QUICKBOOKS

THIS BOOK INCLUDES

A Comprehensive Guide to Learning Quickbooks Concepts and Techniques for Beginners

A Quick Guide to Get You Started on QuickBooks

Learn Advanced QuickBooks Tools, Methods and Techniques for Business and Personal Account Management

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Introduction

This guidebook is meant to help you with managing your business finances by guiding you through the basics of keeping appropriate records for your company using Quickbooks. It will help you with numerous things involved in creating your company file in Quickbooks. Be it retail and E-commerce business (eBay sellers, food trucks, coffee shops, etc.), appointment-based business (doctor's office, driving school, dentist's office, etc.) or field service and professional businesses.

Whether you're a big business like Amazon or an up-and-coming entrepreneur, QuickBooks is bound to increase the efficiency of your working process. As you already know, QuickBooks is a business running and accounting program. It allows you to handle a variety of different aspects of running your business.

From accounting to data entry, QuickBooks brings efficiency to your business process. No more hassling around with your accountant, no more posting data entry jobs on Amazon to find good underpaid workers.

The guide will show you how to keep better track of your bills in Quickbooks, as well as ensuring they are all paid on time. It will also help you go through the tracking of your sales, creating sale receipts and invoices for your customers. By regular and accurate updating of your record keeping information in Quickbooks, you will find it easier to make use of the multitude of financial reports that can be generated by Quickbooks for the analysis and better management of your business performance.

1. QuickBooks Online is a software that is easy to use and made for small business accounting. It enables your business to track all your expenses, income, and even your inventory. It can track your GST in an instant and enables you to pay your business taxes. With QuickBooks Online Accountant, you can find a new way of managing your business, and you can change the way of your accounting practice, consulting, or bookkeeping. QuickBooks Online Accountant makes it a lot easier to work and to manage your business. It's cloud-based software.

    - Secure –it is hosted by Intuit, and it is using a bank-level security
    - Accessibility – You can access it anywhere and at all times.
    - Data entry automation – you are able to get data into QuickBooks automatically with some awesome features
    - Unlimited Accountant Access – You are able to connect with your accountant without any problems, and you can stay connected as long as you want to
    - Mobile –You can access it by using Android devices or iOS. There is no reason to sit at the desktop because you can enter data whenever you want and wherever you are
    - No Desktop files – It does not require any desktop files, so you won't need any backup.

Seeing all of these features, it’s no surprise, so many businesses are relying on digital technologies more. Compare QuickBooks to traditional accounting. With traditional accounting, you’re almost completely at the mercy of your accountant.

If your accountant makes a mistake, you’ll have a rather hard time discovering it. On the other hand, QuickBooks lets you take the whole process into your hands. It is intuitive and easy to use, you don’t need to go through college to be qualified to use it; in fact, this book is all you need!

If your company is big, you might want to have an accountant handle it anyways, but it also makes their job easier. QuickBooks is extremely easy to use for accountants, and it comes with the additional benefit of being really easy to check for errors. This means that if there’s an error, you’ll be able to catch it quickly, possibly even before the payment is processed.

QuickBooks is also excellent for traveling entrepreneurs. You won’t always have your PC or laptop with you, but QuickBooks will let you manage your business straight from your smartphone. QuickBooks eliminates any and all issues you might have had with the employees on your payroll.

QuickBooks also edges out against using on-site digital measures for your accounting. If you’re using Excel sheets and Word documents, then you’re at a high risk of being compromised. A simple fire or virus could end up annihilating all of your files, incurring a devastating loss. QuickBooks is cloud-based, meaning none of the files need to be stored on the devices you’re using, so you’re at no risk of being hacked. In fact, QuickBooks’ security measures are at the level of an international bank.

With that being said, like with all advanced software, QuickBooks requires some training to learn. That’s why this book is here; we’ll guide you step by step through every nook and cranny of QuickBooks, making you an expert in the next 150 pages!

Chapter 1

Setting Up QuickBooks

QuickBooks Online is easy to set up, and you are all set. You are able to set up your business file in a bit less than 20 minutes, so it makes it really simple. But, there are a few important steps to follow to make sure that you are setting up business files efficiently and accurately.

The setup is optimized for speed and simplicity; however, it still requires some instruction. We'll dedicate this chapter to getting your QuickBooks business account up and running.

When you reach the end of this chapter, you should be able to:

- Set up a business file
- Set up basic settings
- Set up basic accounts
- Importing a list information Company File Setup

There are some important steps you need to fulfill in order to set up the file of your company. If you do that setup flawlessly, you really make it easier for your accountant, bookkeeper and, of course, yourself to stay compliant with taxes and GST., you or your business need to subscribe to the software so you can use QuickBooks Online. Your business is also able to subscribe if it visits intuit.com and signs up in order to get a free trial. Also, your accountant is able to set up a file using the QuickBooks Online Accountant.

Company File Creation

First thing’s first: you need to create a company file, given that it’s a place where you store all your company’s financial records. You can either start from ground zero, by creating a new company file, or you can upload and convert records from another small business program. For those of you who are new to bookkeeping, there is always the option of using a file someone else created. For instance, if you had help from an accountant to start up your company, they might be able to help you once more by providing a QuickBooks company file that is already customized for your business, and in turn, give you a head start.

If you don’t have an accountant, worry not, we’ll guide you through setting everything up, so you won’t ever need one. Luckily, QuickBooks is rather simple to use, and setting up a business file isn’t exactly rocket science.

At the beginning of this chapter, we will explain how to start up your QuickBooks. Further, if you are starting your company files from scratch, we will guide you through the QuickBooks setup dialog box, as well as the Easy Step Interview to get you running (and to see what chapters besides this one help you to get the job done). On the other hand, if you are moving from another program, we will try to make the transitional ride the least bumpy. Furthermore, we will go through the opening of the company file, updating it to the latest version of QuickBooks, and basic company info modification.

- Start with visiting the QuickBooks site https://quickbooks.intuit.com, then signing in with your

QuickBooks Online account. Once the site is opened, select the ‘’Create New Company” option, which can also be found in the “File” menu on the toolbar.

- Choose the “Start Interview” option and begin answering the interview questions.
- Enter your company information: You aren’t required to fill in anything except the company name, but for the purpose of saving time and making things easier later on, you should fill in all the required information.
- Selecting your business industry should be the next step. By selecting your business industry type, QuickBooks will customize its settings to better accommodate the needs of your company.
- Next, select your company organization type (sole proprietorship, partnership, corporation, etc.). Correct selection of your company organization type will furthermore facilitate tax preparation later on.
- Select the first month of the annual accounting period. January is the usual starting month of the annual accounting period, but this can be modified to your company’s preference.
- Set up the administrator’s password. This is especially important if any other person except you has access to your computer or the company file so that only you will be privy to the full QuickBooks company file. Select “Next,” then specify where do you want the company file to be saved

Customizing QuickBooks for Your Business

The QuickBooks Home page is laid out like the workflow you follow when you're bookkeeping, so it acts like a roadmap to many of the accounting tasks you perform. Shortcuts to other helpful QuickBooks features are sprinkled throughout the program's left icon bar; top icon bar; and Vendor, Customer, and Employee Centers. But your business isn't like anyone else's. Let's say you run a strictly cash-sales business. You couldn't care less about customer lists and invoices; making deposits, though, is a daily event. Fortunately, you don't have to accept QuickBooks' initial take on convenience. The Home page and the icon bars come stocked with a set of popular shortcuts, but you can add, remove, rearrange, and otherwise edit which features appear there. You can also add your favorite features, windows, and reports to the Favorites menu. This chapter covers all your options.

In addition to tweaking QuickBooks' layout, you can also customize the program's forms. QuickBooks helps you get up and running with built-in business form templates. They'll do if you have to blast out some invoices. But when you finally find a few spare minutes, you can create templates that show the information you want, formatted the way you want, and laid out to work with your letterhead. You can even create as many versions as you want. For example, you can make one invoice template to print on your letterhead and another for creating electronic invoices to the email that includes your logo, company name, and address.

This chapter describes the most efficient ways to create forms: using QuickBooks' form designs or built-in templates as a basis for your own.) Further down in this guide you can learn how to fine-tune forms with advanced customization techniques and even create templates from scratch.

- Further, answer the Easy Step Interview Questions to customize Quickbooks for your company.
- If your company deals only in selling products, select "Products only." If you provide services in addition to selling products, "Both products and services" should be selected.
- Specify whether or not you sell products and/or services online.
- Select whether or not you charge sales tax.
- If you provide custom work or other services for which you wish QuickBooks to create estimates, select "Yes."
- If you take customer orders and want Quickbooks to track them, select "Yes."
- If you wish to use sales receipts, select "Yes."
- If you would like to be able to send and create billing statements, select "Yes."
- If you want to perform partial billing for payment, select "Yes" to use progress invoicing.
- Select "Yes" if you wish to keep track of the bills owed and receive reminders for when they are due.
- If you print checks or accept credit cards, select the appropriate answer.
- Select the preferred response for Inventory tracking.

- Select “Yes” if your company has more employees. Also, if tracking time spent on projects done by you or your employees, select “Yes.”
- If your businesses involve multiple currencies, select the appropriate response.
- Using accounts in QuickBooks: to set up your accounts you need to know the date you would like to start from and how would you like to organize your income and expenses.
- Next, select a date to begin covering your finances. A reminder, whatever date you choose, all business activity that has occurred since that date must be entered. For this reason, it is simpler and more effective to choose a more recent date from which to begin tracking your finances with QuickBooks.
- Enter the appropriate bank account information, including the last bank statement ending date and balance

QuickBooks recommends a set of income and expense accounts based on the industry selection you made earlier in the interview. However, you can review these account selections and select or deselect any accounts to better reflect your business. Modifications or additions to your accounts chart or any part of the Easy Step Interview can be done at any time after the creation of your company file.

Familiarizing yourself with the QuickBooks homepage

Because you've got more than enough work to do with the running of your business, so you don't want bookkeeping to take any more time than necessary. QuickBooks' left icon bar and top icon bar both offer shortcuts to your favorite features. Each icon bar has its pros and cons, so you have to decide which one you prefer (or you can turn them off completely). This chapter shows you how to access QuickBooks' features from the menu bar and icon bars. During a rousing bookkeeping session, you might find yourself with more than one QuickBooks window open simultaneously. In this chapter, you learn how to work with all the windows you open. If you prefer to focus on one task, you can tell QuickBooks to display only one window at a time.

As its name implies, Supermax view supersizes a window for you to see more info without scrolling. You'll learn lots of window tricks in this chapter. Another way to get your accounting done quickly and efficiently is by accessing features via the QuickBooks Home page. The page not only provides a visual roadmap of the bookkeeping tasks you perform regularly, but it also gives you quick access to tasks and information related to vendors, customers, and employees, along with the features and overall financial info you use most often. Click an icon, and the corresponding window or dialog box appears, such as Chart of Accounts, Item List, Write Checks, or everyone’s favorite—Make Deposits. This chapter explains how to use the workflow icons on the Home page, as well as the Vendor, Customer, and Employees Centers that open when you click the corresponding button on the Home page’s panels. You’ll also see how to review your company’s finances in the Company Snapshot window

The QuickBooks homepage is divided into several groups that are well-organized and connected with workflow arrows that will help you manage and perform business tasks better, faster, and easier.

Vendors: The vendor area and the vendor center accessible you can find on the toolbar can help you to track your purchases and enables you to categorize your expenses. You can pay and enter bills, edit and create a vendor list and make an order of purchases for your business. The vendor center gives you a complete picture of where your money is going. From one screen, you can see all your vendors and exactly what you owe them. Click on a vendor's name to view an entire history with that vendor. You no longer need to run separate reports to see exactly how much business you are doing with each individual vendor. Also, you can sort your bills by the due date so that you can stay on top of your finances. If you need to talk to a vendor, click on the vendor name to see all the contact information. If a vendor calls you to follow up on a late payment, you can look up the bill quickly and see the check number and when you paid for it.

Customers: The Customer area and center will help you to manage any and all sales to customers. It also allows you to create estimates and invoices, track accounts and create statements, as well as receiving payments and creating sales receipts. The customer's center is a lens for all your customer information. Without having to sift through multiple screens, you can view a list of all your customers and see pertinent information for each of them. Click on a customer's name, and you immediately see all the activity you have had with them as well as their contact information (phone number, fax number, and payment terms)

Employees: Indicating in your Easy Step Interview that you have employees will cause an employee center to be created in order to better and easier to manage your employees. The employees center lets you see exactly what you are paying each employee. Click on an employee's name to view that person's payroll history. If you need to get in touch with an employee, their contact information is right in front of you.

Company: The Company area of the workflow diagram will allow you to manage lists including your chart of accounts as well as items and service lists.

Banking: The Banking area helps you to record any deposits and write and print checks associated with any one of your bank accounts.

Answers in the Easy Step Interview make icons specified to appear on the homepage. If you specified that you would like to make an estimate in QuickBooks, an “Estimates” icon is going to appear in the Customers area, or it won’t show otherwise. If you want to change some of the settings that are created in the Easy Step Interview, you can do it by selecting Edit → Preferences from the toolbar your company or personal preferences will be changed for you at any desired time.

Setting up Customers, Vendors, and Jobs

Maybe you enjoy parading through your sales department trumpeting, “We aren’t getting anywhere until someone sold something!” It is quite possible for you to cite that maxim in your accounting department as well.

It doesn’t matter whether you sell products or provide services, bagging the first sale with a new customer creates an avalanche of possible actions, including, but not limited to making a new customer entry, creating a job for the work and the much expected and desired goal that is invoicing (delivering a bill for the service provided or goods sold, which states how much the customer owes to you) your customer for the purpose of collecting income. The parties to which you provide services or sell products go by a myriad of names: shoppers, clients, consumers, members, etc. In the QuickBooks dictionary, there is only one word that fits the person, party, or group of people who buy goods or services from you, and the word is the customer. In QuickBooks, a customer represents a documentation of information concerning your in vivo customer. Quickbooks uses the information you entered about your customers, and with it completes sales forms as well as invoices with your client's names, payment terms, address, and other general information.

Real-world customers the key to your success, though are the customers in QuickBooks really that necessary? In spite of you running a, let's say, primary cash business, cataloging your customers in Quickbooks isn't such a bad idea. For instance, creating QuickBooks records for the recurring customers at your store cuts your time necessary to fill out their information on each and every new sale by doing it automatically. Furthermore, if your business is project-oriented, you can assign a job for each project you start for a customer in QuickBooks. For QuickBooks, a project is each and every job you signed (or was begged to sign) to perform for a customer—repairing a yacht, creating a billboard ad, anything really. Let's say you are an electrician, and you do work for a general contractor on a regular basis.

You might set up several jobs, one for Setting Up Customers, Jobs, and Vendors, for each place you do work at Scott estate, Hammond estate, and Julliard estate. Then you can see and track expenses and income by job and assess the profitability for each and every one. Although, if your business doesn't handle jobs, there is no need for you to set them up in QuickBooks. For instance, record stores sell records, not services or projects. If your business doesn't do jobs, you can just create customers in QuickBooks and simply continue to invoice them, or even filling out sales receipts for their purchases. Although, before you begin receiving payments, you will need to get busy with the vendors and pay up for their products and/or services. The Internet service provider, your marketing manager, and the hardware store that sells you the equipment all fall into the category of vendors. Information required to be filled out isn't that much different from that of the customers.

Deeper into this guide, you will learn how to create customers, vendors, and jobs in QuickBooks. You will also learn how to apply the program's customer, vendor, and job fields for your business. And you'll learn how to manage the customer, job, and vendor records you create in QuickBooks.

Creating Customers in QuickBooks

Unfortunately, your first task is to convince would-be customers to work with your company. After you've worked around that obstacle, it's clear sailing to creating customers in QuickBooks. More than one way to create a customer record is available in this:

1. Using QuickBooks Setup. After starting this app, you can easily use the Setup dialogue box to get customer information, along with the employee and vendor info. You can also get the info via email, or simply paste it from Excel. If you want to input more records to this, just go back to Setup.

2. One by one. It is advisable to use the New Customer option when you want to create customers. Unfortunately, sometimes you don't have the time to create them one by one, so it is also possible to do in bulk without closing the tab.

Customers can also be inserted into the system in bulk. The Add/Edit Multiple List Entries are useful because they let you move data from any Excel-like software and copy information from customers onto others. The Customer Center is a gathering place for jobs and customers alike: viewing, creation, and modification of the records, as well as transaction creation. The Customer Center can be opened in four simple ways:

1. Pressing CTRL+J while the app is open
2. Pressing “Customers” in the header of the Customers tab of the QuickBooks homepage.
3. Open the menu, press on Customers, then go to the Customer Center.
4. The icon bar contains a “Customers” option, press there.

Now for a quick and easy method of creating a single customer in QuickBooks:

1. Use the toolbar contained in the Customer Center to create a new customer with their job.
2. In the Customer Name field, type a code or a unique name, followed by the naming convention you’ve chosen. Everything else you can ignore; this is the only field that is mandatory to fill in.
3. To archive the said customer’s record and exit the New Customer window, select OK. To discard any entries and changes you made, select Cancel.

To create a job for a customer, close the New Customer window and open the New Job window. So, it’s a lot faster to create all your customers first and then add the jobs for each one. To help you find what you want to fill out, the New Customer and Edit customer tabs are separated into sections. Both the contact and the address info are found within the 1st section, the Address info. Any fields that are related to payments can be found on the Payment Setting tab. The next tab, Sales Tax Settings, can be completely skipped in the case that your business doesn’t sell taxable goods. Next, Additional Info tab, which used to be a jumble of different types of fields, now has a couple of miscellaneous fields, like a sales rep, customer type, and custom fields you've created. The following few sections will guide you through each tab and its respective fields.

Contact Information Entering

In the case you intend to bill your customers, send them products, or to just check in on them, you will need to have the address and contact information. You can write this down in the New Customer's Address info tab. Quick advice on how to fill this tab:

Company Name - This is where you put a way for the program to refer to the customer, be it a name or a nickname. Note, however, that the way you call them here is how they'll be referred to on invoices and other documents you do via this app. After you're done QuickBooks will automatically insert that name into the "Bill To" section.

Contact - This is the place where you enter the primary contact's name, as well as what you wish to refer to them with, for the purpose of addressing letters, invoices and other communication between companies. Please note that QuickBooks copies everything you entered here into Invoice/Bill To field. This will also let you input the Job's title.

Invoice/Bill To - This is where you'll place the address you wish to show on your invoices. If you want to change it, there's an Edit button, as well as other options which will help you specify your street, postal code, street address, and other basic information. Naturally, QuickBooks also supports copy-pasting this from anywhere else.

Ship To - If you won't be shipping anything to your customer, then there's no need to fill this out. However, if you are shipping things, then first you'll need to check if the shipping and billing address are the same. If they are, you'll just need to press Copy, and you're done with it. If they aren't, you'll need to add the shipping address manually.

Payment Information Input

The Payment Settings window is there to display how much you're owed, as well as how much you want to extend the customer's credit. In these fields, you'll need to input the customer's payment information such as:

Account Number. - In QuickBooks, account numbers are entirely optional. Big accounting programs usually assign specific numbers to customer records, which in turn speeds up the process of locating them. The Customer Number field is an identifier, so you should probably keep it the same as any of your other business apps.

Terms of Payment - This section belongs to the terms you and your customer have agreed to follow. It is used by the program for both your payment terms towards your customers, as well as the terms you've agreed to with your vendors. This also includes the most used methods, which can help if you're just trying to get your business off the ground and don't know much about it. You can also define your own payment terms, which will make it, so you don't need to insert them every time you use QuickBooks to send an invoice.

Preferred Delivery Method - You can choose from email, mail, or none to establish a method of delivery of information that your customer prefers. If you select E-mail, QuickBooks will automatically activate the email checkbox whenever you create forms for this specific customer. The Mailing method displays QuickBooks Billing Solutions, an add-on QuickBooks service for mailing invoices, though additional billings may apply. If you prefer to print out information, and then send it the old-fashioned way, you should select None.

Preferred Payment Method - This allows you to choose the preferred payment method of your customer. The drop-down list includes but is not limited to the few most frequent methods, such as a check, cash, or credit card, though you can add others if you desire so. The payment method specified will appear automatically when you select this customer in any of your future endeavors, useful for repeat clients. If a customer wants to pay with a method different than the one you specified here, simply select said method in the Receive Payments window.

Credit card information - Concerning credit card payments, you can specify all relevant information such as the name on the card, billing address, postal code, and the expiration that can all be specified. It should be brought to the attention that you can only enter one credit card number for one customer.

Credit Limit - Here, you can specify the amount of credit you’re willing to extend for the customer in question. If you do so, then QuickBooks will warn you whenever an invoice or an order exceeds the amount of the credit limit you specified, but it will not stop you from going through with the order, that is entirely up to you. If you don’t intend to go through with the credit limit, it might be best that you skip entering values in this field.

Price Level - Most businesses will have different price levels for different customers. A good example of this is how not everyone pays the same for airline tickets. QuickBooks will let you insert discounts and markups to process for these transactions. You can have multiple pricing levels and name them however you’d like. This will let you be much more organized when it comes to giving out discounts or markups. Quickbooks also makes it really easy to apply these for any purchases a given customer makes.

Add Online Payment Link to Invoices - Online payment links on invoices allow customers to pay you through the Intuit Payment Network either by making a payment directly from their bank accounts into yours or by credit card. (The fees you pay for this service vary based on how the customers pay). However, setting up this feature requires a couple of steps. First, be sure to sign up for the Intuit Payment Network service. If you don’t sign up and your customers click an online payment link, they’ll see a message telling them that you haven’t signed up for the service yet. There’s a section called Payment settings, which you can use to instruct QuickBooks which online payment option to use for the customer. “Follow Company Default” applies the setting that you selected in QuickBooks’ preferences. Choosing “Always ON (bank only)” means the customer can pay only through a bank account regardless of your company preference. With “Always ON (bank or credit card),” the customer can pay by bank account or credit card. “Always OFF for this customer” means QuickBooks doesn’t display the online payment link on this customer’s invoices.

Sales Tax Information Specification

Now, the Sales Tax window will pop up regardless of whether you’ve turner Quickbooks Sales Tax on or not, which can be a bit annoying to some users. While that’s true, if you don’t have it turned on, it’ll be practically useless. All of the fields in the window will be covered with a monotone grey, signaling they aren’t to be used. Now if you do pay sales tax, you’ll want to choose the Tax option in the Tax Code tab and pick the rate.

There’s also a variety of ways to customize your customers. The following will show you the fields that can be filled in, and a few simple ways can be used:

- Customer Type. You can categorize the customers by type, which can ease communication that is customized for each type, or to determine which types pay off the most. After you’ve set up customer types, you can categorize a customer by choosing from this list; it will display the entries from your Customer Type List.

- Rep. Adding a name in this field links a sales representative to a customer, which can aid you with tracking of the results of the sales reps. To make sure your customers receive the best customer service, it is recommended to assign a customer service representative to each and every customer, as to keep them in constant communication with your company regarding all your services. When you start creating a Rep entry, you can use the existing names in the Vendor, Employee, or Other names list, or, if you wish so, add a new name to use as a rep.

- Custom Fields. QuickBooks provides up to 15 custom fields, which you can be used to enter key information for which QuickBooks doesn't provide. Given that custom fields do not have a drop-down list, all your entries need to be entered consistently.

Additional Customer Contact

While you're making a customer file, you can determine information about a single contact in the Address Info tab in the New Customer window. You can specify which jobs those contacts perform. Furthermore, all of these contacts are also editable, and you're able to delete them as you see fit, this is most useful in case the people you've got saved are in the process of or have already changed their job.

After selecting a customer, you'll get to see the contact information for them, as well as have the option to simply add even more contacts to their record. This can be accomplished by clicking on Manage Contacts in the lower-right corner and selecting Add New. After that, all you need to do is finish the infoboxes and whatever other additions you wanted to introduce. When you're done with it, simply click Save and Close and QuickBooks will exit the window.

Job Creation in QuickBooks

If you are involved in project-based work, you are aware that every job has a starting point and an ending one. Whether you build custom housing or surveillance systems, QuickBooks' job-tracking features can be used for financial performance analysis by the project.

Let's say you wish to know if you're earning money on the suburban estate building, or on the remodeling low-income estates, in addition to the percentages pertaining to your success/fail ratio. If you use QuickBooks for this, It'll easily and smoothly estimate the financials around it; it'll be almost like having an accountant! Jobs and customers are inseparable from each other in the program, so you'll want to keep a close eye on both. A job will always stay with a customer. Actually, if you tried doing your job before you've finished creating a customer, a message box will pop out notifying you that first, you need to make a simple customer file in order to create a job. Thankfully there are two tabs for both creating and editing customers; both contain tabs for the customer information, as well as job information. So, effectively, whenever you create a customer, you automatically create one job with it, although you can add more jobs later on if it is necessary. The following section will show you how to do just that.

New Job Creation

As it was mentioned before, in order to create a job, you must create a customer first. When you are done with the creation of the customer, complete these simple steps in order to add a job to a customer's record:

- Under the Customer Center's Customers & Jobs tab, right-click the customer for which you wish to create a job, next select Add Job in the shortcut menu. As well, you can select the New Customer & Job tab->New Job. In both cases, a New Job window will open.

- In the Job Name box, enter a name for the desired job. Choose it well, as it will appear on invoices and/or other customer documents. Up to 41 characters can be typed in this box. Job name should be as short and as descriptive as possible both for you and your customer. QuickBooks will fill in the rest of the job fields using the information you entered for the customer for which the job is created. You will only need to manually edit the fields on the Payment settings, Address Info, and Additional Info. Let's say that the address for the material shipping for the job differs from the customer's; you will then be required to fill out the corresponding fields.

- If you wish to provide further information about the position, select the Job Info tab and enter values in the proper areas. If you're adding sorts of jobs, you are able to cross-reference these with other jobs that share characteristics. This also doesn't change based on which customer gave you the position. If you input information in the Job Status section, it's going to give you a recap of exactly what's happening in the Customer Center. If deadlines are a concern for you, you can estimate the dates for the job, and simply insert those in the appropriate area.

- Once you're done with that, simply press OK, QuickBooks will then save the job and close the window.

Vendor Setup

In order to make a new vendor entry through the Vendor Center, press CTRL, and N at the same time. You can also do this through the menu bar. However, the shortcut streamlines things. Now, most of the fields you will find are quite similar to the customer creation field. This should make the process quite a bit easier, for example, the Vendor Name and Customer Name fields work the exact same way, making it a lot easier to navigate through. Similarly, QuickBooks advises leaving the Opening Balance field without an entry, and instead of building the Vendor Balance by inputting invoices and payments. This can prove to be quite helpful, especially when the vendor and the customer are the same people, just for different products.

Now, if you're actually printing off your bills and all the sheets you need to pay them, you'll have to place some contact and address info here, so that QuickBooks knows where to send them. These fields are quite obviously quite similar to the corresponding customer fields; they are also filled the exact same way, so once you've mastered that feel free to move onto payments.

Setting Up Payments

Payments are in the Payment Settings section, and they, while rather easy to fill, are also integral, so we'll walk you through it, nonetheless.

- The Account Number is pretty much the same as the customer account number section. Naturally, in this case, it's reversed, and the vendors give your company a number, rather than vice-versa. After the vendor gives you your number, you just need to input it here. Obviously, you should keep this number secure and close to you. This is because there's a lot of malpractice that can be done with it, and it serves as easy proof in case of trouble.
- As with before, you'll be selecting the payment terms under which you and the vendor will operate. Once you've got a deal with your vendor, simply input it here, quite similar to the customer settings.
- Now when it comes to the way your name will be printed on the checks, QuickBooks will auto-fill it with the info you already entered. You can change it; however, it generally isn't advised.
- Again, same as the customer side, you want to input the credit limit. This is the amount of credit that a vendor is willing to give you. You simply input however much that is, and QuickBooks will notify you every time you're trying to get past this pre-set limit. This can be quite useful as it lets you always keep your credit limit in mind.
- The Billing Rate Level is again, same as the customer side of things just reversed. If you have any kind of special discount with a vendor, this will help you set it up. Instead of tediously going through all your numbers and dropping them by say, 10%, you can simply insert this in QuickBooks, and it'll do it for you. It also works for billing employees, so if you bill them by seniority, you could have a category for every year they've worked and how much

of a raise they've accrued so far. This is one of the most underrated capabilities of QuickBooks, and you'd do best to use it to the fullest

Setting up Sales Tax

In the Tax Settings tab, QuickBooks has two fields. They are as follows:

1. Vendor ID. You are only required to put in the vendor's social security number or the employer's identification, EIN for short, if you intend to do a 1099 form for the said vendor.
2. Vendor suitable for 1099 form. Mark this checkbox if you intend to create 1099 for this vendor.

While writing a cheque, upcoming payments, or simply checking out the changes in the vendor credit card, mark the account to which you want to give the payment. The Vendor options, including creation and editing, enable QuickBooks to know which accounts you usually use. The easiest way to solve the hassle of expense accounts is to simply allow QuickBooks to access the previous monetary transactions you've made. This way, whenever you record a bill, credit card, change, or a check for someone, QuickBooks will create a brand-new bill by using the total amount and the accounts you selected on the previous transaction.

Additional Info

With all the New Vendor window's tabs, the Additional Info tab is rather sparse, which is probably why it's the last tab in the list. Here are its fields and what you can do with them:

- To enable you to categorize vendors, QuickBooks has a useful function called the Vendor Type, which will let you sort out vendors. As an example, if you give all agencies you pay taxes to the same tax type, you'll be having a much easier time reporting your taxes.

- Now, if you’re trying to get to different information, you’ll have to use the custom setting, which will let you set everything manually. You are eligible to add seven more custom fields.

Chapter 2

Sales and Income Managing

Notifying your customers of the amount they owe you, as well as payment deadlines, is an important step in accounting. After all, if money isn't flowing into your organization from outside sources, eventually you'll close up shop and close your QuickBooks company file for the last time.

Although businesses use several different sales forms to bill customers, the invoice is the most popular, and, unsurprisingly, customer billing is often called invoicing. This chapter begins by explaining the differences between invoices, statements, and sales receipts—each of which is a way of billing customers in QuickBooks—and when each is most appropriate. After that, you'll learn how to fill in invoice forms in QuickBooks, whether you're invoicing for services, products, or both. If you send invoices for the same items to many of your customers (and don't use the program's multiple currencies feature), QuickBooks' batch invoice feature can help: You select the customers, add the items you want on the invoices, and the program creates all the invoices for you.

If you track billable hours and reimbursable expenses with QuickBooks, you can also have the program chuck those charges into the invoices you create.

Finally, you’ll find out how to handle a few special billing situations, like creating invoices when the products you sell are on backorder. You’ll also learn how to create estimates for jobs and then use them to generate invoices as you perform the work. And, since you occasionally have to give money back to customers (like when they return the lime-green polyester leisure suits that suddenly went out of style), you'll learn how to assign a credit to a customer’s account, which you can then deduct from an existing invoice, refund by cutting a refund check, or apply to the customer’s next invoice.

Creating and Sending Invoices

An invoice is a form you use to charge customers for everything, ranging from an app to a loaf of bread that they purchase from you. You may also use an invoice in order to keep track of how much your customers owe you when they don’t pay you. Invoices list everything you need to know about the sale, the services you are offering and/or the products you want to sell included. Invoices are also very handy because they can show the quantity and rate of the price of any item to prices (for example, discounts or markups), invoices will work for you.

- Depending on which edition of QuickBooks you use, you have up to three features for creating invoices:

- Create Invoices can handle everything you throw at it: services, products, billable time, and billable expenses. It’s available in QuickBooks Pro and higher.
- Create Batch Invoices lets you select all the customers to which you want to send the same invoice (that is, the same items and the same amounts). If you send the same invoice to the same customers all the time, you can set up a billing group for those customers and, from then on, simply choose the group. After you create the invoice, you can print or email it to the customers in the list. This feature is available in QuickBooks Pro and higher, as long as you don’t use multiple currencies.
- Invoice for Time & Expenses, available only in QuickBooks Premier and Enterprise editions, can do everything that the Create Invoices feature can do, but it’s a real time-saver when you invoice for billable time and expenses. You specify a date range and QuickBooks shows you all the customers who have billable time and expenses during that period. When you choose a customer or job and tell the program to create an invoice, it opens the Create Invoices window, fills in the usual fields, and fills the invoice table with the customer’s billable time and expenses. Once you’re in the Create Invoices window, you can add any other items you want, like products you sold or discounts you’re offering. This feature also lets you create batch invoices for time and expenses.
- Invoices inform your customers about every bit of information they need to know about what they purchased and what they owe you. If you created customers and jobs with settings such as payment terms, tax items, and sales rep, as soon as you choose a customer and job in the Create Invoices window’s Customer: Job field, QuickBooks fills in many of the fields for you.

Receiving Payments

In between performing work, invoicing customers, and collecting payments, you have to keep track of who owes you how much (known as Accounts Receivable) and when the money is due. Sure, you can tack on finance charges to light a fire under your customers' accounting departments, but such charges are rarely enough to make up for the time and effort you spend collecting overdue payments. Far more preferable are customers who pay on time without reminders, gentle or otherwise. Because companies need money to keep things running, you'll have to spend some time keeping track of your Accounts Receivable and the payments that come in. In this chapter, you'll learn the ins and outs of tracking what customers owe, receiving payments from them, and dinging them if they don't pay on time. You'll get up to speed on Income Tracker, a handy dashboard that shows estimates you've created, how much customers owe—both overdue and not—and what's been paid in the past 30 days. QuickBooks' Collections Center can highlight customers with overdue or almost-due invoices, gather the info you need to collect what customers owe and make it easy to send out reminders. In contrast to invoices, sales receipts are the simplest and most immediate sales forms in QuickBooks. When your customers pay in full at the time of the sale—at your retail store, for example—you can create a sales receipt, so the customer has a record of the purchase and payment. At the same time, QuickBooks will send the money that you've gained straight into your account with almost any bank. (Sales receipts work only when customers pay in full because that type of sales form can't handle previous customer payments and balances.) In this chapter, you’ll learn how to create sales receipts for one sale at a time and to summarize a day’s worth of merchandise.

When you receive money from a customer, you should record the transaction and mark the invoice as paid. When you receive a payment, the accounts receivable records are updated, and the payment is ready to be deposited into an account.

1. To receive a payment:
2. Go to the Customers menu and click Receive Payments.
3. Fill in the top portion of the form, including the customer's name, the payment amount, payment method, and the date on which the payment was received.
4. Check the column to the left of the invoice to which you want to apply for the payment. You might be asked to decide how to apply the payment for one of the following scenarios:
5. The overpayment can become a credit or refund
6. Underpayment can be left as is or written off
7. The customer has unused credit to be applied
8. The customer has available discounts
9. Choose the appropriate selection, and you should see your choices reflected in total amounts for selected invoices. If the customer has a discount or available credits, you can choose how to apply them.
10. Click “Save & Close” or “Save & New” if you have more customer payments to receive.

You can set a preference so that payments received either go to any account you've set up for funds that haven't been deposited automatically or automatically get calculated and applied as you select invoices in the list. To set this preference, go to the Edit menu, click Preferences, and then click the Company Preferences tab in the Sales & Customers area

Creating and Sending Sales Receipts

A sales receipt is the form you use when you make a sale for which you receive full payment at the time of the sale. Sales receipts can include payments by cash, check, or credit card.

However, if your customer didn't pay in full, it's not unlikely that you want to calculate taxes, record the sales, or print a receipt used for a sale. If you do want to do these things, without any problems, you can create sales receipt. Examples of businesses that commonly use sales receipts include beauty salons, pet groomers, dry cleaners, and restaurants. If you need to track how much a customer owes you or you do not receive full payment at the time of the transaction, do not use a sales receipt. Instead, create an invoice, as described previously in this chapter.

To enter a sales receipt:

1. Go to the Customers menu and click Enter Sales Receipts.

2. Fill in the top part of the form, including the Customer: Job, Date, and Payment Method.
3. Click the Template drop-down arrow and then click the sales receipt template you want to use.
4. In the bottom part of the form, enter the items purchased.
5. Save the transaction

You can also use a sales receipt to create a summary of sales income and sales tax owed. You can summarize daily or weekly sales on a sales receipt.

Whenever you want, you are able to go to the customer center. On the customer's list, you can see all your customers or the ones that have open balances. You can do so by selecting from the drop-down box that is under “Customers & Jobs.” You can see a list of every transaction of yours with customers and invoices, deposits, sales, etc. in the lower part of the customer center. You are also able to select specific types of transactions and specified time periods with the drop-down boxes that can be found above the list of transactions and the list is going to be changed as you like it.

Chapter 3

Bills and Expenses Managing

Although most small business owners sift through the daily mail looking for envelopes containing checks, they usually find more containing bills. One frustrating aspect of running a business is that you often have to pay for the items you sell before you can invoice your customers for the goods.

If you want your financial records to be right, you have to tell QuickBooks about the expenses you've incurred. And, if you want your vendors to leave you alone, you have to pay the bills they send. Paying for expenses can take several forms, but QuickBooks is up to the challenge. This chapter explains your choices for paying bills (now or later) and describes how to enter bills and record your bill payments. If you pay right away, you'll learn how to write checks, use a debit or credit card, and pay with cash in QuickBooks, among other options. If you enter bills in QuickBooks for payment later, you'll learn what to do with the recurring ones, as well as reimbursable expenses and inventory. QuickBooks is happy to help you through every step of the process: entering bills you receive if you want to pay later, setting up bill payments, and even printing checks you can mail to vendors.

When to Pay Expenses When it comes to handling expenses, you can pay now or pay later; QuickBooks has features for both options. (You can choose to not pay bills, but QuickBooks can't help you with collection agencies or represent your company in bankruptcy court.) Here are the pros and cons of each approach:

- Pay now. If bills arrive about as often as meteor showers, go ahead and pay each one immediately, so you're sure they're paid on time. In QuickBooks, paying right away means writing a check, entering a debit card transaction, entering a credit card charge, making an online payment, or using money from petty cash—all of which are described in this chapter. When you pay immediately, you don't have to enter a bill in QuickBooks; you can simply record the expense payment transaction.
- Pay later. If bills arrive as steadily as orders at the local coffee shop, you'll probably want to set aside time to pay them all at once so it doesn't interfere with delivering services or selling products. What's more, most companies don't pay bills until just before they're due—unless there's a good reason to (like an early payment discount). Setting up vendor bills for later payment is known as using Accounts Payable because you store the unpaid expenses in an Accounts Payable account.

In QuickBooks, entering bills for later payment delivers all the advantages of convenience and good cash management. You can tell the program when you want to pay bills—for instance, to take advantage of an early payment discount or the grace period that a vendor allows. Then you can go about your business without distraction, knowing that QuickBooks will let you know when bills are on deck for payment.

Creating And Sending Sales Receipts

Each time you set up a new area of QuickBooks, you should review all of the company settings that are related to that area. Before you use Company Settings, you should understand each type of revenue transactions and sales. Estimate – is a non-posting transaction that enables you to give your information to your customer on how much you think you will charge them. It is some sort of a quote or a proposal Invoice – the sales transaction often used if you want to enable the customer to pay on account if required

An invoice will make Accounts Receivable bigger and income Payment as well. Income Payment is a transaction that is used in order to receive some payment that is against an invoice. It will decrease Accounts Receivable and, but it also increases a bank account or Undeposited Funds Sales Receipt – – sale transaction that is used when a payment is received in a time of sale. It can increase income, and it also increases a bank account, and if not a bank account, then Undeposited Funds Credit Memos – they are useful when a customer wants to negotiate for a lower price or if customers want to return something.

This can enable a credit in Accounts Receivable, and it is often used in order to invade future invoices Refund Receipts – they are used if a customer wants to negotiate or return something, but, if a customer has a refund receipt, you will refund payment of theirs. Delayed Charges and

Credits – you can find them in Essentials and Plus only, and it’s a non-posting transaction that reflects some probable revenue increases or decreases. They can show useful in future transactions.

Company Settings

You should click on the Gear icon in order to access the Company Settings. You can find four tabs with the left - hand side to set specific preferences like how you would want to use the company file. Sales also have their own category, but you can also find some sales settings that are under the Advanced Settings

Customize Sales Forms

So, the very first setting under the Sales tab enables you to change the sales forms. This change is also applied to Invoices, Estimates, and Sales Receipts. Feel free to find your style, uploading of your logo included.

This enables you to rename your sales forms, and also to identify which areas you want to see in the Header section three custom areas included. With the Columns tab, you can easily identify which columns you would like to see and put them in any order you want.

The Footer tab enables you to add some custom message and some footer on invoices in addition. With the More tab you can make more changes. Be sure to check at billable time and expenses if you invoice with the time and expenses in mind. If you invoice for time, you are able to include the employee's name on the form if you want and some group activities by time period or possibly type and have some groups added.

You are also able to show some account summary placed at the top of the form. This can give you the balance forward, as well as invoice charges and also the total due. Sales form content - this enables you to have and options like specified p invoice terms and delivery method you can change on a sales form. You are also able to add additional line items or items like discounts, shipping, or deposit area. If you changed the forms before, you could also add three custom fields to the transactions.

That is turned on in the Sales form content. The fields should be set up here or on the Customization page. But be sure to remember that here is where you should be indicating in order to have your custom fields to be public, internal, or both. Products and Services- you can identify whether you want to show the Product/Service column on sales forms in order for the dropdown list of the Products and Services List to be available. You can also turn on the preference with tracking inventory. Inventory can only be used in QuickBooks Online Plus. More sales settings - The Messages setting enables you to create default email text if you are emailing sales forms and a default message on the form alone. Online Delivery settings relate to emailing forms of yours and that you want a customer to be able to see. There is a variety of options for sending HTML, plain text, or even using Online invoice.

There are also some preferences that are to be chosen by statements. Advanced settings - Be sure to check under the Automation section in the Advanced settings. Pre-fill forms are there to ask you if you want QuickBooks to copy some information from your last transaction by using the same customer as last time. When the preference is turned on to instantly apply for credits, some of the available credits to the next invoice will be applied by QuickBooks. Be sure to be careful with turning this preference on.

It could be that a customer does not want the credits of the next invoice to be applied — but wants to apply the future invoice. There is also a preference to have QuickBooks instantly invoice some unbilled activity. When you turn this on, you are certain to have a notification in the Activities feed received. If you wish to invoice from an estimate, you should turn on the preference in order to copy estimates to invoices. Then, you can only copy for accepted estimates or for pending and accepted estimates. You should really know your customer and be sure that turning on the Automation preferences is good for them. If your customer has problems with Accounts Receivable, you should look these settings up.

Alternative Entry Points Used For Entering Sales Transactions

Customer Center

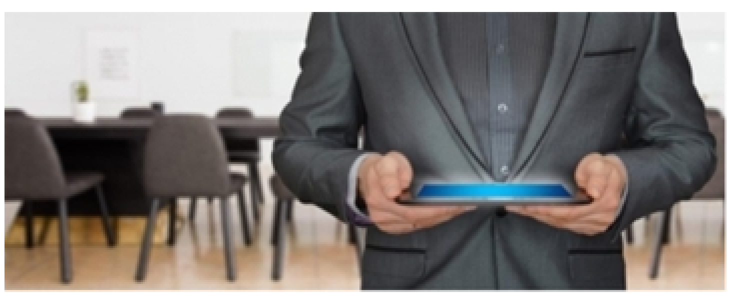
The Customer Center, can be accessed by selecting Customers located in the left navigation bar, is used for adding, reviewing, and editing customers that QuickBooks Online company does business with. The list of Customers is able to be exported or printed, and it is also able to be filtered or sorted by many parameters. Beside every Customer listing, you can find a drop-down box from which you can create transactions like estimates or invoices, you can also send a reminder of some balance owing, send a statement or print. Also, batch actions are able to be performed for the entire list: printing or sending statement or statements and sending an email directly from QuickBooks Online. These emails could use your own choice of email client or web –email. Entering Transactions from the Customer Center

Step by Step: Creating an Estimate

You can find many ways to create an Estimate in QuickBooks Online. In order to create an Estimate from the Customer Center, there are a few steps you need to follow:

1. You should select Customers from the left navigation bar
2. If needed, select Clear Filter/View All above the Money Bar in order to produce a full listing of Customers.
3. You should select the drop-down box that is in the far-right column for the specified client -> Create Estimate.
4. Be sure to complete the on-screen estimate for the wanted client, with the wanted date, Products and Services you chose, the description, quantity and rate (override the rate if you want to) of everyone, the sales tax. 5. Complete any other wanted area like the Discount and the Message to the Customer.
5. Complete any other wanted area like the Discount and the Message to the Customer.
6. You select Save and close or (with click on the drop-down box that is next to Save and Close) you select Save and New.

Step by Step: How to Create an Invoice from an Estimate



In order to create an Invoice from the Estimate you've created, the simplest way to find that Estimate is to do that from the Money Bar in the Customer Center.

1. You should select Customers that is on the left navigation bar.
2. You click on the Estimates rectangle found at the far-left section of the Money Bar
3. You locate Cool Cars; you created that Estimate for and then you click on 1 open estimate.
4. You will see the Transactions listing that should appear, then find the estimate that you would like to turn into an invoice, after that you should select Start invoice located the far right.
5. Now you make changes to the already-populated invoice as wanted.
6. You select Save and close, or you can also select Save and New.

Reminder: If you are not willing to invoice for the whole of the estimate, you are able to change line items or the number on the invoice. Even so, QuickBooks still consider estimate fully invoiced. There is no progressing with invoicing in QuickBooks Online.

Step by Step: How to Create an Invoice for Unbilled Activity

You are also able to simply create invoices for any one of unbilled activities.

1. You can select Customers from the left navigation bar.
2. You should click on the Unbilled Activity rectangle located in the left part of the Money Bar. (It will create a list of an unbilled activity.)
3. Remember that you can check a list of unbilled activity and that you can click on Start Invoice from here or just click to see that unbilled activity. You should click on Unbilled activity for the client for whom you wanted to check the unbilled activity.

4. You click on Start Invoice.

5. Reminder: If there are multiple activities listed, you are able to create a separate invoice for every activity. If you wish to create just one invoice for every unbilled activity, you should do it from the Customer Center alone.

6. You add any charges, a discount of sales tax, and then Save and close.

7. Now you enter the Transactions from the Sales Transactions page that is in the Sales Center

Step by Step: How to Create an Invoice

1. You click on the Sales under Transactions located on a navigation bar

2. Then this will open either the Sales Transactions or Sales Center. You can find the next steps that are suggested under the Actions column. You are able to filter the Money Bar there with the exact same way as in the Customer Center. Also, you are able to create New Transactions at the top right of the screen. You click on Invoice

3. Now you create a new invoice for the wanted client. Now when you entered the client's name, QuickBooks will open a drawer located on the right side that will show you time or expense activities, those that are marked Billable. Also, you are able to simply add them to the invoice. Now, the difference between creating the invoice from the Action column and from here for that client or activity is that, if you chose here, you are able to make a choice of what will be added where, but if you make an invoice from the Action column it instantly puts the unbilled activity on the invoice.

4. You should invoice for the installation only with clicking on Add and then Save & Close.

5. This will bring you back to the list of Sales Transactions. You should clear the filter so that you will be able to check all the transactions. Remember that this is sorted by date, and also, you can sort by every column header when you click on the header. It might happen you can’t see the columns you need, then you should click on the Gear icon and after that, choose the columns that you want to be displayed.

Step by Step: How to Receive Payment

1. Now you need to receive payment. If someone sends you a check payment, you should click on Receive Payment located next to the client’s name.

2. Now, A listing of Outstanding Transactions will show up, but with the invoice checked. Now you are able to deposit to Undeposited Funds, or you can deposit into a bank account directly. If you have signed up for QuickBooks Payments, then you might process a credit card right here. The guide will help you learn more about payment. You can choose Undeposited Funds, and then you Save and Close.

3. You need to know that, from the Sales Transactions page, you are able to enter transactions that are based on the listed transaction or you can make new sales transactions located at the top of the page.

4. About entering Transactions from the Quick Create.

5. You can have the expanded look of Quick Create opened; then you are able to check a list of sales type transactions located under the Customers column.

Step by Step: How to Enter Delayed Charge

1. You can click on the Delayed Charge. Remember that a delayed charge is a non-posting transaction. Be sure to remember what you are telling QuickBooks is that it's necessary for you to invoice a client for something, and you do not want to invoice for it at the moment. If you are a hypothetically a landscaping service, so you are doing gardening for a number of clients. Every time you record where you gave a service that day even so you only invoice once a month. You are able to record every activity you want in QuickBooks as a Delayed Charge and at month end easily create an invoice.

2. Enter the desired customer's name. Now in the date area, you should type W in order to go to the weeks' beginning. You should also enter the wanted service right under the Product and Service column. Now, you enter 4 under the number columns, after that you enter $35 under the rate column. Then, you click on Save and New

3. After that, you enter the client's name, after that in the date area, you should type K and +. Typing K will bring you to this weeks' end, and the plus key will advance a day which will bring you to the next weeks' beginning. After that, you enter the service that is under the Product and Service column. Then you enter 3 right under the quantity columns, after that you enter $35 under the rate column. Now, you click on Save and Close.

Step by Step: How to Create an Invoice from Quick Create

1. You should choose Invoice from Quick Create.

2. Now you enter the client's name. Right after you enter the client's name, if there happen to be an unbilled time or unbilled charges, then a drawer will open on the right side so you can simply add those to the invoice.

3. Now, you click on Add all and then Save and Close.

Step by Step: How to Recur Transactions

If you are not willing to have an obligation to enter monthly recurring it makes it even better, then you just need to have QuickBooks to instantly create an invoice and then email it to your clients. Now you use the Recurring Transactions feature. Remember that most transactions (journal entries, sales, and purchases) may be made recurring.

1. Now, from Quick Create, you should click Invoice.

2. You type in the wanted client's name and then choose the service under Product/Service. Then you leave the quantity at 1, and you leave the rate at $35.00. Look at the bottom of the screen and click on Make recurring.

3. It should open a screen where you should be able to create a recurring invoice template. Now you could name the template, choose if you want it to be automatically entered, if you want it to automatically send an email, if scheduled, you set up the schedule.

4. Remember that you have a lot of choices if you want to create a template. You can experiment with it in your sample file. Remember that if you have a transaction that is already recorded and you want to make it recur, you can open it up and then click on Make recurring located at the bottom of the screen. Note that most transactions are possible to be made recurring also.

Step by Step: How to Recur Transaction List

1. If you want to see a list of recurring transactions, you click on the Gear icon and then open Recurring Transactions under lists.

2. You can add new templates from here, and edit a template that already exists, you use or delete it.

3. Expense and Purchase Transaction
4. When the new area of QuickBooks is set up, you should review the settings of the company that is related to that field. Now, before you check the Company Settings, you should make sure that you can understand the types of expenses as well as purchase transactions.
5. Bill – If there is a transaction that you entered when you receive a bill from a vendor even though you are not willing to pay it until some other time. You can find this in Essentials and Plus only Expense – it's a way to enter money, credit card purchases or checks
6. Checks – it's a way to enter transactions that will make your bank account reduced. If payment is a check, you are able to print it.
7. Bill Payment – those transactions are used to pay for the bills that are entered. It is only available in Essentials and Plus.
8. Purchase Order – you can use a purchase to tell a vendor you want services or goods. It's only available in Plus.
9. Vendor Credit – you can enter a vendor credit in order to record return from a vendor or refund. It's only available in Essentials and Plus
10. Credit Card Credit – These transactions record a credit card refund
11. Some of these transactions could be launched from many of access point even though others don't have that variety.
12. Determine Appropriate Expense-Related Settings
13. Company Settings
14. You can click on the Gear icon so you can access the Company Settings. You'll find four tabs along the left side. Then you set the preferences depending on how you want to use your company file.

Note that expenses have their own category, even though under the Advanced Settings there are also some expense settings.

You can also turn in using Purchase Orders here. If you check under the Advanced tab, you will find the same types of automation options that we saw with clients. Would you like QBs to automatically make it able for your bill payments to apply? You should think about it before you turn it on. It’s a good idea to turn on bill warnings and checks that are duplicate under the Miscellaneous sections.

15. Alternative Entry Points used to Enter Purchasing Transactions are something you should be able to recognize.

Vendor Center

So, the Vendor Center can be accessed if you select Vendors in the left navigation bar, which is used for editing, reviewing, and adding vendors. The list of Vendors is able to be printed or exported, filtered, and can also be sorted by many parameters. There is an Action column which has a drop - down box which can be used to make transactions like vendor inactive or checks or bills beside every Vendor. Also, you are able to email vendors in batch with the Batch Actions drop-down list. This enables your emails to use any choice of your email client or web-based email.

Step by Step: How to Create a Bill

1. You select wanted Create bill for a customer you want in the Action list. Remember: You can either post to an account directly or just use some item on the Products and Services List.

2. Now, under Account details, you should enter Advertising for $2,500.

3. Use the keyboard shortcut Ctrl + Alt + S to save.

4. Enter a second bill for another desired customer for, let's say, Meals and Entertainment, $250.00 and Save and Close.

5. If you use a keyboard shortcut, QuickBooks will save the transactions and assume that you want to enter a transaction of the same type as that one. Even does, it does not assume you want to save your vendor, which means you should enter a new customer for the vendor. The Vendor Center will show two open bills for the wanted customer.

Step by Step: How to Pay Bills

1. You should click Make Payment option located next to the name of the customer. You can find this option in the Action column. QuickBooks will open the Bill Payment screen, and you will see the list of bills as well as a check that is marked for you so you can pay it. Look at the top of the screen; you are able to choose to pay via credit card or bank account.

2. You can find Save and Close at the bottom of the screen.

3. You can get a list of transactions or drill down on the name of the vendor with the Customer Center.

4. Go to Entering Transactions and then Expenses

5. It's mentioned earlier in this guide when you click on Expenses that are under Transactions located on the Navigation bar, you will get a list of the last year of transactions. You can filter this screen for the view to be modified. You are also able to drill down on the desired transaction. You might print checks or enter a new transaction

Step by Step: Entering Expense Type of Transaction

1. You should choose Expense on the New Transaction drop-down menu. In order to recap what was said in this guide, with Expense type of transaction, you can increase a credit card's payable for company's purchases or reduce your bank account. It's a fine type of transaction for "shoebox" customers.

2. You enter an expense for the wanted vendor. It is paid with a Mastercard for Dues & Subscriptions, and payment is $10.

3. Now you click Save and New at the bottom of your screen.

4. You should enter a transaction for one of your vendors. It’s paid $100 for Commissions and Fees. Now, Save and Close.

5. Both expenses will show up at the bottom of the Transactions page, even though one affected a credit card account and the other on the bank account. Use the Check feature if you entered every check.

Step by Step: How to Pay Multiple Bills

1. You already learned how to pay a single bill. The bill you paid with the Vendor Center can be paid from the Expense Transaction page too. When you want to play more bills at the time, choose Pay Bills option from Quick Create.

2. Now you choose the Pay Bills option from Quick create.

3. Now you select Checking like the Payment Account.

4. After that, you select which bills you want to pay, and then enter the payment method and a payment date Printed Check.

5. Remember that located in the upper right corner; you are able to list the bills however you want them. Now you click on Pay Bills.

6. QuickBooks is going to give you print the checks option and listed paid bills if you’ve clicked on Pay and Print. Step by Step: How to Create a Check

Step by Step: Create a Check (write a check to pay a bill)

1. Click on Quick Create and choose Check.

2. Enter the vendor: for instance, Drawer will pop up on the right side, and it will allow you to add the bill into the check when you enter a vendor name and bill related to its name is big. Effect of the accounting is to decrease Accounts Payable and decrease the bank

account. It will help clients prevent mistakes like writing a check for some bill that already entered.

3. In order to add the bill to the check, you should click Add. It will change the type of transaction from Check to the Bill Payment. Now you save and Close.
4. Enter the item details or the account if you didn't pay a big bill with this check.

Step by Step: How to Print Checks in Batch

1. You choose Print Checks by clicking on Quick Create
2. You would like to see if your cheques are lined up before you print them.
3. Preview and Print once you choose which ones to print. Make sure you starting check is correct before you do that.
4. Now you go to Transactions -> Banking
5. You can link your credit card and bank accounts to QuickBooks by using The Banking Center. After QuickBooks will automatically download transactions, but you are able to even download manually with a click on the right corner on Update option.

Step by Step: How to Use the Banking Center

1. Click on Banking under Transactions located on the Navigation bar
2. You can see at the top of the screen, that your linked accounts are shown together with the downloaded transactions that should be matched or entered. You are able to click on Update option so you can import the last transaction, even though they're downloaded nightly.

3. You can import OFX, QBO, CSV or QFX files that are formatted If your bank account can't connect to QuickBooks. By clicking on the icon that is next of Update icon, you are enabled to add. You can also manage and create rules with an option under the Update icon. But first, make sure to understand other parts of the Banking. Also, in Excluded and QuickBooks, you can find tabs meant for New Transactions located in the middle.

4. New transactions – Those are transactions that are just downloaded. Be sure to act to them.

5. In QuickBooks – Transactions that added or matched from the New Transactions tab. There is not even one in the sample file, but once you used the Banking Center in some live file, there will be a list of lot transactions.

6. Excluded – Downloads you don't want in QuickBooks because they have already reconciled and entered. They are not likely to be a match.

7. At the next part of the page, you will see a list of downloaded transactions. You should show All transactions that are downloaded and remember it's not unlikely to see a tab of Recognized transactions. Transactions like this could be matched, or QuickBooks assumed basted of earlier rules and transactions. There are a Gear and a Printer icon on the right. You can have listed transactions printed.

8. Now you click on the Gear icon. Set as many rows as you want as well as columns you would like to see.

9. After that, you click on Copy Description. It will enable QuickBooks to automatically copy the transactions of the bank into the Memo field. You can see the Memo field on reports. You can

find it useful for troubleshooting entries. Before you add it to QuickBooks, you can edit the memo. You will see that in the match or category list, several transactions are matched by QuickBooks.

10. Then you click on the column header Match or Category

11. Match will be found by QuickBooks automatically. It could be against payments from the client, check, bill payment deposits, and more. Be sure to know that you can match each of them individually if you click on match located at the action list. So, if you want to have several transactions entered at the moment, you should first select the first one you will enter and then just hold your shift key while clicking the last transaction, then on batch actions click the down arrow key and then accept everything that is selected. It will match a transaction that’s entered on QuickBooks already, with the downloaded transaction.

12. Click for the Hicks Hardware on the selection box. Then you hold the shift key, and for Hall Properties, you click on the selection box. All transactions between Hall Properties and Hicks Hardware will be selected by holding down your Shift key

13. Now you choose Accept Selected option that is listed on the Batch Actions drop-down list. Move transactions from New Transactions to the In QuickBooks.

14. Now you click on the heather of the column for Description on the New Transactions. You can find two expense transactions that are for A Rental. The account to use and the vendor name are still unknown to QuickBooks.

15. Now you click on the header of the column for Description on the New Transactions. You can find two expense transactions that are

for A Rental. The account to use and the vendor name are still unknown to QuickBooks.

16. As a posting account, choose Equipment Rental. When you do so, QuickBooks will guess that you want the second transaction so A Rental could use the A Rental vendor so it can post it to Equipment Rental. Each transaction can be added individually or, under Batch Actions, and then by clicking on the selection boxes, you should choose Accept Selected option as. By clicking Split, you can split the transaction.

17. In the middle of the page, there is a question, so be sure to locate the vendor. Remember that This transaction can't be posted by QuickBooks.

18. Choose Manage Rules by clicking on the Update drop

19. Then you click on New rule option.

20. Now, in the Description area as the rule name, enter the desired vendor.

21. Vendor should be selected as the Payee and Supplies and then as the Category. Be sure to do that right

22. Now you click the Save option.

23. Then you click on Bank and Credit Cards option.

Some complex rules can be created like this. Hypothetically if the vendor is any less than $500, then post to Supplies. You can make some other rule where the vendor is more than $500 and post it to Equipment. The rules for splits can also be created. If a vendor's transactions are split 40% Telephone and 60% to the Internet. You could see three radio buttons by clicking on a transaction that's in the Banking Center.

Change the radio button to Find, If you think there should be a match. If your transaction can't be found, it's probably reconciled in QBs. Check the box and Batch Actions and choose to Exclude selected option if you don't want it to be reconciled in QBs. If the transaction is a transfer between accounts of two companies, be sure to use the Transfer button to indicate.

Use the Quick Create Menu to Identify Additional Transactions

With the Quick create, you can access some other types of transactions. Time tracking is a case where a transaction can be accessed only via Quick Create function. It can also be tracked by the Weekly Timesheet function or the Single Time Activity function. Even if you aren't signed up for QuickBooks Online Payroll, you will still be able to use this feature.

Step by Step: How to Fill out a Single Time Activity

1. You select Quick Create (+) that is on top of the QuickBooks Online window.

2. You select Show More if necessary.

3. Select Single Time Activity that is under Employees.

4. Now you enter the name of the Vendor or Employee whose time you want to track.

5. Now you Enter the date for the time that is being tracked. 6. Now you enter the Customer for whose time you track

6. You should enter the Service that is being rendered during the chosen time.

7. Check the billing rate and if the time is billable, but only if Billable preference is turned on.

8. Be sure to enter the time tracked HH:MM format.

9. Now you enter a description of the finished work.

10. You select Save and New or select Save and Close.

Step by Step: How to Fill out a Weekly Timesheet

1. At the top of the window of the QuickBooks Online, select Quick Create
2. Select Show More if you need to.
3. Select the Weekly Timesheet located under.
4. Now you enter the name of the Vendor or Employee whose time you want to track.
5. You should the work week for which the time Employee or Vendor are tracked.
6. Enter the Customer for his own tracked in each row of the Weekly Timesheet You can also enter the Taxable status and the Bill rate if you want to.
7. . Now you select either Save and New or Save and Close.

Step by Step: How to Make a Bank Deposit

1. At the window of the QuickBooks online, select Quick Create
2. You can select Show More if necessary.
3. Then you select Bank Deposit that is under the Other.
4. Choose which bank account you are going to use for the deposit.
5. Fill in the date.
6. On the Top part of the screen, some monies in Undeposited Fund might show up.
7. If they are part of the deposit, select the Existing Payments.

8. Add some other payments that are received, In the Add New Deposits area.

9. By clicking in the posting account, only If you are taking cash back from the deposit.

10. Click on either Save and New or Save and Close.

11. Using Summary only or preprinted deposit slips, you can print a Deposit Slip and Summary.

12. You are able to write a check for some expenses you are tracking using QuickBooks expense accounts. If you are using purchase orders or inventory, you can also write checks for inventory part items as well.

13. You want to write a check:

14. Click Write Checks in Banking.

15. You can the account you want to write a check from while holding down arrow key after you clicked the Bank. In case the vendor is not already set-up in QuickBooks, QuickBooks is going to ask you to add the new vendor. In case the vendor was added to the vendor's list previously, that vendor's check address will be filled automatically by QuickBooks.

16. You should fill in the on-screen check same as you would fill a paper check.

17. Using the Expenses tab, you should itemize your expenses.

18. Enter the items that are on the Items tab if you are purchasing them for your inventory.

19. Click Save and New or Saved and Close when you are finished entering all the information. If you want to see checks that are

already written use the Previous and Next navigation buttons

20. To find and print a single check:
21. Load the blank check form into the printer.
22. Go to the Banking menu and click Write Checks.
23. Click the Find button and search for the check you want to print.
24. Double-click to view the check you want to print.
25. Click Print.
26. In the Print Checks window, choose the options you want and click Print.

Entering Bills

At first glance, entering bills in QuickBooks and then paying them later might seem like more work than just writing checks. But as you'll learn in this chapter, there are several advantages to entering bills in QuickBooks, and the program makes it incredibly easy to pay them

You are advised to enter bills immediately upon receiving them and paying them afterward. Use the Enter Bills window for entering of bills upon receival. Then use the Pay Bills window for payment of the bills. You can set up QuickBooks to remind you to pay bills when they are due to be paid. Using this method, you keep your money in your business for as long as possible. You might still use a check to pay the bill, but this method enables you to track the quantity of the money you owe. And at any time, you can run reports to analyze unpaid bills for information such as to which vendors you owe money. Do not simply write a check in the Write Checks window to pay bills that you entered in the accounts payable register or the Enter Bills window. Use the Pay Bills window to pay these bills.

- On your homepage, you can find an Enter Bills icon and click it. You will see the window of the Enter Bills opening in order to record your bill.
- Be sure to enter the information in the Bill template like date, amount due, the bill due date and vendor.
- You are able to associate the bill with asked items or your expense account; it's the same as with writing checks. By using drop-down box, you are able to select the item or the account You can create items or an account when you select Add New and add new item or account
- Click Save and New or Save and close when you entered every information needed. You can select Edit → preferences from the toolbar.
- If you want to be reminded about your bills, Then you choose Reminders from the left list, and then you select the Company Preferences tab.
- Feel free to change the settings of your reminder like the time frame that is used for the reminder

Paying Bills

Entering bills in QuickBooks isn’t the same as paying bills. The bills you enter in your company file are a record of what you owe and when, but they do nothing to send money to your vendors. Pay Bills is the QuickBooks feature that actually pushes your money out the door. It lets you select the bills you want to pay, how much to pay on each one, as well as the payment method, account, and date. If you have credits or early payment discounts, you can include those, too.

- On your homepage, you should click on the Pat Bills icon.
- You will see every listed entered bill of your when the Pay Bills window pops up.
- Then you select one or more bills you want to pay, the method of payment, the account you are using to pay bill/bills and the payment.
- You can print checks, or you might want to show the check number of some written check of your if you pay with a check.
- QuickBooks is going to make sure to decrease the amount of your account that is used for checking by the amount of 17 paid bills.
- QuickBooks is also going to increase the amount on your credit card account, same as the paid bills if you paid with a credit card.
- QuickBooks is going to automatically adjust the needed accounts and write a check (only if you used your method of payment to be check) if you click Pay Selected Bills
- Click “Pay Selected Bills,” and QuickBooks will automatically write a check (if you selected check as your method of payment) and adjust the associated accounts to reflect the bill payment.
- You are not required to go through the Pay Bills window to be able to pay them. You can enter checks, credit card payments, and cash expenditures directly in the appropriate registry. Though, if you enter bills via the enter bills window, or the accounts payable

register, you are required to use the pay bills window for your bill payment. Do not use the Write Checks window to pay a bill that you have entered with either of these methods.

At the left side of the vendor center, you can check every one of your vendors, and it's always very easy to access. You can also choose to view your vendors, individually or all of them by selecting in Vendors. Vendors will be listed for you, so it's very simple to use.

If you synchronize your QuickBooks bank accounts with your bank accounts in real life, you make it possible to download your transactions and your bank balances in QuickBooks company file that you have , which is great because you will always know and can always check the state of your wallet. So, you can update your QuickBooks accounts quickly, be sure you are not giving any checks and you can always check your balance. This banking online is possibly the future, and everyone must agree that it's a lot better since it's able and it's very convenient, and it enables you to manage your cash flow at any time. You can always know exactly how much you have all the time, so it also makes it a lot easier to track if someone is using your money even though they don't have your approval. You are also not very likely to lose your money like this, so you can feel safe. Remember that you are able to transfer any amount between your checking account and account of your money market. Because of online banking, you don't have to do boring stuff like walk to the mailbox, write checks, lick stamps, etc. You can also access it from anywhere, and you can run some of your errands while being online like paying your bills for example. When you submit payment transactions online, you need to know that the billing service that is used will transfers funds

Chapter 4

Banking Transactions Managing

By synchronizing your real-world bank accounts with the bank accounts in QuickBooks, you can download your bank balances and transactions into your QuickBooks company file, so you'll always be able to know the state of your wallet. (The connection you set up between the two is called bank feeds in QuickBooks, to differentiate it from online banking that you perform by logging into your bank account outside of QuickBooks.) That way, before repaying your aunt the start-up money she lent you, you can quickly update your QuickBooks accounts, check your balance, and be certain that you aren't giving her a check that bounces.

Besides managing your cash flow, banking online is much more convenient than the old paper-based methods of yesteryear. For example, you already have a lot of transactions in your QuickBooks account register (from receiving payments against invoices or making payments to your vendors) and you can easily match these transactions to the ones you download from the bank, so you know how much money you really have in your account—and whether someone is helping themselves to your money without permission. Plus, you can transfer money between your money market account and your checking account when you find yourself awake at 2 a.m.

Banking online also lets you pay bills without having to write checks, lick stamps, or walk to the mailbox. After you submit payment transactions online, the billing service you use either transfers funds from your bank account to the vendors or generates and mails paper checks. Online billing also lets you set up recurring bills so you can go about your business without worrying about missing a payment. All this convenience requires some setup. QuickBooks needs to know how to connect to your bank, and your bank needs to know that you want to use its online services. This chapter explains how to apply for online services with your financial institution and set up bank feeds in QuickBooks to perform all these tasks. Once your accounts and bank feeds are set up and online services activated, you'll learn what you need to know about taking transactions through the internet, as well as online payments. And if you enter transactions in your company file, you'll also learn about matching them with the ones you download—and correcting any discrepancies.

Banking Accounts Linking

QuickBooks can zip you through the two basic ways of producing and distributing invoices and other forms: on paper and electronically. Within those two camps, you can choose to produce and send forms as soon as you complete them or place them in a queue to process in batches. For sporadic forms, it's easier to print or email them as you go. But when you generate dozens or even hundreds of sales orders, invoices, statements, or checks, printing and emailing batches is a much better use of your time. If you have workhorse transactions that you enter again and again, QuickBooks can memorize them and then fill in most, if not all, of the fields in future transactions for you. For transactions that happen on a regular schedule—like monthly customer invoices or vendor bills—the program can remind you when it's time to record the transaction, or even add the transaction without any help from you. You can also memorize transactions that you use occasionally, such as estimates, and call on them only when you need them. QuickBooks' search features can help you track down financial info, which you can appreciate if you've ever hunted frantically for a transaction. Whether you want to correct a billing problem on a customer's invoice, check whether you paid a vendor's bill, or look for the item you want to add to an estimate, QuickBooks gives you several ways to search. You can look for different types of transactions within various date ranges in the Customer, Vendor, and Employee Centers—and the Inventory Center, if you use QuickBooks Premier or Enterprise. The Item List window sports a few search boxes for finding the items you want. Form windows, such as

Create Invoices, have a Find button on their Main tabs so you can quickly find transactions of the corresponding type. You can use the program’s Search feature to search throughout your company file or QuickBooks. And the full-blown Find feature is perfect for surgical searches.

The first step is to click Connect account on the Dashboard under the Bank Accounts menu. First, select your bank and after providing your information, press Sign in. After you connect, you will be able to see all of the accounts you have at this bank. You then register what kind of account the account you use for your business is. QuickBooks will provide you with all of the information regarding transactions in the past 90 days, but these transactions are not in QuickBooks yet. After the first download, you will have to arrange and review your expenses on your own. The Category and Match buttons are there to help you manage your transactions. QuickBooks will provide you with information on where it tried to find categories. To learn more about a transaction, select it from the list. You can change the category of the transaction through the transaction menu. Then click Add to save the transaction. You will be provided with a summarization of how your business is doing on the dashboard. To learn more about how your expenses are categorized and how you spend money, there are report functions such as Profit and Loss.

Importing, Matching and Adding of Transactions

One of the many benefits QuickBooks provides you with is the fact that it saves you a lot of time that you would usually waste on manual input of each transaction instead of simply downloading them. Nearly every big bank will let you to easily and quickly connect to QB, though, it should be noted that a number of smaller banks and unions simply do not have that option. In order to import transactions into QB, your online banking ID and password are required to log in. However, this is only asked of you the first time, as QB stays connected to your bank account for the purpose of downloading day-to-day transactions.

- In the Left Menu Bar, select Banking. To locate your bank/financial institution, you can do one of the following: enter the name of your bank in the search field or click on the bank list below and find it manually. Punch in the ID and password you would normally enter to access your bank account. Your bank shows every account you have with them. Be sure to select only the business accounts that you want to connect to QuickBooks.
- Select every account you wish to be connected to QB by simply clicking anywhere in the account row
- Account Name: From the drop list, click the QB account that you wish to connect with the bank account. In case you still haven't set up a bank account in QB, click Add on the account drop list.
- The account setup window will pop up. Fill in the blanks in order to set up a bank account in QB
- Account Type: Choose the type of account for which you want to import transactions into QuickBooks. Normally, this is either a bank account or a credit card one.
- Detail Type: Here, you wish to provide more info on the category of the bank account.
- Name: How will the account name be displayed in QuickBooks.
- Description: Enter the name of the bank and the type of the account (e.g., checking, savings, etc.)
- save and Close: Double-check to make sure that you have made selections in all five fields. Click the Save and Close button.

Bank Deposits Recording

The Make Deposits window is like an electronic deposit slip. The payments you chose to deposit are already filled in. If you have other checks to deposit besides customer payments, they don't automatically show up in this window. However, if you're keen on adding them, you can do so manually. If you're depositing a payment made in a foreign currency, in the "Exchange Rate 1 [currency] =" box, type the exchange rate that your bank used for the transaction. The table of deposits then shows the deposit amount in the foreign currency, and the lower section of the window shows the deposit total in both the foreign currency and your home currency. After you make your foreign-currency deposits, you can see how much you gained or lost due to changes in the exchange rate by choosing Reports→Company & Financial→Realized Gains & Losses. This report shows the payment amounts in your home currency, the exchange rate, and the resulting gain or loss.

You need to record a deposit in QuickBooks if you receive a check from someone other than a customer. To begin, on the Homepage, select the Plus sign in the top and select Bank Deposit right below the Other column on the far right. The record deposit window will display the following:

- Bank account – Choose from the drop list that one account that you want to deposit this check to.

- Balance – this is the current balance of the bank account you selected.
- Date –the date you will make the deposit
- Received From – select from the drop down the person or business that you received the check from. If they weren't set up in QB, you could do so here by selecting Add new from the drop-down menu.
- Account – select from the drop down the account that you want to track this deposit.
- Description – type a description here that will help you to identify what this check was for.
- Payment method – select a payment method.
- Ref no. – if the payment method is a check, type the check number in this field. Otherwise, you can leave this field blank.
- Amount – enter the amount of the deposit.
- Cashback goes to: select the petty cash account here if you plan to get cash back.
- Cashback memo: indicate here if there is a specific purpose for the cash back
- Cashback amount: enter the amount of cashback you plan to receive from this deposit.
- This is the total amount of the deposit less the cash back amount.

Once you have completed all of the fields, Save and Close. When you're moving money between bank accounts, if you simply accept the Online Banking transactions (see next section), you may accidentally create two unrelated transactions. We want to transfer $500 from the Checking account to a Savings account. Select + | Transfer. Enter the accounts to transfer the money to and from, the amount of the transfer, and the date of the transfer.

It would be helpful to put a description of the transaction in the memo field. If this transfer happens on a regular basis, then you can make it a recurring transaction. Click Make Recurring to set this up. Click Save. You can save several hours a week of clerical tasking by using Online Banking. It is found under Transactions | Banking. This feature works in one of two ways:

- A direct connection to your bank or credit card company. It “sucks in” all that day’s transactions for your approval. Some banks charge for this service.

- Download the month’s transactions from your bank’s website and import them into QuickBooks Online.

This service is always free but may be labor-intensive. If you do have Direct Connect, you can finish each day, as part of the ’15-Minute Books’, by opening up Online Banking. Any transactions that you entered manually into your QB will be marked as “Matched.”

For transactions that don’t match, click on them to edit. If it’s a Vendor who you will use frequently, update the Payee line. If it’s a one-off expense or a Payee you don’t want to accumulate in your Vendor list (like a restaurant or a gas station), leave this field blank or create a generic Payee (like “Restaurant” or “Gas Station”). Next, modify the Expense category. Be sure to choose the right one and be very sure not to leave it as Uncategorized Income or Uncategorized Expense! When done, select Accept. For Deposits, this is usually when I go to + | Bank Deposit to gather the corresponding individual transactions. As soon as we’re done, QBO notices the new matching dollar amount and Matches the transaction. Every time you label a new type of transaction, QBO will create a Rule, so the next time it sees that same Payee from the bank, it will modify this entry automatically.

Sometimes one Payee might have two different types of transactions. For example, Intuit is my Payee for the Dues and Subscriptions for my QBO account. Intuit is also the vendor for my Merchant Services Fees account, and I have to keep an eye on each transaction to be sure it gets filed appropriately. In another scenario, some banks only provide generic Memos like “Check,” and Online Banking will auto-fill it with the most recent previous transaction. Fortunately, you can create manual Rules to control these situations. If the transaction is a Transfer between bank accounts, also make sure it’s marked as a Transfer using the radio buttons above the Payee. Otherwise, you’ll wind up with two transactions indicating money in and money out instead. While it still needs maintenance to import cleanly, this new feature automates the time-consuming task of manually entering every single debit card and credit card charge. It also helps you discover transactions you missed or ones you created that never hit the bank.

Chapter 5

Business Credit Card Transaction Managing

In QuickBooks, the credit cards you use can be set up as accounts or vendors, depending on how you prefer to record your credit card transactions. Here's the deal: tracking credit card charges using an account has several advantages. With a credit card account in QB, charges can be entered as they happen (which takes no time at all if you download credit card transactions;). Then, when you receive your statement, you can reconcile the credit card account as you would a checking account, so you can see whether your records and your charge card company's match. To prevent credit card charge payee names from filling your Vendor List with entries you don't need, store names in the Memo cell or create more general vendors like Gas, Restaurant, and Office Supplies.

Credit card vendor.

If you set up a credit card as a vendor, you don't have an account to reconcile when you receive your credit card statement. In addition, the name of every establishment you bless with credit card purchases won't fill up your Vendor List. The drawback to this approach is that you still have to allocate the money you spent to the appropriate accounts, and you can't download that split transaction from your credit card company. With the statement in hand, open the Enter Credit Card Charges window (choose Banking→Enter Credit Card Charges) to enter a single transaction allocating the total statement balance to each of the charges you made. (On the window's Expenses and Items tabs, add entries to allocate charges to the appropriate expense accounts.) That way, the transaction does double-duty by reconciling your charges to the statement, which will make your accountant happy

The transactions from your business credit cards will not be posted even when you import them. You will still have to take a few more steps before completing registration, such as reviewing and giving additional information. A tutorial on reviewing card transactions so that you may add them to your register and financial statements.

At the top of the Banking Center, you will be able to see, at the top of the page, all of the banking and credit card accounts you have set up.

If the account is linked to your bank account, you will be able to see your credit card balance as of the latest sync in the top blue portion of the box.

- The current balance in the QuickBooks register is displayed at the bottom portion of the Account box, and the number of transactions is displayed in the For-review tab.
- If the top of the box shows $0.00, it may mean that the account has not linked properly.
- The bottom portion of the account box will show the current balance in the QuickBooks register and, in the For-review tab, the number of transactions, similar to the linked account.
- Any transaction you make will be placed in one of the following tabs:

- For Review – this is where your transaction will go before you finish reviewing it, before posting it, most commonly when the transaction is first imported.
- In QuickBooks – this tab keeps track of all of the transactions that have been matched or added to the register in QuickBooks.
- excluded – this tab will show the transactions you removed from the For-Review tab.
- By clicking on the left-hand menu bar and selecting banking, you will be able to manage downloaded credit card transactions in the bank center. We advise by immediately sorting the transactions in the For-Review tab. Within this tab, two additional tabs can be found:
- All – this tab keeps track of all transactions (including those placed in the Recognized tab)
- Recognized – If a transaction that is already recorded in your register is recognized by QuickBooks, a green MATCH tag will be displayed next to it, and it will be moved to the recognized tab.
- By clicking the Match link located in the action column, you will add the transaction to the register. QuickBooks will add the transaction to the register and include it in your financial statements.

People often function on a subconscious schedule. Whenever you perform a transaction, no matter how small, the chances are that you will do so from the same retailer. If you have previously downloaded vendor names or descriptions, QuickBooks will recognize them and will suggest as to which account the transactions should be coded to. Upon accepting the change, QuickBooks will redirect all transactions that fit those parameters to the same account.

For example, if you have previously coded Bluehost.com transactions to your Advertising account, then the next time a Bluehost.com transaction is downloaded, QuickBooks will suggest coding it to the Advertising account. If you accept the suggestion, then QuickBooks will categorize all transactions with the Bluehost.com description to the Advertising account.

If a customer returns a product or finds an overcharge on her last invoice, you have two choices: Issue a credit against her balance or issue a refund by writing her a check. In the bookkeeping world, the documents that explain the details of credit are called credit memos. On the other hand, when a customer doesn't want to wait to get the money she's due or isn't planning to purchase anything else from you, a refund check is a logical solution. In either case, refunds and credits both begin with a credit memo.

When you purchase items using your business credit card, you may need to return something because it was damaged, or it just didn't work out. The vendor will usually process the return using the same credit card that you used to make the purchase. When this credit shows up on your credit card statement, you need to be sure that it is flagged as a credit card refund and that it is coded to the same account you coded the original purchase.

From the Home page, click on the Gear icon to the left of the company name and select Chart of Accounts. From the chart of accounts list, click on the View Register link next to the credit card as indicated below. The Credit Card register will display. From the drop-down, select CC Credit. Complete the following fields:

- Account – From the drop-down, be sure that you are in the correct register. If not, select the credit card that you need to enter the credit return for. This is the credit card that the vendor credited the purchase to.
- Date – Enter the date that you returned the product.
- Ref No./Type is a field you don't have to fill out. It is recommended that you put CREDIT. Below the ref number field is the transaction type. QuickBooks will put the transaction type based on your prior selection.
- Payee – From the drop-down, select the vendor that you returned the product to.
- Memo – Include any additional information about the return in this field (e.g., reason for return).
- Payment – Enter the cost of the item that was returned.
- Account – From the drop-down, select the account that the credit for the return should be categorized to. It is best practice to use the same account that you categorized the original purchase for the credit card refund.
- Save – After you complete all of the fields, you can save this transaction.

If you need to edit a credit card refund that was previously entered, you can do so by following these steps:

- From the Home page, click on the Gear icon to the left of the company name, and select Chart of Accounts.
- From the drop-down, select the credit card that you entered the refund.
- Click anywhere within the transaction to activate the fields that you can make changes to.
- Once you have made your changes, be sure to save them

Business Credit Card Reconciling

You've opened your mail, plucked out the customer payments, and deposited them in your bank account. In addition to that, you've paid your bills. Now you can sit back and relax knowing that most of the transactions in your bank and credit card accounts are accounted for. What's left? Some stray transactions might pop up—an insurance claim checks to deposit or handling the aftermath and bank fees for a customer's bounced check, to name a few. Plus, running a business typically means that money moves between accounts—from interest-bearing accounts to checking accounts, from PayPal to your checking account, or from merchant credit card accounts to savings.

For any financial transaction you perform, QuickBooks has a way to enter it, whether you prefer the guidance of transaction windows or the speed of an account-register window. Reconciling your accounts to your bank statements is another key process you don't want to skip. You and your bank can both make mistakes, and reconciling your accounts is the way to catch these discrepancies. Once the bane of bookkeepers everywhere, reconciling is practically automatic now that you can let QuickBooks handle the math. In this chapter, the section on reconciling is the only must-read. And if you want to learn the fastest way to enter any type of bank account transactions, don't skip the first section. You can read about transferring funds, loans, bounced checks, and other financial arcana covered in this chapter as the need arises.

Similar to your personal credit card accounts, it is important that you reconcile your business credit card accounts on a monthly basis. Reconciling is the process of matching the transactions on your credit card statement to what you have recorded in QuickBooks.

Preparing Business Credit Card reconciliations on a regular basis will help to ensure the following:

- Any discrepancies between your records and the credit card companies are resolved in a timely manner (e.g., a credit card charge that comes through for a different amount from what you authorized.)
- Timely notification of any fraudulent transactions. For example, if you notice transactions listed on your credit card statement that you did not authorize, you can notify the bank as soon as possible so that they can investigate.

In addition, reconciling your credit card transactions in QuickBooks helps ensure every transaction is noted in your books. This helps keep your financial statements, like profit & loss and balance sheet up to date.

Before you follow the steps to reconcile, be sure that you have your credit card statement handy for the credit card. We will refer to the credit card statement often during this process.

Here are the steps to reconcile a business credit card account in Quickbooks Online

From the Home page, click on the Gear icon to the left of your company name. Below the Tools column, select Reconcile. Complete the fields, as indicated below:

- Account: Select the credit card account you would like to reconcile from the drop down.
- Beginning balance: QB automatically fills in this field with ending balance from the previous month. Check if this amount matches what your bank statement says. If it does not, you should see a notification that says, “Hold on! Your account isn’t ready to reconcile yet”. Click on the “We can help you fix it” link and follow the instructions to resolve the difference before you reconcile the current month.
- Ending balance: Enter the ending balance that appears on your bank-given statement in this field.
- Ending date: Enter the ending date of your bank-given statement in this field.
- Start reconciling: When you are ready, click the “Start reconciling” button to go to the next step.

You will see the following information:

- Statement Ending Balance – The amount that you entered previously in Step 2 will appear in this field. Be sure to double check this because it will cause you to be out of balance if it is incorrect.
- Beginning Balance – As discussed previously, this is the ending balance from last month’s statement. QuickBooks will populate this field for you.
- Cleared Balance – As you start to reconcile each item, this amount will change depending on whether you have selected a charge or a payment transaction.

- Charges – This amount will increase as you select charges to reconcile from the detailed section below.
- Payments – This amount will increase as you select payments to reconcile from the detailed section below.
- Difference – Quickbooks will handle this for you. It is the difference between your statement balance and the cleared balance. The goal is to get to a difference of zero.
- Transactions – In this section, you will see all of the charges and payments that have been recorded in QuickBooks as of your statement ending date. You can filter this section to just show Charges, Payments or all by clicking on each of the tabs.

If you are new to reconciling, I recommend that you reconcile the area with the least number of transactions first. Our goal is to make sure that every charge and payment listed on the credit card statement is marked as "cleared" in the reconciliation window.

To mark an item as "cleared," click the radio button to the right of the Payments column. Let's start with payments first. Once you have marked all of the payments in this window which show in the statement of the credit card, verify that the total payments cleared matches the total payments amount in the statement of the credit card. If the total payments in the statement match the total payments we have "cleared" in QuickBooks, you can move onto charges. However, if your payments do not match, head over to the section for troubleshooting tips on how to fix the out of balance.

Once all charges and payments match the credit card statement, you should have a difference of $0.00. Behind the scenes, QuickBooks will mark all of the charges and payments that have been reconciled as cleared. Click the "Finish now" button to generate the credit card reconciliation report. It's important that you save all credit card reconciliation reports for every credit card account. You can create a folder for each credit card account to keep these reports in.

Try some of these tips if you're having trouble getting a $0.00 difference between what's in QuickBooks and what's on your credit card statements:

- If possible, narrow the search down to the transaction type. Figure out whether you aren't in balance with the charges and payments.
- If out of balance for both charges and payments, then tackle them separately. In other words, balance charges/cash advances first and then move onto payments/credits or vice versa.
- Look for the exact dollar amount that you are off. For example, if your difference is $50.00, then look for a transaction for this amount on your credit card statement and then on both the charges section and payments section of the reconcile window.
- Triple check the information that you entered from the credit card statement in step 2 above.
- Check to see if there are any transactions in the reconcile window that you did not select. If the transaction is on your credit card statement, then make sure the radio button next to it is selected.
- If you do have a transaction on the credit card statement that is not in QuickBooks, then you will need to add it to QuickBooks.

Chapter 6

Reporting

Just when you think things cannot get any more hectic, the final days of the year bring a mountain of additional bookkeeping and accounting tasks with them. QuickBooks can delegate most of those tasks with just a few clicks if you have kept on top of your bookkeeping. (If you avoided this task, however, you might find yourself in a position where not even QuickBooks can help you.)

The tasks you have to perform at the end of each fiscal year (or whatever period of time suits you) and how to delegate them to QuickBooks will be described in this chapter. When you work with an accountant, you may never run a report from the Reports→Accountant & Taxes submenu unless your accountant requests it. Sniffing out any problem will be easy, however, as long as you prepare your own tax returns and run the following reports at the end of each year: the Audit Trail report (Reports→Accountant & Taxes→Audit Trail) is an excellent tool when it comes to files that several people from your company worked on disappear. QuickBooks' audit trail feature, which is always turned on, keeps track of changes to transactions, who makes them, and when. By running the Audit Trail report, you can get even more information based on files that are deleted or removed. (You have to be the QuickBooks administrator or have permission to access sensitive files.)

Profit and Loss/Balance Sheet

Reports are critical for maintaining feedback and specialized business activities. The objective of reports is producing information on the company's financial status, as well as conducting stabilization and development in all of the company's activities. Reports are expected to be easily readable, concise, dependable, and accurate. They show whichever financial changes that are directly related linked to a company's financial status. The purpose of reports can impact the direction the owner will take and the choices he will make down the line. They are fairly helpful when it comes to management in the way of further clarifying the figures. Also, they may be of use to the management for shareholder's annual reports. When you want to find information, the best place to start is a report. Knowing how to handle reports is one of the keys to a successful business. Ranging from basic financial reports to customized reports, they are an asset to any business owner.

The QuickBooks Online reports are easy to organize. This means that you will easily create formats tailored to your unique needs and save that format so you can run the report; however, many times with little to no changes required.

The QuickZoom feature in every report allows you to access the information down to the transaction level through a link that is unique to every report. Just by hovering your mouse button over the report you will make it turn slightly blue, and all you need to do is click the link you are provided with.

If you want to be good at reporting, you will have to successfully comprehend a few rules. The first thing you should learn is the difference between Cash and Accrual. Cash basis reports focus on the part of the transaction that occurs upon completion, where it accounts for the exchange once it is done, while accrual refers to the start of the transaction, where the transfer of money just began. It is wise to learn how these can affect your growth and the information you base your decisions upon. Accrual reports are hailed to be more important as they are a better indicator of the success of transactions. However it is wise to occasionally check up on cash reports as it can give you insight on the flow of cash. We are now ready to dive into the reports in QuickBooks Online. First, an introduction to the Report Center is due; then we will discuss the Report Groupings and then we will learn something about each group as well as individual reports. You can find your categories in the Report Center or Report Dashboard. With one click of the right mouse button, a menu will be revealed for any report. From the left navigation menu, click Reports. This brings you to the Report Dashboard (or Report Center) where you can easily access multiple reports.

The first thing you will spot on The Dashboard is a summary of Profits and Losses. Next to which you will find a search bar of a sort which will help you go through reports without cycling through them. The reports are then broken down into four tabs:

- Recommended – In the recommended section, you will find the most basic of reports every businessman needs. This includes Profit & Loss, Balance Sheet, Expenses by Vendor Summary, A/P Aging Summary, etc. Each of these reports belongs to a group, but this makes them easier to access.
- Frequently Run – This section will give you a summary of the reports you run the most often, as well as the results of said reports.
- My Custom Reports – This will give you the reports you specifically asked QuickBooks to save. From here you can edit them, run them, or distribute them.
- All Reports – This is where you will find the nine categories of reports, as well as find any reports that are available via QuickBooks. This allows you to edit and customize your reports as much as you like as well as access new formats that may be available.

Business Overview reports analyze how your business is doing from different perspectives. Here you will also find all of your major financial reports:

Balance Sheet, Statement of Cash Flows and Profit & Loss, with Profit & Loss Detail and Balance Sheet Summary. Here you will also find your Company Snapshot and Scorecard, where you can find graphical representations of your company's performance relative to the industry. Finally, in the Activity Log, you will be able to see everything that has happened in your company's file.

First, let's get better acquainted with financial reports. To put it simply, they indicate how healthy the company is running. Learning to read reports is very easy. It is only a matter of following simple instructions; if you ever followed a recipe, you will have no problem with obtaining this skill. The three main financial statements are as follows:

- Balance Sheet – Displays everything a company possesses and what it incurs at a single point in time
- Profit & Loss statement – Displays all the money a company has accumulated and expended in a certain timeframe
- Cash flow statement – Displays the transfer of capital between a company and the outside world in a certain timeframe.

The Balance Sheet, to put it simply, dictates the worth of your business. It provides you with a general summary of your company. It takes what the company owns (assets) then subtracts what it owes (liabilities) from that to give you how much your business is worth (your equity). It accounts for each asset, liability, and equity as of a specific date. You can consider it a short review of the change of equity over time.

Asset is anything a company possesses that has value. This usually implies they can be sold or used by the company to create a product or provide services that can again be sold for profit. Assets include but are not limited to physical property, things that cannot be touched, but still have a value, such as patents or trademarks, investments, and of course, cash.

Any amount of money one company owes to another is considered a liability. All kinds of obligations can be viewed as liabilities, such as bank loans, rents, mortgages, payroll, taxes, environmental cleanup costs, etc. Furthermore, liabilities also encompass obligations to the provision of services and/or goods to customers in the future.

Equity shows the net worth of a company (by subtracting liabilities from assets) as well as how the company interacts with the owners. If a new owner is putting money in the company or old ones are not putting enough money in it, that is what equity accounts for.

Step by Step: The Balance Sheet

- Follow the line from Reports to Recommended Reports and finally Balance Sheet

- Pay attention to the two lists, one indicating assets and the other indicating liabilities

- Click Customize, then Add Subcolumn for Comparison and Select Previous Period

- Run Report.

Profit & Loss shows how much money you made and how much you spent. This report, also known as an income statement, summarizes your income and expenses for all accounts you have on your balance sheet, dictating if you are operating at a profit or loss. Different from a balance sheet, this report shows change over time, as opposed to information in a single point.

To understand how Profit & Loss reports are constructed, think of them as a flight of stairs. You begin at the top with the full amount of sales and income generated in the accounting period. As you descend down these proverbial stairs, you constantly deduct every expense. When you reach the final stair, after deducting every last one of the expenses, you are left with how much the company actually earned or lost in a period of time. “The bottom line” is another name for this.

For a new business owner, one of the most important things is setting milestones in the form of achievable goals he is going to strive to over time:

The first goal would usually be making sales. The product he opts to sell should be something that someone else would buy so that he can receive income. That is the first element, Income, and Revenues.

The second goal should be selling the product at a price where profit is achievable, meaning that a product should pay for its own production costs and more. If a product is made for 5 dollars, he should aim to sell it for more than that. In the next paragraphs, we will discuss profit and loss and the price of goods sold. Which brings us to a new term, Gross Profit, which represents the amount of money that remains after you subtract the sold goods price form the income.

The third goal should always be selling enough of the product. Enough being the amount of money, which can cover the costs of running the business. These expenses are something that a business owner has to pay no matter how much of the product he is considering overhead. Office rent, Bank Services. Payroll, etc. are all a part of these expenses. The thing that tells you if you have succeeded with doing this is the Net Operating Income.

The fourth goal is earning enough money for you to be able to take some home. During the company's operation, many unforeseen things can happen. The overall Net Income accounts for this. To be more accurate, it tells you if, after everything, your business has made any money. This opens a new train of thought for the owner if he wants to reinvest in the business or take the money home.

Step by Step: Profit & Loss

- Open the Reports menu, then click All Reports, then go to Business Overview and then finally click Profit and Loss. Notice the list income and below, the list of expenses.
- Click Customize -> Change the Transaction Date to be Last Quarter.
- Change the Accounting Method to be Cash Basis.
- Run Report.
- Company Snapshot

The Company Snapshot report gives you information on money coming in and out of your business. It also allows you to check on how your company is doing in relation to the competition. In order to access the report, you have to:

- Go to Reports, then All Reports, then Business Overview and, finally, Company Snapshot.
- You might have to install the Adobe flash player, which will only take you a moment.
- The following will be presented to you upon the report's opening:
- My Income – A graphical representation of the five accounts with the most income for a selected period will be provided in the top-left box. The other accounts will be lumped into a category called Other

- My Expenses –The accounts with the greatest expenses for a selected period will be shown in the top-right in the form of a pie graph. The Other category is where the other accounts will be listed.
- Previous Year Income and Expense Comparison charts – These charts have been added to allow you to compare income and/or expenses from year to year. You can scroll over the chart itself to see detailed data used to make up the chart you see in this section.
- Who Owes Me – all of the customers that owe you money will be shown in the bottom-left corner, along with their current balance.
- Whom I Owe – The vendors you owe money to will be shown in the bottom-tight box along with your open balance with them.
- Step by Step: Company Snapshot
- First, you go to Reports, All Reports, Business Overview and then Company Snapshot
- In Previous Year Expense Comparison select Change the Quarterly to Monthly
- Make sure All Accounts is changed to Utilities
- See a monthly comparison of the Utility account last year versus this year
- Scroll over one month to see the exact total.
- Scorecard

Through the Intuit financial software, Intuit gathers company data from thousands of small companies. While respecting the Privacy Policy, the data gathering is done to be consistent with the industry and popular practices. The gathered data excludes company-specific information such as phone numbers and addresses so that companies cannot be identified. This lets you compare your business to others in the industry. Here you can see how your Net Profit Margin, Sales Growth, and Cash Flow compare to others. Look at the bottom for My Overall Score. The Income and Expense tabs compare over time and details for the date range set and the respective tab you're on to see trends in applicable categories.

Manage Accounts Receivable

Manage Accounts Receivable reports show you how much someone owes you and who owes you in the hopes of receiving payment. The reports include A/R Aging Summary and Detail, Customer Balance Summary and Detail, Invoice List and Statement List, Collections Report. One of the more unpleasant tasks a business owner must perform is collecting money from those who owe them. These reports will help you pursue the correct individuals and sort the debts others have to you.

Customer Balance Detail tells you who owes you money, how much and when. The report shows you all of the instances of customers owing you money, sorted by parameters of similarity, this might also benefit you personally. The Customer Balance report might come up when taking a loan from a bank.

- Step by Step: Customer Balance Detail
- In Reports select All Reports then Manage Accounts Receivable and Customer Balance Detail Report
- Notice the four columns which indicate Customers, Dates, Amounts, and Balances.
- Collections Report which shows how you collect overdue payments
- This report lists overdue invoices and credit memos that were unapplied for based on the customer. It shows since when the invoice was due, as well as by how much is the deadline overextended, as well as the personal information provided by the

customer. This report is very similar to the Customer Balance Detail report because of its usability. If you want more information on the balance, you can quickly access the details by clicking the transaction.

- Step by Step: Collections Report
- From Reports go to All Reports then Manage Accounts Receivable and finally Collections Report
- Pay attention to the columns that show Customers, Dates, Past Due Amounts, and Balances.
- A/R Aging Summary tells us how long you have been working on getting the money
- The A/R Aging Summary lists every single customer with an open balance and invoices in different columns based on how long overdue the payment is. (30, 60 and 90+ days)
- Step by Step: A/R Aging Summary
- From Reports go to All Reports then Manage Accounts Receivable and then A/R Aging Summary
- Pay attention to the columns that show the customers' timeliness and overall balances
- Review Sales

Review Sales reports let you discover where you can make the most money by analyzing sales. This report gives information on sales by customer, sales by product as well as income by the customer, as well as a list of customer contacts and more. By showing you the best and worst the market has to offer, this lets you know what you need to sell more of. This also allows for insight on customer activity to help control the market and set up a reward system for valuable customers.

Customer Sales Summary gives information on how much each customer purchased from the company.

The Sales by Customer Summary report is a very valuable tool as it shows which customers contributed the most to your company. You can check this activity for whatever period suits you the best.

Step by Step: Sales by Customer Summary

1. Reports -> All Reports -> Review Sales -> Sales by Customer Summary.

2. Customize -> Date: All Dates -> Sort by Total in descending order.

3. Take note of the customers who have purchased your product and/or services over time the most

Customer Detail sales report is a more detailed version of Sales by Customer Summary. It gives you information on each transaction that contributed to each total, In addition to income from each customer. As with all reports, you can set the time frame to whatever date you want in order to analyze the data more thoroughly.

Step by Step: Sales by Customer Detail

To find your Sales by Customer Detail, go to Reports, then All Reports, then Review Sales and finally Sales by Customer Detail.

Date: You can select whichever period interests you.

Pay attention to the four columns that show Date, Product/Service, QTY, Rate, and Balance.

Product/Service Detail Summary what the details per product or service.

This report gives more detail then Sales by Product/Service Summary. It lists the contributions of most impactful transactions in a selected time frame, as well as dollar and unit sales for each product or service. This helps you see which of your products or services were the most profitable or popular in the time period.

Step by Step: Sales by Product/Service Detail

Go to Reports, then select All Reports, then click Review Sales and select Sales by Product/Service Detail.

Date: Last Quarter.

Pay attention to the four columns showing Product/Service, Date, Customer, QTY, Rate, and Balance

The Unbilled Charges Report tells you where and which invoices need to be made.

In this report, you will be able to see transactions that have not yet been invoiced but were marked billable. For example, an IT company helped an individual with network setup. In order to complete the job, they would have to have purchased a server on the client's behalf. If the credit card charge was marked Billable and the client was entered in the Customer field, the server will be shown in the Unbilled Charges report until the invoice is made.

Step by Step: Unbilled Charges

- After selecting Global Create go to Delayed Charge (it might be required for you to click Show More).
- In Customer dropdown, you need to select whichever vendor or customer that is in question.

- In the Product/Service dropdown, click Design. The description, Rate and Amount, and QTY will be pre-filled.
- Click Save and Close.
- Reports -> All Reports -> Review Sales -> Unbilled Charges.

Manage Accounts Payable

Accounts Payable managing reports show how much you owe to vendors and how much time you have until the payment must be made so you may pay your dues on time, as well as take a moment to breathe. The reports include A/P Aging Summary and Detail, Bill Payment List, Vendor Balance Summary and Detail, Unpaid Bills. Managing cash that is going out of the business is crucial for any owner. If you become good at running and reading these reports, you might develop a sense for when the dues should be paid, earlier or on time.

The A/P Aging Summary tells you how much money you owe to your vendors and how long overdue it is.

This report gives you a summary of your unapplied vendor credits and unpaid bills. You will mostly use this report to check which vendors you are the most overdue on, so that you may pay your dues strategically when the money starts coming in. For Example, you will always want to pay vendors that charge interest first, unless some other factors are in play. The report will show you all of the unpaid bills that have been entered in the current period and totals owed to the vendors for each vendor.

Step by Step: A/P Aging Summary

To find your A/P Aging Summary you go to Reports, then All Reports, then Manage Accounts Payable and, finally, A/P Aging Summary.

Pay attention to the four columns that show Vendors, Current, Past Due by days late, and Totals.

The Vendor Balance Detail tells you what the detail behind the money is that you owe to your vendors.

The vendor balance report tells you how long the bill has been due for, as well as which vendors you owe money to. This report lists the vendor's balances that have not been paid off. This is very important information for any business owner, as this may come up when you are trying to get a loan from your bank. If a vendor can be seen on this report, it indicates that there are transactions that need to be completed. If you need more information about the transaction, all you need to do is click through.

Review Expenses and Purchases

The Review Expenses and Purchases reports show you where you are spending your money. Expenses by Vendor Summary, Vendor Contact List, Transaction List by Vendor, Purchases by Vendor Detail, Open Purchase Order List and Purchases by Product/Service Detail are all included in these reports. It takes a lot of time and energy to properly evaluate how well you can control and cut costs. These reports help you facilitate the flow of information, so you can make decisions more efficiently.

The Transaction List by Vendor shows you all of the interactions you have had with your vendors.

The Transaction List by Vendor will summarize all of the transactions you have made with each vendor in a certain period of time such as Cash Expenses, Bills, Credit Card Expenses, Checks, Bill Payments, and even Purchase Orders. You can show this report to a vendor and compare with his/her monthly transaction statement to make sure the entries match. This makes it easier to address any discrepancies in the two reports.

Activity: Transaction List by Vendor

- To access this report, go to Reports, then All Reports where you select Review Expenses and Purchases and finally Transaction List by Vendor.

- Take note of the easy-to-follow layout, memos, transaction type, and amounts.
- The Vendor Contact List gives a printable list of all of your vendors as well as their provided contact information
- The Vendor Contact List gives you an easily traversable list of all of the vendors you have done business with so far. It is easy to customize, as all you need to change the information and new ones is a click on their name. This will give you the Vendor setup screen where you can manage all of this. After saving, you will need to refresh the browser for the changes to take place.
- Activity: Vendor Balance Detail
- Go to Reports, then select All Reports, then Manage Accounts Payable and, finally, Vendor Balance Detail.
- Pay attention to the four columns showing Dates, Vendors, Amounts, and Balances.

Manage Payroll

Manage Employees reports will help you manage the activities of your employees as well as their payrolls. Depending on if you have payroll turned on, the reports will include: Time Activities by Employee Detail and Recent/Edited Time Activities. Employers use the time reports in order to monitor the work of their employees, as well as to ensure timely entry of data. If you turned on the payroll module in QuickBooks Online, this group would become Manage Payroll.

Manage Sales Tax

Manage Sales Tax reports show you the amount of sales taxes you have collected and then tend to the fulfillment of the appropriate tax agencies.

Taxable Sales Summary and Detail, Sales Tax Liability Report come as a part of this report. Knowledge of the potential of tax collection and payment in any place of business is important for any business owner who operates in multiple locations. QuickBooks will give you tax reports so you may prepare for monthly, quarterly and annual sales tax returns, as per the details you gave QuickBooks.

The Sales Tax Liability Report tells you how much you collected in taxes in a period of time.

The Sales Tax Liability Report gives you lists of government entities and sales tax rate that you have charged your customers in a certain time period. This report is printable, so you can have an easier time with sales filings. If you seek more information while viewing this report, you simply click on the Sales Tax center and see Taxable Sales versus Gross sales in order to find your non-taxable sales, which you will often need to report while finalizing tax collection.

Products and Inventory Managing

Products and Inventory managing reports are a great tool when it comes to checking how stacked your inventory is. It also shows you how much money you can make off of the items in your inventory based on the information given. Inventory Valuation Summary and Detail, Sales by Product/Services Summary Product/Service purchases, and Detail are all a part of this report. Business Owners are required to maintain accurate on-hand inventory records. For inventory tracking, QuickBooks provides you with several reports needed to track the inventory and give further insight into purchases and sales.

The Inventory Valuation Summary tells you how much of a product you have on hand.

It shows you how much of each product you have as well, as well as how much money was invested into making that amount of the product, which will, in turn, give you an average cost of a single product. The total value of the assets should match your Balance Sheet inventory of the same date.

The Deposit Detail tells you what customer payments made up for each individual deposit.

It helps you find whatever info is missing or incorrect when it comes to the bank deposits. While looking at this report, you may compare the lines with individual deposit slips to keep your bookkeeping in order and prevent customer payments from appearing to be additional income.

The Trial Balance report gives you information on the ratio of debit and credit is on all of your accounts.

It will list all of the accounts in the chart, along with their debit and credit balance as of the date of your choosing. If everything is clean, the total debit should match total credit.

The Recent Automatic Transactions report tells you which transactions are automatically added to your list.

To ease your workload even more, every once in a while, we will set up for recurring transactions to be automatically entered. For example, if you set a certain number of recurring transactions to be entered on every 1st of the month. You should run this report in the first, second, and third month.

The Journal report tells you exactly what happened with your debits and credits during a month. It will tell you the exact debits and credits of every transaction in a specified time and displays them in order of occurrence. It is an excellent tool when you document the detail of any time period while preparing it for a tax return on any other financial statement

A list report is another useful tool for any owner, and there are several ways to open one in QuickBooks. After selecting the Gear icon and going to the List column, you will see a shortcut for the Products and Services list, as well as the Recurring Transactions list. By selecting All Lists, you will be given the option to access many other lists:

Step by Step: To run a Customer List

- First, open the Report Center.
- Select the All Reports grouping.
- Click on Review Sales.
- Find the Customer Contact List below.

Step by Step: For Vendors

- Select the All Reports grouping.
- Click on Review Expenses and Purchases.
- You can choose to print the Vendor Contact List.
- Open the Report Dashboard/Center.
- Click the All Reports grouping.
- Click on Vendors and Purchases.
- Scroll down to the Customer Contact List.
- My Custom Reports

After you customize your report to be a great tool for both you and your clients. Saving the customizations will save you a great amount of time for any time you run the report in the future. Furthermore, you can select if you are the only one that has permission to see your customizations.

Activity: Custom Reports

- Select the report you want to customize and select the Customize option.

- Click Run Report after you add a Subcolumn of your choosing.
- Click Save Customizations after you adjusted the report to your liking.
- Select a proper name for the report.
- If you wish to share this report with all of the company users, then click share this report. Otherwise, do not, you will be the only one able to view this.
- Click OK

Heads-up: If you add a report to a group, you will be able to align a common schedule for all of the reports in that group. They will appear in the group name along with all the other reports in that group. If you add a report with a different email schedule, it will sync with that of the groups. After you save the customization on a report, you should select reports and click My Custom Reports so that you may manage your Custom Reports and Custom Groups. Pick which group of reports or single report you want and select the function on the right. You can also set up a scheduled email in HTML or Excel.

Other standard reports may be sent to you in order to help you with monitoring information. They can be sent to you weekly along with financial reports. If you want to send a set of standard reports, you might not need to customize them at all but adding standard reports to your group may make the process much easier. On a side note, if you apply any additional changes to the reports, you will need to click Save Customizations again.

Activity: Automatic Distribution

- First, select Reports and go to My Custom Reports.
- Select whichever report or group you wish and click Edit.

- By selecting the box next to Set the email schedule, you will be provided with more options.
- Select Edit Schedule and set it to your desired time frame.
- Put in the email addresses while separating multiple addresses with a comma or a semicolon.
- Select a note that will be attached and give it a subject line.
- Choose how it will be delivered. Usually this is done via HTML in the body of the mail. Save.
- Heads-up: If you have accounts that you often receive complaints about, the automatic distribution report is an excellent tool for monitoring the productivity of those accounts, as well as figuring out what needs to be done in order to resolve the issues.
- Export your Reports
- You usually do this by downloading the report in the form of an Excel file. This is helpful for analyzing and using the data. To export your reports, do the following:
- Open the report that is intended to be exported.
- In the top toolbar, select the Excel option.
- The report will download as an Excel file to your default downloads folder.
- Send Reports
- Sending reports from QuickBooks Online is a quick and easy way to share financial information. The default format for sending reports is as in-line HTML. You can send reports to multiple recipients and

even include a note in your email. Follow these steps to send a report:

- Open the report that you would like to send.
- Click the blue Email button from the top toolbar in the report.
- Type in the email address you wish to send to.
- Add a note if you wish.
- Press Send.

Cash Flow Statement

Thanks to non-cash accounting anomalies like accrual reporting and depreciation, Profit & Loss reports don’t tell you what you’ve got in your proverbial wallet. Looking at your cash flow statement report helps you figure out whether your company generates enough cash to keep the doors open. Your balance sheet might look great—$10 million in assets and only $500,000 in liabilities, say—but if a $50,000 payment is due and you have only $3,000 in the bank, you have cash flow problems. The concept of cash flow is easy to understand. It's just as every film-noir detective says, follow the money. Cash flow is nothing more than the real money that flows into and out of your company—not the noncash transactions, such as depreciation, that you see on a Profit & Loss report.

Making a cash flow statement is easy because you have only one report to choose from. Simply choose Reports→Company & Financial→Statement of Cash Flows, and QuickBooks creates a report that displays your cash flow for your fiscal year to date. To look at your cash flow report for a quarter or a

Accounts Receivable and Payable Aging Report

In between performing work, invoicing customers, and collecting payments, you have to keep track of what amount is owed by which customer (known as Accounts Receivable) and when the money is due. Sure, you can tack on finance charges to light a fire under your customers' accounting departments, but such charges are rarely enough to make up for the time and effort you spend collecting overdue payments. Far more preferable are customers who pay on time without reminders, gentle or otherwise. Because companies need money to keep things running, you'll have to spend some time keeping track of your Accounts Receivable and the payments that come in. In this chapter, you'll learn the ins and outs of tracking what customers owe, receiving payments from them, and dinging them if they don't pay on time. You'll get up to speed on Income Tracker (new in QuickBooks 2014), a handy dashboard that shows estimates you've created, how much customers owe—both overdue and not—and what's been paid in the past 30 days. QuickBooks' Collections Center can highlight customers with overdue or almost-due invoices, gather the info you need to collect what customers owe and make it easy to send out reminders. In contrast to invoices, sales receipts are the simplest and most immediate sales forms in QuickBooks. When your customers pay in full at the time of the sale—at your retail store, for example—you can create a sales receipt, so the customer has a record of the purchase and payment. At the same time, QuickBooks posts the money from the sale into your bank account (in QuickBooks, anyway) or the Undeposited Funds account. (Sales receipts work only when customers pay in full, because that type of sales form can't handle previous customer payments and balances.) In this chapter, you'll learn how to create sales receipts for one sale at a time and to summarize a day's worth of merchandise.

Conclusion

Thousands of small companies and nonprofit organizations turn to QuickBooks to keep their finances on track. And over the years, Intuit has introduced various editions of the program to satisfy the needs of different types of companies. Back when milk was simply milk, you either used QuickBooks, or you didn't. But now, when you can choose milk from soybeans and rice as well as cows—and with five different levels of fat—it's no surprise that QuickBooks comes in a variety of editions (which, in some cases, are dramatically different from their siblings), as well as six industry-specific editions.

Choosing which QuickBooks installation to use can be difficult, luckily we've dedicated this portion of the book exactly to that. The six industry-specific editions will ensure that you're not paying a dime over what you need for the privilege to use QuickBooks.

From the smallest of sole proprietorships to burgeoning enterprises, one of these editions is likely to meet your organization's needs and budget. QuickBooks isn't hard to learn, as you've seen so far.

Many of the features that you're familiar with from other programs work the same way in QuickBooks—windows, dialog boxes, dropdown lists, and keyboard shortcuts, to name a few. And with each new version, Intuit has added enhancements and features to make your workflow smoother and faster. The challenge is knowing what to do according to accounting rules, and how to do it in QuickBooks. This book teaches you how to use QuickBooks and explains the accounting concepts behind what you're doing.

Whenever you think about accounting software that can be used by small businesses, you will usually think of QuickBooks first. For the past 20 years, Intuits financial management platform has been dominating the marketplace for accounting software, and it keeps on improving. Intuit makes sure to launch updates regularly, ensuring an enjoyable experience while you work.

At this moment, more than 80 percent of the market share for small business is owned by QuickBooks. QuickBooks should be at the top of the list whenever you research accounting solutions for small businesses.

QuickBooks will attend to all of your needs. Whichever style of operation suits you best, it will opt to suit your needs. On the other hand, having so many options, it can be quite a tiresome task to choose which product will serve you the most and improve your working efficiency.

QuickBooks Self-Employed

- If you are self-employed or a freelancer, you will find the most use out of the newest edition of the product line, since it is cloud-based. The ease of access and simple functions will do you better than most other software out there.
- The Self-Employed and Self-Employed Tax Bundle are your two most beneficial solutions.
- QuickBooks Self-Employed gives you the ability to:
- Connect your credit card accounts to your bank accounts
- Separate your personal and business transactions in order to make the tracking of the flow of money in your business much easier.
- Keep track of and calculate IRS Schedule C tax deductions and expenses more easily.
- Make quick work of calculating quarterly taxes.

- QuickBooks Self-Employed Tax Bundle does basically the same thing, except that it has a connection TurboTax, which lets you:
- Pay your taxes online
- Save Schedule C deductions to TurboTax

QuickBooks Online

In 2014, Intuit's market changed to a tremendous degree. For the first time, the desktop version was overshadowed by the online version.

This was a great sign for the market, as the 1 million subscribers QuickBooks managed to accumulate showed that small businesses are ready to shift their accounting solutions to the cloud. The cloud solution comes in three different packages: Simple Start, Essentials, and Plus.

According to the QuickBooks homepage, the common functions amongst these three packages are:

- "-Accounts payable and accounts receivable
- -Monitor and manage income and expenses.
- -Billing and invoicing
- -Send unlimited estimates and invoices
- -Essentials and Plus also offer recurring invoices.
- -Expense management
- -Track and process work-related expenses such as travel and supplies.
- -Financial reporting
- -Simple Start has over 20 pre-built reports, Essentials has over 40, and Plus has over 60 (includes sales and tax reports).

- The QuickBooks Simple Start package includes:
- One user license
- Data import from Excel or QuickBooks desktop versions
- Access for up to two accounting professionals (accountant and/or bookkeeper)
- QuickBooks Essentials includes the above capabilities as well as:
- Three user licenses
- Ability to set user permissions (accountant, bookkeeper, etc.)
- Ability to postdate bills and payments
- QuickBooks Plus includes all of the above and more. Additional offerings include:
- Five user licenses
- Inventory tracking
- Creating and sending purchase orders.

QuickBooks Desktop Products

An important thing to remember is that, while QuickBooks online is the best choice for most small companies as it is very easy to use and access, it is not identical to its desktop counterpart.

The options they offer are fairly similar, but the variety and quantity of features. The most report options in the online version are 60, while the desktop version can go up to 100. Additionally, QuickBooks offers more products when it comes to the Desktop umbrella. Bellow this you will learn more about the 2016 version of the different varieties. They include:

-**Mac**: This one is designed for usage on the Apple OS and is not scalable.

-Pro: This is a great option for businesses that are still fresh and can be further scaled to Premier and Enterprise.

-Premier: This one is made for small businesses that have industry-specific needs and can further scale to Enterprise.

-Enterprise: This one is designed aimed at small businesses that have been in the game for a long time or midsize businesses that need a flexible solution.

The desktop varieties are similar when it comes to the base features, including the scaling on each package.

QuickBooks Desktop Products: Common Capabilities:

- It lets you easily deal with core accounting
- Makes Accounts, bank reconciliation and general books easy to manage
- Limited Payroll
- Tracking of employee’s hours and printing of deposit slips. This function can be further improved upon with an additional fee.
- Making Bills and invoices
- Automatic creation and sending of invoices as well as a collection of payments.
- Managing inventory
- Tracking orders, sales, and deliveries in order to keep up the product supply levels.
- Financial reports

- Tracking and visualization of trends, evaluation of KPI and profitability, including P&L statements, balance sheets, etc.

QuickBooks Mac Desktop

Businesses should note; The Mac desktop product cannot be scaled, while the Windows versions of Pro, Primer, and Enterprise can.

Other than the functions above, the mac Desktop includes several others:

The “Income Tracker” dashboard, where you can manage unpaid invoices

Project accounting which helps you to invoice projects to several phases.

Budget management in order to help you create fiscal year budgets and track their progress

QuickBooks Pro

QuickBooks Pro is designed for small businesses that are just getting started. It’s simple enough for business owners that lack advanced accounting knowledge and makes it easy for them to share files and data with their accountant.

Pro allows up to three users to work within QuickBooks at the same time (requires separate user licenses). The Pro package offers the common capabilities listed in the table above, plus the following:

The “Bill Tracker” dashboard lets users see unpaid bills, purchase orders, etc. all in one place

Tracks sales and expenses in multiple currencies

Easy data import from Excel, Quicken and older QuickBooks versions

QuickBooks Premiere

QuickBooks Premier specializes in small businesses whose needs depend heavily on the industry. Non-profit, retail, and similar organizations will benefit the most from this.

It is ideal for those who just started off in the world of business. If you already have your goals and are ready to go full force into the world of entrepreneurs, Premiere is ideal for you.

Premier gives you the ability to work with five users at the same time, which is a strict upgrade to Pro or Mac.

Premier includes every feature Pro has, as well as:

Job costs and estimation

Budgets and forecasting

Reports specific for the industry

QuickBooks Enterprise

QuickBooks Enterprise is where Intuit's products shine the most. It is by far the vastest solution since it includes several applications including the QuickBooks Payroll. It is designed to support up to 30 user licenses.

Enterprise comes in three different packages: Silver, Gold, and Platinum. Each package includes the capabilities of Pro and Premier along with several additional functions:

Up to 14 different roles that are predefined (accountant, admin, etc.)

It allows files to be accessed by multiple users at the same time.

"Expanded list" allows businesses to track over 100,000 employees, customers, vendors and inventory items (Pro and Premier allow 14,500)

QuickBooks Apps

Intuit has several branded applications designed to enhance the functionality of the above-mentioned platforms. Businesses can purchase these add-ons by paying additional fees:

QuickBooks Payments: It allows you to email invoices and charge for services online.

QuickBooks POS: A cloud-based, iPad POS system. It lets you ring up sales and accept credit cards while keeping track of your inventory from the POS dashboard.

QuickBooks Payroll: Allows businesses to pay up to 50 employees by check or direct deposit. Automatically calculates state and federal tax and files year-end W-2 tax forms.

QuickBooks has established itself as a major player in the small to midsize business accounting market. Whether you're just starting out, or you're expanding and have more advanced accounting needs, QuickBooks has a solution designed to fit your business.

Frequently Asked Questions

-How do I register my copy of Enterprise Solutions?

You can register online or by phone. Go to the Help menu and click Register QuickBooks.

-How do I contact technical support?

Go to the QuickBooks Support Site at www.quickbooks.com/support.

-How do I purchase additional user licenses?

You can add users to your QuickBooks Enterprise Solutions in two ways: „ Purchase additional copies of QuickBooks Enterprise Solutions in a store. „ Buy additional user licenses by phone or web. To add a license by phone or web, go to the Help menu, click Manage My License, and then click Buy additional user license. Follow the onscreen instructions.

-How do I move my company file from one computer to another?

To move company files from one computer to another, QuickBooks recommends using a portable file provider. The portable company file does not simply copy the data for your company; it compresses the data into a smaller file.

To move your company file:

Make the company portable file:

Go to the File menu and click the option which you want to do.

Click Portable company file and then click Next.

Select the drive (hard drive, CD, or ZIP disk) where you want to save the portable company file.

Click Save.

Take the media containing your portable company file to the computer to which you want to move your company file.

Open the portable company file on the destination computer: Go to the File menu and click Open or Restore Company.

Click Restore a portable file and click Next.

Browse to select the portable company file you want to restore, click Open, and then click Next.

Browse to select and change the location and file name associated with the file you want to be created and opened from the portable company file. If you select an existing company file, it will be overwritten with the data from the portable company file.

Click Save

-How do I remove older or unneeded transactions from my data file?

The Clean Up Company Data utility exists to remove transactions for which you no longer need to keep detailed records. You can choose to remove transactions from a specific date (for example, all transactions date on or before 12/31/04). Optionally, you can choose to remove unused list items, such as obsolete customers and items. Before removing the transactions, Enterprise Solutions makes a copy of your company's file that is archived and enters general journal transactions that summarize the transactions being removed. To remove older or unneeded transactions:

Go to the File menu, click Utilities, and then click Clean Up Company Data.

Select one of the options:

To remove transactions from a specific date, select Remove transactions from a specific date and then select a date from the date box.

To remove all transactions in the file, click Remove ALL transactions.

Click Next and follow the onscreen instructions.

-How do I download and install an update or patch?

Periodically, Intuit provides updates to QuickBooks Enterprise Solutions that you can download from the Internet. These updates can include a maintenance release (also known as a patch), a new feature, a new service, or timely information that could be relevant to your business. In order to update QuickBooks, access the help menu, and click Update QuickBooks. Follow the onscreen instructions. If you store your company file on a file server and also installed the Enterprise Solutions application on that server, you need to periodically run Enterprise Solutions on the server and apply patches and updates.

-How do I back up or restore my company file?

Backup your company files daily. Backup copies are important insurance; if you should lose data for any reason, you can restore data from your backup copy. Enterprise Solutions enables you to back up and restore your data in a number of ways. To back up a company file:

Go to the File menu and click what you want to do with it.

Choose the backup option you want, click Next, and follow the onscreen instructions.

To restore a company file:

Go to the File menu and select Open or Restore Company.

Choose the restore option you want, click Next, and follow the onscreen instructions. To view detailed instructions for each backup and restore option, refer to the in-product Help.

-What should I do if I forget my password?

QuickBooks 2004 and later releases support case-sensitive passwords. If you believe you are entering the correct password but still get the message ‘’The password you typed is incorrect,’’ your password might include mixed-cased characters. Try the following solutions: Enter Admin and then click OK without typing a password. Enter your password with Caps Lock or Num Lock turned on or off. Enter variations of your password, using mixed upper- and lower-case characters. Enter the password with a space before or after the actual password. Enter the password in a text editor, such as WordPad or NotePad, to confirm that your keyboard is functioning properly. Restore a pre-update backup of your file that does not have the case-sensitive password. When you restore this file, you can set your new administrator password at the end of the update process. If you are still unable to access your files, go to the Password Recovery website: www.quickbooks.com/removepassword (additional fees may apply).

-How do I update my payroll to use the latest tax tables?

If you are a QuickBooks Payroll subscriber, you have two options for updating your tax tables: Go to the Employees menu, click Get Payroll Updates, and then click Update. Turn on the Auto-update preference. When a new tax table is available, it is downloaded automatically, and you are prompted to install. Payroll updates, which might include compliance enhancements and updated payroll tax forms as well as new tax tables, become available throughout the year. We recommend that you connect to the payroll service at least every 45 days to make sure you have the most current tax table available. Make sure that you download and install the latest payroll update before you pay employees for the first time.

-How do I add another company's EIN to existing Payroll subscription?

To add an EIN for another company:

Go to the File menu and select Open/Restore Company. Select Open a company file, select Next. Choose the company file you want to add and click Open.

Go to the Employees menu, click Payroll Service Activities, and then click Use my existing Payroll subscription. When asked if you want help setting up payroll, click Yes.

Click Add To Subscription and click Next.

Enter and confirm the new EIN to be associated with your existing subscription.

Click Done. Enterprise Solutions updates your subscription in the new company file. You can run payroll immediately. Note QuickBooks Standard, and Enhanced payroll subscriptions can process payroll for up to three businesses (EINs) on the same payroll subscription. QuickBooks Enhanced Payroll for Accountants can process payroll for up to 50 EINs on the same payroll subscription.

Key Shortcuts

-To start QuickBooks without a company file press Ctrl (while opening)

-To suppress the desktop windows (in the Open Company window) press Alt (while opening)

-Display product information about your software version press F2

-Close active window press Esc or Ctrl + F4

-Dates Key Next day + (plus key)

-Previous day - (minus key)

-Today T

-First day of the week W

-Last day of the week K

-First day of the month M

-Last day of the month H

-First day of the year Y

-Last day of the year R

-Date calendar Alt + (down arrow)

-Edit transaction selected in register or lift Ctrl + E

-Delete the character to the right of insertion point, Del

-Delete the character to the left of insertion point Backspace

-Delete line from detail area Ctrl + Del

-Insert a line in detail area Ctrl + Ins

-Cut selected characters Ctrl + X

-Copy selected characters Ctrl + C

-Paste cut or copied characters Ctrl + V

-Increase check or another form number by one + (plus key)

-Decrease check or another form number by one - (minus key)

-Undo changes made in field Ctrl + Z

-Help Windows Key

-Display Help in context F1

-Go to next Help topic Tab

-Go to previous Help topic Shift + Tab

-Display selected topic Enter

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QUICKBOOKS

A Quick Guide to Get You Started on QuickBooks

BLAINE ROBERTSON

Introduction

Despite what many people outside of this field of expertise may think, accounting, bookkeeping and financial analysis are fascinating endeavors. If you are here, reading this introduction, you most definitely think the same. But more than that, you want to make sure you assimilate all the information you need to build a real career in the financial world.

We'll be entirely honest with you: regardless of whether you are an accountant, a bookkeeper, a financial expert, or you are just training to become one of these, what lies ahead of you is bound to be quite difficult.

It's not just dealing with numbers that's hard. It's the very essence of what you do: handle the money of a business (or more, in case you work for multiple companies and provide them with your consultancy and/or services).

In the end, the main goal of every business is to make profit - and as a financial worker, you are right there, at the core of what businesses do. The responsibility is tremendous, because every single zero and every single comma can make a massive difference in a company's statements.

Fortunately, accounting, bookkeeping, and financial analysis are all a lot easier today, and this is largely due to the avalanche of software programs that have simply made everything a lot more facile to handle. From Excel spreadsheets to advanced software that rolls all the financial needs of a company into one interface, we have come a long way.

QuickBooks is, by far, one of the most widely used accounting software applications out there - and not without reason, actually. Popular in the small business sector, this software has made bookkeeping and accounting a lot easier, and the results show it. More than 80% of the small business market uses QuickBooks, and there is a very long list of accountants who have become influencers around this brand (Infoclutch, 2020).

Undoubtedly, QuickBooks is a great solution for you too, especially if you:

- Work or have a small or medium-sized business
- Want to roll all the bookkeeping and basic accounting features into one software
- Want the flexibility of multiple QuickBooks versions, each one adapted to your own needs
- Want to be easily able to export online banking statements and import them into your accounting software
- Want to be able to easily integrate your accounting software with your Customer Relationship Management software, shopping cards (if you own an eCommerce business), inventory, and so on.
- Want a good price/ value ratio.

We're not here to convince you QuickBooks is good though, because if you are here, reading this introduction, there's a fair chance you have already set your mind to an accounting and bookkeeping software (and you just want to learn how to use it).

That is precisely what we intend to do in this book. By this point, QuickBooks has grown to be quite the comprehensive software, and it does come with a lot of features - so while we might not be able to encompass them all, we will definitely approach some of the most important ones. From thereon, QuickBooks will become like child's play for you: the more you practice with it and the more you "play" with it (of course, not on real statements!), the easier you will find using it.

Before we jump right into the features of QuickBooks and how they can be accessed, however, we will take a bit of time to provide you with some explanations. They work as a background for the entire book and they will help you understand why managing your numbers with a good software is, now more than ever, absolutely crucial. Also, we hope you will understand how QuickBooks fits into this entire scenario.

As such, the first chapter of our book will be focusing on the accounting principles - the absolute basics of accounting both in the United States context (via the Generally Acceptable Accounting Principles, or GAAP) and in a more international context. This chapter represents the foundation of accounting and how you should look at it, both when you use QuickBooks and otherwise.

We will approach the 10 basic principles in GAAP, the differences between rule based accounting versus principle based accounting, double-entry bookkeeping, as well as GAAP alternatives and why they might be considered.

Hopefully, by the end of this chapter, you will have collected a healthy understanding of the topic and everything it entails, so that we can move on to the more practical aspects of our book: actually using QuickBooks.

The second chapter of our book will be all about performing bookkeeping tasks using QuickBooks: invoicing, making payments, managing inventory, items, cash and accounts, as well as paying employees and suppliers you might work with.

Starting with the third chapter, we will dive in a little deeper and explore some of the main ways QuickBooks can help you in this area. More specifically, we will discuss financial statements and reporting, budget planning, how to calculate cost based activities, as well as how to set up different projects in QuickBooks.

Last, but not least, we will dedicate our fourth chapter to helping you explore some of the basic ways in which QuickBooks can help you with more advanced financial tasks - such as making forecasts, for example.

The very last chapter of our book will circle back to the fundamentals. This time, though, we will discuss the fundamentals of QuickBooks and how data protection is important in the entire spectrum of accounting and bookkeeping.

Hopefully, the book at hand will help you learn not just how to work with QuickBook, but how to actually incorporate it in your day to day work and in *how* you do your work.

Hopefully, we will teach you to love accounting and bookkeeping, especially seeing how easy they can be when you have the right software in your hands. If this is your first accounting and bookkeeping software, you will find that this software is not only making your life easier, but helping you fully customize the experience you have beyond all the numbers, all the rows, and all the columns of a spreadsheet.

This book was not meant to be exhaustive in any way. Once you learn how to perform the tasks described in it, however, we trust that you will be able to find your way through QuickBooks no matter what task you need to perform with it.

Remember, this is a software and it will constantly grow to accommodate people's needs. As such, do not be surprised if you will encounter new features in the near future, or if the design of the software will change. Instead, focus on learning the basics behind how this program works and you will be able to adapt to whatever situation gets tossed your way.

We created this book to be genuinely helpful for our readers, and we hope we have achieved this.

Yes, accounting can be a very difficult, intricate, and even downright confusing world. But if you manage to move beyond the hardships, you will discover a world that is fascinating beyond numbers, a world that is ever-changing no matter how anchored in the past it may seem, a world that helps mankind itself move forward.

Even more, if you manage to learn how to use a reputable, reliable, and trustworthy accounting software that has been on the market for nearly three decades, the world of numbers will be at your feet!

As you will learn in the following chapters, accounting software is not about simply entering information into a "machine". It is about ensuring that your financial data is safely managed and processed, about allowing the future of digitalization to help your business grow further, about being open-minded in front of change and, ultimately, about learning how to use apparently basic software and reports to create *novelty* in your business too.

If we have to be honest, learning how to use QuickBooks is not the easiest thing in the world. But it isn't the most difficult one either. It is a matter of how much you want to do this, how advanced you want to be at it, and how much you want to make the most out of the data that gets fed into this little accounting system you install on your computer.

If you are an entrepreneur, you will learn that, once you get past the initial shock of using QuickBooks (which you will most likely experience, and we are saying this from our own experience), you will discover that this is a pretty straightforward piece of software and that it can be more than useful: it can become instrumental for your business growth from hereon. From how you present yourself in front of potential investors to how you present yourself in front of different legislative organizations, QuickBooks can help you with so much!

And if you are an accountant, you will find that QuickBooks can simply make it all more efficient and more productive for you because instead of struggling to manually compile reports and statements, you will be able to do it with just a few clicks. The future is here, folks, and it’s amazing!

We wish you all the luck in your future endeavors and we genuinely hope the pages ahead will help you gain a better understanding of QuickBooks, how it works, and also the basic concepts behind the accounting world and how they relate to an international setting.

Happy reading and happy learning, and may you always deal with happy numbers!

Chapter 1

The Accounting Principles

Accounting principles are a fundamental part of an accountant's job, especially in the United States where the FASB (the Financial Accounting Standards Board) has already issued a standardized set of accounting principles. These principles are usually called GAAP, or the generally accepted accounting principles.

We will discuss each of them in a bit more detail in this chapter, but first you must understand some underlying concepts. The generally accepted accounting principles are not difficult per se, but they frequently expand into a multitude of ramifications that have significant outcomes in the day to day work of accountants, bookkeepers and financial experts in the US.

The Accounting Principles - Background and Explanations

First of all, you must consider the fact that, in the United States, companies are legally required to release their financial statements and make them public. Furthermore, any company that is publicly traded on stock exchanges and indices must follow the GAAP guidelines and its ten basic concepts.

Furthermore, you should keep in mind the fact that the generally accepted accounting principles are not necessarily meant to make your life a living hell when you do accounting or bookkeeping work. On the contrary, these principles are bound to help you manage the intricacies and legalities of the businesses you are helping, as well as to ensure that your corporate accounting is on par with the best practices. In general, the FASB sees the GAAP as the basis of their approved accounting methods and practices.

The main purpose behind the generally accepted accounting principles is to make the entire financial reporting process a lot more transparent and easier to handle on all ends of it: the business development side, the accounting side, and the regulatory side. When the best practices are standardized, it is easier for both internal stakeholders and external parties to make sense of their records and their businesses' evolution.

The GAAP were born out of a simple need: that of ensuring that people who want to invest in a company have access to a set of reports that are truthful, standardized, and reflect the true reality of what is going on in that company.

As such, respecting the Generally Accepted Accounting Principles is not even a matter of regulation only; it is how you can do your job the best way there is.

The Underlying Principles behind GAAP

The Generally Accepted Accounting Principles are a set of guidelines accountants are strongly encouraged to follow. There are a total of 10 such guidelines, and most of them revolve around separating the transactions of an organization from the transactions of its owners, making all the currency units used in reports look standardized across the entire field, and, ultimately, making the entire process of financial reporting more transparent both for internal stakeholders and individuals that might be looking into making investments in a company (from the exterior).

The GAAP were built on two main pillars, as follows:

- The rules and standards FASB (the Financial Accounting Standards Board) issued, as well as the rules and standards issued by the Accounting Principles Board (which represented a primordial form of the FASB). The norms emitted by FASB are regularly updated and they are based on best practices that have been tracked ever since the major stock market crash of 1929 (the same one that started the Great Depression).

- General industry practices. In general, it cannot be said that there is a GAAP model that is absolutely followed by all the organizations, in all the industries. Some businesses follow best practices connected to their industry, for example, because it makes more sense to follow guidelines that are specifically adjusted to the complexities and specificities of a specific area of business.

In addition to these two pillars, the Generally Accepted Accounting Principles complete the entire landscape and allow accountants and bookkeepers to go above and beyond for the companies they work for.

The History of the Generally Applied Accounting Principles

Regulatory standards are never much fun, if we have to be completely honest. Regardless of what industry they might happen in, regulations tend to constrict and make people anxious.

And yet, having no regulatory standards means absolute chaos. Anarchy, if you want to put it this way. If we are talking specifically about the accounting/financial industry, picture a world where all companies could present their financial information whichever way they want - in terms of structure, format, and in terms of content.

It would be, without a doubt, a world where nobody knows what to invest in anymore, precisely because all companies would present their financial information however they want best, in the most ideal light.

If you think that’s not that bad, think again. The Great Depression at the end of the 1920s has been largely attributed to this type of behavior and to this type of lack of standardization in the accounting and financial world. If it were to happen again, it would be even more of a catastrophe, especially now with a globalized economy.

In response to the disaster of the Great Depression, both the federal government and professional accounting groups set out on the course of creating standards financial professionals would abide by.

There have been numerous changes in the Generally Accepted Accounting Principles (including their name), but the essence of *why* they were built has always been about protecting both investors and companies, both the general public and the internal stakeholders, and, overall, creating a safer world for the financial pros as well.

Although used in their different forms and with adaptations that incorporate the specificities of a particular industry, the Generally Accepted Accounting Principles are nowadays used across all the 50 federal states.

Internationally, there is a different set of guidelines accountants should use - but up to this point, there hasn't been a consistent set of guidelines that are considered to be universally true and tested. This is largely due to the fact that the international financial community has many intricacies that are difficult to encompass in a set of rules and/or principles. However, constant efforts are being made in that direction, and for this reason, we will discuss matters related to the internationalization of the accounting standards as well.

The Ten GAAP You Should Know

As mentioned before, there are 10 Generally Accepted Accounting Principles you should know. Each of them has its own particularities and intricacies, but since this book is about QuickBooks, and not accounting in general or the accounting principles in particular, we will move through them quite quickly.

The purpose of this relay is to help you understand just how useful it is to use a proper software application when it comes to handling the "numbers" behind your company. The more automated these processes are, the more standardized they can be - and as such, the more compliant with GAAP and the current legislation they can be as well.

The Principle of Utmost Good Faith

This principle was actually borrowed from the Latin expression "uberrimae fidei". Used in the insurance industry and not exclusively, the idea of "utmost good faith" (or, as it would translate literally "the most abundant good faith"), this accounting principle is about precisely what it sounds: complete honesty.

In other words, all reporting has to be done according to this principle. It has to be sincere and honest. It has to be accurate and true to the reality of the fact. It does sound like a good idea, but remember that especially these days, there are actual methods that can be used to determine if something is not right or doesn't add up.

The Principle of Regularity

According to this principle, accountants and bookkeepers have to agree to abide by the GAAP in a consistent, regular manner. They cannot use the GAAP for one set of reports and then change it up to another one overnight. Everything has to be consistent, so that investors can compare the facts in different reports and make the best decision for their endeavors.

The Economic Entity Assumption

Whenever necessary, financial records must be separate for each of the economic entities involved in a business. For instance, one can define the following as "economic entities" from a financial point of view: school districts, churches, businesses, and so on.

Accountants *can* combine accounting information from multiple entities, but every economic event should be clearly associated with one of them.

Furthermore, the same principle dictates that business records should never include the personal assets or personal records of the owners of a company. This might go without saying to many people, but when running a (very) small business, for example, things can fairly easily slip out of control.

The Monetary Unit Principle

Accounting records are to include quantifiable transactions only. Sometimes, certain actions can reflect on the benevolence and on the potential success of a company, but they are not actually quantifiable.

For instance, hiring a new Marketing Director will definitely have an impact on your business' success, but it is not something you can actually include in financial records and statements (and as such, they should be presented as separate pieces of information to investors).

The same principle says that all the accounting records have to use the same currency. For instance, if you are a business in the United States, you will most likely use USD for your transactions. Even if you do work with external companies and pay them in, let's say, euros, your financial statements should only include the currency you have set as stable (USD, in this case).

The Full Disclosure Principle

A company's financial statement will include information about its past performance, in most cases. However, if there are any situations an investor should be aware of (such as pending lawsuits, transactions that are not completed yet and cannot be included in the statements, and so on), they should be fully disclosed.

One of the main ways to do this is by including them as footnotes to the financial statement.

The Time Period Assumption

This principle says that there must be artificial time periods in reports. At the same time, these time periods make accountants feel confused as to how some elements should be reported. For instance, if you run a farm and you acquire a new tractor, it might look like your farm is losing money if you report this purchase as part of a year's costs (when, in fact, you have calculated that you will be using the same tractor 10 years from now as well).

According to the time period assumption, the accountant has to set a time period and report according to it, at all times.

Accrual Basis Accounting

There are several types of accounting, and accrual is one of them. Usually laid in opposition to cash based accounting, accrual accounting means that both revenues are recorded when they are actually earned, respectively when the expenses are billed, but not necessarily paid.

Basically, in accrual accounting, you can record money even if you don't see it in your accounts just yet (or out of them, when it comes to expenses) - as opposed to cash based accounting, where records must be made when money reaches the account, respectively when money has exited the account.

In GAAP, accrual basis accounting is recommended.

The Revenue Recognition Principle

According to this Generally Accepted Accounting Principle, all revenue is recognized when the delivery of the product has been done (or when the service has been completed, in the case of service-based businesses).

For instance, if you sell carrots and you have a supermarket that wants to buy three tons of carrots from you, you can record the revenue the minute you have delivered the carrots and you do not necessarily have to have received the money from the supermarket yet to consider this as part of your revenue.

The Matching Principle

As per this principle, bookkeepers have to record cost-related numbers in costs at the same time as they record the revenue. For instance, if you have a very large stock of a certain pair of shoes and you sell half of them, they will move from inventory (assets of the company) into revenue. Following the Matching Principle here means that you can safely transfer items from one type of record to another, knowing that they are correctly transferred and that the records still remain true.

The Cost Principle

As per this principle, assets are meant to be recorded at the value they had at the time of their acquisition. Most times, you will find assets that either appreciate or devalue over time, and following the Cost Principle helps accountants know what the numbers on paper mean and how to put them in relation to other items.

The Going Concern Principle

This principle says that all reports are prepared with the underlying assumption that the business they belong to will be in business for an indefinite amount of time in the future. As such, nothing needs to be rushed (e.g. assets do not need to be sold at low values and debt does not have to be paid before term).

The immediate consequence of following this principle comes with the classification of assets and liabilities as either short-term (which are to be held for less than one year) or long term (which are to be held for more than one year)

The Principle of Conservatism

According to this principle, accountants have to use their judgment when they record transactions that might need an estimation. For instance, when new equipment is purchased for the company, the number of years that the equipment will remain productive is a matter that requires estimation.

According to the Principle of Conservatism, accountants will use the less optimistic estimate when two options are available. This ensures that there will be no overestimation in the records and that things will be handled according to the less optimistic version.

The Materiality Principle

According to this principle, there are records that are considered to be immaterial - such as, for example, tracking how many paper clips the office uses. As such, accountants can ignore any of the aforementioned principles if doing this does not have any kind of effect on the users of financial information.

Rule-Based Accounting vs. Principle-Based Accounting

There is an essential difference between rule-based accounting and principle-based accounting, and it is something you definitely need to be familiar with as an accountant, bookkeeper, or financial expert.

In principle based accounting, expert bodies suggest policies, which should be followed by the companies who abide by this system of principles. If the company fails to follow these policies, they will have to provide a reasonable explanation for deviating from the standards. For instance, the IFRS (International Financial Reporting Standards) are a principle based system. This system is used internationally in approximately 120 countries.

On the other hand, a rule based accounting system is all about, well, *rules*. They do not put out suggestions or policies, but actual rules that have to be followed as such. Every company that abides by these systems has to comply with all the regulations and should not deviate from them. Despite the name, GAAP is generally considered to be a rule based system - one that is used preponderantly in the USA.

There are several points that come as a direct consequence of following a rule based or a principle based accounting system. The most important ones are the following:

- In the case of principle based accounting, the decisions made by the accountant will be made not only based on the loose set of principles and guidelines provided by the system, but also based on their own judgment. On the other hand, in a rule based system, the rules need to be obeyed in all situations (as such, restricting the accountants and their expertise).

- In the case of a principle based accounting system like the IFRS, the accountants (as well as the auditors) can only apply their knowledge of accounts to choose whether or not they apply the IFRS or not. In the case of GAAP, however, financial specialists have no wiggle room - they cannot change the rules and they should obey them strictly. This means that, when the accountants follow the rules and they prove to not be in the best interest of the general public, the company can blame the rule system in the case of a lawsuit.
- As you may have figured out already, a principle based system is a lot more flexible for companies because it allows them to adjust the principles to the specificities of the company. At the same time, rule based systems do not offer this option to companies, and the rules must be obeyed as such, even when it is neither in the interest of the business nor that of the public.
- GAAP (the main rule based system) is mostly practiced in the US, while IFRS's system has been adopted in 120 countries on the planet. In general, both governments and businesses prefer the IFRS code of conduct precisely because it allows them to be a little more adaptable, according to their business' needs and how they progress in time.
- Last, but not least, it is important to note that both principle based and rule based systems promote standardization (meaning that once a company has settled on a set of rules, they are to follow them). However, this is still being worked on and lack of consistency is still an issue, particularly in the case of principle based systems.

Since GAAP and other rule based systems are a lot more rigid, this is not as much of a problem in their cases (and thus, in the case of the United States).

The bookkeeping framework is quite different in IFRS and GAAP. More specifically, these are some of the notable differences you should be aware of:

- Stocks are recorded differently. In the case of IFRS, LIFO (last units in first units out, a system in which the company records the last units that were purchased as the primary units they sold) is not possible. However, LIFO is actually possible in the case of GAAP and companies can decide between LIFO and FIFO (first units in, first units out).
- In IFRS, improvement expenses can be promoted, but they have to be considered costs in GAAP.

The list can go on and on. In essence, both types of systems follow a single goal: to promote transparency and honesty in financial reporting. The quintessential differences between a system like GAAP and one like IFRS make them look like the opposing forces of the same spectrum.

However, the need for a universally accepted set of rules has grown to be more and more poignant in the latter years, especially under the influence of an economy that is more and more globally connected.

What the future brings for both GAAP and IFRS, however, is still a mystery and, in some ways, a source of stress and anxiety for accountants on both sides of the Pond.

Different Approaches to the Accounting Principles

Accounting principles are meant to help companies be more transparent (and help the general public by protecting them from issues that might ensue as a result of dishonesty, for example).

In general, the GAAP and the IFRS standards are viewed as the two main options companies can take in keeping their records clean and ensuring that their money reporting is clear and transparent.

Indeed, at the moment, these two sets of rules and principles have been the two best options due to the comprehensiveness of their use, as well as the widespread use. These guidelines make companies play by similar standards and produce fiscal reports that can be read and understood a lot easier by people from the exterior of said companies.

Beyond the Generally Accepted Accounting Principles and even beyond the International Financial Reporting Standards, though, there are companies who, for one reason or another, cannot and do not want to follow the pre-established criteria of best practices in accounting.

As such, OACBA (Other Comprehensive Basis of Accounting) was born, and it has been gauged by both the American Institute of Certified Public Accountants (AICPA) and by the International Accounting Standards Board (IASB).

Commonly used by small to medium businesses more than other types of businesses, OACBA allows these companies to adhere to a system of accounting standards that is a bit more suited for their needs.

Furthermore, you should also consider the fact that there is an IFRS Light version created by the IASB, and it is similar to the regular IFRS, but brought forward in a minimized form. Now more than 10 years in age, the IFRS Light is acknowledged in a lot of places and it might be a solution for those who cannot follow the GAAP rules for one reason or another.

By comparison, IFRS Light contains only 230 pages of guidelines, while the official length of the GAAP in the US is of no less than 20,000 pages, making it virtually impossible to know everything by heart (and thus, making sure that you abide by said rules in totality).

In addition to that, AICPA has created standardized models for small to medium businesses as well and it is aiming to create a set of principles that are less difficult to follow for SMBs than the GAAP system is.

It is very important to mention that, although outside of the normal GAAP specter, OCBOA rules are still legally accepted. According to the Statements on Auditing Standards, an OCBOA can be considered any of the following:

- Statutory bases of accounting (such as, for example, the one used by insurance companies when under the state insurance commission rules)
- Income-tax-basis statements
- Cash basis or, in some cases, modified cash basis financial statements
- Any financial system that has been prepared using a pre-established and definitive set of criteria that is supported by accounting literature and can be applied to all the material items that are reported in the financial statements.

Do keep in mind that OCBOA should not be seen as a way to deviate from the GAAP and do whatever you please, but that even outside of the Generally Accepted Accounting Principles, there is a world of principles that must be adhered to. For instance, OCBOA regulatory systems should:

- involve professional standards
- provide the option of audits, compilations, and reviews
- disclose their basis of accounting
- title all the statements in a way that distinguishes them from the GAAP basis titles

- disclose information the same way as the GAAP rules request it
- ensure that any changes in the rules do not affect the rules so extensively as to create a GAAP basis with departures (so, a GAAP that is adapted to the sole needs of the company, for example).

Given that you consider working with QuickBooks for your accounting, it is likely that you have a small to medium business (or that you work for one in case you are an accounting professional). As such, it is recommended for you to look beyond the Generally Accepted Accounting Principles, which, no matter how widespread and easy to understand they might be, are still insufficient and inadequate in many cases.

Double-Entry Bookkeeping and What It Means

The last part of our first chapter is dedicated to helping you understand double-entry bookkeeping and everything it entails for you as the accountant and/or bookkeeper of the company.

Double entry bookkeeping is a method used by bookkeepers to ensure the accuracy and correctitude of the data they enter in their bookkeeping systems. The need for such an approach arises especially when businesses develop and the probability of making mistakes in bookkeeping becomes higher as well. Although a double entry bookkeeping system cannot keep you 100% safe from mistakes, it can lower them quite a lot and allow you to double check if anything wrong might have slipped in.

The double entry bookkeeping system is not new in any way, and it developed in the times when Eurpeans did a lot of trade, precisely because human error could have led to major issues.

Basically, what happens in the double-entry system is that the transactions are to be recorded in two accounts: the debits one and the credits one. When a transaction is recorded in a debit account, it offsets in the credit one. As such, when summed up, all the debits must be the same as all the credits.

This allows bookkeepers to double-check their statements and ensure that they are accurate and error-free.

There are different types of accounts, all of which are based on different types of transactions. In general, a business transaction in accounting can be considered to be any interaction between two or more economic entities (such as, for example, between customers and businesses or between vendors and businesses).

There are seven types of accounts: liabilities, revenue, gains, expenses, losses, equities, and assets. A bookkeeper and an accountant's job is to record and track the changes in every account and ensure that the economic events have been correctly registered.

When you want to use the double entry bookkeeping method, you need several types of records:

- An asset account, which records the sum of money associated with what a business owns (e.g. the equipment that has already been paid for)
- A liability account, which shows what the company owes (such as a mortgage for example)
- An income account, which shows the money a business receives (e.g. sales revenue)
- An expense account, which shows the money a business uses (such as payroll costs, for example)

Accounting software can usually help accountants and bookkeepers with the double entry bookkeeping method because they are intentionally built around it. QuickBooks qualifies here as well. Without this feature, it would be quite difficult for the financial expert to track basic information (such as the inventory, for example) and prepare it for tax records and end of the year statements.

When you set up the software, you will have to configure the generic chart of accounts the business uses at the moment, so that the software can work with them and implement the double entry bookkeeping method.

To help you better understand how the double entry bookkeeping method works, imagine the following example. If you own an eCommerce business and you will record sales revenue worth $200, you will have to make two main entries: $200 going into the “Cash” account as debit and another $200 going into the “Revenue” account as credit.

If, however, you have to borrow money from a financial institution, you will have to enter the purchase you make with that money in both your assets account and your liabilities one. When brought face to face, the two accounts will basically show the same economic event, but from two points of view: that of increasing the assets and that of increasing the liability as well.

Chapter 2

Bookkeeping with QuickBooks

Quickbooks is one of the most popular accounting and bookkeeping software programs out there, and not without reason. Comprehensive, easy to use, and reliable, QuickBooks is the kind of investment that will pay off in every respect.

Before we jump into the actual details on how to use QuickBooks, we would first like to take the time to underline an important difference: that lies between bookkeeping, accounting, and financial expertise.

In essence, a bookkeeper’s job is to identify, record and measure financial information (what comes in, what goes out, and so on). An accountant’s job, on the other hand, is a bit more complex and it can have more extended consequences. Accountants summarize and interpret financial transactions and their input can sometimes lead to important financial decisions that have to be made.

Last, but not least, financial experts (or financial analysts as they are more frequently referred to) step it up a notch: they do not only analyze the current data, but make future predictions based on a variety of factors as well.

The good news is that QuickBooks can help all levels of financial expertise, from bookkeepers to accountants and more. In this book, we will take a closer look at bookkeeping and accounting with QuickBooks (but do keep in mind that all the data QuickBooks stores and helps you manage can help you elevate everything to a new level as well).

Invoices

Not all invoices are created alike, and as such, this software will allow you to create an invoice form that is coordinated with the specific requirements of your business. For example, if you sell products, your invoices will have to include the description of the sold products. However, if you sell services, your invoice will have to correctly describe what you sell.

QuickBooks is pretty amazing at allowing you to create invoices that fit your business mechanism and what you actually do on the market - and all of it with fair ease of use.

To start creating invoices in QuickBooks, you will have to first go to the window that says “Create Invoice”. To do this, go to Customers and then Click on Create Invoices. Once you click there, you will be prompted with a window that includes a form template drop-down list in the top right part of the screen.

From there, choose the type of invoice form that suits your needs (product invoice, service invoice, etc.). Pick your invoice and take a look at how it looks (the software will redraw the Create Invoice window to show you a preview of how your template looks).

There might be cases when your invoice doesn’t fit the template, and in this case, you will have to create a new type of invoice that suits your needs. To do this, start with one of the provided templates and customize it to your needs. To do this, simply choose a template (whichever is closer to your specific needs) and then click on the Customize button on the Create Invoices window (keep in mind that you might have to maximize this window to see the Customize button properly).

If you still want to keep the initial template, choose one and click on “Copy”. This will duplicate the existing template and it will allow you to make your custom arrangements on the copy, leaving the initial pre-created template intact.

How to Customize Your Invoices with QuickBooks

QuickBook allows you to customize your invoices in a multitude of ways. We will list below some of the most important and most commonly used ones, so that you can take your pick when you want to customize invoices in this accounting software.

- The Logo. Some companies prefer adding a logo of their business to the invoices because it helps them with branding efforts and creates a certain type of imagery in the mind of the person who sees the invoice. To add a logo to your QuickBook invoice, simply check the “Use Logo” box in the window. The software will take you to a dialog box where you can select your chosen image (the actual logo).
- Add Color. Likewise, you can also add different colors to your invoices (to make them more in tune with your brand, for example). To do this, simply choose the color scheme you want to use from the drop-down box in the window and click on “Apply Color Scheme” when you are ready.
- Change Fonts. Same as you can change colors and add logos, you can change the fonts on your invoices as well. To do this, you will have to simply select the text on which you want to apply the change and then click on the button that says “Change Font”. Immediately, QuickBook will display a dialog box from which you can select your font, font style, and font size. Once you have made your selection, simply click on the “OK” button and the changes will apply to the selected text.
- Adding Company & Transaction information. This feature will allow you to show the receiver of the invoice the most important information. As mentioned before, different needs require different types of invoices, and this QuickBooks feature is golden precisely

because it allows you to customize the information that goes on the invoice. To get here, simply select the box that is connected to the piece of information you want on your invoice. For instance, you can select the "print company name" information and it will appear on the invoice. When you check this box, the software will prompt a dialog box that allows you to edit and update your company name, as well as other pieces of information related to it (address, phone number, and so on).

That's basically it! Play around with the invoice side of QuickBooks and you will discover plenty of options you can use to adapt these invoices to the specific needs of the business. Other elements you can customize in the same way include:

- Header information
- Columns information
- Footer information
- Print information

Additionally, you can use the Layout Designer tool offered by QuickBooks to customize the layout of your invoice as well. This might be helpful, for example, when you want a certain piece of information to show first on the invoice.

To actually send an invoice to a customer, you will have to use the same window. The basic steps of sending the invoice are:

1. Identify the customer and the job
2. Confirm or edit the header information
3. Confirm or edit the invoice field information
4. Describe the items that you are selling

5. Include a message for the customer by using the Customer Message box (which you can find at the bottom of the screen)
6. Click on Save & Close or on Save & New, depending on what you want to do (close the Create Invoice window or create a new invoice)

Payments

Sending POs is essential to every business, and these little sheets of paper have a very simple and straightforward purpose: they tell the vendor that you want to buy an item from them.

A PO is, in many ways, a pre-contract to the purchase.

If you have a very small business, you won't need to send purchase orders. But when your business grows a bit past the small mark, you may decide to use POs for the simple reason that they are a way for you to track the items you have ordered.

Furthermore, a purchase order adds a formal note to the purchasing process of a company, which limits the amount of spending management can make without further approval or at least without formalizing the purchase. For example, you have the option to decide that nobody in your company can buy anything beyond $50 if they do not have a purchase order.

As it is expected from an accounting software, QuickBooks allows you to create purchase orders. To do this, you must first go to Vendors and then click on "Create Purchase Orders). This will prompt a window which you will use for the PO. In some cases, you might find that your Vendors menu does not have this option. In this case, it means that you need to configure your QuickBooks a little because it sometimes comes as "default" without the option of sending POs.

To do this, go to your Edit menu and then click on "Preferences". Next, click on "Items & Inventory" and then click on the tab that says "Company

Preferences”. Check the box that says “Inventory and purchase orders”, and then click on “OK”. This will activate the PO option in your QuickBooks and you can use it as you normally would.

Going back to sending POs, once you have selected the “Create Purchase Orders” option from the Vendors menu, you will simply have to use the drop-down menu to select the vendor to whom you want to send the PO. To add new vendors to your list, go to the Vendors menu, and then click on “Vendor Center”, then on “New Vendor” and proceed to adding the new vendor.

Once you have selected your vendor, you will have to select the Class from the drop-down list (this will categorize the type of vendor this PO belongs to).

The Ship To drop-down list will allow you to select the address you want to send the PO to. This list will include the customers, vendors, and the employees as well, so remember to select the right one. Once you select the person or entity, the software will automatically fill in the spaces with the necessary information.

Once you have selected the correct address, you will have to confirm the PO date and the PO number and then move on to confirming the vendor and address information once more. These might seem like “extras” you don’t need, but given that there is financial information in the middle, you definitely want to make sure that everything is correct.

Next, you will have to confirm each item you are ordering. This includes the actual name of the item and its description. The options you have in the description section include the following:

- Quantity
- Rate

- Customer
- Class
- Amount

Once all this is done, you can just move on to printing and saving the PO (to add it to your records and allow the software to pick it up as part of the data your accountant (or you) will work with during the reporting process.

Inventory and Items

Managing your inventory can be quite difficult when you have a million other things to do, but fortunately, accounting and bookkeeping software like QuickBooks can help with this.

If you choose to use QuickBooks for your inventory as well (which you should because it allows you to roll all of your bookkeeping tasks into one place), you have multiple options on how you can see the inventory information.

If you are looking at the Item column in the Create Invoice window, for example, you will see a drop-down list. This will allow you to see the items in your inventory so that you can add them to the invoice.

Another way to look at the items in your inventory is by going to the Lists menu and then choosing the "Item List" command. This will display the special Item List window, which allows you to see the items in the inventory, along with their code, their description, the types of items they are, the account that is credited when you sell these items, and so on.

The same window will allow you to easily see the stocking levels and prices. If you want to learn more about an item all you have to do is double-click it. When you do this, the QuickBooks software will pop a window that says "Edit Item". You can use this to see information about the item or to change bits of information about it.

To add an item to the list, you simply have to go to Lists and then click on the "Item List" command. This will display the window called "Item List". If you select the Item button (which you will find in the lower left side of the window), QuickBooks will display a menu. Click on New Command and it will automatically prompt the New Item window.

In this new window, you will see a bunch of boxes which you can use to describe the item you want to add. First, you will have to select the type of item you want to add (your selection here will prompt new boxes in the window so that you can describe the item appropriately). Once you are done describing the item, it will automatically add itself to the inventory list.

You can also add items more quickly, from other windows. For instance, if you are in the Create Invoices window or in the PO window, and you realized you need to invoice or PO for an item that is not in the list, you can simply click on the drop-down box called "item" and select the "Add New Entry" option. This will allow you to display the New Item window and proceed with adding the item as per usual.

Also keep in mind the fact that QuickBooks will allow you to add different types of items that suit your business model. For instance, you can add a service item or a product item, depending on what you sell or what you want to PO for.

Furthermore, the software will also allow you to add non-inventory items. These items are items you are selling but do not necessarily want to add to your inventory. Furthermore, you can also describe items with a specific sales tax code, which will allow you to track and see if and how much tax the items are subjected to.

Overall, there are a lot of things you can do in QuickBook when it comes to inventory and items. Setting them straight from the beginning will allow you to easily navigate other functions of this software, but even if you forget about something or if it pops up unexpectedly, you can still add it on the go.

Additionally, QuickBooks is quite amazing at allowing you to adjust the item count and values as well, and all you have to do is edit an item and select whatever bit of information you need to change.

Last, but not least, QuickBooks will also allow you to create inventory patterns that are suited for your specific type of business. For example, if your business is in manufacturing, you will need inventories for both the parts that make the products and the products themselves. In QuickBooks, keeping these separated and connected between themselves is easy because the software will allow you to branch out the items list and make them as comprehensive or complex as you need them to be.

Cash and Account Management

The most essential way a business will proceed with their cash and account management is by writing checks - either to pay bills or to pay employees, for example. There is a specific window in QuickBooks that deals with the recording (and, when needed, with the printing of) checks.

The way you access this window is by going to the Banking menu and selecting the “Write Checks” window. To actually write a check, you should follow these steps:

1. Go to the drop-down list called “Bank Account” and pick the correct account on which you want to write the check.

2. Identify the number of the check by using the “No (check number)” field. You can leave this field empty as well (such as, for example, if you don’t know the check number). If you want to print the check, remember to check the box “To Be Printed”. This will appear in the middle of the “Write Checks” window.

3. Select the correct date for the check, which you can enter in mm/dd/yyyy format, in mmdd format, or in m/dd format, as you wish. QuickBooks will automatically transform it in the mm/dd/yyyy format for the purpose of consistency.

4. To identify the entity to which you are paying the check, fill in the Pay to the Order of field. If this is the first check you are writing for that person or entity, you will have to manually fill in their name in the field (and the rest of the data will be pulled from the database). If you have made a payment to this person or entity before, you will simply have to click the arrow you see on the right side, right next to “Pay to the Order of” and select the correct payee from the list that will be prompted.

5. Add the check amount in the dedicated field.

6. Include an address. This step is optional, if you want to include the payee’s address, but you can skip it as well. If you have entered an address to be associated with this payee in previous checks, QuickBooks will automatically pull that information. Pay attention if you want to include a different address this time - you can do it simply by just clicking the edit button for the address and update whatever QuickBooks pulled from the database. In general, though, you will only want to include the address when you are printing out the check and you want it to show through the address window of the envelope.

7. Include a memo. If you want to add any kind of additional information, you can use this option. For example, you can use the memo option if you want to print the check and if you need some space to identify the account number or the invoice number the check is associated with. However, in most cases, memos are mostly

useful when you print out the checks (which happens quite sporadically these days).

8. Check the Online Payment option. If you want to make the payments through online banking, you can select this option in QuickBooks and allow it to automatically send the payment through your online banking option. Basically, what QuickBooks will do is send the information on the check to your bank and they will handle it from there.

   Keep in mind that, to be able to do this, you will first have to make sure you set up your online banking integration with QuickBook. To do this, go to your Banking menu and select “Online Banking”, and then click on “Set Up Account for Online Access”. This will guide you through the entire process of setting up your online banking in QuickBooks.

   Do keep in mind that you should first call your bank and see if they offer online banking options and if so, how you can access them. These days, almost every financial institution has this option and almost everyone can access their online banking account in a matter of seconds, but if you have never done it before, it’s better to be safe rather than sorry.

   If you want to transmit the payment instructions to your bank, go to the Banking menu, select Online Banking, and then click on the “Send” button. This will prompt the software to ask for the PIN number (which you should enter in the right field.

9. Connect the check amount to the right account (expense or asset). If this check is particularly directed at a specific expense or purchase of assets, you should click on the “Expenses” tab. The software will then prompt a process that will allow you to identify the account and the amount the check will pay for.

If you don’t want to make things complicated with the Expenses tab, you can also use the memo option to offer a memo description of that line of expense.

Also, keep in mind that if your check is paying for multiple types of expenses, you should add different lines in the Expense tab for each of these. Furthermore, if you want to use this check to buy an asset, the Expense tab will not automatically show an expense account, but an asset one.

10. Enter a description of the items your check will buy. The software will show you different elements that you might want to describe here.
11. Once you have described the check and the reason you are writing this check, you can either click the “Save & Close” button or the “Save & New” one, depending on what you want to do. The first button will save the check and close the window, while the latter one will save the check and bring you back to the Write Checks window so that you can start it all over again. There is also the option of not saving the check at all (case in which you should use the “Clear” button).
12. If you want to print the check, simply click on the “Print” button. If you want to print multiple checks at once, record all of them and click on the little downwards arrow next to the “Print” button. From there, you can select “Print Batch” , which will prompt you with a list of checks you want to print.

Of course, there are many other cash and account management tasks you can use QuickBooks for, but the reason we elaborated the checks part a little more is because it is one of the most commonly used features in this accounting software.

Other things you can do in this area with QuickBooks include the following:

- You can make bank deposits (by going to Banking and then clicking on “Deposits” to follow the process)
- You can transfer money between different accounts
- You can use the Register menu to work with checks, deposits, and account transfers. This window will look similar to a normal paper register you use in a bank to record different checks or deposits, for example.
- You can reconcile a bank account

As you have probably learned by now, QuickBooks is quite intuitive, which makes it more than useful for a wide range of people and businesses. Even if this is your first time touching an accounting software, chances are that, once you learn the basics, you will find QuickBooks to be very user-friendly and easy to use.

Paying Employees and Suppliers

Without the employees that work in your company, there would be no business - the production will stop and the very essence of what you provide as a business on the market would cease to exist.

Paying employees and suppliers is a very important part of the bookkeeper and accountant’s job - and as such, QuickBooks will allow you to do it from their system directly, in a way that is as easy and as automated as possible.

There are three main options when it comes to paying employees:

- Standard DIY Payroll
- Enhanced Payroll
- Assisted Payroll

We will discuss the DIY option more, as it tends to be more suitable for small to medium businesses precisely because it doesn't charge a lot for payroll processing (although you will have to do quite a large part of the work yourself in this case). Plus, the other two options will place most of the work in the hands of the employees at QuickBooks, so it doesn't make much sense to explain here what *they* will do for you. If you have the financial resources to do this and if you want to free up time for yourself or your bookkeeper, definitely go for the latter two options. If not, however, we are more than certain that you will manage the DIY path as well.

The Enhanced Payroll will enable Intuit (the company that makes QuickBooks) to run your payroll tasks and provide all the information you need to your QuickBooks data file.

The Assisted Payroll, on the other hand, will behave like external payroll services (such as Paychex, for example).

Going back to the DIY route, you will have to go to the Employees menu, click on "Payroll", then on "Order Payroll Service". This will prompt QuickBooks to display the "Payroll Setup Web Page".

From here you will first have to select the payroll option (Standard, in case you want to take the DIY route). Please do keep in mind that this route means that you have to understand federal and local taxes related to payroll and that you will do the actual work yourself. What QuickBooks will help you with here is to ensure that your work is standardized for all payrolls and that it feeds into the data collection system behind the software. Aside from this, this payroll option is as old-school as it gets.

Once you have selected the payroll option, you will be taken to a web page where you should fill in the information QuickBooks requires: business name, business address, the firm's employer identification number, and credit card information (used by Intuit to bill you for the payroll service).

Once you do this, you will simply have to place your order by clicking on the button. You will then move through the signup process, and you will just have to follow the instructions on screen to proceed further.

The entire process will ask you important questions, some of which include how you pay your employees, and so on. Our advice is to make sure you read all instructions very carefully because it will be very important from now on. It does take a bit of time to attentively move through everything, but it is best to spend this time now, rather than notice any kind of mistakes later.

Once you have set up the information for the payroll, you will have to set up the employees in the system. This will be done via a web page QuickBooks will prompt where you can add your employees. To add new employees once the signup and setup process is done, go to the Employees menu, then click on “Employee Center”, and then on the “New Employee” button. This will lead you to a new window, which is especially dedicated to adding new employees in the system.

Once you get this new window, go to the Personal tab and describe the employee. Here, you will be required to enter some pretty basic information such as their names, middle initials, and so on. If you want to add more information about the employee (such as their bank account in case you are paying them via direct deposit), you will simply have to add this information in the tab called “Additional Info”. This will offer you a Define Field button to name the new fields that will collect different types of information about your employee.

The next tab, the Payroll and Compensation one, is used to describe the ways in which the employee’s salary is calculated. Use the “Earnings” field to enter the payroll item. If you want to identify the specific pay period, you can use the Pay Period drop-down in the software. If there are different classes of payment for your employees, you can also use the Class drop-down.

The Taxes button is quite important because it will lead you to a dialog box that allows you to enter what kind of taxes the employee pays. If you want to find out an employee's filing status, their number of allowances, and other bits of information about them, you can use the Federal tab.

If the employee is eligible for certain tax-related benefits, such as Medicare, Social Security, or earned income credit, be sure to check the appropriate "Subject To" checkboxes as well. Do keep in mind that not everyone might be eligible or subjected to these benefits, so it is quite important to discuss these matters with a tax advisor.

The next Tab in this window is the "State" tab, which is used when you want to describe state taxes. This tab will vary a lot from one state to another and it will display differently in the software.

Last, but not least, the "Other" tab will allow you to describe and store any kind of local tax information you may need to store. For instance, you might want to store city income tax information about your employees when this is the case.

You might also want to consider the "Sick/ Vacation" button in this window, which is pretty self-explanatory. Clicking this button will prompt a new dialog box, which will allow you to specify exactly how sick or vacation days reflect on each payroll according to the payroll period. For instance, you can use this section to enter the number of vacation hours someone can have and how they are calculated when it comes to the payroll.

Furthermore, the Accrual Period drop-down will allow you to specify how these sick or vacation days are accrued (e.g. how many hours of vacation time an employee can have with each paycheck).

In addition to these bits of information, the Standard Payroll route will also prompt you to schedule your payroll runs. This process will ask you to describe in detail how you run your payroll (every month? every week?).

Once you have set up the entire payroll procedure in QuickBooks, you can use it to actually pay employees. This is quite easy, as you will just have to go to the Employees tab, click on “Pay Employees”, and then on “Scheduled Payroll”. Since you can create multiple payrolls, you will be prompted to select the scheduled payroll you want to run (just click on it from the list that will show up there and follow the instructions on screen, making sure to double-check each section of the window and what information you need to enter there).

Last, but not least, keep in mind that you can also manage payroll liabilities from your account (such as, for example, amounts of money you have to withhold from your employees’ paychecks). Tax deductions are a pretty common example here. To pay these liabilities, just go to Employees and then click on Payroll Taxes and Liabilities, and then on Pay Schedule Liabilities. Then, follow the form on screen to proceed further with this.

Chapter 3

Accounting with Quickbooks

As mentioned before, there is quite the quintessential difference between the work of an accountant and the work of a bookkeeper. QuickBooks is a good aid in both situations, as it can help you both do basic financial tracking and perform more advanced things, such as creating financial statements and reports, planning a budget, or calculating the cost based on activity.

This chapter is dedicated to helping you learn more about how you can use QuickBooks as an accountant, at least at a basic level. Far from aiming to make this an accounting course, what we want to show you is how to perform basic accounting tasks using QuickBooks software.

As a bookkeeping software, QuickBooks provides you with every single feature you may want - and if you deal with your firm's accounting, you will find that you too have a lot of benefits to reap from using this accounting software.

More specifically, QuickBooks will allow you to easily record journal entries you can then use to create reports and financial statements - and, if it falls within your range of tasks, to run analyses based on these statements as well.

In fact, whenever a financial action is taken, QuickBook will automatically make a journal entry for that. For example, if someone in the company writes a check, an automatic journal entry will be created for that as well.

There are, however, times when you might have to create a journal entry even though there was no economic activity per se to associate it with. For example, you might want to record depreciation or to record the fact that you have disposed of certain assets.

To make a journal entry in QuickBooks, simply go to Company and click on Make Journal Entries. This will display a new window (as per the usual QuickBook way of working) and it will allow you to create the journal entry. There will be several boxes you need to fill in, such as the date box or the entry number box, and you will have to fill them in with your journal entry information.

Once the basic information has been provided, use the General Journal Entry to record the actual entry by filling in the columns with the appropriate details. You can use the memo column to enter information about the type of debit or credit you are using in that particular entry, or any other “extra” that will help you better manage everything further on.

Before we dive into the specific sections of doing accounting tasks with QuickBook, we would also want to remind you that there is a special menu for Accounting & Taxes. To access it, you will have to go to Reports, and then click on Accountant & Taxes. This is a really golden menu to have at your disposal because it comes with a series of commands that are quite useful for accountants. Some of them include:

- Adjusted trial balance (which will create a trial balance as of a specific date, and which will show adjusted journal entries as highlighted).
- General ledger (which lists the accounts that are recorded in your Chart of Accounts and then allows you to change the account according to the month or the year)
- Transaction Details by Account (which will create a report containing the transactions that interact with a specific account)
- Adjusting Journal Entries (which will create a report with all the entries that have been marked as adjusting)

- Audit Trail (which will provide you with a list of the transactions made according to the person who made the transactions, so that you can identify changes that shouldn't have been there and who made those changes as well)
- Income Tax Preparation (which will provide you with the lines of which tax forms accounts are being reported)

These are just some of the examples - basically, whatever report you might need, QuickBooks will provide it to you in just two clicks. Last, but definitely not least, you can also get an accountant's copy of the data files, which you can use for your own reports and analyses as well.

We will dedicate the rest of this chapter to helping you learn, more in-depth, how to create different financial statements and reports in QuickBooks, how to use this tool for your budget planning and, ultimately, how to calculate costs based on activity and how to set up projects to help you in your endeavors. If you do not handle more advanced accounting tasks in your company, the following sections may not be of interest to you. If, however, you are an accountant, you will definitely find them useful.

Let's roll!

Financial Statements and Reports

As shown in the beginning of this chapter, creating reports in QuickBooks is quite easy (basically, all you have to do is to operate the Reports menu in your software). At the same time, it is quite important to keep in mind that no matter how great a software may be, it is only as good as the data that is fed into it. As such, you want to make sure that all the information absorbed by the software is correct.

There are more than 100 types of reports you can find in QuickBooks at the easy access of a button. Aside from creating the reports, you will also have the option to modify reports and perform other actions with them.

For instance, if you want to modify a report, you will have to click on the eponymous button. This will prompt a dialog box that will allow you to customize in detail the different areas of the report.

Furthermore, other actions you can do with the reports in your QuickBooks include the following:

- Memorize Report (which will allow you to memorize or save report creation settings so that you can easily use them at a later date).
- Print the report (pretty self-explanatory)
- Email it (likewise)
- Export it (in different formats in case you need the reports to be included elsewhere)
- Hide the header
- Collapse
- Refresh (which will refresh the data in a report according to the latest information the system has received)

Of all the features, though, the ability to modify a report will be truly priceless because it will allow you to customize reports according to your specific needs. This is not only about making your life and your job easier, but also making the life and job of the person who receives the report a little easier too.

To modify the report, you have to click the button that says this. As mentioned before, this will bring forward a dialog box that allows you to make the changes you need in your report. These changes can be about its appearance, they can be about its layout, and they can be about the information it summarizes as well.

This dialog box looks pretty much like every other dialog box in QuickBooks and as such, if you have learned to navigate this software up to now, it is very likely that you will intuitively know what to do with the dialog box in the Modify Report section as well.

This dialog box will show a series of tabs, one of which is the Display tab which allows you to change the interval date, the columns, and the report basis. The internal boxes will be filled in with the mm/dd/yyyy format.

You will also see some report basis options buttons, to select if you want to report on the accrual basis or cash basis (this will be largely dictated by your chosen set of accounting principles and/or standards). While these buttons can virtually help you switch between the two accounting bases, there are further intricacies that prevent you from simply switching them on and off as you please. QuickBooks is not the kind of software that can deal with all of this information on its own, so if you ever have to change between accrual based and cash based accounting, you will have to think of the ramifications of doing this.

What is this button for, in the end, then? They will simply help you switch between statements that are cash-centric and statements that are based in the accrual system. You will still do your accounting the way you did it until now, but this button allows you to extract data in a different format in case it is needed for reporting.

In addition to the Display tab, this window will also provide you with a filter tab. This tab is extremely interesting and useful for you as an accountant and we definitely recommend you use it whenever you need.

This tab will allow you to set up filters that you can use with your reports so that you can select the information that will be summarized there. To use this tab, you will first have to select the field on which you want to use it and then select your filtering rules (e.g. you can filter based on the information in the account or any other criterion).

Some of the other filtering choices you have here are to filter the information based on income or expense accounts, ordinary income or expense accounts, ordinary income and COGS, and so on.

Budget Planning

In layman's world, budgeting is that horrible thing that prevents people from buying new pairs of shoes and video games.

In the world of accounting, budget planning is a lot more difficult. In fact there are entire books written on just this and while we do not plan to compete with these sources, it is worth mentioning some of the most important types of budgeting you can use:

- Top line budgeting, which means that you will take the budget you had last year or last month (if you do your budgeting on a monthly basis) and use it as a basis for this year’s or this month’s budget. Since inflation has to be taken into consideration, a top line budget will have to adjust accordingly. Likewise, if the business has not grown, if it has shrunk, or if it is in recession, the numbers will have to be adjusted accordingly as well.

  Many specialists are not fans of top line budgeting because it seems to work in the past, rather than the future. There are some benefits to picking this option, though - such as the fact that it is easy and that it is based on real facts that you already have plenty of information on.

- Zero based budgeting, which is pretty much the opposite of top line budgeting. If top line budgeting deals with past numbers and adjusts them to present situations, the zero based budgeting option will work from the bottom up. Basically, it will start with elements such as individual revenue, liability, or the equity accounts of an owner. The most important advantage of this type of budgeting is that it usually fixes previously budgeted amounts. Furthermore, this budgeting method is largely helped by mere common sense and simple arithmetic, which can prove how large a budget the business can allow for certain items.

On the other hand, zero based budgeting is only as good as the information upon which it is built. For example, if you used 1,000 stacks of white paper last year and you do not expect the business to grow in that sense this year (or you plan on removing paper this year and taking the eco-friendly path), you might estimate that you need 1,000 stacks of white paper this year as well. However, if that number is just an approximation and a lot of the paper was wrongly used and your efforts of going green will prove to be useful, you will have created a budget that is too large for your paper needs this year.

- Benchmarking, which is not as frequently used, but can be an option. This budgeting method compares your numbers (preliminary and actual numbers) to the same indicators in businesses of a similar size in the same industry as yours. This method can be extremely efficient and it can get your budget very close to your real needs, but getting your hands on this type of market information can sometimes be extremely difficult (if not downright impossible in some cases).

The best way to get this type of information is by consulting your local library, industry associations, and so on.

Depending on which type of budgeting you choose, you might have to enter different data in your QuickBooks budget. Overall, this function works like pretty much everything else in QuickBooks and if you have learned how to operate at least two of the features we have described so far in the book, there is a very high chance you can operate the budgeting one as well.

To set up a budget in QuickBooks, go to the Company menu, select "Planning and Budgeting", and then click on "Set Up Budgets". This will prompt a new window, which you will use to record the numbers you expect for each account (on both the revenue and expense sides), for each month of the year you are budgeting.

Next, you should select "Create New Budget", which will prompt a new dialogue box. Once this happens, you will have to select the fiscal year and move to choose between Profit and Loss or Balance Sheet, depending on what type of budget you have in mind.

The main difference between the two is that in the case of the first, you will budget the amount of revenue and/or expense for the month ahead. In the case of balance sheets, however, you will basically budget the ending account balance.

Don't forget to choose profit and loss criteria to consider for the budget as well. You also have the option to choose "No Additional Criteria" if you don't need any.

Once you have set all of this up, you will have to decide if you want to create the budget from scratch or to create it based on previous data. For the first option, click on "Create Budget from Scratch" (surprising, right?). For the second option, click on "Create Budget from Previous Year's Actual Data".

Once done, click Finish. Your budget will be all set up and all you have to do is to fill it in with the right information.

Before we move on to the next section of this chapter, we would also want to take a bit of time to make some notes about the entire budgeting process. Keep these tips in mind:

- There is no point in budgeting if you are not following your budget plan too. Just because you have a budget somewhere, on paper, in a spreadsheet, or in QuickBooks, it doesn't mean that it will just automatically come to life. You need to put in the effort to make sure you follow the plan.

- Not everyone finds value in budgeting. That's OK. If you have tried it and haven't found it genuinely helps you, it's OK not to budget. It is, of course, recommended, and most businesses do find it a valuable tool, but if you have learned that it doesn't help you, then don't do it. There are ways to manage your business without budget as well. They might not be the easiest ways or the most common ones, but they exist.

- You can use your budget to track the activity of those people in your company whose jobs are easy to quantify (such as sales representatives, for example).

All in all, QuickBooks cannot work miracles for you or your budget - but it can definitely help you make everything feel a lot more organized and easier to track. So, if you need a budget (and you most probably do need one), then go ahead and add it to your QuickBooks - it can be truly useful!

Costs Based on Activity

Activity-based costing is also known as ABC and it is one of the more recent currents in accounting - probably one of the best as well. Basically, what ABC does is offer businesses better ways to do their profit estimation. As you may imagine, this is quite important.

One of the main issues many businesses face is related to the fact that their overhead expenses do not connect to the products or services. Consequently, these businesses will not be able to determine, with accuracy, which of their products bring in profit and which of them don't.

ABC comes as a solution to all this by allowing companies (and their accountants) to track the overhead costs. You can, of course, calculate the production costs (i.e. how much all the items comprising your products cost). However, you cannot calculate the operation costs correctly.

In ABC, you create a product line income statement to be able to measure the overhead cost and how it connects with each product/service you sell. To create this product line, you will have to first bring together all the items connected to the operation of the business. For instance, if you have a street food cart, you will have to include here the rent, the supplies, wages you pay, and so on. The key lies in observing which of these operation costs relate to which products. For example, if you sell simple nachos and extra cheese nachos, you might find that customers who buy the extra cheese nachos use more napkins (and as such, more of your napkin supply should be connected to the extra cheese nachos).

To further understand how ABC works, you should also be familiar with some terminology used by accountants who are accustomed to this method. The two most important ones are:

- cost driver, which is, basically, any kind of activity you may run within your business (such as machine setups)
- cost driver rate (which you can find out by taking the cost pool total and dividing it by each cost driver - this will help you calculate the overhead/indirect costs connected to a specific activity of your business)

Remember that, for ABC to work, you have to make sure you divide activities into their smallest units. If necessary, calculate how much effort and time an employee needs to perform a certain action vs how much they need to perform a different action. For instance, in the nachos example above, your employee may take two more steps to pour the extra cheese on the nachos - which means that, if you sell 200 servings of extra cheese nachos, they will take 400 more steps to serve this product. If they make 1,000 steps in total to sell both simple nachos and extra cheese nachos, and for simple nachos they use a total of 200 steps, this means that the extra cheese nachos represent 60% of the overhead cost.

This example might sound absurd, but the more granular you can go, the easier it will be to calculate which of your products is bringing in that sweet cash and which are not.

If you want to use ABC in a small company, it is important to keep in mind the following:

- The more products and the more overhead you have, the more useful ABC becomes. If you do not have much overhead, you might not find great use or benefits in using ABC, so you should think things through before you proceed on this path.
- If your business is in the custom manufacturing industry (i.e. you create specific orders for your customers), you won't need ABC. You can use the simple job costing method to calculate the association between costs and actual profits for the products you sell.
- ABC can be extremely simple or ultra complex, depending on how far you want to go with it, as well as how your business is structured. In essence, however, ABC can be kept simple and still provide you with the main advantage it promises: better cost-profit allocation.

To set up an ABC system, you should follow these steps:

1. Analyze your overhead costs and see if you have enough to even start thinking of implementing ABC.
2. Identify which is the big overhead cost in your company. You can go more in detail with the smaller overheads in your business later

on, but for starters, you want to tackle the biggest one because doing this will bring you the biggest benefits.

3. Split that overhead cost into driving activities. Again, the more granular you can be here, the more accurate your math will be.

4. Track and trace the activities to the products and how much they go into each product.

Essentially, this is it. You can now connect different product overhead costs with the profitability and make (or suggest) changes that would increase the profitability for those products or for the entire company.

How to Use ABC in QuickBooks

Knowing how to use ABC is great, but how do you implement it in QuickBooks (which is, after all, this book's central topic?).

Well, to use ABC in QuickBooks, you will have to turn on something called "Class Tracking". To do this, you must first go to the "Edit" menu and click on Preferences.

This will display (as you are probably getting used to by now) a new dialog box. Click on the icon that says "Accounting" (you will find it in the list box on the left side of the dialog box). Go to the "Company Preferences" tab and tick the box that says "Class Tracking". If you want the software to remind you to use the classes, tick the "Prompt to Assign Classes" box as well. Click on the "OK" button and you're all set up!

To be able to actually use Classes, you will also have to set up a class for each of the products and/or services you sell or what to analyze the profitability of. If you sell two products (such as simple nachos and extra cheese nachos), you will just have to set up two classes, for each of the products.

To set up a class, you can simply enter the name in one of the boxes you use to record invoices or make journal entries, but you can also go to the List Menu and click on “Class List”, which will prompt a new window. From there, you should click on the “Class’ button at the bottom and pick “New” from the menu that will be displayed. Just enter your new class and describe it as per the information that is required of you on this screen.

Now, you can use your classes as per the ABC model and enter data in your QuickBooks system to use it afterwards for analyses. For instance, if you have identified revenue that pertains to a specific class, you can go to the Create Invoice window and click on the Class box when you invoice.

If you want to retrieve ABC reports to analyze, you must first allocate overhead to product and service lines (as much as you can). To do this, you will have to prepare a profit and loss statement filtered by class (there is no “ABC” option in QuickBooks per se, but this report will basically show you want you need). To do this, you have to simply go to your Reports menu, click on “Company & Financial”, and then on “Profit & Loss by Class”.

Remember, ABC can be amazingly useful - but it is not for everyone (not in the sense that it is difficult, but in the sense that sometimes it may simply not make much sense to implement such a method).

Project Set Up

Because it helps with the better organization of a business, many of the businesses today are built on a project-based system. This will reflect not only in how the production “line” happens and the different cultural and work ethic-related aspects of the business, but in its accounting as well.

QuickBooks will allow you to set up different projects in the software, so that you can better track the spendings and the profitability of each project in particular (and make appropriate decisions based on this analysis as well.

If you want to set up different jobs in QuickBooks, you will have to go to the Customers menu and click on “Customer Center”, which will display the eponymous window.

Here, you will see a list of your customers. To add a job for each of them, click on the Add Job menu and a new window with the same name will be displayed. To set it up, use the Job Name box and give this job a name (be careful with naming and use a standardized naming method so that you can keep track of everything).

Quickbook will also allow you to add different types of optional bits of information - such as the address info, the additional info, and the payment info, for example.

The Job Info tab in this window will allow you to identify the job type and the job status, and it will also allow you to enter the start date, the projected end date, and the actual end date as well. If you see a job that is inactive and want to remove it from the Customer Center window, you can check the box that says “Job Is Inactive”.

Once you have set up your jobs or projects in QuickBook, you can start tracking the costs associated with each of them. To do this, simply enter the name of the customer and the name of the job or project in the box saying “Customer:Job” whenever you perform a financial action (e.g. when you create an invoice, you will see this box in the “Create Invoices” window). When you fill in that box, the invoice will be automatically associated with the project you have chosen.

The Create Invoices window is not the only one that provides the Customer:Job box option - pretty much every other window that allows you to record income and expenses will provide you with this option, actually, including QuickBooks options you use to track time, for example.

Also, keep in mind that, during the QuickBooks setup, you have the option of telling the software that you will want to create job estimates in the future. You can use these to invoice them as well. To access the job estimates option, click on the Customers menu, and then on “Create Estimates”. This window is quite similar to that of the “Create Invoices” one, so there is not much to discuss or explain here (if you have learned how to use this software for basic tasks, you will know how to use it in the Create Estimates window as well). You can then use these estimates and associate them with jobs/ projects you have set up in QuickBooks as well.

Overall, QuickBooks can be considered to be quite intuitive. If you know your accounting and/or bookkeeping and if you know how to navigate the different menus and windows of this software, you will know how to use it.

Hopefully though, Chapter 2 and Chapter 3 of this book have helped you gain a more in-depth understanding of how QuickBooks works and how to use it the smart way.

In the next chapters, we will discuss advanced financial expertise matters that can be dealt with in QuickBooks, as well as some extras you might find useful (and, in fact, you *should* find useful no matter what type of accounting or bookkeeping job you perform on a daily basis).

Chapter 4

Advanced Quickbooks

Despite being the go-to choice for a very wide range of business types and specifically for small and medium sized businesses, QuickBooks is not even by far a "beginner" in the art of dealing with business numbers.

In fact, this is a pretty powerful software, one that can be used not just for the automation of certain accounting and bookkeeping processes, but also for expert financial analysis, creating business plans, and seeing beyond the numbers to make better decisions for the future.

There are two main sections we want to tackle here: financial management (and how QuickBooks can help you with it) and business plans (and, again, how this software can help with them).

We do warn you that these are pretty advanced actions for accountants in general, and that they might go beyond the expertise of a beginner. As such, we advise you to skip to the last chapter if you do not necessarily feel that you are too advanced in the art of accounting.

If, however, you feel that you can manage this, we can definitely recommend reading on. The information ahead will surely help you from every point of view!

Before we proceed further, we would like to take a little bit more of your time and explain that it doesn't *really* matter how large or small your business may be - advanced accountancy will definitely help it. Some people live under the impression that only large, multinational companies need financial planning, but the truth is that from the small bakery around the corner to the corporations of the world, everyone could use a little more insight from their numbers.

As such, this chapter is not about large businesses - it is about growing businesses in an intelligent, data-based way. Keep in mind that the tips here are not about using QuickBooks alone, but about making the most out of all the statements and reports it can help you create.

Let's dive in!

Financial Management

There are many ways to look at financial management. For the purpose of this chapter, however, we will take a closer look at ratio analysis, economic value added, and capital budgeting - two concepts that lie at the basis of modern financial management and which, we believe, should be familiar to anyone working in finances.

Ratio Analysis

Ratio analysis is a financial management technique that encourages financial experts to compare internal statements with internal and external information and benchmarks that will help them better understand the numbers and draw conclusions that will eventually lead to the development of the company they work for.

Ratio analysis is quite simple to understand once you learn the basics, and it can provide even someone who is not that much into "numbers" with the option of truly understanding the financial statements and what they mean beyond the pure math.

There are some disadvantages when it comes to using ratio analysis as well, and some of the most important ones include the following:

- The ratios you get are always correlated to the quality of the input. When your QuickBooks accounting records are inaccurate, the ratios you calculate using these numbers will be inaccurate as well. This enforces the importance of keeping accounting records as clean and correct as humanly (and software-y) possible.

- All of these ratios are relevant when you compare them to your numbers and/or those of your competitors. You have to dive in with these numbers and ratios to extract meaningful business decisions and lessons for the future. Accessing the information of other competing companies may not be easy, but there are still quite a lot of things you can do (such as check industry reports and statistics that will give you a better idea of where your business lies in the context).

There are many types of ratios an accountant or layman can look at for a better understanding of the financial statements lying in front of their eyes. The most important ones are listed below, but keep in mind that the list is not exhaustive and we strongly encourage you to search for formulae that fit your business' needs (or the needs of the businesses you serve with your financial expertise, if that is the case).

Here are the most important ratios you can calculate based on the numbers QuickBooks will give you:

1. The Gross Profit ratio. This can be calculated by dividing the gross profit by the net sales. This will help you determine how much actual, gross profit your sales have generated. In general, gross profit will be equal with the net sales amount minus the cost of sales.

2. The Return on Sales Ratio. This ratio can be calculated by dividing the net income by the net sales. Sometimes, this ratio is referred to as the "net profit margin" and it shows the percentage of income that has been derived from sales. The higher the Return on Sales is, the better a business is doing.

3. The Return on Assets Ratio. This can be calculated by dividing the net income by the average total sales. It is a measure of ROI and it

is generally used in evaluating the efficiency of the management in using assets to create income.

4. The Return on Stockholders Equity. This ratio is valid for companies that have stockholders in them, and it is calculated by dividing the net income by the average stockholder’s equity. What it does is basically measure the percentage of income that has derived from every stock owner’s equity.

5. The Current Ratio. This ratio is calculated by dividing the current assets to current liabilities. What it does is measure how able a company is to pay its short-term obligations using existing assets (marketable securities, inventory, or cash, for example).

6. The Acid Test Ratio. This is calculated by dividing the quick assets to the current liabilities. It tracks the ability of a business to pay short-term obligations by using quick assets (very liquid types of assets, such as cash, current receivables, and so on).

7. The Cash Ratio. This is calculated by dividing the sum between the cash and marketable securities to current liabilities. Its purpose is to measure how capable a company is to pay its liabilities using cash and marketable securities specifically.

8. The Receivable Turnover Ratio. This is calculated by dividing the net credit sales by the average accounts receivable. The main purpose of this formula is to help you learn how many times in a year your company will collect its open accounts. The higher the rate is in this case, the better it will be for the company.

9. The Days Sales Outstanding Ratio. You calculate this by dividing the number of days in a year by the receivable turnover. This ratio measures the average number of days a company will take before it

collects its receivables. Some accountants use 360 days here, others use 365.

10. The Inventory Turnover Ratio. This ratio is calculated by dividing the cost of sales by the average inventory. This number will show you how many times an inventory has been sold and replaced.

11. The Days Inventory Outstanding Ratio. This is calculated by dividing the number of days in a year (360) by the inventory turnover. The number you will get is the number of days your inventory is in the warehouse (or the number of days from the moment you purchase the products in your inventory to the moment you sell them).

12. The Accounts Payable Turnover Ratio. This ratio is calculated by dividing the number of net credit purchases by the number of average accounts payable. This will give you the number of times your business is paying its accounts payable during a given period of time. The lower this ratio, the better (because it means that you can delay payments as much as you can and use your cash flow for productive goals).

13. The Days Payable Outstanding. This ratio is calculated by dividing the number of days in a year (360) by the number representing the accounts payable turnover. The ratio you will get measures how many days you spend before paying your suppliers the obligations they are due. The longer this period is, the better it is (because just as in the case of the accounts payable turnover ratio, it means that you can hold onto your money for more productive purposes).

14. The Total Asset Turnover Ratio. You will calculate this by dividing the net sales by the average total assets. This number measures how efficient your company is when it comes to generating sales using its assets.

15. The Debt Ratio. This is calculated by dividing the number of total liabilities with the number of total assets. What this number measures is how much of the company's assets are financed by debt.

16. The Equity Ratio. This ratio is calculated by dividing the total equity by total assets. The number you will get here is the portion of the assets that has been funded by equity (e.g. the company’s profits or the owner’s contributions).

17. The Debt-Equity Ratio. As the name suggests, this ratio is calculated by dividing the total liabilities by total equity. This will give you a better idea of the capital structure of a company, because if the ratio is more than 1, it means that the company is leveraged, while if it is less than one, it means that it is conservative.

18. The Earnings per Share Ratio. This is calculated by dividing the difference between the net income and preferred dividends and the average common shares that are outstanding. This number will show how much share of common stock is earned.

19. The Price-Earnings Ratio. You will calculate this by dividing the market price per share by the earnings per share. This will help you determine if your stock is over appreciated or underappreciated.

These are just some of the ratios you could calculate based on QuickBook reports. Hopefully, they will help you go more in-depth with your analysis of the data provided by these reports. Beyond the numbers, you have a treasure trove of information that will allow you to make better business decisions in a variety of respects, so it is quite important to look after this information.

As mentioned at the beginning of this section, this type of analysis can be tremendously helpful for a wide variety of businesses, large or small, regardless of their industry and regardless of what type of products they might sell.

Economic Value Added Analysis

Accounting is a pretty logical activity (it is based on numbers, after all, isn't it?).

And yet, every now and again, there are fallacies in the logic of accounting that you need to be aware of. They are things that might seem quite straightforward in essence, but once you go beyond the surface, you discover that they are much more complex in nature.

For example, if you look at your QuickBooks income statements, you might see a profit. And yet, your business might not be making much money. This is a pretty odd occurrence, but it has been proven mathematically. More importantly, it has been tackled by a method called Economic Value Added Analysis (which was first elaborated by Stern Value Management) (Daraban, 2017).

Economic Value Added analysis is a way by which you can determine if your company is actually making money or if, in the worst case scenario, it would be better off to sell it out and either get a job (the saddest scenario) or reinvest the money you get from selling the business (in a new one or in something else, like the stock market, for example).

Before you proceed with the Economic Value Analysis, there are certain things you should set in order (to make sure that your analysis will be correct from the very beginning). The most important aspects to consider are the following:

- Make sure the numbers upon which you build this analysis are all correct and tidy. As mentioned before in other cases, the quality of the output is largely due to the quality of the input data. For instance, consider if the income statement describes your profit and if you can actually sell your business based on what this income statement says.

- How good is your cost of capital percentage? You might find it very difficult to come up with a number for this, but you can generally rely on estimate values based on the market or the type of business you are running. For example, it is a generally accepted fact that a small business should generally produce returns of 20-25% annually. You might also want to know that even the most successful companies produce capital return percentages that range between 35 and 45%. This will give you a good idea of where you should (or want to) lie. Based on these percentages, you will be able to calculate different versions of your EVA (Economic Value Added).

- Is this business bringing you (the owner/entrepreneur) more than just economic value? Let's face it: the vast majority of small business owners are not in it just for the money. They are in it because they love the job, the independence, the power they have to create jobs, and so on.

- Have you experienced fluctuations in your business growth? If so, it would be healthier for you to look at more than just one year's profits. These numbers can change a lot from one year to another (and this is generally true for most small businesses), so you can't let yourself be put down by one bad year (which might be influenced by a myriad of factors, from your health to the market power).

- Is your business facing any kind of special situation? EVA works wonderfully in a lot of cases, but there are situations when it might not do much - such as, for example, when businesses are at their very incipient stage (they are still considered start-ups, and not even small businesses per se), or when businesses are growing at a very fast pace. In these cases, it is rather impossible to figure out the actual economic profit of these businesses.

- EVA is, more than anything, a business management tool. It should give you a good idea of how to run your business (or, if you are an accountant, what kind of advice to give to your boss with this regard). It is not necessarily an official statement-worthy kind of calculation, but a thinking tool that will allow you to "munch" on the true profitability of your business.
- In general, EVA is used to analyze businesses in their entirety (mostly because this tool is largely used by small and medium sized businesses, but not only). However, the same calculation can be applied to a larger environment and it can help you determine the true profitability of a specific business unit, of your management system, or of a specific product line.

Overall, the Economic Value Added analysis will allow you to split your business into its profitable activities (i.e. the activities that should be emphasized on).

Keep in mind that calculating the Economic Value Added can be quite confusing. To calculate EVA, you have to calculate the difference between the rate of return on assets and the cost of capital. Then, you have to multiply this difference by the net amount you have invested in the business.

Some other factors you might want to keep in mind with regards to calculating EVA include the following:

- You will have to remove any kind of unusual income items from the net income. In general, "unusual income items" can be defined as any items that are not connected to the ongoing operations.

- When drawing the net investment number, keep in mind that this should be the net book value for all the fixed assets (and you will have to use straight-line depreciation calculations for this).
- If you need research and development, the expenses connected to this should be considered as part of the investment.
- Remember to include the fair value of your leased assets when calculating the investment figure.

If you are not an accounting or financial expert and the calculation of EVA confuses you, you shouldn't panic. Get someone to help you, especially if you believe that doing this calculation will help you.

What does all of this have to do with QuickBooks? Well, thanks to QuickBooks, it will just be easier to draw all the information you need to make a correct EVA calculation. Once you have set it up correctly and assuming that all economic activities are correctly recorded in QuickBooks, it will be easy to simply extract the information and proceed with the EVA formula.

As mentioned in the beginning, when it comes to advanced accounting and financial expertise, QuickBooks will prove of invaluable help precisely because it will provide you with all the reports you need to perform advanced analyses.

Capital Budgeting

One of the main challenges in any kind of business is to allocate money to the range of activities run by that business. Sometimes, you might find yourself having a lot of great ideas to push your business forward - but without capital, it can be quite difficult to do this.

Capital budgeting is a technique that helps accountants and business owners filter these ideas and prioritize investments and new directions according to how profitable and how beneficial they can be for the business.

The main core idea behind capital budgeting is that you are to look at capital investments in a healthy and financially savvy way. There are three main factors you should analyze when running a capital budgeting analysis, and we will discuss them as follows, in the order of their importance.

- The first element you should analyze when running a capital budgeting analysis is the return on investment. In other words, how much money a potential capital investment can bring into your business should be your number one concern. Yes, painting the walls of an office in pretty colors might be excellent for the employee morale and for their productivity, but if you have other ideas on your list that can give quantifiable results, it would probably be best to prioritize on those.

- The second thing you want to look at when it comes to capital budgeting is time - not necessarily the time it takes to bring that item into your business, but the time it takes for that investment to actually bring you profit. In economic terms, this time comes under the name of “maturity”. For example, if you have a coffee shop and buy a new coffee making machine that makes twice as many espressos as your old one, chances are that its price will soon start to pay off and you will start making more profit with it. By comparison, buying new mugs might be a smaller investment, but you will never be able to measure their actual impact on how much coffee you sell. The more you tie your money to investments (time-wise), the more difficult it will be for your business to ensure a proper cash flow and an expected level of profitability at the end of the year.

- Last, but definitely not least, you want to analyze your risk as well. What is the risk that your new purchase will not perform as intended, that it might need repair, or that it might cause trouble in other parts of your business? What is the risk that your investment will simply not work with your business and that your buyers won't see benefits in using it? You cannot calculate this with precision, but you can estimate the wide range of things that could go wrong with your investment. Then, you can quantify them by assigning them different "grades" and see whether or not an investment is too risky for you at the moment.

Intuitively, everyone does capital budgeting (or at least they do when they want to be aware of their finances). For example, if you are buying a new car for your family, you will instinctively analyze all the points we mentioned above. You will analyze how much return this purchase will give you (e.g. spending less time on your way to work, being able to go on vacations more often, and so on). You will analyze how this will pay off and *when*, and, ultimately, you will analyze if there are risks associated with this purchase.

Capital budgeting can be an incredibly powerful tool, and QuickBooks can help you calculate the return on investment with a lot more accuracy precisely because this software will have been "fed" with all the financial data your company holds.

While you might not always find capital budgeting to be worth the time, going with your instincts when it comes to investments is, in general, not a very healthy business strategy. You might be tired, biased, or simply blinded by the potentiality of high gains (and ignore the risks and the time it would take for this investment to reach maturity).

As such, we recommend that, whenever possible, you should rely on data and calculations, rather than "gut instinct". Numbers cannot lie (provided that they have been correctly inputted, of course) - but instincts can very often fail to deliver on their promises.

Business Plans

To an outsider's untrained eye, business plans are nothing but a conglomeration of numbers and ideas that are frequently left to gather dust by the end of the year.

Having a business plan is, however, essential to any business' success. Regardless of whether you started yesterday or if you are already the third generation in owning a company, having a business plan will provide you with the clarity you need in order to aim for your goals.

Even more, it will provide potential lenders and investors with a more in-depth look at what this business of yours does, what it plans to do, and why they should trust you and your business with their money.

Creating a business plan is very frequently not as easy as it may sound, because it's almost never about simply tossing a couple of numbers on a piece of paper or PowerPoint presentation, and it is almost always about pulling together all the "forces" in your company to create a plan that is both feasible *and* daring at the same time.

This section of our fourth chapter will discuss some of the basic business planning techniques you should know. Same as in the case of financial management, these tools and techniques are not directly connected to QuickBooks - but using a reliable accounting software will definitely help you pull better, more accurate numbers into your planning, so that you can create a roadmap that is true to what is actually happening in your business.

The main concepts we will discuss here are forecasts, writing business plans, and running profit and volume analyses - all of which are part of the larger subject of *planning ahead so that you can play according to your own rules* (OK, that might not be a very good name for this topic, but the point is that planning is important and these techniques will help you create a better, more reliable, more feasible, and more adequate plan for your business onwards).

Let's dive in!

Creating Forecasts

As much as we'd love to see that happening (for the purpose of entertainment), we can definitely not rely on magic globes and tarot cards when it comes to business.

Creating a business plan forecast is about a lot of things - or, better said, about a lot of reports and statements you need to be familiar with. More specifically, these are the statements you should consider for your business plan forecast:

- A financial statement (which is usually a collection of documents that include an income statement, a balance sheet, and a cash flow statement):
    - The income statement will give details about the losses and the profits of a business over a given period of time. For instance, you can create an income statement for a month, a year, or more.
    - The balance sheet lists the assets and the liabilities a business has over a given period of time. Usually, the balance sheet timing is connected to the income statement timing in the sense that they are created for the same period of time.
    - The cash flow statement will show the cash going in and out of a business over a specific period of time.
- Financial ratios. We have already discussed some of these in the Ratio Analysis section of this chapter, but not all of them are needed for business forecasting. In fact, the ratios you will need fall into two main categories:
    - common size ratios, which allow you to compare assets, liabilities, owner equity, revenues, and so on (and you can make

these comparisons at a point in time or over a period of time, as a trend)

- Intrastatement/interstatement ratios, which allow you to factor in the fact that certain amounts cannot be interpreted alone, but that they must be analyzed in a context given by other financial factors and events.

As a general rule of thumb, you might want to compare these ratios with industry trends and statistics, because this is when they gain the most value (and help you determine true insights into how to grow your business).

Once you have these statements and ratios in order, we advise you to either create a business plan forecast Excel sheet (or Google Sheet document) or to download one. Simply Googling “free business plan workbook template” or “free business plan spreadsheet template” should give you plenty of results.

Each business has its own needs, so if you know your way around Excel and if you know what you are looking for, you can also create your own spreadsheet. The key here is to make sure that you include all input fields that will allow you to draw forecasting conclusions on some of the most important areas of the business:

- profitability
- revenue
- client acquisition costs
- client retention

… and so on.

You decide where you want the business to grow and what direction it should go in. This forecast plan should act as a guideline to help you reach palpable goals (e.g. being able to hire 20 more workers next year, improving the company revenue by 20%, and so on).

QuickBooks will help you in this effort by providing you with the correct and accurate numbers you need to make your forecasting both accurate and palpably realistic.

Writing a Business Plan

Business plans are frequently more complex than simple spreadsheets. In fact, a proper business plan should very often include an actual story behind it - because beyond the numbers, many investors and/or lenders might be looking at this too.

Of course, it shouldn't include a *fairytale*, but a story of how you plan to grow, where you want to take this business, and what impact it will have on the market and in the community.

A good business plan can really open your doors, but in order to create one, you must remember that you need to include both numbers and persuasion in the entire "story" you create around your business plan. The numbers should be truthful, realistic, and achievable, while the persuasion should be placed in a context that makes you less of a sales person and more of a visionary.

First of all, you should understand the fact that when people talk about a "business plan", they might be referring to one of the following:

- Strategic plan (which shows the overall strategy of a business)
- Venture plans (which shows how an entrepreneur will promote his/her venture to potential investors)
- White paper plan (which is usually quite extensive and includes all the details about the business opportunity, including opportunities, risks, and so on).

When you want to build a strategic plan, you should keep in mind the following:

- There are three main types of strategies you can choose: a cost-based one, a differentiation-based one, and a focus-based one. The type of strategy you choose will dictate your plan, as well as the steps you take to ensure that you breathe life into that plan.

- You have to clearly define all aspects of your strategy. Contrary to popular belief, strategy is not a "thing" you build overnight, on your lap. It brings together numerous elements, including your past business reports, market research, and a bunch of other things that are essential to defining a strategy that can be actually followed too.

- Discipline is of the utmost importance when you build a strategic plan, and it most definitely is extremely important when you follow it as well. As such, strategic plans tend to be a little more strict and, in consequence, many companies might not want to settle for this type of plan because it limits their perspective and opportunities.

When you have to create a venture plan, it is important to keep in mind that writing a venture plan is quite different than writing a white paper plan or a strategic plan. In essence, this plan will have to answer five main questions:

- Is this venture or product actually feasible? This is especially important to answer when your idea is quite new and it has not been proven yet. In some cases, you might have to first create the prototype product to show it (and to prove that it is feasible). If that is not possible, you might have to bring together a team of experts that have worked in the same industry and for the same type of products in the past.

- Is there a market demand for the product? We'd all love to build products because we really want them, but just because you, your mom, and your neighbor find your idea lovely, it doesn't actually mean that there is a market demand for it. As such, it is quite important to test the market, see where it might have gaps in it, and see how your product will fit into the entire scenario. One of the best ways to prove that there is indeed a demand for your product is by conducting market research. Another way is by showing that people are already buying a product that is similar to yours (and that yours will be better).

- Can you make a profit with that product? This question might be stingy, but the purpose of a business is, as we have mentioned in the beginning of this book, to *make money*. Sure, creating jobs and making the world a better place are byproducts of that, but in essence, if a business doesn't make profit, it cannot move on. To prove that your product can make a profit, show a comparison between the actual cost of manufacturing/making that product and the planned selling price.

- Will the investors be interested in the venture? Believe it or not, simply because something is forecast to make profit it doesn't automatically mean that investors will be interested in it. Your venture needs to fit their scope and it needs to make enough profit to meet their own goals.

- Can you and the existing management run the venture? You need to show the investors that you are trustworthy enough to run this company. Even if the product is almost certain to make crazy profit and even if you meet all the other points described here, if the company is not properly managed, there is a high chance that this will impact its efficiency. As such, investors are quite wary when it comes to how they analyze a potential business' management team.

As for white paper plans, they are, by far, the most comprehensive type of business plan you will ever have to write. There are many things to keep in mind here and we strongly encourage you to do proper research on this topic specifically if you want to write this type of business plan. If we had to narrow it down to a bunch of tips, however, here they are:

- White papers are frequently perceived as a compromise solution between a strategic plan and avoiding having to make the hard decisions associated with that strategic plan. At the same time though, you will most frequently need to have some sort of strategic plan to include in your white paper plan - so while you might not have to make all the decisions associated with a strategic plan, you will still have to build it and incorporate it into the big plan.

- The best news about writing a white paper business plan is that QuickBooks can actually help you with this (and quite tremendously). If you go to the “Company” menu, and click on “Planning & Budgeting”, you will find that there is a “Use Business Plan Tool” option you can use. Clicking on this will prompt a wizard that will help you go through the basic steps of creating a white paper business plan. The template is quite intuitive in itself and it will help you bring together the most important bits of information that need to be included in this type of business plan.

- If you choose not to use the wizard provided by QuickBooks, keep in mind that your white paper will have to follow a pretty straight-forward structure that includes:

    - an introduction (not longer than a paragraph to give your readers a very brief idea of what this is all about)

    - the main problem or challenge (in the case of a business plan white paper, this is usually related to why you have to or want to grow, expand, or change your business)

    - the solution (describing how you plan to tackle the problem)

- the benefits (what you expect to get out of this entire endeavor, with numbers and financial forecasts included here)

- the conclusion (wrapping it all up in a few words, so that readers know the essentials they need to take home)

● Remember that your business plan has to be adapted to your audience and that you really need to make sure that everything, from language, to the type of information you offer, is convincing enough for them.

● Market research is extremely important in the case of a white paper business plan too, precisely because it will allow you to place your (new) product within a context and prove that it is going to be appreciated by the market. As mentioned in the case of venture business plans, the best way to do this is by showing actual numbers about the market and where you would fit in it according to the plan at hand.

● Include a competitor analysis as well. By this point, in 2020, it is quite difficult to find a product so new and innovative that it has zero competition and that it doesn't "meet" with any kind of competitors at least in one point. As such, you have no excuse to avoid including a competitor analysis. The more detailed you are about this, the more likely it is that your business plan will be convincing.

● All the numbers you present in your white paper business plan have to be convincing and correct at the same time. There is no point in lying or in extracting only the information that suits your needs. Not only are the risks of doing this tremendous, but it will also make readers lose trust in you (and gaining back that trust will be near to impossible). If you want to know just how bad "manufactured" reports and plans can go, look at Volkswagen's emissions scandal and its aftermath: in less than two weeks after the scandal outburst, the company lost approximately 40% of its value (Jung, 2019). You definitely do not want that for your business, right?

- Be positive. Even when numbers are bad, a positive outlook and a proper plan to fix things can make all the difference in the world.

All in all, writing a business plan might prove to be more of a challenge than many people believe. Aside from the numerical and accounting part most business plans have to include in them, there is also a human side of things that will help you make your business plan a successful one: one that convinces and attracts investors and lenders, and simply makes people believe in you and your product.

That human side is sometimes the hardest part to deal with because it involves, more than numbers, the ability to get through your listeners and not only make them listen to what you have to say, but also convince them.

In many ways, writing a business plan is an art that brings together all the elements of a business: numbers, marketing, and a strong entrepreneurial spirit!

Running a Profit and Volume Analysis

As the last part of our fourth chapter, we want to circle back to matters that are a bit less *business* per se and a bit more *accounting*.

Namely, we want to talk a little about an advanced accounting method called “Profit and Volume Analysis” (and sometimes referred to as “profit-volume-cost analysis”). This is a pretty powerful tool you can use to estimate how your company’s profits will change according to the sales volume and the points of sales revenue levels that bring in zero profits (called breakeven points).

This analysis will help you prove that even a small change in the sales volume you are experiencing can produce massive changes in terms of profitability. For example, this indicator is quite helpful in seasonal businesses (such as businesses that are connected to the travel industry, where a hotel can show extreme fluctuations in profitability).

To calculate the profit-volume-cost analysis, you will have to bring together three main chunks of information:

- a sales revenue estimate
- your company's gross margin percentage
- your company's fixed costs

In general, all this information is quite easy to acquire. The sales revenue estimate represents, in fact, how much money you need to keep your business open. Moreover, the gross margin percentage can be easily calculated by simply extracting the labor and material costs from the price of the products you are selling, and then by dividing this by the product sale cost.

As for the fixed costs, they represent the totality of the costs associated with assets and expenses that do not change according to your sales revenue. For example, you could say that your rent is a fixed cost - no matter how much you make in a month, your business will still have to pay rent for the space it uses for its operations.

The profit and volume analysis can be extremely useful in management accounting, but it does have some downsides as well, and it is quite important for you to be fully aware of them:

- All the assumptions you make are valid only to a specific range of sales revenue. For instance, if you calculate your variable and fixed costs for a business that sells 500 items of a product every month, if you scale up to 1,000, your assumptions will not be valid anymore because there might be extra bits of information that come into play (such as new pieces of equipment you need for the scale-up, for example).

- You cannot say about anything that it is a fixed cost in the long term. For example, to stay in tune with the example we gave above, you cannot say that your rent will be fixed at a specific sum of money forever. Depending on how the market changes or how you renegotiate your contract with your landlord, your rent may change. And the same applies to all so-called fixed costs.

- There are also no variable costs in the very short term either. For instance, if your employees finish their daily quota at noon, you cannot actually send them home. As such, you cannot estimate a variable cost for a very short amount of time.

Overall, though, if you move past these downsides, you will reap plenty of benefits from using the profit and volume analysis. As always, QuickBooks will be there to provide you with the data you need (and as always, you have to start with the assumption that the data has been fed into the system correctly and accurately).

All in all, QuickBooks can be a great help when running advanced accounting analyses and applying advanced accounting and management techniques. With a tool this powerful in your hands, all you have to do is apply the right formulae and write down the right business plans - and once that is done, your business will be ready to grow and flourish.

Regardless of whether you are a business owner or an expert accountant who does this for other businesses, you are sure to find QuickBooks to be an indispensable ally in your “dance” with numbers, business decisions, and growth factors.

Chapter 5

The Quickbook Extras

Thank you for coming this far in the book! If you have reached this point, it means that you have found it useful, and we cannot be anything but thankful for that. After moving through some of the bookkeeping, accounting, and financial accounting expertise tasks QuickBook can help you with, we are now reaching the final pages of this book.

The last chapter of our volume is dedicated to helping you learn all the QuickBooks extras: the tips and tricks you will make use of sooner or later, the things you need to know about adjusting your QuickBooks software to suit your needs, how to administer QuickBooks and keep it as clean and tidy as possible and, finally, a few words on data protection and its importance in the current context.

Hopefully, this chapter will complement all the knowledge you have been collecting so far and circle back to the idea that QuickBooks may seem like a basic tool, but is, in fact, a powerful data aggregation and analysis tool that can help you not only keep your numbers in a straight line, but also grow your business exponentially.

So, without further ado, let's jump right into the three main topics we want to approach at the end of this book!

QuickBooks Adjustments

The default version of QuickBooks was built on the plug and play model - you install it and you simply start to use it. However, this version tends to lack certain features that are a bit more advanced and as such, there might be certain adjustments you have to make to your QuickBooks before you start to actually work with it.

Making these adjustments is pretty easy and straightforward, and we have even tackled some of them in the previous chapters. Basically, these adjustments will allow you to access more advanced features of QuickBooks so that you can do your job better (which is, in itself, the entire purpose of using an accounting software, right?).

When you install the QuickBooks software, you will have to go through a so-called “EasyStep Interview”, in which QuickBooks will require some information from you. This interview is pretty extensive, so you should be prepared to have a lot of data on you and to provide it to QuickBooks.

Once that is done, the next natural step is to populate your QuickBooks with lists. This software will allow you to create lists of pretty much everything you might need for your bookkeeping and accounting tasks:

- the chart of accounts
- items
- payroll items
- classes
- customers
- vendors
- employees
- profile

Most of these have already been discussed throughout the book at one point or another, and they are quite straightforward. The way to create a list of any kind is by first accessing the “Lists” menu from the top of the window and then go to the type of list you want to create or edit.

Adding lists might not be the most interesting thing in the world to do, but it is necessary, so we suggest you get this out of the way first so that you can start working with the software as soon as possible.

Once you have done this, you can move on to the more entertaining stuff: the fine-tuning details that will help you make the most out of QuickBooks and the features it offers.

Following, we will list some of the basics behind the adjustments you might want to make in your QuickBooks. Keep in mind that this is not the “long version”, but a brief introduction in the fine-tunings you can make in this software to ease your job and make yourself more efficient as a bookkeeper or accountant.

You can change your preferences from the very beginning, during the EasyStep interview, or, if you want to change your preferences at a later date, you should access the Edit menu and click on “Preferences”.

In general, changing your preferences in QuickBooks is extremely easy - but it is important to know what you are looking for because this software provides a lot of options when it comes to adjusting preferences (and, as such, it’s pretty easy to get lost).

In short, these are some of the basic preferences you can adjust in QuickBooks:

- Your company accounting preferences (such as a specific account number you can choose to use for certain transactions by simply ticking a box or, as discussed earlier, whether or not you want to use classes).
- Your billing preferences (such as specifying that bills are due after a certain number of days, for example)
- Your checking preferences (such as which account should be suggested by the software when you are in certain windows)
- Your desktop view (if you want to see only one window at a time or multiple of them, overlapped)

- Your finance charge calculation rates (such as what charges should be applied to overdue invoices)
- General preferences (such as to get a beep when you record a transaction or to open drop-down lists automatically when you begin to type something).

In addition to these preferences, there are many others that are quite important for you to adjust because they will have a very big influence on how you do your work onwards (and they might even have legal implications).

For example, you will have to adjust how your sales are taxed. You cannot add personal preferences here, but you can add company preferences. This section has a bunch of options for you, such as allowing QuickBooks to add a sales tax to your documents if you check the “Do You Charge Sales Tax?” radio button.

Furthermore, the “Default Sales Tax Code” box will allow you to enter the code you want QuickBooks to use for taxable and non-taxable sales. You can adjust this even more and you can add your own taxable and non taxable sales codes to use when you perform certain actions.

Another element you might want to adjust from the very beginning is the 1099 tax information. Naturally, there are no personal preferences here, but you can set up company preferences. These preferences will allow you to inform QuickBooks when you have to file your 1099 forms. The software will also allow you to identify the maximum amounts for the different types of income that would be normally be taxed via the 1099 tax form.

Keep in mind that these threshold amounts differ according to where you live and what type of business you work for/own, so you might want to check with IRS before you set this preference in QuickBooks. You definitely want this one to be accurate!

Other preferences you can adjust in QuickBooks include the following as well:

- purchase and vendor preferences
- how you are reminded about certain things
- how your reports and your graphs look
- how you are controlling time tracking
- how you are controlling different jobs and estimates

There is an endless world of opportunities when it comes to the adjustments you can make in QuickBooks. Every business is different and part of the reason that QuickBooks is so popular is precisely because it is easy to customize it to your business' specific needs.

You can always go back and change your preferences in QuickBooks, but do keep in mind that some of these changes might not be applied retroactively. Make sure to check and double-check everything to be absolutely certain that even after a preference change, your QuickBooks data will still be correct and accurate!

QuickBooks Administration

In a world of data flowing from everywhere and to everywhere, holding on to your financial data and ensuring that it is clean and accurate is absolutely crucial for the success of your business. As such, making sure that your QuickBooks is properly maintained is about more than just ensuring its functionality, but about ensuring the very functionality of your business itself.

It is extremely important for you to understand that, most times, accounting data is considered to be confidential. You don't want everyone to know how much money you have in each of your accounts, how much you owe, how much you are owed, or how much profit your business is making.

As such, one of the very first and most important issues you need to tackle when it comes to QuickBooks administration is ensuring the continued confidentiality of the information this system holds about your business.

Maintaining the security of your QuickBooks information is bifold: on the one hand you will have to handle it from the end of QuickBooks, and on the other hand, you will have to make sure that your computer's Operating System is up to date.

When it comes to protecting data security from QuickBooks, one of the first and foremost important things you will have to do is assign a password to data files in the system. You will be prompted to do this when you set up your QuickBooks, but you can also do it later on by going to the Company menu and clicking on "Change Your Password".

Quite obviously (we hope), your password should be intricate enough not to be guessed by anyone who might want to break into your data files. As such, it shouldn't be your name, your date of birth, or anything that can be found in a dictionary, really.

Believe it or not, in 2019, the most popular passwords were "qwerty", "123456789", and "123456" (Picheta, 2019). It might sound funny, but it's statistically accurate. Needless to say, your password needs to be more complex and more difficult to guess than these examples.

Once you have set up a password, you will be prompted to log in using it every time you open the QuickBooks data file.

Do keep in mind that you can set up multiple passwords in QuickBooks, depending on how many users are using it. Furthermore, you can always add new users to QuickBooks, and you can even limit what they can and cannot do. For example, the owner of a business or the CFO will be able to use all the features in QuickBooks, but a new bookkeeping clerk might only be limited to certain features.

Last, but definitely not least, do turn on your Audit Trails feature. This will allow you to see exactly what changes have been implemented, by whom, and when. This feature is precious not because you mustn't trust your team or place blame as soon as something bad happens, but because sometimes, honest mistakes are made - and knowing how they happened will help you avoid them in the future.

This is pretty much *it* with maintaining your data security via QuickBooks. When it comes to your operating system, on the other hand, you don't have to do much. Basically, all you have to do is make sure you:

- are using an OS that is still receiving security updates (e.g. Windows XP doesn't receive security updates from Microsoft anymore)
- run your security updates
- install an antivirus
- use a password for your OS login
- in extreme situations, you might also want to consider using a Kensington lock (a lock made especially for laptops, to avoid having them stolen)
- practice general online security (e.g. not clicking on shady links you receive online, even when they appear to come from someone who is your friend and whom you know, or even when they appear to come from your banking services provider).

In addition to digital security measures everyone should take (when using QuickBooks and in pretty much every other situation), there are some further actions you should take to ensure that your QuickBooks is properly maintained. The most important such actions include the following:

- Always compare physical inventory with accounting inventory. If products get stolen from your inventory, for example, your accounting system will not know how to pick up the new information. As such, as tedious as this job may sound, checking the physical inventory and comparing it with what you have on (digital) paper is quite necessary.
- Reconcile your bank accounts. You don't want to believe your employees are stealing by using checks in your company's name, but the best way to make sure this isn't happening is by reconciling your bank accounts and double-checking what has been going on in them.
- Train employees to use QuickBooks and to know it inside and out. Even if they don't have access to all the data and all the features, if they have to work with financial information, they will have to use QuickBooks from hereon. There's no point in having this software if your people can't use it - so even if it might take a bit of time investment, it is more than worth it to train your team in using QuickBooks at its various degrees of difficulty. This is one of the single best ways to make sure your data is kept clean and tidy and that your employees or your team are not making mistakes when doing financial actions via your accounting software.
- Learn to look at QuickBooks as more than just a tool to invoice and make payments. As mentioned before, this software can become an invaluable help on your way to business growth. Make the most out of it!

Once set up, QuickBooks is pretty easy to maintain - and, when needed, to adjust as well. As we have said before, the hardest part is getting used to the way in which this software functions, but once you are accustomed to it, you will find it fairly easy to perform different actions in QuickBooks.

Data Protection and Its Importance

Although this is not entirely related to QuickBooks, as much as it is related to what QuickBooks does (collect and perform actions with some of the most important and delicate bits of information your business holds: your financial data), we feel that dedicating a piece of this last chapter to data protection and its importance is quite useful.

As we were saying in the previous section, your QuickBooks data is, in its vast majority, confidential. This means that, if it gets in the wrong hands, it could mean the demise of your business from multiple points of view.

A malevolent eye “looking” into your QuickBooks data is as disastrous as seeing your entire company burn down to the ground. Not only will these eyes be able to use this data against you, but they might be able to use your customers’, your vendors’, and your suppliers’ data as well.

We don’t need to tell you this, but that’s a lawsuit waiting to happen.

You might think breaking into a computer is a really difficult affair, and that your business is not large enough to be the target of a cyberattack. But that is a completely wrong way to put it.

EVERYONE is a target of cyberattacks. From the personal computer you watch movies on to the computer you use at home, to the phone you hold in your pocket, and pretty much any other device you might have that is connected to the Internet, you are permanently in touch with something that could be a gateway for cybercriminals.

In 2018, the entire cybercrime industry generated no less than $1.5 trillion (by conservative estimates). Moreover, a staggering 85% of the companies interviewed experienced a cyberattack (Crane, 2019).

These stats might be shocking, but cybercrime is everywhere you turn your head: in your email inbox, on social media, in apps you love to use and have no idea that have been hacked.

Staying safe is pretty difficult, but not impossible. Aside from a proper security tool installed on your computer, there are also measures you can take to protect yourself and your company from the harsh effects of cyberattacks:

- strong passwords (as shown in the previous section as well)
- not clicking on links even when they appear to be from a trustworthy institution
- not connecting to public wi-fi hotspots without limiting the type of information these networks can access
- not installing shady software of any kind and only getting your programs from trustworthy sources
- disabling bluetooth connectivity when you are in public places
- disabling the auto-connect feature (unless you are at home)
- only entering personal data in HTTPS formatted websites (you can check the URL to see if they have this mark of security)
- not sharing your location in general

Even the smallest leak can lead to an avalanche of problems - and what may be even more staggering than that is that most of the time, people are unconsciously walking into traps. Sharing your dog's name on social media and allowing everyone to see this information can be a breaking point. Sharing your birth date can be a breaking point. Sharing any kind of information can be a breaking point.

In addition to keeping yourself and your devices secure, it is also important to make sure that you keep your team's devices secure as well. As such, it would be recommended to train them in the "art" of cybersecurity as well: a couple of hours every few months can make a world of difference when people are made aware of how many dangers there are out there in the wilderness of the world wide web.

Before we move on, we would also want to emphasize the fact that data security has grown to be even more important. With the Cambridge Analytica scandal Facebook was involved in in 2018 (Wikipedia, 2020) and with GDPR taking effect in the same year, data protection has been brought to a whole new level.

GDPR (the General Data Protection Regulation) is a set of legislative measures taken by the European Union to protect the data of its citizens. Mainly, whoever is located in Europe is rightfully protected by the law to have access to all the data different companies store about them, to give their consent over whether or not this data is stored and used for further purposes, and to ask for the deletion of said data as well. Even if you don't do business in Europe, there is still a pretty big chance that you might have a vendor, supplier, or customer in Europe who is subjected to GDPR - and as such, you have to abide by these rules as well.

Even more, with all the data scandals that have been taking the world by storm as of late, it is very likely that the USA will implement a GDPR-like regulation soon as well. It only makes sense to protect people's right to not have their data stored and used for purposes they are not aware of, so be prepared to see it happening!

In addition to the cybercrime issue, people are very frequently under the impression that digital data cannot die. It can't, technically, because it will always exist somewhere, in the black void of cyberspace. But it can definitely disappear completely out of your sight, never to be recovered again.

As such, to protect the accuracy and security of the data you hold in QuickBooks, it would be best if you followed some simple tips:

- Backing up your QuickBooks files (which you can do by accessing the File menu and clicking on “Save Copy” or on “Back Up”). Keep in mind that you can also set different preferences when it comes to how QuickBooks should back up your data (such as how often it should be done, adding timestamps, and limiting the number of backups you can do)

- Knowing how to restore QuickBooks files (by accessing the File menu and clicking on “Open or Restore”)

- Know how to clean up your data files and what happens during this process:

    - the software will save an archive copy of your company file

    - it will remove old transactions

    - it will summarize old transactions

    - it will clear the audit trail

To access this feature, you simply have to go to the File menu, click on “Utilities”, and then on “Clean Up Company Data” From here, QuickBooks will prompt a new window, from whence you can make your clean up selections and choose your preferences on how this should happen.

Yes, maintaining your data and keeping it clean and secure is of absolute importance. Regardless of whether you are an expert accountant, an entrepreneur, or a new accounting clerk, it is essential to make sure that the information stored and used by QuickBooks will always be private and secure - precisely because the risks of not doing this bring with them serious repercussions.

Nobody is too small or too big to do this - so make sure that your entire team is aware of the data protection importance and why they should practice it!

BONUS: Advanced QuickBooks Tips

In addition to the adjustment, administration, and data protection tips we have offered to you in this chapter, we would also like to use the very last pages to provide you with some “extra” tips that will help you work with QuickBooks at its finest (and thus, make your life easier and your job more efficient).

Here are some of the tips you might want to keep in mind:

- Don’t be afraid to ask for help. This might sound like a silly piece of advice, but hear us out. Learning something new is always difficult, and one of the biggest mistakes people make is not asking questions when they need to. Given that QuickBooks is about your company’s financial information and statements, making mistakes can have very serious repercussions on the business’ future (legal and otherwise). As such, it is far better to ask questions when you are in doubt - and fortunately, QuickBooks provides you with two options when it comes to this:

    - Using ProAdvisor, a feature included in the QuickBooks Intuit Package that connects you with a local accountant who knows the legislation and all the location-specific tips and tricks you might need to ask about. This person can help you set up QuickBooks correctly from the very beginning, and they can even provide you with information on tax requirements, business structure, and so on.

    - Contacting agents. If your question is related to using QuickBooks in general, don’t be afraid to contact their support agents. They will be happy to help you out!

- Take your time. Seriously, you can't learn anything this complex overnight, so take your time to invest in the basics of QuickBooks and how you can use it best. Practice, read, and, as mentioned at the first point in this list, ask questions whenever you feel like it. These things can set you up for success!
- The correct business information matters. This is not the kind of setup you can make in a rush and enter gibberish information. Our advice is to take QuickBooks setup very seriously because it will make your life a lot easier, as you will be able to start using it right away. As such, it is important to make sure that you enter the correct company information - including, but not limited to, your business structure, your tax ID number, your reporting forms, and your calendars for reporting as well.
- Use the right customer, employee, and vendor details. This goes without saying, but you should definitely double and triple check that each bit of contact and financial details you input about your employees, customers, and vendors is completely correct when it reaches the system. You can, of course, edit this information later on, but in general, you want to avoid sending anything to the wrong address or the wrong person precisely because the type of data you exchange to your customers, employees, and vendors via QuickBooks is confidential.
- Reconcile, reconcile, reconcile! You have no idea what a massive impact this can have on your business! Constantly reconciling your accounts will allow you to check and double check that all information is correct and that it adds up - and, when it doesn't, it will help you determine where something might have gone wrong.
- Always make a backup. Ideally, you want to create an automatic schedule for this because it can be a real time saver and a real

lifesaver as well. Backing up all the information will allow you to recover it in case you lose access to QuickBooks, in case a file doesn’t save correctly at some point, and in case you simply delete or change something accidentally.

- You can save money by printing your checks from this software. Generally speaking, banks will charge you a fee for printing checks, but if you want to avoid that, you can print them in QuickBooks. In an ideal world, you might want to give up entirely on printing checks (and documents in general), as this is a more eco-friendly option. However, there are many situations that might require you to print an actual paper document (or check, in this case) - and when that happens, the best route you can take is, well, the least expensive one.

- You can pay your bills using QuickBooks. As shown in previous chapters, you can connect your QuickBooks to your online banking option. This will save you a lot of time and it will allow you to make sure that you have a consistent, standardized procedure when it comes to paying bills.

- If you are using a newer version of QuickBooks, don’t be afraid to customize its layout. Different businesses have different needs - and having those “essentials” displayed in a way that makes it easier for you to operate QuickBooks is quite important. To change your layout, you have to access the Edit menu, click on “Preferences”, and then on “Desktop View”. From there, you can choose whatever options suit you best.

- Use the Memorized Transactions feature. When you can automate regular transactions, you are making them safer and you are saving yourself time and effort. To be able to use this feature, you will first have to activate it. The way to do this is by going to the Lists menu, clicking on “Memorized Transaction List”, then on “Memorized Transaction”, and then on “New Group”. This feature works best for recurring payments or invoices you might be sending every month. Not only do you eliminate the odds that you make an error when making these transactions, but you also save yourself time by simply making them automatic.

- If you use freelancers or contractors in your business, it is quite important to remember to set them up under the 1099 tax form. This will allow you to sort payment and sales taxes to these specific contractors and, as such, it will help you eliminate all the anxiety associated with year-end 1099 forms.

- The spell check in QuickBooks can be helpful because you do want your invoices and information to be grammatically correct (it really does help with your reputation). However, the same feature can turn into a nuisance, particularly when you are dealing with different company names that are not necessarily “grammatically correct” and might trigger the spellchecker. As such, you should know that you can turn off this nuisance by going to the Edit menu and clicking on “Preferences”, then on “Speller”, and then by unchecking the box that says “Always Check Spelling”.

- If you want to find out what happened to a transaction (for instance, how certain invoices and credit memos are related to certain payments), you simply have to go to the Reports menu and click on “Transaction History”. This will prompt you with the list of events related to a transaction.

- Not all businesses that use QuickBooks sell physical items. As such, if you are in the “other” category and your services or products “happen” online, you might want to consider linking your email to your accounting software. This way, you will send invoices automatically directly to customers, and you can also email reports when you want to.

- QuickBooks functions on the double entry bookkeeping method (which we have discussed at the beginning of this book). If you want to view the double entry of a transaction, you will have to go to the Reports menu, then click on “Transaction Journal”. This will prompt the window in which you can check if an entry is properly posted.

- You can also merge similar accounts as well. This can be a useful feature when you realize that your lists contain information that pertains virtually to the same accounts.

- You can chat with your teammates directly in QuickBooks. This is quite time saving because it will allow you to discuss QuickBooks-related issues directly from the software. To use this feature, go to the Company menu, and then click on “Chat With a Coworker”. Keep in mind that the coworkers you want to chat with have to be added as users in QuickBooks first (so you will not be able to talk to someone who is not entered in the system).

No matter how you look at it, QuickBooks is a massively impressive piece of software, and it can definitely change your life for the best. If you are a business owner and you want to handle your own bookkeeping, QuickBooks will help. If you are an accountant for a company, QuickBooks will help. And if you are a representative of an entire team of financial and business experts who handle advanced financial and business-related tasks, QuickBooks will help.

Indeed, the main target market for this software is represented by smaller businesses, but that doesn’t mean that QuickBooks is completely unusable in a larger company. Pretty much anything you might want an accounting software to do will be included in the list of features offered by QuickBooks.

There are, of course, downsides to using QuickBooks as well. For instance, it won’t help you with industry-specific features (like features connected to the eCommerce industry, for example). Furthermore, it will not be able to provide you with non-accounting reports. Last, but not least, because it was initially geared at the small business market, it has a pretty tough limitation of how many users can be added to an account.

Overall, though, the intuitive nature and the generous range of features make QuickBooks a popular choice - one you have learned how to use throughout this entire book!

Conclusion

New things can be quite scary.

Urban mythology has it that when one of the first short movies was screened in a cinema, people panicked seeing a full, life-sized train heading their direction from the massive movie screen in front of them (Wikipedia, 2020). We don't know if that was true or not, but we do know that the story is a pretty good parable of just how terrifying new technology and getting accustomed to it can be.

Do you remember the first time you put your hands on a computer mouse and just how unnatural it felt to move the cursor on the screen?

Or the first time you started to type on a smartphone's screen?

How about the first time you drove a car with a manual transmission?

Indeed, there is a sense of panic and even terror we all experience in front of new things. Some like the feeling. Some loathe it. But everyone experiences it to a degree, precisely because thousands and thousands of years of evolution have "wired" us to be pretty circumspect when it comes to novelty and to love the stability of what we already have.

If it weren't for people who actually love the feeling of "a new thing", we wouldn't have gotten very far. The fire wouldn't have happened, and neither would the plantation of potatoes in Europe. We wouldn't have discovered the Earth is, well, not flat, nor would we have discovered that there is an entire new world across the "Pond".

We wouldn't have made the first computers, the first video games, the first digital cameras. We wouldn't have invented low-cost air travel, nor would we have gotten on the Moon.

You see, human beings are pretty paradoxical when it comes to novelty. On the one hand we fear it (*don't change something that's working*, says an old adage). On the other hand, we are dependent on it because change ensures our further evolution and, at some point, it will influence our very survival as a species.

The world has never been static, and nor should we.

The fact that you are here, closing the very last pages of this book on QuickBooks, proves that you are open to change and that you are ready to step into a world where bookkeeping and accounting are plain and simply *easier*.

Software applications have dramatically changed the way we live and the way we do business. Without that first Microsoft OS, we would have still struggled in operating systems that are painful (or we would have all been Apple fans because there would've been no other option).

QuickBooks was founded in 1992, and ever since then, it has consistently revolutionized the world of accounting software. It might not be the prettiest software in the world, we'll give you that, but it does its job excellently and it is easy to use by a wide range of people (from those who have nothing in common with the general field of accounting to those who have been doing it for decades).

Learning how to use QuickBooks comes with its curve, we have to be honest about that. This is largely due not to the way in which the system was built, but to the complexity and the wide range of features it comes with.

There are very few things QuickBooks cannot do, and for a piece of software that was intended at the small and medium sized business market, it really does go above and beyond. In fact, aside from the lack of certain features (such as not being able to add a larger number of users to the same account), QuickBooks does pretty much everything a corporate accounting software would do. That is massively impressive, especially considering the pricing gap between this software and applications that are geared at very large companies.

Going back to learning QuickBooks, it is important for you to take all this information with patience. You cannot learn how to use it overnight - because if you think of it, you didn’t learn how to use the computer mouse overnight, and you did not learn basic accounting overnight either.

It takes a bit of time to get accustomed to the oddities, the ins and outs of this ultra-popular accounting software. But as we were saying it throughout the book, once you have learned the basics, mastering the rest is all about practice. The more you “play” with the software, the more familiar it becomes and thus, the easier it will be for you to operate it.

This book was not meant to be exhaustive in any way. There are many other features we could have discussed in detail, but the purpose of this volume was not so much to create an anthology of how to use QuickBooks, as much as it was to provide you with the basic “MO” of this software and how to navigate it.

Indeed, starting QuickBooks for the first time might come as a shock, precisely due to the sheer size of the software and the intricate setup process. But if you think of it, you should actually be thankful for the entire shock of seeing QuickBooks for the first time. By providing you with a complex setup system, they are literally setting you up for success from the very beginning, ensuring that you enter the necessary data to get yourself started with their software.

If it weren’t for this setup process, you would probably wander in doubt and confusion and not know exactly where to start or what to do first to make sure that your company’s financial data is safely stored in your software.

Before we close this book, we would also want to take a moment and congratulate you for getting this far. Accounting is no easy job, no matter how much you handle, no matter what tasks you handle, and no matter how many companies you have worked with so far.

It is, in fact, a demanding job - one that, as mentioned at the beginning of this book, lies at the very core of what a business is all about. No matter where in your career you are right now and no matter what your main profession may be, you will find that accounting can be confusing and irritating, but also incredibly rewarding when you finally see everything settling down.

As an accountant or bookkeeper, or as an entrepreneur who is still handling such tasks for your small business, these *numbers* are your very professional essence. They are the numbers that pay salaries and the numbers that make an entire company feel proud. They are the numbers that eventually help businesses make better decisions. They are the numbers that *connect* the purpose of the business with its profitability goals.

QuickBooks is incredibly easy to use and it provides you with a very, very generous range of options. For a fraction of the price of a bigger software program, QuickBooks offers you customization options and a very long list of tasks you can perform with it.

Life is just easier when you have the right tools by your side, no matter who you are and what you do for a living - and as an accountant or bookkeeper, you will definitely experience the same as well.

There is a world of options when it comes to software, but when you want to settle for that which seems to have settled in the hearts of so many, QuickBooks will always be a good choice. It will always be the choice that helps you remain at the core of the business you work with and at the core of the decisions made within the company.

Yes, accounting isn’t easy. But when you have the right tools and know how to operate them intelligently, your work life can be so much quieter, so much more accomplished, and so much more efficient!

No more days when you have to stay at work until 9 pm because you have to manually transfer reports, no more endless spreadsheets that never make any sense to anyone outside of the company or outside of the management circle in the company. The more we advance in technology and science, the easier it is to make people's lives easier.

And both QuickBooks and the book at hand are all about that: making *your* life easier too.

Thank you for having chosen to read our book and thank you for getting this far. While we do know accounting and bookkeeping are not always the sexiest topics, we do hope that we have provided you with genuinely useful information, from the GAAP and what they actually mean for the accounting world, to how you can use QuickBooks to ensure data protection, as well as to help your company grow by performing advanced financial analysis on the numbers you already have.

There is a world of Big Data opening right in front of our eyes - and software like QuickBooks is bound to be a part of it, a part of the future, a part of how we choose to handle our money, our economy, and our entrepreneurship from now on.

According to Yuval Noah Harari, the world of tomorrow is closely linked to the data we have been collecting over decades and decades of digitalization. In his vision, we are looking at a future where all the data will be free-flowing through cyberspace, allowing machines and artificial intelligence to use it for future predictions (and adequate solutions as well) (Harari, 2015).

We don't know if we should like the future painted by Harari. While there are definite benefits when it comes to the idea of free flowing data, there are obvious disadvantages as well (such as, for example, what happens if an ill-intentioned someone lays hands on the machine learning algorithm and alters the programing to their own advantage?).

Whichever side you want to be on when it comes to the future of data, one thing is for certain: you do want to be ready. You want to make sure that your company data is safely stored and processed in systems that are capable of handling the influx of information and provide you with insightful reports on what your business should do next.

This is precisely why learning how to use QuickBooks is larger than simply digitizing your accounting and bookkeeping efforts and moving them past the basic spreadsheets we're all so used to. Yes, this is an effort to make your life easier today, as much as it is an effort to make your life easier tomorrow.

Consciously or not, stepping up to QuickBooks represents the kind of new beginning all businesses will have to experience sooner or later. It's already hard to imagine life without a proper accounting software, and it's pretty hard to imagine an accounting software market where QuickBooks doesn't exist. With the wide range of benefits it offers, it's pretty hard to imagine why you would settle on any other similar software too.

Regardless of what your motivation behind choosing QuickBooks may be, regardless of how brand new the entire concept may be to you and regardless of how much of a novice you are in the art of accounting, we do hope our book has proven a useful addition to your learning process.

We started off slowly, by introducing you to basic accounting principles. Whether you noticed or not, they are all somewhat integrated in the way QuickBooks functions - and they lay at the foundation of *why* QuickBooks should be used as well. From the fact that a system like this ensures absolute transparency to the fact that a good accounting software will help you stay on track with all your reports, QuickBooks is, by and large, one of the most GAAP and IFRS-friendly software applications you could use.

We then moved to basic bookkeeping tasks. As you have noticed, they all follow a pretty straightforward pattern: you have to go to the designated menu, click on something, and then make adjustments in the window that will be prompted up. Regardless of whether you are sending an invoice or making a payment, the steps will be more or less the same (with the exception of the specificities involved in each of these financial actions, of course).

QuickBooks is so much more than a software you can use for invoices and payments, though. It can be used for advanced accounting tasks as well, which is precisely what we tackled in the third chapter of our book. While the connection between advanced accounting tasks and QuickBooks may not seem direct, you should consider the fact that all the reports this software generates automatically make your life infinitely easier. No more data compilations, no more missing zeroes, no more struggling to create endless spreadsheets - the system will do it all for you, so that you can move on with your job and be really good at it.

Advanced management accounting is about more than financial statements and reports as well. It is about creating plans that will help the business actually grow and flourish - and this is precisely the subject we wanted to approach in the fourth chapter of our book. From building business plans that are comprehensive and persuasive, there is a world of business tasks where QuickBooks can prove to be an invaluable ally.

Last, but definitely not least, we used our fifth chapter to circle back to the basics of the software and help you with tips related to the adjustments you might have to make before you start working in it, to how you should administer it, to why data protection is so important (and how to achieve it), and, finally, to advanced tips that will make QuickBooks an even better addition to your life.

It doesn’t matter who you are or where you are. If you want to be able to handle your company’s financial data with accuracy and in the easiest way possible, accounting software is the way to do it.

Hopefully, the book at hand has helped you learn how to use one of the best and most popular accounting software options out there. But even more than that, we hope that our book has helped you think out of the box and understand the real power such software can harness and the ways in which you can incorporate it into your business growth processes!

Are you fully ready to step into a world where your financial data is the underlying fuel for growth, beyond the cash flow? Into a world where your reports speak for themselves and you can speak in their name in front of business boards and investor groups? Into a world where you can actually achieve all your dreams by using your wits, your ideas, your business acumen, and software you can actually rely on?

Yes, there is a learning curve to QuickBooks, just like those first people learned that there is a learning curve to watching movies. But novelty will always settle in place - and this “newness” of QuickBooks in your life will soon become one of the best decisions you have ever made for your business!

Be brave and face the “machine” with a massive smile on your face, knowing full-heartedly that you can control it however you want and make it provide you with all the information you need!

We wish you all the best of luck in your future endeavors and hope we have genuinely helped you with our book!

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QUICKBOOKS

Learn Advanced QuickBooks Tools, Methods and Techniques for Business and Personal Account Management

BLAINE ROBERTSON

Introduction

In this book, we are going to explain all the advanced techniques, methods, and tools in QuickBooks that will allow you to easily manage and handle all your financial records of your company in the most astounding manner. We are going to go over various methods and ways that are not only going to make your day to day work easier to handle, but it will also allow you to generate and retrieve all the desired information which you demand.

We will start by explaining the technique which you can adopt to save your company files from data corruption and loss of data while making our way to the advanced inventory management and valuation methods. Along with that, we will also explain the various utilities that you can use to make your business's operational work handled within just a couple of seconds. Afterward, we will navigate to the most crucial area of the business operation that will involve advanced cash management and cash flow, maintaining techniques with the advanced sales management system.

In which we will look into the crucial ways of handling the cash and keeping our cash reserves secured in correspondence with our revenue and debtors. Later on, we will navigate to the other section of the cash management and cash flow maintenance with the purchase system, where we will elaborate on the most advanced techniques and methods to reduce our payment costs and to keep a perfect track of the supplier balances.

We will also look over to the various ways to generate advanced reports and utilizing the advanced reports with various combined reports and self-created reports in QuickBooks. The concluding chapters of this book will cover the common payroll issues and payroll problems, which can be easily solved with the new advanced techniques while also explaining the automatic method of having your fixed assets managed easily.

Chapter 1

Getting Started with QuickBooks Customization

Are you tired of using your outdated accounting software and looking for a way to change it? Are you looking for a way to transfer your old company files into QuickBooks to resume your work from there? Are you looking for a way to customize QuickBooks just as you desire?

Many users find it difficult to understand how they can set up their company in QuickBooks if they wish to migrate from their existing accounting software. On the other hand, the QuickBooks users wish to create a new company file from their old company files. However, the risk of losing your precious data while transferring company files could be devastating.

You may feel like you want to set up your company on QuickBooks without having to compromise any of the old data. At the same, you may also wish to create a unique user interface that is best suited to your needs. QuickBooks is astounding digital accounting software that provides a diverse range of benefits to you and its users. That's why, in this chapter, we will go over the following important topics:

- Preparing your new company files from old data
- Customizing QuickBooks to your needs

Is it Best That I Start All Over Again?

If you are an old QuickBooks user and are finding out that your existing company data files are starting to take up a lot of space, then the best solution to avoid such types of issues is by creating a new company file. The reason could be that due to the previous data, there isn't much disk space or simply your company files carry data corruption viruses or glitches in them. Making a new company file can be a time-consuming process, and you will have to pass the transactions all over again, so to tackle this particular issue, QuickBooks has provided an alternative solution to your problems.

But before we start, you should stop for one second and realize whether starting a new company file would be beneficial. A lot of times, setting up a new company file doesn't solve a specific issue. For instance, a payroll processing glitch that doesn't properly clear off the payrolls that have been paid previously. In such cases, you should consult from the customer support of QuickBooks to get a better picture of your problem.

Another thing that you should focus on is whether you can set up your new company files after or at the end of the current financial year because starting such type of process in the middle of the current financial year could result in loss of data. The impact of this action of yours can result in devastating consequences. The ideal time to start such a task is after or at the year-end.

Archiving and Condensing your Data

The first feature that comes up is archiving and condensing your data. This feature of QuickBooks allows you to make your previous data and previous information inaccessible entirely. This is done by completely deleting your previous data of the current company file. This makes sure that none of the previous data, reports, and other transactions except the preference settings and lists can be opened again.

It is important to note that you must keep a backup of the entire company file before starting the process of condensing your data. This will help you in retrieving any previous data which you require at any time. To remove the data and the transactions, follow these steps:

1. From the menu, firstly, you will have to navigate to the **File**. Then select **Utilities -> Condense data** option.

2. Find the **Remove the transaction** option in the condense data window and click it.

3. Select whether you wish to remove all the data until a **specific date** or completely remove all the data.

4. Afterward, Choose **Next -> Begin condense.**

Once this process is finished, you will receive additional space that QuickBooks will provide you relating to your company data files. However, QuickBooks only archives and condenses those transactions which have been closed or cleared. For instance, if a customer has a receivable balance, it is an open transaction. Once the customer pays his outstanding dues, it is a closed transaction.

Lists and other settings that have been made personally by you will not be removed during the entire archiving process.

Migrating from Another software

It is also possible that you might already use accounting software and wish to transfer your data files from there to QuickBooks. For this, QuickBooks mostly offers the basic setup features which allow you to make a new company file to start all over again. However, the advanced set up provides much more dedicated control to you so that you can design the interface as per your desires.

You will need first to extract the closing trial balance, the general ledger, the balance sheet, and the profit and loss statement from your previous accounting software. The reason for this is because you will need to create the opening journal entries for your company. To do so, you will have to follow the steps mentioned below:

1. Select the option **File-> New Company.**

2. Once that is done, you will be provided with the options of **Express Start, Detailed Start,** and **other options.** Choose the **Detailed start.**

3. After you have selected, QuickBooks will begin the normal course of procedure where it will ask from you the Company information, industry, and other information regarding your company. Fill all the required fields and the important information in the window.

4. After you complete the company information and press enter to navigate to the next window, QuickBooks set up wizard will ask for customer details, product/service details, Bank accounts, etc. in the subsequent window.

5. Add all your desired information in the defined fields and rows.

6. Once you are done, find **Finish/ Start Working** at the bottom and click on it.

QuickBooks will automatically open the user interface where you will have to interact with the software- after you are done with the steps mentioned above. The next step involves adding all the balances and including them in the QuickBooks for the current year. For this:

1. Prepare and complete the entire list of the Chart of Accounts, which is present in **List-> Chart of Accounts.** Make sure that your new chart of accounts for QuickBooks is completely similar to your previous company data files. You can match them line by line with the name of the accounts mentioned in the extracted trial balance.

2. Create an additional account named as **Adjusting Equity or Opening Equity.** Opening equity can be used as a suspense account to hold the opening balances of the account ledgers. Note that QuickBooks automatically creates the **Opening Equity** account

once you enter the opening balances from the **Chart of Accounts** edit page for certain accounts.

3. Pass the Journal Entries for all the accounts excluding the actual equity account balance, trade payables/trade creditors, trade receivables/trade debtors, and fixed assets.

4. Make sure that the net difference in the combined journal entry is targeted to **Opening Equity,** which you can adjust later on.

For bank balance and other cash items, QuickBooks will ask for the opening balance at the start when the detailed setup process is underway. For trade receivables and trade payables, you have two options either include all the invoices of each trade receivable and trade payable by the use of the home screen cycle. Alternatively, you can include all the values and the amounts as a journal entry for the entire account ledgers without the invoices.

For fixed assets, there are again two options available in QuickBooks - you can add all the fixed assets with their written down value from the **Fixed Asset Manager** tool, which is present in **Company -> Manage Fixed Assets,** or you can pass the Journal entries. Another way is by adding these fixed assets in the **Fixed Asset List.** The end result has to be the same because they all have to balance out the adjusting **Opening Equity** account.

Once this is done, the adjusting **Opening Equity** account will have a zero value, and your opening balance sheet will reflect the exact figures as reported in the balance sheet extracted from your previous software.

Common Issues during Set Up

You might experience the common issues when migrating your company files to QuickBooks. The reason is that you won’t be able to balance out the chart of accounts properly. When adding the balances, you might think that the task has been performed accurately, but due to the advanced mechanism of QuickBooks- all entries do get balanced but in the wrong accounts.

This proves to be a minor issue for you as it doesn't allow you to easily trace up any missed entry or error in case the trial is perfectly balanced- especially if you are operating your business on a larger scale or the management of your personal finances is a bit complex. So here are a few tips to keep in mind:

- If you feel that you will ensure a more controlled line of operations after you switch to QuickBooks, then try to pass the Journal Entries in the combined form rather than splitting it into multiple journal entries. This will reduce the errors of risk as all the entries of a particular account will be clubbed in one main group.
- Since the new QuickBooks has more advanced features, it is best recommended that you provide the opening balance at the time when you are preparing your Chart of Accounts in QuickBooks. This will automatically pass the other entry in the **Opening Equity** account created as default by QuickBooks.
- Accounts receivable and accounts payable account types won't provide you with the option of entering the opening balances at the time when the Chart of Accounts are being prepared. Therefore, it is recommended that opening balances of individual accounts are added through the **Customer Center** and the **Vendor Center,** respectively.
- Make sure that you reconcile all the balances at the end of your work. Normally, people tend to avoid that and would start using the software. Reconciliation can be done with the balance sheet or the trial balance both.

Personal Customization of QuickBooks

QuickBooks is already equipped with the pre-defined default features that allow QuickBooks to function normally with the overall general users. But it doesn’t mean that QuickBooks prohibits you and its users from making the various changes in its settings. The default settings are present in the software to make sure that people who are using QuickBooks for the first time don’t find themselves trapped in countless problems or errors.

This facilitation of QuickBooks provides its user with huge flexibility that makes it a credible software to use. The settings features can be easily customized according to your particular requirements.

1). QuickBooks Preferences

Preferences are the general things which you may observe on the QuickBooks Interface. The default preferences, which are already active when you download QuickBooks, include beeping a small noise or sound when a transaction has been entered, automatically placing decimal points in transactions, using the latest dates or last date entered for subsequent transaction posting, etc.

The preference window includes two tabs; **My Preferences** and **Company Preferences.** You can manually edit both these tabs. QuickBooks makes this process completely easy to understand and enables you to become familiar with your particular desire. You can access this window by:

i. Selecting **Edit -> Preferences** from the top menu bar.

ii. Navigate yourself to the desired tab.

iii. Once changes are made, press enter to save the changes.

2). Personalized Icon Bars

Icon bar allows us to easily access the most common tasks which we have to perform daily. Icon bars are normally best for those different types of users who frequently navigate and access the software to make certain changes. These people could be the accounts or finance department officers of the business. They constantly make edits and changes on the same company files present in QuickBooks. The icon bar works great in combination with the security, and the roles feature given to these officers.

Icon bar can help us in navigating the common tasks or can help us in segregating the icons based on the roles defined for each user of the business and its files. The common icons which are present in the Icon bar include almost all of the company's operational activities such as the customer icon that allows us to access the various details regarding the customer lists, their overdue balances and their outstanding amounts, etc.

The Vendor icon allows us to extract the vendor details, create the various job-to-vendor reports, and highlight the significant vendor transactions, etc. Other icons, which include **Bank**, **Payroll**, **Reports**, **Home**, and **Accountant,** provide all the different quick accesses to your different needs. To customize the icon bar:

i. Navigate to the **View - > Customize Icon Bar** option on the top menu bar.

ii. Select the desired Icons which you want to display on the Icon Bar.

iii. Press Enter or click Ok, once you are done.

You can also change the position of the Icon Bar to be displayed either on the top side, left side, or even on the right side. This allows you to organize the interface more easily and perform your tasks swiftly.

3). Adding Custom Fields and Reports

Custom fields allow you to create your own database records by adding various fields in the data tables. QuickBooks offers an advanced integrated system that ensures that your accounting data is fully centralized with your custom database requirements.

In the business environment, you may find it difficult to maintain redundant copies of every client's information. Not only would you have to include the list on your specially designed software, but you would also have to add the list separately in your accounting software. That's why this feature of QuickBooks is especially beneficial for service industries and contractors.

QuickBooks allows you to create a limited amount of custom fields that you can define on the basis of the input data type. Input data type means the data that you will preferably enter- either as a text, a number, or in any other format. This benefits you in creating a more streamlined system where the entire history of the client, vendor, or other employees is automatically available with just a click of a button.

This also allows you to create new customized reports based on the custom fields that you have defined. To add additional fields:

i. Navigate to the **Customer Center, Employee Center,** or you can navigate to the **Vendor Center** and click on any one of them.

ii. Select the option to create a new customer, employee, or vendor.

iii. Open the **Additional Info** tab and select **Define Fields** displayed as a button.

iv. Create your desired custom fields, and press enter once done. Press Enter once again to save the changes.

4). Allotting Account Numbers in Chart of Accounts

Most advanced users and experts used a really complex software that would upload the information of the Chart of Accounts in a series of different numbers. These series were considered the sequences of various accounts that defined their order of displaying information in the General Ledger or the trial balance. It was also majorly used because it allowed the relevant accounts to be merged under the common group of accounts to which they relate.

In QuickBooks, this feature can be easily accessed by those advanced users who prefer to manually set up their accounts in the form of these sequences. By default, these account numbers will not be displayed, and QuickBooks will automatically assign the sequence secretly based on the pre-defined order in its own algorithm.

The reason why advanced users prefer account numbers is that it gives them the ability to control the group clubbing. This can be done by:

i. Navigating to **Edit -> Preferences** from the top of the menu bar.

ii. Select the **Accounting** icon from the icon bar.

iii. Select **Company Preferences -> Use account numbers** from the displayed accounting window.

iv. Press enter to save the changes and resume the work.

If you want to club the accounts together, you can use the **sub-account** feature that allows various accounts to be merged under the single category name or classification.

i. Once you navigate to **Lists- > Chart of Accounts,** select an account which you desire to make as a sub-account.

ii. Before you make the sub-account make sure that you have already created the main account under which your desired sub-account will be categorized.

iii. Right-click on the account and select **Edit** to edit the account information.

iv. Navigate to the **Sub-account** checkbox and select it.

v. Enter the name of the main account that you desire.

vi. Press enter to save the changes- once you are done.

This will classify all the accounts in the relevant main heads. This will allow you to easily generate the reports and classify them based on their classes. Such reports will provide a much in-depth analysis of the financial records.

For personal finance management, this classification feature can also benefit you by allowing you to segregate your main expenses from the extraordinary expenses. From a business perspective, you can classify all transactions based on locations or regions.

If you are running a large or small-medium business operation and require that you receive segregated reports based on the locations and the departments, then this will allow you to segregate and classify all the transactions. QuickBooks will automatically create the desired report in an instant.

Pro Tips when Setting Up the QuickBooks Interface

You must be fully aware once you are setting up your QuickBooks Interface. However, this chapter is aimed at the advanced methods to ensure a more user-friendly interface while maintaining all the key principles to the accounting itself. Here are some of the pro tips which you should keep in mind:

1. Properly create and define roles when setting up the QuickBooks to ensure the safety of the company data files.

2. If other users are accessing your company files, make sure that you keep an eye on the audit trail and observe any changes being made by other users. The audit trail feature is present in the **Reports -> Accountant & Taxes -> Audit Trail.**

3. Once you have created the lists and entered the other crucial information in QuickBooks- lock the lists and the set up so that other users can't access it or change the lists.

4. Extensively navigate the **Preferences** to know about the different settings features that are present. If you are operating in other currencies as well, then turn on the multi-currency feature to pass Journal entries in foreign currencies as well.

5. Don't forget to turn on the payroll and other features. It is essential that you add the list of employees first and then turn on the payroll features. You can access either the online version or the manual function (this will be explained in the later chapter).

6. If you are creating a new QuickBooks company file from the existing one or archiving the previous company files- make sure that you have saved a backup copy in a different place before archiving your company files. This way, you can access and restore the previous company files at any time.

It is important to note that you won't be able to access the recent or current company files once you open the previous company files. So it's best to always keep a backup copy of the current company file as well before accessing the previous company files.

Chapter 2

Inventory & Items Management

The inventory and item management system in QuickBooks is far more advanced and far more integrated than you can ever expect. The inventory management system doesn’t simply record and maintain the inventory, but it can go way beyond the common use. For service industries, inventories aren’t the main streams of income. Rather, they rely on rendering of different services, which are classified as items- there is an item list that controls all the items and billing mechanisms.

So if we are to classify the main sources of revenue based on the industry, we would have a manufacturing or trading industry that relates to goods and a service industry that relates to items or services. In this chapter, we will focus entirely on the advanced inventory and item management techniques, which will provide you with the expert knowledge on using QuickBooks.

1). Advance Inventory Management Methods

Managing inventory can be a difficult task, especially when you are handling more than one type of item in your inventory. The main goal of inventory management isn’t simply to enter the bills of suppliers in the system, but rather a streamlined and integrated mechanism of inventory management is also needed.

You will find that QuickBooks provides a fully centralized system to manage your inventory with its different features. These features and these management techniques are found in the enterprise version of QuickBooks, so make sure that you have it installed.

a). Inventory Management at multiple locations

If you are running a small-medium business operation or even a large business operation- chances are you will have multiple inventories at multiple geographical regions. These regions could be different cities, different states, or even different countries. In such cases, it becomes an extremely difficult task to understand the amount of inventory you have at different locations and the value of the stock, which is present at hand.

The only solution in this type of case is by physically counting the stock and performing valuation methods to estimate the proper cost of inventory. No doubt, this technique is used by the management of different companies and businesses at the year-ends or even the period-ends to compare their physical records with the records mentioned in their systems.

However, the case that we are elaborating here is that you want to know the cost and quantity of the inventory at any time. The few reasons why you would find benefit in this method is that:

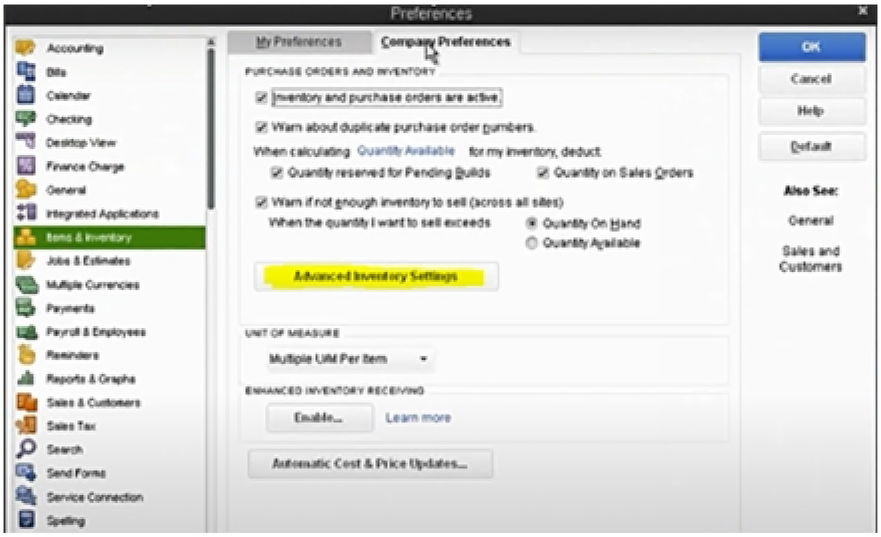
- You will have full control over the procurement and the inventory dispatch system that will allow you to dispatch inventory from one main location (head office) to the various branches/ locations.
- This will allow you to trace any inconsistency which is found in the inventory management at the branches.
- Most branches tend to order more inventory from their head office for fraudulent activities. Through audit and inventory reports, you will be able to analyze whether the branches require the stock or not.
- As the system is interlinked with almost all other operational activities, the chances of the asset misplacement or theft can be easily avoided or tracked.

So the first step to using the multi-site inventory feature involves enabling it:

i. Navigate and then select **Edit-> Preferences -> Items & Inventory.**

ii. The **Items & Inventory** window will be displayed and then select the **Company Preferences** tab.

iii. In the middle of the window, you will see an option **Advanced Inventory Settings**; Click on this option.



iv. Once you click on this option, find the **Multiple Inventory Locations** tab and make sure that the **Multiple Inventory Sites** checkbox has a tick on it.

v. Also, make sure that the **row, shelf, and bin** option is also ticked in the tab.

vi. Press enter to save the changes made or left-click on **OK**.

After turning the multiple location feature “on,” you will notice that on **Home -> My Company (**located in the top right side)**-> Inventory Activities**- a new feature which is **Transfer Inventory** will be displayed there. You can also build a new location for your inventory, which can be received from the supplier directly to that location or send that inventory to the customer from the new location.

This can be easily done by adding the new location description in the **Build Assemblies option.** Select the **Activities** tab in the lower bottom side of the

Build Assemblies window and include your new site location from the "**New"** option.

Once you are done with this, you will be able to perform multiple actions smoothly.

- You will be able to receive the inventory from the supplier at the desired location. Once the bill is entered, you can assign the location or site to the inventory and direct your supplier to deliver the inventory to that place. You can also assign a new location at the time when the bill is being entered.
- Not only that, but you will also be able to sell the inventory to the customers, which are mentioned in your customer lists from the desired inventory location. By changing the location from the top of the **Sales Order**, you will be able to sell the inventory from the desired location.
- You can also transfer the inventory from one location to the other by selecting the inventory from the place you want to transfer and selecting the place to which the inventory is being transferred. Navigate to **Home window-> My Company-> Inventory activities-> transfer inventory** to perform such action easily.
- In addition to this, you can also generate various reports such as the sale of inventory by location, Quantity of inventory present at hand, valuation of inventory by location, and other reports which will be generated based on the inventory locations.

b). Allotting the Serial Numbers to the Inventory

Most users define the inventory items on the basis of a serial number or a lot number. The serial number uniquely identifies a particular item in the inventory. By using this method, you will be able to track and identify all the items which are present in your inventory categories by their unique serial numbers.

If you are running a large retail store in which there are over thousands of customers and have over a thousand different items on your shelves, then you will find that this feature is really interesting and handy. This will provide you with outstanding facilitation when a customer finds a faulty product or would like to claim their warranty on the product or would like to exchange it with another one.

The most common issue which retail store owners face is when they ask their customers for their receipts, and in major cases, the customer doesn't have a receipt, which makes it extra hard to verify that they purchased the goods from your store. Luckily, the serial numbers will allow you to keep a complete track of the items which are sold.

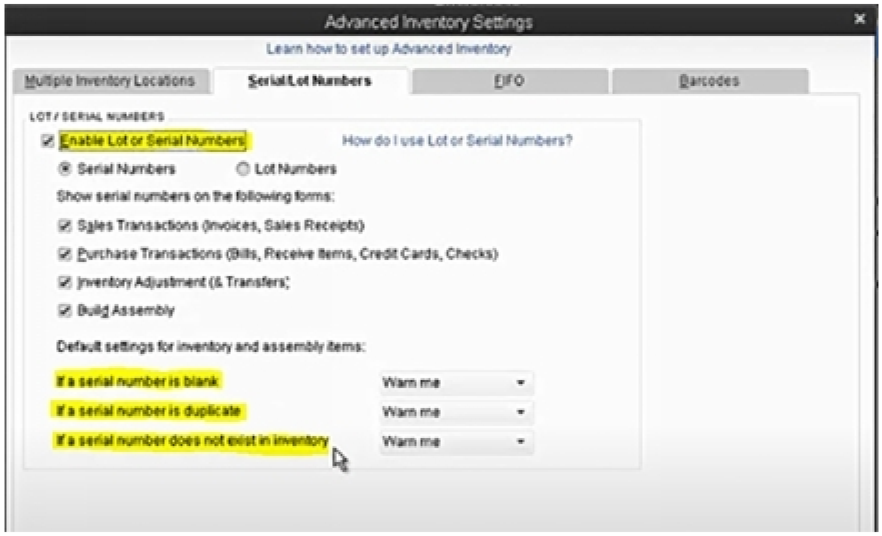
Again the first crucial step involves activating this feature on QuickBooks. It is very important to note that all these advanced features are only present in the Enterprise version of QuickBooks, which have such full access. Follow the steps mentioned below:

i. Go over to the **Edit** section of the menu bar on the top.

ii. Click on **Edit -> Preferences -> Items & Inventory** to access the **Items & Inventory** Window.

iii. Select the **Company Preferences** tab and navigate your way to the **Advanced Inventory Settings.**

iv. Find the **Serial Number** tab and enable the **Lot or Serial Number** checkbox by clicking on it.



v. Click on the other checkboxes as you desire in the tab.

vi. Once you are done, press enter to save the changes to your company files.

The other options which will be present in the tab will include different warnings and different popups, which will be displayed if any of the criteria are met. You define these criteria but QuickBooks already has pre-defined options that will facilitate you. For instance,

- Displaying a warning if the serial number section of the inventory is blank.
- Displaying the warning sign if the serial number is already used for another item of inventory.
- A warning sign will be displayed in case the serial number doesn't exist in the system. This is typically helpful at the time of warranty claims or refunds.

Once you are finished with all the desired settings, you will find different hidden features unlocked in QuickBooks, which will allow you to add the serial numbers or the lot numbers which you desire. You must remember that the serial numbers have to be unique and must not resemble a series that is already used before.

The best way to ensure that you are using unique serial numbers is by creating an additional excel document where you store the entire data of the serial numbers. You could manually make these serial numbers or they can be the bar code serial numbers.

As some retailers purchase certain items from their suppliers, they tend to use the same serial number which the suppliers have used. This technique can be helpful if you don't want to waste your time creating serial numbers for your inventory, but as a large retailer, you will find that many of the suppliers don't use any serial numbers. So it's best to create your own serial numbers and lot numbers.

You will find lots of different uses for this feature, as it will streamline your entire inventory management.

- This will allow you to identify the entire inventory and its entire movement. Thus, when someone tries to claim a refund or warranty from you regarding a particular item, you will easily be able to find that in your accounting system.
- You can also track the item on the basis of the serial number, which will allow you to find the name of the customer and the person to whom you sold the item.
- This feature is super beneficial in case someone comes up to claim the item for its warranty. You can simply search for the serial number in the system and find the entire movement regarding that particular item. By this technique, you will also be able to find the supplier from whom you bought the items from.

You can access the search tool by clicking on the **Report** section on the menu bar and then navigating to **Inventory-> Transaction List by Serial Number.** From there, simply enter the serial number and the inventory type, which will display all the transactions related to that serial number.

- You will also be able to transfer the inventory from one location to the other location, but this time it can be done by using serial numbers that are allotted to the inventory.
- You can also navigate to the **Reports** section of the menu bar and use the new reports such as valuation of stock by serial number or location wise inventory by serial number.

Now these entire features are defined for the serial numbers that are present in QuickBooks. However, the other feature which is present is the Lot number. All the actions and all the procedures for the Lot numbers are exactly the same, but this time in the **Serial/Lot Number** tab, you will have to enable the **Lot Number** checkbox.

This time instead of accessing the reports by serial number, you will be able to access the reports by Lot numbers and enter your entire data by utilizing Lot numbers defined by you. The sales and the purchases will now be done in the form of Lot numbers. For the wholesale businesses, where the items are always sold in lots, for them, this feature is best suitable and adaptable for them.

You must be fully aware of the type of business that you are running in order to manage your inventory. For personal management, inventory won't play any contributing part, but if you provide some particular service, then you should navigate to the Items and services section of this chapter.

c). Bar Coding your Inventory

Manually typing and creating the serial numbers or lot numbers at the time when you are selling your product to the customer can take up a lot of your time. This is especially true when the customer is trying to buy a lot of items, and more customers are waiting in the line.

Another issue with the serial numbers for retail businesses and the lot numbers for wholesale businesses is that it can consume a large portion of your time in simply punching the numbers in the accounting system.

Sometimes, you will also be adding the wrong numbers in the system accidentally, which will cause another item to appear on the list.

Barcoding is majorly used in the large retail business to avoid such types of mishaps. Not only that, your employees or workers can also face a great amount of tension when they have to manually add the serial or lot number of each particular item. QuickBooks provides complete control and an automatic mechanism through the use of barcodes, which makes the entire process easy to perform without any pressure.

Before you start to use this feature, you need to first create the barcodes for your products. Otherwise, let QuickBooks automatically generate the barcodes for your products to make your work easier.

i. Go to **Files -> Preferences -> Items & Inventory.**

ii. From there, select the **Advanced Settings** option for inventory.

iii. Navigate yourself to the **Barcodes** tab and tick the **Enable barcode** checkbox.

iv. Once enabled, press enter twice to save changes into the company file.

The **Barcodes** tab also has the option of the wizard, which allows your QuickBooks to import or copy the barcodes which are present in a different field and place them into the desired one. As mentioned earlier that in case you don’t have any barcodes, then QuickBooks will facilitate you in that task.

If you want to add the barcodes for each of the desired inventory items from your excel sheets, then you can:

i. Go to **Lists -> Add/Edit Multiple List Entries.**

ii. Select the Inventory option, which is present in the search bar.

iii. Once QuickBooks displays the inventories by list, you can add or simply paste all the bar codes from your excel sheet.

iv. Press enter or exit the window by clicking on the **Save changes** button to save all the changes which have been made.

After you are completely finished with the desired changes, QuickBooks will automatically provide you with all the functions and features which are interlinked to the barcodes.

- You will easily be able to purchase the items from your vendors by simply scanning the barcodes on the products with the barcode scanning functionality of the QuickBooks. If you happen to scan a single item multiple times, the quantity will automatically increase after each scan in the invoice bill of the vendor. This will allow you to maintain the record of the inventory without having to enter the codes for each particular item manually.

If you scan another item, QuickBooks will add the new item in a different line of the invoice bill to ease up the process and to process the final amount of the bill.

- The same case applies when you are selling your products to the customers. Each time the bar codes scans the item, it will automatically generate an invoice in which it will calculate each item at its retail selling price. You can also scan the serial number by using the same bar code scanner.
- Not only that, but this also eases up the process of transferring the items or products to different sites of the business. Once you have selected the destination from where your products are going to be transferred, you can scan the items to create the list of products that will be transferred to the other site.
- By using this feature, QuickBooks makes it easy to manage the business operations from anywhere and keep the entire set up

centralized and integrated.

- You can also customize the various reports and include the images of the barcodes in the price lists. This can help you in recreating the barcodes for items that don't have barcodes, or their barcodes can't be scanned easily.
- In addition to this, you can also generate different reports based on the barcodes such as sales by barcodes or inventory details by barcodes, etc.

This feature can be used and merged with the multiple inventory location features and the serial/lot numbers feature. By using all these features in combination, you will easily be able to manage and handle your records regarding inventory.

All these features are necessary in order to make the inventory management process easy and simple. It is very important that your inventory is managed and maintained perfectly. These features keep a check and balance on each inventory movement.

Crucial Key Points on Inventory Management

Due to the advanced mechanisms which QuickBooks has introduced, you might face some issues when maintaining the record for the inventory, especially in case of inventory management.

- You must always perform a periodic or yearly stock count for the inventory, which is present at your different locations or sites. This stock count should be done physically while being present at that place. The reason is that sometimes some entries will be missed from the system, which will cause differences in the physical stock present at hand and the stock being reported on the system.
- You must perform the reconciliation of the entire stock to know the actual position of the quantity at hand and the quantity mentioned on the sheets.

- Keep in mind that a good inventory management software isn't the solution to protecting your inventory. A good practice which most businesses follow is that they ensure a complete control environment to protect the inventory. This includes hiring a guard, placing a tagged security machine, security cameras, etc.
- You must also count the cash in the register against the invoices issued, reconciling the cash at hand and the cash which is received from customers. This way, you will also be certain that the inventory has been sold on their selling prices.

2). Advance Inventory Valuation and Grouping Techniques

QuickBooks segregates the two phases of the Inventory system as Inventory management and inventory valuation techniques. Quite often, people aren't aware of the differences between the two phases. Both phases are interlinked to the main common accounting system, but inventory management typically reports on the inventory movements, whereas the inventory valuation techniques are different from inventory management.

Inventory valuation comprises all the techniques which help in costing the inventory along with any valuation adjustment of the particular inventory. In advanced concepts and techniques, you will understand how the valuation methods cause significant changes in the profitability of your company.

Since you will be first learning how to access and use the valuation tools and features- we will later get into the details regarding changes in profitability.

FIFO Valuation

FIFO is a valuation technique or method which is designed to use the actual costs of inventory. FIFO basically means "FIRST IN FIRST OUT" that any item which is bought first or purchased first shall be sold first. Most advanced users and experts follow the FIFO valuation methods, where the items are present in a limited quantity and can be separately identifiable.

You must know that items have to be separately identifiable and can be valued reasonably for FIFO actually to give accurate inventory valuations. In QuickBooks, this function allows you to set your entire inventory valuation record and management record on the basis of this method. You must note that valuation techniques always work together with the inventory management techniques because valuation provides the cost basis for the inventory that is being managed.

The first thing which you will have to do is first enable the FIFO valuation method in QuickBooks so that you can perform the valuation of your products.

i. Navigate and select **Files -> Preferences -> Items & Inventory.**

ii. After clicking on the advanced settings option, navigate to the **FIFO** tab, which is present in the advanced settings window.

iii. Tick the checkbox, which says **Use FIFO,** and then select the starting date from when you want FIFO valuation on your inventory.

iv. Press enter twice to save the changes and to return back to the QuickBooks interface.

If you are just setting up the advance interface on QuickBooks and have not previously used QuickBooks, then every item which you will add will be automatically be considered under the FIFO valuation method. However, if you have recently decided to convert from your existing method to FIFO on your current company files, then some of your reports will be affected.

The common reports which will be affected by this change include the statement of financial position or balance sheet, the inventory valuation sheet, and the profit and loss statement, which includes particularly the cost of goods sold. The valuation and the amount of the figures reported in each statement will be changed as per the FIFO valuation.

You will notice that one the basis of the FIFO method is that all your inventory, which is bought first, will be sold first, but the average cost will remain the same. The main difference by this method will be that significant value items that are bought later on will be present for a little while longer on the sheets and systems as the old stock will first get cleared from your inventory list.

However, QuickBooks still shows the average value of each inventory item regardless of which method you use. But at the time of compiling up the reports, the method which you would have enabled in settings will be followed automatically by QuickBooks. By default, the average inventory valuation methods are used to calculate the profits, but once FIFO valuation is enabled, all reports will be generated on the basis of FIFO.

Adjusting the Values of your Inventory

Sometimes, your inventory will face certain damages that will cause the item to be partially damaged or completely damaged and beyond repair. In these types of circumstances, QuickBooks allows you and its users to make the inventory adjustments very easily so that your accounting records are up-to-date.

These adjustments can be done based on the value of the remaining inventory or the quantity of the inventory. The main causes of these adjustments are always highlighted after the stock count, which you or the management will perform.

i. Navigate to the **Home** icon on the Icon Bar and select it.

ii. Go to the **Company** section, which is present on the top right side of the **Home** window.

iii. Select **Inventory Activities-> Adjust Quantity/Value on Hand.**

iv. Enter the type of adjustment you want to make into the inventory sheet and select the inventory which you want to adjust.

v. After adjusting either the quantity or the value of inventory, press enter to save the changes to your company file.

You must remember that after you adjust your inventory in your accounts, a double entry will be passed automatically by QuickBooks. This will incorporate any type of change and pass the Journal entry based on the variable change. For instance, if you change the inventory quantity and reduce it, then QuickBooks will automatically consider that a loss has occurred and will pass the Journal entry for it.

However, if you report an increase in the value of the Inventory, then QuickBooks will consider this a gain for the company. You will have to make sure that your inventory valuation techniques correlate to inventory adjustments that you will incorporate. Otherwise, your financials will become disturbed by net profitability.

The inventory adjustments will automatically perform its tasks based on the current valuation method and the inventory management technique. So you don’t have to worry about the inconsistency that can occur based on such types of adjustments.

Assembling the Inventory

Most of the companies around the world divide their portion of the work into multiple segments. Some of them purchase the raw material to manufacture a certain item for another finished product. Some of them assemble these particular units altogether and sell them into the market. In contrast, others buy the end products in bulk from the assembling units and sell them to dealerships or retailers.

In these cases, sometimes the inventory is in the final form of the product, which is being sold in the market while sometimes the inventory has to be assembled with other parts in order to function properly. In either case, you will find that QuickBooks incorporates these particular needs of its users in advanced functionality features.

The assembly tool for inventory is a great bonus for you, especially if you are assembling your inventory into the finished goods. These assembly features have certain beneficial elements.

- It combines the various items and their costs to merge them into a single final product.
- It also allows you to charge the costs such as salaries and wages, which are directly attributable to the product being charged to the finished goods.
- You can also add certain overhead charges or non-inventory services into the assembling process.

This provides you with ample benefits to combine each variable and calculate the final cost of the finished product. Along with that, with services and other overheads being included in the cost of assembly, it will provide you an accurate figure of the final cost of the product.

You can access this tool by:

i. Clicking on the **Inventory Activities** present in the **Company** section of the **Home** window.

ii. Select the option of **Build Assemblies.**

iii. Select the item which you want to assemble and enter the quantity of the finished goods that you want to receive.

iv. Once you have entered the desired quantity to build, press enter to **Build & Close.**

You can also turn on the reminder in case you are running low on the stock by selecting **Company-> Reminder.** You can also create your own list of goods and items that are required by you to be assembled in the final product. Select the **Add New** option in the **Build Assemblies** window to create your own finished good item.

Are there cases when the Inventory Assembly tool won't be beneficial?

There is a minor downside to this feature that it is not fairly recommended for those large manufacturing units which have multiple stages of completion for the final product. These are typically those goods that are a part of mass production.

The reason behind this is because, in the course of normal production, there are bound to be some normal losses or gains. These losses or gains can't be easily adjusted amongst the entire batch of final products produced. Thus, the margin of losses or gains become harder to adjust as the value or the quantity of the assembled goods or assembled lot can't be measured per unit.

There is an alternative solution to this problem. If you have proper control of the inventory that is being used in the assembly and the cost per hour of labors and overheads is clearly identified, then you can calculate the costs of the finished goods at the end of the day as a whole lot.

However, in a system where everything is constantly in fast action and the JIT (Just in time) inventory delivery system is followed, then this feature would not benefit you. Rather, it will cause distortions in your operational activities.

It is crucial for you to properly analyze your own system to assess whether such tools will or will not benefit you.

Pro Tips on Handling your Inventory Records

Advanced inventory features, tools, and techniques of QuickBooks may seem really interesting and to the point, but you have to remember to constantly observe the impacts of your inventory on your reporting criteria.

- If you are running a retail business, then you should use the FIFO valuation technique with your barcode and multi-scanning features. Most of the time, this valuation technique helps in understanding the newly updated costs of your products, which will allow you to maintain your profit margins accurately.

If you use the weighted average method for your inventory, then it will cause the recent hikes in prices to be averaged out with products bought by you earlier. This will create a huge impact on the profit and loss statement as this will increase the cost of goods sold and decrease the profits.

- If your business activities involve selling petroleum or water or any other liquid items solely, then you should use the default weighted average method with the inventory adjusted techniques. The reason is that such inventory and items like these tend to work in correspondence with the market prices. Thus, it will ensure better management with a lower cost of sales.

FIFO valuation methods won’t be beneficial in such cases as it will be hard to keep track of the inventory which is being bought and sold first. For instance, oil tankers contain mixed oil in their containment units, and in case you will receive your inventory back from customers, you won’t be able to differentiate the inventory based on FIFO.

- Inventory assemblies work in direct correlation with the FIFO valuation method. So a better cost analysis would be on the basis of the FIFO valuation rather than the weighted average valuation method. This will allow you to analyze the exact appropriate cost, which is being charged to the finished products.

Normally businesses tend to use the weighted average method, but it doesn’t benefit when there is an abnormal price hike or when there are a lot of normal losses or normal gains in the entire production.

Thus, you must be fully aware of the tools and techniques that you will apply for your inventory management, valuation, and adjustment. Each tool and technique serves the optimal use when it is worked in correspondence with the other tool, technique, or method.

Advanced Lists for Services

Many businesses don’t rely on the goods or products to earn their incomes by selling it in the market. These types of businesses provide services to keep their business operations running. You may also find that your business might provide some type of service. For instance, you might sell an air conditioner while at the same time provide the maintenance service for the same air conditioner which you sold.

The other case could be that you are providing some type of consultancy service or a booking service to your customer. Either way, you will have to set up a different advanced mechanism to handle your services and ensure that all your services are billed timely. The proper use of advanced invoicing and billing mechanisms will be explained in a later chapter.

Using billing rate lists for advanced setup

The most common use of advanced billing rate lists is found in legal consultancy firms or software and marketing companies. The billing rate lists provide the rates of how your customer will be charged depending upon the type of person from whom they seek advisory.

Normally in law firms, there are partners, managers, and even apprentices who give legal opinions and advice to their clients. Now it is very clear that the cost of legal consultancy from a trainee or apprentice would be less than the cost of the partner of the firm. Meaning every single person in the firm would have a different billing rate, which will be charged to the client if they seek consultancy.

Not only that, but the same trainee could also provide different aspects or different types of consultancy. For instance, for an opinion in a legal matter, the trainee might charge $20 or $30, while if the same trainee provides corporate consultancy, the cost can be $40 to $50.

In cases such as these, a proper billing rate list must be created to ensure that the client is charged appropriately and not excessively for any service.

i. Select the **List -> Billing rate lists** from the menu bar.

ii. Go to the option of activities and select new ones.

iii. There you will see a fixed rate option or a custom rate option. Select your desired option or the custom option in case you want to add different billing rates for different services.

iv. Press enter once to save the changes.

v. Navigate to the **Vendor center** in the **Vendor** option of the menu bar.

vi. Select your desired vendor/ trainee/ apprentice/ manager/partner.

vii. Navigate to the payment tab and add the billing rate level which you desire.

viii. Press enter to save changes.

Once this is done, you will be able to add the time of the related vendors in the timesheet, which can be done manually or automatically. This will allow the costs of the vendors to be charged directly at the time the customer is invoiced. QuickBooks will create separate records for the separate employees who will perform such services for their clients.

Chapter 3

Advanced Cash Flow Management with Sales

A business is primarily in operation due to its ability to earn revenue with each passing month. No doubt, this allows the business to expand, grow, and create goodwill for its activities. In general, every business has one motive, which is to increase its sales to increase its profits. This is the common methodology that is used by many businesses to either tap into the untouched market or increase their existing market shares in different regions.

The essential component is cash, which drives or motivates the business to expand its activities and create itself into a giant corporation. You may find that some businesses have huge revenue turnovers every year, but the margin which is trickled down to them is almost nothing in the end

The reason behind this is that such businesses don't analyze their cash earnings on every sale. Some businesses have great cash earning on every sale that is for every sale of $50- they would earn $10 or $5. Such type of cash earnings on such margins gives the business the ability to boost into the market and gain more market shares.

In the end, you must know that it all comes down to the relative pricing and the price levels which every business sets to ensure that its margins are secured. For some businesses, fixed price rates on every item give them the ability to manage their operations while ensuring steady cash flow.

Starting with Estimate Projections

One of the prime activities that large businesses perform is making the necessary projections and estimates about a job or a contract before accepting it. You must also know that the key to ensuring a good cash flow balance is by understanding the amount of cash that you will receive as a result of that transaction.

This involves different types of factors such as costs, overheads and any additional cost, etc. which you will have to incur to complete an order or a job. Estimates also allow you to set up the margins and the rates necessary for you to manage other costs. These other costs include administrative expenses, marketing and distribution expenses, etc.

QuickBooks allows you to easily set up the estimates while also giving the beneficial feature of comparing the estimate with the actual costs and the actual revenues. Not only that, but QuickBooks also provides the best mechanism for assessment of your estimates based on the costs or selling prices charged previously.

To set up an estimate regarding a job:

i. Find the **Estimate** icon which is present on **Home.**

ii. Select the appropriate job or the customer from the list.

iii. In the table below, include all the relevant costs or the item lists for the particular customer or job.

iv. Press enter to save & close the window.

Once the client or customer accepts the estimated bill, you can start to charge the client on the basis of the mutual agreement. The client will be charged each time when you will issue an invoice, which is the source document for them to accept and make you the payments.

The Sophisticated Way of Invoicing

Large enterprises follow a strict pattern to ensure that every business activity is done by means of a defined policy. These types of practices allow the businesses to become large independent entities that can perform their tasks in a completely controlled environment. These types of practices create best-sophisticated methods in dealing with a problem or an abnormality.

However, it doesn’t mean that the small-medium sized businesses or even the entrepreneurs shouldn’t follow such practices. The advanced use of every function is reliant on a better ability to integrate itself in the control environment. No doubt, certain elements of the businesses can’t be fully integrated with a control system, but major activities can be done so in modern practices.

The same case applies for invoicing. Most businesses invoice their customers without prior creation of a bill that shows their estimated cost and their estimated revenue on a project. Whereas, large entities follow this pattern of invoicing where they first send their quotation to their customers for them to accept.

QuickBooks allows you to easily create the invoices from the estimated bills which have been generated. The invoicing cycle elaborates on a pattern followed in QuickBooks, where it completely describes the process with the help of the flowchart on the home page.

i. Navigate to the Home page and select **Create invoice.**

ii. Find the **Customer or Job** in the search list and use the arrow keys to move up and down the drop-down list. Press tab on the keyboard to select your desired customer or job.

iii. Click on the estimate that you desire to invoice present in the **Available Estimate** window.

iv. Press enter to invoice based on the estimate.

If you are a contracting business and follow the invoicing method based on the percentage of completion or progress completion technique, then you should use some of the field information at the time of invoicing.

i. Firstly select the **Progress Invoice** option to enter your desired percentage of completion of the job.

ii. Click on any one of the options which are present and fill the details to complete the invoice.

iii. Press enter once you are done to invoice.

This advanced method of invoicing provides you with better cash flow management during the projects, which allow you to check the progress along the way. Not only that, but it also allows you to compare the estimate with the actual project costs to evaluate where it has been incurred.

With the use of estimation and invoicing method, you will be to:

- Precisely understand the phase in which your project has reached.
- Manage your cash flows on the basis of the invoices sent to the customer.
- Re-evaluate the credit risks involved with particular customers regarding payment terms.
- Re-assess the timely completion and delivery of the project to the customer.

This will reduce your work by allowing you to easily manage all the complex tasks and keeping a full track of how your projects or jobs are being performed.

Eliminating Redundancies with Sales Orders and Invoices

You will notice that as the size of your operations will increase, more and more issues will start to present themselves over time. The biggest problem which businesses face is the supply of redundant inventory or goods to the customer. Although it seems easy to be solved yet, it has a far bigger complication on a large scale or even a medium-sized entity.

For instance, the customer has demanded certain goods to be dispatched to them over a period of time under the defined terms of a contractual agreement. Your logistics department sends out certain goods to that customer based on the sales order that is defined as per the contract. If there is no proper track of which inventory or goods have been sent out to the customer, it can lead to the following issues:

- You will end up sending more goods to the customer that is not needed by them.
- You will lose out on more cash as there will be less stock present in the inventory.
- This will cause a gap between the demand and supply chain of your business operations, which will result in you losing goodwill.

To counter this particular issue, QuickBooks provides the full track on which goods have been sent to the customer based on the partial delivery. This, in turn, allows you to easily understand the number of goods that have been sent to the customer. This tracking mechanism is done on the basis of the sales order.

If the sales order has been fully satisfied, then one final invoice is created. But if there are multiple partial deliveries- it can also be invoiced based on the partial deliveries at the time.

i. Navigate to the **Home-> Sales Order** icon present on the **Home page.**

ii. Select a particular customer or a particular job against the sales order to be created.

iii. Create the sales order and fill the information regarding the order.

iv. Once the goods are delivered at every phase of the partial delivery, enter the amount of the goods that are delivered in the sales order.

v. Press enter to save the changes.

This will automatically update the invoice and allow you to invoice the customer based on the goods partially delivered. You will have to select the same customer or job in the invoice creating window, and QuickBooks will automatically fill out the details along with the goods sent to the customer.

You will be able to fully control and access the goods dispatch system to reduce the risk of a customer being oversupplied. Thus, it will also ensure that the invoicing and the billing cycle will work effectively with the distribution system in full integration within the system. By maintaining a fair record and documentation of the goods delivered, there will be no redundancies in the operations.

If there are multiple sales orders of a particular customer, it can all be combined into one single invoice as well. All you will have to do is select any of the desired multiple sales orders to be merged into a single invoice. This will create a combined invoice with the final total that will be due by your customer.

Benefits of Reviewing Sales Order

Sometimes, you may be too busy to notice that some of the sales orders concerning a particular customer are not fully completed. For instance, you received multiple sales orders from multiple customers, and you supplied one particular customer with partial delivery of the goods because of the low level of stocks present at your warehouse.

In such cases, you could potentially put your goodwill and your reputation at stake because if the customer becomes unsatisfied with such actions, they might not order again from your business. Thus, it endangers your credibility in the market.

However, you can easily avoid that by reviewing your open sales orders from time after time to know which customer didn’t receive any goods or which customer received the partial goods. The report section of QuickBooks allows you to easily access such a feature that ensures all your business activities are performed on a timely basis.

i. Navigate and open **Reports -> Sales -> Open Sales order by Client** from the menu bar.

ii. You can also filter and customize the report by clicking on the **Sales Order by Item** option in the menu or select **Customize Report** option to choose your desired fields and filters.

You can also customize the sales order report in multiple different aspects to provide you with the level of information that you desire.

This process also allows you to review your cash flow as well on every sales order. The biggest problem which you might face is cash management, meaning when it is required to pay and when it is required to receive the cash. The sales order reports also allow you to analyze the demand periodically that, if combined with the cash flows per month, could allow you to reinvest any additional cash or cover up any lack of cash flow.

i. Extract the **Open Sales order report by Customer** from the **Reports -> Sales** menu bar.

ii. Retrieve the report regarding the stock-at-hand as of that particular date.

iii. Create an excel file with the **Sales Order Report** and rank each customer regarding their payment terms, i.e., customers who will likely pay earliest to be ranked first and so on.

iv. Combine the stock at hand report with the excel file and allocate the stock to each particular open sales orders of the ranked customer starting from the first.

This way, you will be able to analyze whether you would have ample stocks to manage the orders, or you would have to order more stocks to fulfill the demands. Not only that, if you see from the report that you have an abundant stock and will receive cash fast as well, then the best way to manage the excess cash is by investing it in short term bonds or deposits that offer interest.

This type of advanced analytical analysis will allow you to manage your finances and sales demand better and in an optimal manner.

Sales and Cost Management Systems

The common problem that you might find is constantly updating the costs and the prices of each particular item or good. On the other hand, the second problem is creating different prices for different levels of customers. For instance, you may want the system to create the sales invoice for your wholesalers different from the normal retailers, or you may want that certain customers of yours always receive a beyond market discount for their long-term loyalty or trust.

So is there a way that you can manage all these problems at the same time? Is there a way that you can handle such an issue? Well, there is, which is the Sales and cost management systems. Although you must note that there is no such type of system in QuickBooks, nor is this a specific tool. It is basically a combination of many different tools and techniques being used in an advanced perspective.

The biggest benefits and use of the sales and cost management system are only found when they are used adequately in coordination. By simply updating the common cost of all the inventory items, you will be able to save much more time to gain flexibility in managing your operational systems.

Not only that, once the costs of your particular item are adjusted, it will also automatically update the new selling rates of each product. Now, this process can be followed smoothly and adequately under a defined line of controls if you can easily adjust the certain markup or the profit level on top of the updated costs. This can be achieved by two different features. The first one is the price levels, while the other one is the markup on the cost of the product.

The price levels automatically control the costs and the sale price of the inventory that can either be a fixed percentage of the cost or a variable percentage depending upon the customer or the particular item. This allows you to perform enhanced profitability analysis and visualize the actual profit that is earned from the sale of each inventory item.

On the contrary, the markup is the profit or finance charge in case of late payment or a fixed percentage that increases the final cost of the invoice of the customers.

These price levels will have to be first enabled for you to use them.

i. Navigate to **Edits -> Preferences -> Sales & Customers** icon/option to select it.

ii. Select the **Company preferences** tab and tick the **Use Price Levels** option.

iii. Press enter to save the changes.

Once these price levels are activated, you can easily adjust and use them for every item or a particular item. Navigate to **Lists** option in the menu bar, and after selecting the price levels, you can add them according to your needs. These price levels are assigned to the customers from the **Customer Center**.

Please note that you can still change the rates at the time when you invoice the customers. So, after you assign the price levels to the various customers, the invoices will automatically use the rates as prescribed according to the updated price levels.

Advanced Steps to Keeping Sales Transactions under Control

So, how can you set up an advanced mechanism to streamline and handle the operations? Can I combine everything and utilize them simultaneously as my needs grow? At this point, you might have somewhat similar or different types of questions that are arising in your mind.

But the common question right now is how advanced does this sales transaction management system even go. To answer that question, let’s use an example, suppose your business operations are far more complex than what it was first anticipated. Due to this very reason, you desire to implement a steady streamline set of policies and procedures in order to handle the day to day affairs.

Of course, the first and foremost issue that will arise will be the management of sales orders. At one point, you will have to manage multiple sales orders while, on the other hand, you will have to follow up on the customers who still haven’t paid. The other common issue will be managing invoices and preventing inventory supply to those customers that have crossed their credit limits.

These issues and problems may seem easy to handle, but when these problems have to be handled in the QuickBooks system, it can become confusing. On the contrary, you will have to assess whether there are any bypasses or loopholes, which can cause a disturbance in the normal processing of QuickBooks.

So, here are some of the advanced techniques to handle your business sales and finances.

1). Define certain credit risks for the major customers

Start by identifying all the large customers of your business. Large customers are the key resources for managing your business operations and guaranteeing sales every month. These are essentially the real long-term assets for the business to grow and continue to strive in the upcoming months or years.

Identification of the large customers and the creation of variable credit risks associated with them allows you to set up a more priority-based work for them that ensures that they don’t feel dissatisfied with your services or products. Along with that, it also makes sure that these customers don’t cause a debt issue for your business.

Make sure that you set up the proper details for these major clients. Major clients/customers typically contribute about 15% of your total revenues. Set the appropriate level of the credit limit in **Customers -> Customer Center -> Edit -> Payment Terms** from the menu bar. Along with that, set the payment terms as well whether the customer has the option to avail the discount allowed.

Along with that, set up the appropriate price levels for these major customers, such that they are also able to get various benefits from doing business with you. Setting up the price levels and the credit limits for the major customers will allow you to create an automated system that generates their sales orders and invoices on the agreed rates.

2). Create a proper job and estimate it

Now, it is essential that, when you start the project by forming some estimates or giving out a quotation to your customer, you have all the pre-defined fields for the customers in order to negotiate with them adequately.

An estimate helps you decide whether supplying goods or services over a period of time could prove beneficial for the business or not. Major customers should be given an appropriate estimate bill to ensure that they accept it and continue to take your goods or services.

Bad negotiations could end you up with losing out on money or result in unclear terms with the customers. When preparing the estimated bill, ensure that you also include the overhead costs or other associated costs so that you can ask the client whether they will reimburse such costs.

You must also ensure that you have adequately set up the markup in case of late payment by the customers. Or if you consider the customer in good financial condition and want to grow long-term business relationships, then don't include the markup on late payment.

3). Update the Sales order

The best way to follow the advanced mechanism is by preparing a sales order each time these major customers make an order for delivery. This allows you to keep track of both your inventory and your delivery of the goods to the customer. This has been explained earlier.

You must make sure that the sales orders are created with respect to that estimate bill so that you can manage the cash flows according to the estimated bill. At any point, if there is a discrepancy in the sales order, you can easily reconcile it with the estimated bill to know about any errors or issues.

This procedure will ensure that your major customer doesn't complain about any issue which comes up during the work.

4). Generating invoices

In the invoicing phase, things will be different for major customers. When the invoice is being created, the information will automatically be filled for that particular customer. However, if the customer has not paid any of the previous dues and exceeds the defined credit limit, QuickBooks will create the invoice but will display a warning sign.

This will ensure a streamlined process and will allow you to confirm from the customer regarding the outstanding dues and the invoices.

Later on, you can decide here whether you want to continue the inventory supply to the customer and wait for the customer to clear the dues at a later date. You can also decide to supply the goods after the previous dues are paid. In either case, the actual work will come at this stage, where you will have to take such a decision.

Until now, the entire mechanisms and techniques allowed you to control the steady flow of income and cash into your business. Of course, it will also be up to you whether you want to follow a different set of procedures.

These steps ensure that:

- Your major customers and the key business incomes are evaluated and monitored automatically.
- You can control the entire revenue movement cycle and can compare it with the estimates and expectations.
- You can handle and manage inventory accordingly based on the customer demand or the annual demand from all the customers combined.

5). Tracking performance with the combined reports

You can also create various combined reports from one or more reports. As explained earlier, combined reports help you in analyzing the problems in a much clear way. If you want to analyze how the payment due from the customer is affecting your business operations, then you can extract two reports.

One report that will give the aging analysis of the customer while the other report that provides the depletion of cash reserves with each passing month. Once you combine both these reports together, you will be able to analyze better the amount of impact in the delay of payment from the customer that has made on the business operations.

From this method, you will also be able to compare your total cash reserves with the total receivables at a certain date. There is a way for you to decide the total amount of receivables that you can allow for your entire customer list at any point.

To determine the lower limit of the total receivables, you can compare that with your payables to your suppliers. If your receivables are more 50% more than the payables, then it means that it is a good minimum amount to maintain for your receivables.

To determine the upper limit of your total receivables, you must compare it with the cash reserves. If your cash reserves are 50% more than the receivable, it means that in case a customer defaults, you will still be able to pay back the supplier and order more inventory for later purposes.

You can also track the various performances of the business operations, such as the profitability and the amount of cost saved from a particular job or contract. You need to monitor the payments received from the customers and the invoices sent to them because if they default at any time, it can cause a severe disturbance in your cash flows and your cash flow management.

So, make sure that you keep an eye out for such type of major customers. QuickBooks also offers some combined reports. You can also use the **Budget vs. Actual** Report present in the **Reports -> Budgets and Forecasts** to analyze how much variance is present from the budgeted figures and the actual figures. This can help you identify some major flaws that you might not have accounted for at the time you created a budget.

Budgets are an excellent way to monitor your business performance and revenue turnover. Not only that, but they also are able to identify various targets and the probability of achievement of those targets in the short, medium, and long term. In order to use this, please remember to first create a budget regarding that customer to compare with the figures later.

6). Setting up security roles

Another way to ensure that there is no collusion in your business operations is by creating the security roles in QuickBooks and monitoring them from time to time. Each time when someone will log on to the system, the audit trail will be created, which will highlight all the changes which are made by the user.

Audit trails can be accessed from the **Reports -> Accountants & Taxes** option on the menu**.** Audit trail represents the entire track record regarding every person's activity on QuickBooks. By using this feature, you can fully question the person accountable for not following the procedures or being involved in fraudulent activities.

This way, you can also ensure that fake invoices or fake sales orders are not generated at any time.

By following these procedures, you ultimately reduce the risks of having any sort of inconsistency or any sort of error that might occur. Not only that, but this entire procedure also allows you:

- To account for any transactions which you may have forgotten to enter into the system.
- To perform analysis on the business operations to confirm whether the business can operate in the upcoming years.

Recovering the Debts from Customers

Sometimes, the customers forget to pay their dues regarding any invoice that you sent them. Normally, it is hard to keep track of each customer's pending invoice. For this very reason, QuickBooks has a feature that lets you track all the open invoices that have not been paid by the customer.

QuickBooks has a reminder feature as well that is located at the very top left side of the screen that highlights all the overdue invoices and the upcoming payments that are needed to be made to the suppliers. This feature allows you to charge any penalties to your customer for paying late and keeps you safe from paying any penalties to your suppliers on late payments.

You can also access all the open invoices from the **Reports -> Customers & Receivables -> Collection report** option in the menu bar that will display the entire list of customers who have not paid their outstanding dues.

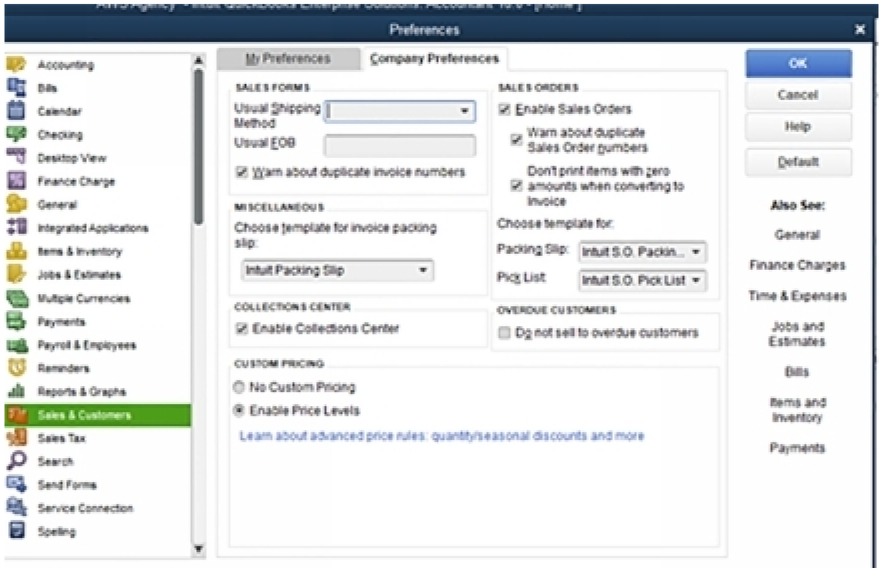
Not only that, but you can also email all these customers a fair notice regarding their outstanding balances from the **Customer Center**. After clicking on the **Collection Letters** option, you can easily select the customers to whom you want to send these letters. You can use a pre-built format of QuickBooks, or you can upload a format of your own in QuickBooks for highlighting any overdue balances.

These are all default features of QuickBooks, which don’t require any sort of enabling. However, **Collection Center** is not activated when you first start using QuickBooks.

i. Navigate to **Edit** and select **Preferences.**

ii. After clicking on **Sales & Customers,** navigate to the Company Preferences tab.

iii. Tick the checkbox that says **Enable Collection center.**



iv. Press enter once to save the changes made.

You can then easily navigate the **Collection Center** in the **Customer Center**. QuickBooks will display all the pending or overdue invoices along with any other upcoming invoices.

Invoicing all of your Customers at the same Time

One of the best timing saving tools of QuickBooks involves the batch invoicing tool that facilitates you in creating an invoice for many different customers at the same time. This allows you to speed up the process of invoicing your customers and keeping proper track records of the entire sales revenue.

i. Access the **Customer -> Create Batch Invoices** option by navigating to the menu bar.

ii. Add all the customers whom you desire to invoice by selecting them from the search field.

iii. Press enter to move to the next window.

iv. Add all the items which you wish to invoice your customers on.

v. Press enter twice to create the invoices and let QuickBooks pass the entry of the transaction.

You can also select to take a print of the batch invoice which was made, or you can email them to your customers. Before emailing the invoice to your customers, make sure that their email addresses are added in their information tabs.

Advanced Use of Reimbursable Costs

In many service industries, some costs that are borne, especially for the customer's purposes, are reimbursable. For instance, if a team member of the audit staff goes to the client for consultancy purposes and charges the trip to the client's office on their own office. In such cases, these costs are meant to be recovered from the customer.

Many customers frequently ask their consultants or their lawyers to visit or meet them in the office for some advisory or consultancy purposes. Thus, all costs incurred by the consultant have to be charged to the client in the final bills. Sometimes, these costs also include the third party who appeared before the client or customer on behalf of your business.

Thus, you can easily charge these costs to the customer in their invoices by selecting a particular customer.

i. Navigate to the **Enter Bills** icon on the main home page and add all the bills or costs which are related to the customer.

ii. Enter all the bills and their descriptions (if you have already done this, move on to the next step).

iii. Select the customer's name in the **Customer Job** field and tick the checkbox, which says, "**Billable?"**

iv. Press enter to save all the bills.

v. Navigate to the **Create Invoice** icon on the main home page and select the customer who you are going to invoice.

vi. Once you select the customer, a pop-up window will appear.

vii. Select the option that says, **“Select the outstanding billable time and costs to add to this invoice.”**

viii. Add all the costs, time, and expenses that are appearing against the customer.

ix. Add the **Markup amount or percentage** if you desire.

x. Press enter to include all the costs

xi. **Save & Close** the invoice- once you are done.

You can also add the payroll costs to be charged to the customers on their invoices by clicking on the billable option at the end of the payroll sheet.

This feature allows you to separate all the costs that don’t relate to your business or have been incurred by your business on behalf of the client. These reimbursable costs become part of the invoices and are shown as receivables in your balance sheets.

You can also access all the costs and time not charged to the customer by navigating to the **Reports -> Customers & Receivables -> Unbilled Cost by Job**. By keeping track of all the unbilled costs, you will easily be able to adjust your financial record.

This feature will benefit you by:

- Segregating incremental cost per job and allowing you to understand the true cost of your service or product easily.

- Adjusting the amounts of the invoices to ensure that all the reimbursable costs and time is charged to the client.
- Reviewing at every period end regarding any pending unbilled costs or time that is currently not charged to the client.

Advanced Mechanism for Handling Sales Tax

Certain circumstances apply when you have to include multiple different sales tax to the customer for the purchase of different items. Normally, the sales tax information regarding a particular customer is entered at the time the new customer is added to the list. But that is the general sales tax information.

The sales tax that we are referring to involves the sales tax on the items when you purchase them. For instance, you sell steel or cotton to your customer; there could be a high chance that the tax rate for steel could be different. On the other hand, the tax rate for cotton could be different. Or if you are rendering services and selling goods.

Not only that, sometimes, but there are also rates for particular items, whereas, for some items, there could be a fixed amount that you will have to pay. So, the best way to handle such circumstances and situations is to create different sales tax on the single invoice.

1. **Preparing the items for sales tax**

    i. Navigate to the **List** from the menu bar and choose the item list option.

    ii. Right-click on the window to choose the **new option.**

    iii. Choose the **Sales tax** for the type of item.

iv. Fill up all the required information that will be displayed in the window.

v. Press enter to save the item and close the window.

vi. Follow these steps again if it is necessary.

2. **Preparing an item for sub-total**

i. After navigating to the list from the menu and selecting the new option, choose the item from the drop-down list that says **“Subtotal.”**

ii. Fill the required information and press enter to save the item.

3. **Charging the multiple sales tax on the invoice**

i. Make sure that the rate of tax for the new tax items is zero percent.

ii. Choose this sales tax at the option present at the end of the invoice lines.

iii. Include all the items which are taxed at their individually defined rates to be combined in the invoice.

iv. After selecting each taxable item, include the subtotal item.

v. Charge the desired sales tax underneath the subtotal item to find the tax on the subtotaled amount.

vi. Include any non-taxable item after the sales tax item to be added to the invoice.

vii. Press enter to save and close the invoice.

If you charged the incorrect sales tax to your customer or client, then you can manually delete the invoice and issue a new sales tax invoice. However, if the payment has been cleared and the customer paid the sales tax, then you can issue a refund of the excess amount or issue a credit memo, or you can adjust the excessive amount later from the subsequent invoices of the customers.

QuickBooks also adjusts the sales tax on the invoices when you issue a credit memo to the customer. This will allow you and your customer to report the same to the tax authorities.

i. Choose **Customers -> Create Credit Memos/ Refunds** from the menu.

ii. Add the customer name from the drop-down list. (Note: You won't be able to issue a credit memo to an unidentified third party as QuickBooks will require you to include the customer name).

iii. Include all the items against which you have received the delivery back from the customer.

iv. Make sure that you add only those items which are taxable in the fields and add their individual rates of tax.

v. Add the subtotal item to find the subtotaled amount of the items.

vi. Enter your desired tax rates after the subtotal item.

vii. Press enter to **Save & Close** the invoice.

Adjusting Advances and Prepayments Against Invoices

In normal business practices, customers are required to deposit an advance as security in case, when they are ordering a large number of stocks. Similarly, some businesses require that an advance of a fixed percentage must be deposited at the start of the work or a job that will be adjusted against the final invoice.

These practices are majorly followed by service industries that involve contractors and consultants who demand from their customers to deposit a fixed amount before they start working on the project.

You may also have to face such a situation where you would have to ask the customer to deposit an advance before you deliver the goods or render the services. QuickBooks will easily facilitate you in adjusting such types of advances that are received from the customers. Not only that, but QuickBooks also displays all the advances or any sort of adjustments that are pending against the invoice of a particular customer.

1. **Receiving Advance Cash**

    i. Navigate and choose the **Receive Payments** icons on the Home page.

    ii. Select the desired customer along with the amount and the method of payment of the advance.

    iii. At the bottom left side, new options will be displayed stating the payment as **"Overpayment."**

    iv. Choose the **Leave credits to be used later** option to create the credit for the customer.

    v. Press enter to **Save and Close.**

Once you are done, the customer's balance will be displayed as a negative balance on the receivables side. Now, you can easily adjust this advance with the invoices sent to the customer.

2. **Adjusting the advance**

i. Choose the **Create Invoice** icon from the Home page and select the particular customer whose advance is available.

ii. Once you have created the invoice, select the **Apply credits** button.

iii. A new window will pop-up showing the list of advances against the particular customer.

iv. Choose your desired credit along with the amount which you are adjusting against the invoice. You can choose either full adjustment or partial adjustment against the invoice.

v. Press enter to apply the changes.

vi. Press enter once again to **Save and close** the invoice.

You can access the reports that will show the outstanding balances of the customers as negative to depict it as an advance. You must remember that your accounts receivable must not depict a negative balance at the year-end. Otherwise, the authorities or the auditors can raise significant questions regarding the outstanding balance.

The best way to make sure that your year-end balances are also adjusted is by passing an adjusting entry that eliminates the negative balance of the customer present in accounts receivable and shifts the balance to a liability account for the same particular customer.

This allows the balances to be adjusted while ensuring that there is no violation of the accounting standards. You can reclassify or readjust the balances after the year-end by passing the reversal of the same entry. Once you are in General Journal, select the option of the reverse transaction and highlight the transaction that you desire to reverse.

However, you can also perform an alternative technique and procedure that you create the liability account of the customer from the very start. Once you receive the payment from the customer, you can simply change the account to the liability account that you have created for the customer.

In this manner, you won't have to adjust the balances at the year-end, nor will you have to worry about violating any standards or law. The rest of the procedures and steps will be followed in the same manner as described before, without any changes. But you will have to make sure each time whether the invoice has to be adjusted against the advance or will it be adjusted against a different balance later.

Closing off Balances of Bad Debt Customers

In extremely rare circumstances, you may find out that your customer won't be able to pay back your dues as they have filed for bankruptcy. These cases don't normally appear in the normal course of business transactions. If you are a stable profit-making business and found out that one of your small customers has filed for bankruptcy, it might not affect you a lot.

However, if one of your major customers, that contributes a large portion of your income in your business- files for bankruptcy, then there can be dire consequences. The first consequence would be the loss of immense cash and revenue from the system. When you lose such a customer, it will place risk on not only the receivable income but also the future incomes that were expected to be recovered from the customer.

Writing off bad debts for such customers would result in a gigantic loss of revenue and cash, but the accounting for such type of transaction is still necessary. There are multiple ways to adjust the bad debts in QuickBooks, but the most common one that users follow involves the **Discount Allowed** option.

By using the discount allowed method, the customer's outstanding balances are entirely adjusted against the discount that makes it very easy and extremely flexible to use. However, this type of method does not account for the sales tax that was charged on the invoices to the customer.

Hence, the second method, that very few people use, involves the use of credit memos. Credit memos typically highlight the sales tax adjustment that is written off directly. But this method involves a lot of multiple adjustments and a lot of changes because once you issue a credit memo, you are increasing your inventory.

Let’s say that you lost both the inventory and the revenue from the client; in such type of case, a credit memo will only adjust the lost revenue and sales tax, but it won’t adjust the inventory that has now become part of the business. So, in order to adjust that, another entry will have to be passed in which the inventory would be adjusted or written off.

You need to note that, even though you may write-off the inventory from your accounts, you will still be booking an additional loss in the accounts which is wrong. The moment you write-off the inventory, you are making the same entry twice. So make sure that when you pass the entry for bad debts, your cost of sales or purchases isn’t affected by it. This way, the purchases or inventory can be written off later on.

You must also remember that you will have to reclassify the entry later on at the year-end to show that the loss of revenue was because of the bad debt.

1. **Writing Off Bad debts using the Discount allowed method**

    i. Navigate to the **Receive Payments** icon on the home and select the icon.

    ii. Select the desired customer whose balance you want to write off.

    iii. Choose the invoice which you want to write off and select the **Discount & Credit** option.

    iv. Add the entire invoice amount as **Discount Allowed**.

    v. Press enter once you are done to **Save and Close.**

By doing so, you can also select the bad debt account as the discount allowed account. In this manner, you won’t have to make any inventory adjustment nor any reclassification adjustment.

2. Using the Bad debt item for writing off bad debts

This method is a little tricky, but if you are able to perform it in the right manner, you will be able to adjust all the account balances without any issue easily. This involves three phases:

- Creating an item of bad debt that charges the balances directly as an expense.
- Preparing the credit memo on the basis of that item.
- Using the credits in the **Receive Payments** window.

After going through all the three phases, you will be able to adjust the account balances of the customers on the basis of their credit memos. Along with that, the sales taxes on the invoices will be automatically reversed or adjusted.

a. Creating the bad debt in the item list

i. Navigate and choose **Lists -> Item list** on the menu bar at the top.

ii. Right-click anywhere to choose the **New** option.

iii. Select the **Other Charge** item in the list and proceed to fill out the information.

iv. Make sure that you name this item as Bad debt and choose the bad debt account for it.

v. Press enter to save the changes and create the item.

b. Issuing the credit memo to your bad debt customer

i. After navigating to **Refunds & Credits** option on the Home page, select the desired **Customer** to whom you are going to issue a bad debt credit memo.

ii. Select the bad debt item in the line and enter the goods against which you are creating the bad debt.

iii. Enter the amount of bad debt to write-off from the balance.

iv. Fill the remaining information, such as the tax code and tax charged earlier, along with any other information on the credit memo.

v. Once done, choose the **Apply to an invoice** option to create the credits.

vi. Press enter to save and close the changes.

c. Auto-apply the credits in receive payments

i. Simply choose the customer from the **Receive Payments** icon and apply the credits to adjust the entire balance automatically.

ii. Once done, press enter to save the transaction.

You must note that these methods are used to adjust the major balances of those customers who are now bad debts. In case of minor underpayments by the customer, you can easily adjust the amount from the **Receive Payments** window.

Simply enter the amount you received and mark the remaining payment as **Write off** if you are sure that the customer won't pay back the remaining amount. Once you select the option, QuickBooks will ask for the write-off account for this balance. Choose your desired account and press enter to save the changes.

Chapter 4

Advanced Cash Flow Management with Purchases

In the earlier chapters, we have explained how the inventory is managed without any direct regard to its impact on cash flow management. Simply recording the purchases isn’t enough. Just like the sales transaction system, the purchase system also has some advanced features, tools, and techniques that might solve your issues or problems.

You will find that the advanced techniques, which we will explain in this chapter, will target only the particular problem that you might face when using QuickBooks. Not only that, but we will also provide a step by step guide in facilitating you on how you can manage those issues.

Most businesses have a complex line of procedures for recording transactions, and they follow those procedures to understand the advanced accounting involved in their purchase systems or other systems. Even their accounting for purchases and payables is quite difficult, but these large entities are able to manage due to their diverse experience and staff.

In QuickBooks, you will find that there are multiple easy to use and understandable advanced features that will quickly wind up any of your pending work.

Starting with Owner and Employee Payments

Sometimes either you (the owner) or the employee will pay for a particular item that is related to the company or your business. For instance, due to lack of cash in hand, you decide to pay for your business's particular expense, or one of your staff decides to pay for the expense to be reimbursed by the business later on.

These are some common instances that you may face from time to time when running your business operations. Of course, you have the option of passing the General entry in the **Accountant** option of the menu bar, but passing continuous General entries in such circumstances will disrupt your financial figures.

Along with that, the same situation but occurring in a different order can change the impact of how you process the information in QuickBooks. Suppose that you or your employee took the advance first and then used the cash to buy for goods or supplies. In this case, a bit different process would have to be followed.

However, suppose that you or the employee paid for the supplies or goods first and then asked for the reimbursement. In such a case, the process and steps to be followed will be different from the one mentioned in the first case. Thus, you have to be careful regarding the process which you will follow. Otherwise, this won't streamline your work and would create irreconcilable errors that would lead to wrong reporting of the business affairs and performances.

a. When the employee took the advance first

i. Navigate to the **Chart of Accounts** item in the menu bar and create a new head of account as **Advance to Employee** categorized as other current asset account type.

ii. Fill the required information and press enter to save and create the account.

iii. Navigate and choose the **Write Checks** icon on the main home page.

iv. Choose the appropriate account from which payment was made, and in the account name, select the new account that you made for advances.

v. Fill the remaining information in the check and press enter to save the check amount.

vi. Enter the bills for which you or your employee paid in the **Write Checks** window by targeting the expense account in the account name.

vii. In the next line, add the **Advance to Employee** account and enter the amount as negative to clear off the balance as zero.

viii. Press enter to save the check and the transaction.

By performing this method, a receivable balance will stand till the time the employee or you for the relevant expense or the goods- is paid. In this manner, you won't face any classification issue. You can also receive the payment from the same employee if they still have outstanding balance present with them by navigating and selecting the **Receive Payments** icon on the home page.

b. When the employee has to be reimbursed for the expense

i. Navigate and choose **List -> Chart of Accounts** from the menu and create a new head of account as **Reimbursable Expenses to Employees** or **Advances from Employees** and categorize it as other current liability account type.

ii. Enter the adequate information and press enter to **Save & Close.**

iii. Navigate to **Write Checks** icon on the home page and select it.

iv. Add all the bills which are paid by the employee.

v. In this case, add the **Reimbursable Expenses to Employees** account in the next line as a negative balance.

vi. Press enter to **Save & Close** the transaction.

vii. Re-open the **Write checks** icon and include the name of the employee to whom the reimbursable expense is to be paid.

viii. Include the account name in the line and enter the positive balance, which is to be paid to the employee.

ix. Press enter to **Save & Close** the transaction.

This method should be used when the employees have to incur expenses first- to be reimbursed later. Both methods depend upon the policy that you adopt for your business. If your business adopts the reimbursement policy, then the second method is best suitable.

You can also write off the balances and the reimbursements, in case the employee doesn't take the reimbursements. The best way to deal with this is by passing a General entry to record the transaction as a gain on your business side.

You need to remember that when you are selecting the account type for the employee's advances, you are categorizing them in their accurate types. Otherwise, QuickBooks will display a negative balance at the asset or liability side.

Taking a Peek into Prepayments

In the previous chapter, we have gone over the advances which we received from our customers. In this section of the chapter, the situation is reversed, where we make the prepayments to our suppliers or any other third party to receive certain benefits, services, or goods.

We will first look into the prepaid expenses, and later we will take the discussion to the prepayments made to vendors or suppliers. Most businesses have a rigid system that handles these types of prepayments, but

QuickBooks offers great flexibility that ensures that you have a perfect grip on the task with ease.

Automatic Adjustments for Prepaid Expenses

Prepaid expenses are those particular expenses that are paid in advance for the benefits to be received in the upcoming time. For instance, the insurance which we pay every year for reimbursement of certain damages- is a prepaid expense, as we pay the money at the start to receive the benefit over the period.

In QuickBooks, there is a cool trick that records these prepaid expenses as assets and charges them as an expense automatically at each period or month-end. By simply using the memorize feature, you can allow QuickBooks to record the expense each month automatically.

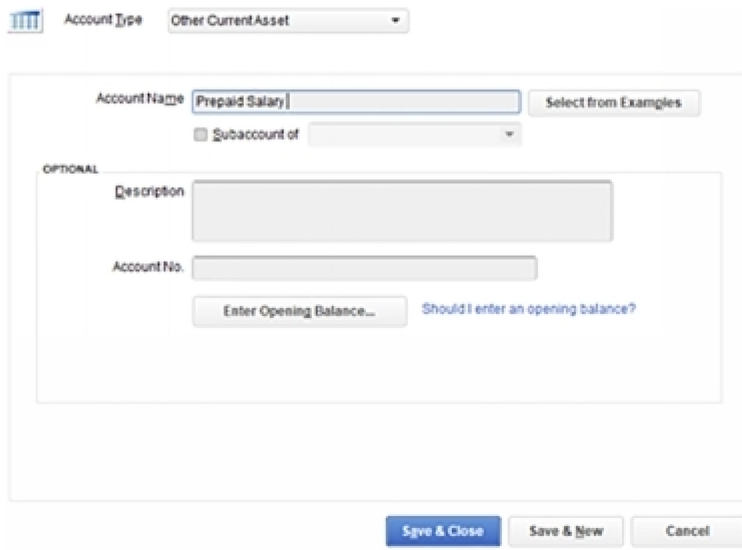
1. **Prepare a Prepaid Expense as an asset account type in the Chart of Accounts.**

   i. Navigate to **List -> Chart of Accounts** and select the option.

   ii. Press **Ctrl + N** to prepare a new account.

   iii. Choose the account type for the prepaid expense as **Other Current Assets.**

   iv. Fill in the remaining information, and for any selection of the expense, use the prefix **“Prepaid.”** This will differentiate the asset from the actual expense. For instance, **Prepaid Salary** or **Prepaid Shipment & Cargo.**



v. Press enter to **Save & Close** the new account window.

2. Record or pass the entry for creating the prepaid expense.

i. Navigate to the **Write Checks** icon on the main home and select it.

ii. Select the appropriate cash account from where the payment was made.

iii. In the expenses tab below, choose the **Prepaid Salary** account or any other account name which you have selected.

iv. Add the amount of the expense and press enter to save the transaction.

3. Allow QuickBooks to adjust at each monthly interval automatically.

i. Find **List** in the menu and navigate to the **Make a General Entry** option to select it.

ii. Add the General entry for the transaction at the month or period end.

iii. Navigate to the top to find the option of **Memorize** and select it.

iv. Once it is selected, set a date for the transaction to be automatically passed at each month or period-end.

v. Press enter to save the changes and press enter once more to save the transaction.

Advanced Use of Prepayments made to Vendors

Sometimes, even our vendors or suppliers can ask a security deposit from us, and the reason behind this is that they also want to ensure that we take the promised goods or services from them. These deposits or prepayments are adjusted against the final invoices that we receive from them in the same manner as we adjust the advances from customers against their final invoices that we send to our customers.

We will follow the same process as the one mentioned in prepaid expenses but with a slight change in the procedures at the end. There are two methods to account for such types of deposits or prepayment.

The first method will adjust the deposit as a negative expense when we purchase the items from the vendor, while the second method will adjust the vendor deposit against the invoice that we will receive from the vendor.

We will first look into the first method, where it will be adjusted as a negative expense.

1. **Prepare the account for vendor deposits & prepayments as other current assets**

i. Find and navigate to **List -> Chart of Accounts** to select it.

ii. Use **Ctrl + N** short cut key to open the new account option.

iii. Choose the account type as other current assets and name the account as you desire. You can name these deposits as **Advances to Vendors** or **Vendor Deposits & Prepayments** etc.

iv. Fill the remaining information in the window, and once you are done, press enter to save the changes.

2. Choose the vendor account when payments are made

i. Find and navigate to **Write Checks** icon on home to select it.

ii. Choose your desired account from which the payment was made and also add the account name in the **Expenses** tab below.

iii. Include the amount along with that fill out the remaining information and press enter to save the transaction.

3. Adjust the deposits & prepayments

i. Once the expenses are incurred, and the item bill is received, Re-open the **Write Checks** page.

ii. Add the expense bill amount in the first line of the **Expenses** tab below, while in the second line, add the **Vendor Deposit & Prepayment** account and represent it as a negative adjusting balance.

iii. Fill the remaining information in the window, and once you are done, press enter to **Save & Close.**

This first method is used very rarely because sometimes you may not be able to know the actual amount of deposit of a particular vendor when there are a lot of vendors. So, a more efficient and streamlined approach to adjusting the deposit is by using the second method.

1. **Target the payment to the vendor's liability account**

    i. Open the **Write Checks** page and target the deposits & prepayments to the vendor's liability account in the **Expenses** tab below.

    ii. Fill all the remaining information in the check, and once you are done, press enter to **Save & Close.**

2. **Clear the balance by credits**

    i. Navigate and find the **Enter bills** icon on the home and select it.

    ii. Add the bill or the invoice which is received from the vendor.

    iii. Fill the remaining information as per your desires on the page.

    iv. Press enter to save the bill and pass the transaction.

    v. Now open the **Pay Bills** icon and select the bill or invoice of the vendor.

    vi. Choose the option for **Available Credits** at the bottom of the page.

    vii. Add the number of credits that are to be adjusted against the available invoice. Note that these available credits are basically the deposits and prepayments made to vendors or suppliers.

    viii. Press enter to exit the window and save the amount to be adjusted against the available invoice.

    ix. Fill the remaining information on the page and select the desired account from which the payment of any outstanding balance of the invoice has to be paid.

x. Press enter to save the transaction.

3. **Pass the General Entry at the year-end to adjust the closing balances.**

   i. If there are any outstanding balances in the **Creditors** account at the year-end, then open the **“Make a General Entry”** page from the **Accountant** option present in the menu.

   ii. For the entire outstanding balances of the vendors, enter the journal entry to debit the **Vendor’s Deposit & Prepayments** and credit the **Creditors** account.

   iii. After the year-end, reverse the transaction to ensure the continuity of the same procedure as followed before the year-end.

Although this method may be hard to follow, it does ensure that there is no error or mistake when paying the bills. The major focus is on cash flow management, and to improve this management overpayment, or excessive adjustment of such accounts mustn't be made.

By using the first method, the problem arises when we consider that the vendor deposit account is fully adjusted from the expense, when, in fact, it hasn’t been completely adjusted. You might not realize in day to day operations, but at the year-end, when you will reconcile the balances, there would be a difference. In some cases, the other party claims that the entire balance has been adjusted when, in fact, it hasn’t been.

So it is up to your standard procedures and policies regarding such cases that will attribute a change in the system and provide benefit to your cash flow management and business performances.

Depositing Refunds from Suppliers

Sometimes, the deposits that you will make to your vendors or suppliers won't be adjusted against any balance. Rather it would be refunded back to you at some point later on. There can also be a case that the vendor gives back the remaining cash amount, that has not been adjusted, back to you.

In both cases, the cash is received from the vendor. However, there would be a change in the process if there is any available credit that existed against the vendor. The reason is that the credit is automatically applied when we receive the invoices from the vendors. If the vendor paid the excess credit amount as a refund, then the credits must be properly adjusted.

Firstly, we will discuss the method for adjusting the refunds received from vendors against the deposits when the credit is available.

1. **Receive the refund check and deposit it**

    i. Navigate to the **Record Deposit** icon on the home page to select it.

    ii. Choose the cash account in which the supplier deposited the refund.

    iii. Make sure that you choose the accurate account for the supplier in the line below and enter the amount received as a refund.

    iv. Fill the remaining information on the page and press enter to save the transaction.

2. **Adjust the credits against the refunds**

    i. Find the **Pay Bills** icon on the home flowchart to select it.

    ii. Choose the appropriate supplier from whom the refund was received.

iii. Navigate to the **Set Credits** option at the bottom of the page and click on it.

iv. Choose the credits to apply on the bill and press enter.

v. Fill the remaining details of the page.

vi. Press enter to save the transaction and to pay the bills.

This method fully accounts for the credits which are pending against the supplier or vendor. Thus, when you receive the refund check, all the outstanding credits and balances will automatically be accounted for by QuickBooks.

In the other method, as there is no credit available against the supplier then, all you will have to do is simply record the amount received as a deposit. This can be done easily by navigating to the **Record Deposits** icon present on the home page. By following this technique, you will be able to manage your cash payments against the suppliers.

Utilizing the Discounts & Rebates from the Suppliers

When managing the cash flows, one of the major cost-saving elements that are beneficial for the business is the discounts and rebates received from the suppliers. It’s a common practice amongst many businesses that the suppliers offer certain discounts beyond the invoiced amount that if you pay them in a certain time frame, you will receive a percentage of discount on the invoice value.

While rebates are the bulk discounts that certain suppliers provide to their customers when they want to clear out their inventory or stocks. Both these types of discounts must be fully taken into account when paying bills of suppliers. The reason is that these rebates and discounts act as exponential cost-savings for the business that means more cash to save and invest in other business activities.

Processing discounts and rebates in QuickBooks is very easy and can be done in a precise manner. The discounts that are received on the overall invoice value will be targeted to an account that recognizes discount received as a gain for the business. On the other hand, the rebates will adjust the costing of the items at the time when these items are received from the supplier.

Firstly, we will discuss the discount received from the suppliers.

1. **Prepare a "Discount Received" account with the category of "Other Income."**

    i. Select **List -> Chart of Accounts** from the menu.

    ii. Press **Ctrl + n** or right-click to use the **"New"** option.

    iii. Choose the category as **Other Income** in the account type.

    iv. Select and enter your desired name for the account as either **Discount Received** or **Gain on Discounts.**

    v. Fill the remaining information on the **New** page and press enter to create the account.

2. **Add the bills related to the Invoice**

    i. Open the **Enter Bills** page from the home page.

    ii. Add all the invoices of the vendor or supplier that is received from them.

    iii. Fill all the remaining information present in page and press enter once you are done to save the transaction.

3. **Target the "Discount Received" account when paying for the invoices**

i. Find the **Pay Bills** icon on home and select it to open the page.

ii. Select the supplier or the vendor from the list of outstanding bills.

iii. Navigate to the **Set Discount** option and add the **Discount Received** account to where the discount will be targeted.

iv. Include the percentage of the amount of discount which the supplier or the vendor is providing.

v. Press enter to save the change made to the discount option.

vi. Fill the remaining information on the **Pay Bills** page and also add the net amount which you are expected to pay.

vii. Choose the cash account from the bottom.

viii. Press enter to save the transaction and pay the selected bills.

This method is used in those cases when the supplier rarely offers a discount and not in the normal course of business. However, if your vendor or supplier regularly offers a discount on the early payment of the dues. Then, a more efficient approach would be to create the **Terms** in the vendor center.

You can perform this action by navigating to the **Vendor Center** and simply add the **Terms** in the **Payment Settings** tab. This will automatically add the discounts each time when you are paying the bills before the expiry of the discount tenure. The rest of the steps, as mentioned above, will be followed in the same manner as described.

You can also keep track of the number of discounts received from the suppliers by navigating to **Reports -> Custom Reports -> Summary** from the menu and selecting it. From there, you can filter all the details as per the defined fields and options available.

Handling Supplier Rebates

Rebates can be of two types; the simple bulk rebate is given on the mass purchase of goods from the supplier that can be done by simply adding the rebate discount from the **Payment Settings** in the **Vendor Center.** Once you pay for the invoices, you can add the rebate discount from the **Set Discount** option present in the **Pay Bills** page.

However, the second type of rebate is far much different from the first type. These rebates are given by the suppliers to your particular customers each time they would purchase the item or service from your business. For instance, your supplier’s terms state that each time you sell the product to your particular customer, you will transfer the benefit of rebate to your customer and receive the rebate income from them.

Now, this is a complex mechanism that is explained here, but luckily you will easily be able to manage this on QuickBooks.

1. **Create and Prepare a “Rebate Income” account categorized as “Income” type**

    i. Open the **Chart of Accounts** from the menu.

    ii. Select the option for the **New** account present in the **Chart of Accounts** page.

    iii. Choose the account type as **Income** and name the account as **Rebate Income.**

    iv. Fill the information which is pending on the page.

    v. Press enter once you are done to create the account.

2. **Prepare an Item named as “Rebated Sales” from the Item List**

i. Open the **Item List** option from the menu.

ii. Choose the option for the **New** item present in the **Item list** page.

iii. Select your desired name for the item, i.e., **Rebated Sales** or **Sales Rebate.**

iv. Add the account in which you recognize your primary sales revenue.

v. Fill the pending information in the window and include the standard selling rate as well.

vi. Press enter to save the changes and to create the new item.

3. Prepare a price level for special customers.

i. Navigate to **List -> Price Level list** from the menu to select it.

ii. Press **Ctrl + n** or choose the **new** option to prepare a new price level.

iii. Name the price level list as **Special Rebate Customers.**

iv. Choose the custom option and tick the checkbox of the **Rebated Sales** or **Sales Rebate** item, which you have created.

v. Add the custom price for the item.

vi. Fill the pending information on the **New Price Level List** page and press enter once you are done to save the changes made.

4. Link the price level to the special customers

i. Open the **Customer Center** and choose the customer to whom you are trying to assign the rebate.

ii. Find the **Payment Settings** tab and click on it.

iii. Assign the custom-made price level list to the customer.

iv. Press enter to save the changes.

Whenever you create the invoice for these special customers, QuickBooks will automatically assign them the custom selling rate, i.e., rebate on sale of goods or services. In this manner, you won't have to create a separate item to account for the rebates as losses or discounts.

Now, you will be able to pass on the rebate benefits to the customer without having QuickBooks to pass any unnecessary discount entry. But it is important that you also charge the supplier for the rebates which you have provided to your customers.

5. Prepare the Sales summary to receive cash from supplier

The best way to follow this is by creating an entire summary of the sales made to these special customers. In this manner, you can create a receivable against the supplier, or you can create credits against the supplier.

This will depend upon the terms and conditions decided between you and the supplier.

i. Navigate to the **Create Sales Receipts** and click on it.

ii. Add or include the amount received from the supplier and fill the remaining information.

iii. Once you are done, press enter to save the transaction.

In the final step, you can perform an alternative technique that you create another item from the **Item List,** which is dedicated to rebate income received from the supplier. In that manner, you will be able to book a receivable from that supplier.

1. Create another item named as **Supplier/ Vendor Rebate Income** from the **List -> Item list.**

2. Prepare a new customer that has an identical name to your supplier from the **Customer Center** but mark the name with a symbol or an additional alphabet (For better understanding, we will say the customer will be named as **Vendor-C**).

3. Along with that, re-open the price level named as **Special Rebate Customers** (Please see the previous example) and navigate to **Custom** option to select it.

4. You must remember that both items **Rebated Sales** (Please refer to the previous example) and **Supplier/Vendor Rebate Income** is ticked in the checkboxes. But both should have different custom rates.

5. The amount by which you will reduce the custom rate of **Rebated Sales** for your customer must be added in the custom rate of **Supplier/Vendor Rebate Income** for your **Vendor-C.**

6. Now finally add this new price level to your **Vendor-C** from the **Customer Center -> Payment settings** tab.

By following this procedure, you will have to create two invoices, one that will be charged to your customer while, the other which will be charged to your supplier for recovery against rebates.

If we take this into the further advanced techniques and methods, you will also be able to create credits for the supplier, charge sales tax on rebates to the supplier and even receive further discounts from the suppliers. Make sure that for each case, you follow the steps as defined in the previous sections of this chapter and the previous chapters both.

Can I offset my Creditors with my Debtors?

Is there a balance in your trade receivables account that you wish to offset from your trade payables account? Is there a person who is your debtor and creditor both? Here are some reasons why this situation can exist:

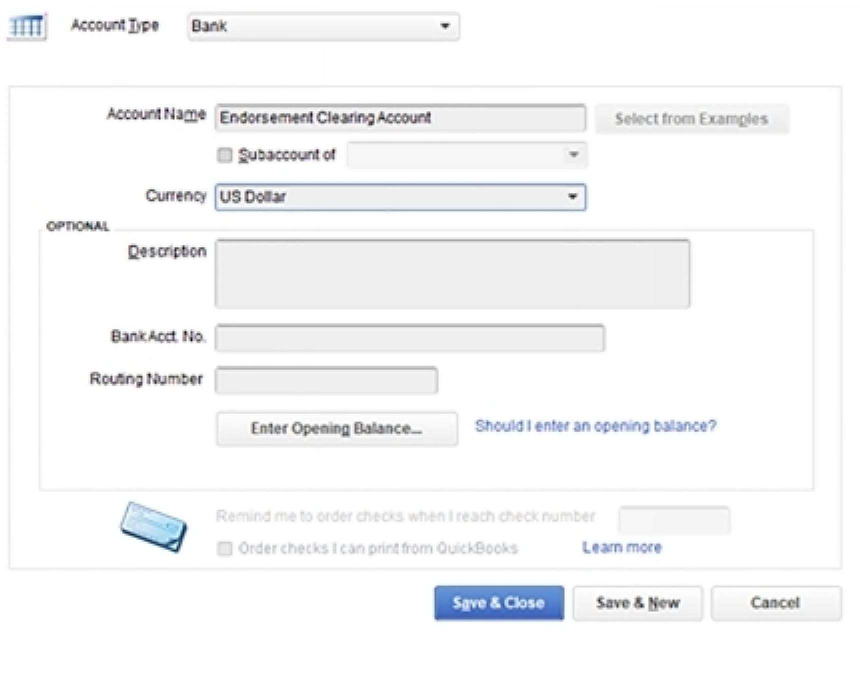
- Your customer supplies different goods to your business operation; thus, he is also your supplier.
- You endorsed a check of the same amount received from the customer to your supplier. Thus, you receive debts from the third party while simultaneously paying your supplier for the equal amount of debt you owed to him.

In these circumstances, your customer is also your supplier, and you will have to adjust or offset the balances of both accounts. This can be done easily if you follow the following procedure:

1. **Prepare a suspense Cash account named as "Clearing Account."**

    i. Navigate to the **Chart of Accounts** and select the **new** option from the **Chart of Accounts** page.

    ii. Choose the account type as **Bank** and name the account as **Suspense Clearing Account** or **Endorsement Clearing Account** (You can decide the name according to your desire).



iii. Fill the pending information on the page.

iv. Press enter to **Save & Close.**

2. Clear off the dues of receivable in this account.

i. Navigate to the **Receive Payments** Icon on the home and select it.

ii. Choose the customer whose balance you are trying to offset.

iii. Add the appropriate amount which you are offsetting against the trade payables and choose the invoice or invoices as well.

iv. Fill in the pending information and, if there is underpayment against a particular invoice, then choose the **Leave this as an underpayment** option.

v. Press enter to save the transaction.

vi. Open the **Record Deposits** page and choose the payment received.

vii. Make sure that you add the **Clearing Account** to where the balance will be deposited.

viii. Press enter to save the transaction.

3. Clear off and offset the dues payable in this account.

i. Navigate to the **Pay Bills** icon and select it.

ii. Choose the supplier whose balance you want to clear off.

iii. Change the payment method to the **Clearing Account.**

iv. Tick all those Invoice checkboxes in the table against which you want to adjust the balances.

v. Add the amount which you are offsetting in the **Amt. To Pay** column of the table.

vi. Fill the pending information on the page.

vii. Press enter to save the transaction and to pay the selected bills.

From the given process, we can adjust the entire balances of the suppliers and the customers, or we can offset partial amounts from each account. You can offset the balance from one person's account to another person's account as well.

There is, however, a condition when using this technique that you will need to have a documented response from both parties that they want to adjust their balances. Otherwise, you will report inaccurate and misleading figures.

You can also access the reports regarding the offset entries that have been passed and, you can also review any changes which have been made in these accounts.

Chapter 5

Pro Payroll Processing Techniques

In this chapter, we will only go over the advanced techniques for payroll and payroll processing in QuickBooks. The payroll in QuickBooks can be performed automatically or manually both. The techniques to set up the payroll isn't that much difficult as compared to handling a complex problem.

Most payroll that is handled automatically doesn't raise any issues or problems for users like us. But in case you want to go over the limit and perform manual calculations, then you may face more roadblocks frequently on payroll issues.

That is why, in this chapter, we will discuss the advanced ways and techniques to handle the different payroll issues and errors.

The Irreconcilable Difference on Paychecks

The most common issue which is faced in payroll is the irreconcilable difference that arises in the Paychecks. Normally, when you process a Paycheck and pay your employees, you realize that you over or underpaid the employees. When these differences arise, you are unable to understand where the calculation error started.

The main reason why such differences arise is because of the sequence of the additions and deductions that are to be made on the Paychecks. QuickBooks automatically calculates the net pay that is to be paid to the employees, but if it is managed manually, then there may be errors when making certain deductions.

1. If you have added multiple accounts that have a fixed amount that is to be deducted from the Paycheck, then make sure that when you

are paying your employees, these deductions are mentioned at the top of the list. Afterward, any sort of fixed percentage amount should appear at the bottom of the list.

For example, if the employee has health insurance that has a fixed amount deduction, then make sure it is deducted before the 401(k), which has a fixed percentage of 5%.

2. Another reason why there may be a difference is that you added a bonus later on after you paid the Paycheck. This will cause another issue as the fixed percentage deductions such as Federal Withholding Taxes, Social Security, etc. will have to be recalculated for that particular employee. So make sure that you include all bonuses and all additions before QuickBooks make deductions.

The best way to find out whether there was an error in the calculation is by performing reconciliation based on the liabilities. You can perform these reconciliations on all the payroll liability heads to find out if any of the liabilities are understated.

i. Navigate to the **Accountant -> Reconcile** option in the top menu bar.

ii. Choose the payroll liability accounts which you want to reconcile.

iii. Add the amount according to your calculations and press enter to locate the discrepancy.

Advanced Manual Payroll with Multi-Currency

Sometimes you might have a different reporting currency other than USD. In such a case, you might not be able to use the automatic payroll feature which QuickBooks offers. For this, you will have to set up the manual payroll to track the time of your employees based on their performance or jobs.

This type of issue is faced by those users who have to navigate through the entire payroll just to make the payroll process function. You need to remember that, once you set up this particular feature, you can't undo it; otherwise, it will possibly corrupt your data. Also, you will need to have the enterprise version of QuickBooks for it to work.

1. Activate the **Manual Payroll** from preferences.
2. Navigate to the **Employees -> Payroll Setup** from the menu bar.
3. Begin the payroll set up process and simply tick all the checkboxes that say, **"I don't offer this in my company."**
4. After you are finished with the setup, exit to the home page.
5. Include any employees in the **Employee Center** if you have not added them before.
6. You will notice that on the home page, a few new options will be added, such as **Pay Employees** and **Pay Liabilities**.
7. Open the **Pay Employees** icon and set up a USD Bank account with functioning currency like the US Dollar.
8. Press enter to save the changes.

You need to remember that:

1. You can't remove the USD bank account as it will cause QuickBooks to glitch, and you won't be able to process any payrolls other than by restoring your previous data and starting the entire work all over again.
2. You must use the exchange rate for your functional currency and USD as **"1".** Otherwise, you won't be able to process an appropriate check to adjust the dollar bank account's negative balance.

3. All your Paychecks will be paid from the dollar account, which you have created in QuickBooks, so you must remember to adjust it as well from your actual bank account from where the employees have been paid from.

This process may seem easy here, but you must be very careful to use this technique with extreme caution. Otherwise, your company data file may become corrupted, and you would have to start all over again from your last backup file.

Most businesses operate in different countries and don't have functional currency like the US Dollar. By using this technique in QuickBooks, you will be able to:

- Track time and pay your employees based on the time that is entered in the timesheets.
- Perform automatic calculations for their Paychecks.
- Compare the time spent on the job with actual and budgeted hours.

All these functionalities are hidden and can't be accessed by those who operate in different countries, but QuickBooks has made it possible for us to have full access to our payroll processing. You can also add different types of additions and deductions by naming them according to your needs, but you will have to ensure that all these deductions and additions are made properly.

To confirm this, you can use a few dummy figures to verify whether QuickBooks is processing your additions and deduction accurately or not. Otherwise, you can pass the general entry to record any of your liabilities.

Once you activate this feature, you can also extract various reports regarding the employees and payroll, such as **Employee Earnings Summary**. You can also track total hours worked by employees on particular customers or particular jobs. This can access from the **Reports -> Jobs, Time, and Mileage -> Time by Job Summary,** which will display the entire information regarding the time spent by employees on various jobs.

Advanced Techniques for Tracking Employee Loans

Employee advances and employee loans are one of the major payroll issues that aren't handled easily. There are several ways to adjust the advances and loans taken by the employees. Still, the actual efficient method of adjusting the loans and advances of employees is through the automatic calculations performed by the system.

Several factors have to be accounted for when dealing with employee advances and employee loans.

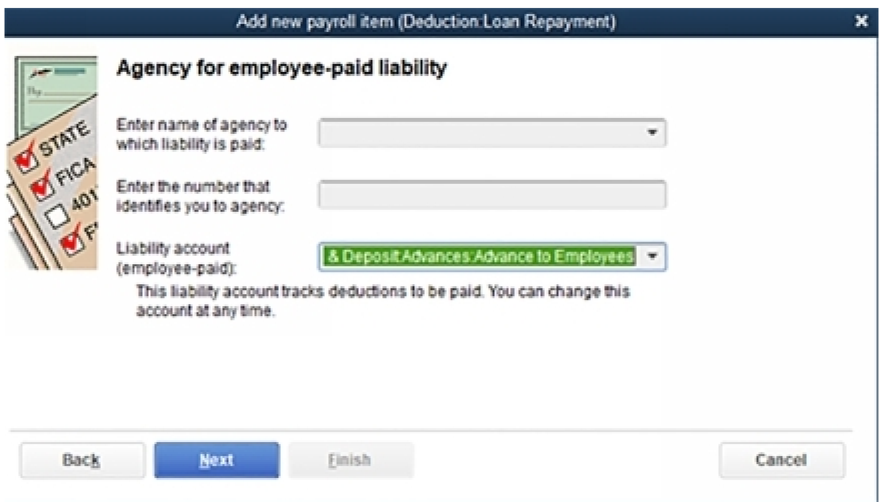
- These are non-taxable items that aren't subject to any tax or any service fees.
- These are primarily to be adjusted from the Gross Paycheck amount before any deduction or any other charges.
- If these loans are interest-free, then the financial expense that is not paid by the employees will be considered as income and must be taken into account when calculating the gross Paycheck.
- These loans and advances have to be adjusted over a period of time while ensuring that the tax withheld on these is done properly and adequately.

In order to understand the working mechanics of this advanced issue, we will provide a much broader explanation here.

1. Prepare a new **Employee Loan** account, which has the account type as **Other Current Assets** from **Lists -> Chart of Accounts** option on the menu bar. Fill all the desired information on the page and press enter to create the new account.

2. Write the check to the desired employee to give the loan from the **Write Check** icon on the home page. In case the loan is paid through the Paycheck, include it as a non-taxable addition item, but if it is paid through a normal check, then choose the **Employee Loan** account.

3. Include a payroll item named **Loan Repayment** for the repayment of loans by the employee from **Lists -> Payroll Item list** on the menu bar. This payroll item will be a deduction item and ensure that it is non-taxable. Make sure that you add **Employee Loan** account to be set as the **Liability account** in the **Add New Payroll Item** window.



4. If there is interest on the loans to the employees, then add another payroll item named **Interest Payments** as a deduction item on Paycheck for the interest on loans. This will be categorized in the account type as **Other Current Assets** named as **Interest Receivable** in the **Chart of Accounts** while it will be set as a liability account in the **Add New Payroll item** window.

5. Finally, navigate to the **Employee Center** and choose the **Payroll info** to add **Loan Repayment** item and **Interest Payment** item to

the employee. Once you are done, press enter to save the changes made.

Each time when the interest will be charged to the employee, it will automatically create a negative balance in the **Interest Receivable** account. This account will be created with this name to target the interest received from the employees.

Once QuickBooks automatically deducts the Interest from the Paycheck, it will be sent to the interest receivable account. You can then simply adjust the balance of this account by creating sales receipts from the **Create Sales Receipts** icon on the home.

But you must remember to add the accounts and payroll items carefully to the employees. Along with that, make sure that the loan and the interest are non-taxable deductions. The interest received from the employee is taxable to the company, not the employee.

As mentioned earlier, sometimes, the employees will receive interest-free loans. In such a case, you will have to create another **Payroll Item,** which adds the benchmark interest rate and places a track of this expense in the **Interest Receivables** account. In this case, make sure that the addition is taxable.

Once this payroll item is added to the employee, it will automatically increase the total gross Paycheck amount when it is being calculated, which will be subject to tax. On the other hand, the **Interest Payment** payroll item will deduct the same amount of interest from the Paycheck, which won't be subject to tax.

In this manner, the tax to be withheld will be properly calculated on an interest-free loan given to the employees.

Pro Tips for Keeping Track of Payroll

Payrolls sometimes can become extremely tricky to handle, especially when there are too many automatic calculations involved. We have discussed all the major advanced areas of the payrolls but here are some helpful tricks and tips to keep in mind when dealing with payrolls like a pro:

1. Make sure that each employee’s payroll item addition, deduction, and compensation is properly setup. Since most of the calculations are performed automatically by QuickBooks in both fully automatic systems and manual systems, so you must focus on tracing back to the payroll items when there is an error or inconsistency in the calculations.

2. Track the time of each employee by the customer or by the job. This will provide better costing for other overheads during the manufacturing of goods and will give a better cost analysis of the project for rendering particular services. So ensure that all the time tracked by the employees is done in correspondence of the relevant customer or job in which they were assigned.

3. Prepare an additional manual excel sheet to keep track of the actual amount of payroll liabilities at any point. This will help you reconcile any differences which arise between the excel sheet and the total payroll liabilities. Any sort of discrepancy can be easily traced by this particular method.

4. If you are using a different currency or have multiple currencies as a functional currency, then for QuickBooks, make sure that you only use that currency in which your normal trade or normal business activities take place. Make sure that the payment made to employees is reported under the US dollar currency to remove any inconsistency or inefficiency in the process.

5. Make sure that you adequately adjust the US dollar account in case of manual payroll under multiple currencies. Remember to keep the

foreign exchange rate as 1:1 for both the US dollar and your reporting currency.

Chapter 6

Managing Workflow with Reports

In this chapter, we will discuss the various types of reports and report benefits for advanced use. Along with that, we will include all those special types of reports which are available for different industries. QuickBooks has a large library that holds different data types and creates different data fields to benefit us in the reporting phase.

Many businesses have special reporting requirements that are unrelated to the different types of industries. Every business specializes in a specific field; thus, they require unique reports for long-term benefit and use. However, there are a few common reports and reporting requirements that are found in almost all types of industries.

So in this chapter, we will first go over the common advanced reports which are needed in all the industries, and then, later on, we will go over the special reports of each industry.

Advanced Forecasting and Budgeting

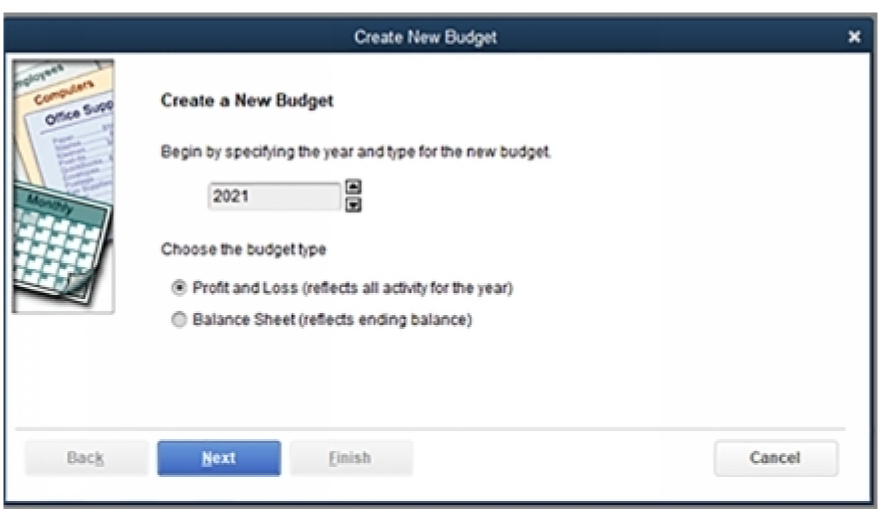
As a large business entity, the business needs to create and manage its budgets. These budgets are used as the prime goals and targets for the business to understand its growth and performance in the upcoming months or periods. Essentially, budgets play a huge part in understanding the necessary allocation of resources.

Budgets are targets to be achieved in the subsequent periods, while forecasts are estimates to the possibility of achieving such targets. Forecasts provide a view of the probability that certain goals and targets can or can't be achieved. There are certainly other benefits of using budgets and forecasts which include that:

- It allows the business to understand its market competitiveness and total market share.
- It allows the business to find new ways to innovate and come up with new strategies.
- It provides business insight regarding cost-saving and profit optimization.
- It motivates and drives the employees and other officers of the business to take serious actions to allow the business to grow.
- It ensures the business's commitment to excellence and upholds its values.

QuickBooks provides easy and simple tools for budgeting and forecasting the financial results, which are immensely flexible to use. The budgets in QuickBooks, by default, are created on the previous year's financial results. However, you can change them as well and provide your own figures to be used in these budgets.

1. Navigate to **Reports -> Budgets & Forecasts -> Budget Overview** from the menu.
2. Choose the **Create New** option to prepare a new budget.



3. Here you can select the desired year and the particular type of budget that you need.
4. Press enter to move to the next window and fill the pending information.
5. Choose whether you want to **Create Budget from Scratch** or create the budget from last year's financial results.
6. Press enter to **Finish** and prepare the budget.
7. Follow the same process for the forecast as well but navigate to **Report -> Budgets & Forecasts -> Forecast Overview** to prepare the new forecast.

If you have not created any budgets or forecasts before, then you can navigate to the reports section to prepare a new one. Otherwise, if you want to set up another new budget or forecast, then navigate to **Company -> Planning & Budgeting -> Setup Budgets** or **Setup Forecast** and select the desired option.

Once your budgets and forecasts are prepared for the desired year, you can review and check the progress of them with the actual results over the year. Simply navigate back to **Reports -> Budgets & Forecasts -> Budget Overview** or **Forecast Overview** and choose the appropriate option. This will provide an overview of the budget that you have prepared with a month-wise detail along with a full year detail.

If you want to compare the results between the budgeted profit and loss and actual profit and loss, then navigate to **Reports -> Budgets & Forecasts -> Profit & Loss Budget Performance** and select it. This will provide a year-to-date and a month-wise comparison between the budget and the actual results, along with the variances between the two.

You can also create a custom report in the page by choosing the **Customize Report** option at the top left side. By adding the different fields, you can have a full analysis of any possible inconsistency between the budget and the actual performance.

Customizing your Reports

In QuickBooks, many different reports are present by default, but sometimes you may find that there aren't any reports which you desire. For instance, if you want to find out which customer contributed the most part of your business's equity, then this type of report won't be present by default in QuickBooks.

Now, these types of reports aren't unique, but they are not commonly used by different users. Thus, QuickBooks also offers the **Custom Reports** tool, which helps you prepare your own desired reports easily.

You can access this by simply navigating to **Reports -> Custom Reports -> Summary** and clicking on it. This window will allow you to choose a different field of data for columns and another field of data for the row. It is important to note that QuickBooks will display a warning pop-up stating to choose a different field for any one of the data fields as QuickBooks can't provide redundant information for common data in both fields.

This is a very handy and useful tool as it gives valuable insight between the interlinking information of the different fields. It also gives a much detailed and organized report regarding the data.

By navigating to **Reports -> Custom Reports -> Transaction Detail** and clicking on it, you will be able to access customized transaction detail reports for any of the accounts in the general ledger. You can also modify both these types of reports by selecting the different tabs.

Managing and Reporting Specialized Fields

Some businesses, such as law firms and other consultancies industries, require a few different sets of fields in which they want to add different data regarding their customers. For instance, the construction industry has multiple projects in different geographical regions.

Suppose the owners would want that each customer and vendor is classified according to those projects. This means that, when the vendor supplies to that project, it is classified into that particular project. If the customer purchases any land or construction from any project, it is classified into that particular project.

Another common example is law and tax firms. Most law and tax firms require additional information regarding their clients, such as the name of their spouse, tax information, national identity card number, login passwords to IRS, etc. These fields aren't commonly found in QuickBooks.

However, QuickBooks allows us to create and define our own fields on top of the fields already mentioned to enhance the customizations of reports. You need to remember that these desired fields will only appear once you customize your reports. These reports won't be generated by default and won't be available as a default option.

You can create **Custom Fields** by navigating to either the **Customer Center** or **Vendor Center** from the **Customers** or **Vendors,** respectively, present in the menu and by selecting it. From there, you can choose **Additional Info -> Define Fields** option to define your own special fields.

The best way to use and retrieve the desired information is by customizing your reports from the reports which are already opened or available in QuickBooks. The other way you can access such information is by choosing **Reports -> Custom Reports -> Summary,** which will allow you to define your desired fields.

Grouped Data by Class

Tracking information by class is extremely beneficial and a useful technique to classify the entire performances of the business into operation centers. These are mostly useful for those businesses which have multiple divisions of their business or have multiple project sites scattered in different geographical regions.

1. Navigate to **List -> Class List** from the menu and select it.
2. Add your desired class information and create the class lists.
3. Use the **Class List** to classify each transaction based on the division or class.

You can create links to these particular classes from the transactions. This will automatically segregate the data based on class and based on the transactions, which will provide ease in tracking profitability or performance per class.

Grouped Data by Customer Type

Customer type classifies each customer based on the particular service or goods which they receive from us. This list can also be classified on other types of customers, whether they are a person or a business entity, a manufacturer or a retailer, etc. By grouping particular customers based on their types, it can allow us to easily evaluate the more profitable market and the major to least market share of our business.

By providing us with the opportunity to assess our business customers, we can look for more ways of increasing our market share based on these specific types of customers. Not only that, but we can also retrieve a detailed report for the type of services or goods which they frequently receive from us in case we provide more than one type of service or goods.

1. Navigate to the **Lists -> Customer & Vendor Profile Lists -> Customer Type List** from the menu and select it.

2. Prepare your custom list for customer types and enter all the appropriate information.
3. Press enter to save the **Customer Type**.
4. Navigate to **Customers -> Customer Center** to select it.
5. Choose the desired customer to edit and include the **Customer Type** in the **Additional Info** tab.
6. Press enter to save the changes.

Once you have added the customer types to all the customers, you can access the customer type list by navigating to **Report -> Customers & Receivables -> Customer Phone List** and selecting it. Choose **Customize Report** option on the top left side and include the **Customer Type** from the available search list. Press enter to add the desired field in the report.

The new customized report will display all the required information regarding the customer types. You can also choose to filter the report with only one particular type of customer, or you can modify the report to add other fields in correspondence to the type of customer.

By using the customer type field, you can easily filter the entire information and select the desired fields. For instance, if you require a **Retailer** customer type to be displayed with their **Phone Numbers** and **Emails**, this can be done by simply adding all those required fields from the **Customize Report** option.

Grouped Data by Job Types

Just like categorizing the customers based on the customer types, you can also categorize and classify all the customers based on their job types. For instance, if you have a set of similar jobs with multiple clients, then a better categorization of each type of customer would be based on the job type.

The job type will provide a much clear understanding of business performance based on the job type. Along with that, by grouping the customers based on these particular job types, we can easily assess the more profitable sector of our business. The job type list can also be used in combination with the classes to evaluate the profitable sector in each division or branch of the business.

1. Navigate to **List -> Customers & Vendor Profile Lists -> Job Type List** to select it.

2. Press either **Ctrl + n** or choose the **New** option to prepare your desired types in the list.

3. Choose and enter the desired name for the job type and press enter to save the **Job type.**

4. Navigate to **Customers -> Customer Center** to select the desired customer for **Edit.**

5. Include the **Job Type** of the customer along with the start and end date of the project from the **Job Info** tab.

6. Once you are done, press enter to save the changes to the customer.

If you want to access the report, simply navigate to **Reports -> Customers & Receivables -> A/R Aging Summary** to select and customize it. Make sure to add the **Job type** field in the **Customize Report** option to display it on the report.

This will provide you with the **A/R Aging Summary** based on the Job types. For instance, if you are looking to find out which debtors of particular job types have the most debts and are also most likely to become bad debts, then this report will help you easily evaluate the situation and understand the corrective measures.

You can also display the sales per job type by navigating to **Reports -> Sales -> Sales by Customer Summary** to select and customize it. Just remember to choose the **Job Type** filter along with the **Job types** to display in the report. It will allow you to assess the major sales sector of your business from the entire operational activities.

All reports related to sales and receivables can be customized based on either the **Job Type, Customer Type,** or even the **Class.** It gives a whole new insight into the business's performing areas and areas where more attention and more effort is required with respect to the customers.

Reporting by Graphs

QuickBooks offers a great variety of reports which are best for analyzing financial records. Sometimes, this information needs to be reported in the form of graphs, charts or bars, etc. Normally QuickBooks offers very few graphs in its **Reports** section of the menu such as **Net Worth Graph** and **Sales Graph** etc.

Now, the biggest hurdle is that many people, such as investors and banks, are able to understand the profitability or performance quickly by means of graphs, charts, and bars. These diagrams quickly depict the overall idea regarding financial results.

So the best way to convert the financial reports of QuickBooks into graphs is by the use of Excel. Excel has a great variety of charts, graphs, and bars, which allows us to create many different types of graphs and plot them out accordingly. Here are the following steps to convert QuickBooks financial information into Excel Graphs:

1. Navigate and display your desired report, which you want to convert into a graph.

2. Find the **Export** button on the top of the report and click it.

3. Pick whether you want to export this report to an existing excel sheet or a new one.
4. Press enter to **Export** the report.
5. Once QuickBooks has exported the report to excel, select the entire report data.
6. Navigate to the **Insert** tab on excel and pick the graph type which you want to place.

You also have the option to convert the data into bars or even charts. You need to remember that when you pick the desired chart or graph, you are accurately defining the fields in case Excel is unable to determine. Otherwise, it can disrupt the data figures in the diagram.

Combined Reporting for Excel

One of the unique features of QuickBooks Enterprise Solutions Version is that it lets you combine all financial results and statements from the different company files. For instance, you are running many different companies or businesses and want to know the total combined results for all the companies. For this, QuickBooks easily provide the solution to us.

However, it is very important to remember that QuickBooks doesn’t perform consolidation; it simply combines all the results of all the companies or businesses in a single report. If one or more businesses provided services or goods to another associated business of yours, QuickBooks would not eliminate or reduce the sales and cost of sales made to associated businesses under the reporting standards.

Otherwise, if all the businesses operate independently from one another, then combining the financial results would provide you with immense benefits and understanding of the overall profitability, performance, and cash flow management.

1. From the menu, navigate to **Reports -> Combine Reports from Multiple Companies** to select it.
2. Pick **Add Files** to merge the financial reports of different company files.
3. Press enter to **Open.**
4. Follow the steps as many as times as needed to include all the company files.
5. Pick all the necessary reports which you want to combine and tick the checkboxes next to them.
6. Make sure that you add all the pending information in the window.
7. Navigate to the **Combine Reports in Excel** button and click on it.
8. All the selected reports will be displayed in Excel by QuickBooks automatically.

In this manner, all your desired reports will be available on Excel, and they will all be placed in different worksheets. Each column of the report will represent the name of the company file, along with financial results and financial figures.

Special Reports for Specific Industries

QuickBooks displays all the specific reports for the various industries. These selection criteria of the specific reports are done by QuickBooks at the initial stages when we are setting up our company files. QuickBooks doesn't only provide the specific reports based on the industries, but it also sets up the chart of accounts, workflow papers, and the lists that closely resemble our business's operational activities.

1). Specific reports for Contractors

This industry specifically includes contracts and projects which are sometimes long term or short term depending upon the type of business operation that they run. In the contractor's industry, the major source of revenue recognition is based on the **Percentage Completion Method**.

This method recognizes revenue on the basis of work performed by wage laborers, employees, vendors, and sometimes sub-contractors. Thus, this type of industry has a high level of estimates involved, which allows it to recognize revenue based on those estimates. So the specific reports which QuickBooks provides these types of industries including:

- Status of work by job **(Job-Status)**
- Cost calculation on the job by either vendor or employee **(Job-Costs-by-Vendor or Employee)**
- Completion cost report which provides the estimated cost to complete
- Any outstanding bills related to the job **(Unpaid-Bills-by-Job)**
- Outstanding bills of the job with respect to vendor **(Unpaid-Job-Bills-By-Vendor)**
- Any particular expenses which aren't related to any job.
- Purchase orders not satisfied by vendors **(Open-Purchase-Orders-by-Vendors)**

All these reports are automatically present by default once you select the contractor's industry at the time of set up. You can also combine the various techniques mentioned above with each type of report to create a completely new and unique report.

2). Specific reports for Manufacturers and Wholesalers

Manufacturers and wholesalers are two commonly found industries that produce to sell goods. This type of industry is extremely competitive and has to keep track of its cost and profit margins in every instance. These types of industries have to update their price and cost charts along with that constantly they have to monitor their inventory and item movements.

These types of industries have a high level of risk involved in their operations, where even the slightest bad management can lead them to a downfall. Some of the common reports which QuickBooks adds by default in these types of industries including:

- Report for the Sales rep and the sales which are made by these sales reps.
- Reports that track the sales orders which have not been completed yet.
- Reports that track the purchases not received against the purchase orders.
- Report that monitors the physical inventory movement and stock present physically at the warehouses.
- Managing sales and purchase returns reports.
- Reviewing and evaluating any defective inventory or damaged stock.

There are more than 15 different reports in total that QuickBooks provide to the manufacturing and wholesale businesses. These reports track the main core operations of the business, such as the sales system, the purchase system, and the inventory management and valuation system.

3). Specific reports for Professional Service Industries

The service industry's reports mostly resemble that of the contractor industry because of the same important features that are present in both. However, there is a difference in their chart of accounts and workflow papers that make the service industry uniquely different from the contractor category.

It also includes all the special reports that relate to employees, vendors, sub-contractors, and other officers.

Chapter 7

Advanced Mechanisms in Handling Fixed Assets

Business operations aren't only limited to handling sales, purchases, payroll, inventory, and cash management techniques. Business operations also require that many of the fixed assets or the long-term assets are properly managed from time to time. The reason is that businesses rely on their long-term assets or fixed assets for stable returns on their revenues.

Almost all types of industries require some fixed assets or capital assets to boost business operations to enhance business growth. For instance, manufacturing industries require large scale production units, factories, and machinery to produce goods on a massive scale. Service industries require computers and other office equipment to render the services to their clients.

Thus, every business requires some capital assets or fixed assets to help them run their business operations. That is why it is also important to manage fixed assets.

In this chapter, we will discuss the advanced tools and techniques for managing fixed assets. Along with that, we will also discuss some of the ways to perform automatic management of fixed assets by QuickBooks.

Combining the Associated Accounts

QuickBooks provides a large variety of features from which we can take multiple benefits. One of the core asset management techniques is keeping all related accounts to a particular asset in one place. This technique requires the complete use of the **Subaccount** feature, which the **Chart of Accounts** offers.

You might try to keep each account separated from the other account, but sometimes you will have to create a full group for one particular head of account. Suppose if you want to pass the entry for the **Provision for doubtful debts** on **Debtors** account. It is not a good practice to show **Debtors'** account on the current asset side while making the **Provision for doubtful debts** account a current liability account type.

In accounting terms, **Provision for doubtful debts** or **Accumulated Depreciation** is considered as a negative asset account, meaning a current asset type, which simply adjusts the assets account balances for any estimates.

So, if you have created the **Debtors** account, then it is better to create another subaccount named as **Debtors- Trade Receivables** account. At the same time, create another subaccount of **Debtors** account named **Provision for doubtful debts** as a current asset account type. In this manner, the **Provision for doubtful debts** account will carry a negative balance, which will automatically adjust the entire **Debtors** account balance when it is merged with the **Debtors- Trade Receivables** account.

Similarly, in the same manner, when you have a fixed asset account, then make sure that the **Accumulated Depreciation** account is also a fixed asset account type in QuickBooks. This will ensure that any negative charge that is present on the **Accumulated Depreciation** account will automatically reduce the cost balance account of the same fixed asset.

1. Go to the **Chart of Accounts** to create a new account for both the fixed assets and the accumulated depreciation.

2. Pick the desired name for the fixed asset account, i.e., **Office Equipment,** to act as the main account and fill the pending information. Press enter once you are done to create the account.

3. Prepare another fixed asset account with the name **Laptops & Computers** and fill the pending information. Afterward, the press enters to create a fixed asset account.

4. Again prepare another new fixed account with the name **Accumulated Depreciation- Laptops & Com.** Fill the pending information required by QuickBooks, and once you are done, press enter to save and create the account.

Now each time when you will pass the entry for depreciation, select the **Accumulated Depreciation** account to let it carry a negative balance. Navigate to **Reports -> Company & Financial -> Balance Sheet Standard**, you will notice that the depreciation charge will automatically reduce the main fixed account.

This will provide you with ample benefits in the long run when you dispose of the asset. In this way, you will know the exact written down value of your asset before you sell it to another person. Along with that, it will adequately report the balances in both the liability accounts and the asset accounts, meaning when you will access the various reports for current liabilities, you won’t have to adjust or remove the impacts of such types of accounts.

Keeping your Skills Sharp on the Fixed Asset Manager Tool

The efficient and effective way to manage your fixed assets is by using the **Fixed Asset Manager** tool, which QuickBooks offers. From the menu, it can be accessed from **Company -> Manage Fixed Assets** option. This tool allows you to easily add, dispose, or even update your current list of fixed assets. This tool also offers a variety of diverse features, which makes the entire fixed asset management process quite simple and extremely flexible.

Automatic Update of the Fixed Asset List

The fixed asset manager tool can automatically update the current list of fixed assets from QuickBooks. Each time when you will record a fixed asset in QuickBooks, the fixed asset manager tool won't be updated, but once you activate the feature, the tool will instantly update its entire list based on the option which you have selected.

1. Prepare a new account in the **Chart of Accounts** with the name of your desired fixed asset. Along with that, also prepare the **Accumulated Depreciation** account for the asset. Remember to follow the procedure as defined above regarding the combination of the associated accounts.

2. Add the purchase of your fixed asset and record it in the **Write Checks** icon on the home if you have purchased it through cash. If you haven't paid for the asset, then record it from the **Make General Journal Entries.**

3. Include the asset in the **Fixed Asset List** by navigating to **List -> Fixed Asset List** from the menu to click on the option. Fill all the information that is present in the list, and once you are done, press enter to save the **Fixed Asset Item** in the QuickBooks list.

4. Open the **Fixed Asset Manager** tool and select **QuickBooks -> Update Assets from QuickBooks** option to update the list.

5. Pick from the following options, which will appear in the window. Press enter twice to update the list in the **Fixed Asset Manager** tool.

Once the **Fixed Asset Manager** tool updates the list, you can then edit the fixed assets according to your desires by clicking on them from the **Schedule**. You can add all the additional information regarding the asset in the various descriptions. Make sure to add the accumulated depreciation account of the fixed assets in the **General Ledger Accounts** category.

This will ensure that your fixed asset is charged with the depreciation on the defined tenure of its use. You will also have to select the **Depreciation Expense** account in the **General Ledger Accounts** category to make sure that depreciation is being charged in the right account.

You can also update your fixed asset list from the **Fixed Asset Manager** tool by simply navigating to the **QuickBooks** from the menu and choosing the **Save Assets to QuickBooks.** This will update the fixed asset list according to the tool.

Creating various depreciation Charges

Sometimes, the depreciation charge on the fixed assets can vary when different authorities evaluate them. Suppose you purchased a computer, which is your fixed asset. Now this computer's value will reduce over time due to normal wear and tear, i.e., depreciation. This depreciation can be used by businesses to reduce their overall income tax liability at the yea-end.

Let's say that in federal laws and jurisdiction, you would be allowed to charge the depreciation on your computer over the next five years while you would be able to charge the depreciation but only for the next two years in the state laws. On the other hand, your business follows the policy of charging depreciation on the asset for three years.

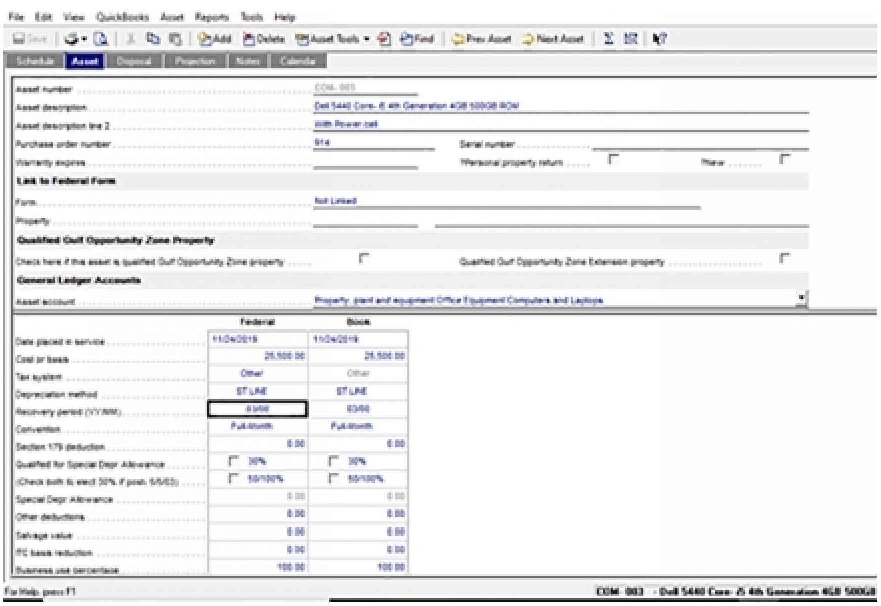
This type of situation creates immense irregularities in financial records. Because this would mean that every year, you would be charging different depreciation for different types of rules, and, because of this reason, QuickBooks provides the different columns for the different types of recovery basis on the fixed assets.

1. Pick the fixed assets to which you want to add the different depreciation charges from the **Schedule** in the **Fixed Asset Manager** tool.

2. Navigate to the bottom window where you will find different columns. One will be titled **Federal,** the other will be titled **Book,** and the next one will be titled **State** and so on. These columns will vary depending upon the columns which you have initially selected.

3. Pick the appropriate **Tax System** and the **Depreciation Method** from the drop-down lists.

4. Once selected, navigate to the next row named **Recovery Period**. In there, you can add different years for each column. These years are added in the format as **(YY/MM).**



5. After you are done, exit the tab, and the changes will automatically be applied.

This will allow you to maintain separate records for each type of column, and you can access the reports by navigating to **Reports** from the menu. In the reports section, you can select the type of depreciation schedule you want to print either for the federal laws or the normal accounts for your personal use.

You must remember that QuickBooks will pass the general entry for the depreciation according to the **Book** column by default, as seen in the image above. However, you can still change the depreciation basis at the time the depreciation is being charged to QuickBooks.

The other depreciation calculated in different columns will only be used for review and tax purposes only. They will not affect the actual accounts of your company data files in QuickBooks.

You can also select tick the checkboxes in the columns if you are provided with the first-year depreciation allowances. This will be present as **Qualified for Special Depr. Allowance,** as seen in the image above.

Automatically charging depreciation to QuickBooks

Normally the most difficult process at the time of book closure is calculating the depreciation charge on your fixed assets, and this entire process involves reconciling all the accounts to arrive at the actual figures. In QuickBooks, the **Fixed Asset Manager** tool provides an immense benefit in such difficult times.

This tool automatically calculates the depreciation charge on the entire fixed asset schedule and prepares the entry ready for posting in QuickBooks. You must remember that this tool calculates the depreciation based on the figures which you have entered in its fields.

So any type of inconsistency in the depreciation charge by this tool and the actual depreciation charge will solely depend upon your criteria selection. Keep in mind that these inconsistencies can only be fixed if the rectification is made in the field values of the fixed assets. Otherwise, you will have to adjust the balances every time the Fixed Asset Manager tool will pass the entry.

To use the automatic calculation and posting function for the depreciation charge by this tool, follow the procedure below:

1. Open the **Fixed Asset Manager tool**.
2. From the menu, choose the **QuickBooks -> Post Journal Entry to QuickBooks** option.
3. Pick the period or month ending for the depreciation charge to be posted to QuickBooks.
4. The tool will automatically calculate and create the journal entry for the depreciation expense or the amortization expense.
5. Select a name for the journal entry, and you can rewrite the description if you desire.
6. Press enter to post the entry to QuickBooks.

Sometimes, there might be a minor difference between the debit and credit side of the journal entry. Simply use the value of the **Depreciation Expense** for the **Accumulated Depreciation** account. This will balance out the journal entry, and it will be posted to QuickBooks.

Instant Asset Disposal

This tool also provides you with the option to dispose of your assets and pass their journal entry quickly and instantaneously. All you will have to do is enter the sales amount along with any expenses borne to make the particular sale happen.

The rest will be done by the Fixed Asset Manager tool, which will automatically calculate the gain or loss on the sale of assets. All you will have to do is copy the gain or loss amount and the accumulated depreciation amount from FAM (Fixed Asset Manager) tool and simply post it in QuickBooks as the journal entry.

Simply double click on the asset to dispose of the **FAM Schedule** and navigate to the **Disposal** tab. Add all the appropriate information regarding the disposal of the asset along with the date and sale value of the fixed asset. The FAM tool will quickly display the gain or loss amount on the sale transaction.

Once you are done, exit the tab to save the disposal of the asset.

Other Useful Features

The FAM tool has other useful features as well that it also allows you to **Split the Asset**. Not only that, but it also provides the depreciation projections of the fixed asset's entire useful life tenure. These features enable you to decide on a timely basis whether you want to dispose of the asset right now or after a certain period.

You can also open up the depreciation projections based on federal and state laws as well. Along with that, you can also create the finalized fixed asset schedule to be used in the financial statements.

You can also create notes in the FAM tool, which will allow you to simply create a personal notepad with all the information regarding a particular asset. Not only that, but you will also be able to generate a full track record of all the entries made to QuickBooks from the FAM tool. You will also be able to view any of the changes which have been made on the tool itself as well.

Conclusion

In this book, we have covered all the fundamental topics regarding the advanced techniques, methods, and tools that can provide you with the benefit of the practical use of QuickBooks accounting software. After reading this entire book, you will understand that QuickBooks has a lot more hidden functionalities and features that are still waiting to be explored. Not only that, but every release of a newer version of QuickBooks also provides its user with a thousand more features and a thousand more tools that can endlessly be used in creative and unique ways to solve the problems that we face day to day. We have made sure to cover all the advanced major aspects of QuickBooks that are used by many users frequently that involve the advanced methodologies and techniques for handling inventory, sales, and purchases. In addition to this, we have ensured to take into account the necessary tools that are present in QuickBooks and elaborate them completely to provide you with much extensive detail on how they can ease you in your work operations.

This book was aimed to cover the advanced level methods for managing your company or business on QuickBooks while also providing minor insights on how to manage your finances in it as well. However, we have also ensured that each topic covered in this book is looked at from the cash management and cash flow perspective as well to keep everything relatable with examples and actual financial records.

The book also aimed to solve the issues and the errors in the best and efficient manner to facilitate you in the entire process rather than placing more burden on you. We have tried to introduce the new ways and methods in which you can try to solve other problems as well.

References

). Mastering QuickBooks Level 2 Learning Manual by **Real World Training**

). QuickBooks Simple Start for Dummies by author **Stephen L. Nelson**