

# Table of Contents

Preface	xiii		
<b>UNIT 1: ESSENTIAL SKILLS</b>			
<b>Chapter 1</b>		<b>Chapter 2</b>	
<b>Introducing QuickBooks Pro</b>	<b>1</b>	<b>Working with Customers</b>	<b>25</b>
Getting to Know QuickBooks Pro	2	The Customer Center	26
<i>Editions of QuickBooks</i>	2	<i>Creating and Editing Customers and Adding Jobs</i>	27
<i>Determining the Edition</i>	2	<i>Merge Duplicate Customers</i>	31
<i>Types of Tasks</i>	3	<i>The Income Tracker</i>	32
Accounting Basics	3	<i>The QuickBooks Lead Center</i>	32
<i>What Is GAAP?</i>	4	Working with the Item List	33
<i>An Accountant's Worst Nightmare (or Greatest Dream?)</i>	5	<i>Creating Items</i>	34
<i>Introducing Behind the Scenes</i>	5	Creating Invoices	37
<i>Accrual vs. Cash Basis Accounting</i>	5	<i>Entering Customers Not Already on the Customers &amp; Jobs List</i>	38
<i>Following a Transaction Path</i>	6	<i>Form Templates</i>	38
Managing Basic QuickBooks Files	6	<i>Understanding Payment Terms</i>	38
<i>Types of QuickBooks Files</i>	6	<i>Invoice Status Tracker</i>	38
<i>Opening and Restoring QuickBooks Files</i>	7	<i>Going Behind the Scenes</i>	40
<i>How to Use This Book and the Student Files</i>	7	Receiving Payments	42
Working with the QuickBooks Window	10	<i>Options for Accepting Payments</i>	42
<i>Viewing the QuickBooks Window</i>	10	<i>The Undeposited Funds Account</i>	42
<i>Flowing Through the Home Page</i>	11	Selecting the Correct Form for Customer Sales	45
<i>The QuickBooks Icon Bar</i>	11	<i>Create a Sales Receipt for a Customer</i>	45
<i>The Insights Tab</i>	12	Adjusting Customer Transactions	47
Backing Up and Updating Your Company File	14	<i>Editing an Existing Transaction</i>	47
<i>Backup Location</i>	14	<i>Voiding vs. Deleting Transactions</i>	47
<i>Protecting Your Data Online</i>	15	<i>Locating Transactions in QuickBooks</i>	47
<i>When to Save a Backup Copy</i>	15	<i>Fixing Errors</i>	49
<i>Updating Your QuickBooks Company File</i>	15	Running Customer-Related Reports	51
Self-Assessment	17	<i>The Report Center</i>	51
Reinforce Your Skills	18	<i>Reports Menu</i>	51
Apply Your Skills	21	<i>QuickReport</i>	51
Extend Your Skills	23	<i>Sales Reports</i>	52
		Tackle the Tasks	53
		Self-Assessment	54
		Reinforce Your Skills	55
		Apply Your Skills	59
		Extend Your Skills	62

**Chapter 3****Working with Vendors 63**

The Vendor Center	64
<i>The Vendor List</i>	64
<i>Merge Duplicate Vendors</i>	66
Entering Bills	68
<i>The Importance of Entering Reference Numbers and Memos</i>	68
<i>Passing on Expenses to Customers</i>	68
Paying Bills	71
<i>Payment Details</i>	72
<i>The Payment Summary Window</i>	73
Writing and Printing Checks	74
Check to Pay Bills	74
<i>Print Checks Setup</i>	76
<i>Printing Checks</i>	76
Editing Vendor Transactions	78
<i>Fixing Errors</i>	79
Producing Vendor and Profit & Loss Reports	81
<i>QuickZoom</i>	81
<i>The Profit &amp; Loss (P&amp;L) Report</i>	81
<i>Working with QuickBooks Graphs</i>	83
Tackle the Tasks	86
Self-Assessment	87
Reinforce Your Skills	88
Apply Your Skills	92
Extend Your Skills	95

**Chapter 4****Performing Banking Tasks 97**

Moving Funds Between Accounts	98
<i>Working with an Account Register</i>	99
The Chart of Accounts	100
<i>Searching in the Chart of Accounts</i>	101
<i>Creating and Editing Accounts</i>	102
Making Deposits	103
Managing Credit and Debit Card Transactions	108
<i>Type of Account and Normal Balance</i>	108
<i>Dealing with Debit Card Transactions</i>	108
<i>Other Types of Transactions Affecting the Checking Account</i>	109
<i>Paying a Bill with a Credit Card</i>	109
Dealing with Bounced Checks	113
Reconciling Accounts	116
<i>When Your Accounts Don't Match</i>	116
<i>Reconciling Credit Cards</i>	119
Fixing Banking Transactions	120
<i>Fixing Errors</i>	120
Working with Banking and Balance Sheet Reports	122
<i>Banking Reports</i>	122
<i>QuickReports from the Register</i>	122
<i>Reconciliation Reports</i>	122
<i>Alternatives to Printing Reports</i>	122
<i>Balance Sheet Reports</i>	124
<i>Company Snapshot</i>	124
Importing Banking Transactions into QuickBooks	126
<i>The Modes of Bank Feeds</i>	127
<i>Bank Feeds and Reconciliation</i>	127
<i>Setting Up Bank Feeds in QuickBooks</i>	127
<i>Matching and Recording Bank Feeds</i>	127
<i>Attaching a File to a Transaction</i>	129
Tackle the Tasks	130
Self-Assessment	132
Reinforce Your Skills	133
Apply Your Skills	138
Extend Your Skills	142

**Chapter 5****Creating a Company File 143**

Planning and Creating a Company	144
<i>Choosing Your Start Date</i>	144
<i>Creating a New QuickBooks File</i>	145
<i>Choosing a Setup Path</i>	146
<i>A Setup Checklist</i>	147
<i>A Quick Payroll Primer</i>	147
<i>Your Starter Chart of Accounts</i>	147
<i>Account Beginning Balances</i>	148
Editing Your QuickBooks Preferences	152
<i>Company vs. Personal Preferences</i>	152
Customizing a Company File	154
<i>Modifying the Lists in a New File</i>	154
<i>The Chart of Accounts</i>	155
<i>Customizing the Chart of Accounts</i>	155
<i>Subaccounts</i>	155
<i>Using Classes in QuickBooks</i>	156
Working with Opening Balances and	
Historical Transactions	158
<i>Entering and Editing Account</i>	
<i>Opening Balances</i>	158
<i>Entering Historical Transactions for</i>	
<i>an Account</i>	158
Finding Help in QuickBooks	160
<i>The "Have a Question?" Window</i>	160
Setting Up Users	163
<i>Administrators and Users</i>	163
<i>Setting Passwords</i>	164
<i>Working with QuickBooks in a</i>	
<i>Multi-User Environment</i>	164
Closing the Books and Running List Reports	166
<i>Keeping the End in Mind</i>	166
<i>The Report Center</i>	166
<i>List Reports in QuickBooks</i>	167
<i>Email Functionality in Reports</i>	168
Tackle the Tasks	169
Self-Assessment	170
Reinforce Your Skills	171
Apply Your Skills	174
Extend Your Skills	177

**UNIT 2: ADVANCED SKILLS****Chapter 6****Managing Physical Inventory 179**

Tracking Inventory in QuickBooks	180
<i>Should I Use QuickBooks to Track</i>	
<i>My Company's Inventory?</i>	180
<i>Tracking Inventory Sales</i>	182
Setting Up the Item List	184
<i>Two-Sided Items</i>	184
<i>Add/Edit Multiple List Entries</i>	185
Dealing with Sales Tax in QuickBooks	187
<i>Sales Tax Items and Groups</i>	188
<i>Default Tax Rate</i>	188
<i>Dealing with Multiple Sales Tax Rates</i>	188
<i>Sales Tax Codes</i>	188
Creating Purchase Orders	191
<i>Non-Posting Accounts</i>	191
Receiving Items	192
<i>Two Methods of Receiving Items</i>	193
<i>Including Expenses on a Bill for Items</i>	193
<i>Discount Payment Terms</i>	193
Selling Inventory Items	196
<i>Selling Inventory for Cash and On Account</i>	196
<i>Send a Batch of Forms</i>	197
Receiving Discounted and Electronic	
Payments	203
<i>Working with Electronic Customer</i>	
<i>Payments/Wire Transfers</i>	204
<i>The Shipping Manager</i>	204
Working with Refunds	206
<i>Creating a Credit Memo</i>	206
<i>Entering a Credit from a Vendor</i>	207
Producing Inventory Reports	209
<i>Tracking Sales</i>	210
Tackle the Tasks	212
Self-Assessment	213
Reinforce Your Skills	214
Apply Your Skills	218
Extend Your Skills	222

**Chapter 7****Working with Balance Sheet  
Accounts and Budgets 223**

Working with Other Current Assets	224
<i>Balance Sheet Accounts</i>	224
Paying Down the Other Current	
Asset Account	228
<i>Memorizing Transactions</i>	228
Tracking Petty Cash	231
<i>End of Month Entry Option</i>	231
<i>Recording Methods</i>	232
Writing Off Uncollectable Receivables	234
<i>Treating Bad Debt as a Discount</i>	234
<i>Using a Credit Memo to Write Off a</i>	
<i>Bad Debt</i>	235
<i>Treating Bad Debt as an Allowance</i>	235
Working with Fixed Assets	239
<i>Setting Up Fixed Assets in QuickBooks</i>	239
<i>Depreciation</i>	240
<i>Accumulated Depreciation</i>	240
<i>Fixed Asset Items</i>	240
<i>Accountant Tool: Fixed Asset Manager</i>	241
Dealing with Current Liabilities	243
<i>Sales Tax Payable</i>	243
Setting Up a Long Term Liability	246
<i>The QuickBooks Loan Manager</i>	246
Working with Equity Accounts	251
<i>Owner's Equity / Capital Stock</i>	251
<i>Retained Earnings</i>	252
<i>Opening Balance Equity</i>	252
Budgeting and Predicting in QuickBooks	253
<i>Budget Reports</i>	253
<i>Predicting the Future Cash Flow</i>	253
Tackle the Tasks	256
Self-Assessment	257
Reinforce Your Skills	258
Apply Your Skills	262
Extend Your Skills	265

**Chapter 8****Using QuickBooks for Payroll 267**

Working with Employees in QuickBooks	268
<i>Managing the Employees List</i>	269
<i>Setting Employee Defaults</i>	269
Working with an Outside Payroll Service	271
<i>Information to Track</i>	271
<i>Enter Information from the Outside</i>	
<i>Service into QuickBooks</i>	272
Setting Up QuickBooks to Run Payroll	278
<i>Payroll Recordkeeping in QuickBooks</i>	278
<i>Evaluating Payroll Options</i>	278
<i>Common Mistakes When Using</i>	
<i>QuickBooks for Payroll</i>	279
<i>Entering Historical Amounts</i>	279
Payroll Deductions	280
<i>The Payroll Setup Interview</i>	280
<i>Payroll Items</i>	281
<i>Workers' Compensation Insurance</i>	282
Creating Paychecks	286
<i>Working with Payroll Schedules</i>	287
<i>Passing On Billable Time to Customers</i>	287
<i>Assigning Sick or Vacation Hours</i>	287
Tracking and Paying Payroll Liabilities	290
<i>The Pay Payroll Liabilities Window</i>	291
Correcting Payroll Errors	293
<i>Fixing a Paycheck</i>	293
<i>Making Corrections to a Payroll</i>	
<i>Liability Payment</i>	294
Working with 1099s and Processing Payroll	
Forms and Reports	296
<i>W-2s and W-3s</i>	296
<i>940 and 941</i>	296
<i>1099-MISC and 1096</i>	296
<i>Other Payroll Reports</i>	297
Tackle the Tasks	299
Self-Assessment	300
Reinforce Your Skills	301
Apply Your Skills	304
Extend Your Skills	308

**Chapter 9****Job Costing, Creating Estimates, and Time Tracking 309**

Job Costing	310
<i>Job Profitability</i>	310
<i>Creating an Estimate for a Job</i>	311
Create a Progress Invoice	314
Unearned Income	316
<i>Customer Deposits</i>	316
Passing on Expenses to Customers	317
Assessing Finance Charges and Producing Statements	322
<i>The Assess Finance Charges Window</i>	323
<i>Remove a Finance Charge</i>	326
<i>Creating Statements for Customers</i>	326
Time Tracking and Mileage Features	328
<i>Methods of Entering Time</i>	328
<i>Batch Timesheets</i>	329
<i>Tracking Mileage</i>	329
Using Time Tracking Hours for Paychecks and Invoices	332
Jobs, Time & Mileage Tracking Reports	335
Time Tracking with TSheets	337
<i>Precision &amp; Reduced Payroll Processing Time</i>	337
<i>QuickBooks Integration</i>	338
<i>Scheduling and GPS</i>	338
Tackle the Tasks	339
Self-Assessment	341
Reinforce Your Skills	343
Apply Your Skills	348
Extend Your Skills	351

**Chapter 10****Customizing and Integrating in QuickBooks 353**

Working with Customer & Vendor Profile Lists	354
<i>Designating Sales Reps in QuickBooks</i>	355
<i>Making the Lists Work for You</i>	355
Creating Custom Fields	356
<i>Adding Custom Fields</i>	357
Setting Price Levels	359
Setting Billing Rate Levels	361
Customizing Reports and Graphs	362
<i>Display Properties</i>	362
<i>Filtering Reports</i>	363
<i>Formatting Fonts and Numbers</i>	363
Additional Report Formatting Options	366
<i>Header and Footer Options</i>	366
<i>Page Layout</i>	366
<i>Memorizing Reports</i>	366
<i>Specialized Reports</i>	367
Creating Custom Forms	371
<i>Templates</i>	371
<i>Creating a Custom Template</i>	371
<i>Using Custom Fields in Forms and Reports</i>	371
<i>The Layout Designer Window</i>	372
Integrating with Microsoft Office	374
<i>Sending Letters with Word</i>	374
<i>Exporting QuickBooks Reports to Excel</i>	374
<i>Using Excel to Import Multiple List Entries into QuickBooks</i>	378
Tackle the Tasks	380
Self-Assessment	381
Reinforce Your Skills	382
Apply Your Skills	386
Extend Your Skills	388

## UNIT 3: ADDITIONAL SKILLS

### Chapter 11

#### Introducing the Accounting Cycle and Using Classes 389

The Accounting Cycle and GAAP	390
<i>Time to Review Generally Accepted Accounting Principles (GAAP)</i>	390
<i>The Accounting Cycle and Fiscal Period</i>	391
<i>Collecting and Verifying Source Documents</i>	392
<i>The QuickBooks Doc Center</i>	392
<i>Cycle Step 1: Analyze Business Transactions</i>	394
Working with Classes	395
<i>A Class Example</i>	396
<i>Planning for Class Tracking</i>	396
<i>Using Classes for Profit Center Reporting</i>	396
<i>Utilizing Subclasses</i>	397
Applying Classes to Transactions	398
<i>Consistent Class Applications</i>	398
<i>Cycle Step 2: Record Journal Entries</i>	398
<i>Cycle Step 3: Post Journal Entries</i>	399
Running Class Reports	401
<i>The Profit &amp; Loss Unclassified Report</i>	401
<i>The Profit &amp; Loss by Class Report</i>	401
<i>The Balance Sheet by Class Report</i>	403
<i>Adding a Class Field to Reports</i>	403
<i>Running the Journal Report</i>	403
Producing a Statement of Cash Flows	405
<i>Method of Reporting</i>	405
<i>Forecasting Cash Flow</i>	407
The Accounting Cycle in Practice	408
Tackle the Tasks	409
Self-Assessment	410
Reinforce Your Skills	411
Apply Your Skills	414
Extend Your Skills	417

### Chapter 12

#### Reporting, Adjusting Entries, and Closing the Books 419

Closing the Books in QuickBooks	421
<i>The Final Steps of the Accounting Cycle</i>	421
<i>QuickBooks' Automatic Year-End Adjustments</i>	422
Preparing for Year-End Reporting	423
<i>QuickBooks Reporting Capabilities</i>	423
<i>Cycle Step 4: Unadjusted Trial Balance</i>	423
<i>Preparing a Worksheet</i>	424
Digging in Behind the Scenes with Adjusting Entries	425
<i>The Accounting Cardinal Rule: Debits and Credits Must Always Be Equal</i>	425
<i>Making Journal Entries</i>	425
<i>Cycle Step 5: Adjusting Entries and Adjusted Trial Balance</i>	426
<i>Adjusting Inventory Quantity/Value on Hand</i>	427
<i>Accounting for Depreciation</i>	427
Preparing Financial Statements	432
<i>Cycle Step 6: Financial Statements</i>	432
<i>The Income Statement</i>	432
<i>The Balance Sheet</i>	433
<i>The Statement of Owner's Equity</i>	433
<i>Creating Reports to Compare Data from Previous Fiscal Periods</i>	434
Wrapping Up the Accounting Cycle and Closing the Books	436
<i>Cycle Step 7: Closing Entries and Post-Closing Trial Balance</i>	436
<i>Setting a Closing Date</i>	437
Working with a Company File After Closing	439
<i>Correcting Transactions from a Closed Period</i>	440
<i>The Audit Trail</i>	440
<i>Condensing the Company File</i>	440
<i>Working with an Accountant's Copy</i>	441
Tackle the Tasks	444
Self-Assessment	445
Reinforce Your Skills	447
Apply Your Skills	450
Extend Your Skills	452

<b>Chapter 13</b>		<b>Appendix A</b>	
<b>Bringing It All Together!</b>	<b>453</b>	<b>Need to Know Accounting</b>	<b>489</b>
Session #1: The Company File and Lists	454	Working with Financial Statements	490
<i>Session #1: Data</i>	455	<i>The Accounting Equation and the</i>	
<i>Session #1: Deliverables</i>	460	<i>Balance Sheet</i>	490
Session #2: Day-to-Day Work	460	<i>The Income Statement</i>	
<i>Session #2: Data</i>	460	<i>(aka Profit &amp; Loss Report)</i>	492
<i>Session #2: Deliverables</i>	466	Debits and Credits:	
Session #3: Wrap It Up	466	The Double-Entry Accounting System	492
<i>Session #3: Data</i>	467	<i>Types of Accounts and Normal Balances</i>	493
<i>Session #3: Deliverables</i>	469	<i>The Trial Balance Report</i>	494
Session #1: The Company File and Lists	470	Self-Assessment Answer Key	495
<i>Session #1: Data</i>	471	Glossary	499
<i>Session #1: Deliverables</i>	474	Index	503
<i>Session #2: Day-to-Day Work</i>	475		
<i>Session #2: Data</i>	475		
<i>Session #2: Deliverables</i>	486		
<i>Session #3: Wrap It Up</i>	486		
<i>Session #3: Data</i>	486		
<i>Session #3: Deliverables</i>	487		