

QUICKBOOKS ONLINE

10

Staying on Track: The Accounting Cycle, Classes, and Locations

Learning Objectives

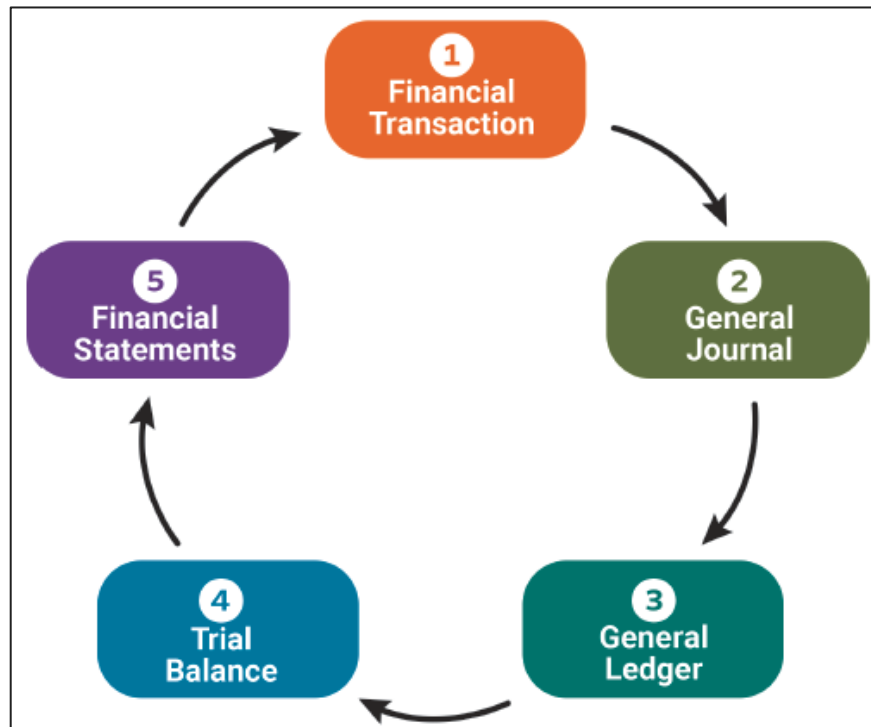
- Identify steps of the accounting cycle
- Enable class and location tracking
- Record transactions using class and location tracking
- Create reports using class and location tracking
- Prepare delayed charges and credits

Generally Accepted Accounting Principles (GAAP)

- Help businesses obtain and provide accurate financial data
- Principles relate to:
 - Revenue recognition
 - Consistency
 - Prudence
 - Objectivity
- Set by the Financial Accounting Standards Board (FASB)
- Publicly owned companies must follow GAAP

Accounting Cycle Steps

Five steps are used to accurately record business transactions for a time period (fiscal year)



Class Tracking

- Provides different ways to track income and expenses
 - By class
 - By location
 - By project
 - Etc.
- Categorize income and expenses
- Assess business strengths and weaknesses
- Use custom classes to create forms and reports
- Do or don't track classes
 - If you do, every line of a transaction must have a class


Location Tracking

- Track income and expenses by location


Account and Settings			
Company	Accounting	First month of fiscal year	January
		First month of income tax year	Same as fiscal year
Sales		Accounting method	Accrual
		Close the books	Off
Expenses	Company type	Tax form	Not sure/Other/None
Advanced	Chart of accounts	Enable account numbers	Off
		Discount account	Discounts given
		Billable expense income account	Billable Expense Income
	Categories	Track classes	On
		Track locations	Off

- Forms and reports show location-specific data

Project Tracking

- Track costs associated with particular projects 
 - Helpful when a customer has more than one project
 - Can add employee hours worked and hourly rates
 - Can see hourly costs
- Determine profitability of individual projects
- Similar to job costing

Tags

- Custom labels on transactions
 - Provide greater flexibility when grouping connected transactions
- Can tag transactions—doesn't affect books 
 - Start by creating tag groups
 - Add tags to transactions
 - Run reports on tags to see how specific areas of business are doing
 - Which tags are making/losing most money?

Delayed Charges and Credits

- Keep track of services performed before you add charges to an invoice and client remits payment
 - Non-posting entry, so serves as placeholder for invoice
- Delayed credits
 - Convert to credit memos when return received