

# Table of Contents

Preface	xi		
<b>Chapter 1</b>		<b>Chapter 2</b>	
<b>Introducing QuickBooks Desktop</b>	<b>1</b>	<b>Creating a Company File</b>	<b>25</b>
Getting to Know QuickBooks	2	Planning and Creating a Company File	26
<i>Editions of QuickBooks</i>	2	<i>Choosing Your Start Date</i>	27
<i>QuickBooks Online</i>	3	<i>Creating a New QuickBooks File</i>	27
<i>Types of Tasks</i>	3	<i>Intuit Accounts</i>	28
Accounting Basics	4	<i>Choosing a Setup Path</i>	28
<i>What Is GAAP?</i>	5	<i>A Setup Checklist</i>	29
<i>An Accountant's Worst Nightmare</i>		<i>A Quick Payroll Primer</i>	29
<i>(or Greatest Dream?)</i>	5	<i>Choosing the Correct Industry</i>	30
<i>Accrual vs. Cash Basis Accounting</i>	6	<i>Adding People, Items, and Bank Accounts</i>	32
<i>The Accounting Equation and</i>		<i>Double-Entry Accounting and the</i>	
<i>Behind the Scenes</i>	7	<i>Opening Balance Equity Account</i>	33
Managing Basic QuickBooks Files	8	<i>Going Behind the Scenes</i>	34
<i>Types of QuickBooks Files</i>	8	QuickBooks Preferences	36
<i>Opening and Restoring QuickBooks Files</i>	8	<i>Company vs. Personal Preferences</i>	37
<i>No Company Open</i>	9	Modifying the Lists in a New File	39
<i>Find a Company File</i>	9	<i>Customizing the Chart of Accounts</i>	39
<i>How to Use This Book and the Student Files</i>	10	<i>Tying Accounts to Tax Forms</i>	41
The QuickBooks Window	12	<i>Subaccounts</i>	41
<i>Flowing Through the Home Page</i>	13	Customer & Vendor Profile Lists	44
<i>The QuickBooks Icon Bar</i>	13	<i>Making the Lists Work for You</i>	45
<i>The Insights Tab</i>	14	<i>Using Classes in QuickBooks</i>	45
Backing Up and Updating Your Company File	16	Opening Balances and Historical Transactions	46
<i>Backup Location</i>	16	<i>Entering and Editing Account</i>	
<i>Backing Up Your Data Online</i>	16	<i>Opening Balances</i>	46
<i>When to Save a Backup Copy</i>	16	<i>Entering Historical Transactions</i>	
<i>Updating Your QuickBooks Company File</i>	17	<i>for an Account</i>	47
Self-Assessment	18	Finding Help in QuickBooks	48
Reinforce Your Skills	19	<i>The "Have a Question?" Window</i>	48
Apply Your Skills	21	Setting Up Users	50
Extend Your Skills	23	<i>Administrators and Users</i>	50
		<i>Passwords</i>	51
		<i>Working with QuickBooks in a</i>	
		<i>Multi-User Environment</i>	51
		The QuickBooks Ecosystem	53
		<i>The Importance of QuickBooks Apps</i>	53
		<i>Identifying the Right App</i>	53
		The Report Center and Running List Reports	54
		<i>The Report Center</i>	54
		<i>Reports Menu</i>	54
		<i>List Reports in QuickBooks</i>	55

Tackle the Tasks	56
Self-Assessment	57
Reinforce Your Skills	58
Apply Your Skills	62
Extend Your Skills	65

### Chapter 3

#### Working with Customers 67

The Customer Center	68
<i>Managing the Customers:Jobs List</i>	69
<i>The QuickBooks Lead Center</i>	73
<i>The To Do List</i>	73
The Item List	75
<i>Creating Items</i>	76
<i>Subitems</i>	77
Creating Invoices	80
<i>Entering Customers Not on the</i>	
<i>Customers &amp; Jobs List</i>	81
<i>Form Templates</i>	81
<i>Payment Terms</i>	81
<i>Invoice Status Tracker</i>	81
Receiving Payments	85
<i>The Undeposited Funds Account</i>	85
<i>The Income Tracker</i>	86
Sales Receipts	89
<i>Selecting the Correct Form</i>	
<i>for Customer Sales</i>	89
<i>Duplicating a Transaction</i>	89
<i>Depositing Payments</i>	90
Adjusting Customer Transactions	93
<i>Editing Existing Transactions</i>	93
<i>Voiding vs. Deleting Transactions</i>	93
<i>Locating Transactions in QuickBooks</i>	93
<i>Fixing Errors</i>	94
Customer-Related Reports	97
<i>Types of Reports</i>	97
<i>QuickReport</i>	97
<i>QuickZoom</i>	98
<i>Sales Reports</i>	100
<i>Basic Report Modifications</i>	100
Tackle the Tasks	102
Self-Assessment	104
Reinforce Your Skills	105
Apply Your Skills	110
Extend Your Skills	113

### Chapter 4

#### Working with Vendors 115

The Vendor Center	116
<i>The Vendor List</i>	116
<i>Vendors vs. Employees</i>	117
<i>Merge Duplicate List Entries</i>	118
<i>Designating Sales Reps in QuickBooks</i>	119
Entering Bills	121
<i>The Importance of Entering Reference</i>	
<i>Numbers and Memos</i>	122
<i>Passing on Expenses to Customers</i>	122
Paying Bills	125
<i>Payment Details</i>	125
<i>The Payment Summary Window</i>	126
Writing and Printing Checks	128
<i>Check to Pay Bills</i>	129
<i>Print Checks Setup</i>	130
<i>Printing Checks</i>	130
Editing Vendor Transactions	133
<i>Fixing Errors</i>	133
Vendor and Profit & Loss Reports	136
<i>A Deep-Dive into the Report Center</i>	136
<i>The Profit &amp; Loss (P&amp;L) Report</i>	137
<i>QuickBooks Graphs</i>	139
Tackle the Tasks	141
Self-Assessment	143
Reinforce Your Skills	144
Apply Your Skills	148
Extend Your Skills	151

### Chapter 5

#### Banking Tasks 153

Moving Funds Between Accounts	154
The Chart of Accounts Revisited	155
<i>Searching in the Chart of Accounts</i>	156
<i>Account Registers</i>	156
<i>Creating and Editing Accounts</i>	158
Deposits	159
Credit and Debit Card Transactions	162
<i>Debit Card Transactions</i>	163
<i>Other Transactions That Affect</i>	
<i>the Checking Account</i>	164
<i>Paying a Bill with a Credit Card</i>	164
Alternative Types of Bank Accounts	168
<i>Managing PayPal Transactions</i>	
<i>in QuickBooks</i>	168
Dealing with Bounced Checks	172

Reconciling Accounts	174	Receiving Items	228
<i>The Bank Statement</i>	174	<i>Including Expenses on a Bill for Items</i>	228
<i>When Your Accounts Don't Match</i>	175	<i>Discount Payment Terms</i>	228
<i>Reconciling Credit Cards</i>	176	Selling Inventory Items	233
<i>Importing Banking Transactions</i>		<i>Batch Invoicing</i>	234
<i>into QuickBooks</i>	179	<i>The Shipping Manager</i>	234
<i>The Modes of Bank Feeds</i>	180	Receiving Discounted and	
<i>Bank Feeds and Reconciliation</i>	180	Electronic Payments	239
<i>Setting Up Bank Feeds in QuickBooks</i>	180	<i>Electronic Customer Payments</i>	240
<i>Matching and Recording Bank Feeds</i>	180	Refunds	243
<i>Attaching a File to a Transaction</i>	181	<i>Credit Memos</i>	243
Fixing Banking Transactions	182	<i>Entering a Credit from a Vendor</i>	244
Banking and Balance Sheet Reports	183	Inventory Reports	246
<i>Banking Reports</i>	183	<i>Physical Inventory Worksheet</i>	247
<i>Alternatives to Printing Reports</i>	184	<i>Tracking Sales</i>	247
<i>Balance Sheet Reports</i>	185	<i>QuickZoom Revisited</i>	248
<i>Company Snapshot</i>	185	Tackle the Tasks	250
Tackle the Tasks	187	Self-Assessment	251
Self-Assessment	189	Reinforce Your Skills	252
Reinforce Your Skills	190	Apply Your Skills	257
Apply Your Skills	195	Extend Your Skills	260
Extend Your Skills	199		

## Chapter 6

### Bringing It All Together: Service Project 201

Session 1: The Company File and Lists	202
<i>Company Data</i>	202
<i>Deliverables</i>	206
Session 2: Transactions	206
<i>Deliverables</i>	208
Session 3: Wrap It Up	208
<i>Deliverables</i>	209

## Chapter 7

### Managing Physical Inventory 211

Tracking Inventory in QuickBooks	212
<i>Should I Use QuickBooks to Track</i>	
<i>My Company's Inventory?</i>	212
<i>Tracking Inventory Sales</i>	213
<i>Using Account Numbers in QuickBooks</i>	213
<i>Tracking Inventory Sales</i>	215
Dealing with Sales Tax in QuickBooks	217
<i>Sales Tax Items and Groups</i>	218
<i>Default Tax Rate</i>	218
<i>Sales Tax Codes</i>	218
Setting Up Inventory Items	221
<i>Two-Sided Items</i>	221
<i>Add/Edit Multiple List Entries</i>	222
Purchase Orders	226
<i>Non-Posting Accounts</i>	226

## Chapter 8

### Working with Balance Sheet Accounts and Budgets 261

Working with Other Current Assets	262
<i>Balance Sheet Accounts</i>	262
<i>Tracking Supplies as an Other</i>	
<i>Current Asset</i>	263
<i>Notes Receivable</i>	263
Paying Down Other Current Assets	267
<i>Memorizing Transactions</i>	267
Tracking Petty Cash	270
<i>End-of-Month Entry Option</i>	270
<i>Recording Methods</i>	271
Writing Off Uncollectable Receivables	273
<i>Treating Bad Debt as a Discount</i>	273
<i>Using a Credit Memo to Write</i>	
<i>Off a Bad Debt</i>	274
<i>Treating Bad Debt as an Allowance</i>	274
Current Liabilities	277
<i>Notes Payable</i>	278
<i>Sales Tax Payable</i>	278
Fixed Assets	282
<i>Setting Up Fixed Assets in QuickBooks</i>	282
<i>Depreciation</i>	283
<i>Accumulated Depreciation</i>	283
<i>Fixed Asset Items</i>	283
<i>Accountant Tool: Fixed Asset Manager</i>	284
Setting Up a Long Term Liability	288
<i>The QuickBooks Loan Manager</i>	288

Equity Accounts	292
<i>Owner's Equity / Capital Stock</i>	292
<i>Retained Earnings</i>	292
<i>Opening Balance Equity</i>	293
Budgeting and Predicting in QuickBooks	294
<i>Predicting the Future Cash Flow</i>	295
<i>The Balance Sheet in Review</i>	295
Tackle the Tasks	299
Self-Assessment	300
Reinforce Your Skills	301
Apply Your Skills	306
Extend Your Skills	309

## Chapter 9

### Using QuickBooks for Payroll 311

Setting Up QuickBooks to Run Payroll	312
<i>Payroll Recordkeeping in QuickBooks</i>	313
<i>Payroll Options</i>	313
<i>Common Mistakes When Using QuickBooks for Payroll</i>	313
<i>Historical Amounts</i>	313
Payroll Items	314
<i>The Payroll Setup Interview</i>	315
<i>Payroll Item List</i>	315
<i>Sick and Vacation Time</i>	316
<i>Workers' Compensation Insurance</i>	317
Working with Employees in QuickBooks	320
<i>The Employees List</i>	320
<i>Employee Defaults</i>	321
Creating Paychecks	324
<i>Payroll Schedules</i>	325
<i>Passing On Billable Time to Customers</i>	326
Tracking and Paying Payroll Liabilities	330
<i>The Pay Payroll Liabilities Window</i>	330
Correcting Payroll Errors	333
<i>Fixing a Paycheck</i>	333
<i>Correcting a Payroll Liability Payment</i>	334
Payroll Forms and Reports	336
<i>W-2s and W-3s</i>	336
<i>940 and 941</i>	336
<i>1099-MISC and 1096</i>	336
<i>Other Payroll Reports</i>	336
Outside Payroll Services	338
<i>Information to Track</i>	338
<i>Entering Information from the Outside</i>	
<i>Service into QuickBooks</i>	338
<i>Reporting on an Outside Payroll Service</i>	339
Tackle the Tasks	345
Self-Assessment	346
Reinforce Your Skills	347
Apply Your Skills	350
Extend Your Skills	353

## Chapter 10

### Job Costing, Creating Estimates, and Time Tracking 355

Job Costing	356
<i>Job Profitability</i>	356
<i>Creating an Estimate for a Job</i>	357
<i>Change Orders</i>	357
Progress Invoicing	360
Unearned Income	363
<i>Customer Deposits</i>	364
Passing on Expenses to Customers	367
<i>Markups</i>	368
Assessing Finance Charges and	
<i>Producing Statements</i>	372
<i>The Assess Finance Charges Window</i>	372
<i>Remove a Finance Charge</i>	373
<i>Creating Statements for Customers</i>	373
<i>Emailing Forms and Reports</i>	374
<i>Combining Forms to Send</i>	375
<i>Customer Payment Reminders</i>	376
Tracking Time and Mileage	380
<i>Methods of Entering Time</i>	381
<i>Batch Timesheets</i>	381
<i>Tracking Mileage</i>	382
Using Time Tracking Hours for Paychecks and Invoices	385
<i>Invoice Using Billable Time</i>	386
Tracking Reports (Jobs, Time & Mileage)	388
<i>The Jobs Reports Column Collapsing Feature</i>	389
Time Tracking with TSheets	391
<i>Precision and Reduced Payroll</i>	
<i>Processing Time</i>	391
<i>QuickBooks Integration</i>	392
<i>Scheduling and GPS</i>	392
Tackle the Tasks	393
Self-Assessment	394
Reinforce Your Skills	395
Apply Your Skills	400
Extend Your Skills	403

**Chapter 11****Customizing and Integrating  
in QuickBooks****405**

Custom Fields	406
<i>Adding Custom Fields</i>	406
Price Levels	408
<i>Fixed Percentage Price Levels</i>	409
<i>Per Item Price Levels</i>	409
Billing Rate Levels	411
Customizing Reports and Graphs	413
<i>The Display Tab</i>	413
<i>Header and Footer Options</i>	415
<i>Font and Number Formatting</i>	415
Filtering and Sorting Reports	419
<i>Filtering</i>	419
<i>Sorting</i>	420
<i>Memorizing Reports</i>	420
<i>Specialized Reports</i>	421
Custom Forms	424
<i>Templates</i>	424
<i>Creating a Custom Template</i>	424
<i>Using Custom Fields in Forms and Reports</i>	425
<i>The Layout Designer Window</i>	425
Integrating with Microsoft Office	427
<i>Sending Letters with Word</i>	427
<i>Exporting QuickBooks Reports to Excel</i>	427
<i>Using Excel to Import Multiple List</i>	
<i>Entries into QuickBooks</i>	429
Tackle the Tasks	432
Self-Assessment	433
Reinforce Your Skills	434
Apply Your Skills	437
Extend Your Skills	440

**Chapter 12****Bringing It All Together:  
Merchandising Project****441**

Session 1: Lists	442
<i>Deliverables</i>	444
Session 2: Transactions	444
<i>Deliverables</i>	446
Session 3: Wrap It Up	447
<i>Deliverables</i>	447

**Chapter 13****The Accounting Cycle  
and Using Classes****449**

The Accounting Cycle and GAAP	450
<i>Time to Review Generally Accepted</i>	
<i>Accounting Principles (GAAP)</i>	450
<i>The Accounting Cycle and Fiscal Period</i>	451
<i>Collecting and Verifying Source Documents</i>	451
<i>The QuickBooks Doc Center</i>	452
<i>Cycle Step 1: Analyze Business Transactions</i>	454
Classes	455
<i>A Class Example</i>	455
<i>Planning for Class Tracking</i>	455
<i>Using Classes for Profit Center Reporting</i>	455
<i>Subclasses</i>	456
Applying Classes to Transactions	456
<i>Consistent Class Applications</i>	457
<i>Cycle Step 2: Record Journal Entries</i>	457
<i>Cycle Step 3: Post Journal Entries</i>	458
Running Class Reports	461
<i>Profit &amp; Loss Unclassified</i>	461
<i>Profit &amp; Loss by Class</i>	461
<i>The Balance Sheet by Class Report</i>	462
<i>Including Classes on Reports</i>	463
Producing a Statement of Cash Flows	465
<i>Method of Reporting</i>	465
<i>Sections of the Statement of Cash</i>	
<i>Flows Report</i>	465
<i>Forecasting Cash Flow</i>	467
The Accounting Cycle in Practice	468
Tackle the Tasks	469
Self-Assessment	470
Reinforce Your Skills	471
Apply Your Skills	473
Extend Your Skills	475

**Chapter 14****Reporting, Adjusting Entries,  
and Closing the Books 477**

Closing the Books in QuickBooks	478
<i>The Final Steps of the Accounting Cycle</i>	478
<i>QuickBooks' Automatic Year-End Adjustments</i>	479
Year-End Reporting	480
<i>QuickBooks Reporting Capabilities</i>	480
<i>Cycle Step 4: Unadjusted Trial Balance</i>	480
<i>Preparing a Worksheet</i>	482
Digging In Behind the Scenes with Adjusting Entries	482
<i>The Accounting Cardinal Rule: Debits         and Credits Must Always Be Equal</i>	482
<i>Journal Entries</i>	483
<i>Cycle Step 5: Adjusting Entries and Adjusted         Trial Balance</i>	483
<i>Adjusting Inventory Quantity/Value on Hand</i>	484
<i>Accounting for Depreciation</i>	487
Preparing Financial Statements	491
<i>Cycle Step 6: Financial Statements</i>	491
<i>The Income Statement</i>	491
<i>The Balance Sheet</i>	492
<i>The Statement of Owner's Equity</i>	492
<i>Reports That Compare Data from Previous         Fiscal Periods</i>	492
<i>Financial Statement Headers</i>	492
Wrapping Up the Accounting Cycle and Closing the Books	495
<i>Cycle Step 7: Closing Entries and the         Post-Closing Trial Balance</i>	495
<i>Setting a Closing Date</i>	496
Working with a Company File After Closing	497
<i>Correcting Transactions from a Closed Period</i>	497
<i>The Audit Trail</i>	497
<i>Condensing the Company File</i>	497
<i>Working with an Accountant's Copy</i>	498
Tackle the Tasks	501
Self-Assessment	502
Reinforce Your Skills	503
Apply Your Skills	506
Extend Your Skills	508

**Appendix A****Need-To-Know Accounting 509**

Financial Statements	510
<i>The Accounting Equation and the         Balance Sheet</i>	510
<i>The Income Statement (aka Profit &amp;         Loss Report)</i>	511
Debits and Credits: The Double-Entry Accounting System	511
<i>Types of Accounts and Normal Balances</i>	512
<i>The Trial Balance Report</i>	513

**Appendix B****The QBCU Exam Objectives  
and This Text 515**

QBCU Exam Objectives	516
Glossary	519
Index	523