt	08/27/08	2394		08/27/08	1,035.00	1,035.00
Payment	08/27/08	2451				2,000.00

FIGURE 21-4 A QuickReport for a customer shows all transactions, organized by job.

QuickReports from a List

Table 21-3 summarizes the transactions included in QuickReports from various lists.

QuickReports from a Register

When you create a QuickReport after selecting a transaction in a register, the report shows:

- All transactions in that register for that name
- Transaction payment status
- Transaction total, which equals the outstanding balance in the register

QuickReports from a Form

When you create a QuickReport after displaying a form (for example, an invoice or bill), the QuickReport is based on the name on the form.


The QuickReport is the same as if you had created it after selecting the name on the Customer, Vendor, Employee, or Other Name list. For example, the QuickReport from an invoice shows all unpaid invoices (or statement charges), and unapplied payments and credits for the customer.

List	Transactions Included in QuickReport
Chart of Accounts (income/expense accounts)	Year-to-date transactions for the income or expense account you have selected
Class	Year-to-date income and expense transactions for the class you have selected
Customer:Job	All unpaid invoices, statement charges, and unapplied payments or credits for the customer or job you have selected; the open balance and original amount of each transaction; total equals balance on Customer:Job
Vendor	All unpaid bills and unapplied credits in your accounts payable (or all sales tax transactions) for the vendor you have selected; the open balance and original amount of each transaction; total equals balance on Vendor List
Other Name	Year-to-date transactions in balance sheet accounts for the name you have selected
Customer Type	Year-to-date income and expense transactions for customers of the type you have selected
Vendor Type	Year-to-date income and expense transactions for vendors of the type you have selected
Terms	Year-to-date transactions containing the terms you have selected
Payment Method	Year-to-date payments you have received of the payment type you have selected
Ship Via	Year-to-date invoices, cash sales, and credit memos containing the shipping method you have selected

TABLE 21-3 Transactions Included in QuickReports from Lists

Creating a QuickReport

In most cases, you can create a QuickReport by choosing the QuickReport command from the Reports menu or from the window’s Actions pop-up menu (if it has one).

 **TIP:** Sometimes you can create a QuickReport by simply double-clicking an item in a list, but that depends on the item. For example, you can double-click an expense account in the Chart Of Accounts list window to see a QuickReport for that account, but double-clicking an asset account in the same list displays the asset account’s register window.

To Create a QuickReport from a List

- 1 On the list, select the name of the list item for which you want to create a QuickReport.
- 2 Choose Reports | QuickReport.

To Create a QuickReport from a Register or a Form

- 1 Display a form or register that has the name you want in the field for customer, vendor, or payee; or enter the name on a new form.
- 2 On the register, select the name of the list item for which you want to create a QuickReport.
- 3 Choose Reports | QuickReport.

Questions and Answers about Reports

Here are some common questions, with answers, about QuickBooks's reporting feature.

The type (font) on my reports isn't the size I want. How can I change the size of the type?

To change the type size on all reports:

- 1 Choose Company | Company Settings, and then choose Report Format from the Show pop-up menu.
- 2 Make the desired changes in the Font Style Settings box.
- 3 Click Apply.

To change the type size on a report you are viewing:

- 1 On the Report window's button bar, click Format.
- 2 Click Change Font to change the selected part of the report.

What does "Other" mean after the name of an account, customer, or class on a report?

When you have subaccounts of a main account and you have some transactions for the subaccounts and others for the main account alone, QuickBooks groups the data for the main account alone in a row or column with the name of the main account followed by a hyphen and "Other." For example, if you assign some bills to Utilities and others to Utilities:Electric, then the bills for Utilities alone are with "Utilities - Other" on reports.

QuickBooks follows the same procedure for customers not used with their own jobs and for classes not used with their own subclasses.

How can I create a report that shows income and expenses for specific balance sheet accounts?

Filter a profit and loss statement:

- Click Filters, choose Source Account from the Add Filter pop-up menu. Then, from the Source Account drop-down list, choose a group of accounts or a specific account.
- Be sure that you're choosing balance sheet accounts and not income or expense accounts.
- Leave the Account pop-up menu set to All Income/Expense Accounts.

How can I get a list of all transactions for one balance sheet account?

Filter a Transaction Detail by Account report:

- Click Filters and choose the balance sheet account from the Account pop-up menu.
- If you have classes, they may not appear on this filtered report for some balance sheet accounts.

How can I get a list of all transactions for one class and for one balance sheet account?

Filter a Transaction Detail by Date report:

- Click Filters, choose Source Account from the Add Filter pop-up menu, and then from the Source Account drop-down list, choose the balance sheet account.
- Choose Class from the Add Filter pop-up menu, and choose the class from the Class drop-down list.

How can I get a list of all payments from one customer?

To get a list of all payments from one customer:

- ① Choose Reports | Customers & Receivables | Customer Balance Detail.
- ② Click Filters.
- ③ Choose Name from the Add Filter pop-up menu, and then choose the customer from the Name drop-down list.
- ④ Choose Transaction Type from the Add Filter pop-up menu; choose Payment from the Transaction Type drop-down list.
- ⑤ Click Apply. The filtered report shows all payments from this customer, subtotaled by job.

To see how any payment was applied, double-click the payment to QuickZoom to the Receive Payments window.

Why doesn't my 1099 report have anything on it?

There may be several reasons:

- This report looks for names on the Vendor List. If your vendors are on the Other Names List, change them to vendors. You can learn more in Chapter 4.
- You need to select the Vendor Eligible For 1099 check box for your vendors. Go to the Additional Info pane in the Edit Vendor window, and select this check box.
- You need to select accounts for tracking 1099-related expenses. Go to the 1099-MISC Setup window to set up accounts. Consult Chapter 22 for details.
- You may need to check your threshold amounts for 1099s. Consult Chapter 22 for details.
- This report automatically shows 1099 information for the last calendar year. Change the date range of the report, if necessary.

Does an aging report measure aging from the date on the invoice (or bill) or from the date it's due?

Normally, the report measures aging from the due date. On an invoice, QuickBooks calculates the due date from the terms. If there are no terms, the invoice is due immediately.

To measure aging from the transaction date, choose Company | Company Settings, and then choose Reporting from the Show pop-up menu. Select the Age From Transaction Date option, click Apply, and then close the window.

If I create an aging report as of the end of last month, will it include items that were unpaid at the time but have since been paid?

Normally, the report includes all items that were unpaid as of the report date.

To exclude items that have been paid since the report date, click Customize and then click Current (under Open Balance/Aging).

I see there's a Missing Check report. Is there anything similar for invoices?

You can use the Missing Check report to find missing invoices.

To create a report for missing invoices:

- 1 Choose Reports | Banking | Missing Checks.
- 2 Specify your A/R account in the Specify Account field and click OK. The report lists all invoices in numerical order.

Why are there different income amounts for the same job on a Profit and Loss by Job report, an Income by Customer Summary report, a Sales by Customer Summary report, and a Job Profitability Summary report? (The date range and report basis are the same.)

The Profit and Loss by Job report has the same total income as the Income by Customer Summary report. It shows net income from any source, as long as (1) the income is assigned to the customer or job, and (2) it is assigned to an income account.

- It includes items on sales forms if items are assigned to an income account.
- It includes reimbursed expenses from a sales form or statement charge only if the expense account for the original expense has an income account associated with it.
- It excludes sales tax.
- It excludes income assigned to a balance sheet account instead of an income account.
- (Cash basis only) If the income is from an invoice, payment must be applied to the invoice prior to the report end date.

The sales income for the job on a Sales by Customer Summary report differs from the income on a Profit and Loss by Job report in two ways:

- Sales income must be from sales recorded on an invoice or cash sales receipt.
- Sales income from reimbursed expenses on a sales form or statement charge is not included.

Finally, the revenues for the job on a Job Profitability Summary report differ from the income on a Profit and Loss by Job report in two ways:

- Revenues may be associated with either an income account or a balance sheet account.
- Revenues from reimbursed expenses on a sales form or statement charge are included.

Why are there different expense amounts for the same job on a Profit and Loss by Job report and a Job Profitability Summary report? (The date range and report basis are the same.)

The Profit and Loss by Job report shows net expense for anything, as long as (1) it is assigned to the customer or job, and (2) it is assigned to an expense account.

- It includes items on bills, checks, and so on, if the items are assigned to an expense account.
- It ignores item receipts if the bill has not been received.

- It includes the original cost of reimbursed expenses from a sales form or statement charge only if the expense account for the original expense has an income account associated with it.
- It excludes expenses assigned to a balance sheet account instead of an expense account.
- (Cash basis only) If the expenses are from a bill, the bill must be paid prior to the report end date.

The costs for the job on a Job Profitability Summary report differ from the expenses on a Profit and Loss by Job report in two ways:

- Costs may be associated with either an expense account or a balance sheet account.
- The original cost of reimbursed expenses from a sales form or statement charge is always included.

Graphs

QuickBooks creates graphs for different areas of your company's financial picture with which you can:

- Analyze your income and expenses
- Study sales income
- Examine customer and vendor aging
- Determine changes in your net worth
- Develop better budgets

Most of the graphs you create cover the current fiscal year to date, unless you change the date range.

Creating Graphs

You create a graph the same way as you create a report: using commands under the Reports menu submenus or with the Report Center window.

To Create a Graph

- 1 Choose one of the following:
 - Reports | Company & Financial | Income & Expense Graph
 - Reports | Company & Financial | Net Worth Graph
 - Reports | Customers & Receivables | Accounts Receivable Graph
 - Reports | Sales | Sales Graph
 - Reports | Vendors & Payables | Accounts Payable Graph
 - Reports | Budgets | Budget vs. Actual Graph

As shown in Figure 21-5, QuickBooks displays the title and date range above the graph. Legends identify the meaning of each bar, line, or pie slice. In bar graphs, QuickBooks displays dollar amounts on the Y axis and months, accounts, or other factors on the X axis.

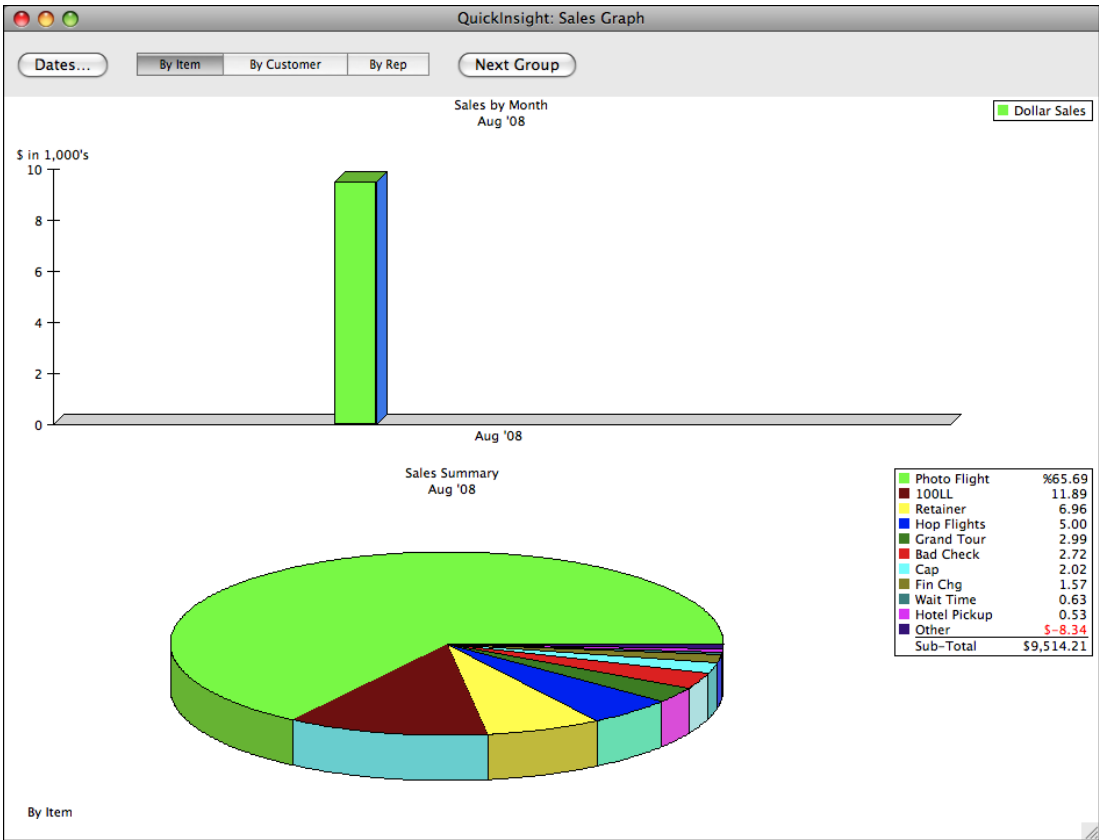
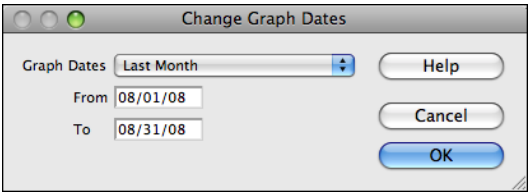


FIGURE 21-5 Here's an example of a Sales Graph for one month.

- 2 If desired, click Dates on the graph button bar to change the date range for the report. In the Change Graph Dates dialog that appears (shown next), choose another date range from the pop-up menu or enter dates in the From and To fields and click OK.



- 3 If desired, click a button on the Graph window's button bar to group the data in a different way. For example, a sales graph usually displays sales by item, but you can change it to display sales by customer or by rep.
- 4 If desired, click Next Group on the graph button bar to see the next group of data.
 - In a bar graph, if all of your data doesn't fit on the axis, QuickBooks displays the largest groups first.
 - In a pie chart, if you have more than ten data groups, QuickBooks displays the largest ten groups first and summarizes the rest of the groups in the 11th slice of the pie, which is called "Other."
- 5 To print the graph, choose File | Print Graph, or press COMMAND-P. Then use the Print dialog that appears to set options and send the graph to your printer.



TIP: You can change the look of the graphs: choose QuickBooks | Preferences, and then choose Graphs from the Show pop-up menu. Consult Chapter 22 for more information.

Getting More Graph Details

You can investigate the information you see in a graph in three ways:

- Use QuickZoom
- View data labels
- Hide data

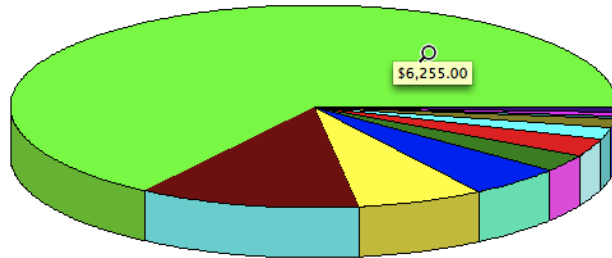
To Use QuickZoom

If you need more detailed information about an item in a graph, you can go to it quickly using QuickZoom.

- Move the mouse pointer over the graph element you want more information about.
- When the mouse pointer changes from an arrow to a magnifying glass, double-click the item you want to investigate. QuickBooks displays another graph showing the details of one bar, one pie slice, or one data point.
- Double-click the new graph to display the related report.
- Double-click a transaction in the report to see the form for that transaction (invoice, check, etc.). If you make changes in the form and save them, QuickBooks automatically updates the graphs and reports affected by the changes.

To View Data Labels

- To see the exact value of a bar, pie slice (shown next), or data point, click on the graph element.



- To see detailed information on a bar, pie slice, or data point, double-click on the graph element.

To Hide Data

To hide a bar or pie slice of the graph, SHIFT-click the mouse. (Hold down the SHIFT key while you click the bar or pie slice.) QuickBooks redraws the graph without that bar or pie slice.



TIP: To display a hidden pie slice or bar, create the graph again.

Part Seven

Customizing QuickBooks and Maintaining Data

One of the great things about QuickBooks is how customizable it is. You can make program-wide changes in QuickBooks preferences or companywide changes in its company settings. Both of these options control how QuickBooks works. And, as you work with QuickBooks, you add information to your company file, which becomes a very important document on your computer.

The two chapters in Part VII of this book tell you how to customize QuickBooks and protect your company file. Its two chapters are:

Chapter 22: Customizing Preferences and Company Settings

Chapter 23: Maintaining Your Data

Customizing Preferences and Company Settings

n this chapter:

- QuickBooks Preferences overview
- Views preferences
- Data Entry preferences
- Reminders preferences
- Graphs preferences
- Company File Backups preferences
- Contact Sync preferences
- Company Settings overview
- Company Information settings
- Transactions settings
- Inventory, Purchase Orders, and Estimates settings
- Sales and Invoicing settings
- Checks settings
- Check Format settings

- Finance Charges settings
- Reporting settings
- Report Format settings
- Report Header and Footer settings
- Statement of Cash Flows Report settings
- Sales Tax settings
- Time Tracking settings
- Payroll settings
- Jobs settings
- Password settings
- 1099s settings
- Customizing the toolbar

Preferences and settings control the way QuickBooks works. QuickBooks offers two kinds of preference settings:

- **QuickBooks Preferences** control the way QuickBooks works for all company files.
- **Company Settings** control the way QuickBooks works for the company file that was open when the settings were made. Although you may only use one company file with QuickBooks, if you use more than one, each one will have its own company settings.

This chapter reviews both types of settings and the individual preference panes within them. It also explains how you can customize QuickBooks's toolbar so it includes the buttons you need.

QuickBooks Preferences Overview

To set preferences for QuickBooks itself, choose QuickBooks | Preferences, or press **COMMAND-,** (comma). Then choose the type of preferences you want to change from the Show pop-up menu in the dialog.

Preferences for views, data entry, reminders, graphs, and some other features apply to all company files you use with QuickBooks. If you make a change in these preferences, the change is in effect no matter which company file you are using.



NOTE: To restore QuickBooks' default settings, click the Restore Defaults button on most of the preference windows.

This part of the chapter reviews all of the preference panes in the QuickBooks Preferences window.

Views Preferences

The Views pane of the QuickBooks Preferences window, which is shown in Figure 22-1, controls what appears each time you open QuickBooks.

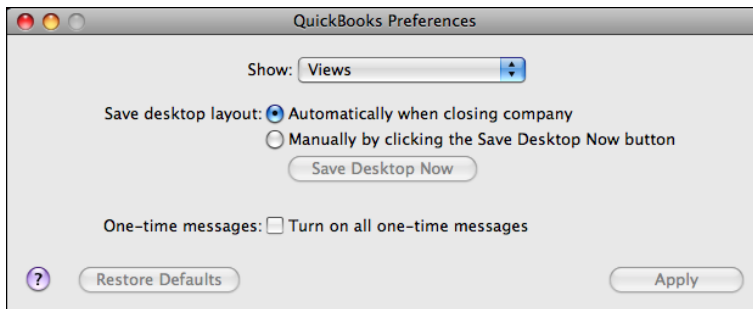


FIGURE 22-1 The Views preferences control what appears on screen each time you open QuickBooks.

Save Desktop Layout This option determines what windows appear on screen each time you start QuickBooks. There are two options:

- **Automatically When Closing Company** remembers all of the windows that were open when you closed a company file and reopens them automatically the next time you open that company file.
- **Manually By Clicking The Save Desktop Now Button** enables you to set the arrangement of windows to be the same each time you open a company file. Simply open and arrange the windows you want to appear when you start QuickBooks, and click the Save Desktop Now button in this preferences pane.

Turn On All One-Time Messages This option resets all of the one-time warning and help messages QuickBooks displays as you work. Even if you told QuickBooks never to display a message again, turning on this check box resets the message so it will appear again when appropriate.

Data Entry Preferences

Data Entry preferences, which are shown in Figure 22-2, control how various data entry features work.

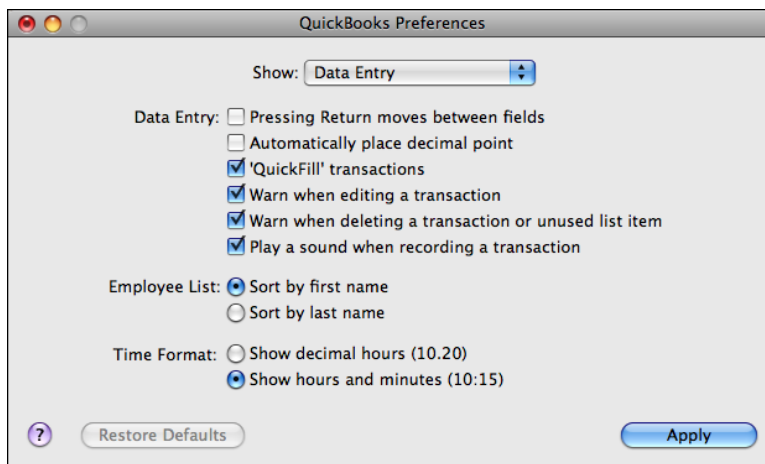


FIGURE 22-2 The default settings in the Data Entry preferences pane

Data Entry The Data Entry area offers a number of check boxes to enable or disable data entry fields:

- **Pressing Return Moves Between Fields** changes the default behavior of the RETURN key. Normally, pressing RETURN is the same as clicking the default button—the one that's blue—in a dialog or window. To move to the next field, you press TAB or click the field. Turning on this check box changes the behavior of the RETURN key so that pressing it moves from one field to the next in a dialog or form. If you enable this option, you can still press TAB or click to move to a field. To use the default button, you can press COMMAND-RETURN.
- **Automatically Place Decimal Point** tells QuickBooks to place a decimal point between the second and third digit from the right when you enter a number with no decimal point in a numerical field. For example, if you type 4995 and press TAB, QuickBooks enters the number 49.95. If you type 49, QuickBooks enters the number 0.49. If you type 49.953, QuickBooks enters 49.953. If you clear this check box, QuickBooks places a decimal point at the end when you enter a number with no decimal point in a numerical field. For example, if you type 499 and press TAB, QuickBooks enters the number 499.00.

- **QuickFill Transactions** enables the QuickFill feature, which can save you time if you have many repeat transactions for your vendors. It does not affect invoices or purchase orders. Enable this preference to recall the last transaction of the same type (check, bill, credit card charge) for a particular name as soon as you enter the name on a form. For example, if you are entering a bill and choose a vendor from the pop-up menu and press TAB, QuickBooks fills in the entire bill just like the last one you entered for that vendor.



NOTE: You can also recall a transaction from the Memorized Transaction list. Choose Lists | Memorized Transactions; then choose a transaction. You can learn more in Chapter 4.

- **Warn When Editing A Transaction** tells QuickBooks to warn you when you change a transaction and then try to leave it without recording the change. If you clear this preference, QuickBooks lets you change a transaction and leave it without a warning. QuickBooks saves the change.
- **Warn When Deleting A Transaction Or Unused List Item** tells QuickBooks to warn you when you try to delete a transaction or an unused item on a list. If you clear this check box, QuickBooks allows you to delete a transaction or an unused item on a list without warning you. QuickBooks always warns you if you try to delete a list item that has been used in any transaction.
- **Play A Sound When Recording A Transaction** tells QuickBooks to play a sound when it records a transaction. Clear this option if you don't want to hear the sound.

Employee List This option enables you to specify how employee names should be sorted in the Employee List window. Your options are:

- Sort By First Name
- Sort By Last Name

Time Format This option enables you to select the way you want tracked or billed time to appear throughout QuickBooks. Your options are:

- **Show Decimal Hours (10.20)** displays portions of hours in a decimal format, such as 10.25.
- **Show Hours And Minutes (10:15)** displays hours and minutes separated by a colon, such as 10:15.

Reminders Preferences

Reminders preferences, which are shown in Figure 22-3, control how QuickBooks' Reminders feature works.

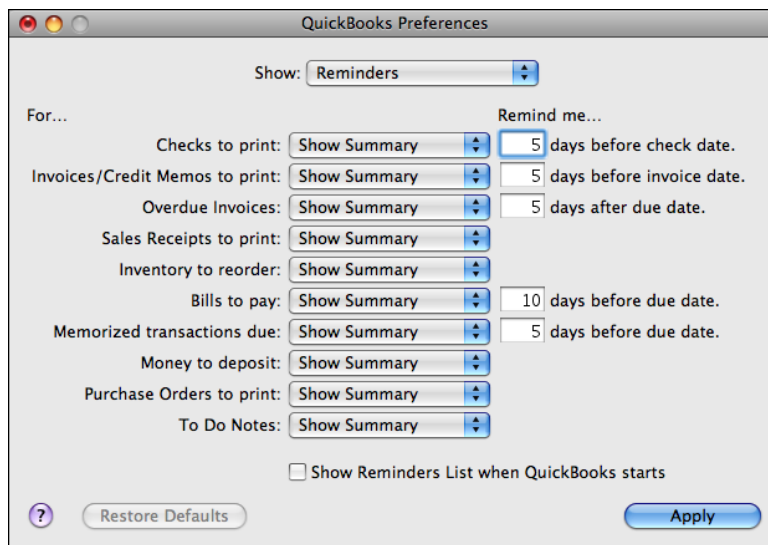


FIGURE 22-3 Use the Reminders preferences pane to set up the Reminders feature.

Specifying What to Show For each item listed in the preferences pane, choose what you want to appear in the Reminders list window. Your options are:

- **Show Summary** shows a summary total of items in the Reminders window.
- **Show List** shows a detailed list of items in the Reminders window.
- **Don't Remind Me** excludes the item from the Reminders window.

The reminders with due dates have a box in which you can enter the number of days before the due date you want to be reminded of the activity to do. For example, if the due date of a bill to pay is October 12 and you want to be reminded five days ahead, QuickBooks first reminds you on October 7. It includes that bill among the reminders until you take action on it.



TIP: If you don't use QuickBooks every day, make the advance reminder time long enough so you'll see the reminders before the due date.

Displaying Reminders at QuickBooks Startup To have QuickBooks automatically display the Reminders list window when you start QuickBooks, turn on the Show Reminders List When QuickBooks Starts check box.

Graphs Preferences

Graph preferences, which are shown in Figure 22-4, control basic options for the appearance of graphs.

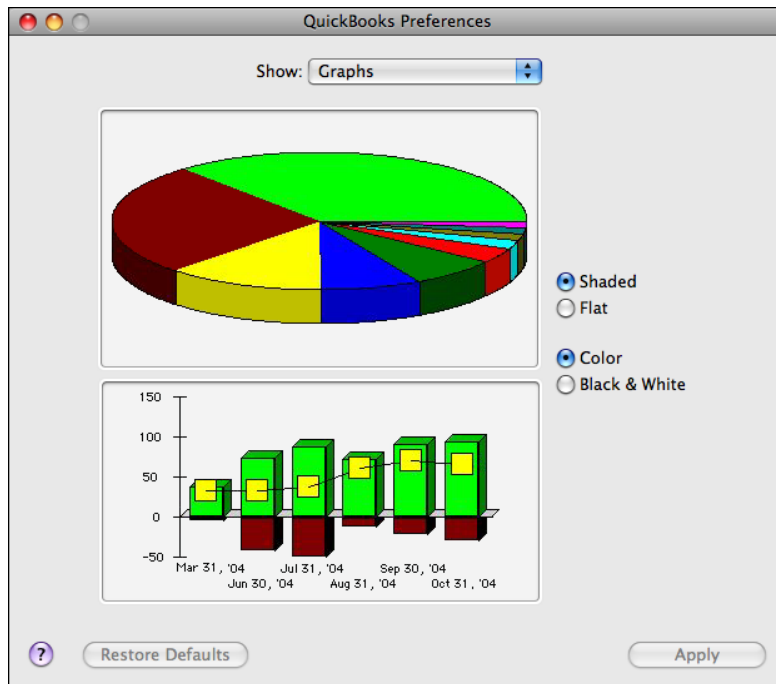


FIGURE 22-4 You can set options in the Graphs pane to control how graphs look.



NOTE: The previews in the preferences pane enable you to see the effect of your changes as you make them.

Changing 3D Settings The first pair of options control whether the graph appears in 3D:

- Shaded displays the graph as a shaded, 3D image.
- Flat displays the graph as an unshaded, 2D image.

Changing Color Settings The second pair of options control whether the graph appears in color or black and white:

- Color displays the graph in color.
- Black & White displays the graph in shades of black and white, using various patterns for each part of the graph.

Company File Backups Preferences

You can use the Company File Backups preferences pane, which is shown in Figure 22-5, to set QuickBooks to automatically back up your company file or remind you to back up your company file when you close it.

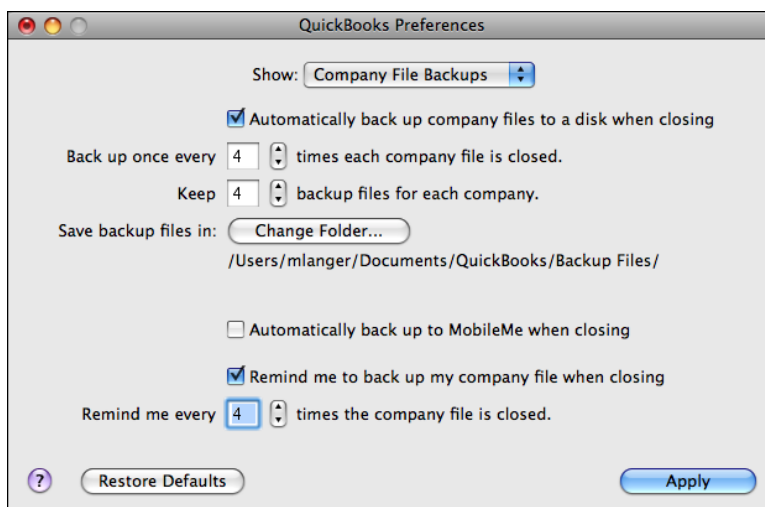


FIGURE 22-5 Use the Company File Backups preferences pane to set up automatic backups and backup reminders.



NOTE: Whether you choose to automatically schedule backups, you can manually back up your company file at any time by choosing File | Back Up | To A Disk Or To .Mac. You can learn more in Chapter 23.

Automatic Backup Options If you turn on the Automatically Back Up Company Files To A Disk When Closing check box, you enable QuickBooks's automatic backup feature. Once it's enabled, you can set related options beneath the check box:

- **Back Up Once Every N Times Each Company File Is Closed** controls the frequency of backups.
- **Keep N Backup Files For Each Company** controls the number of backup files kept on disk.
- **Save Backup Files In** enables you to set the default folder for your backup files. Click the Change Folder button, and use the dialog that appears to select a new location. By default, your backup files are saved in the QuickBooks folder's Backup Files folder inside your Documents folder.

.Mac (or MobileMe) Backup If you have a MobileMe account on Apple, Inc.'s server, you can set up QuickBooks to automatically back up to your MobileMe Backups folder when you close your company file. Just turn on the check box labeled *Automatically Back Up Company Files To .Mac When Closing*. Keep in mind that you must have an active Internet connection and be logged into MobileMe for the backup to occur.

Backup Reminder Options You can also set up QuickBooks to remind you to back up your company file on a regular basis. Turn on the check box labeled *Remind Me To Back Up My Company File When Closing*. Once this feature is enabled, you can set the value in the Remind Me Every N Times The Company File Is Closed field to specify how often you want to be reminded.

Contact Sync Preferences

The Contact Sync preferences pane, which is shown in Figure 22-6, enables you to synchronize information in QuickBooks with your Address Book data file. Turn on the check boxes beside each QuickBooks category of contacts you want to synchronize. Once enabled, synchronization occurs in the background while you work.

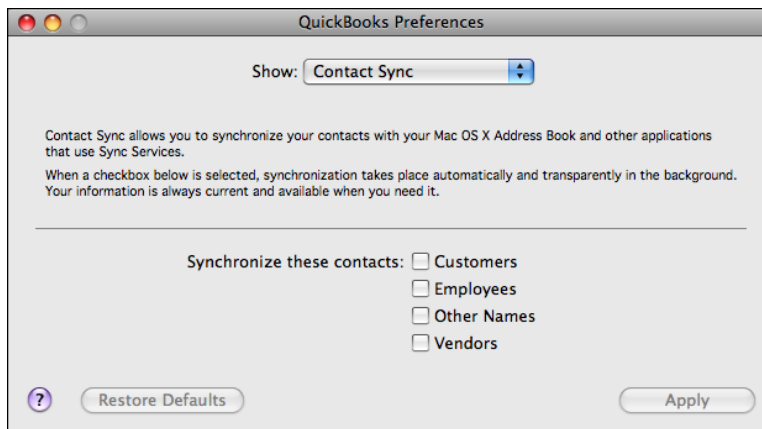


FIGURE 22-6 Set Contact Sync preferences to synchronize names in QuickBooks with Address Book.

Company Settings

To set preferences for a company, choose Company | Company Settings. Then use the Show pop-up menu in the Company Settings dialog that appears to select a category of settings and fine-tune them to meet your needs.



NOTE: If you have more than one company set up in QuickBooks, you can set preferences for each company file. To change preferences for another company file, open another company file.

This part of the chapter reviews the various settings panes in the Company Settings window.

Company Information Settings

Company Information settings (refer to Figure 22-7) include basic information about your company. This information should have been entered when you first set up QuickBooks. If you need to change any of this information, you can do so here.

Flying M Air, LLC Settings

Show: Company Information

Company Name: Flying M Air, LLC

Legal Name: Flying M Air, LLC

Address: 123 Main Street
Deadville, AZ 85390

Country: U.S.

Federal ID: 12-3456789

First Month in Fiscal Year: January

1st Month in Income Tax Year: January

Income Tax Form Used: Form 1065 (Partnership)

?

Apply

FIGURE 22-7 Use the Company Information settings pane to provide basic information about your company.

Transactions Settings

With Transactions settings (refer to Figure 22-8), you can customize how you track accounts when you enter transactions and whether you track classes on any transactions. You can also specify whether you want to be warned of duplicate bill numbers, how QuickBooks should calculate the due date on bills, and whether you want QuickBooks to maintain an audit trail (a list of all changes made to transactions).

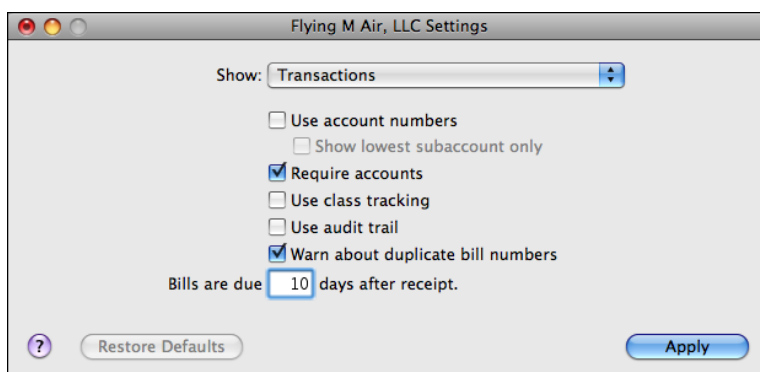


FIGURE 22-8 Use Transactions settings to set basic transaction options.

- **Use Account Numbers** uses both numbers and names for any accounts on your chart of accounts. QuickBooks displays a Number field when you create or edit an account or subaccount. Numbers appear before the names on the chart of accounts, in Account fields, and in reports and graphs. When QuickBooks creates an account (for example, Undeposited Funds), it automatically displays the number for that account. You can add a number for each account you created previously. If you clear this check box, QuickBooks does not display numbers for accounts. However, it saves numbers you already entered and displays them if you turn the preference on again.
- **Show Lowest Subaccount Only** tells QuickBooks to display only the lowest-level subaccount on forms and registers when you choose a subaccount in the Account field of a transaction. For example, if you choose the 6410•Liability Insurance subaccount, QuickBooks displays “6410•Liability Insurance” in the field. If you clear this check box, QuickBooks displays the main account and all subaccounts (for example, “6380•Insurance:6410•Liability Insurance: 6420•Worker’s Comp”) up to the maximum character count allowed in the field. You must have the Use Account Numbers check box turned on to set this check box.
- **Require Accounts** requires that you enter an account from your chart of accounts before you can record a transaction. If you clear this check box, you can record a transaction without assigning an account. QuickBooks automatically assigns the transaction to Uncategorized Income or Uncategorized Expense.
- **Use Class Tracking** tells QuickBooks to display a Class field at the top of the invoice, cash sale, credit memo, and purchase order windows and in the detail area at the bottom of the forms for bills, checks, credit card receipts, and general journal entries. Turning on this check box, in effect, enables the class-tracking feature of QuickBooks.

- **Use Audit Trail** tells QuickBooks to maintain a record of all changes made to transactions. After enabling this option, you can view an Audit Trail report showing current transactions and how they've been modified.
- **Warn About Duplicate Bill Numbers** tells QuickBooks to warn you if you try to record a bill with the same number as one entered previously.
- **Bills Are Due N Days After Receipt** enables you to specify a default due date for all incoming bills. When you enter a bill without terms, QuickBooks automatically enters a due date that is after the bill date. It calculates the due date according to the number you enter here. (You can change the due date when entering the bill.)

Inventory, Purchase Order, and Estimate Settings

The Inventory/Purchase Orders/Estimates pane of the Company Settings dialog (refer to Figure 22-9) enables you to set basic options for how these forms work. The options are broken down into two groups.

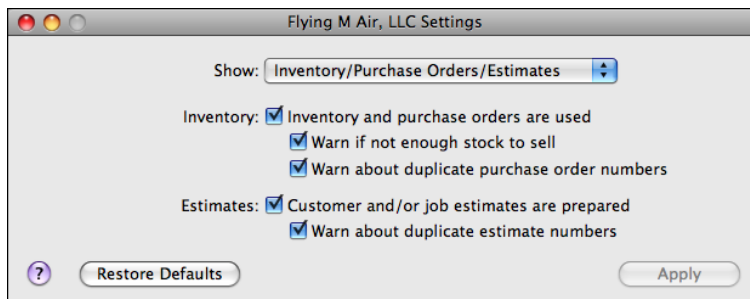


FIGURE 22-9 Use the Inventory/Purchase Orders/Estimates pane of the Company Settings dialog to enable and configure these features.

Inventory You can enable inventory and purchase order tracking by turning on the Inventory And Purchase Orders Are Active check box. You can use purchase orders even if you don't have inventory, but purchase orders are best suited to buying inventory. Once the feature is enabled, you can set two other options:

- **Warn If Not Enough Stock To Sell** displays a warning if you enter more items on a sale than you actually have in stock.
- **Warn About Duplicate Purchase Order Numbers** displays a warning if you use duplicate purchase order numbers.

Estimates You can enable the estimates feature of QuickBooks by turning on the Customer And/Or Job Estimates Are Prepared check box. Once this feature is enabled, you can toggle the check box labeled *Warn About Duplicate Estimate Numbers* so QuickBooks displays a warning if you use duplicate estimate numbers.

Sales and Invoicing Settings

The Sales/Invoicing settings pane (refer to Figure 22-10) enables you to set default options for invoices and sales receipts.

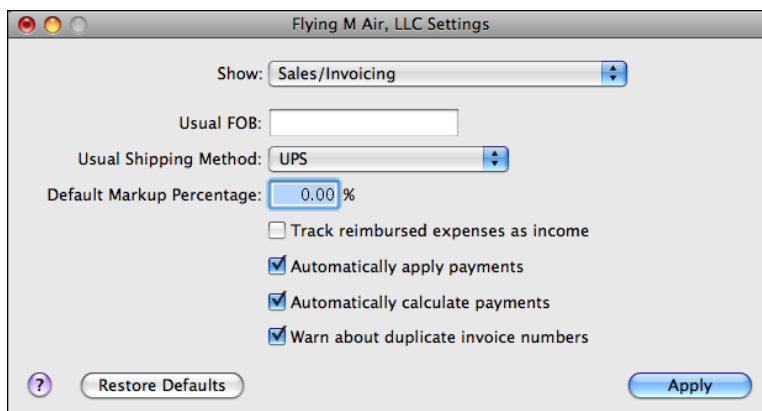


FIGURE 22-10 Set defaults for invoices and sales receipts in the Sales/Invoicing settings pane.

This preference pane offers a number of options:

- **Usual FOB** is the FOB location you use most.
- **Usual Shipping Method** is the shipping method you use most. Choose an option from the pop-up menu, which shows all entries on the Shipping Methods List.
- **Default Markup Percentage** is the percentage that should be used to calculate markup if you invoice for reimbursable expenses with a markup. You can override this markup percentage in a sales form. QuickBooks also uses the default markup to suggest a sales price when you set up any item that has a separate cost and sales price—for example, inventory items or service items for work performed by subcontractors.
- **Track Reimbursed Expenses As Income** enables you to track an expense and your customer's reimbursement for the expense in separate accounts. For example, an interior designer may want to track both the reimbursement for the cost of delivering a client's furniture and the markup as income, especially if the designer collects sales tax on both. If you turn on this check box, QuickBooks puts an additional check box and Income Account pop-up menu in the New Account and Edit Account windows for expense accounts. Then, when you add reimbursable expenses to an invoice, QuickBooks assigns the income you receive as reimbursement to the income account associated with the expense. On a profit and loss statement, the income increases your total

income, while the original expense increases your total expenses. If you do not turn on this check box, QuickBooks assigns the income from the reimbursed expense to the expense account of the original expense. Thus, on a profit and loss statement, the income reduces the amount for the expense account. (Selecting this preference makes no difference in your net income.)



NOTE: If you simply want to make sure you invoice a client for expenses you incurred, don't bother tracking the reimbursement as income. When you invoice the client, the income offsets the amount assigned to the account of the original expense. If the expenses are substantial and you don't want them to be on your profit and loss statement before you invoice the client, consider assigning the expenses themselves to an Other Current Asset account. You may want to ask your accountant for advice on tracking reimbursed expenses.

- **Automatically Apply Payments** affects the Receive Payments window. Turn on this check box to automatically apply the amount received to the outstanding invoices (or statement charges) for the customer or job. If the amount received is less than the total outstanding balance, QuickBooks applies the payments to the oldest invoices or statement charges first.
- **Automatically Calculate Payments** automatically fills in the amount of a selected invoice into the Amount Received field of the Receive Payments form. QuickBooks continues to automatically calculate the amount received based on the invoices you select or deselect for that payment. When this check box is cleared, you must click the Auto Apply button in the Receive Payments form to have QuickBooks apply payments to invoices.
- **Warn About Duplicate Invoice Numbers** warns you when you try to record an invoice that has the same number as an existing invoice. If you clear this check box, you record a duplicate invoice number with no warning.

Checks Settings

Checks settings (refer to Figure 22-11) control various options for checks that you print from within QuickBooks.

Choose Company | Company Settings, and then choose Checks from the Show pop-up menu.

- **Print Account Names On Voucher** prints the name of the account to which you assigned the expense on the voucher portion of the check. This setting affects only voucher checks (not standard or wallet) created in the Write Checks window. This setting has no effect on what prints on the voucher of checks for bill payments or employee paychecks.
- **Change Check Date When Check Is Printed** changes the date on the Date line of your checks to the date on which you print the checks. If you clear this check box, QuickBooks prints the original date you entered in the Write Checks window.

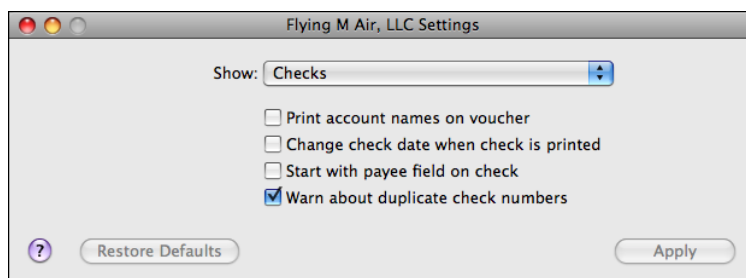


FIGURE 22-11 Set options in the Checks settings pane to control how checks print.

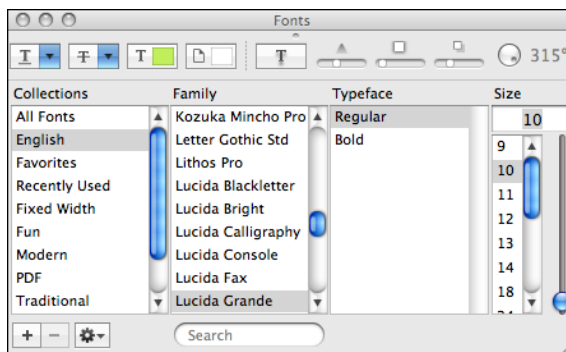
- **Start With Payee Field On Check** affects the position of the insertion point when you open the Write Checks and Enter Credit Card Charges windows. Turn on this check box to place the insertion point in the Payee field of the check, the Vendor field of the bill, and the Purchased From field of the credit card charge form. If you clear this check box, QuickBooks places the insertion point in the first field at the top of the window—the Bank Account field of the check and the Credit Card field of the credit card charge form.
- **Warn About Duplicate Check Numbers** warns you when you try to record a check that has the same number as that of an existing check.

Check Format Settings

The Check Format settings (refer to Figure 22-12) enable you to set basic check formatting options for the checks you print with QuickBooks.

The Check Format settings pane has two separate panes of settings: Fonts and Artwork.

Fonts Settings The Fonts settings (refer to Figure 22-12) enable you to set the font for the text amount and payee address on the check. Choose an option from the pop-up menu. Then click the Show Fonts button to display a standard Mac OS Fonts panel (shown next). Choose the font Family, Typeface, and Size you want.



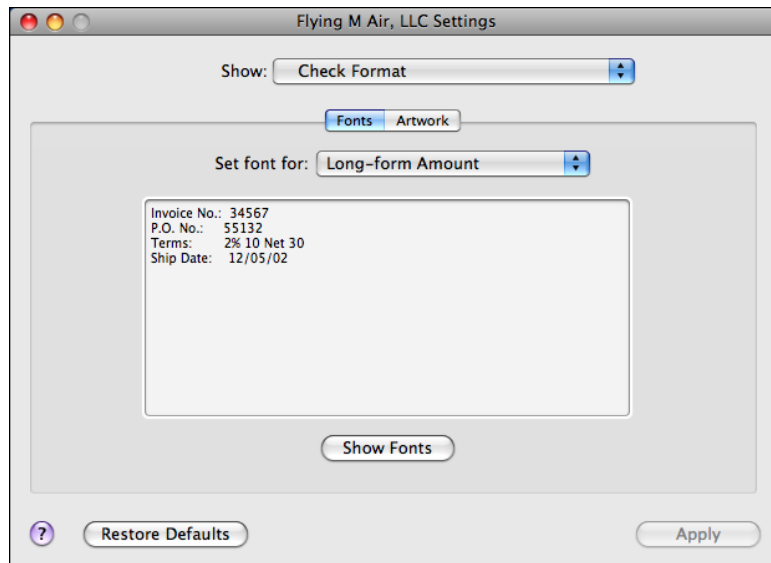


FIGURE 22-12 Check Format settings enable you to set basic check formatting options for checks.

Artwork Settings The Artwork settings enable you to paste your company logo into QuickBooks. Open the image you want to paste into QuickBooks in an image editing program, select the portion you want to copy, choose Edit | Copy, switch back to the Artwork pane, and choose Edit | Paste. The image you selected appears in the image well in the Artwork pane.

Finance Charge Settings

Finance Charges settings (see Figure 22-13) control the way finance charges work in QuickBooks. There are several options:

- **Annual Interest Rate** is the annual interest rate that you want QuickBooks to use to calculate how much your customers owe in finance charges. For example, if you enter 12%, QuickBooks charges 1% per month. To charge a flat rate instead of a percentage, enter 0 in the Annual Interest Rate field, and your flat rate in the Minimum Finance Charge field. You can change your rate at any time.
- **Minimum Finance Charge** is the lowest possible finance charge. For example, if you enter \$10, and a customer has accrued \$7.50 in finance charges, QuickBooks fills in \$10 for that customer in the Assess Finance Charges window.
- **Grace Period** is the number of days after a payment is due that you will allow a customer to send payment without incurring a finance charge.

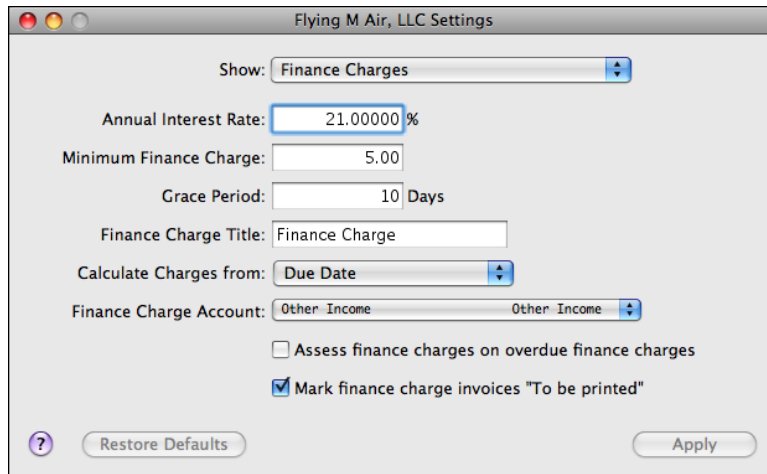


FIGURE 22-13 Set up finance charges in the Finance Charges settings pane.

- **Finance Charge Title** is the label that appears on finance charge invoices to identify finance charges.
- **Calculate Charges From** enables you to specify if you want to calculate finance charges from the Due Date or the Invoice/Billed date.
- **Finance Charge Account** is the account (usually an income account) you'll use to record finance charge amounts you receive from customers. To create a new account, for example, one called "Finance charges," choose New from the Finance Charge Account pop-up menu, and complete the New Account window.
- **Assess Finance Charges On Overdue Finance Charges** includes overdue finance charges in its calculation of current finance charges. Laws vary as to whether you can assess finance charges on finance charges. Confirm with the appropriate jurisdiction that you are in compliance with that jurisdiction's lending laws.
- **Mark Finance Charge Invoices "To Be Printed"** causes QuickBooks to mark "To be printed" each finance charge invoice it creates and add the invoice to a list of invoices you can print all at once.

Reporting Settings

Reporting settings, which are shown in Figure 22-14, let you set basic options for the reports you create in QuickBooks.

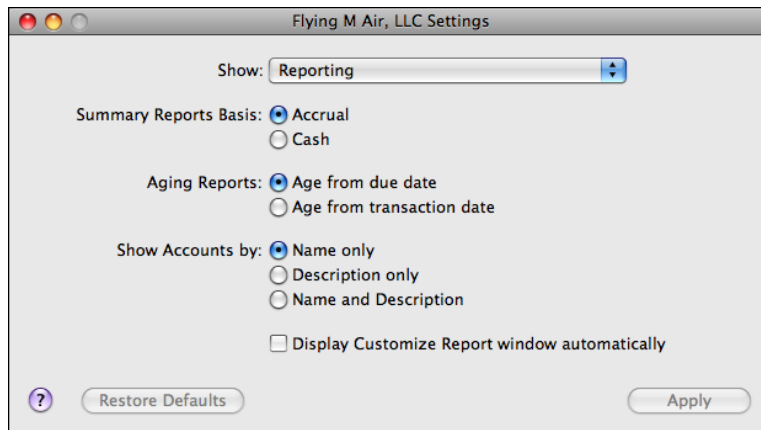


FIGURE 22-14 Reporting settings include basic reporting options.

Summary Report Basis You can select an option to specify whether reports and graphs should show income and expenses one of two ways:

- **Accrual** displays income on reports and graphs as of the invoice date and expenses as of the bill or check date.
- **Cash** displays income on reports and graphs as of the date you receive payment; it displays expenses as of the date you pay for them.



NOTE: This setting affects summary reports (reports that summarize amounts and do not list transactions). This setting has no effect on transaction or transaction detail reports. This setting does not affect the 1099 reports (which are always cash-based) and the sales tax report.

Aging Reports You can select whether to show aging on reports from the due date or the transaction date. This preference affects all aging reports and graphs for accounts receivable and accounts payable.

- **Age From Due Date** counts the number of days after the due date that an invoice, statement, or bill remains unpaid.
- **Age From Transaction Date** counts the number of days after the transaction date that an invoice, statement, or bill remains unpaid.

Show Accounts By Select an option for how QuickBooks should display accounts in reports:

- **Name Only** displays just the account name.
- **Description Only** displays just the account description.
- **Name And Description** displays the account name and description for each account.

Automatically Displaying the Customize Report Window Turning on the check box labeled *Display Customize Report Window Automatically* tells QuickBooks to automatically display the Customize Report window for a report you choose from the Reports menu. You can make changes to the report settings before you see the report.

Report Format Settings

Report Format settings (refer to Figure 22-15) control default formatting options for reports.

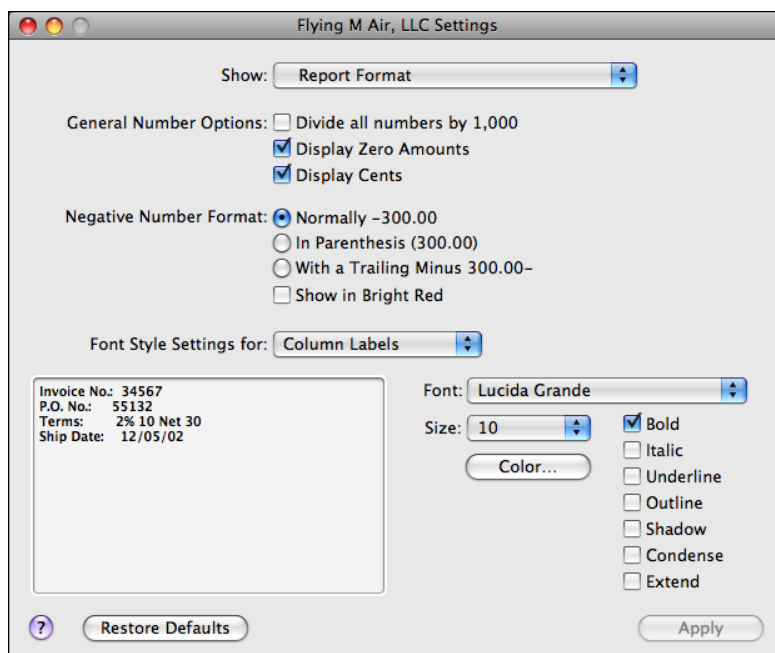


FIGURE 22-15 Set default report formatting options in the Report Format settings pane.

General Number Options These three check boxes set options for the way numbers appear in reports.

- **Divide All Numbers By 1,000** displays numbers in thousands.
- **Display Zero Amounts** displays all numbers, including zeros.
- **Display Cents** displays numbers in dollars and cents.

Negative Number Format

- Normally displays negative numbers with a minus sign in front of them.
- In Parenthesis displays negative numbers within a parenthesis.
- With A Trailing Minus displays negative numbers with a minus sign after them.
- Show In Bright Red displays negative numbers in red.

Font Style Settings To change the font for a report component, select the component in the Font Style Settings For list, and set options in the bottom half of the window. Repeat this process for each component you want to change.

Report Header and Footer Settings

The Report Header/Footer settings pane (refer to Figure 22-16) enables you to set options for the header and footer on a report. Toggle check boxes to specify whether you want to include or exclude a header or footer element. You can enter or choose options for most of the elements to customize them. You can also use the Page Layout pop-up menu to determine how elements are aligned in the header and footer of your report.

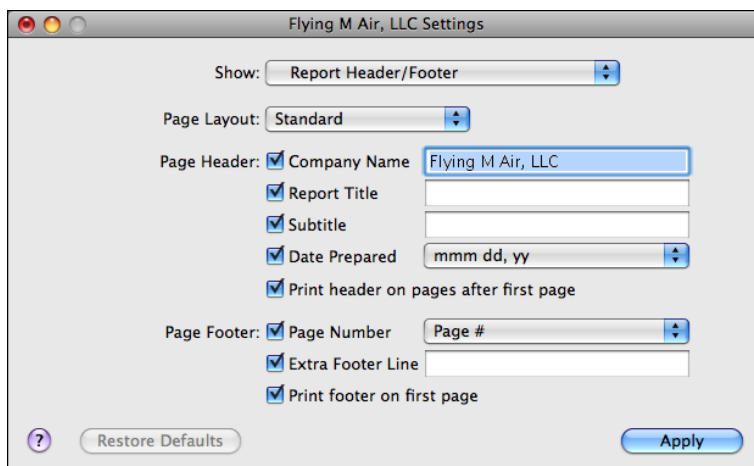


FIGURE 22-16 Set up report headers and footers in the Report Header/Footer settings pane.

Statement of Cash Flows Report Settings

Use the Statement Of Cash Flows Report settings pane (refer to Figure 22-17) to determine which accounts should appear in the report, as well as where the account should appear. As the settings pane advises, in most cases, you should not need to change the settings here, and you should talk to your accountant before making changes.

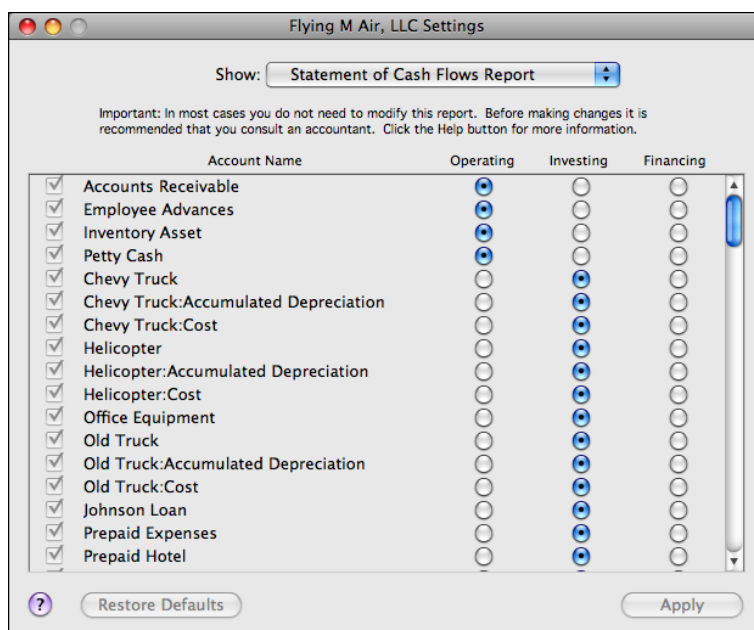


FIGURE 22-17 Use this settings pane to set options for the Statement of Cash Flows report.

Sales Tax Settings

Use the Sales Tax settings if your business collects sales tax from customers. To get started, make sure the Customers Are Charged Sales Tax check box is turned on. This enables the other options in the Sales Tax settings pane (refer to Figure 22-18).

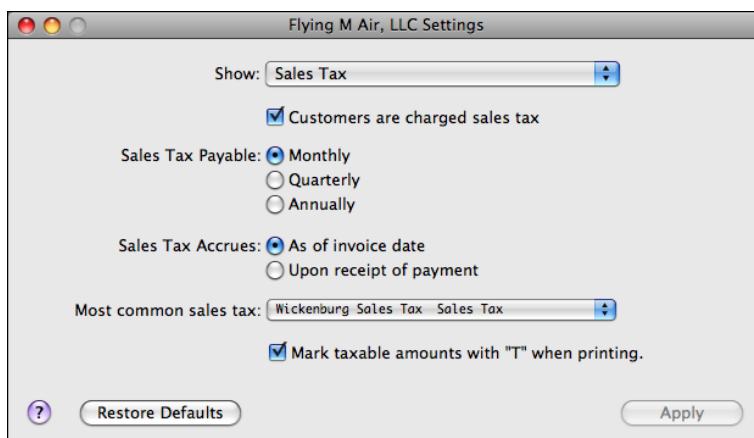


FIGURE 22-18 Set sales tax options in the Sales Tax settings pane.



NOTE: When you first open the Sales Tax settings window, it shows the sales tax information you entered when you set up your company file. It's important to set up your sales tax line item or items correctly, so that you have accurate information when it's time to pay your tax agencies. For details, consult Chapter 11.

Sales Tax Payable Select an option to specify the frequency of sales tax payments: Monthly, Quarterly, or Annually. No matter which choice you make, you can pay tax anytime. This choice helps QuickBooks set up your sales tax reports to be most helpful and remind you when to pay.

Sales Tax Accrues Select one of the options to specify how sales tax is accrued. QuickBooks uses your choice of accrual basis or cash basis to determine the amount you owe for the Pay Sales Tax window and to determine the amounts displayed in the Sales Tax Liability report.

- **As Of Invoice Date** starts accruing sales tax as of the invoice date. This is accrual basis accounting.
- **Upon Receipt Of Payment** starts accruing sales tax as of the payment date. This is cash basis accounting.



NOTE: If you collect sales tax for multiple districts, some of which require payment on an accrual basis, some on a cash basis, you can change the sales tax preference back and forth from accrual to cash to view the amount you owe different districts. For example, if you owe most districts on a cash basis, but you owe one district on an accrual basis, you can set the sales tax preference to cash (upon receipt of payment), view the report, noting how much you owe each district that requires cash basis, then change the preference to accrual and note how much you owe the district you pay on an accrual basis. You can also change this preference with a sales tax report open.

Most Common Sales Tax If you have only one sales tax rate, it will automatically be entered here. Otherwise, choose the sales tax item or group you use most often as your default sales tax. QuickBooks prefills each sales form's Tax field and each new customer's Tax Item field with your most common sales tax. You can change to a different tax item or tax group in any of these fields.

Indicating Taxable Items Normally, QuickBooks displays a *T* beside each taxable item on a sales form. If you don't want the *T* to appear, clear the check box labeled *Mark Taxable Amounts With A "T" When Printing*.

Time Tracking Settings

Time Tracking settings (refer to Figure 22-19) allow you to enable the time tracking feature and set basic options for it. Start by turning on the Keep Track Of Time check box. Then set options beneath it.

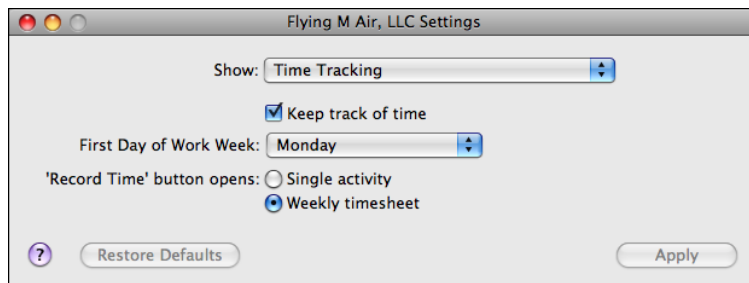


FIGURE 22-19 Set basic time tracking options in the Time Tracking settings pane.

- **First Day Of Work Week** is the first day of your work week for the weekly timesheet.
- **'Record Time' Button Opens** enables you to specify which time-recording form opens when you click the Record Time button on the toolbar.

Payroll Settings

The Payroll settings pane offers just one option. Use it to determine how the Employees | Payroll menu should work:

- **Displays A Choice Of Services** displays a submenu with both supported payroll services: QuickBooks Payroll for Mac and Aatrix Top Pay.
- **Launches QuickBooks Payroll For Mac** opens QuickBooks Payroll for Mac in a built-in browser window.
- **Launches Aatrix Top Pay** launches the Aatrix Top Pay application.

Jobs Settings

Jobs settings (refer to Figure 22-20) enable you to set custom labels for each of the five job statuses: Pending, Awarded, In Progress, Closed, and Not Awarded. You can

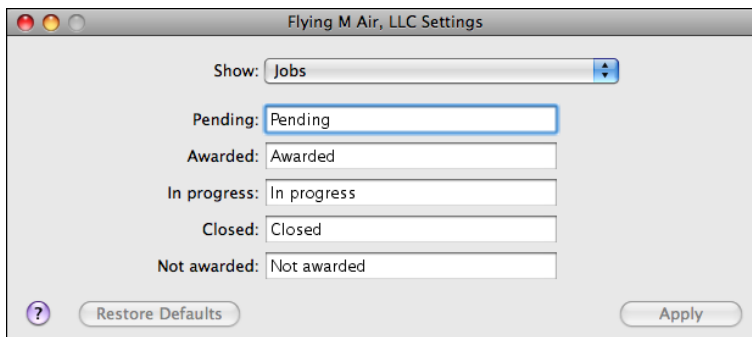


FIGURE 22-20 Use the Jobs settings pane to change the label for job statuses.

use any five labels that are meaningful to your company. Simply enter the text you prefer in the field beside the label you want to change.

QuickBooks uses the labels in the following places:

- Job Status pop-up menu on the Job Info pane of the New Job, Edit Job, New Customer, and Edit Customer windows
- Job Status column of the Customer:Job List window
- Job administration report



NOTE: QuickBooks does not automatically change the job status of any job on the basis of transactions you enter.

Passwords Settings

Passwords provide a basic degree of protection for your data, but are not a complete security system. For example, passwords will not prevent someone from using the Finder to delete a company file. For stronger protection, keep your computer and backup disks in a secure area. If your computer has a key lock, use it.



NOTE: Write down your passwords and store them in a safe place. Once you have set up file passwords, you will not be able to access the data in your company file without entering a password.

Setting File Passwords

QuickBooks offers three kinds of passwords to protect your files. They can be set in two parts of the Passwords settings pane, which is shown in Figure 22-21.

File Passwords File passwords protect your files from access or change. There are two kinds of file passwords:

- **Owner Password** allows unlimited access to your company file. If you set an owner password, you must enter it to display or change information in the Passwords settings window in the future.
- **Data Entry Password** allows a person to enter new transactions, but not to edit transactions entered in an earlier session. It restricts this person from viewing registers, account balances, customer and vendor balances, reports, or graphs. Because the data entry password restricts access to registers, a person must have the owner password to enter statement charges. If you set a data entry password, you must also set an owner password so that you can access the rest of your company file.

Flying M Air, LLC Settings

Show: Passwords

File Passwords

Owner Password:

The owner password allows unrestricted access to all QuickBooks functions.

Data Entry Password:

The data entry password allows entry and editing of new transactions, excluding payroll transactions. This password does not allow the use of reports, graphs, registers, or the editing of previously entered transactions.

Transaction Password

Closing Date: 9/ 9/ 2008

Transaction Password:

Password required to edit transactions on or before the date specified above.

Note: Password may be from one to ten characters in length and may contain any printable character.

?

Apply

FIGURE 22-21 Use the Passwords settings pane to help secure your QuickBooks company file.

NOTE: QuickBooks asks for a file password before it opens your company file. If you enter the data entry password, you are allowed to enter only new transactions. If you enter the owner password, you have unlimited access. The data entry password is independent of the transaction password.

Transaction Password The transaction password restricts editing of transactions in a prior period, defined by the date you enter. When you have set a transaction password, QuickBooks asks for the password when you try to add or edit a transaction that has a date before the date you've chosen.

- **Closing Date** is the date through which you want your books to be closed.
- **Transaction Password** is the password that must be entered to edit transactions prior to the Closing Date.

NOTE: The transaction password is independent of the file passwords except that you must set an owner password in order to have a transaction password. For example, suppose you close last year with a transaction password. QuickBooks asks for the owner or data entry password before opening the company file. It asks for the transaction password each time you try to add or change a transaction for last year.

Using Passwords to Close a Period

QuickBooks does not require you to “close the books” at the end of a period. Closing books is often a complicated process that involves transferring information from one book to another and summarizing it. QuickBooks does all this as you are entering data. You can ask QuickBooks for reports at any time, not just at the end of a period.

However, you may want to restrict access to the transactions of prior accounting periods to be sure the transactions are not changed without your knowledge. This type of restricted access is independent of whether you have passwords that restrict access to the data as a whole.

By requiring a password to delete, add, or edit any transaction before a chosen date, you can discourage accidental or casual changes to “closed” periods, but still make corrections when necessary by entering the password. You do not need to enter the password to view transactions.

- ❶ Choose Company | Company Settings.
- ❷ Choose Passwords from the Show pop-up menu.
- ❸ Enter the last date of the period in the Closing Date field.
- ❹ Enter a password in the Transaction Password field.
- ❺ Click Apply. When you try to record a change for the closed period, QuickBooks asks you to enter this password.

1099s Settings

If you file Form 1099-MISC for any of your vendors, you can use the 1099s settings pane (refer to Figure 22-22) to associate accounts with 1099 categories. You can also change the threshold amounts for these categories. When you are ready to file the 1099-MISC and 1096 forms, create a 1099 report or print the 1099 forms.

Start by turning on the 1099-MISC Forms Are Filed check box to enable this feature. Then, for each numbered box you expect to use on the 1099 form, choose the account in which those payments will be recorded. You can then enter a threshold value for each box on the form.



TIP: To associate more than one account with a 1099 category, choose Selected Accounts from the pop-up menu, and select the accounts from the Select Accounts window; then click OK.

The accounts you select should be accounts you use to track expenses related to Form 1099-MISC. Typically, the accounts are expense accounts. If you need to, you can also associate liability or asset accounts with 1099 categories.

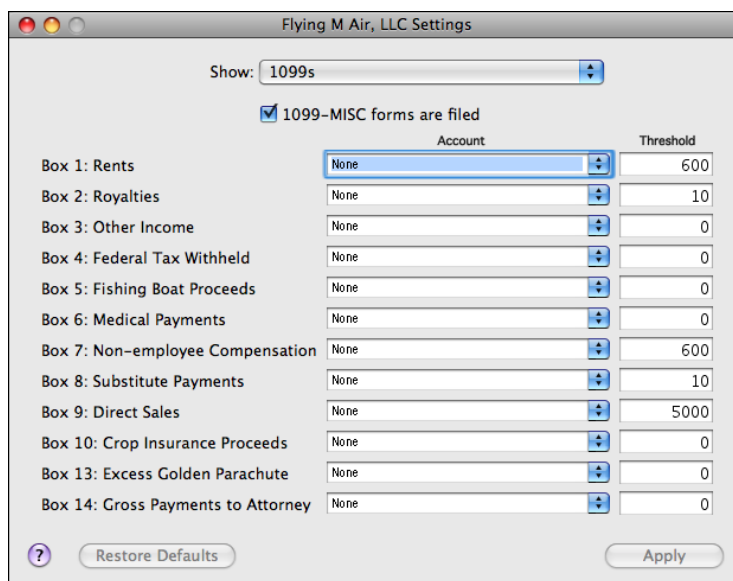


FIGURE 22-22 Use the 1099s settings pane to match accounts to 1099-MISC form boxes.



NOTE: By default, QuickBooks uses the thresholds set by the federal government. These amounts may become outdated as the government enacts changes. To make sure that you have the latest threshold information, ask your accountant, call the IRS, or visit the IRS web site at <http://www.irs.gov>.

Customizing the Company Toolbar

You can customize the toolbar for your company file so it includes the buttons you need most in the order in which you want them to appear.

To Customize the Toolbar

- 1 Choose Company | Configure Company Toolbar. The Customize Toolbar dialog slides out of the toolbar, as shown in Figure 22-23.
 - To add a button, drag it onto the toolbar.
 - To remove a button, drag it off of the toolbar.
 - To move a button, drag the button to its new position on the toolbar.
 - To change the button display, choose Icon & Text, Icon Only, or Text Only from the Show pop-up menu.
 - To display smaller icons in the toolbar, turn on the Use Small Size check box.
 - To restore the toolbar to its default settings, drag the default set near the bottom of the dialog onto the toolbar.
- 2 Click Done.

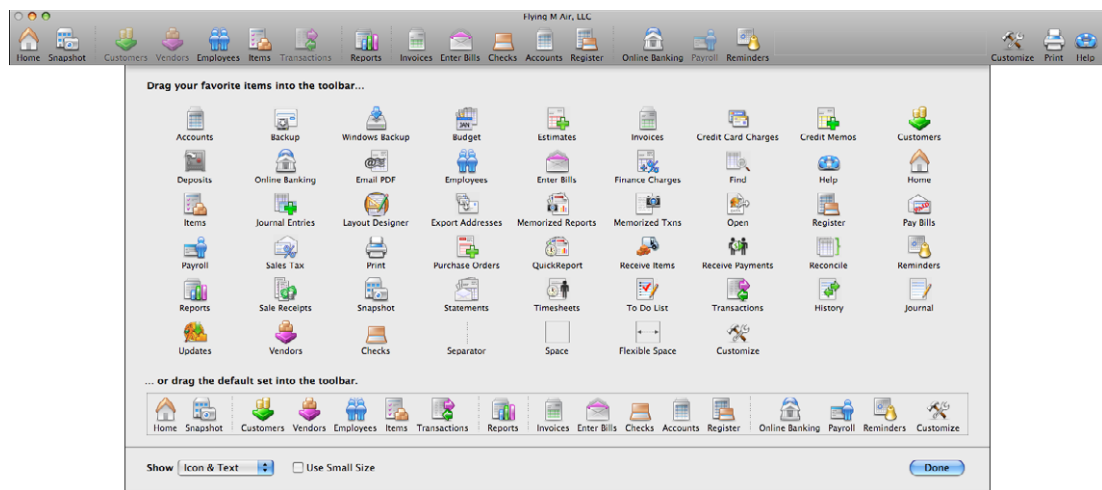


FIGURE 22-23 Drag buttons from this dialog to the toolbar to customize the toolbar.

To Resize the Toolbar

- 1 If necessary, click the green zoom button in the upper-left corner of the toolbar to reduce the toolbar's size to a custom size.
- 2 Drag the lower-right corner of the toolbar to the right to lengthen it, or to the left to shorten it.

To Move the Toolbar

Drag the toolbar's title bar to its new position.

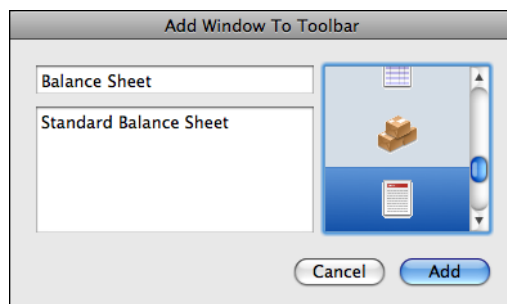
To Hide or Display the Toolbar

- To hide the toolbar, choose Company | Hide Company Toolbar, or click the toolbar's close button.
- To redisplay a hidden toolbar, choose Company | Show Company Toolbar.

To Add a Window to the Toolbar

You can add a window—for example, to display a particular report—to the toolbar for easy access.

- 1 Open the window you would like to add. For example, to add the Standard Balance Sheet report, choose Reports | Company & Financial | Balance Sheet Standard.
- 2 Choose Company | Add Window To Toolbar. The Add Window To Toolbar dialog, which is shown next, appears.



- 3 Enter a name and an optional description for the window.
- 4 Click to select the button you want to assign this window in the toolbar.
- 5 Click Add. The button is added to the far right end of the toolbar. Remember, you can always customize the toolbar to move the button to a new position.

To Delete a Window from the Toolbar

Hold down the **COMMAND** key, and drag the window's button off the toolbar. It disappears in a puff of digital smoke.

Maintaining Your Data

n this chapter:

- Understanding QuickBooks data files
- Changing to a different company file
- Keeping an audit trail
- Backing up your company file
- Restoring company data
- Transferring lists between company files
- Exporting names for mail merge
- Condensing data
- Periodic tasks

As you work with QuickBooks, you enter information into your company file. This file includes all the setup information for your company, as well as all of your transactions. It's an extremely important and valuable file to you—if it's lost and you don't have a backup, you'd have to re-create its contents from scratch!

This chapter takes a closer look at your QuickBooks company file. It explains what you can do to protect it, back it up, and restore from a backup if necessary. It also provides information about several other file-related tasks you might need to perform.

Understanding QuickBooks Data Files

A QuickBooks data or company file contains all the financial transactions you've entered plus any company customization choices you have made (for example, sales tax rate and passwords).

When you create a new company file in QuickBooks, you supply a company name. QuickBooks suggests the company name you entered as a file name for your company's QuickBooks data.

When you open an existing company in QuickBooks by choosing File | Open Company, you see a list of all QuickBooks files. Unless you keep books for several companies, you're likely to have just one file to choose.

Avoiding Data File Problems

Follow these two guidelines to help avoid data file problems:

- **Do NOT turn off the computer before exiting QuickBooks.** Always quit QuickBooks by choosing QuickBooks | Quit QuickBooks, or by pressing COMMAND-Q, before turning off your computer. When you quit a program, it saves information that has been held in memory.
- **Make regular backup copies.** Your data is valuable! No technique can recover all possible file damage or protect against theft or natural disasters. When you make regular backup copies, you have easy access to data that may just need some updating.

Different Methods for Transferring QuickBooks Data

Table 23-1 compares the different methods you might use to back up or transfer your QuickBooks data.

Activity	What It Does	Advantages	Disadvantages
Backing up a company file	Makes a compressed copy of everything in original company file	More data fits on one CD. Backup allows you to divide very large files among multiple CDs.	QuickBooks must restore backed-up copy before it can open the file.
Saving as text	Makes a copy in a format common to other software programs	You can use the file in a spreadsheet or word processing program.	Only lists and reports can be saved as text. (QuickBooks cannot read files saved as text.)
Exporting	Puts lists into a file in IIF format, with one record per line and one column for each field	You can share lists with another copy of QuickBooks, or use a list in a database or spreadsheet program. You can add to the list and then import it back into QuickBooks.	QuickBooks can export only lists, not transactions or reports.

TABLE 23-1 Methods for Transferring QuickBooks Data

Changing to a Different Company File

If you work with several companies, you'll be keeping their financial records in separate company files.

To Choose a Different Company

- 1 Choose File | Open Company, or press COMMAND-O.
- 2 QuickBooks closes the current company and displays an Open dialog. Use it to locate and select the file name of the company you want.
- 3 Click Open.

Keeping an Audit Trail

You can turn on the audit trail setting for your company, which tells QuickBooks to keep a record of all changes made to transactions.

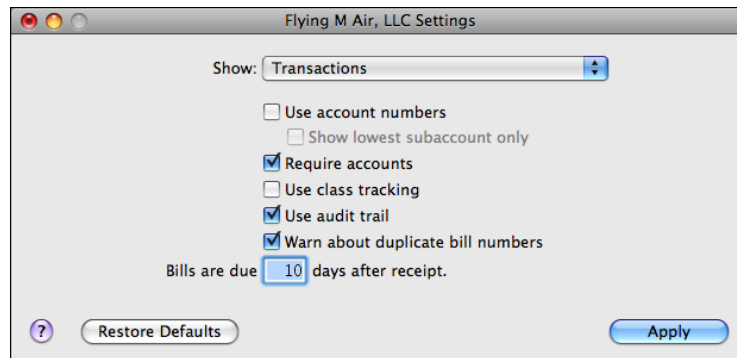
If you enable this feature, you may find that QuickBooks works a little more slowly, and your data takes up more memory. These changes occur because instead of writing over transactions you change (which is how QuickBooks works with the audit trail preference off), QuickBooks must record not only the new changed transaction, but also any previous versions of the same transaction.



NOTE: You must have the audit trail preference turned on to keep a record of changed transactions. If the preference is turned off, QuickBooks will no longer keep a record of the changes.

To Turn On the Audit Trail Preference

- 1 Choose Company | Company Settings to display the Settings window for your company.
- 2 Choose Transactions from the Show pop-up menu to display Transactions settings (shown next).



- 3 Turn on the Use Audit Trail check box.
- 4 Click Apply.
- 5 Close the window.

To View the Audit Trail Report

Choose Reports | Accountant & Taxes | Audit Trail.

Figure 23-1 shows an example of an Audit Trail report. Any transactions labeled *Previous Transaction* have been modified. You can compare the previous transaction to the current transaction to see which part or parts of the transaction were modified. QuickBooks also shows you the date and time of the modification.

If the audit trail was turned off during part of the period covered by the report, QuickBooks may not show the modification date of some transactions.

Flying M Air, LLC
Audit Trail
All Transactions

Trans #	Type	Entered/Last Modified	Date	Name	Memo	Account	Split	Amount
Current Transaction 48	Item Receipt	9/10/08 3:37 PM	08/25/08	Wenatchee Fuel	Received items (Accounts Payable	Operating Expenses	-636.00
				Wenatchee Fuel	100LL Aviation Fuel	Operating Expenses	Accounts Payable	636.00
Previous Transaction 48	Item Receipt	8/25/08 10:48 AM	08/25/08	Wenatchee Fuel	Received items (Accounts Payable	Operating Expenses	-90.60
				Wenatchee Fuel	100LL Aviation Fuel	Operating Expenses	Accounts Payable	90.60
Current Transaction 131	Check	9/10/08 3:36 PM	09/05/08	Maria Langer		Checking	Owner Draws	-1,500.00
				Maria Langer		Checking	Owner Draws	1,500.00
Previous Transaction 131	Check	9/5/08 2:34 PM	09/05/08	Maria Langer		Checking	Owner's Equity:O	-1,200.00
				Maria Langer		Owner's Equity:Owner Draws	Checking	1,200.00
Current Transaction 132	Invoice	9/10/08 3:36 PM	09/06/08	American Aviation		Accounts Receivable	-SPLIT-	2,025.00
				American Aviation	Photo flight	Sales	Accounts Receivable	-2,025.00
				American Aviation	7 flights, 30-mi		Accounts Receivable	
				AZ Department of Revenue	Local Sales Tax	Sales Tax Payable	Accounts Receivable	0.00
Previous Transaction 132	Invoice	9/6/08 8:55 PM	09/06/08	American Aviation		Accounts Receivable	-SPLIT-	1,575.00
				American Aviation	Photo flight	Sales	Accounts Receivable	-1,575.00
				American Aviation	7 flights, 30-mi		Accounts Receivable	
				AZ Department of Revenue	Local Sales Tax	Sales Tax Payable	Accounts Receivable	0.00

FIGURE 23-1 An Audit Trail report shows changes made to transactions.

To Include Deleted Transactions in the Audit Trail Report

- 1 Click **Customize** in the Audit Trail report window's button bar to display the Customize Report dialog, which is shown next.

Customize Report

Report Dates: **All Dates**

From: To:

Date Entered/Last Modified: **Today**

From: To:

Columns:

- (left margin)
- ☒ Trans #
- ☒ Type
- ☒ Entered/Last Modified
- ☒ Date
- ☐ Num

☒ Show deleted transactions

Buttons: **Help**, **Cancel**, **OK**

- 2 Turn on the **Show Deleted Transactions** check box.
- 3 Click **OK**.

Backing Up Your Company File

Backups are important. In the event of a data loss, you can restore your data from a backup copy. You might lose data if you delete data by mistake, if your hard disk fails, or if your computer is stolen or damaged.

Recommended Backup Routine

Intuit recommends that you back up your data at the end of each session. If your hard disk has more than one drive, back up onto a different drive from the one where you keep your working data. If you have one hard disk drive, back up onto a CD, a network disk, or removable media, such as a removable USB data stick.

Back up your data on CDs or other media as follows:

- **Each day, back up onto a CD to keep in the office.** Intuit suggests that you make a set of backup CDs and label the CDs “QuickBooks Backup Monday,” “QuickBooks Backup Tuesday,” etc. Each day, back up your data onto the CD for that day. If you have a problem with any of your backup CDs, you can still use the data on the previous day’s backup CD.
- **At least once a month, make a backup to keep off your premises.** This helps protect the data in the event of a fire, flood, or theft.
- **At the end of the fiscal year, make an archive copy of your data to keep off your premises.** Again, offsite storage helps protect this archival data if something unfortunate happens at your workplace.



TIP: You can set QuickBooks to automatically back up your company file whenever you close the file. Consult Chapter 22 to learn how.

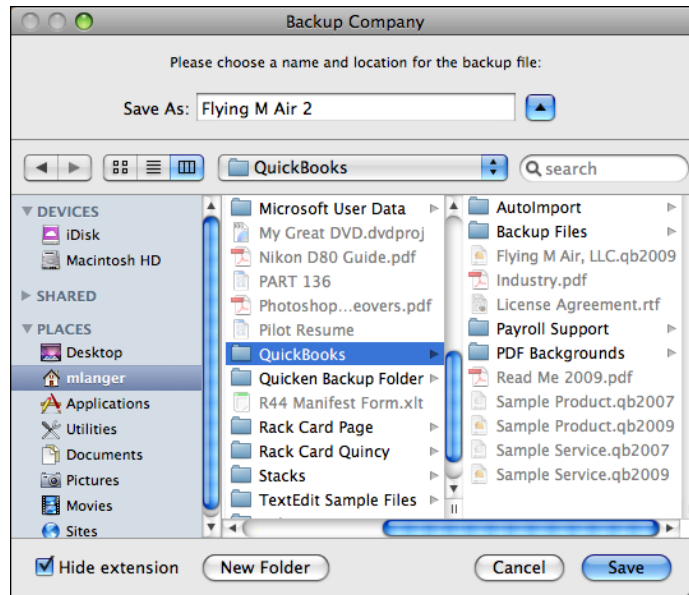
Creating the Backup Files

You can use commands on the File menu’s Back Up submenu to create a backup of your current company file.

To Back Up Your Company File to Disk

Backing up your company file to disk makes it possible to create a backup file on your hard disk, a network disk, or some kind of removable media that can be stored in a safe place offsite.

- 1 Choose File | Back Up | To A Disk.
- 2 Use the Backup Company dialog that appears (shown next) to enter a name, and select a location for the backup file.



- 3 Click Save.
- 4 When the backup file has been saved, a dialog appears. Click OK to dismiss it.

NOTE: The Back Up To A Disk command does not simply make a copy of your company file; it also compresses the data into a compact backup file.


To Back Up a QuickBooks Company File to MobileMe

If you have an Apple MobileMe account, you can back up your QuickBooks company file to MobileMe. To do this, you must have an active MobileMe account with available space on your iDisk and an Internet connection.

- 1 Choose File | Back Up | To MobileMe.
- 2 If you're prompted to allow QuickBooks access to your keychain, click Allow.
- 3 A dialog like the one shown next appears. Enter a password twice and click Back Up.



- 4 Wait while QuickBooks backs up the file. You'll see a status dialog as it works. When it disappears, the backup is complete.


 **NOTE:** QuickBooks backs up a password-encrypted disk image file that contains your QuickBooks company file backup to your iDisk/Documents/QuickBooks/Backup Files folder.

Restoring Company Data

You may need to restore company data from your backup files if one of the following situations has occurred:

- Your working data is damaged.
- Your hard disk has malfunctioned.
- You need to put the data on another computer.
- You want your data to revert to the state it was in at an earlier date.

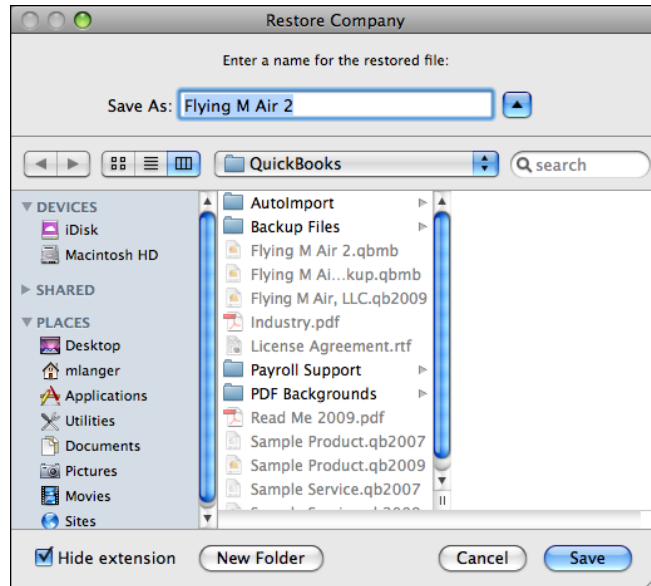
Because the Back Up command creates a compressed file, it must be restored onto your hard disk using the QuickBooks restore feature.

 **NOTE:** If your hard disk has malfunctioned, you first need to reinstall the QuickBooks application on the repaired or new hard disk. See “Transferring Lists Between Company Files” later in this chapter. Then follow these steps to restore your backup data.

To Restore Company Data from Disk

- 1 In QuickBooks, choose File | Restore | From Disk.
- 2 Use the dialog that appears to locate and select the backup file you want to restore from. Then click Open.

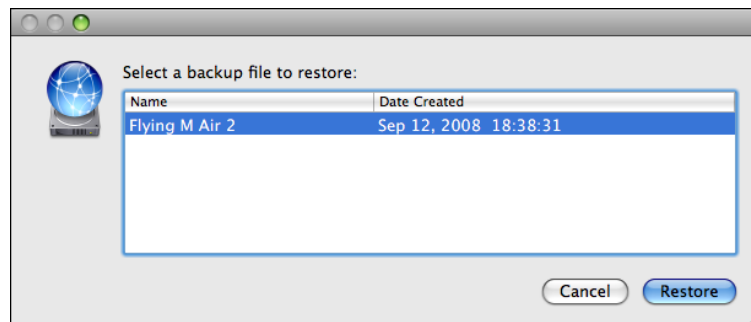
- 3 The Restore Company dialog, which is shown next, appears. Enter a name for the restored file and select a disk location. (Normally, QuickBooks files are stored in the QuickBooks folder in the Documents folder in your Home folder.)



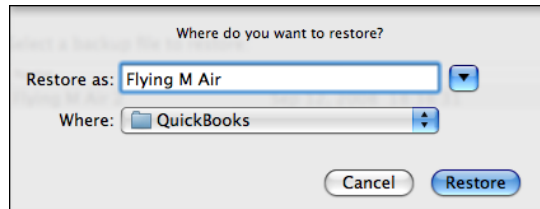
- 4 Click Save.
- 5 When the restore process is complete, a dialog appears to tell you. Click OK to dismiss it. QuickBooks opens the restored company file.

To Restore Company Data from Your iDisk

- 1 In QuickBooks, choose File | Restore | From MobileMe.
- 2 A dialog like the one shown next appears. Select the backup file you want to restore and click Restore.



- 3 In the dialog that appears (shown next), enter a name and select a disk location to save the restored file. (Normally, QuickBooks files are stored in the QuickBooks folder in the Documents folder in your Home folder.) Then click Restore.



- 4 Wait while the file is restored.

Sharing Information Between Files

You can use commands under the File menu to export and import data in a number of formats for a variety of purposes. This part of the chapter looks at some common tasks.

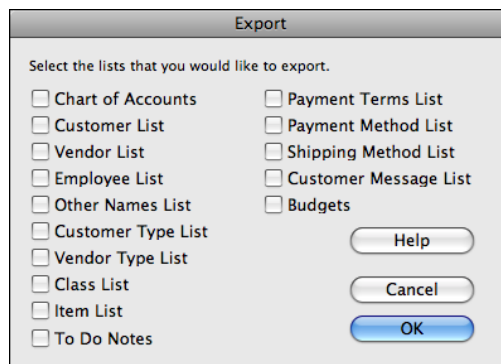
Transferring Lists Between Company Files

Use Import and Export to copy lists from one QuickBooks company file to another. You can also use Import and Export to move lists between QuickBooks for Windows and QuickBooks for Macintosh.

QuickBooks can export and import data in a format called *IIF* (Intuit Interchange Format). Creating an IIF file from scratch or changing data from another accounting program into an IIF file is technically complex and is not recommended for those who do not have programming experience.

To Export Lists

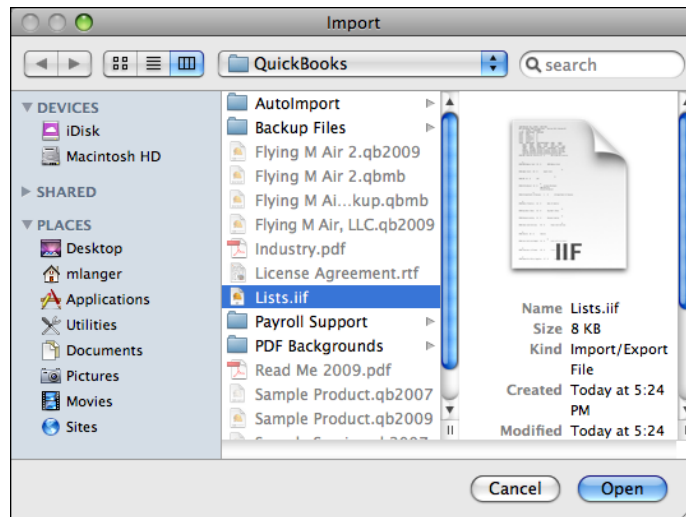
- 1 Choose File | Export | Lists To IIF File.
- 2 In the Export dialog that appears (shown next), turn on the check box beside each list you want to export.



- 3 Click OK.
- 4 A standard Save dialog named Export appears. Enter a file name and choose a location for the export file.
- 5 Click OK.
- 6 When the export has completed, a dialog appears. Click OK to dismiss it.

To Import All of an Existing IIF File into the Current File

- 1 Choose File | Import | From IIF Files.
- 2 Use the Import dialog that appears (shown next) to locate and select the IIF file you want to open.



- 3 Click Open.
- 4 When the import has completed, a dialog appears. Click OK to dismiss it.

Exporting Names for Mail Merge

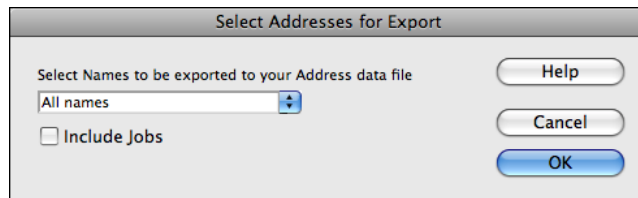
You can export a list of names (customers/jobs, employees, vendors, and other names) to a .TXT file that is compatible with many word processing and spreadsheet programs. Titles, names of contacts and alternate contacts, and both shipping and billing addresses are exported for the list(s) you select. Additional information on how to perform a mail merge can be found in your word processing or spreadsheet program's documentation.

Here are two examples of using mail merge:

- If you have shipping labels with your company's address preprinted on them, export your customers' names, and print your customer names and addresses on the preprinted labels.
- If your company is moving and you want to send a letter to your customers and vendors about your new address, create a form letter in your word processing program, and then mail merge the names from QuickBooks.

To Specify Names for Mail Merge

- 1 Choose File | Export | Addresses To Text File. The Select Addresses For Export dialog, which is shown next, appears.



- 2 Use the drop-down list to choose which names you want to use in your mail merge.
- 3 To export all jobs associated with any customers you selected, turn on the Include Jobs check box.
- 4 Click OK.
- 5 In the Save Mail Merge Data File dialog that appears, enter a file name and specify a location to save the .TXT file.
- 6 Click Save.
- 7 If some of the names you selected do not contain mail merge information, a dialog appears to warn you. Click OK.
- 8 QuickBooks saves the information in a .TXT file. When it's finished, it displays a dialog to tell you. Click OK to dismiss it.

Condensing Data

If your company file has grown too large, you can reduce its size by having QuickBooks condense the transactions for a period of time that you designate. QuickBooks accomplishes this in two ways:

- QuickBooks deletes transactions you no longer need to keep your records current.
- QuickBooks adds new transactions that provide monthly summaries of the transactions it deleted.



NOTE: QuickBooks does not condense any transactions that include inventory items.

Condense Time

The amount of time QuickBooks requires to condense your data depends on your computer's speed, the amount of your computer's memory, the size of your company file, and other factors. The process could take anywhere from a few minutes to a few hours. During the process, QuickBooks scans your data three times. Because of this, the completion level may remain the same for a long time, but if your hard disk shows activity, the process is continuing.

What Happens When You Condense Data

When you condense data, you specify an ending date for the period of time you want to condense. This has no effect on transactions dated after the ending date. For example, if your ending date is 12/31/07, all transactions dated 1/1/08 and later remain intact in your company file.

Of the transactions dated on or before the ending date, QuickBooks deletes and summarizes only those that have no effect on transactions dated after the ending date.

Examples of Deleted Data

- If an invoice has been paid in full, QuickBooks deletes the details and includes the amount in a summary transaction showing income accounts. Neither the customer name nor the items sold are retained. However, if an invoice is unpaid, partially paid, or marked as pending, QuickBooks leaves the invoice in your file so you can apply payments to the invoice.
- If you have the audit trail turned on, QuickBooks removes transactions even if they have been changed, if they're dated before the ending date.
- If you have paid a bill for a reimbursable expense, QuickBooks deletes the bill regardless of whether you have invoiced the customer for the expense.
- QuickBooks deletes only those estimates that are dated on or before the ending date and that have a job status of Closed. If an estimate has any other job status (Pending, Awarded, In Progress, or Not Awarded), QuickBooks retains the estimate regardless of its date.
- QuickBooks deletes time data if it is marked as billed or not billable or if its job status is Closed.

Retained Transactions

Table 23-2 gives examples of when QuickBooks retains transactions dated on or before your specified ending date.


Situation for Which QuickBooks Retains Transaction with Earlier Date	Example of Retained Transaction
A transaction has an open balance.	Unpaid, partially paid, or pending invoices, undeposited customer payments, unpaid bills, unused credit memos.
A transaction is linked to another transaction that has an open balance.	An undeposited customer payment that you applied to an invoice. Even though the invoice is paid, QuickBooks retains the invoice because it has a link to an open transaction (the undeposited payment).
A checking or credit card transaction is not marked as cleared.	Unreconciled transaction in a checking or credit card account.
A transaction is marked as “To be printed.”	Any invoice, credit memo, sales receipt, or check that has a check mark in its To Be Printed check box.

TABLE 23-2

Transactions Retained by QuickBooks when Condensing a Company File

Summary Transactions

The summary transactions that QuickBooks creates appear in the registers of your balance sheet accounts (Bank, Accounts Receivable, Accounts Payable, and so on). When you open a register, you can spot the summary transactions by looking for GENJRNL in the Type field.



NOTE: You cannot edit or delete a summary transaction.

Each balance sheet account has one GENJRNL summary transaction for each month in which QuickBooks deleted transactions. The transaction amount is the total of the transactions that QuickBooks deleted for the month.

For a given month, the register may also show other transactions that QuickBooks did not delete. These are transactions that could be affected by transactions you have yet to enter. For a list of reasons why QuickBooks retains some transactions, see Table 23-2.

How Condensing Data Affects Your Reports

Condensing data affects different reports in different ways, as summarized here.

Account Balances After you condense your data, you can still create reports that summarize financial activity for the period of time you condensed. For example, if you condense last fiscal year’s data, you can still create profit and loss reports that compare last year’s results to this year’s. This is because QuickBooks adds summary transactions to your company file to preserve monthly account balances.

Transaction Detail After you condense your data, you won't be able to create reports that show daily detail for the period of time you condensed. This is because QuickBooks has deleted the individual transactions that would have provided the detail. In addition, you won't be able to create reports that show balances for individual customers or vendors over that period of time. As a result, the totals for sales revenue on sales tax liability reports will be incorrect. As a precaution, QuickBooks creates a backup file in case you need access to the deleted transactions later.

Cash Basis Reports After you condense your data, you won't get an accurate cash basis report for data that includes a condensed time period. This is because QuickBooks has deleted the individual transactions that would have provided the information about whether transactions were paid. As a result, the totals will be incorrect.

The Condensing Process

You condense data using the Condense Data command.

To Condense Your Data

Before running Condense Data, run several reports, such as Profit and Loss, Balance Sheet, and transaction reports, so that you can compare figures before and after you condense your data.

- 1 Close any open QuickBooks windows.
- 2 Choose File | Utilities | Condense Data to display the Condense Data dialog.
- 3 In the Condense Data dialog that appears (shown next), enter the date through which QuickBooks should summarize transactions.

Condense Data

This operation reduces the size of your company file by summarizing transactions dated on or before a specific date.

Summarize transactions on or before

After transactions are summarized, there may be list items that are no longer used. QuickBooks can remove some or all of these list items for you.

— Items to Remove —

- ☐ Unused accounts
- ☐ Unused customers
- ☐ Unused vendors
- ☐ Unused employees
- ☐ Unused other names
- ☐ Unused invoice items
- ☐ Unused items in all other lists
- ☐ All audit trail information
- ☐ 'Done' To Do notes

Help Cancel OK

- 4 If desired, turn on the check box beside each item you want to remove while condensing the data. After QuickBooks condenses the transactions, you may have list items that are no longer in use. QuickBooks removes such inactive items from each list that has a check mark in its box.
- 5 If desired, turn on the All Audit Trail Information check box to remove all information on changed or deleted transactions for all dates.
- 6 If desired, turn on the 'Done' To Do Notes check box to remove all notes that you marked as completed.
- 7 Click OK.
- 8 A message appears stating that QuickBooks will make a backup file before it condenses the transactions. The backup file ensures that you will still have a record of the details of any transactions that QuickBooks deletes from your company file. Click OK.
- 9 Use the Backup Company dialog that appears to enter a name and select a disk location for the backup file and click Save.
- 10 QuickBooks creates the backup file and condenses the data. If your company file is large, the process may take several minutes. When the process has ended, a dialog tells you. Click OK to dismiss it.

Periodic Tasks

Certain tasks fall neatly into weekly, monthly, quarterly, and yearly time frames. With QuickBooks, you'll spend far less time on periodic tasks because QuickBooks pulls information together for you.

Weekly Tasks

- Make a backup copy of each of your QuickBooks companies.
- Use QuickBooks Payroll for Mac powered by PayCycle, Inc. to write your weekly paychecks.
- Pay bills due the following week.
- Print unprinted sales forms and checks.
- Create a cash flow forecast report to review your anticipated cash flow for the next few weeks.

Monthly Tasks

- Make a monthly backup copy of each of your QuickBooks companies to keep somewhere away from your company premises. This procedure safeguards you from losing valuable data in case of fire, flood, theft, or other disasters.
- Pay sales tax due monthly.

- Use QuickBooks Payroll for Mac to pay payroll taxes due monthly (or however frequently you are required to pay them).
- Reconcile your checking and credit card accounts when you receive your statements.
- Print monthly reminder or billing statements to send to your customers.
- Print a collections report so that you can contact customers with past-due balances.

Quarterly Tasks

- Make a backup copy of each of your QuickBooks companies.
- Pay sales tax due quarterly.
- Use QuickBooks Payroll for Mac to file Form 941, Employer's Quarterly Tax Return, and state withholding tax forms.
- Create a profit and loss statement and a balance sheet, to review how your business is doing.

Year-End Tasks

Year-end tasks include making any year-end entries, archiving last year's data, and gathering information for your tax forms. The great news for year-end is that QuickBooks does not require you to close your books!

There are two major advantages to not closing your books:

- **Detail.** You always have easy access to last year's data, including all the detail of every transaction.
- **Reporting.** You can create comparison reports to compare this year with last year.

You can protect the prior year's transactions from accidental change by using a password, as discussed in Chapter 22.

What QuickBooks Does at Year-End

QuickBooks makes automatic adjustments to your income and expense accounts at year-end, so that you start the fiscal year with zero net income. In your old bookkeeping system, you may have had to make such adjustments yourself.

Suppose, for example, that your net profit for the year was \$12,000. A year-end balance sheet would show a line for net income of \$12,000 in the equity section of the balance sheet.

At the beginning of the new fiscal year, QuickBooks increases your Retained Earnings equity account by the previous year's net income (\$12,000 in this example) and makes your net income zero.

To Make Year-End Accounting Entries

- ❶ Reconcile your checking accounts against your bank statements through the final month of the accounting year (for example, December 2008). Reconciling ensures that you have recorded every check, deposit, and other charge and that your records agree with the bank's.
- ❷ Talk to your accountant about your year-end procedures:
 - Ask what kind of reports your accountant would like to see.
 - Ask for a list of adjusting entries for the year just ended. Your accountant may give you a list of adjusting entries to correct, change, or add transactions that you have entered throughout the year. For example, you may need to record depreciation of fixed assets at year-end.
- ❸ Make the adjusting entries in your company file.
 - For a mistake that needs to be corrected, simply edit the transaction.
 - For depreciation of fixed assets, consult Chapter 19.
 - For distribution of profits in a partnership, consult Chapter 19.

Safeguarding Last Year's Data

- Freeze earlier transactions with a password. (Learn how in Chapter 22.) You'll be able to view the earlier transactions as you normally do, but QuickBooks will ask for the password if you try to change them.
- Make two backups of your company file at year-end, labeled with the year. Keep one on your premises; keep the other away from your premises for added security.

Yearly Tax Forms

Here's how to use QuickBooks to gather information for yearly tax forms:

- For Form 1099-MISC, consult Chapter 22.
- For Forms W-2, W-3, and 940, see the QuickBooks Payroll for Mac web site for information.
- For your personal income taxes or for corporate income taxes, the QuickBooks profit and loss statement will help your accountant get an overview of your business transactions for your fiscal year. This report summarizes your income and expenses by account.
- If your accountant wishes to see details of transactions in specific areas, create a Transactions Detail By Account report or a Transactions Detail By Date report (which you can subtotal by time period or as you wish). These reports are on the Reports | Accountant & Taxes submenu.

Part Eight

Appendixes

What would a book be without appendixes? Shorter, of course. In this final part of the book, you'll find three appendixes of interest to some QuickBooks users:

Appendix A: Accounting Basics

Appendix B: Sharing QuickBooks Data Between Mac and Windows

Appendix C: For Quicken Users

Accounting Basics

In this chapter:

- Balance sheets
- Chart of accounts
- Payment terms
- Customer and vendor aging
- Cash basis vs. accrual basis for taxes
- Glossary of accounting terms

Intuit, makers of QuickBooks Accounting 2009 for Mac and this book, assume that you have some basic knowledge of accounting when you start using QuickBooks. That might not be the case. That's why this book includes this appendix. The information you find here should help fill in the gaps of your basic accounting knowledge and explain some of the bookkeeping terms used in QuickBooks and this book.



NOTE: If you are brand-new to bookkeeping or accounting, you'll find this appendix a good place to start to learn more. You should, however, speak to your accountant or get additional training if there are any bookkeeping concepts presented here that you don't understand. This will prevent errors that may be difficult to correct in the future.

Balance Sheets

A *balance sheet* represents a financial snapshot of your company on one date. It shows the following:

- What you have
- What people owe you
- What your company owes to other people
- The net worth of your company

Figure A-1 shows an example of a balance sheet. (For more information about the QuickBooks balance sheet, see Chapter 19.)

Rock Castle Construction	
Balance Sheet Summary	
As of December 15, 2011	
	Dec 15, '11
ASSETS	
Current Assets	
Checking/Savings	65,379
Accounts Receivable	93,008
Other Current Assets	41,146
Total Current Assets	199,534
Fixed Assets	433,218
Other Assets	1,720
TOTAL ASSETS	634,472
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	26,637
Credit Cards	477
Other Current Liabilities	6,362
Total Current Liabilities	33,476
Long Term Liabilities	386,967
Total Liabilities	420,443
Equity	214,029
TOTAL LIABILITIES & EQUITY	634,472

FIGURE A-1 A Balance Sheet Summary shows account balances as of a specific date.

Assets

Assets include both what you have and what other people owe you.

Suppose Company A has \$5,000 in the bank. Company B has \$5,000 in the bank, too, but it also has done work and invoiced customers for \$15,000. Company B expects to receive the \$15,000 in the next 30 days. Thus, Company B has total assets of \$20,000 (in comparison with only \$5,000 for Company A). You can see this summarized in Table A-1.

Business	In Bank	Outstanding Invoices	Total Assets
Company A	\$5,000	\$0	\$5,000
Company B	\$5,000	\$15,000	\$20,000

TABLE A-1 How Outstanding Invoices Affect Asset Totals

The money that people owe you is called your *accounts receivable*, or A/R for short. Even though the word “accounts” is plural, QuickBooks uses a single account to track all the money that people owe you.

The rest of your company’s assets may include checking accounts; savings accounts; petty cash; equipment, trucks, and other fixed assets; inventory; and even money you’ve already received from your customers but have not yet deposited in the bank.

Liabilities

Liabilities are what your company owes to other people.

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

The money you owe for unpaid bills is your *accounts payable*, or A/P for short. Again, even though the word *accounts* is plural, QuickBooks uses a single account to track all the money you owe people for bills.

Equity

Equity is the net worth of your company. Equity equals the company’s total assets minus the total liabilities:

$$\text{equity} = \text{assets} - \text{liabilities}$$

A company builds equity from three sources:

- Investment of capital in the business by the owners
- Net profit from operating the business during the current accounting period
- *Retained earnings*, or net profits from earlier periods that have not been distributed to the owners

All the equity belongs to the owners. In a sense, it is the money that the company owes the owners, so it is a liability from the company's point of view. A balance sheet like the one in Figure A-1 adds equity and liabilities to show that they equal the total assets:

$$\text{assets} = \text{liabilities} + \text{equity}$$

Chart of Accounts

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

QuickBooks provides a choice of preset charts of accounts for different businesses while you are setting up. You can then customize the chart of accounts for your business by adding, deleting, and rearranging accounts.

There are three basic kinds of accounts on a chart of accounts: balance sheet, income, and expense. The chart of accounts shows balances only for balance sheet accounts. To see totals for income and expenses for a specified time period, create a profit and loss statement for that period.

Balance Sheet Accounts

Balance sheet accounts appear on a balance sheet (refer to Figure A-1). They include the following:

- Asset accounts (for example, bank accounts, accounts receivable, and fixed asset accounts)
- Liability accounts (for example, accounts payable, credit card accounts, and loan accounts)
- Equity accounts (for example, investment of capital and retained earnings)

As you track daily transactions in your books, QuickBooks changes the balances of your balance sheet accounts. For example, if you write an invoice, QuickBooks increases your accounts receivable. If you pay a bill, QuickBooks decreases both your checking account and your accounts payable. In almost all situations, a transaction affects at least one balance sheet account.

Income Accounts

Income accounts are accounts that track the source of your company's income. You can think of income as money that comes into the company.

There is no single "right" way to organize accounts for any given business.

Income accounts appear on a profit and loss statement, also called an *income statement*. This statement, which is illustrated in Figure A-2, shows your income, expenses, and net profit or loss (equal to income minus expenses). When deciding what income accounts to use, think about how much detail you'd like to see on a

Rock Castle Construction Profit and Loss Standard November 2011	
	Nov '11
Ordinary Income/Expense	
Income	
40100 — Construction Income	67,551
40500 — Reimbursement Income	225
Total Income	67,776
Cost of Goods Sold	
50100 — Cost of Goods Sold	2,127
54000 — Job Expenses	36,987
Total COGS	39,115
Gross Profit	28,661
Expense	
60100 — Automobile	330
60600 — Bank Service Charges	13
62100 — Insurance	2,087
62400 — Interest Expense	101
62700 — Payroll Expenses	9,103
64800 — Tools and Machinery	350
65100 — Utilities	213
Total Expense	12,197
Net Ordinary Income	16,464
Other Income/Expense	
Other Income	
70100 — Other Income	44
Total Other Income	44
Net Other Income	44
Net Income	16,508

FIGURE A-2 A profit and loss statement summarizes income and expenses.

profit and loss statement for your business. Also think about what you need to list on the tax returns you file.

As shown in Table A-2, QuickBooks has two types of income accounts.

Account Type	Use For
Income	Income from ordinary business activities (fees, sales)
Other Income	Income not directly related to business activities (such as interest)

TABLE A-2 Types of Income Accounts in QuickBooks

The essential difference between the two types is the order in which QuickBooks arranges them on a profit and loss statement. If you customize your chart of accounts, you can specify which type you want for each income account in the Type field of the New Account or Edit Account window.

QuickBooks places all income type accounts at the top of the profit and loss statement. QuickBooks places all “other income” type accounts at the bottom, after ordinary income and expenses. You can see this in Figure A-2.

Table A-3 provides some examples of income accounts for two different businesses.

Account Type	Consultant	Landscape Maintenance
Income	Consulting	Consulting Installation & planting Maintenance Materials sold
Other income	Interest income	

TABLE A-3 Examples of Income for Two Types of Businesses

Use items to track sales income. If you write invoices in QuickBooks, assign every item for services and products to an income account. Do this when you set up the item. Then when you enter these items as you write invoices, QuickBooks automatically assigns the income to the correct income accounts. You can learn more about items in Chapter 6.

On a QuickBooks chart of accounts, the income accounts follow all the balance sheet accounts. (You may have to scroll down to see them.) QuickBooks doesn't display balances for them. To see the total income for each income account, you can create a profit and loss statement with a few clicks of the mouse. Other income type accounts are near the bottom of the chart of accounts, after the expense accounts.

Expense Accounts

Expense accounts are accounts that track what your company is spending. (You can think of expenses as money that leaves the company.)

You'll probably have many more expense accounts than income accounts. You may have separate accounts for expenses such as advertising, bank charges, dues, interest on loans, rent, and telephone.

If you enter bills into your accounts payable when you receive them, you tell QuickBooks which expense account the bill is for. On the other hand, if you enter the bill directly into your checking account, you indicate on the QuickBooks check form which expense account to use. If you need to, you can divide a bill or check among several accounts.

Similarly, if you charge company expenses to a credit card, you can indicate the expense accounts when you enter the transaction in QuickBooks.

As shown in Table A-4, QuickBooks has three types of expense accounts.

The essential difference among them is the order in which QuickBooks arranges them on a profit and loss statement:

QuickBooks puts cost of goods sold type accounts ahead of expense type accounts. It subtracts cost of goods sold from income to show the company's gross profit (before expenses). For details about tracking cost of goods sold, see Chapter 8.

QuickBooks places other expense type accounts after ordinary income and expenses.

Account Type	Use For
Expense	Expenses for ordinary business activities
Cost of Goods Sold	Cost of goods and materials held in inventory and then sold
Other Expense	Expenses not directly related to business activities (such as corporate income tax)

TABLE A-4 Types of Expense Accounts in QuickBooks

Similarly, on a QuickBooks chart of accounts, the expense accounts follow all the balance sheet accounts, income accounts, and cost of goods sold type accounts. (You may have to scroll down to see them.) QuickBooks doesn't display balances for them. To see the totals for each expense account, create a profit and loss statement. Other expense type accounts are at the very end.

Payment Terms

QuickBooks has a list of commonly used payment terms that you can use on your invoices and bills. For example, one is "1% 10 Net 30." Another is "Net 15."

The word "Net" and the number following it indicate that you expect payment of the full amount within that number of days after the invoice date. Thus, "Net 15" means that you want full payment in 15 days.

A percentage followed by a number indicates that you will give a discount of that percentage if you receive payment within that number of days. Thus, "1% 10" means that the customer can deduct 1% of the total if paying the remainder within 10 days. And "1% 10 Net 30" means there is a 1% discount if paying within 10 days, but the full amount must be paid within 30 days.



TIP: If you're not sure what a term means, choose Lists | Customer & Vendor Profile | Terms. Select an item on the list, and choose Edit from the Actions pop-up menu to display the term's definition.

Customer and Vendor Aging

If you send invoices or billing statements, QuickBooks can help you track whether your customers have paid them. *Aging* refers to the tracking of due dates and amounts of outstanding invoices (and of your own unpaid bills).

When you enter the payment terms (for example, Net 30 days) on an invoice or billing statement, QuickBooks keeps track of when the invoice is due. You can create an A/R aging report to see which customers have overdue balances, for what amounts, and by how many days.

Similarly, when you enter bills in QuickBooks, you indicate the due date. Then you can create an A/P aging report to see whether you have overdue bills: for which vendors, for what amounts, and by how many days.

Cash Basis vs. Accrual Basis for Taxes

Tax forms may ask you to indicate which of two methods of bookkeeping you are using: cash basis or accrual basis.

Cash Basis

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

If you do bookkeeping manually, cash basis is simpler. However, when you use QuickBooks, it is equally easy to use either method, and accrual basis has some added benefits.

Accrual Basis

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

Accountants usually recommend accrual basis because it gives you a better picture of how your business is doing by matching income to expenses.

The Choice Is Yours

QuickBooks makes bookkeeping simple by enabling you to enter transactions the same way no matter which method you use for taxes. You can create reports that follow either method, so you are not restricted to one method.

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

If you prefer to see reports on a cash basis, just change the preference in the Reporting Preferences window. (See "Reporting Preferences".) For cash-basis sales tax reports, use the Sales Tax Preferences window instead. You can also customize the settings for individual reports.

Glossary of Accounting Terms

To see a glossary of common terms, choose Help | QuickBooks Help, and then click Glossary at the top of the window. An alphabetical listing of accounting terms with definitions appears. Each definition also includes links to related terms to help you learn more.

Sharing QuickBooks Data Between Mac and Windows

In this Appendix:

- Round-Tripping Defined
- From Mac to Windows
- From Windows to Mac

QuickBooks supports round-tripping between QuickBooks for Mac and QuickBooks for Windows. This makes it possible for a single QuickBooks company file to be used by users on both computer platforms.

This appendix briefly explains how you can open a QuickBooks for Mac file on a Windows PC and how you can open a QuickBooks for Windows file on a Mac.

Round-Tripping Defined

Round-tripping refers to the process of converting a QuickBooks for Mac file to QuickBooks for Windows format, and then converting it back to QuickBooks for Mac.



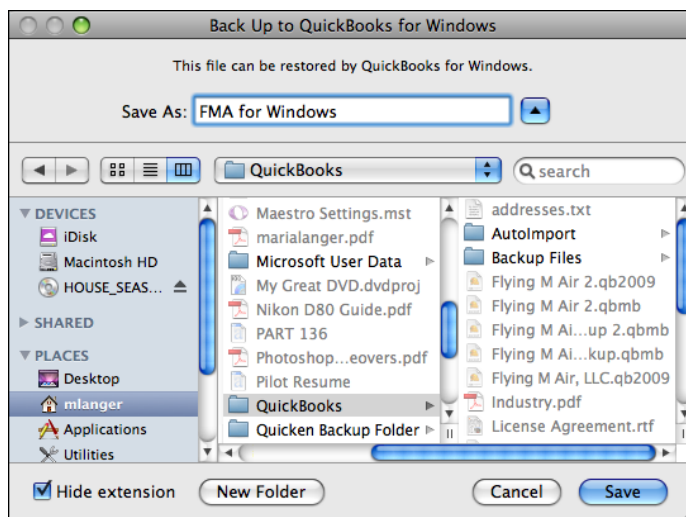
TIP: You might find this useful if you use QuickBooks for Mac and your accountant uses QuickBooks for Windows. You can hand over your QuickBooks file, your accountant can open and modify it on his Windows PC, and you can open the modified file on your Mac.

Unfortunately since QuickBooks for Mac and QuickBooks for Windows do not have the same feature sets, some data may be lost when the QuickBooks for Windows file is converted back to QuickBooks for Mac. For this reason, it's not a good idea for users on both platforms to share the same company file on an ongoing basis.

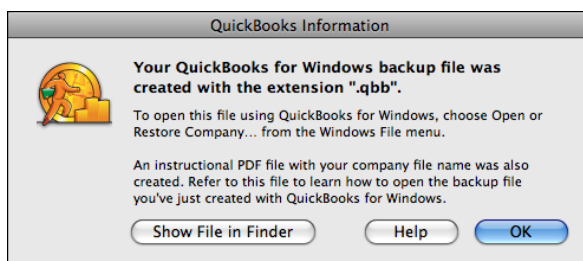
From Mac to Windows

To save a QuickBooks for Mac file for use with QuickBooks for Windows, use the Back Up to QuickBooks for Windows command. Here's how.

- 1 Open your data file in QuickBooks Accounting 2009 for Mac.
- 2 Choose File | Back Up to QuickBooks for Windows.
- 3 In the Back Up to QuickBooks for Windows dialog that appears (shown next), enter a file name and select a location for the file. Then click Save.

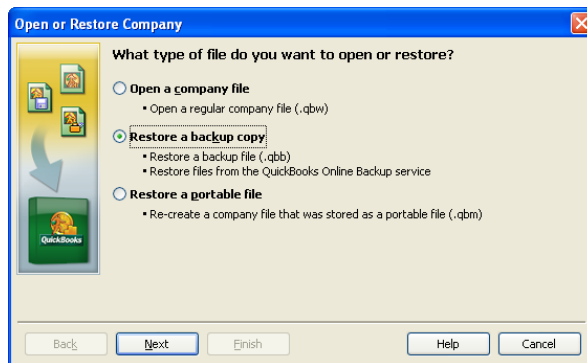


- 4 After the backup file is created, a dialog like the one shown next offers several options. Click Show File in Finder to locate the .QBB file on your computer. You'll see that QuickBooks also creates an Instructional PDF file in the same location with the same name as your company file.

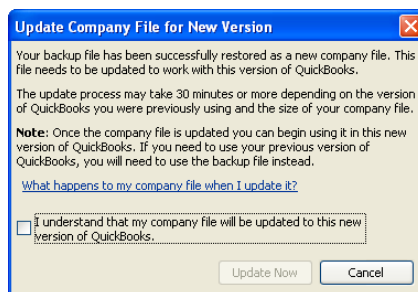


- 5 Send both the .QBB file and the Instructional PDF file to the Windows user via network, CD-ROM, USB drive, or Flash drive.
- 6 In QuickBooks Accounting 2009 for Windows, choose File | Open or Restore Company.

- 7 In the Open or Restore Company dialog (shown next), select the Restore A Backup Copy option and click Next.



- 8 When asked to update the file (shown next), turn on the check box and click Update Now.



- 9 Review the file and make any necessary changes.

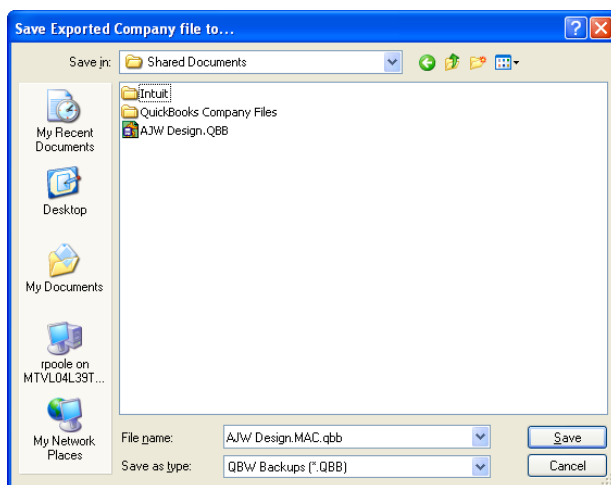


NOTE: Intuit QuickBooks Accounting 2009 for Mac .QBB files can be restored in Intuit QuickBooks Accounting Pro, Premier, and Premier Accountant Edition 2009 for Windows (U.S. versions, round-trip: between Mac and Windows).

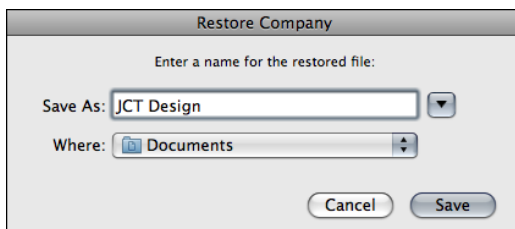
From Windows to Mac

To prepare a QuickBooks for Windows file for use with QuickBooks for Mac, use the Copy Company File for QuickBooks Mac command.

- 1 Open the data file in QuickBooks Accounting 2009 for Windows.
- 2 Choose File | Utilities | Copy Company File for QuickBooks Mac and follow the instructions that appear (shown next) to save the file as a .QBB backup file.



- 3 Send the .QBB file to the Mac user via network CD-ROM, USB drive, or Flash drive.
- 4 In QuickBooks Accounting 2009 for Mac, choose File | Open Company.
- 5 In the Open dialog that appears, locate and select the .QBB file, and click Open.
- 6 In the Restore Company dialog (shown next), enter a name for the restored file, and click Save.



NOTE: Intuit QuickBooks Accounting 2009 for Mac can convert files from Intuit QuickBooks Accounting Simple Start, Pro, Premier and Premier Accountant Edition 2009 for Windows (U.S. versions, one way: Windows to Mac).

For Quicken Users

In this chapter:

- Comparing QuickBooks and Quicken
- Prepare your Quicken for Mac file
- Convert your Quicken file to QuickBooks
- Differences in your new QuickBooks data

Many small business owners turn to Quicken to help them manage the finances of their businesses. Perhaps they’re familiar with Quicken from their personal financial management. Or perhaps they didn’t have a need for some of QuickBooks’ more advanced features. In any case, as the needs of these people grow, they may want to switch to QuickBooks to manage their business finances. What do they do with the data already stored in a Quicken data file?

The good news is, you can convert a Quicken data file to QuickBooks company file format. This makes upgrading from Quicken to QuickBooks relatively painless. All you need is a Quicken for Mac data file created with, or updated by, Quicken for Mac 2007 and QuickBooks 2009 for Mac.

This appendix explains how to convert a Quicken for Mac data file into a QuickBooks for Mac data file.

Comparing QuickBooks and Quicken

Although both QuickBooks and Quicken are Intuit Inc. products, there are some considerable differences in their feature set and functionality. Here are a few things to consider.

Terminology Differences

Quicken uses terms familiar to anyone who has used a checkbook. QuickBooks uses terms that are standard in business bookkeeping. Table C-1 lists the most important differences in terms.

Quicken Term	QuickBooks Term	Definition
File	Company	All records related to one bookkeeping entity—one set of books.
Account	Balance sheet account	A grouping of records related to one kind of asset, liability, or equity. These accounts appear on a balance sheet.
Category	Income or expense account	A grouping of transactions related to one kind of income or expense. These accounts appear on a profit and loss statement (income statement).
Category and Transfer List <i>plus</i> Account List	Chart of Accounts	The QuickBooks Chart of Accounts is equal to the Quicken Account List (balance sheet accounts) plus the Quicken Category List (income and expense accounts). You can add, edit, or delete any kind of account in QuickBooks.

TABLE C-1

Differences in Terminology Between Quicken and QuickBooks

Feature Differences

Table C-2 lists differences in features that exist in both Quicken and QuickBooks.

Feature	Quicken	QuickBooks
Entering transactions	Enters most transactions in registers.	Enters most transactions in forms (check window, invoice window, and so on). In QuickBooks, you can copy and paste a transaction from one register to another.
Write checks	Displays a check that looks like a paper personal check.	Displays a business check with voucher area (so the split is part of the check form).
Classes	Uses a slash (/) to separate a category from a class in transactions.	Enters classes in separate fields. No need for a slash (/) as a separator. In QuickBooks, jobs and projects can be associated with customers as part of the Customer:Job List, so you can use classes for different kinds of classification.
Transfers	Uses brackets [] to indicate a transfer to another balance sheet account.	No need to use brackets. QuickBooks handles transfers like any other transaction.
Passwords	One password for entering and viewing data.	Three levels of password protection (including one for payroll).
Reports	Offers reports for personal finance and investments. Has only a few business reports.	Omits personal finance reports and investment reports. Offers many predesigned reports for businesses.
Subaccounts	Categories can have subcategories, but accounts cannot have subaccounts.	All accounts, even balance sheet accounts, can have subaccounts.
Payroll accounts	A separate liability account for each tax withheld and for every other payroll liability.	You can continue using your old liability accounts. However, with the new system of tracking by using payroll items, you can put all payroll liabilities into a single liability account.

TABLE C-2 Differences in Features Between Quicken and QuickBooks

New and Renamed Balance Sheet Accounts

Balance sheet accounts (assets, liabilities, and equity) are accounts whose balances affect your balance sheet report. QuickBooks and Quicken have similar kinds of balance sheet accounts, but QuickBooks uses different names for some account types. When you convert a Quicken file for use in QuickBooks, QuickBooks creates accounts most like your Quicken accounts.

Continuing to Use Quicken for Some Things

Once you're using QuickBooks for your business, you'll probably want to continue using Quicken for your personal finances.

Here are activities you can perform only with Quicken:

Track Investments Quicken includes investment tracking and reporting. Quicken updates the market values when you enter the latest share prices, and it reports on average annual total return, capital gains, and investment income.

More Online Services With Quicken you can use more online services for banking and bill payment. You can also use online investment tools.

Amortize Mortgage Loans Each time you record a payment made on a loan, Quicken updates the dollar amount of payments made and calculates the amount credited to principal and interest.

Create Reports for Personal Finances Quicken has many preset reports designed for personal use.

Step 1: Prepare Your Quicken for Mac File

You may need to make some changes to your Quicken Account List, your Memorized Transaction List, and Customer List to make the transition from Quicken to QuickBooks as smooth as possible.

If you plan to continue using Quicken with this data (for example, if you had combined business and personal finances in your Quicken file), make a copy of your Quicken file to convert *before* you make any of the following changes.

Convert Only the Accounts You Want to Use in QuickBooks

Before you convert to QuickBooks, delete accounts in Quicken that you know you won't want in QuickBooks. In QuickBooks, you cannot delete accounts that contain transactions, but in Quicken you can. So it's easier to delete accounts you know you won't want before you convert.

You might want to delete some accounts from your Quicken file in the following situations:

- You have personal accounts as well as business accounts in your Quicken file.
- You have an investment account in your Quicken file.
- Your Quicken investment account would be converted to a QuickBooks Other Current Asset account because QuickBooks does not have a special feature to track investments. You can keep the QuickBooks Other Current Asset account, using it simply as a way to include the value of your investments in your

QuickBooks balance sheet. Continue tracking your investments in Quicken and update the QuickBooks Other Current Asset account balance periodically. Or you can delete the investment account from the file you're converting to QuickBooks and continue to track investments only in Quicken.

Review Your Memorized and Scheduled Transactions

QuickBooks converts the following Quicken transactions:

- Memorized QuickFill transactions that are locked in Quicken are converted into memorized transactions with a frequency of Never in QuickBooks. Unlocked memorized QuickFill transactions are not converted.
- Scheduled transactions in Quicken are converted into memorized transactions in QuickBooks.

Make Customer Names Consistent

When you convert to QuickBooks, names in your accounts receivable register become customers, and transactions become invoices and payments. If you used different names for the same customer in Quicken, QuickBooks won't link the customer's invoices and payments correctly. (For example, perhaps you have your customer Daniel Miller listed as Dan Miller, D. Miller, and Daniel G. Miller.) To avoid this problem, edit your customer names in Quicken so that each customer goes by only one name.

Step 2: Convert Your Quicken File to QuickBooks

QuickBooks does not change your original Quicken files in any way. You can continue to use those original files with Quicken. You may want to continue using Quicken for personal finance and for investment accounts. There is no connection between your Quicken data and your new QuickBooks company.

To Convert Your Quicken File into a QuickBooks Company File

- 1 Make sure that Quicken is not running.
- 2 Open QuickBooks 2009.
- 3 Choose File | Import | From Quicken Files.
- 4 In the Convert From Quicken dialog that appears, click Yes to read important conversion information. A QuickBooks Help window appears with more information about converting from Quicken. You can leave this window open or close it.

- 5 A Select dialog appears. Use it to locate and select the Quicken file you want to convert. Then click Open.
- 6 In the Create A New QuickBooks File window, enter a name and select a location where you want to save the converted file. Then click Save.
- 7 Answer the question about whether you've been tracking accounts receivable in Quicken. If you click Yes, select the Quicken account or accounts you use for accounts receivable.



NOTE: Do *not* select a bank account or any account that has employee names in it. You cannot change a customer to an employee or vendor after you have converted. If you select the wrong accounts, you will have to convert again.

- 8 Click OK.
- 9 QuickBooks uses the data from your Quicken accounts receivable account to create a QuickBooks accounts receivable account.

Before You Begin Using QuickBooks

Before you start using QuickBooks with the imported Quicken data, you must set certain QuickBooks options.



TIP: You can learn more about QuickBooks company settings and preferences in Chapter 22.

Fill In Your QuickBooks Company Information

- 1 Choose Company | Company Settings to display the company Settings dialog.
- 2 Choose Company Information from the Show pop-up menu.
- 3 Fill in your company information.

Set Your QuickBooks Preferences

- If you track inventory or write purchase orders, turn on the preference for inventory and purchase orders. Choose Company | Company Settings, and then choose Inventory/Purchase Orders/Estimates from the Show pop-up menu. Turn on the Inventory And Purchase Orders Are Used check box and click Apply.
- If you collect sales tax from customers, turn on the sales tax preference and then set up at least one sales tax item. Choose Company | Company Settings, and then choose Sales Tax from the Show pop-up menu. Turn on the Customers Are Charged Sales Tax check box and click Apply.

Differences in Your New QuickBooks Data

Here's a list of the differences in your new QuickBooks file:

- For each account in the Quicken file, QuickBooks creates a balance sheet account of the type closest to the Quicken account type, as summarized in Table C-3.

Quicken Account Type	Converted to QuickBooks Account Type
Bank	Bank
Credit Card	Credit Card
Cash	Other Current Asset
Asset	Other Current Asset
Liability	Other Current Liability
Investment	Other Current Asset

TABLE C-3 How QuickBooks Converts Quicken Account Types

- In a few cases, you may not want to continue using the account that QuickBooks created automatically. To learn how to change or delete QuickBooks accounts, see Chapter 5. For example, in Quicken, equity type accounts are other liabilities. In QuickBooks, you can make them equity accounts.
- QuickBooks creates an Opening Bal Equity account. When you create new accounts and enter their opening balances, QuickBooks automatically enters the amount in the Opening Bal Equity account, so that your accounts balance. You can leave the Opening Bal Equity amount, or you can distribute the amount to other equity accounts. To learn about distributing the Opening Bal Equity amount, see Chapter 19.
- QuickBooks does not convert memorized reports, because QuickBooks reports are too different from Quicken reports.
- QuickBooks changes your Quicken categories and subcategories into income and expense accounts with subaccounts.

Editing Your Other Names List

QuickBooks places the name (or description) from every Quicken transaction (except in your accounts receivable account) in the Other Names List. This list contains not only names of customers, vendors, and employees but also descriptions such as Deposit, Transfer, and Interest.

If you have slightly different versions of the same name (for example, Mike Rhymes, Michael Rhymes, and Michael P. Rhymes), QuickBooks puts each version of the name on the Other Names List.

To Merge Similar Names

- 1 Choose Lists | Other Names to display the Other Names List window.
- 2 Double-click a name you want to merge into another name.
- 3 In the Edit Name dialog that appears, edit the name so that it is exactly like the name you want to keep.
- 4 Click OK.
- 5 When QuickBooks asks to merge this name with the existing name, click Merge.

To Move Customers, Vendors, and Employees to Their Own List

- 1 Choose Lists | Other Names to display the Other Names List window.
- 2 Double-click the name you want to move.
- 3 In the Edit Name dialog, click Change Type.
- 4 In the Select Name Type dialog, choose Vendor, Customer, or Employee.
- 5 Click OK.
- 6 Click OK in the Edit Name dialog.



NOTE: This change cannot be undone after you record it.



TIP: A name can be on only one list. If you need to have the same person or company on two lists, add a new name that is slightly different from the first name.

Your Converted Quicken Accounts Receivable Transactions

The transactions in your Quicken accounts receivable account are converted as summarized in Table C-4.

QuickBooks marks invoices as paid by assigning each payment it converts to the oldest invoices for that customer first. The conversion saves you the time of typing in all your accounts receivable transactions, but you'll probably want to make some changes to the converted data.

For example, if the category you used in most accounts receivable transactions was "Sales income," you'll want to change the name of the converted invoice item from "Sales income" to the product or service you actually sell, such as "Consulting hours." The converted income account, however, may be just fine as "Sales income."



TIP: To learn about using and viewing QuickBooks accounts receivable, see Chapter 10.

This Item in Your Quicken Accounts Receivable Account...	...Is Converted to This in QuickBooks
Each transaction that increases your accounts receivable balance	An invoice to a customer
Each transaction that decreases your accounts receivable balance and has only one split line	A credit memo
Each transaction that decreases your accounts receivable balance and has more than one split line	A credit memo to a customer
Each payee	A customer on your QuickBooks Customer:Job List
Each category	Both an item on your Item List and an income account on your Chart of Accounts

TABLE C-4 How Quicken Accounts Receivable Accounts Are Converted for QuickBooks

Changing to QuickBooks Accounts Payable

The Quicken manual explains how to use Quicken for cash-basis accounts payable and for accrual-basis accounts payable. For a cash-basis system, the manual recommends using a Bank account and simply postdating checks. For an accrual-basis system, the manual recommends using an Other Liability account. The transition to QuickBooks accounts payable is the same for either system.

- If you used postdated checks to track your bills, treat checks you've already entered in your usual manner.
- If you had a Quicken Other Liability account for accounts payable, it is now a QuickBooks Other Current Liability account. Continue to use it only for bills you already entered that are still outstanding. Track your payments of these bills as you did in Quicken.
- QuickBooks automatically adds a new account named Accounts Payable to your Chart of Accounts when you enter your first bill. No matter which method you were using in Quicken, from now on, use the Enter Bills window to enter new bills into the new QuickBooks Accounts Payable account.

Change Your Payees to QuickBooks Vendors

Quicken payees are now on the Other Names List in QuickBooks. You must move vendor names from the Other Names List to the Vendor List as discussed earlier in this chapter before you can use them in QuickBooks accounts payable.

If the Quicken payee has a balance, continue as you did in Quicken until the balance of your old Quicken accounts payable account equals zero (you've paid off all your bills for that vendor). Enter any new bills into QuickBooks accounts payable.

If QuickBooks converted memorized transactions for Quicken accounts payable, delete them, because they will not work in QuickBooks accounts payable.



TIP: For complete information about using QuickBooks for accounts payable, consult Chapter 13.

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