

QuickBooks® 2010: The Basics

Student Workbook

For QuickBooks Pro and Premier eCourse



By

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Lesson 1 - Introduction

In this lesson, you will learn how to:

- Use forms
- Use lists
- Use registers
- Manage your open windows
- Use the Menu bar
- Use the Icon bar
- Make the Home Page your starting point
- Use your Chart of Accounts
- About assets, liabilities, and equity
- Cash versus accrual bookkeeping

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Introducing QuickBooks

DISCUSSION

This course is an introduction to QuickBooks. Its main objective is to introduce you to the basic features in QuickBooks and give you an opportunity for hands-on practice. You'll learn about the types of information you need to track in your business, and you'll see how to enter that information in QuickBooks. By the time you complete the course you'll have a good idea of the basics that QuickBooks offers and you'll be familiar with the most common tasks in your day-to-day use of QuickBooks.

Although most small business owners are worried about revenue, running a business involves a lot of other tasks. Depending on the type of business, you need to invoice customers, record payments from customers, pay your own bills to outside vendors, manage inventory, and in your "spare time" analyze your financial data to see where you need to focus your next efforts. QuickBooks is a tool you can use to automate the tasks you're already performing as a business owner.

When you're working in QuickBooks, you'll spend most of your time using a form, a list, a report, or a register. Since there are so basic to QuickBooks, we're going to spend a few minutes introducing them.

LESSON 1 - INTRODUCTION

Using Lists

DISCUSSION

The list is another basic QuickBooks feature. You fill out most QuickBooks forms by selecting from a list.

QuickBooks has lists where you can store information about customers, vendors, employees, items or services. Lists save you time and help you enter information consistently and correctly.

For example, when you're filling out an invoice form and you select a customer name from the Customer: Job list, QuickBooks not only fills in the name but also fills in the address, the payment terms, and the customer's sales tax.

QuickBooks lets you complete a variety of activities from the list, using the Icon bar associated with that list. For example: to fill out an invoice for a customer, first select the customer from the Customer: Job list, and then choose New Transactions: Invoice from the Icon bar.

The screenshot displays the QuickBooks Customer Center for 'Andres, Cristina (All Transactions)'. The interface is divided into several sections:

- Customers & Jobs:** A list of customers with columns for Name, Balance Total, and Attach. The selected customer is 'Andres, Cristina' with a balance of 2,120.00. Other customers listed include Jasmine Park (900.00), Kaushik, Laxmi (0.00), Lochrie, Steven (-103.95), Mueller, Carol (687.50), Prentice, Adelaide (0.00), Tingey, Erika (16,781.15), and Zeng, Vivian (0.00).
- Customer Information:** Details for 'Andres, Cristina' including contact information (Cristina Andres, Phone: 415-555-2174), company name, billing address (4242 Cypress Hill Rd, Bayshore CA 94326), email (cristina@samplename.com), and terms (Due on receipt).
- Reports for this Customer:** Links for QuickReport, Open Balance, and Show Estimates.
- Transaction Table:** A table showing a list of transactions for the period 01/01/2013 - 12/31/2013. The table has columns for Type, Num, Date, Account, and Amount.

Type	Num	Date	Account	Amount
Payment		12/04/2013	Undeposited Funds	1,000.00
Credit Memo	1	11/22/2013	Accounts Receivable	-242.44
Check	246	11/22/2013	Checking	-242.44
Payment	3205	11/20/2013	Undeposited Funds	1,250.00
Payment	3006	11/16/2013	Undeposited Funds	100.00
Sales Receipt	4	10/25/2013	Undeposited Funds	890.38
Payment		06/18/2013	Undeposited Funds	100.00
Payment	2187	05/15/2013	Undeposited Funds	100.00

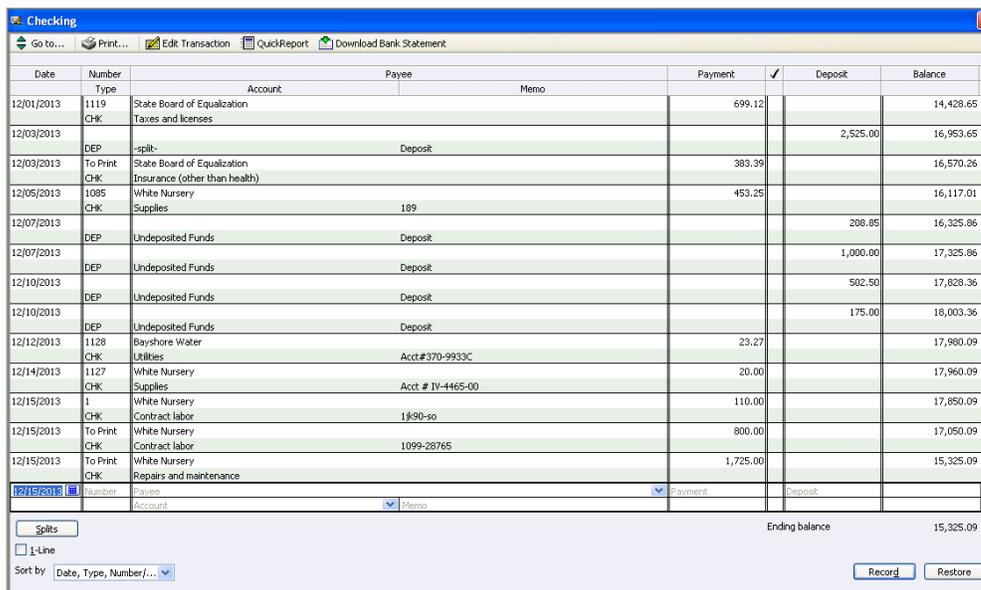
LESSON 1 - INTRODUCTION

Using Registers

DISCUSSION

In addition to forms and lists, you'll also work with registers in QuickBooks. Just as you use your paper checkbook register to see a record of all the transactions in your checking account – checks you've written, other withdrawals you've made from your account, and deposits – a QuickBooks register contains a record of all the activity in one account. Almost every QuickBooks account has its own register.

Here's an example of the register for a checking account.



Date	Number	Type	Account	Payee	Memo	Payment	✓	Deposit	Balance
12/01/2013	1119	CHK	State Board of Equalization			699.12			14,428.65
			Taxes and licenses						
12/03/2013		DEP	-split-	Deposit				2,525.00	16,953.65
12/03/2013	To Print	CHK	State Board of Equalization			383.39			16,570.26
			Insurance (other than health)						
12/05/2013	1085	CHK	White Nursery	189		453.25			16,117.01
			Supplies						
12/07/2013		DEP	Undeposited Funds	Deposit				208.85	16,325.86
12/07/2013		DEP	Undeposited Funds	Deposit				1,000.00	17,325.86
12/10/2013		DEP	Undeposited Funds	Deposit				502.50	17,828.36
12/10/2013		DEP	Undeposited Funds	Deposit				175.00	18,003.36
12/12/2013	1128	CHK	Bayshore Water			23.27			17,980.09
			Utilities	Acct#370-9933C					
12/14/2013	1127	CHK	White Nursery			20.00			17,960.09
			Supplies	Acct # IV-4465-00					
12/15/2013	1	CHK	White Nursery			110.00			17,850.09
			Contract labor	1890-so					
12/15/2013	To Print	CHK	White Nursery			800.00			17,050.09
			Contract labor	1099-28765					
12/15/2013	To Print	CHK	White Nursery			1,725.00			15,325.09
			Repairs and maintenance						
Ending balance									15,325.09

The register shows information about invoices written to customers – the date of the invoices, the date it's due, the name of the customer, and the amount. It also shows payments you've received against your invoices. The right column of the register gives you a running balance of all your account receivable, so you always know how much you're owed.

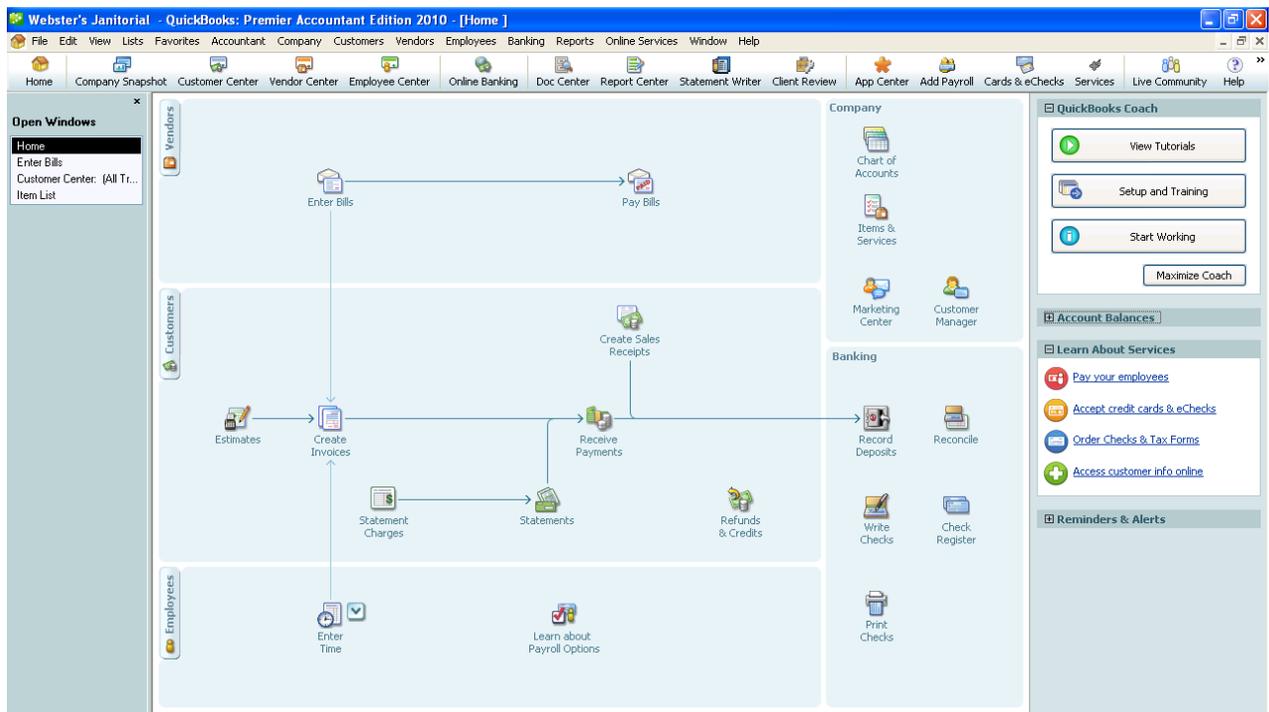
LESSON 1 - INTRODUCTION

Managing Your Open Windows

DISCUSSION

To give you more room to work on the task at hand, QuickBooks displays one window at a time. When you open a window, it appears in front of other windows that you previously opened.

The Open Window list keeps track of the windows that are open. Use the Open Window list to switch between windows while you work. To switch to another open window, just click the title of the window that you want to display.



Step-by-Step

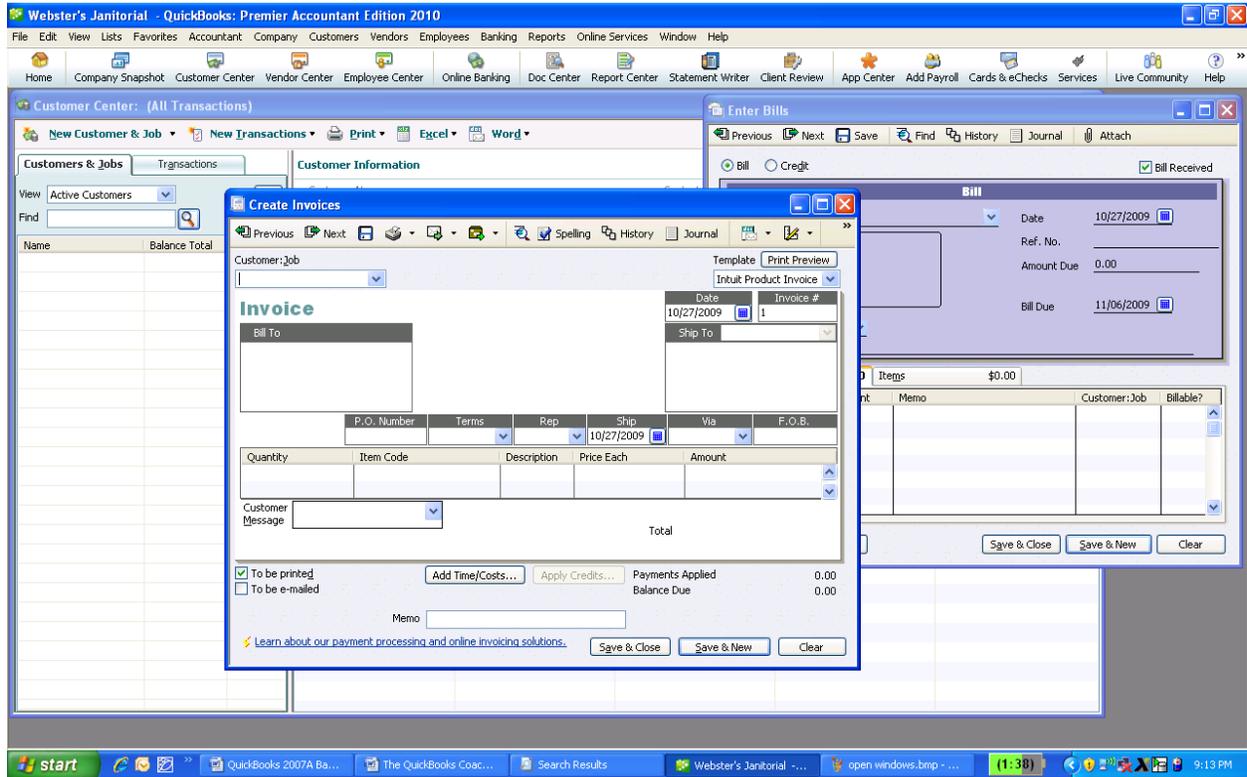
To show or hide the Open Window list.

<u>Steps</u>	<u>Practice Data</u>
<ul style="list-style-type: none">Select the View menu.	<ul style="list-style-type: none">Click View
<ul style="list-style-type: none">Select Open Window list.	<ul style="list-style-type: none">Click Open Window list

If the list is currently displayed, a checkmark appears to the left of the menu item.

LESSON 1 - INTRODUCTION

For comparison purpose, you may wish to display more than one window at a time. You can easily switch between viewing one window at a time to viewing multiple windows. When you choose Multiple Windows from the View menu, QuickBooks tiles the windows in the main area. You can then move and resize the windows as needed.



Step-by-Step

To view multiple windows.

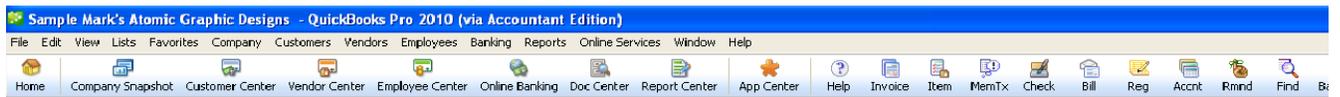
<u>Steps</u>	<u>Practice Data</u>
<ul style="list-style-type: none"> Select the View menu. 	<ul style="list-style-type: none"> Click View
<ul style="list-style-type: none"> Select Multiple Windows. 	<ul style="list-style-type: none"> Click Multiple Windows

LESSON 1 - INTRODUCTION

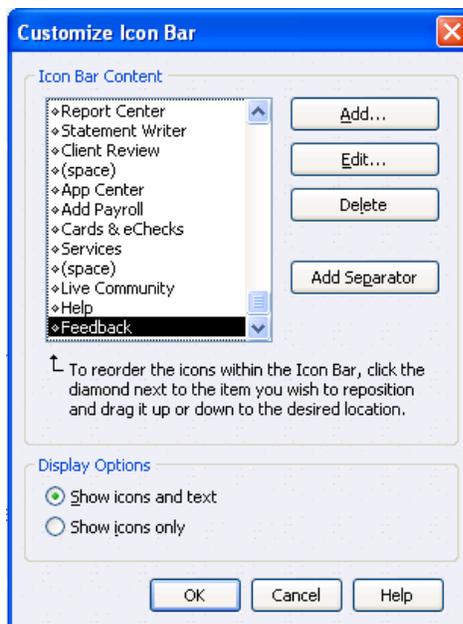
Using the Icon Bar

DISCUSSION

Another feature that makes it easy to get around in QuickBooks is the Icon Bar. It comes preset with shortcuts to several windows, such as Create Invoices and Enter Bills. By including features and reports you use most, you can manage your business more quickly than ever.



In addition to deciding which features to add to the Icon Bar, you can add or remove icons, change the order in which the icons display, insert spaces between icons, and edit icons by changing the icon text, graphic, or tooltip.

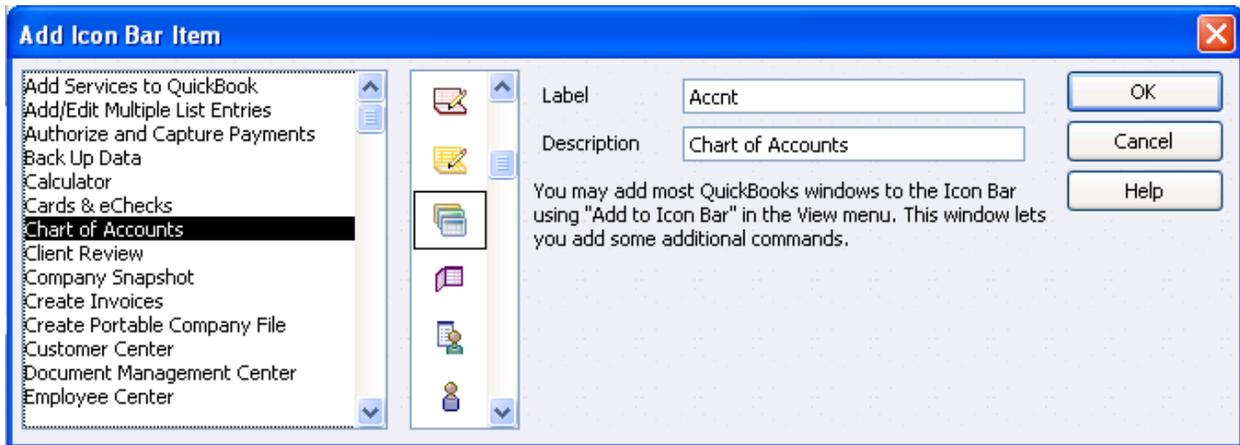


Step-by-Step

<u>Steps</u>	<u>Practice Data</u>
<ul style="list-style-type: none">Click View on the Menu Bar	<ul style="list-style-type: none">Click View
<ul style="list-style-type: none">Click Customize Icon Bar	<ul style="list-style-type: none">Click Customize icon Bar
<ul style="list-style-type: none">Highlight Item to Remove	<ul style="list-style-type: none">Click Feedback
<ul style="list-style-type: none">Remove the item	<ul style="list-style-type: none">Click Delete

LESSON 1 - INTRODUCTION

You may also Add items that you want to use often to the Icon Bar. You can add standard features like the Chart of Accounts.



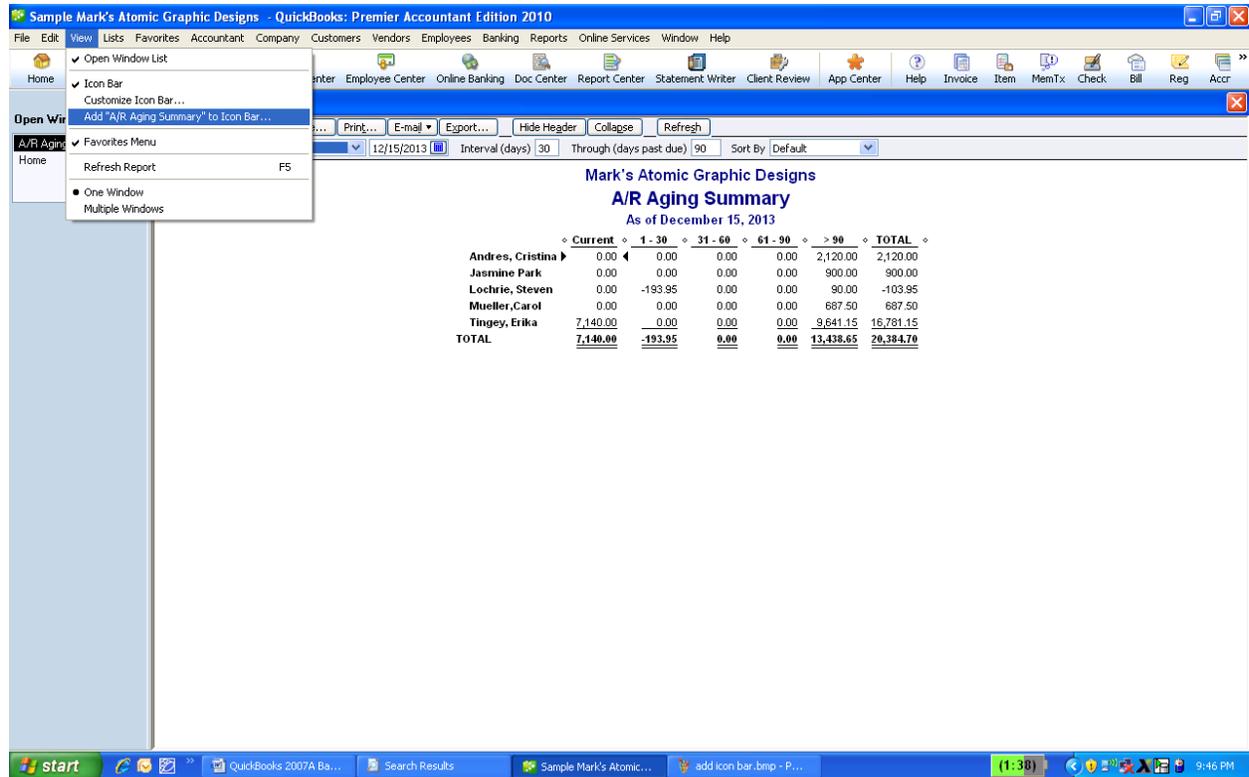
Step-by-Step

<u>Steps</u>	<u>Practice Data</u>
<ul style="list-style-type: none">• Click the Add button	<ul style="list-style-type: none">• Click Add
<ul style="list-style-type: none">• Select item to add	<ul style="list-style-type: none">• Click Chart of Accounts
<ul style="list-style-type: none">• Click OK	<ul style="list-style-type: none">• Click OK

[The Chart of Accounts will now be available on the Icon Bar for easy access.](#)

You can also add reports to the Icon Bar. This can be very handy if you have a report that you run quite often. An example of a report you might run often would be the Accounts Receivable Aging Report. You will need to run the report and have it displayed before completing the steps below.

LESSON 1 - INTRODUCTION



Step-by-Step

<u>Steps</u>	<u>Practice Data</u>
<ul style="list-style-type: none"> • Display the common report 	<ul style="list-style-type: none"> • Run A/R Aging Report
<ul style="list-style-type: none"> • Select View from the Menu Bar 	<ul style="list-style-type: none"> • Click View
<ul style="list-style-type: none"> • Select Add to Icon Bar 	<ul style="list-style-type: none"> • Click "Add A/R Aging Summary" to Icon Bar

You will see a new icon appear that will display the added report when clicked from the Icon Bar.

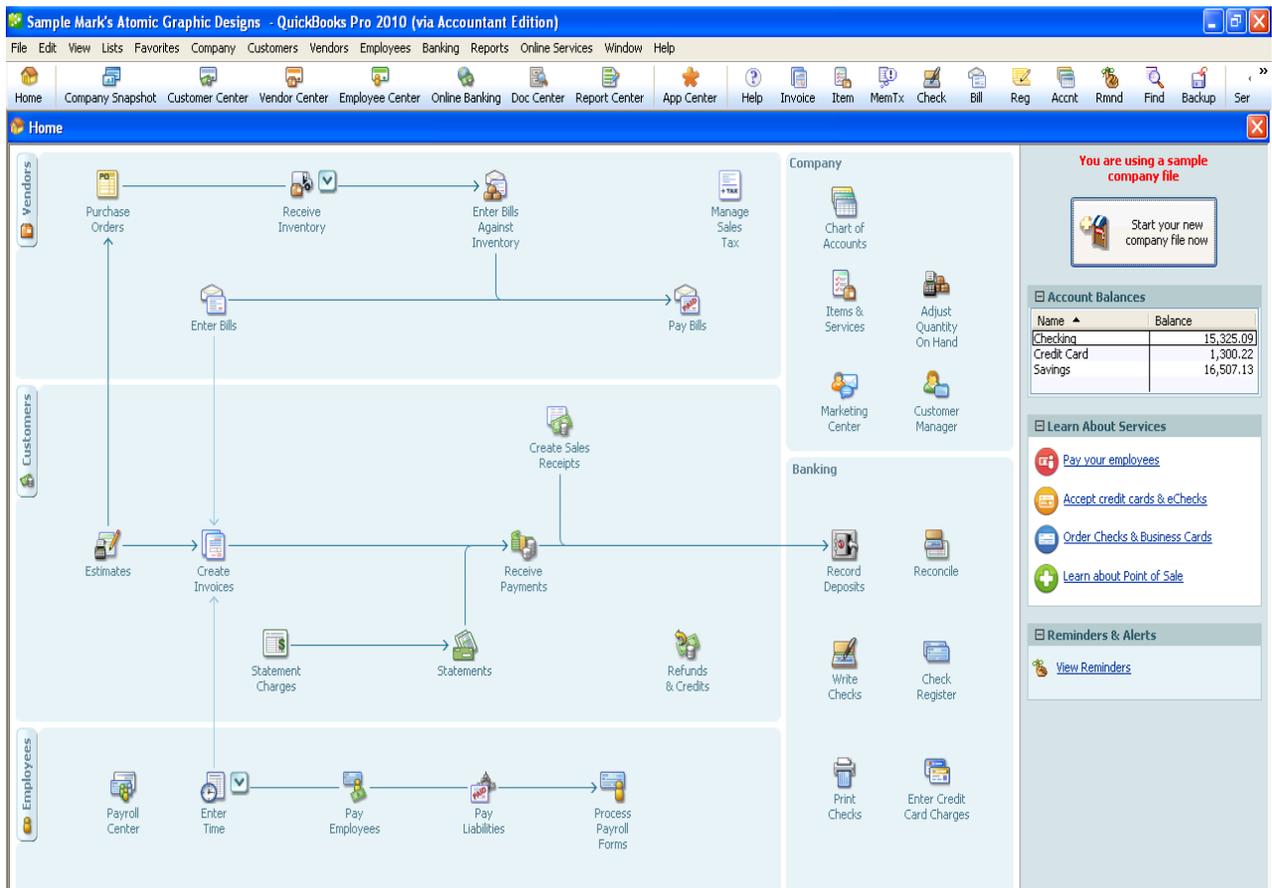
LESSON 1 - INTRODUCTION

Making Home Page Your Starting Point

DISCUSSION

The Home Page has links and icons you use to access the features and functions you need to run your business in QuickBooks. The Home Page window is divided into sections to make it easy to find icons and see the workflow those icons represent.

The Home Page is dynamic; that is, the icons and workflow arrows it contains change as you enable the various features available in QuickBooks. For example you enable inventory tracking; QuickBooks adds icons in the Vender section for inventory-related tasks. The various features will be enabled or disabled through the Preferences which will be discussed in detail a little later.



LESSON 1 - INTRODUCTION

Your Chart of Accounts

DISCUSSION

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; check or credit card. You track this flow of money through a list of accounts called the chart of accounts. An example is shown below.

There are 3 columns of interest; Name, Type and Balance Total. You will notice that all of the accounts of the same type are grouped together and then sorted in alphabetical order. In this way it makes it easy to locate accounts of a particular type when using this list. Names must be unique in the list regardless of type. It is best when creating new accounts to keep the names a generic as possible. Avoid creating accounts that have Vendor or Customer names attached to them.

Name	Type	Balance Total
Checking	Bank	79,428.39
Savings	Bank	13,868.42
Cash Expenditures	Bank	0.00
Barter Account	Bank	0.00
Accounts Receivable	Accounts Receivable	77,472.00
Tools & Equipment	Other Current Asset	5,000.00
Employee Loans	Other Current Asset	62.00
Inventory Asset	Other Current Asset	23,102.54
Retainage	Other Current Asset	2,461.80
Undeposited Funds	Other Current Asset	58,742.77
Land	Fixed Asset	90,000.00
Buildings	Fixed Asset	325,000.00
Trucks	Fixed Asset	78,352.91
Computers	Fixed Asset	28,501.00
Furniture	Fixed Asset	7,325.00
Accumulated Depreciation	Fixed Asset	-121,887.78
Pre-paid Insurance	Other Asset	1,041.85
Accounts Payable	Accounts Payable	53,780.04
QuickBooks Credit Card	Credit Card	70.00
CalOil Card	Credit Card	5,057.62
Direct Deposit Liabilities	Other Current Liabi...	0.00
Payroll Liabilities	Other Current Liabi...	9,258.55
Sales Tax Payable	Other Current Liabi...	5,531.77
Bank of Anycity Loan	Long Term Liability	19,932.65
Equipment Loan	Long Term Liability	3,911.32
Note Payable	Long Term Liability	3,440.83
Truck Loan	Long Term Liability	50,162.38
Opening Bal Equity	Equity	593,019.25
Owner's Equity	Equity	19,000.00
Owner's Contribution	Equity	25,000.00
Owner's Draw	Equity	-6,000.00
Retained Earnings	Equity	
Mileage Income	Income	
Construction	Income	

About Assets, Liabilities, and Equity

DISCUSSION

If you are fairly new to accounting you may not understand what the different types of accounts are used for. Following is an explanation of what types of detail would be included in each type of account.

ASSETS

Assets include both what you have and what other people owe you. The money people owe you is called your accounts receivable, or A/R for short. QuickBooks uses an account receivable account to track the money owed you.

The rest of your company's assets may include checking accounts, saving accounts, petty cash, fixed assets (such as equipment or trucks), inventory, and undeposited funds (money you've received from customers but haven't yet deposited in the bank).

When setting up your company file in QuickBooks, please note that even though checking, savings, and petty cash are all company assets, you'll set them up as "bank" type accounts in QuickBooks.

LIABILITIES

Liabilities are what your company owes to other people. The money you owe for unpaid bills is your accounts payable, or A/P for short. QuickBooks uses an accounts payable account to track the money you owe different people for bills.

A liability can be a formal loan, an unpaid bill, or sales and payroll taxes you owe to the government.

EQUITY

Equity is the difference between what you have (your assets) and what you owe (your liabilities):
Equity = Assets – Liabilities

If you sold all your assets today and you paid off your liabilities using the money received from the sale of your assets, the leftover money would be your equity

Equity reflects the health of your business, since it is the amount of money left after you satisfy all your debts. Equity comes from three sources:

LESSON 1 - INTRODUCTION

- Money invested in the company by its owners
- Net profit from operating the business during the current accounting period
- Retained earnings, or net profits from earlier periods that haven't been distributed to the owners

Of course, you as the owner can also take money out of the business. Such withdrawals, called owner's draws, reduce the business equity. If you have a sole proprietorship (where the existence of the business depends solely on your efforts), you can check the value of your owner's equity by creating a QuickBooks balance sheet.

Cash Versus Accrual Bookkeeping

DISCUSSION

When you begin your business, you should decide which bookkeeping method to use. The bookkeeping method determines how you report income and expenses on your tax forms. Check with your tax advisor or the Internal Revenue Service before choosing a bookkeeping method for tax purposes.

CASH BASIS

Many small businesses record income when they receive the money and expenses when they pay the bills. This method is known as bookkeeping on a cash basis. If you've been recording deposits of your customers' payments but haven't been including the money customers owe you as part of your income, you've been using cash basis. Similarly, if you've been tracking expenses at the time you pay them, rather than at the time you first receive the bills, you've been using cash basis.

ACCRUAL BASIS

In accrual basis bookkeeping, you record income at the time of the sale, not at the time you receive the payment. Similarly, you enter expenses when you received the bill, not when you pay it. Most accountants feel that the accrual method gives you a truer picture of your business finances.

HOW YOUR BOOKKEEPING METHOD AFFECTS QUICKBOOKS

Whether you use the cash or accrual method, you enter transactions the same way in QuickBooks. QuickBooks is set up to do your reports on an accrual basis. For example, it shows income on a profit and loss statement for invoices as soon as you record them, even if you haven't yet received payment. It shows expenses as soon as you record bills, even if they're unpaid.

You can see any report (except transaction reports) on a cash basis by changing the reporting preference. The preference can be set in your Preference options.

