Chapter 1 Introducing QuickBooks

Topics

In this chapter, you will learn about the following topics:

- The QuickBooks Product Line (page 1)
- Accounting 101 (page 2)
- QuickBooks Files (page 5)
- Opening Portable Company Files (page 9)
- Restoring Backup Files (page 13)
- QuickBooks User Interface Features (page 17)
- Entering Transactions in QuickBooks (page 21)
- QuickBooks Help (page 26)

QuickBooks is one of the most powerful tools you will use in managing your business. QuickBooks isn't just a robust bookkeeping program, QuickBooks is a *management tool*. When set up and used properly, QuickBooks allows you to track and manage income, expenses, bank accounts, receivables, inventory, job costs, fixed assets, payables, loans, payroll, billable time, and equity in your company. It also provides you with detailed reports that are essential to making good business decisions.

QuickBooks helps small business owners run their businesses efficiently without worrying about the debits and credits of accounting entries. However, to use QuickBooks effectively, you still need to understand how QuickBooks is structured, how its files work, how to navigate in the system to do tasks, and how to retrieve information about your business. In this chapter you'll learn some of the basics of the QuickBooks program and then you will explore the world of accounting.

The QuickBooks Product Line

The QuickBooks family of products is designed to be easy to use, while providing a comprehensive set of accounting tools including: general ledger, inventory, accounts receivable, accounts payable, sales tax, and financial reporting. In addition, a variety of optional, fee-based payroll services, merchant account services, and other add-on products integrate with the QuickBooks software.

QuickBooks Desktop vs. QuickBooks Online

Intuit offers two distinctly different ways to use QuickBooks. One version is installed on your local computer and is referred to as *QuickBooks Desktop*. The other is a cloud-based application that isn't installed on your individual computer but is available online through a web browser or app on a smartphone or tablet. This version is called *QuickBooks Online*. The online edition has different, yet similar, features to *QuickBooks Desktop*. This textbook covers *QuickBooks Desktop*.

QuickBooks Editions

The QuickBooks Desktop product line includes several separate product editions: QuickBooks Pro, QuickBooks Premier, QuickBooks Accountant and QuickBooks Enterprise. The Premier and Enterprise editions are further broken down into six industry-specific editions for General Business, General Contractor, Manufacturing & Wholesale, Nonprofit, Professional Services, and Retail. All editions of QuickBooks support multiple users, however, each user must have the same version of QuickBooks to access the file.

This book covers the features and usage of *QuickBooks Pro, Premier (non-industry specific)*, and *Accountant*, since most small businesses will use one of these editions. Also, once you learn how to use one of these editions, you'll be prepared to use *any* of the other editions. For a comparison of all editions and options, see www.quickbooks.com.

QuickBooks Releases

Occasionally, errors are found in the QuickBooks software after the product is released for sale. As errors are discovered, Intuit fixes the problem and provides program "patches" via the Internet. Each patch increases the **Release Level** of the QuickBooks application. To see what release level of the software you have, press **Ctrl+1** (or **F2**) while QuickBooks is running. At the top of the window, you will see the QuickBooks product information including the release level.

	Product Information	×
Product	QuickBooks Accountant Desktop 2018 Release R4P	

Figure 1-1 Product information window showing version and release

This book is based on QuickBooks Accountant 2018 release R4P. If you have a different release, you may see some slight differences compared to the screens in this book, but most likely you won't see any differences.

To patch your software with the latest maintenance release, download this release by selecting the *Help* menu and then selecting **Update QuickBooks**. Follow the instructions on these screens to download and install maintenance releases in QuickBooks via the Internet.

Accounting 101

Having a basic background in the accounting process will help you learn QuickBooks and run your business. In this section, we look at some basic accounting concepts and how they relate to QuickBooks.

Accounting's Focus

Accounting's primary concern is the accurate recording and categorizing of transactions so that you can produce reports that accurately portray the financial health of your organization. Put another way, accounting's focus is on whether your organization is succeeding and how well it is succeeding.

The purpose of accounting is to serve management, investors, creditors, and government agencies. Accounting reports allow any of these groups to assess the financial position of the organization relative to its debts (liabilities), its capabilities to satisfy those debts and continue operations (assets), and the difference between them (net worth or equity).

The fundamental equation (called the Accounting Equation) that governs all accounting is:

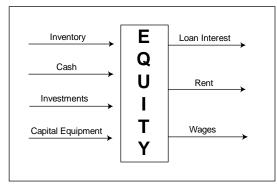
Assets = Liabilities + Equity, or Equity = Assets - Liabilities.

Accounts, Accounts, Everywhere Accounts

Many factors go into making an organization work. Money and value are attached to everything that is associated with operating a company — cash, equipment, rent, utilities, wages, raw materials, merchandise, and so on. For an organization to understand its financial position, business transactions need to be recorded, summarized, balanced, and presented in reports according to the rules of accounting.

Business transactions (e.g., sales, purchases, operating expense payments) are recorded in several types of *ledgers*, called accounts. The summary of all transactions in all ledgers for a company is called the *General Ledger*. A listing of every account in the General Ledger is called the *Chart of Accounts*.

Each account summarizes transactions that increase or decrease the equity in your organization. The figure below shows a general picture of the effect your accounts have on the equity of your organization. Some accounts (those on the left) increase equity when they are increased, while others (those on the right) decrease equity when they are increased.



So, let's return to the Accounting Equation. To understand the accounting equation, consider the following statement. Everything a company owns was purchased by funds from creditors or by the owner's stake in the company.

Account Types and Financial Reports

Each account in the general ledger has a type, which describes what kind of business transaction is stored in that account. There are primarily five types of accounts: asset, liability, equity, income, and expense. Assets, liabilities, and equity accounts are associated with the **Balance Sheet** report which is used to analyze the net worth of a business. The income and expense accounts are associated with the **Profit and Loss** report (also called Income Statement) which is used to analyze the operating profit or loss for a business over a specific time range (month, quarter, year, etc.).

The Balance Sheet report preserves the fundamental accounting equation - **Total assets always equal the total liabilities plus equity**, between the accounts. This means that the total of the assets (which represent what the company "owns") is always equal to the sum of the liabilities (representing what the company owes) plus the equity (representing the owner's interest in the company). Although income and expense accounts are not directly shown in the accounting equation, they do affect this equation via the equity account as shown below.

The income and expenses are tracked throughout the year, as business transactions occur, and are totaled at the end of the year to calculate Net Income (or Loss). Net income (total revenues minus total expenses) increases the owner's equity in the business, and net loss (when expenses exceed revenues) decreases the owner's equity in the business. Thus, the Income and Expense accounts indirectly affect the Equity component of the Accounting Equation of Assets = Liabilities + Equity, where Equity increases or decreases each year depending on whether the year's income exceeds expenses or not.

At the end of the year, the balance of each income and expense account is reset to zero so these accounts can track the next year's transactions.

Double-Entry Accounting

Double-entry accounting is the technique that makes the Accounting Equation work. It divides each account into two sides. One side is a record of transactions that increase the account and the other side is a record of all transactions that decrease the account. One side (the left side) is for debits, and the other (the right side) is for credits. Depending on the type of account, a debit might increase the account or decrease it. The same is true of credits. Therefore, debits are not always bad and credits are not always good. They are just part of the system of accounting. However, the rule of double-entry

accounting is that **total debits must always equal total credits.** Every transaction creates a debit in one or more accounts and a credit in one or more accounts. If the debits and credits for any transaction are not equal, the transaction has an error or is incomplete.

Accounting Behind the Scenes

Recording and categorizing all of your business transactions into the proper accounts, summarizing and adjusting them, and then preparing financial statements *can be an enormous, labor-intensive task* without the help of a computer and software. This is where QuickBooks comes in. **QuickBooks focuses on ease of use and hiding accounting details.** To make all this possible, QuickBooks uses components like accounts, items, forms, registers, and lists, which are discussed later in the chapter. Familiar-looking forms such as invoices, checks, and bills are used for data entry. As you enter data in forms, QuickBooks handles the accounting entries for you. Thus, business owners can use QuickBooks to efficiently run a business without getting bogged down with the debits and credits of accounting entries.

QuickBooks also handles double-entry for you. Every transaction you enter in the program automatically becomes a debit to one or more accounts and a credit to one or more other accounts, and QuickBooks won't let you record the transaction until the total of the debits equals the total of the credits. This means you can create reports that show the transactions in the full double-entry accounting format whenever you need them, allowing you to focus on the business transaction rather than the debits and credits in the General Ledger.

Cash or accrual method, as discussed in the next section, is handled in QuickBooks as a simple reporting option. You can create reports for either cash or accrual basis regardless of the method you use for taxes.

As the book introduces new transaction types (e.g., Invoices, Bills, or Checks), the text will include a section called "The accounting behind the scenes." For example, when you first learn about invoices you will see the following message:

The accounting behind the scenes:

When you create an **Invoice**, QuickBooks increases (with a debit) **Accounts Receivable** and increases (with a credit) the appropriate **income** account. If applicable, **Invoices** and **Sales Receipts** also increase (with a credit) the sales tax liability account.

Letting QuickBooks handle the accounting behind the scenes means you can focus on your organization and identify the important factors that will help you succeed. Once you identify these factors, you can use QuickBooks to monitor them and provide information that will guide you in managing your operations.

Accounting for the Future: Cash or Accrual?

Another critical aspect of accounting is managing for the future. Many times, your organization will have assets and liabilities that represent money owed to the company, or owed to others by the company, but are not yet due. For example, you may have sold something to a customer and sent an invoice, but the payment has not been received. In this case, you have an outstanding *receivable*. Similarly, you may have a bill for insurance that is not yet due. In this case, you have an outstanding *payable*.

An accounting system that uses the *accrual basis* method of accounting tracks these receivables and payables and uses them to evaluate a company's financial position. The *accrual basis* method specifies that revenues and expenses are *recognized* in the period in which the transactions occur, rather than in the period in which cash changes hands. This helps you more accurately understand the true profitability of the business in each period. Assets, liabilities, income, and expenses are entered when you know about them, and they are used to identify what you need on hand to meet both current, and known, future obligations.

In the *cash basis* method, revenues and expenses are not *recognized* until cash changes hands. So, revenue is recognized when the customer pays, and an expense is recognized when you pay the bill for the expense. In most cash basis systems, you must use an outside system to track open invoices and unpaid bills, which means you cannot view both cash and accrual reports without going to several places to find information. However, in QuickBooks, you can record transactions such as invoices and bills to facilitate *accrual basis* reporting, and you can create *cash basis* reports that remove the receivables and payables with the same system.

Although certain types of organizations can use the cash basis method of accounting (many are not allowed to do so under IRS regulations), the accrual method provides the most accurate picture for managing your organization. You should check with your tax accountant to determine which accounting method – cash or accrual – is best for you.

Academy Photography

Throughout this book, you will see references to a fictitious company called Academy Photography. Academy Photography is a photography studio that also sells camera equipment. This company uses QuickBooks for its accounting and business management. Academy Photography may not be exactly like your business; however, the examples in this text that focus on Academy Photography are generic enough to guide you on your own use of QuickBooks.

Academy Photography has two locations, one in San Jose and another in Walnut Creek. In order for management to separately track revenue and expenses for each store, Academy Photography uses **Classes** in QuickBooks. As you proceed through the book, you'll see how each transaction (bill, check, invoice, etc.) is tagged with what *Class* it belongs to, so that later you can create reports like Profit & Loss by Class. Classes can be used to separately track departments, profit centers, store locations, or funds in any business.

Academy Photography also needs to separately track revenue and expenses for each job it performs. When a customer orders a photo shoot, Academy Photography needs to track all of the revenue and expenses specifically related to that job so it can look back and see how profitable the job was. This concept is called *job costing*, and many different businesses need to track jobs in similar ways.

As you think through the examples with Academy Photography, ask yourself what parallels you see to your own organization. Certainly, areas such as salaries, supplies, equipment, and others will be appropriate for your setup, but the names and specifics of the accounts, items, lists, and forms will probably be different.

QuickBooks Files

Before using QuickBooks, it is important for you to understand how QuickBooks files are structured and used. QuickBooks has three primary types of files described below. All file types can be opened using the *Open or Restore Company* option from the *File* menu.

- 1. Working Data Files These files are used to enter transactions and create reports. These can also be called the Company Files. (*File Extension .QBW*)
- 2. Portable Company Files –These files are a compact version of the company data files and are used to transport the file between computers. These files should never be used to back up your QuickBooks data. These files must be "Restored" to a working data file to be used. (*File Extension .QBM*)
- 3. Backup Files –These files are a compressed version of the company data files and are used as backup to safeguard the information. These files cannot be used directly within QuickBooks and must be "Restored" to working data file format. (*File Extension .QBB*)

This means, if you name your company file ABC, QuickBooks will store the working data file as "ABC.QBW." When you back up your company file using the QuickBooks Backup function, QuickBooks will store your backup file with the name "ABC.QBB." If you create a portable data file using the QuickBooks Portable file creation function, the portable file "ABC.QBM" will be created.

In addition to the Backup and Restore process, which moves the complete QuickBooks file between computers, QuickBooks also has a feature called the Accountant's Copy. This feature enables an accounting professional to review and make corrections to a special copy of the client's company file while the client continues to work. Then the client can *merge* the accountant's changes back into the original file. See the QuickBooks Help Index for information on this feature.

Important:

Each file type has a specific purpose and should be used accordingly. Working data files are used to enter data and run reports, backup files are used to safeguard the data, and portable files are compressed files used to transport data via the Internet where smaller files transfer faster.

Creating a New File

There are four ways to create a new QuickBooks file, *Express Start, Detailed Start, Company Based on an Existing Company,* and *Conversion from Other Accounting Software*. Although it is possible to create a QuickBooks file relatively quickly using *Express Start,* we recommend utilizing a 12-Step process for creating a file to properly set up accounts and account balances. We have placed the chapter that explains file setup later in the book so you will be able to utilize knowledge gained in earlier chapters. You can learn more about file setup in our File Setup chapter starting on page 437.

Opening a QuickBooks Sample File

For learning purposes, QuickBooks provides sample data files that allow you to explore the program. To open a sample data file, follow these steps:

COMPUTER PRACTICE

- Step 1. Launch the QuickBooks program by double clicking the icon on your desktop or selecting it from the Windows Start menu.
- Step 2. When QuickBooks opens, you will either see the **No Company Open** window (Figure 1-2) or you will be prompted to enter the password for the last working data file used.

No Company Open window is displayed if you are opening QuickBooks for the first time or if you closed the working data file *before* exiting in your last session. By default, the last working data file used will open, if you closed the QuickBooks *program* before closing the *file*.

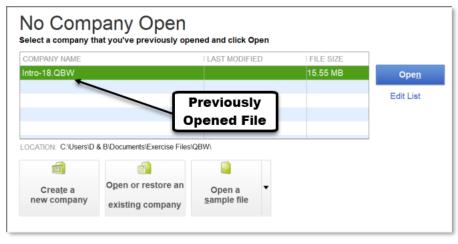


Figure 1-2 No Company Open window

Step 3. If you don't see the **No Company Open** window (Figure 1-2), but instead see a prompt to enter a password to the last working data file used (Figure 1-3). Click **Cancel**.

Quicł	Books Desktop Lo	gin	×
You need to log in as QuickBo enter the admin (owner) pass			
Academy	Photography - Intr	o Chapter	
Password:		I forgot my password	
Pass	words are case sen	sitive.	
ок	Cancel	Help	

Figure 1-3 QuickBooks Desktop Login window

Step 4. Click **Open a Sample file** button and select Sample product-based business from the list. The selected sample file will open with the *QuickBooks Information* screen (see Figure 1-4).

Step 5. Click **OK** to continue.

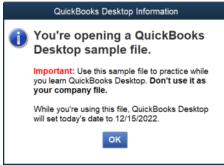


Figure 1-4 Sample File Information Screen

Step 6. The sample file you selected will open. If you see the Accountant Center or the External Accountant message, close the window by clicking the X in the top right corner. You can uncheck the box that says **Show window when opening a company file** and close the window of the Accountant Center, or check **Don't show this again** in the External Accountant window.

Opening Other QuickBooks Data Files

If you want to open a QuickBooks company file, other than the sample data files, follow the steps below. We will not complete these steps now, but will use a restored portable file in the next section.

DO NOT PERFORM THESE STEPS. THEY ARE FOR REFERENCE ONLY.

- 1. Launch the QuickBooks program by double clicking the icon on your desktop or selecting it from the Windows Start menu. When QuickBooks opens, it launches the data file you previously had open when you last exited the program, unless you specifically closed the data file before exiting.
- 2. To open a different file, select the **File** menu and then select **Open or Restore Company** (see Figure 1-5).

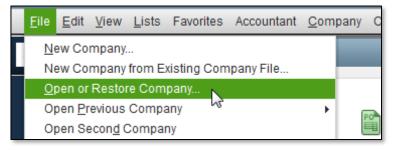


Figure 1-5 File menu

3. In the Open or Restore Company window, select Open a company file and click Next.

	Open or Restore Company	×
	What type of file do you want to open or restore?	
	 Open a company file Open a regular company file (.qbw) Open an Accountant's Copy working file (.qba) Restore a backup copy Restore a backup file (.qbb) Restore files from an online backup Restore a portable file Re-create a company file that was stored as a portable file (.qbm) Convert an Accountant's Copy Transfer File Select an Accountant's Copy Transfer File (.QBX) Convert it to an Accountant's Copy working file(.QBA) and save it 	
Bac <u>k</u>	NextFinishHelpCancel	

Figure 1-6 Open or Restore Company

4. Set the *Look in* field to the folder on your hard disk where you store your QuickBooks file (see Figure 1-7).

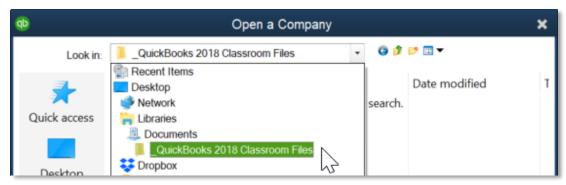


Figure 1-7 Selecting the folder where the QuickBooks files are stored

5. Select the file from the list of QuickBooks files. Then click **Open**.

Note: When you open a data file, depending on today's date, you may see one or more "Alerts" for learning to process credit cards, pay taxes, or similar activities. Click Mark as Done when you see these alerts.

Your company file will open, and you'll be ready to work with QuickBooks.

Closing QuickBooks Files

Step 1. Close the company data file by selecting **Close Company** from the *File* menu (see Figure 1-8). If you skip this step, this data file will open automatically the next time you start the QuickBooks program.

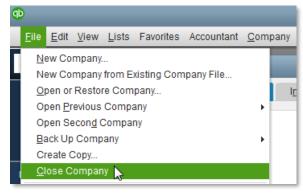


Figure 1-8 Close Company File option

Opening Multiple Files

It is possible to open two company files at the same time if you are using QuickBooks Accountant or Enterprise, however, the activities that can be performed in the second file are very limited. We recommend that you use one file at a time by closing a file before opening or restoring a different file.

Closing the QuickBooks Program

Just as with any other Windows program, you can close the QuickBooks program by clicking the close button, which looks like an *X*, at the upper right hand corner of the QuickBooks window, or by selecting *Exit* from the *File* menu. The *Exiting QuickBooks* window will appear to confirm that you want to exit the QuickBooks program, as opposed to closing a window in QuickBooks. You can disable this message by checking the box next to Do *not display this message in the future* (see Figure 1-9).



Figure 1-9 Exiting QuickBooks window

Opening Portable Company Files

Portable Company Files are compact company data files that can be easily transported. The exercise files that accompany this book are Portable Company Files. You will need to open these exercise files at the start of each chapter and each problem.

Note:

When you move a data file from one computer (computer A) to another (computer B), any data you enter on computer B will cause the file on the computer A to become "obsolete." Take care to make sure you are always working in the true, active data file.

COMPUTER PRACTICE

To open portable files follow the steps below.

- Step 1. Select the **Open or Restore Company** option from the *File* menu
- Step 2. QuickBooks displays the *Open or Restore Company* window (see Figure 1-10). Select **Restore a portable file (.QBM)** and click **Next**.

	Open or Restore Company	×
	What type of file do you want to open or restore?	
	 Open a company file Open a regular company file (.qbw) Open an Accountant's Copy working file (.qba) Restore a backup copy Restore a backup file (.qbb) Restore files from an online backup Restore a portable file Re-create a company file that was stored as a portable file (.qbm) Convert an Accountant's Copy Transfer File 	
	 Select an Accountant's Copy Transfer File (.QBX) Convert it to an Accountant's Copy working file(.QBA) and save it 	
Bac <u>k</u>	Next Einish Help Cancel	

Figure 1-10 Open or Restore Company window

Step 3. QuickBooks displays the *Open Portable Company File* window (see Figure 1-11). Navigate to the location of your exercise files. You may need to ask your instructor if you do not know this location. Once you are viewing the contents of the correct folder, select Intro-18.QBM and click **Open**.

Ф		Open Portable Company File		×
Look in:	QuickBooks 2	2018 Classroom Files 🔹 🎯 🌶 📂	 •	
Quick access				
Desktop	Intro-18.0	QBM		
1				
Libraries				
This PC				
۲				
Network	File name:	Intro-18.QBM	-	Open
	Files of type:	QuickBooks Portable Company Files (*.QBM)	•	Cancel
				Help

Figure 1-11 Open Portable Company File window

Step 4. Next you will need to tell QuickBooks where to save the working file that will be created from the portable file (see Figure 1-12). Click **Next** in the *Open or Restore Company* window to continue.

		Open or Restore C	ompany	×
	Where do you want to re	store the file?		
-	In the next window, you will the file restores, it is conver		e you want to restore the file. As n the extension .qbw.	
		ole, you may want to add	g company file, rename the file i a date or version number such a me-v2.qbw.	
Ва	ick Next	Finish	Help	Cancel

Figure 1-12 Open or Restore Company Location

Step 5. The Save Company File as window displays (see Figure 1-13). Ask your instructor or choose a location to save the file. When you have navigated to the appropriate folder, click **Save**.

d þ		Save Company	File as				×
Save in:	QuickBooks 2	018 Classroom Files	-	G 👂	۲ 🖻	,	
*		No items	match you	r search.			
Quick access							
Desktop							
-							
Libraries							
This PC							
(
Network	File name:	Intro-18.QBW			•		Save
	Save as type:	QuickBooks Files (*.Q	(BW)		-		Cancel
							Help

Figure 1-13 Save Company File as window

Step 6. The QuickBooks Desktop Login window opens (see Figure 1-3). The password to this and every exercise file in this book is *Sleeter18*. The password is case sensitive so make sure you capitalize the first letter S in *Sleeter18*. Enter *Sleeter18* in the *Password* field and click **OK**.

Note:

Every QuickBooks file that uses the QuickBooks 2018 edition is required to have a complex password. The complex password is required to be 7 characters long and contain at least one uppercase letter and at least one numerical digit. Although we use the same password for all the exercise files in this textbook, we recommend that you use a different password for your own or your employer's QuickBooks file. For more on file passwords see page 474.

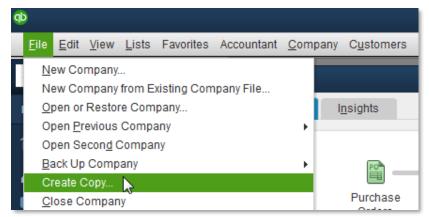
- Step 7. If asked to update your company file, click Yes.
- Step 8. If you see the *QuickBooks Desktop Information* window saying that the Portable company file has been successfully opened, click **OK** to continue.
- Step 9. Once the Intro-18.QBW company file finishes opening, you will see the Home page.

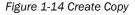
Creating Portable Company Files

Although we will not create one now, you can also create a Portable file using the following steps.

DO NOT PERFORM THESE STEPS. THEY ARE FOR REFERENCE ONLY.

1. Select the Create Copy option from the File menu (see Figure 1-14).





2. The Save Copy or Backup window displays. Select the Portable company file option and click Next.



Figure 1-15 Save Copy or Backup window

- 3. The Save Portable Company File window appears. The default file name in the File name field is the same as the working file name with "(Portable)" added to the end. Navigate to the student file location and click **Save**.
- 4. The message shown in Figure 1-16 will appear before the portable file is created. Click **OK** to continue.

Close and reopen						
	close and reopen your company a portable company file.					
OK Cancel						

Figure 1-16 Message for creating portable company file

5. QuickBooks displays the *QuickBooks Desktop Information* dialog box (see Figure 1-17). Click **OK** to return to the working data file.

QuickBooks Desktop Information			
QuickBooks has saved a portable file version Academy Photography - Intro Chapter to C:\Users\Documents\Exercise Files\ Intro-18 (Portable).QBM.	for		
ОК			

Figure 1-17 Message that the Portable File has been successfully created

Restoring Backup Files

When working with important financial information, creating backup files is a crucial safeguard against data loss. Every business should conduct regular backups of company information. QuickBooks has useful tools to automate this process.

In the event of an emergency, you may need to restore lost or damaged data. For example, if your computer's hard drive fails, you can restore your backup onto another computer and continue to work.

Note:

Portable files should never be used as a substitute for backup files. Backup files are larger than portable files and hold more information about the company.

Backing up Your Data File

Backing up your data is one of the most important safeguards you have to ensure the safety of your data.

DO NOT PERFORM THESE STEPS. THEY ARE FOR REFERENCE ONLY.

- 1. To back up your company file, select **Create Copy** from the *File* menu.
- 2. Choose Backup copy from the Save Copy or Backup window (see Figure 1-18). Click Next.

3. You are given the option to save the backup to a local area, such as a removable hard disk, or an online backup using a fee-based service available from Intuit. Online backup is a good option for many companies.

Choose Local backup and click Next.

	Save Copy or Backup	×
	What type of file do you want to save?	
	Backup copy	
1	Create a backup copy of everything you need to re-create your company file in case of accidental loss or damage to your data.	
	<u>P</u> ortable company file	
	Create a compact version of your company financial data that you can e-mail or temporarily move to another computer.	
	Accountant's Copy	
	Create a compact version of your company file. Your accountant will use it to make adjustments that you can import into your file later.	
	Note: To send this file to an Intuit web server, click Cancel now and go to File > Accountant's Copy > Send to Accountant.	
	Help me choose	
Back	Next Einish Help Cano	:el

Figure 1-18 Save Copy or Backup window

4. The *Backup Options* window is displayed (see Figure 1-19). Under the *Local backup only* section, click the Browse button.

Backup Options	>
Use this window to set default options for your manual and automatic backups.	
Tell us where to save your backup copies (required)	
Brows	e
Add the date and time of the backup to the file name (recommended)	
Limit the number of backup copies in this folder to 3	
ONLINE AND LOCAL BACKUP	
Remind me to back up when I close my company file every 4 times.	
Select an option to verify that your company data is OK (that is, not corrupted) wh you save.	ien
Complete verification (recommended)	
Quicker verification	
No verification Help me choose	
<u>O</u> K Cancel Help	

Figure 1-19 Backup Options window

5. Select the folder where you want to store your backup file (see Figure 1-20). You should store the backup files in a safe location, preferably on a different drive than your working data file. That way, if the drive with the working file is damaged, the backup will still be available.

Browse for Folder	×
Select a location for your backups	
FreeAgent GoFlex Drive (F:)	
▷ 🥶 Control Panel	
Homegroup	
⊿ jЩ Computer	
> 💒 OS (C:)	
DVD RW Drive (D:)	
FreeAgent GoFlex Drive (F:)	
👧 Photo Stream	
 Carbonile Decision Orbert 	
	Ť
OK Cancel	

Figure 1-20 Backup options Browse for Folder window

- 6. When finished, click OK.
- 7. The Save Copy or Backup window is displayed (see Figure 1-21). You can save a backup now, schedule future backups, or both. Select **Only schedule future backups** and click **Next**.

	Save Copy or Backup	×
	When do you want to save your backup copy?	
	Save it now	
•	Save it now and schedule future backups	
	Only schedule future backups	
	Note: If you are saving your backup copy to a removable storage device such as a CD or USB flash drive, insert the CD or connect the device now.	
		_
Bac <u>k</u>	Next Einish Help Cancel	

Figure 1-21 Save Copy or Backup window

8. In the Save Copy or Backup window, select **New** under the Back up on a schedule area.

	Save Copy or Backup	×
	When do you want to backup your company file?	
	BACK UP AUTOMATICALLY: Save backup copy gutomatically when I close my company file every 3 times	
	Click Options to view or change where the automatic backup copies will be saved.	
	BACK UP ON A SCHEDULE: Click New to schedule regular backups of your company file.	
	DESCRIPTION BACKUP LOCATION STATUS	
	New Edit Remove	
Bac <u>k</u>	Next Einish Help Cance	el

Figure 1-22 Save Copy or Backup window

9. The Schedule Backup window appears (see Figure 1-23). Enter a descriptive name for the backup, the location of the folder to contain the backups, and the time when the backup file will be created.

	Schedule Backup	×
DESCRIBE THE	BACKUP TASK YOU WANT TO SCHE	EDULE:
<u>D</u> escription	Monday Night Backup	
Location	Fλ	B <u>r</u> owse
<u>N</u> umber	of backup copies to keep	3
SELECT THE TIN	IE AND DAY YOU WANT TO SAVE TI	HE BACKUP:
Start time	01 • : 00 • AM	•
Run this tas	k every 1 - weeks o	n:
🗹 <u>M</u> onday	<u> </u>	Wednesday
T <u>h</u> ursda	/ <u>E</u> riday	Saturday
S <u>u</u> nday		Store <u>P</u> assword
<u>o</u>	K Cancel H	łelp

Figure 1-23 Schedule Backup window

- 10. When finished, click **OK** to close the Schedule Backup window.
- 11. The Store Windows Password window opens. Enter your Windows username and password and click **OK**.
- 12. Click Finish to close the Schedule Backup window.
- 13. If necessary, click **OK** to close the *QuickBooks: Backups have been scheduled as specified.* Window.
- 14. If necessary, click No, Thanks for the offer to try Online Backup.

Restoring a Backup File

To restore a QuickBooks backup file, follow these steps.

DO NOT PERFORM THESE STEPS. THEY ARE FOR REFERENCE ONLY.

- 1. Select the **File** menu and then select **Open or Restore Company**.
- 2. Choose Restore a backup copy from the Open or Restore Company window and click Next.
- 3. In the Open or Restore Company window you can specify whether the file is stored locally or through Intuit's fee-based Online Backup service. Choose Local backup and click Next.
- 4. The Open Backup Copy window allows you to specify where the backup file is located. Navigate to the folder that contains the file, select it and click **Open**.
- 5. The Open or Restore Company window displays. Click Next.
- 6. The Save Company File as window allows you to specify where to restore the working files. Navigate to the appropriate folder and click **Save**. QuickBooks will then restore your backup file in the folder you specified. You may be prompted to enter a password. When QuickBooks restores the file, it creates a **.QBW** file.
- 7. After completion, a window displays that the new file has been successfully restored (see Figure 1-24).

QuickBooks Information								
1	Your data has been restored successfully.							

Figure 1-24 After restoring backup file

Note: When you restore a data file, depending on today's date, you may see one or more "Alerts" for learning to process credit cards, pay taxes, or similar activities. Click *Mark as Done* when you see these alerts.

QuickBooks User Interface Features

QuickBooks provides a number of shortcuts and aids that assist the user in entering information and transactions. You should become familiar with these features so you can get to a task quickly. There are various methods of accessing the data entry windows: the **Home** page, **Snapshots**, **Menus**, **QuickBooks Centers**, **Icon Bar**, and **Shortcut Keys**.

Home Page

As soon as you open a company file, QuickBooks displays the *Home* page (Figure 1-25). The *Home* page is broken into five sections – each dealing with a separate functional area of a business. These areas are: Vendors, Customers, Employees, Company, and Banking. Each area has icons to facilitate easy access to QuickBooks tasks. The *Home* page also displays a flow diagram showing the interdependency between tasks.

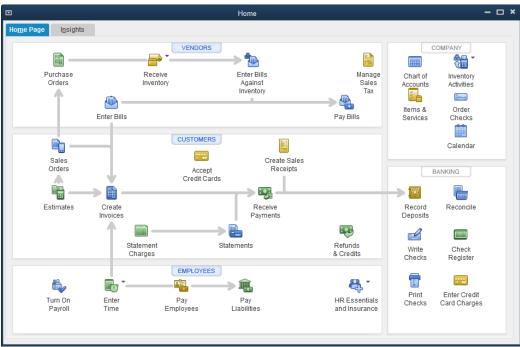


Figure 1-25 QuickBooks Accountant 2018 Home page

To start a task, just click on its related icon on the *Home* page. If you close the *Home* page, it can be opened by clicking on the **Home** icon on the Icon bar, or by selecting *Home Page* from the <u>Company</u> <u>menu</u>.

Centers

QuickBooks *Centers* are organized to give pertinent information in one place. There are several Centers for specific relationships and tasks.

Customer, Vendor, and Employee Centers are very important since they provide the only way to access a list of all your customers, vendors, and employees. These three lists are referred to as the *Center-based Lists*. These Centers summarize general information and transactions in the same area. For example, the Customer Center shows the customer balance, their general information, and all transactions for each customer (see Figure 1-26).

			Cust	omer Cent	er: Mason, Bol					_	- 🗆 🗙
🀁 New Customer & Job 🔻 🚛	New Transactions 🔻 📒 Pri	nt 🔻 🧮	Excel V	Word 🔻 🖷	🗟 Income Tracke	r					
Customers & Jobs Transa	ctions		Custo	mer	Infor	matior	۱	0	🖈 N	OTE	Î
Active Customers NAME • Academy Training Institute • Anderson Wedding Planners • Kumar, Sati and Naveen • Wilson, Sarah and Michael • Berry, Ron	BALANCE TOTAL ATTACH 0.00 249.54 249.54 0.00 0.00	Û		Net 30 Bob Maso 376 Pine S	n		n Email	408-555-8225 bmason@mh.com	REPC Quick Open Show	ote available)RTS FOR THIS CUSTO Report Balance Estimates imer Snapshot	DMER
♦ Cruz, Maria	1,950.00	П	Transactions	Contacts	To <u>D</u> o's	Note <u>s</u>		Sent E <u>m</u> ail			
	1,950.00 0.00 0.00		SHOW All Transa	a 👻 Fil	TER BY AII	• • DATE •	DATE	All -		AMOUNT	
+ Garrison, John	0.00		Invoice	2019-104		01/09/2019		11000 · Accounts Receivable		7	76.47
	0.00		Invoice	3947		12/18/2018		11000 · Accounts Receivable		4	01.39
♦ Mason, Bob	1,177.86										
♦ McKowsky & Company	0.00	•	Manage Transa	ctions •	Run Re	eports 🔻					

Figure 1-26 Customer Center

Other Centers include the *App Center*, *Bank Feeds Center*, *Report Center*, and *Doc Center*. These Centers will be addressed later in this book. *Centers* can be opened from the *Menus*, *Home Page* and *Iconbar*.

Snapshots

The Snapshots is a single screen summary of different aspects of a company. Charts such as *Income* and *Expense Trends*, *Previous Year Income Comparison*, and *Expense Breakdown* are displayed along with important lists such as *Account Balances* and *Customers Who Owe Money*. The Snapshots can be easily customized to show the information that is of most interest to you and your company.

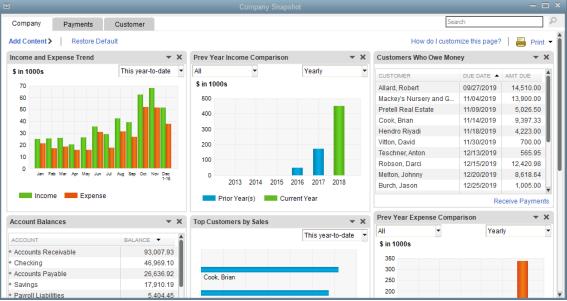


Figure 1-27 Snapshots - your screen may vary

Income Tracker

VBILLED					UNPAID		PAID		
0.00 0.00 0 ESTIMATES 0 SALES ORDERS		15	0.00 0 TIME & EXPI	ENSES	4,569.20 7 OPEN INVOICES	0.00 0 OVERD	UE	0.00 0 PAID LAST 30 DAYS	
USTOMER:JOB All		▼ TYPE All		 STATUS All 	▼ DATE A	I	•		
CUSTOMER	TYPE	NUMBER	DATE 🔻	DUE DATE	AMOUNT	OPEN BALANCE	LAST SENT DATE STATU	IS ACTION	
Cruz, Maria:Branch Opening	Invoice	2019-105	1/13/2019	2/12/2019	880.00	880.00	Open	Select	•
Mason, Bob	Invoice	2019-104	1/9/2019	2/8/2019	776.47	776.47	Open		
Miranda's Corner	Invoice	2019-103	1/8/2019	2/7/2019	1,191.80	1,191.80	Open		
Cruz, Maria:Branch Opening	Invoice	2019-102	1/6/2019	2/5/2019	500.00	500.00	Open		
Cruz, Maria:Branch Opening	Invoice	2019-101	1/5/2019	2/4/2019	570.00	570.00	Open		

Figure 1-28 Income Tracker – your screen may vary

The Income Tracker provides a fast way to see the status of your unbilled and unpaid transactions as well as features for billing and collections.

Icon Bar

earch Company or Help	Favorites Accountant		ners Vend <u>o</u> rs Er	mployees <u>B</u> anking	Reports Window Help			0 - 8
v Shortcuts		-B-		VENDORS				COMPANY
Home		Purchase Orders		Receive Inventory	Enter Bills Against Inventory	Manage Sales Tax	Chart of Accounts	Inventory Activities
Income Tracker		Arr	ow to hide	e Icon Bar		Pay Bills	Items & Services	Order Checks
Calendar		Sales Orders		Acce Credit C				Calendar
My Shortcuts		Estimates	Create Invoices		Receive Payments		Record Deposits	Reconcile
ne With QuickBooks Furn on Payroll			on Bar	hent jes	Statements	Refunds & Credits	Write Checks	Check Register
Accept Credit Cards Order Checks & Tax Forms SuickBooks Online Accountant		Turn On	Enter Time	Pay Employees	Pay Liabilities	4 - HR Essentials and Insurance	Print Checks	Enter Credit Card Charges

Figure 1-29 Icon Bar

The QuickBooks *lcon Bar* allows you to select activities and available services by clicking icons on the bar (see Figure 1-29). For example, you can open the Home page by clicking **Home** on the lcon Bar.

Calendar

You can view transactions on a *Calendar*. The calendar displays transactions on the *Entered* date and the *Due* date.

Note:

The *Entered* date is not literally the date when the transaction is entered into QuickBooks. It is the transaction date that is input on the transaction form. If you create an invoice on January 5th, 2019 and enter the date 1/6/2019 in the date field, the invoice will show on January 6th, 2019 on the Calendar.

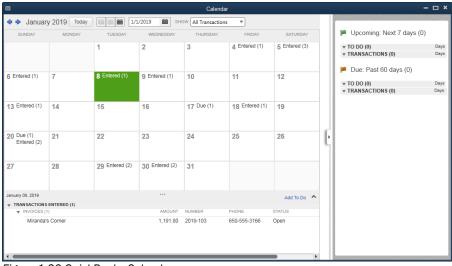


Figure 1-30 QuickBooks Calendar- your screen may vary

COMPUTER PRACTICE

- Step 1. Click the Calendar icon on the Company section of the Home page.
- Step 2. The Calendar window opens (see Figure 1-30). When finished, close the Calendar window.

Entering Transactions in QuickBooks

Whenever you buy or sell products or services, pay a bill, make a deposit at the bank, or transfer money, you need to enter a transaction into QuickBooks.

Forms

In QuickBooks, transactions are created by filling out familiar-looking forms such as invoices, bills, and checks. When you finish filling out a form, QuickBooks automatically records the accounting entries behind the scenes. Most forms in QuickBooks have drop-down lists to allow you to pick from a list instead of spelling the name of a customer, vendor, item, or account.

COMPUTER PRACTICE

Click the Enter Bills icon on the Home page Vendors section (see Figure 1-31). Step 1.



Figure 1-31 Enter Bills on the Home page

Step 2. Click the **Previous** button in the upper left corner of the Enter Bills window until you see the previously entered bill in Figure 1-32.

Step 3. Click the down arrow next to the vendor field to see the drop-down list for vendors.

	Enter Bills	- 🗆 ×
Main F	eports	23 🔺
	ew Save Delete Memorize Print Attach Select Enter PO Time Splits Bill	
I BII	Previous Bill Received	> Rodriguez Rentals
Bill	Drop-down list	Vendor Transaction
VENDOR	Rodriguez Rentals	SUMMARY
ADDRESS	Rodriguez Rentals REF. NO. 98527 Walnut Creek, CA 94326	Phone925-555-3479Open balance750.00POs to be received0
TERMS	Net 15 DISCOUNT DATE Lighting Rental	RECENT TRANSACTION
E <u>x</u> penses	\$750.00 Items \$0.00	01/30/19 Bill 750.00
62600 · Ed	Lipmed Rental 750.00 Customer.job i BilLaBLe? i cLass San Jose A	
		NOTES
	Save & Close Save & New Revert	
Figure 1	32 Bill form	

- Step 4. Click the calendar icon next to the date to see the calendar drop-down menu.
- Step 5. When finished exploring, click the **Revert** button which will return the transaction to the last saved state.
- Step 6. Close the Enter Bills window.

By using forms to enter transactions, you provide QuickBooks with *all of the details* of each transaction. For example, by using the Enter Bills form in Figure 1-32, QuickBooks will track the vendor balance, the due date of the bill, the discount terms, and the debits and credits in the General Ledger. This is a good example of how QuickBooks handles the accounting behind the scenes, and also provides management information beyond just the accounting entries.

Lists

Lists are one of the most important building blocks of QuickBooks. Lists store information that is used again and again to fill out forms. For example, when you set up a customer, including their name, address and other details, QuickBooks can use the information to automatically fill out an invoice. Similarly, when an Item is set up, QuickBooks can automatically fill in the Item's description, price, and associated account information. This helps speed up data entry and reduce errors.

Note:

There are two kinds of lists — **menu-based** and **center-based**. Menu-based lists are accessible through the *Lists* menu and include the *Item* list and *Terms* list. Center-based lists include the *Customer Center* and *Vendor Center*, discussed on page 18.

Lists can be viewed by selecting an icon from the *Home* page (for example, the *Items & Services* button), choosing a menu option from the *Lists* menu, or viewing a list through one of the various QuickBooks Centers.

Accounts

QuickBooks provides the means to efficiently track all of your business transactions by categorizing them into *accounts*. The **Chart of Accounts** is the list of these accounts.

COMPUTER PRACTICE

Step 1. To display the Chart of Accounts, click the *Chart of Accounts* icon on the *Home* page. Alternatively, you could select **Chart of Accounts** from the *List* menu, or press **Ctrl+A**.

Step 2. Scroll through the list. Leave the *Chart of Accounts* open for the next exercise.

By default, the Chart of Accounts is sorted *by account number* within each account type (see Figure 1-33). The *Name* column shows the account names that you assign; the *Type* column shows their account type; the *Balance Total* column shows the balance for asset, liability, and equity accounts (except Retained Earnings), and the *Attach* column shows if there are attached documents.

Chart	of Accounts	- • ×
Look for account name or number		
Search Reset		
NAME		ATTACH
• 10100 · Checking	Bank 11,562.00	
♦ 10200 · Money Market	Bank 12,100.00	
◆ 10300 · Savings	Bank 500.00	
♦ 10900 · Journal Entries	Bank 0.00	
♦ 11000 · Accounts Receivable	Accounts Receivable 4,569.20	
♦ 12000 · Undeposited Funds	Other Current Asset 0.00	
♦ 12100 · Inventory Asset	Other Current Asset 6,472.23	
♦ 12800 · Employee Advances	Other Current Asset 0.00	
• 13100 · Prepaid Insurance	Other Current Asset 0.00	
15000 · Furniture and Equipment	Fixed Asset 13,250.00	
15200 · Buildings and Improvements	Fixed Asset 0.00	
♦ 15600 · Land	Fixed Asset 0.00	
15900 · Leasehold Improvements	Fixed Asset 0.00	
♦ 16400 · Vehicles	Fixed Asset 0.00	
 17000 · Accumulated Depreciation 	Fixed Asset -1,325.00	
	Other Asset 0.00	
> 20000 · Accounts Payable	Accounts Payable 750.00	
	Credit Card 0.00	
> 24000 · Payroll Liabilities	Other Current Liability 368.00	
	Other Current Liability 368.00	
	Other Current Liability 0.00	
♦24030 · Other Payroll Liabilities	Other Current Liability 0.00	
	Other Current Liability 6,700.00	

Figure 1-33 Chart of Accounts List

Note: New with QuickBooks 2018, you can now search for accounts in the *Chart of Accounts*.

Registers

Each asset, liability, and equity account (except Retained Earnings) has a *register* (see page 2 for more information on these account types). Registers allow you to view and edit transactions in a single window. Income and expense accounts do not have registers; rather, their transactions must be viewed in a report.

COMPUTER PRACTICE

- Step 1. To open the *Checking* account register, double click on **10100 Checking** in the *Chart of Accounts* list.
- Step 2. The **Checking** register opens (see Figure 1-34). Scroll through the register.

🔶 Go to	📙 Print	🕞 Edit Transact	ion 🖪 QuickPener	Cature Parels Ea	ode		
- GO to	e Print		ion [QuickReport	с 📖 зесир валк ге	eas		
DATE	NUMBER	PAY	/EE	PAYMENT	~	DEPOSIT	BALANCE
	TYPE	ACCOUNT	MEMO				
01/05/2019	328	Ace Supply	128.60			14,354.48	
	СНК	64900 · Office Sup					
01/20/2019	6003	Wong & Son Video	142.00			14,212.48	
	BILLPMT	20000 · Accounts I	Video Production C				
01/20/2019	6004	Ace Supply		123.48			14,089.00
	BILLPMT	-split-	Acct# 43-234				
<u>S</u> plits				ENDING BALANCE			11,562.00
<u>1</u> -Line							
Sort by	ate, Type, Ni	umber/Ref 👻				Record	Restore

Figure 1-34 Checking account register

- Step 3. Close the Checking account register by clicking the close button in the upper right corner.
- Step 4. Double click the **40000 Services** account. You may need to scroll down. This is an *Income* account.
- Step 5. Instead of opening a register, QuickBooks opens a report (see Figure 1-35).
- Step 6. If necessary, change the Dates field to All.
- Step 7. Close the report.

2				Ac	count Quick	Report										
Custo	<u>m</u> ize Report	Comme <u>n</u> t	on Report	Share Template	Memori <u>z</u> e	Print	▼ E-	ma <u>i</u> l	•	Exce	•	H	lide He <u>a</u> de	r	Refre <u>s</u> h	
<u>D</u> ates	All		•	From	То	Ê	Sort By	Defa	ult			•				
				Academy	Photogra	phy - Inf	tro Ch	apte	r							
					count Qu											
Accrua	al Basis				All Trans											
	Туре	Date	Num	Name		:	Memo					Split	t		Amount	
	40000 · Serv	ices														
•	Invoice	12/21/2018	4003	Anderson Wedding Pla	nners:Kuma	Indoor Stu	udio Sess	sion		11000	Acco	unts I	Receivable		190.00 ◀	
	Invoice	01/05/2019	2019-101	Cruz, Maria:Branch Op	ening	Outdoor F	Photo Ses	sion		11000	Acco	unts	Receivable		380.00	
	Invoice	01/05/2019	2019-101	Cruz, Maria:Branch Op	ening	Photo reto	ouching s	ervices	5	11000 -	Acco	unts I	Receivable		190.00	
	Invoice	01/06/2019	2019-102	Cruz, Maria:Branch Op	ening	Photograp	oher			11000 -	Acco	unts i	Receivable		500.00	
	Invoice	01/09/2019	2019-104	Mason, Bob		Indoor Stu	udio Sess	sion		11000 -	Acco	unts I	Receivable		285.00	
	Invoice	01/09/2019	2019-104	Mason, Bob		Photo reto	ouching s	ervices	\$	11000	Acco	unts i	Receivable		380.00	
	Invoice	01/13/2019	2019-105	Cruz, Maria:Branch Op	ening	Indoor Stu	udio Sess	sion		11000	Acco	unts I	Receivable		380.00	
	Invoice	01/13/2019	2019-105	Cruz, Maria:Branch Op	ening	Photograp	oher			11000	Acco	unts I	Receivable		500.00	
	Total 40000 ·	Services												_	2,805.00	
	TOTAL														2,805.00	

Figure 1-35 Services Account QuickReport – your screen may vary

Step 8. Close the Chart of Accounts.

Items

Items are used to track products and services. Since every business has its own unique set of products and services, QuickBooks can be customized by creating Items for each service or product your company buys or sells. For more detail on Items and the different Item Types, see page 253.

When you define Items, you associate Item names with Accounts in the Chart of Accounts. This association between Item names and Accounts is the "magic" that allows QuickBooks to automatically create the accounting entries behind each transaction.

For example, Figure 1-37 displays the *Item* list. The Item, **Camera SR32**, is associated, or linked, to the **Sales** account in the Chart of Accounts. Every time the **Camera SR32** Item is entered on an invoice, the dollar amount actually affects the **Sales** account in the Chart of Accounts.

Items are necessary because to use a sales form in QuickBooks (e.g., invoices and sales receipts), you must use Items. On an invoice, for example, every line item will have a QuickBooks Item which may represent products, services, discounts, or sales tax.

COMPUTER PRACTICE

```
Step 1.
```

To see what Items are available in the file, click the **Items & Services** icon on the *Home* page in the Company section (see Figure 1-36). Alternatively, you could select **Item List** from the *Lists* menu.

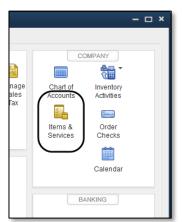


Figure 1-36 Items & Services button on Home page

Step 2.	Figure 1-37 shows the <i>Item</i> list. Double click the Camera SR32 item.	
---------	---	--

🖸 Item List 🗕 🗖 🗙							
Loo <u>k</u> for	in All fields	h Re <u>s</u> et	Search within results				
NAME	DESCRIPTION	TYPE	ACCOUNT	TOTAL QUANTITY	ON SALE	PRICE A	
 Indoor Photo Session 	Indoor Studio Session	Service	40000 · Services			95.00	
 Outdoor Photo Session 	Outdoor Photo Session	Service	40000 · Services			95.00	
 Photographer 	Photographer	Service	40000 · Services			125.00	
	Photo retouching services	Service	40000 · Services			95.00	
 Camera SR32 	Supra Digital Camera SR32	Inventory Part	45000 · Sales	9	0	695.99	
 Case 	Camera and Lens High Impact Case	Inventory Part	45000 · Sales	24	0	79.99	
♦ Frame 5x7	Picture Frame - 5' x 7' Metal Frame	Inventory Part	45000 · Sales	22	0	5.99	
♦ Lens	Supra Zoom Lens	Inventory Part	45000 · Sales	7	0	324.99	
 Photo Paper 	Standard Photo Paper, Glossy, 8.5"x11", 7 Mil, Pack	Non-inventory Part	45000 · Sales			12.36	
 Premium Photo Package 	Premium Package of Photography from Session	Non-inventory Part	45000 · Sales			85.00	
 Standard Photo Package 	Standard Package of Photography from Session	Non-inventory Part	45000 · Sales			55.00	
	Bad Debt - Write off	Other Charge	60300 · Bad Debts			0.00	
	Return Check Fee	Other Charge	45000 · Sales			0.00	
	Contra Costa County Sales Tax	Sales Tax Item	25500 · Sales Tax Payable			8.25%	
out of State	Out-of-state sale, exempt from sales tax	Sales Tax Item	25500 · Sales Tax Payable			0.0%	
♦ Santa Clara	Santa Clara County Sales Tax	Sales Tax Item	25500 · Sales Tax Payable			8.25%	
Item V Activities V Reports V Excel V Attach Include inactive							

Figure 1-37 Item List

- Step 3. If the New Feature window opens, click **OK**.
- Step 4.The Edit Item window opens (see Figure 1-38). Notice this item is linked to the Sales
account. Every time this item is entered on an invoice, it changes the Sales account.
- Step 5. Close the *Edit Item* and *Item List* windows.

		Edit Item	- 🗆 ×		
TYPE Inventory Part Use for goods you purchase, track as inventory, and resell.			ОК		
			Cancel		
Item Name/Number	Subitem of	Manufacturer's Part Number	New Note		
Camera SR32		v	Custom Fields		
UNIT OF MEASURE			Spellin <u>a</u>		
Enable					
PURCHASE INFORMATION			ed		
Description on Purchase Transactions		Description on Sales Transactions Acco	ount		
Supra Digital Camera SR32		Supra Digital Camera SR32			
			Item is inactive		
Cost	450.00	Sales Price 695.99			
COGS Account	50000 · Cost of Goods 👻	Tax Code Tax			
Preferred Vendor		Income Account 45000 · Sales -)		
INVENTORY INFORM					
AssetAccount	Reorder Point (Min) Max	Average On Hand Cost On P.O. On Sales Order	r		
12100 · Invento	•	9 450.00 0 0			

Figure 1-38 Camera SR32 Edit Item window – your screen may vary

QuickBooks Help

Support Resources

QuickBooks provides a variety of support resources that assist in using the program. Some of these resources are on the Internet and others are stored in help files locally along with the QuickBooks software on your computer. To access the support resources, select the *Help* menu and then select **QuickBooks Desktop Help**. QuickBooks will display answers to problems you might be having based on your recent activity. You can also enter a question and QuickBooks will search its Help Content and the Online Community for related answers.

Certified QuickBooks ProAdvisors

Certified QuickBooks ProAdvisors are independent consultants, accountants, bookkeepers, and educators who are proficient in QuickBooks and who can offer guidance to small businesses in various areas of business accounting. To find a Certified ProAdvisor, select **Find a Local QuickBooks Desktop Expert** from the *Help* menu.

Review Questions

Comprehension Questions

- 1. Explain the difference between a QuickBooks working data file, a QuickBooks backup file and a QuickBooks portable file. How can you differentiate between the three types of files on your hard disk?
- 2. What is the main reason for creating portable files?
- 3. Explain the importance of the QuickBooks *Home* page.
- 4. Explain why it is important to enter transactions in QuickBooks using Forms rather than accounting entries.
- 5. Describe the primary purpose of accounting in business.

Multiple Choice

Select the best answer(s) for each of the following:

- 1. The fundamental accounting equation that governs all accounting is:
 - a) Net income = Revenue expenses.
 - b) Assets + Liabilities = Equity.
 - c) Assets = Liabilities + Equity.
 - d) Assets = Liabilities Equity.
- 2. Which of the following statements is true?
 - a) Debits are bad because they reduce income.
 - b) Equity is increased by a net loss.
 - c) Debits credits = 0.
 - d) Assets are increased with a credit entry.
- 3. Under accrual accounting:
 - a) A sale is not recorded until the customer pays the bill.
 - b) Income and expenses are recognized when transactions occur.
 - c) An expense is not recorded until you write the check.
 - d) You must maintain two separate accounting systems.
- 4. QuickBooks is:
 - a) A job costing system.
 - b) A payroll system.
 - c) A double-entry accounting system.
 - d) All of the above.
- 5. Which is not a method of accessing the data entry screens?
 - a) Menus
 - b) Home page
 - c) Icon bar
 - d) Data entry button

Completion Statements

- 1. As you enter data in familiar-looking ______, QuickBooks handles the ______ entries for you.
- 2. You should ______ your data file regularly because it is one of the most important safeguards you can do to ensure the safety of your data.
- 3. When you open your working data file, QuickBooks displays the _____. This page is broken into five sections each dealing with a separate functional area of a business.
- 4. _____ are used in QuickBooks Sales forms and represent what the company buys and sells.
- 5. A list which shows all the accounts in your working data file is called the ______.

Introduction Problem 1

Restore the Intro-18Problem1.QBM file. The password to access this file is Sleeter18.

- 1. Select Customers from the QuickBooks Icon Bar. This will display the Customer Center.
 - a) What is the first customer listed on the left of the Customer Center?

Note:

The answer to this first question is **AAA Services**. If you don't see AAA Services in the *Customer Center*, make sure to restore *Intro-18Problem1.QBM* as directed in the box above. This book uses specific files for each chapter and each problem. If you don't restore the correct file, you will have trouble completing the exercises.

- b) In the Customers & Jobs Center, single click on **Mason, Bob**. What is Bob Mason's balance?
- c) Click the *Date* drop down list above the transaction listing in the right-hand panel and scroll up to the top of the list to select **All**. How many transactions do you see and of what type?
- d) Close the Customer Center.
- 2. From the *Home Page*, click the **Enter Bills** icon. The *Enter Bills* window opens.
 - a) Click the previous button in the upper left corner. What is the name of the Vendor displayed on this Bill?
 - b) What is the *Bill Due* date on this bill?
- 3. From the Home page, click the Chart of Accounts icon to display the Chart of Accounts.
 - a) What type of account is the **Checking** Account?
 - b) How many total accounts are there of this same type?
 - c) What is the Balance Total for the Money Market account?

Introduction Problem 2 (Advanced)

Restore the Intro-18Problem2.QBM file. The password to access this file is Sleeter18.

1. Select Customers from the QuickBooks Icon Bar. This will display the Customer Center.

a) What is the first customer listed on the left of the Customer Center?

Note:

The answer to this first question is **ABC International**. If you don't see ABC International in the *Customer Center*, make sure to restore *Intro-18Problem2.QBM* as directed in the box above. This book uses specific files for each chapter and each problem. If you don't restore the correct file, you will have trouble completing the exercises.

- b) In the Customers & Jobs Center, single click on **Cruz, Maria.** What is Maria Cruz's balance?
- c) Click the *Date* drop down list above the transaction listing in the right-hand panel and scroll up to the top of the list to select **All**. How many transactions do you see and of what type?
- d) Close the Customer Center.
- 2. Select Vendors from the QuickBooks Icon Bar. This displays the Vendor Center.
 - a) Double click *Boswell Consulting*. This opens the *Edit Vendor* window. What is the Address? Close the *Edit Vendor* window.
 - b) Single click on Sinclair Insurance. What is the amount of Bill number 5055 to Sinclair Insurance? (You may need to set the Date to All as in Step 1.)
 - c) Close the Vendor Center.
- 3. From the *Home* page, click the **Chart of Accounts** icon to display the Chart of Accounts.
 - a) What type of account is the Payroll Liabilities Account?
 - b) How many accounts of type Fixed Asset are in the Chart of Accounts?
 - c) How many accounts of type Other Current Asset are in the Chart of Accounts?
- 4. While still in the **Chart of Accounts**, Double click the **Checking** account on the Chart of Accounts list. This will open the register for the Checking account.
 - a) Who was the payee for the check on 2/10/2019?
 - b) What was the amount of the check?
 - c) Close the checking account register and Chart of Accounts list.
- 5. Click the Create Invoices icon on the Home page, and then click on the Previous arrow (top left).
 - a) What is the Invoice Number?
 - b) Who is the Customer listed on this invoice?
 - c) What is the first *Item* listed on this invoice?
 - d) Close the invoice.
- 6. Select the Chart of Accounts option from the Lists menu. Double click on the Checking account.
 - a) Which vendor was paid by the last bill payment (BILLPMT) in the register?
 - b) What is the Bill Payment Number?
 - c) What is the amount of the last bill payment in the register?
 - d) Close the Checking register and close the Chart of Accounts list.
- 7. Click the Write Checks icon on the Home page and follow these steps:

- a) Click on the *Calendar* icon immediately to the right of the *Date* field. Select **tomorrow's date** in the *Date* field and press **Tab**.
- b) In the Pay to the Order of field, enter *Ace Supply*. Press Tab.
- c) Enter **80.00** in the *Amount* field and press **Tab**.
- d) Check the **Print Later** check box at the top of the window.
- e) What is the city displayed in the Address field on the check for Ace Supply?
- f) Click **Clear** and then close the check window.
- 8. Select the Chart of Accounts option from the *Lists* menu and double click on Accounts Receivable.
 - a) What is the ending balance in the account?
 - b) Who was the customer on the last transaction in the register?
 - c) Close the register and the Chart of Accounts.
- 9. Click the **Check Register** icon on the Home page.
 - a) Select **10100 Checking** from the Use Register dialog box.
 - b) What is the ending balance in the checking register?
 - c) Close the Checking Register.
- 10. Close the working data file Intro-18Problem2.QBW.