

Eric Smith

Bangor SCORE 0314

Federal Building #230

202 Harlow St

Bangor, ME 04401 (207) 942-0103

bangor.score.org

eric.smith@scorevolunteer.org

Lesson Objectives

- To gain an overview of the course and the topics to be covered
- To know how QuickBooks works and how you can get around in QuickBooks
- To learn common business terms used by QuickBooks
- To practice using the QuickBooks Help tools
- To see how to exit QuickBooks

Lesson Objectives

- To discuss decisions that must be made before using QuickBooks
- To create a new QuickBooks company using the Express Start Interview
- To set QuickBooks preferences in the Interview
- To enter customers, jobs, vendors, accounts, and items
- To do reconciliations and create reports

Lesson Topics

- Introductory overview
- Setup chart of accounts and preferences
- Vendors and accounts payable
- Customers and accounts receivable
- Journal entries
- Reporting

Introduction[®]

Lesson 1

Accounting You Need to Know

- Assets
 - Includes what you have and what people owe you.
- Liabilities
 - What your company owes to other people.
- Equity
 - Equity is the difference between what you have and what you owe.
 - $\text{Assets} - \text{Liabilities} = \text{Equity}$

Accounting You Need to Know

Cash versus accrual bookkeeping

- Cash basis
 - Income is recorded when money from sales is received and expenses when bills are paid.
- Accrual basis
 - Income is recorded at the time of the sale and expenses when you receive the bill.

Important: When you create reports in QuickBooks, you can switch between cash and accrual reports at any time, regardless of which bookkeeping method you have chosen for tax purposes.

Accounting You Need to Know

- About the chart of accounts
 - The chart of accounts is a complete list of your business' accounts and their balances.
- When you keep books for a company, you want to track:
 - Where your income comes from
 - Where you put it
 - What your expenses are for
 - And what you use to pay them
- You track this flow of money through the chart of accounts

Setting Up QuickBooks®



Chart of
Accounts

Lesson 2

Starting the Express Start Interview

To begin adding a new company:

1. Start QuickBooks.
2. Select **Create a new company**, click the **Start your new company file now** button, or choose **New Company** from the File menu. QuickBooks displays the Express Start window.

Answer some basic questions and we'll do the rest. You can always make changes later.
(Recommended for new users)

Express Start

Creating a QuickBooks Company

- Express Start walks you through setting up your business:
 - Company Information
 - Your industry
 - Your company organization
 - **Preferences**
 - Business start date
 - Reviewing the chart of accounts based on your industry
 - Completing company file setup

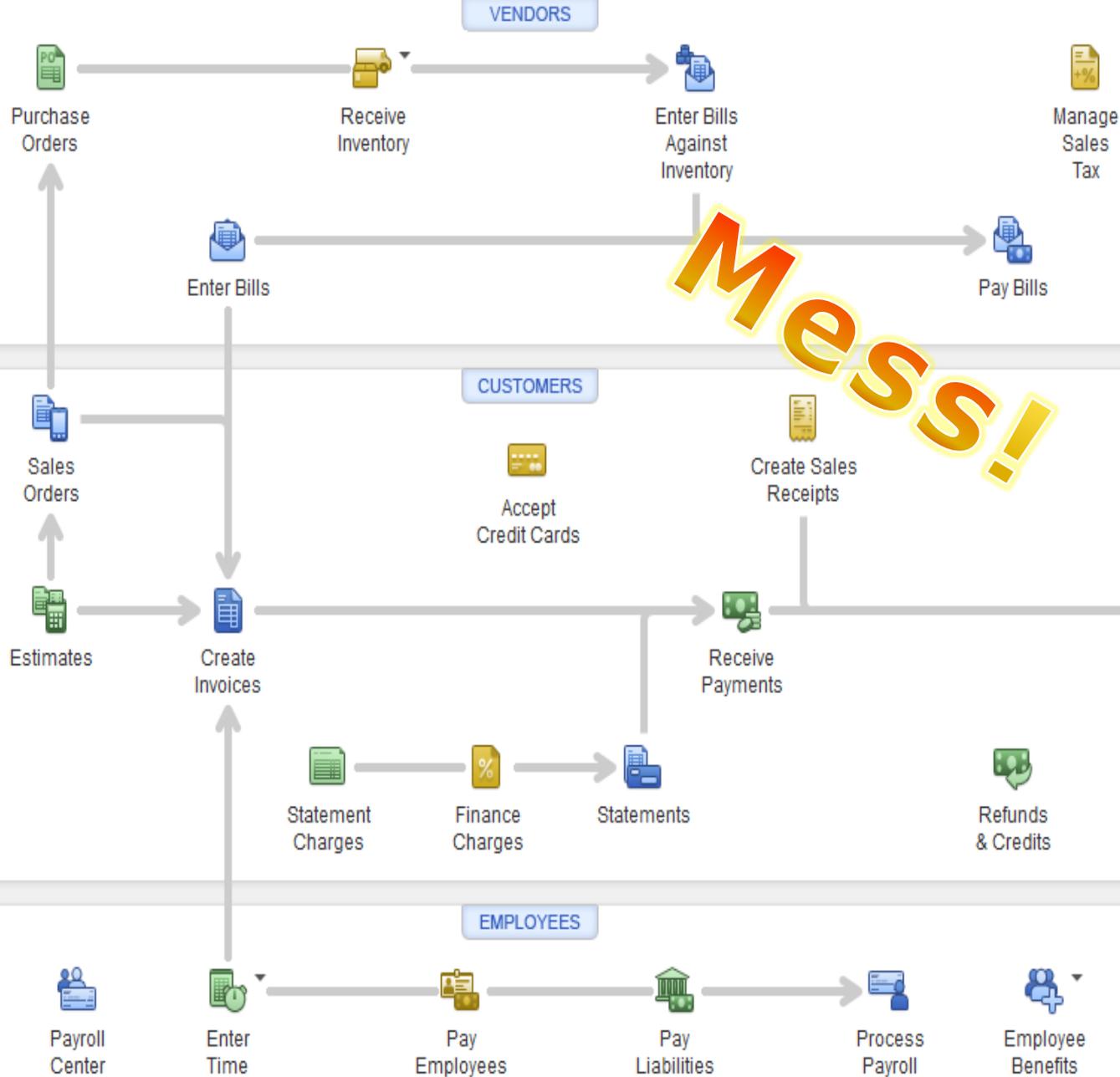


Larry's Landscaping

After you have created your company file using the Express Start and QuickBooks Setup, you can begin using QuickBooks to run your business. However, there are some additional tasks you might need to do to make sure the company file is properly set up and that the data is complete.

QuickBooks is based on four key concepts:

- **Customers & jobs**
- **Vendors**
- **Accounts**
- **Items**



- COMPANY**
- Chart of Accounts
 - Inventory Activities
 - Items & Services
 - Intuit Loan Finder
 - Web and Mobile Apps
 - Calendar

- BANKING**
- Record Deposits
 - Reconcile
 - Write Checks
 - Check Register
 - Print Checks
 - Enter Credit Card Charges

CUSTOMERS

COMPANY



Chart of Accounts



Items & Services



Intuit Loan Finder



Web and Mobile Apps



Calendar



Create Sales Receipts



Create Invoices



Receive Payments



Finance Charges



Refunds & Credits



Record Deposits



Reconcile



Write Checks



Check Register



Print Checks



Enter Credit Card Charges

Setting up additional accounts



Chart of
Accounts

A complete list of your business' accounts and their balances appear in the chart of accounts. You use a chart of accounts to track how much money your company has, how much money it owes, how much money is coming in, and how much is going out.

Setting up additional accounts



Chart of
Accounts

There are two basic types of accounts: balance sheet accounts, such as savings or checking, and accounts used to group transactions for reporting purposes, such as income and expense accounts.

Income and expense accounts track the sources of your income and the purpose of each expense. When you record transactions, you usually assign the amount of the transaction to one or more income or expense accounts.

Setting up additional accounts



Chart of
Accounts

In the Express Start Interview, you selected “Lawn care and Landscaping” as the industry for Larry’s Landscaping. QuickBooks created a chart of accounts based on the landscaping industry.

However, Larry also receives income from consulting. Larry needs to modify the chart of accounts to add an income account for consulting.

Setting up additional accounts



Chart of
Accounts

To add an income account:

1. From the Lists menu, choose **Chart of Accounts**.
2. Click the Account menu button and choose **New**.
3. In the Add New Account window, choose **Income** and then click **Continue**.
4. Click in the Account Name field, and type **Consulting**.
5. From the Tax Line Mapping drop-down list, choose **Sch C: Other business income**.
6. Click **Save & Close**, and then close the chart of accounts.

Vendors & A/P®



Write
Checks

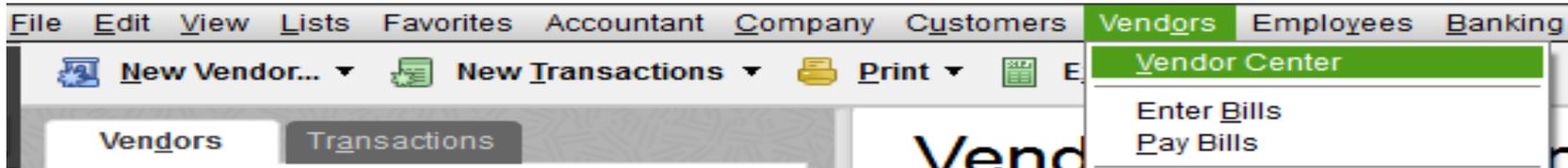
Lesson 3

Adding vendors

In order to pay your bills with QuickBooks, you need to add your vendors. Nearly everyone you pay, other than employees, are vendors.

To add a vendor:

- Click Vendor Center in the icon bar.
- Click the New Vendor menu button, then choose **New Vendor**.
- In the Vendor Name field, enter the name of the vendor as you'd like it to appear on your Vendor list. For this exercise, type **Leonard, Lisa** and then press Tab.



Adding vendors

- In Address Info tab, click in the First Name field and type **Lisa**.
- Press tab and in the Last Name field, type **Leonard**.
- Press Tab to go to the Address field, and then press Enter after Lisa Leonard.
- Type **30 State Street**. and press Enter.
- Type **Brewer, ME 04412**.

- Click in the “Print on Checks As” field, and type **Lisa Leonard**.

- Click OK to add this vendor.
- Close the Vendor Center.

Writing a QuickBooks check

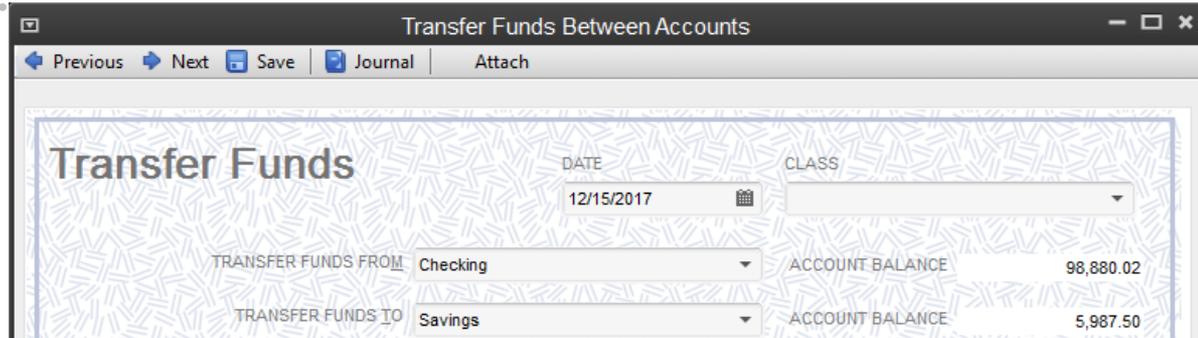


To write a check:

- In the Banking area of the Home page, click [Write Checks](#).
- Notice the [To be printed](#) checkbox.
- In the Pay to the Order of field, type [Lisa Leonard](#)
- Press Tab to move to the Amount field.
- Type [50.00](#), and press Tab.
- Click in the Account column on the Expenses tab, and then choose [Utilities: Telephone Repair](#).
- Click [Save & Close](#).

Transferring money between accounts

To transfer money:



Transfer Funds	
DATE	12/15/2017
CLASS	
TRANSFER FUNDS FROM	Checking
ACCOUNT BALANCE	98,880.02
TRANSFER FUNDS TO	Savings
ACCOUNT BALANCE	5,987.50

- From the Banking menu, choose **Transfer Funds**.
- In the Transfer Funds From field, choose **Checking**.
- In the Transfer Funds to Field, choose **Savings**.
- In the transfer Amount field, type **100**.
- Click **Save & Close**.
- Click OK when you see an informational message.

Entering credit card charges



Enter Credit
Card Charges

To enter a credit card charge:

- From the Banking menu, choose [Enter Credit Card Charges](#).
- In the Credit Card field, select [Maine Oil Card](#).
- In the Purchased From field, select [Maine Oil](#).
- Click in the Amount Field, and then double-click to select the entire amount.
- Type [30](#) and then press Tab.
- Click the Expenses tab.
- In the detail area, click the Account column and assign the charge to the [Automobile: Fuel](#) expense account.
- Click [Save & Close](#).

Customers & A/R[®]

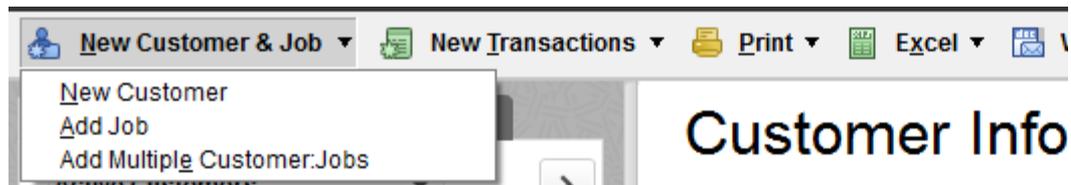
Lesson 4

Adding customers

In order to bill customers with QuickBooks, you need to add your customers.

To add a customer:

- Click Customer Center in the icon bar.
- Click the New Customer & Job menu button, and then choose **New Customer**.
- In the Customer Name field, enter the name of the customer as you'd like it to appear on your Customers & Jobs list. For this exercise, type **Smith, Lee**, and then press Tab.



Adding customers

- Press Tab in the Opening Balance field to leave this field blank.
- For now, leave this field blank. Larry's Landscaping is planning to set up one or more jobs for this customer. QuickBooks will calculate and track the overall balance for this customer from the balances you enter for the individual jobs.
- In Address Info tab, click in the First Name field and type **Lee**.
- Press tab and in the Last Name field, type **Smith**.

Adding customers

- Press Tab to go to the Address field, and then press Enter after Lee M. Smith.
- Type **20 Hampshire Blvd** and press Enter.
- Type **Brewer, ME 04412**.
- Click **Copy** to copy the address to the Ship To field. Click OK in the Add to Ship To Address Information window.
- Click OK to add this customer.
- The Customer Center appears, with the Customers & Jobs list along the left side.
- The Customers & Jobs list is the same list as the Customer: Job list. It is called Customers & Jobs on the Customer Center, and it is called Customer: Job on forms.

For payment at the time of sale

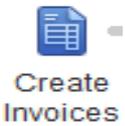


Create Sales
Receipts

To display a completed sales receipt in QuickBooks:

1. Click [Create Sales Receipts](#) on the Home page.
2. If the Integrated Payment Process window appears, close it.
3. Click [Previous](#) to view the previously entered sale.
4. Close the Enter Sales Receipts window.

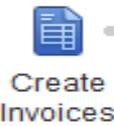
For payment in the future



To display a completed invoice form in QuickBooks:

1. Click the **Create Invoices** icon on the Home page.
2. Click **Previous** to display the previously created invoice.
3. Close the Create Invoices window.

Filling in the customer information



Create
Invoices

To enter customer information on an invoice:

1. Click **Create Invoices** on the Home page.
2. In the Template field, select **Custom Invoice**.
3. In the Customer: Job field, click the arrow next to the drop-down list.
4. Choose **Jones, Dawn: Kitchen** for the customer and job.

Filling in the line item area

To complete the line item area of an invoice:

1. In the Item field, type the letters **rem** (for Debris Removal).
2. Press Tab.
3. Type **10** in the Quantity column.
4. Press Tab to have QuickBooks update the invoice total.



Recording a payment in full for a single job

To record a payment in full:

- From the Customers menu, choose **Receive Payments**.
- In the Received From field, select **Long, Mark** from the drop-down list.
- Press Tab to move to the Amount field.
- In the Amount field, type **100.00** and press Tab.
- In the Payment Method field, select **Check** from the drop-down list and then press Tab.
- In the Check # field, type **121**.
- Click **Save & New**.



Entering overpayments

To enter the payment:

1. In the Received From field of the Receive Payments window, select **Long, Mark** from the drop-down list.
2. Press Tab and type **10.00** in the Amount field.
3. Press Tab again.
4. Select the **Refund the amount to the customer** option.
5. Click **Save & New**.
6. In the Issue a Refund window, click OK.



Handling down payments or prepayments

To enter the down payment you've received:

- In the Received From field, select **Long, Mark** from the drop-down list and then press Tab.
- Type **50.00** in the Amount field and then press Tab.
- Leave the **Leave the credit to be used later** option selected.
- In the Pmt. Method field, make sure Check is selected.
- In the Check # field, type **122**.
- Click **Save & Close**.
- Click OK in the message that displays.

Making deposits



To select payments to deposit:

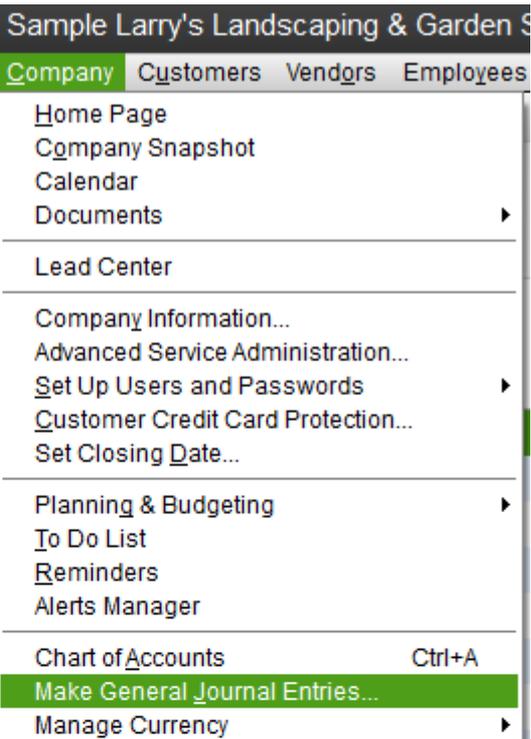
1. From the Banking menu, choose **Make Deposits**.
2. Click to select the payments you want to bring to the bank.
3. Click OK.
4. In the Deposit To field, make sure that Checking is selected.
5. Click **Save & Close** to record the deposit.

How QuickBooks handles the deposit



To view the Undeposited Funds account:

1. From the Lists menu, choose **Chart of Accounts**.
2. In the chart of accounts, double-click the **Undeposited Funds** account.
3. Close the account register window.
4. In the chart of accounts, double-click the checking account.
5. Close the checking account register and the chart of accounts.



Journal Entries®

Lesson 5



Accounting You Need to Know

- General journal transactions
- Traditional accounting method
- Total amount in the Debit column equals the total amount in the Credit column
- Each amount is assigned to an account in the chart of accounts
- Modify the Transaction Journal report and choose to display the Credit and Debit columns if they do not appear in the report.

DATE	<input type="text" value="10/17/12"/>	ENTRY NO.	<input type="text" value="1"/>	<input type="checkbox"/> ADJUSTING ENTRY
ACCOUNT	DEBIT	CREDIT	MEMO	

Reconciliations®

Lesson 6



Reconcile

Reconciling checking accounts



Reconcile

Bank statement shows:

- Opening balance
- Ending balance
- Amount of interest earned
- Service charges
- Checks that have cleared the bank
- Deposits made
- Other transactions affecting the balance of the account

Marking cleared transactions

To reconcile your account:

- From the Banking menu, choose **Reconcile**.
- In the Account field, make sure Checking is selected.

The screenshot shows a 'Begin Reconciliation' dialog box with the following fields and options:

- Account:** A dropdown menu set to 'Checking'.
- Statement Date:** A date field set to '09/30/2012' with a calendar icon.
- Beginning Balance:** A text field containing '238,625.29'.
- Ending Balance:** A text field containing '200,000.00'.
- Service Charge:** A table with columns for Service Charge, Date, Account, and Class. The first row contains '15.00', '09/30/2012', 'Bank Service Charges', and an empty class dropdown.
- Interest Earned:** A table with columns for Interest Earned, Date, Account, and Class. The first row contains '2.00', '09/30/2012', 'Interest Income', and an empty class dropdown.
- Buttons:** 'Locate Discrepancies', 'Undo Last Reconciliation', 'Continue' (highlighted in blue), 'Cancel', and 'Help'.

Additional text in the dialog includes: 'Select an account to reconcile, and then enter the ending balance from your account statement.' and a blue link: 'What if my beginning balance doesn't match my statement?'.

Marking cleared transactions

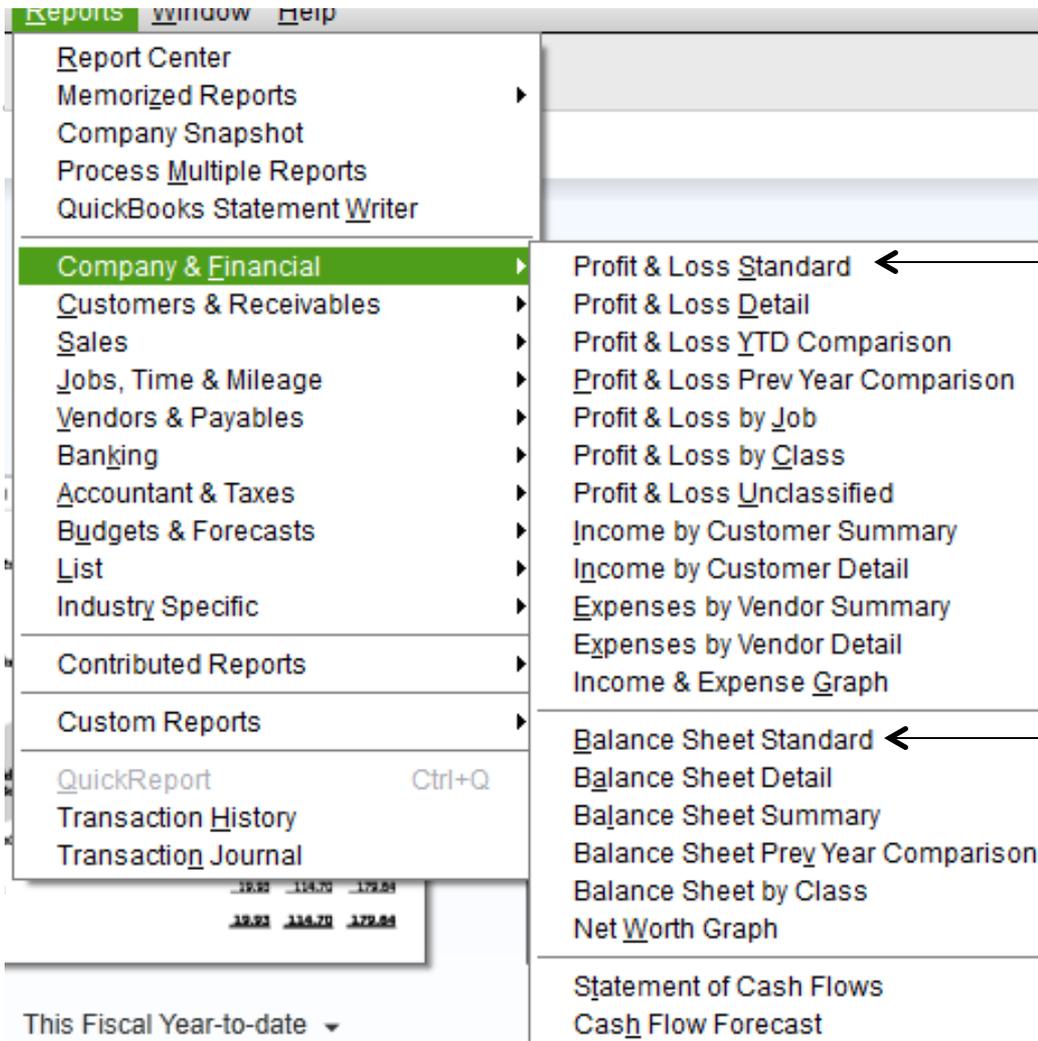
To reconcile your account:

- In the Checks and Payments section, click to clear checkmarks for outstanding checks and items with dates later than 9/30/2012.
- Repeat the process in the Deposits and Other Credits section.
- Click [Reconcile Now](#).
- In the Select Reconciliation Report window, make sure “Both” is selected, and then click [Display](#).
- Click OK at the message that QuickBooks displays.

Examining the reports and then close the report windows

For period: 09/30/2012 Hide transactions after the statement's end date

Checks and Payments				Deposits and Other Credits				
✓ DATE ▲	CHK #	PAYEE	AMOUNT	✓ DATE ▲	CHK #	PAYEE	TYPE	AMOUNT
12/16/2016			100.00	12/10/2013	20	Ecker Design	RCPT	85.66
01/13/2017		Duncan Fisher	1,110.03	11/25/2017			TRANSFR	5,000.00
01/13/2017		Jenny Miller	1,200.17	11/30/2017	19	Jasmine Park	RCPT	775.80
01/13/2017		Shane B. Hamby	1,606.88	12/02/2017			DEP	900.00



Reporting®

Lesson 6

Accounting You Need to Know

Measuring business profitability

- The balance sheet
 - A snapshot of your company on one date. It shows:
 - What you have (assets)
 - What people owe you (accounts receivable)
 - What your business owes (liabilities and accounts payable)
 - The net worth of your business (equity)
- The profit and loss statement (income statement)
 - A profit and loss statement or income statement shows income, expenses, and net profit or loss
- Statement of cash flows
 - Shows receipts and payments during a specific accounting period

Creating a balance sheet comparison report

To create a balance sheet comparison report for Larry's Landscaping:

1. In the Report Center, choose [Company & Financial](#). Scroll to the Balance Sheet & net Worth section, then choose [Prev Year Comparison](#).
2. Click the [Display Report](#) icon.
3. Scroll the report window to see more of the report.
4. Click the [Collapse](#) button to see the difference.
5. Click [Expand](#) to return to the original report display.
6. Keep the report displayed on your screen. You'll use it in the next exercise.

Filtering reports

To filter a preset report:

1. With the balance sheet comparison report displayed, click **Modify Report** on the report button bar.
2. Click the **Filters** tab.
3. In the Filter scroll box, make sure Account is selected.
4. In the Account field, choose an account.
5. Click OK.

Saving reports as a PDF

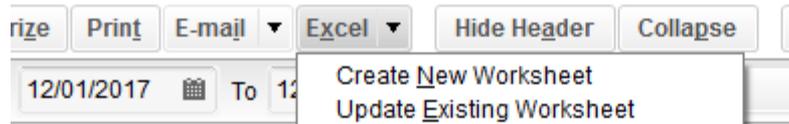
To save a report as a PDF file:

1. With the report open, choose **Save as PDF** from the File menu.
2. Navigate to the folder in which you want to store the file, and enter a filename.
3. Click **Save**.
4. Close the report window.
5. Click No when asked if you want to add this report to the Memorized Report list.
6. Go to the Window menu and choose **Close All**.
7. Click Home in the icon bar.

Sending a report to Microsoft Excel

To send a report to Microsoft Excel:

1. From the Reports menu, choose **Company & Financial**, and then choose **Balance Sheet Standard**.
2. On the Report button bar, click **Excel**.
3. Click Create New Worksheet.



Exiting QuickBooks

- To exit QuickBooks
 - From the File menu, choose **Exit**.
- To make a backup copy of a company data file
 - From the File menu, choose **Create Copy**.

Save Copy or Backup

What type of file do you want to save?

- Backup copy**
Create a backup copy of everything you need to re-create your company file in case of accidental loss or damage to your data.
- Portable company file**
Create a compact version of your company financial data that you can e-mail or temporarily move to another computer.
- Accountant's Copy**
Create a compact version of your company file. Your accountant will use it to make adjustments that you can import into your file later.

Note: To send this file to an Intuit web server, click **Cancel** now and go to **File > Accountant's Copy > Send to Accountant**.



Eric Smith

Bangor SCORE 0314

Federal Building #230

202 Harlow St

Bangor, ME 04401 (207) 942-0103

bangor.score.org

eric.smith@scorevolunteer.org