

INTUIT PROFESSIONAL EDUCATION

QuickBooks® at Year End 2008

intuit.

Copyright

Copyright 2008 Intuit, Inc.
All rights reserved.

Intuit, Inc.
PO Box 7850, MS 2475
Mountain View, CA 94039-7850

Trademarks

Intuit, the Intuit logo, QuickBooks, QuickBooks: Pro, Quicken, TurboTax, ProSeries, Lacerte, and QuickZoom, among others, are registered trademarks and/or registered service marks of Intuit, Inc. or one of its subsidiaries in the United States and other countries. Other parties' trademarks or service marks are the property of their respective owners and should be treated as such.

Notice To Readers

The publications distributed by Intuit, Inc. are intended to assist accounting professionals in their practices by providing current and accurate information. However, no assurance is given that the information is comprehensive in its coverage or that it is suitable in dealing with a client's particular situation. Accordingly, the information provided should not be relied upon as a substitute for independent research. Intuit, Inc. does not render any accounting, legal, or other professional advice nor does it have any responsibility for updating or revising any information presented herein. Intuit, Inc. cannot warrant that the material contained herein will continue to be accurate nor that it is completely free of errors when published. Readers should verify statements before relying on them.

ABOUT THE AUTHOR



Laura Madeira, Accountant

President

ACS, Inc., Plano, TX

www.quick-training.com

Laura resides in the Dallas, Texas area and is the owner of A.C.S., Inc. a software consulting firm. Prior to moving to Texas she owned a software consulting practice in South Florida.

For more than 20 years Laura has worked with QuickBooks companies of all sizes and from many varied industries. Her focus has been to help the small to mid-sized growing businesses become more successful by automating their internal accounting processes and reporting functions.

Her expertise with the QuickBooks software is shared with Accountants nation-wide in her capacity as a Certified Trainer for Intuit's Accountant Training Network presenting at many of the locally-held annual Accountant Update seminars. She has also served on two Intuit Customer Advisory Councils as well as numerous speaking and technical writing engagements for Intuit.

She recently had published by QUE Publishing, the QuickBooks 2008 Solutions Guide; more information is available on her website.

TABLE OF CONTENTS

About the Author	1
Introduction.....	7
Objectives.....	7
Notes	7
Navigating QuickBooks While Using This Handbook	8
Accessing Your Client's Data at Year-End	11
Backing up Your Client's Data	11
QuickBooks File Types	11
QuickBooks 2008: Improved Accountant's Copy, File Transfer Tool and More	13
Benefits for the Business Owner.....	13
Benefits for the Accountant.....	13
How the QuickBooks Year and Version Affect Your Data Sharing Choices	14
Pros and Cons of Each QuickBooks File Type.....	14
Using QuickBooks Remote Access	17
Accountant's Copy Instructions for the Business Owner	19
When You Are Using QuickBooks 2007	19
Using the Accountant's Copy Feature	19
Preparing an Accountant's Copy of Your Data	21
Sending the File via Intuit's Secure Accountant's Copy File Transfer Service	24
What the Business Owner Can and Cannot Do.....	26
Importing Your Accountant's Changes	27
Canceling an Accountant's Copy	32
Accountant's Copy Instructions for the Accounting Professional	35
Preparing Your Client for the Data Exchange	35
Working with an Accountant's Copy File.....	36
What Are the Restrictions or Limitations?.....	40
Working with QuickBooks Lists.....	41
Working with QuickBooks Transactions	41
What the Accountant Cannot Do	42
Returning the Accountant's Copy Change File to the Client.....	42
Creating an Import File to Give To Your Client.....	42
Instructing Your Client to Set a Closing Date	44
What to Request from the Client When the Import Is Complete.....	44
Converting the Accountant's Copy to a Regular Company File	45
QuickBooks Remote Access for Accountants.....	46
Using the Working Trial Balance to Identify Beginning Balance Errors.....	47
Working Trial Balance Window	47

Deleted: 27

Power Reports for Troubleshooting Beginning Balance Differences.....	49
Audit Trail Report	49
Closing Date Exceptions Report	51
Voided/Deleted Transactions Report	51
Retained Earnings Quick Report.....	52
Reviewing and Correcting Chart of Accounts Errors	55
QuickBooks Created Chart of Accounts Have Been Deleted or Renamed	55
Merging or Inactivating Duplicate Chart of Accounts	57
Merging Duplicate Accounts	58
Wrong Account Type Selected.....	59
Accounts That Should or Should Not be Subaccounts	60
Reviewing and Correcting QuickBooks Item List Errors	63
Overview of Items	63
Changing The Account(s) Assigned to an Item	67
Reviewing and Correcting Accounts Receivable Errors	69
Overview of Accounts Receivable.....	69
Undeposited Funds Balance Appears Not to Have Been Deposited into Bank Account	70
Accounts Receivable Open Invoices Show Small Balance Open	73
Accounts Receivable With Unapplied Customer Credits.....	75
Reviewing and Correcting Accounts Payable Errors	79
Using a Check Form to Pay a Vendor Bill.....	79
Benefit of Using Items on Accounts Payable Bills	82
1099 Setup Preferences and Vendor Payments.....	84
Reviewing and Correcting Payroll Errors	87
Intuit's Payroll Options	87
Using QuickBooks Payroll Checkup	87
Importance of Employee Default Settings.....	88
Importance of Payroll Item Account Mapping	90
Reconciling Payroll Transactions in the Bank Reconciliation Process	90
Locating Non-Payroll Transactions	91
Reprinting a Replacement Payroll Check When the Original Check was Lost.....	92
Creating Payroll Checks to Employees Directly in the Checkbook Register	93
Creating Payroll Liability Checks Directly in the Checkbook Register	93
New for 2008: Prepare Client-Ready Payroll Reports	95
Payroll Export: Quarterly and Annual Tax Reports and Forms.....	96
New for QuickBooks 2008: Perform After-the-Fact Payroll	96
Reviewing and Correcting Bank Reconciliation Errors.....	101
Verifying the Last Bank Reconciliation was Correct	101
Locating Discrepancies in a Bank Reconciliation	101
Viewing Missing Check Report	105

Reviewing and Correcting Inventory Errors	107
Inventory Quantity or Value Adjustments.....	107
Identifying Old Outdated Item Receipts With no Associated Vendor Bill.....	109
Reviewing and Correcting Sales Tax Errors.....	111
Setting Tax Preference in QuickBooks	111
Reviewing Taxable Status of Items and Customers	112
Adjusting Sales Tax Payable Module and General Ledger	113
Power Reports for Reporting Sales Tax Payable	114
Reviewing QuickBooks Preferences for Accountants	117
Accounting Preference in QuickBooks.....	117
Defaulting the Undeposited Funds Account for Customer Receipts.....	120
Reviewing Cash Basis vs. Accrual Basic Accounting in QuickBooks	121
Reasons that Cash Basis Balance Report Shows Accounts Receivable or Accounts Payable Balances.....	121
Protect Your Work by Setting a Closing Date	123
Why Set a Closing Date?	123
What If I Need To Go Back Into a “Closed” Period	123
How to Set A Closing Date and Optional Password	123
Using Financial Statement Designer to provide GAAP Compliant Financials.....	127
Key Features and Capabilities of the Financial Statement Designer.....	127
Using Fixed Asset Manager.....	131
Overview of the Fixed Asset Manager	131
Integrating QuickBooks with Intuit’s Professional Tax Preparation Software	135
Resources	R-1

Check List

Client Name: _____ Date Due: _____

Data for Year Ended: _____ 200_____

QuickBooks Version _____ QuickBooks Release _____

Method of accessing client data:

_____ On-site _____ .QBB Backup data _____ .QBM Portable Company File

_____ .QBX Accountant's Copy _____ Remote Access

Client Admin Password _____

_____ Backup of data made before correcting transactions

_____ Review of Working Trial Balance ending balances from prior year

_____ Balances changed? Print Audit Trail, Voided/Deleted, Retained Earnings QuickReport

_____ Review Chart of Accounts for any newly created accounts

_____ Correct type selected? _____ Duplicate accounts? _____ Assign as sub-account?

_____ Item list review - Print Reports – Item list include Account and COGS Account

_____ Correct accounts assigned? _____ Duplication? _____ Assign as sub-item?

_____ Review Accounts Receivable

_____ Small open balances _____ Unapplied credits _____ Undeposited Funds

_____ Review Accounts Payable

_____ Paid open vendor bills _____ 1099 form setup _____ Unapplied vendor credits

_____ Review Payroll

_____ Non-Payroll Transactions _____ Employee defaults _____ Payroll item mapping

_____ Completed payroll checkup

_____ Review Completed Bank Reconciliations

_____ Account(s) reconciled _____ Reconciled with G/L _____ Print discrepancy reports

_____ Review uncleared bank transactions

_____ Review Inventory Setup

_____ Inv Valuation Summary Asset Total agrees with Balance Sheet

_____ Old outdated Item Receipts _____ Journal entries posted to Inventory Asset Account

INTRODUCTION

Accounting practitioners often receive client QuickBooks data files at year end, in order to issue financial statements for the year, issue the tax return, or both. However, deciding what to do with these files, and how best to do it, is often a complicated matter. This course is designed to take you through the various considerations you will encounter as you analyze the client data file, fix client errors, and prepare for year end work using that data file.

OBJECTIVES

Learning Objectives:

By attending this course, accounting professionals will learn the recommended approaches to examining and verifying the client data file for accuracy, how to balance the client's willingness to pay for error fixing, with the need for accuracy, and the various decision-making trees that will present themselves as the data file is prepared for the tax return. Additionally, attendees should come away with a solid understanding of the following:

- Common QuickBooks Data Year-End Tasks
- Using QuickBooks Premier Accountant Edition Resources
- Identifying Key Indicators that Data Entry Errors Exist
- Simple Methods for Applying Corrections to Clients Data
- How You Can Help Your Clients Avoid Entry Errors in the Future

NOTES

There are certain considerations that need to be made before working with a client's file:

- What is the general condition of the data; generally correct, somewhat correct or considerably incorrect? Knowing this is an important starting point as it will dictate your overall approach in some cases.
- What is the client's budget for this review; general account balance review or detailed transaction review?
- What is the project time line; before Year-End or after Year-End?
- What is the method of using the client's data file; backup or live data?

Since there are many items that need to be considered, this document has made the following assumption:

You are working with a full working copy of your client's data. This is to mean that you are not working with an Accountant's Copy of your client's data. Some of the methods used in this document are not available if you work with the Accountant's Copy.

New for QuickBooks 2008: Review the section in this handbook detailing the improvements that have been made in QuickBooks 2008 if you are working with an Accountant's Copy file for sharing data with your client.

For the most part, the instructions given here are for quick and easy corrections of the transactions themselves. Where appropriate, information is given as to whether a journal entry is or is not an appropriate method for recording corrections to the data.

The corrections detailed in this document work differently for Cash Basis tax filing entities than for Accrual Basis tax filing entities. The result of these corrections should be closely monitored for the impact they will have on the client's financials.

We will be using the QuickBooks Premier Accountant Edition 2008 version. These features are also available in the QuickBooks Enterprise Solutions 8.0 Accountant Edition.

This text will refer to the Menu Bar when discussing navigation in the QuickBooks product; however, users can find a number of different ways of getting to the same menu.

Navigating QuickBooks While Using This Handbook

Every effort has been made in this handbook to clearly define the tasks discussed. Additional help is offered to the user with the use of screen captures showing the related tasks. A sample of how the handbook handles this navigation is shown in both Figure 1 and Figure 2.

When referring to the function of Set Closing Date.... It will be written as:

1. Select **Accountant, Set Closing Date** as shown in Figure 1.
2. The Company Preferences - Accounting dialog opens.
3. Click on the **Set Date/Password** button as shown in Figure.

NOTE: It is important to set the closing date **BEFORE** making changes without a Password so you have a report of all the changes you will subsequently make on the Closing Date Exception Report. This is because the Closing Date Exception Report **ONLY** tracks changes that were made after a Closing Date and Password have been established. Therefore it is best practice to always set a closing date and password for your clients each time you review their books.

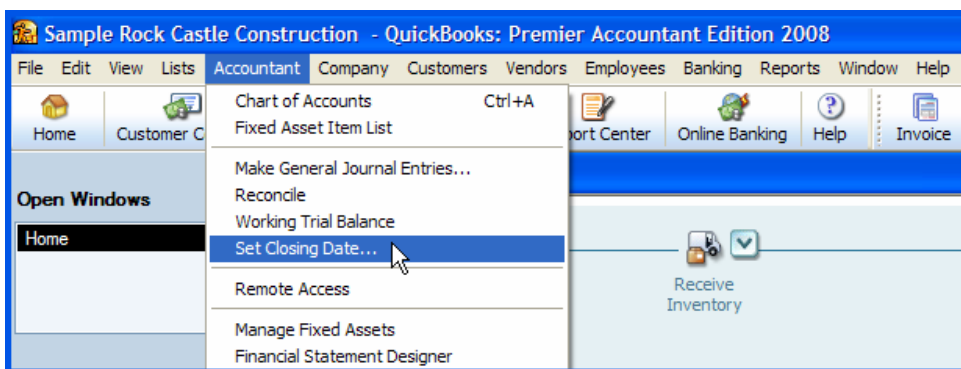


Figure 1: Setting a closing date in QuickBooks.

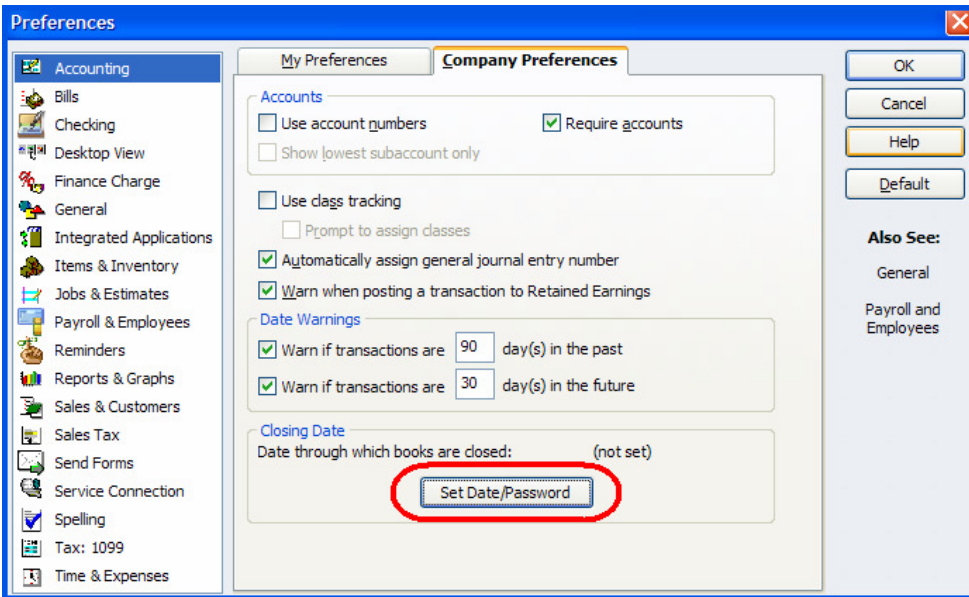


Figure 2: Company preferences for QuickBooks Closing Date.

ACCESSING YOUR CLIENT'S DATA AT YEAR-END

BACKING UP YOUR CLIENT'S DATA

Always create a backup of your client's data before you begin your year-end clean up. The preferred file type for this is the .QBB file. To create this type of file Select **File, Save Copy or Backup** and follow the instructions on each screen prompting you where to save the backup data file.

- ☞ Have you asked your client what frequency and method they are using for backing up their QuickBooks data? Make this part of your year-end planning session. Also make sure they periodically test their backups to ensure they restore correctly.

If you are going to be making changes to your client's data, it is recommended that you document these changes in a separate Word file, and perhaps work with the client during the review of the data. This way you can have the opportunity of teaching the client while you are performing the data entry fixes.

New with QuickBooks Premier Accountant's Copy 2008 version, your changes will be tracked and documented for you and your client to print. Your client will have the opportunity to accept them when you give them the accountant's copy back to merge with their existing data file.

QUICKBOOKS FILE TYPES

There is much flexibility in how a business owner or accountant can share a common QuickBooks data file. This section of the handbook discusses details of all the choices offered in facilitating this sharing

Table 1 lists the common QuickBooks file types used for sharing data. Knowing these file types is important as you make decisions on the best method for accessing your clients' data.

Table 1 QuickBooks File Types

Extension	File Type	Description	QuickBooks Editions*
.QBW	QuickBooks for Windows regular working file	This is the working data file type that is created when a user creates a new QuickBooks file. To open a .QBW file from within QuickBooks click File, Open or Restore Company and choose the Open a Company File option.	Simple Start Pro Premier (all editions) Enterprise (all editions)
.QBB	QuickBooks for Windows backup file	The most secure and complete method for protecting your data with a backup. Click File, Save Copy or Backup and choose the Backup Copy option.	Simple Start Pro Premier (all editions) Enterprise (all editions)
.QBM	QuickBooks for Windows portable company file	This is a compressed version of your QuickBooks .QBW data file. Used primarily to email or move the file to another location. Click File, Save Copy or Backup and choose the Portable Company File option.	Simple Start Pro Premier (all editions) Enterprise (all editions)
.QBX	Accountant's Copy (export file)	This file type is created by the business owner to save or send data to the accountant. Click File, Save Copy or Backup and choose the Accountant's Copy option.	Pro Premier (all editions) Enterprise (all editions)
.QBA	Accountant's Copy (converted .QBX file)	QuickBooks creates this file when open/convert a .QBX file is performed (usually by the accountant). Click File, Accountant's Copy and choose the Open and Convert Accountant's Copy Transfer File.	Pro Premier (all editions) Enterprise (all editions)
.QBY	Accountant's Copy (import file)	This is the file the accountant sends to the business owner after making changes. To import the accountant's changes click File, Accountant's Copy and choose Client Activities. Select Import Accountant's Changes.	Pro Premier (all editions) Enterprise (all editions)

**Not shown in Table 1 is QuickBooks Online or QuickBooks for Mac. Both of these versions have a different file structure and neither of them works with the Accountant's Copy feature.*

QUICKBOOKS 2008: IMPROVED ACCOUNTANT'S COPY, FILE TRANSFER TOOL AND MORE

One feature that truly sets QuickBooks apart from other business accounting software is the ease and flexibility of sharing a copy of the data between the business owner and the accounting professional. With QuickBooks 2008 you will find sharing your client's data easier and more efficient than ever before with the newly enhanced Accountant's Copy and File Transfer Tool features.

Benefits for the Business Owner

For the business owner, it is important to have an accounting professional review the accounting data; after all, they are using this data to make important management decisions. Additionally, they'll need to provide the data to their accounting professional in order to prepare both federal and state tax returns.

So what might be some of the benefits of sharing QuickBooks financial data with the accountant?

- The accountant can review the current financials and provide timely feedback without interrupting the day-to-day workflow. (Accountant's Copy File sharing method.)
- Less stress overall because there is no need to prepare multiple reports for the accountant at review time – instead, it all goes over in one step.
- Easily share critical tasks with the accountant, such as reconciling a bank account. (Accountant's Copy File sharing method.)
- The accountant can use the data to compile the information needed for tax returns.
- Choose from multiple sharing methods, one that is just right for your business.
- Periodic review of the data by an accountant can save precious time at year end and provide more accurate financials during the year.

Benefits for you, the Accountant

Periodically reviewing your client's data has become more important in recent years. As stricter accounting reporting guidelines are established; your clients need you to frequently review their data and advise them of any changes to their current accounting detail.

As an accountant, you can benefit from sharing your client's data by doing the following:

- Working more efficiently by reviewing your client's data at your office at a time convenient for you or your staff. You don't have to do your review work outside of your client's normal business hours anymore!
- Completing key reviewing tasks, while allowing your client to continue their day-to-day transactions. (Accountant's Copy File sharing method.)
- Using the many accountant-specific tools to facilitate this review offered in your QuickBooks Premier or Enterprise Accountant Edition.
- Completing critical tasks for your client, such as reconciling a bank account, making your services valued by the client. (Accountant's Copy File sharing method.)
- Providing your client with more frequent and timely analysis of their data.

This section is a guide for how both the business owner and the accountant can share QuickBooks data. Of particular interest are the enhancements to the Accountant's Copy file exchange in QuickBooks 2008, detailed in this section of the handbook.

How the QuickBooks Year and Version Affect Your Data Sharing Choices

The choice of how you can share your or your clients' data depends on the version and release year of QuickBooks data that you and your client are using.

The QuickBooks product line includes Simple Start, Pro, Premier (general and industry-specific versions), Enterprise (general and industry-specific versions), and Pro for Mac and QuickBooks Online.

Additionally, Intuit releases a new QuickBooks version each year, often represented by the year included in the name. For example, QuickBooks Premier 2008 is the Premier version usually released in fall prior to the stated year. This version is separate from the updates that QuickBooks releases throughout a year to add functionality and fix issues discovered with a version.

To determine your version and release, with QuickBooks open, press **Ctrl+1**. At the top of the Product Information dialog is the product name (and industry edition if Premier or Enterprise), year, and release number.

So you can see how the version year can affect your choices for sharing data, in this handbook we discuss the Accountant's Copy features, which are not available for Simple Start, QuickBooks Online, or the QuickBooks for Mac edition or for any QuickBooks product prior to the 2007 version.

Pros and Cons of Each QuickBooks File Type

QuickBooks offers flexibility in how data is shared between a business owner and the accountant. Different methods may be used at different times during the year, depending on the nature of the changes to be made.

Options available might also be determined by the edition of QuickBooks you are using and whether your data is in an older version of QuickBooks. The enhancements made in recent years for sharing your data with your accountant make it a perfect time to upgrade to QuickBooks 2008 for you and your clients.

To compare different QuickBooks products, go to www.quickbooks.com.

Before choosing an option, review the pros and cons of each file type (shown earlier in [Table 1](#)).

.QBW: Regular Working Copy of the Data

This is the file type in which each client file is originally created. Here is a list of some of the advantages and limitations of sharing this type of data file:

- The accountant has access to all transaction activities.
- The accountant can access this file at the business owner's office or with a remote Internet-assisted program (QuickBooks Remote Access).
- The accountant cannot take the file to his or her office and later merge changes into the business owner's file.
- The file often can be too large to send as an attachment in an email.

Formatted: Underline, Font color: Blue

Formatted: Underline, Font color: Blue, Check spelling and grammar

Deleted: [Table 1](#)

.QBB: QuickBooks Backup File

This file type remains as it has for years—it's the best choice for securing a data backup of your work. If needed, this file can be restored to a .QBW file. Here is a list of some of the advantages and limitations of sharing this type of data file:

- The file cannot be opened first without being restored. To restore a backup file, click **File, Open or Restore Company** and select the **Restore a Backup Copy** option.
- When restored, the file extension becomes a .QBW (see the pros and cons listed earlier).
- Changes made to a restored version of this file type cannot be merged later into the original data file.

.QBM: QuickBooks Portable Company File

This file type has been offered for only a couple of years; however, it does not replace the usefulness of the QuickBooks .QBB file type. Here is a list of some of the advantages and limitations of sharing this type of data file:

- The compressed file size makes a .QBM a perfect choice for attaching to an email or moving from one computer location to another.
- The file type does not replace a .QBB backup because it lacks some of the needed transaction logs.
- The file cannot be opened until it is restored. To restore a portable company file, click **File, Open or Restore Company** and select the **Restore a Portable File** option.
- When restored, the file extension becomes a .QBW (see the pros and cons listed earlier).
- Changes made to a restored version of this file type cannot be merged later into the original data file.

.QBX: Accountant's Copy (Export File)

If a business owner chooses to share QuickBooks data with their accountant using the Accountant's Copy functionality, this is the file type that will be sent to the accounting professional. Here is a list of some of the advantages and limitations of sharing this type of data file:

- This file type is created by the business owner and enables the accountant to review and make needed changes to the data while the business owner continues recording day-to-day transactions in their QuickBooks file.
- Any changes or additions the accountant makes can be imported (merged) into the original company data file. (There are some limitations on what changes can be shared, as noted in the section "[What the Accountant Cannot Do](#)")
- The compressed file size makes it a perfect choice for attaching to an email or moving from one computer location to another.

Formatted: Underline, Font color: Blue

Deleted: [What the Accountant Cannot Do](#)

- The file type does not replace a .QBB backup because it lacks some of the needed transaction logs.
- The file cannot be opened; it must be converted to a .QBA file type. The accountant will convert this file to a .QBA file type from within the QuickBooks Premier Accountant Edition or QuickBooks Enterprise Accountant Edition.
- To create this data type select **File, Accountant's Copy** and choose the **Client Activities** menu option. You will be given the option to **Save** a copy or **Send to Accountant**. Both are discussed in more detail in the following sections..

.QBA: Accountant's Copy (Working File)

Only the accountant will work with this type of file, converted in their Premier Accountant Edition or Enterprise Accountant Edition. Here is a list of some of the advantages and limitations of sharing this type of data file:

- This file type is a converted .QBX file and is created by the accountant from within the QuickBooks Premier Accountant Edition or QuickBooks Enterprise Accountant Edition.
- The .QBA file type is the file that the accountant will open and make changes to. It will be converted to a .QBY file for the client to import.
- The file can be saved to your computer and opened and closed as needed while you do your review work.
- If needed, the .QBX file can also be converted to a full working data file with a .QBW file extension. (See limitations stated before on the .QBW file type). To perform this function, Select **File, Utilities** and choose the option to "**Convert this Accountant's Copy to Company File (.QBW)**".

.QBY: Accountant's Copy (Import File)

The business owner will receive this file back from the accountant, and it will include any accounting changes made to the original .QBX file. Here is a list of some of the advantages and limitations of sharing this type of data file:

- This file type is created by the accountant in the Export Changes function in the QuickBooks Premier Accountant Edition and QuickBooks Enterprise Account Edition.
- The file includes the changes made by the accountant to the original .QBX file the business owner provided the accountant.
- The file cannot be opened; *it must be imported into the data file that originally created the Accountant's Copy data file*. For details on how to use this file type, see the section titled "[Importing Your Accountant's Changes](#)" later in this chapter.
- One really wonderful thing about this file type (that makes it completely safe to email to a client) is that ONLY THE ORIGINAL file that it came from, can import the .QBA file and the changes that come with it. This means it is essentially "goof proof" – if an accountant accidentally sends the wrong .QBA file to a client, that client cannot import another client's changes into their file. The erroneously-sent file simply will not import.

Formatted: Underline, Font color: Blue

Deleted: [Importing Your Accountant's Changes](#)

QuickBooks offers both the business owner and accounting professional many options in how to share your data with each other. *Note that the Accountant's Copy options are not available for QuickBooks for Mac, QuickBooks Online, or for Simple Start. You'll need to use other methods of data transfer for these packages.*


USING QUICKBOOKS REMOTE ACCESS

QuickBooks Remote Access allows you to access QuickBooks applications stored on computers at remote locations. It is as if you are actually at the client's site. There are no restrictions while working in your client's file remotely, making it a convenient method for data entry, review and correcting.

This is a method you may want to consider if your client is using an older version of QuickBooks (ie: pre-2007) or, if they are using Simple Start. (QuickBooks Online gives you anytime anywhere access so you would just log in to your client's books that way.)

When you use the QuickBooks Remote Access you are effectively using the computer keyboard, mouse and screen of your client's machine. If you and the client need to work simultaneously in the QuickBooks data, you will need to have a separate computer for the accountant to log into and enough registered licenses of QuickBooks for each user.

To learn more about Remote Access, go to the **Accountant** menu, and select **Remote Access**. **FREE*** QuickBooks Remote Access service to two clients' QuickBooks files for 12 months is included with QuickBooks Premier Accountant Edition 2008 and Enterprise Accountant Edition 8.0. *(Free offer includes access to QuickBooks-only data).

 You can use QuickBooks Remote Access to work in your client's file while in the comfort of your own office. View this and other Webinars listed at www.accountant.intuit.com on the Training and CPE page.

ACCOUNTANT'S COPY INSTRUCTIONS FOR THE BUSINESS OWNER

For the small business owner, having the watchful eye of an accounting professional is very important to the success of their business financially. Not all business owners can have a full time employee to offer these services. With QuickBooks new Accountant's Copy and File Transfer Tool for 2008, exchanging data with the accountant for review is made easier than ever before.

QuickBooks provides several different methods of sharing data with your accountant. See the previous [Table 1](#) for details on the QuickBooks file types the business owner can choose from.

Formatted: Underline, Font color: Blue

Deleted: [Table 1](#)

Formatted: Underline, Font color: Blue, Do not check spelling or grammar

Formatted: Underline, Font color: Blue

WHEN YOU ARE USING QUICKBOOKS 2007

New for QuickBooks 2008; "backwards compatibility" for sharing data! What exactly does this mean? If you, the business owner are using QuickBooks 2007 or Enterprise Solutions 7.0 and the Accountant's Copy file method is chosen to share data, your accountant can use her QuickBooks Premier Accountant Edition 2008 or Enterprise Solutions 8.0 Accountant Edition to open your QuickBooks 2007 company file and make changes. When the file is returned with the accountant's changes, you will be able to import the changes back into your QuickBooks 2007 file, even though your accountant used a newer version of QuickBooks.

NOTE: If your accountant is working with an Accountant's Copy file created from a QuickBooks 2007 version, your accountant will not have the same editing privileges because the enhanced editing options now available in the QuickBooks 2008 Accountant's Copy are recognized only when they're returned to a QuickBooks 2008 data file. Now is an excellent time to encourage you to upgrade to QuickBooks 2008.

The Accountant Edition of QuickBooks Premier 2008 and Enterprise Solutions 8.0 are the first versions of QuickBooks that offers a level of what is considered "backward compatibility".

Note that if you are sharing any other file type (other than the Accountant's Copy file type) with your accountant, there is no backward compatibility. When your accountant restores a .QBB (backup) or .QBM (portable) company file in her 2008 version, the file will be updated to 2008; if the file is returned to you, you will have to update your QuickBooks version to the same release year as your accountant.

For example, suppose you are currently using a QuickBooks 2006 version. Your accountant is using QuickBooks Premier Accountant Edition 2007. When your accountant opens your data (or restores) she will have to update the file to the QuickBooks 2007 release. If your accountant returns the data to you, you will only be able to open it with QuickBooks 2007 software.

So, as you decide which method to use, consider discussing with your accountant the QuickBooks version you are using. QuickBooks accountants who have serviced companies for many years often have several versions of QuickBooks installed.

However, only an Enterprise Edition of QuickBooks can open another Enterprise data file. If you open a Simple Start, Pro, or Premier Edition with the Enterprise Edition you will no longer be able to open the same data file in its original QuickBooks edition.

USING THE ACCOUNTANT'S COPY FEATURE

Efficiently share data with your accountant. The business owner can continue your day-to-day tasks while the accountant has taken a copy of the file to review and make adjustments to.

- ☞ Only the Admin user can create an Accountant's Copy or import the .QBY Accountant's Copy import file that contains the changes the accountant made to your data.

You must consider the following before making the choice to use the Accountant's Copy file for sharing QuickBooks data:

If you choose to create an Accountant's Copy you will want to determine how you are going to get the Accountant's Copy data file to your accountant. With the QuickBooks 2008 version, you have these options:

- Attach the saved file to an email.
- Copy it to a storage device such as a USB drive or CD.
- New for 2008 versions of QuickBooks (not available in prior versions) - Send an encrypted copy of your data to your accountant via Intuit's free secure Accountant's Copy File transfer service.
- You also will be required to set a dividing date, as shown in Figure 3. The dividing date is a specific date in the past that determines the restrictions you and your accountant will have when adding or editing transactions.

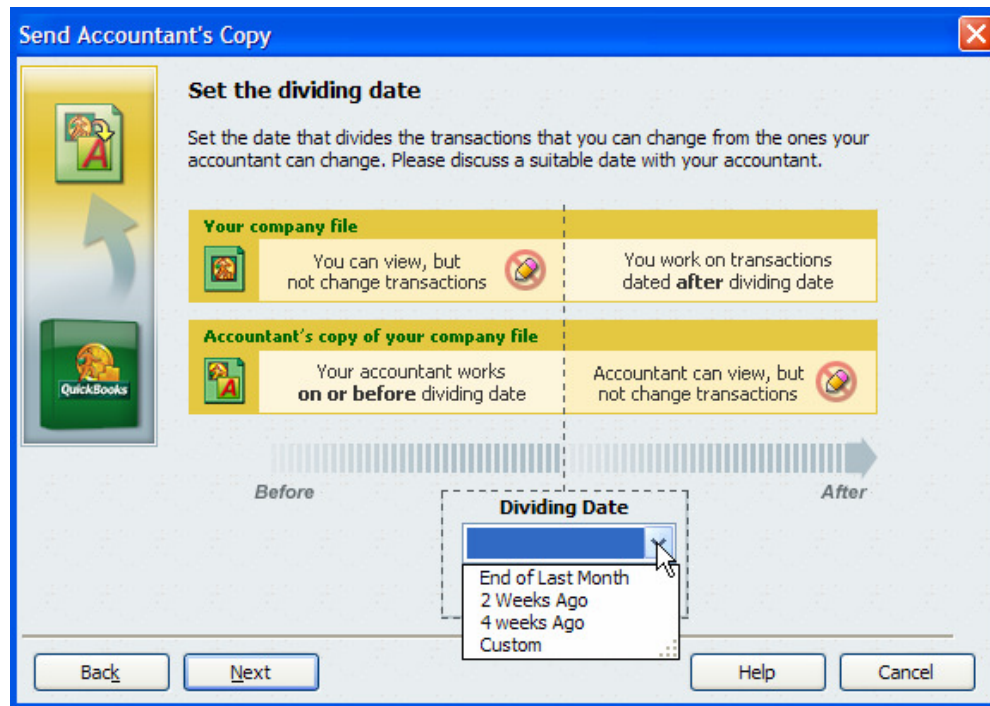


Figure 3: Setting a dividing date is required when creating an Accountant's Copy.

The following list briefly identifies the date restrictions with a dividing date in place when you share an Accountant's Copy of your data with your accountant. For example, if you choose a dividing date of 12/31/07, the following restrictions exist:

- **On or before the dividing date**—the business owner cannot add, delete, or modify transactions. The accountant can add, delete, or modify transactions.
- **After the dividing date**—the business owner can add, delete, or modify transactions. The accountant can add transactions but cannot delete or modify them.

☞ When a dividing date or closing date is set, you cannot add, modify, delete, or void any transaction dated prior to the dividing date or closing date, including nonposting documents such as estimates, sales orders, and purchase orders. This limitation can be inconvenient for the business owner, so discuss it ahead of time with your accountant. If appropriate, you should change the date of these open “nonposting” documents to a date after the expected dividing date or closing date.

| See the section titled, “[What the Business Owner Can and Cannot Do](#)” for any restrictions that affect the business owners’ daily work processes.

Formatted: Underline, Font color: Blue

Deleted: [What the Business Owner Can and Cannot Do](#)

PREPARING AN ACCOUNTANT’S COPY OF YOUR DATA

To create an Accountant’s Copy of your data that your accountant can review and modify while you continue to do your daily transactions, follow these steps:

1. Close all your active QuickBooks windows, and then click **File, Accountant’s Copy** and choose **Client Activities**. Click the **Save File** menu option to open the **Save As Accountant’s Copy** dialog.
2. Choose the **Accountant’s Copy** option, as shown below in Figure 4. (The other option includes the Portable Company or Backup file; both will not allow the accountant to export any changes made or you to import the changes.)

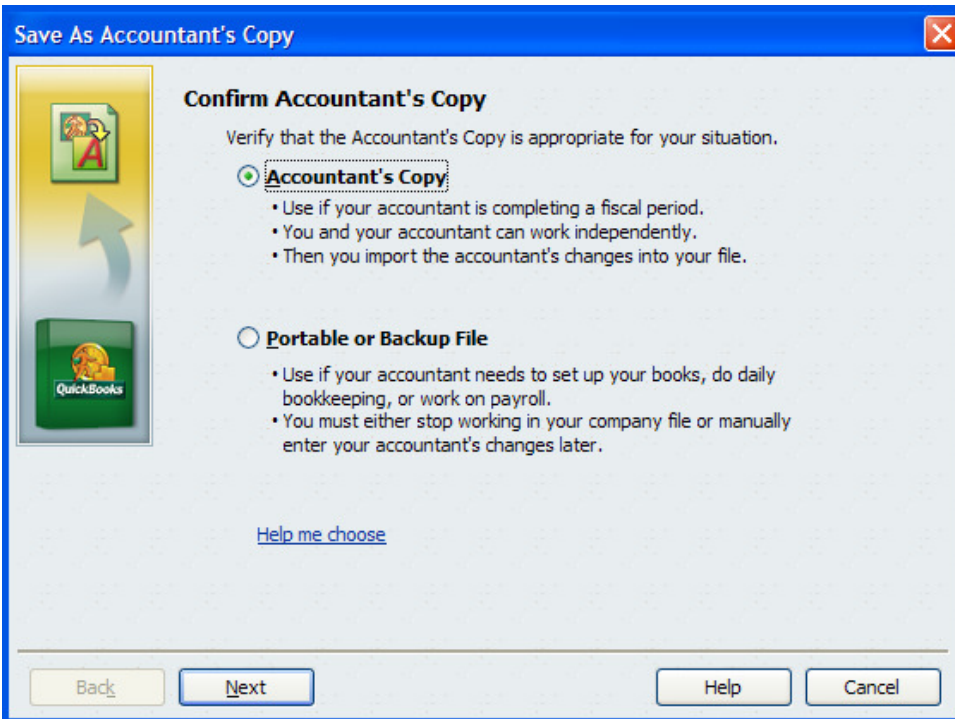


Figure 4: Saving a file as an Accountant's Copy creates a file that your accountant can work in and later merge the changes with your file.

3. Click **Next**. The Set the Dividing Date dialog opens.
4. From the **Dividing Date** drop-down menu, choose one of the **date options** shown in Figure 3 on page 20, or choose Custom to select your own specific dividing date. (See the section titled "[Using the Accountant's Copy Feature](#)" for how the date affects your data entry options.)
5. Click **Next**. QuickBooks opens the **Save Accountant's Copy** dialog, where you can browse your computer for the location where you want to save the Accountant's Copy export file (.QBX file).
6. Click the **Save** button. QuickBooks provides the message shown in Figure 5, indicating that you successfully created an Accountant's Copy and telling you where the file was stored, as well as other useful information.

Formatted: Underline, Font color: Blue

Deleted: [Using the Accountant's Copy Feature](#)

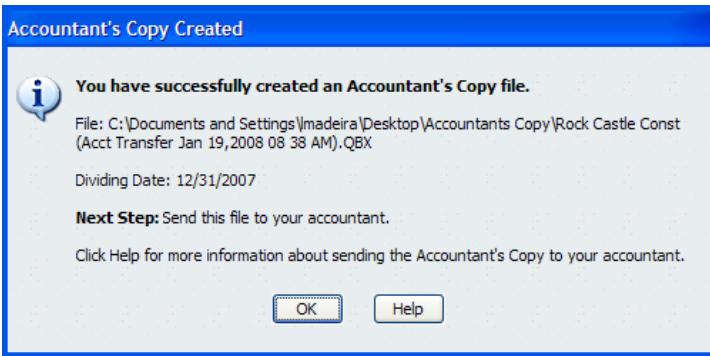


Figure 5: After you click Save, QuickBooks provides information about where the file was saved.

7. Click **OK**. As shown in Figure 6, the QuickBooks title bar now identifies your file as having **Accountant's Changes Pending**.
8. Now send this file to your accountant (it will have a .QBX extension) as an email attachment, or copy it to a removable data storage device. Or new for QuickBooks 2008 users, you can use the method of encrypting your data through the new Intuit Secure Accountant's Copy file transfer service (see the next section).

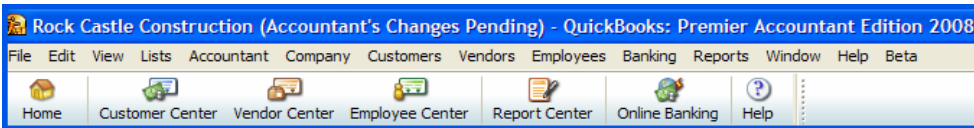


Figure 6: Your QuickBooks title bar will indicate whether you have accountant's changes pending.

SENDING THE FILE VIA INTUIT'S SECURE ACCOUNTANT'S COPY FILE TRANSFER SERVICE

New for 2008 versions of QuickBooks Pro, Premier, and Enterprise is the option to use a secure, Intuit-hosted site to encrypt and transfer data to your accountant without your having to create a file and attach it to an email.

Follow these steps to send data to your accountant with the new encrypted file service:

1. Click **File**, **Accountant's Copy** and choose **Client Activities**. Click **Send to Accountant**. The Confirm Sending an Accountant's Copy dialog, shown in Figure 7, appears, further detailing the service and what types of shared work are recommended with this type of file and what types are not.

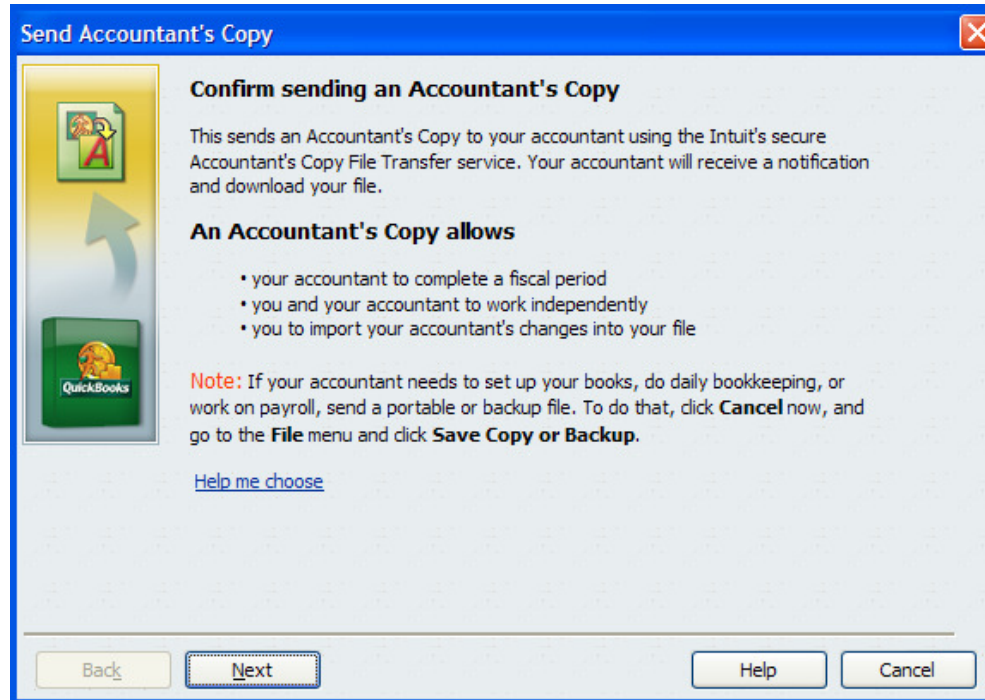


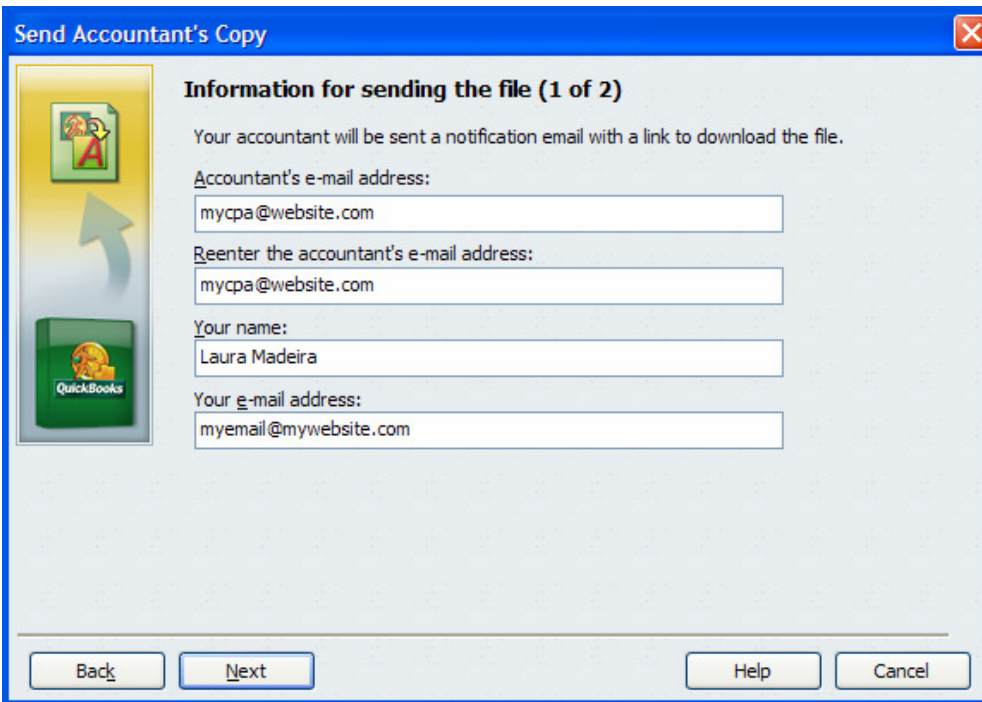
Figure 7: Confirming dialog that the Accountant's Copy is the appropriate choice for the shared work you and your accountant will be doing.

2. Click **Next**. The Set the Dividing Date dialog appears.
3. From the Dividing Date drop-down menu, choose **one of the date** options shown in Figure 3 on page 20, or choose Custom to select your own specific dividing date. (See the section titled "[Preparing an Accountant's Copy of Your Data](#)" for how the date affects your data entry options.)

Formatted: Underline, Font color: Blue

Deleted: [Preparing an Accountant's Copy of Your Data](#)

4. Click **Next**. The Information for Sending the File (1 of 2) dialog appears, as shown in Figure 8. In it, you indicate the email address to notify your accountant and your name and return email. Your accountant will receive an email notification that your data file is ready to download.



Send Accountant's Copy

Information for sending the file (1 of 2)

Your accountant will be sent a notification email with a link to download the file.

Accountant's e-mail address:

Reenter the accountant's e-mail address:

Your name:

Your e-mail address:

Figure 8: Identify the email address you want your accountant notified at, as well as your own name and email address.

5. Click **Next**. The Information for Sending the File (2 of 2) dialog appears, as shown in Figure 9.

Comment [ab1]: Please move Figure 9 to just under this step since it references it...

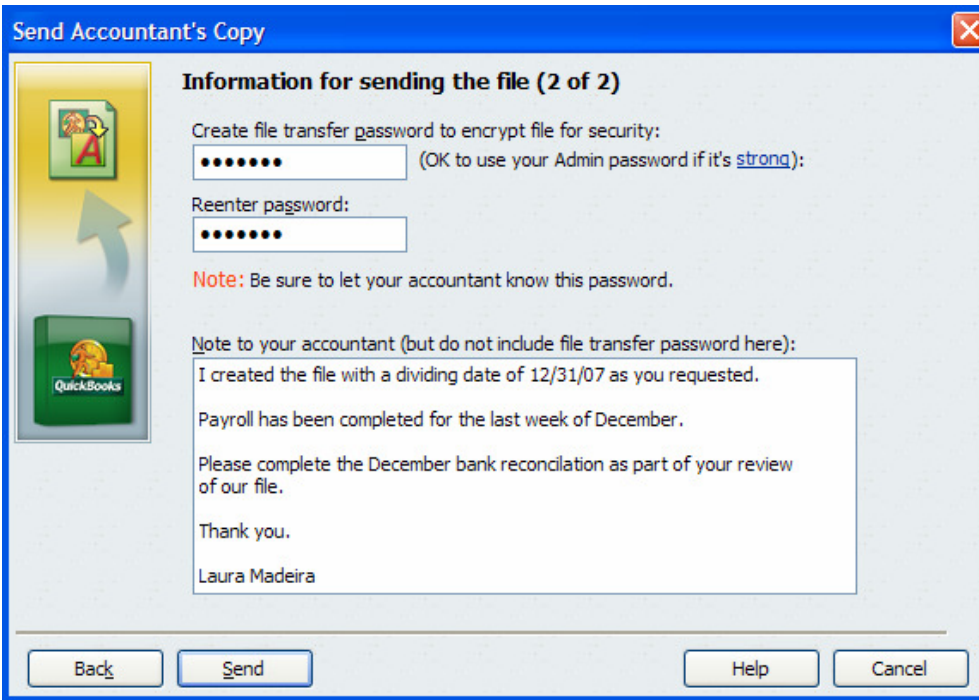


Figure 9: Set a strong password and add an optional note for your accountant.

Comment [ab2]: GAB – please move Figure 9 up to just under Step 5 on the previous page.

6. Enter a strong password that is seven characters long and contains at least one capital letter and one digit. Optionally, type a note to your accountant but do not include the password in the communication.
7. Click **Send**. QuickBooks gives you a message that the .QBX transfer file is being sent.
8. Click **OK** to the message that QuickBooks has to close all windows to create the Accountant's Copy. Note: QuickBooks also provides an information message only (no action to be taken) that the transfer may take a few minutes, even though it might seem as if it's not being responsive.
9. Click **OK** on the QuickBooks Information dialog that appears, indicating the file was sent successfully.

The QuickBooks title bar identifies your file as having Accountant's Changes Pending, as shown earlier in Figure 6. This title bar change indicates you have successfully created a file for your accountant to review, edit, and modify and later return the changes to you without interrupting your work.

WHAT THE BUSINESS OWNER CAN AND CANNOT DO

QuickBooks 2008 has enhanced the Accountant's Copy features for both the accountant and business owner. With this newly enhanced Accountant's Copy, your accountant can rest assured that the information in the file she is working in will not change for dates prior to the dividing date.

The following list details what you can and cannot do with your data file while an Accountant's Changes are pending:

- **Transactions**—can add, edit, and modify transactions *with a date after the dividing date*.
- **Accounts**—can add a new chart of accounts list item.
- **Subaccounts**—*cannot* add a subaccount to an existing account.
- **Editing, merging, or inactivating accounts**—*cannot* edit, merge, or inactivate a chart of accounts item (however your accountant can).
- **Editing lists** (other than the chart of accounts)—can add, edit, and inactivate your list items.
- **Deleting lists**—*cannot* delete or merge list items (your accountant can).
- **Reconciling the bank account**—can do this task for months before and after the dividing date, but to avoid a potential conflict with the changes imported from your accountant, the bank reconciliations will be undone when the accountant's changes are imported. Therefore it is best to agree on who does the bank recs, and stick to that. If both the accountant AND the business owner are doing them, then conflicts are likely to arise.

When choosing to use the Accountant's Copy to share your data, you will need to know the following about completing bank reconciliations for bank statements dated prior to the selected dividing date. (See the section in this chapter titled "[Preparing an Accountant's Copy of Your Data](#)")

Click **Banking, Reconcile** and choose your bank account. The bank reconciliation dialog opens. On this dialog you must enter the following dates to begin reconciling the bank account:

- **Statement Date**—Must be a date after the specified dividing date (see the previous section, "Preparing an Accountant's Copy of Your Data").
- **Service Charge Date**—Must be a date after the specified dividing date.
- **Interest Earned Date**—Must be a date after the specified dividing date.

The business owner is allowed to complete the bank reconciliation, but QuickBooks warns that when your accountant's file is imported with the changes, your bank reconciliation activity will be removed. However, any transactions you added to complete the bank reconciliation will remain.

IMPORTING YOUR ACCOUNTANT'S CHANGES

When you made an Accountant's Copy from your data file, QuickBooks created a file for you to give to your accountant. Your accountant then worked in this file, adding and editing transactions, and even reconciling your bank account. When the accountant finished with the review, she exported the changes for you, and QuickBooks created a file with the extension of .QBY, also referred to as the Accountant's Copy (import file).

Formatted: Underline, Font color: Blue

Deleted: [Preparing an Accountant's Copy of Your Data](#)

To successfully import your accountant's changes, follow these steps:

1. Make sure your accountant has given you the QuickBooks file with the .QBY extension.
2. With your QuickBooks data file open, verify that the title bar indicates that the accountant's changes are pending (refer to Figure 6 on page 23). You might also see the message shown in Figure 10 when you open your data file. To begin the import, go to step 3.

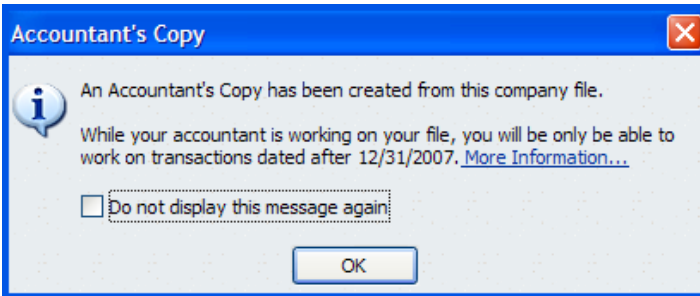


Figure 10: The message you get when QuickBooks opens the data file indicating that your accountant's changes are pending.

3. Click **File, Accountant's Copy** and select **Client Activities**. Click the **Import Accountant's Changes** menu option.
4. Browse to the location where you stored the .QBY Accountant's Copy (import file) your accountant sent to you.

5. Select the file and click **Open**. The Incorporate Accountant's Changes dialog opens, allowing you to view the details of the changes to be imported (see Figure 11).

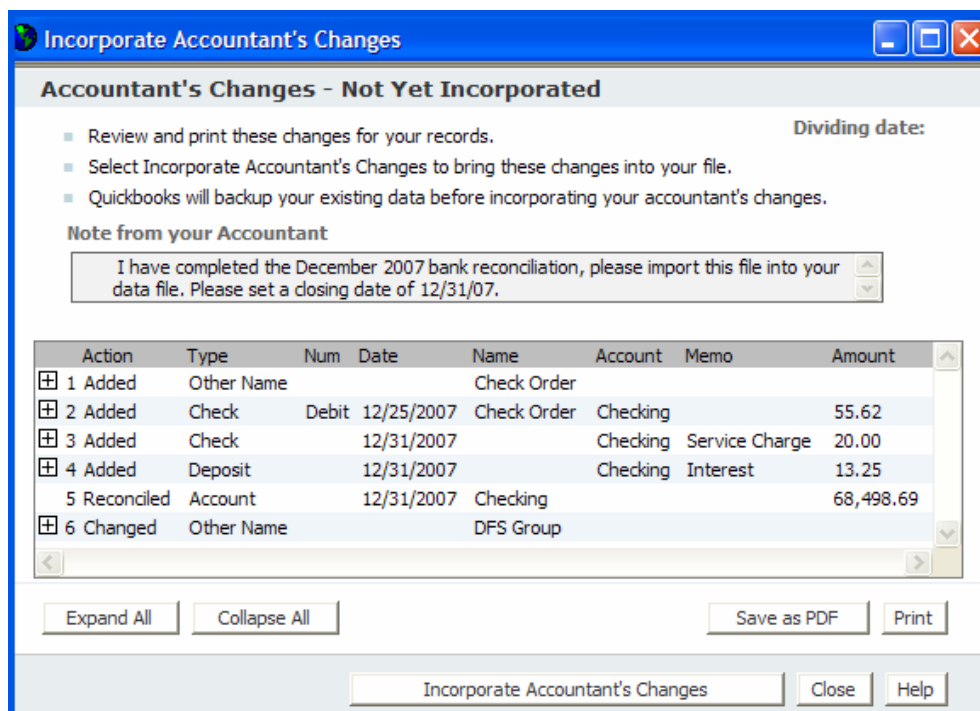


Figure 11: View the accountant's changes and notes before they are imported into your data.

6. Click the + in front of a transaction to see more details about that specific transaction, or click **Expand All** to see the details of all the transactions.
7. Click **Print** or **Save As PDF** to save the details for your future reference.
8. Click the **Incorporate Accountant's Changes** button when you have finished reviewing the changes.
9. The Accountant Import dialog opens, instructing you to close any open QuickBooks windows. Click **OK**.
10. The **Save** opens, indicating that you must first make a backup of your data before the import. In the Save In drop-down choose a location to save the backup file and in the File Name field, type a name if you don't want to accept the default name provided. Click **Save**.
11. Click **OK** to close the message that informs you where the backup was stored. QuickBooks displays a progressive message that it is incorporating the changes. When it is finished, the **Accountant's Changes Incorporated** dialog appears.
12. Click **Close** after viewing the accountant's changes that were incorporated. Click **Print** or **Save As PDF** if you did not do so earlier. This is your last opportunity to do so.

13. Click **OK** to complete the process or **Cancel** if you want to return and print the details.
14. Click **Yes** in the Closing Date dialog if your accountant has asked you to set a closing date. I recommend that you set a closing date the same as the dividing date to protect the accountant's work.

☞ When the accountant's changes are imported, the dividing date and all the restrictions associated with it are removed.

15. If you selected Yes to setting a closing date, the Company Preference window appears. Click the **Set Closing Date** button. The Set Closing Date and Password dialog appears.
16. Enter an optional password and a closing date—typically the same date that was used for the dividing date.
17. Click **OK** to accept the closing date and optional closing date password.
18. To be certain that the Closing Date control is managed properly, review all users for their specific rights for changing transactions prior to a closing date. Click **Company, Set Up Users and Passwords** and select the **Setup Users** menu to open the User List dialog. (This is the menu path for QuickBooks Pro or Premier Edition menu; QuickBooks Enterprise Edition has more robust security setting options not discussed in detail in this handbook.)
19. To view existing security by user, from the User List dialog opened in the previous step, select the user with your cursor and click the **View User** button, as shown in Figure 12.

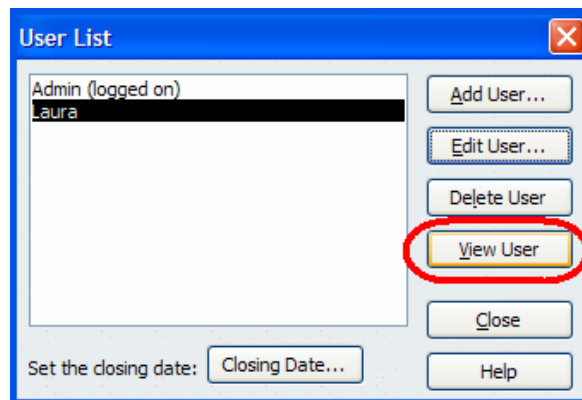


Figure 12: To see the user's specific security rights in summary, click the View User button.

20. The View User Access dialog opens, as shown in Figure 13. Any user who should not have rights to change closed period transactions should have an "N" appearing in the last menu option in the Create column.

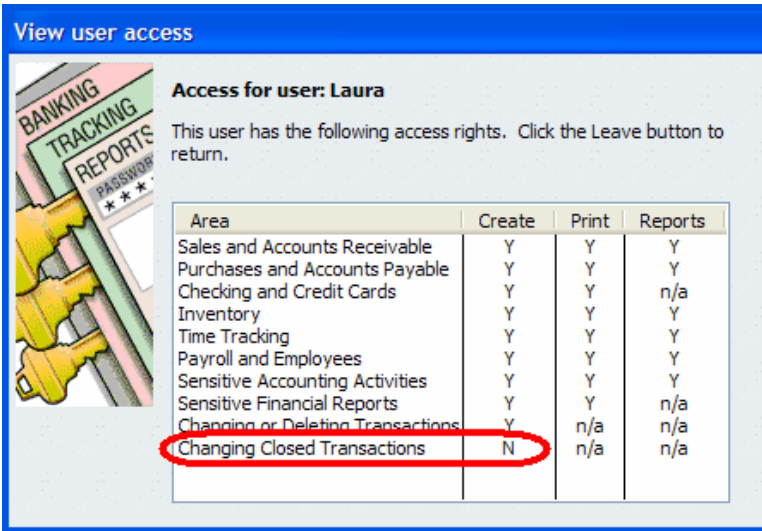


Figure 13: You can easily view the user's access rights from one summary window.

21. If after reviewing the access for each employee you need to edit this setting for an employee, click **Leave** to close the View User Access dialog.
22. You are returned to the User List dialog. With your cursor select the employee and click **Edit User**.

23. The Access for User dialog opens. Choose the **Selected Areas** option and click **Continue** through the screens until you reach **page 9 of 10**, as shown in Figure 14. Click **Next** (page 10 of 10) to see a summary of the employee's security settings or **Finish** to return to the User List dialog.
24. Click **Close**.

Change user password and access: Laura

Changing or Deleting Transactions Page 9 of 10

Do you want this user to have the ability to change or delete transactions in the areas they have access to?

☒ Yes
☐ No

Should this user also have the ability to change or delete transactions that were recorded before the closing date?

☐ Yes
☒ No

Figure 14: On the second option, place a mark in the No button to prevent the user from changing transactions in closed periods.

CANCELING AN ACCOUNTANT'S COPY

It's possible for the business owner to cancel an accountant's copy of their data if necessary. The following are some of the reasons to cancel the accountant's changes:

- The accountant has delayed the review of your file and you need to reconcile your bank accounts for months that fall after the dividing date.
- The business owner found corrections to make prior to the dividing date.
- The business owner needs to modify nonposting documents (purchase orders, sales orders, and estimates) dated prior to the dividing date.
- The accountant decides to work in the file without any transaction restrictions, making an appointment to come to your office to work or perform the work remotely via the Internet.

Before cancelling or removing restrictions on your data file, discuss this option with the accountant. After the Accountant's Copy is canceled, the accountant's changes file cannot be imported into your data file.

To remove the restrictions placed on your file by an Accountant's Copy, click **File, Accountant's Copy and choose the Remove Restrictions menu option**. The Remove Restrictions dialog appears, warning you that your accountant will no longer be able to import her changes back into your file, as shown in Figure 15.

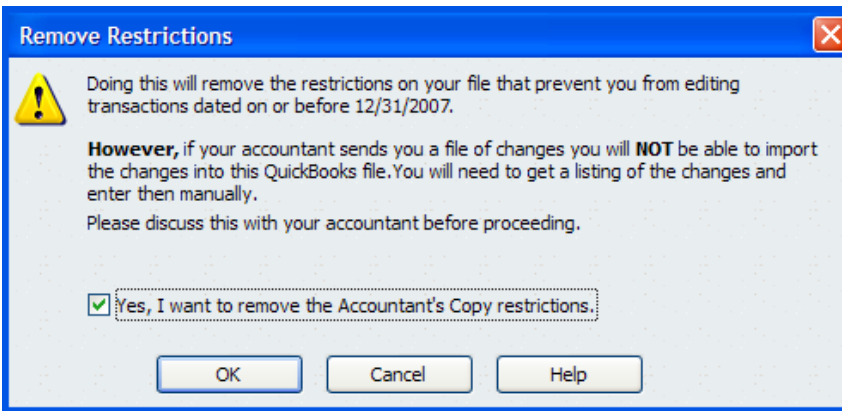


Figure 15: The Remove Restrictions warning you get when canceling an Accountant's Copy file.

After you remove the restriction from the file, no more data restrictions are imposed by the dividing date, and the top bar of your data file no longer displays the Accountant's Changes Pending message. This means that you will have to create another Accountant's Copy if you want to send a copy for your accountant to work on while you work on your file simultaneously.

ACCOUNTANT'S COPY INSTRUCTIONS FOR THE ACCOUNTING PROFESSIONAL

Earlier, [Table 1](#), listed the types of QuickBooks files with which business owners and accountants have the options of working. This section discusses the options from the perspective of the accountant.

Formatted: Underline, Font color: Blue

Deleted: [Table 1](#)

As the accountant, you will want to review the variety of file types and the pros and cons of using each file type for sharing data with your client as discussed in the section titled "[QuickBooks File Types](#)," earlier in this handbook.

Formatted: Underline, Font color: Blue

Deleted: [QuickBooks File Types](#)

If you're not sure in which year's release your client's .QBW or .QBA data file type was last opened, use Windows Explorer to locate the file, and place the cursor over the file supplied by your client (as shown in Figure 16). QuickBooks gives you important information about the file, including

- Type of file (QuickBooks Company or QuickBooks Accountant's Copy file)
- Date modified
- Size of the file
- Last opened with QuickBooks 200x

However, this tool will give you this information only for the .QBW windows working file or the .QBA, the Accountant's Copy working file. Other file types do not display the same information.

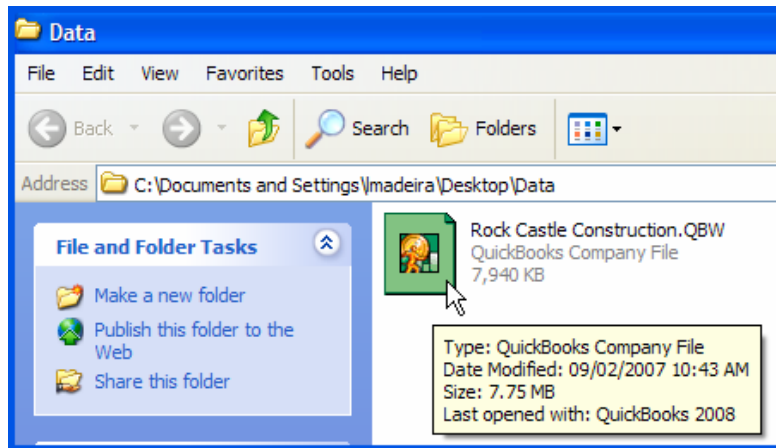


Figure 16: Use Windows Explorer to determine in what year's version your client's .QBW file type was created.

PREPARING YOUR CLIENT FOR THE DATA EXCHANGE

As an accounting professional, you probably will be able to choose the method you and your client use to share the data. However, you might not be able to control the condition in which you receive the file. I am speaking specifically of the accounting accuracy. Some accounting professionals don't worry much about this until they receive the data file; others might want their

client to take certain steps to ensure the accuracy of the data before beginning the review. Encourage your clients to review specific chapters in this book to help better prepare their file for your review, making your review time more profitable.

Ask clients to review the following in their file before sharing the data with you:

- Accuracy of their book bank balances (new for the QuickBooks 2008 version, Accountant's Copy feature will allow you to reconcile bank accounts for your client while they continue working).
- The open customer invoices in Accounts Receivable.
- The unpaid vendor bills in Accounts Payable.

Other critical numbers to review are usually easier to reconcile by asking for documents from sales tax authorities or from banks, such as bank loan documents, or comparing with filed payroll returns.

After your client has reviewed the information and provided the documents you requested, you are ready to choose a method for sharing the data with your client. Choose from one of the options discussed in the earlier section, "[QuickBooks File Types](#)."

Deleted: [QuickBooks File Types](#)

Formatted: Underline, Font color: Blue

WORKING WITH AN ACCOUNTANT'S COPY FILE

After reviewing the advantages or limitations of each file type in the section titled "[QuickBooks File Types](#)," you can see that one of the most functional methods is the QuickBooks Accountant's Copy file feature. With it, your clients can continue their day-to-day accounting tasks, and from the convenience of your office you can review and make needed changes to their data, later importing these changes into the file they have been using.

Formatted: Underline, Font color: Blue

Deleted: [QuickBooks File Types](#)

New for QuickBooks 2008, if you are using QuickBooks Premier Accountant Edition 2008 or QuickBooks Enterprise Solutions 8.0 Accountant Edition, you can convert your client's QuickBooks 2007 Accountant's Copy file (.QBX file extension), work with it in your 2008 file, and return it to your client to import back into her QuickBooks 2007 version! This feature is available only with the Accountant's Copy file-sharing feature and does not apply to other file types.

QuickBooks Premier can open a Simple Start, Pro, Pro for Mac, or any of the Premier industry-specific editions, and when the file is returned to the client, they will be able to work again with the file in their product edition.

When you open a Simple Start, Pro, or any of the Premier industry specific editions with QuickBooks Enterprise Solutions the file is converted to an Enterprise edition and cannot be opened again as Simple Start, Pro, and Pro for Mac, or Premier product.

The functionality associated with changes allowed while working with an Accountant's Copy file has been greatly improved with QuickBooks 2008. More information is provided later in this section on the specific transactions allowed or restricted.

Before having your client prepare an Accountant's Copy of her QuickBooks data for you (see the steps in "[Preparing an Accountant's Copy of Your Data](#)"), be sure to discuss the following with your clients:

Formatted: Underline, Font color: Blue

Deleted: [Preparing an Accountant's Copy of Your Data](#)

- The dividing date selection. You should communicate what this date should be.
- Request that they do not complete any bank reconciliations for periods before or after the dividing date, after providing you with the Accountant's Copy.

- Verify that the data file has users set up with restrictions for editing or modifying transactions prior to the closing date. (This step is optional but the author recommends it. More details were provided previously in "[Importing Your Accountant's Changes](#)".)
- Instruct them not to cancel or remove restrictions on the Accountant's Changes Pending *without first consulting you*.
- Discuss with your clients the options for sending this file to you. New for QuickBooks 2008 users you have these options:
- Attach the saved file to an email.
- Copy it to a storage device such as a USB drive or CD.
- Send you an encrypted copy of their data via Intuit's secure Accountant's Copy File transfer service, a free service to you and your client. Be sure your client knows the email address where you would like to be notified.

If your client chooses the Intuit's Accountant's Copy File transfer service to get the data to you, you will be notified at the email address she provided in the transfer process, and you will be directed to a secure site to download your client's file. This new service offers your client simplicity in getting the data to you while aiding in the encrypted security of the transfer of sensitive data over the Internet.

Have your client follow the steps to create and send to you the Accountant's Copy file of the data as outlined in the section, "[Preparing an Accountant's Copy of Your Data](#)".

Formatted: Underline, Font color: Blue

Deleted: [Importing Your Accountant's Changes](#)

Deleted: [Preparing an Accountant's Copy of Your Data](#)

Formatted: Underline, Font color: Blue

Follow these steps to work with your client's Accountant's Copy (.QBY) file type your client sent to you or that you downloaded:

1. Click **File**, Accountant's Copy and choose **Open & Convert Accountant's Copy Transfer File**. The Overview of Accountant's Copy dialog appears, as shown in Figure 17. This summary provides you with an overview of the workflow when using an Accountant's Copy.

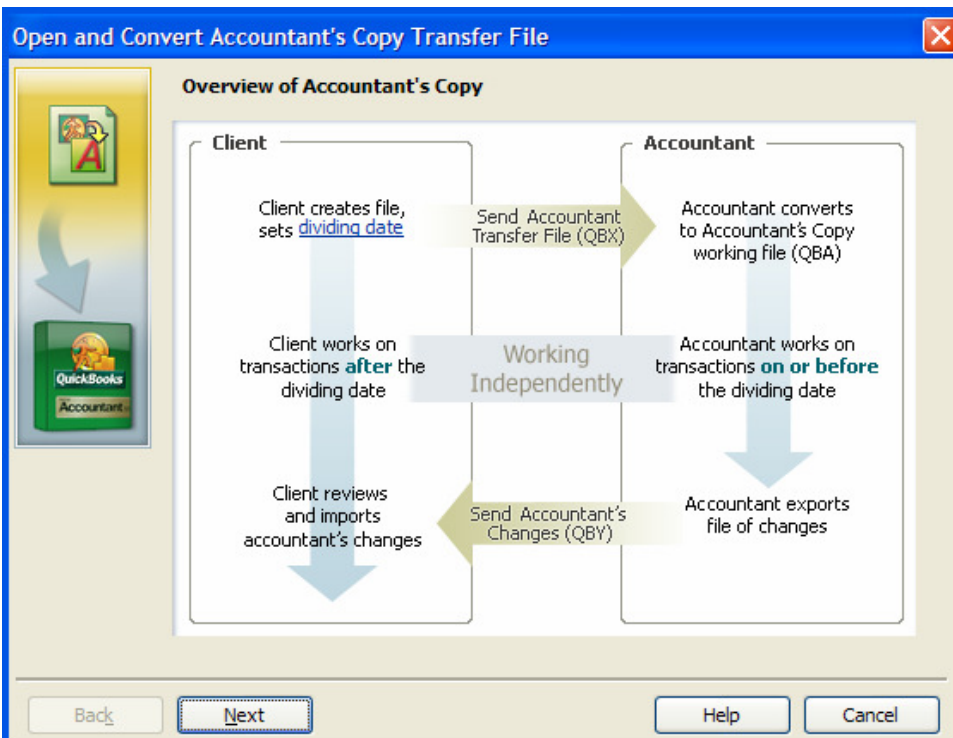


Figure 17: Overview of the Accountant's Copy workflow.

2. Click **Next**. The What the Accountant's Copy Can and Cannot Do dialog appears, giving you another option to make sure this file type will work with the transaction types you will be adding or modifying.
3. Click **Next**. The **Save As** Accountant's Copy dialog opens.
4. You are directed to browse to the location you stored the Accountant's Copy file (.QBX file extension). With your mouse pointer on the file Click **Open**.

If you have not previously disabled this message, a QuickBooks Save As Accountant's Copy dialog appears, notifying you that the file will be converted and that prior to converting you need to name the new file and save it. Click **OK**.

5. In the **Save As Accountant's Copy** dialog choose a location and name for the new file. I usually put the accounting period being reviewed in the name, such as <Company Name_YE_12_31_07.QBA>, Click **Save**, and QuickBooks will prompt with a message that the conversion is taking place.

If you have not previously disabled this warning, you will see the message that indicates you are opening an Accountant's Copy and shows you the dividing date that was chosen by your client, as shown in Figure 18.

6. If you received the message in step 5, click **OK** to close the message.

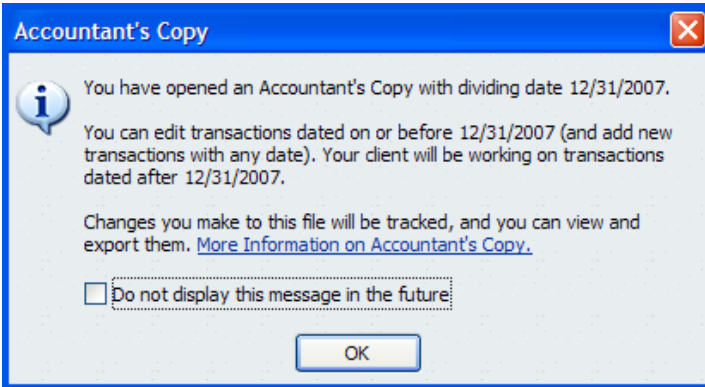


Figure 18: This is the QuickBooks notification that you are opening an Accountant's Copy file and the selected dividing date.

Your QuickBooks Premier Accountant Edition 2008 title bar will show that you are working with an Accountant's Copy and what the dividing date for that file is (see Figure 19).

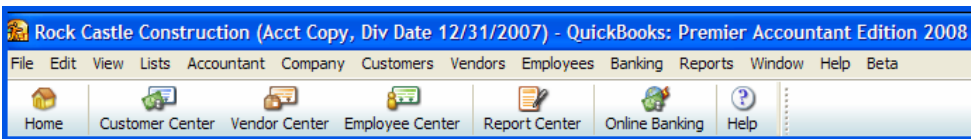


Figure 19: You will always be certain you are working in the correct file by looking at the title bar of your Accountant's Copy .QBA file.

If you do not see some of the dialogs mentioned in this section, a user might have selected the **Do Not Display This Message** (or **Page**, and so on, depending on which dialog is open) option, causing future users not to see these messages.

To turn these one-time messages back on:

1. Click **Edit, Preferences**. In the dialog that appears, choose **General** on the left side.
2. Click the **My Preferences** tab.
3. Place a check mark in the **Bring Back All One-Time Messages** box.

AUTHOR'S NOTE: I often do this task in my client's file (prior to making an Accountant's Copy, especially if I have found errors that might have been prevented if the user had heeded the warning of a message.

As the company's accounting professional, you can now review, add, and edit the data file, secure that your client cannot modify the balances prior to the dividing date that was set, all while the client continues her day-to-day accounting tasks.

WHAT ARE THE RESTRICTIONS OR LIMITATIONS?

QuickBooks 2008 has greatly improved those tasks that you can do with an Accountant's Copy of your client's data.

The restrictions invoked by the dividing date set by your client affect your ability to add or edit transactions. If these restrictions prevent you from completing your tasks, you can convert the Accountant's Copy to a working QuickBooks data file (.QBW file extension). However, your changes cannot be imported into your client's file. See the section, "[Converting the Accountant's Copy to a Regular Company File](#)."

Formatted: Underline, Font color: Blue

Deleted: [Converting the Accountant's Copy to a Regular Company File](#)

The Accountant's Copy in QuickBooks 2008 now provides a unique way to determine whether your changes will be sent back to the client. **Any field that is colored beige will transfer back to your client.** If the field is white, you might be able to modify it for your own purposes but the change will not be sent back to your client.

For example, if part of your correction to your client's file was to modify an existing list item, only the fields identified in Figure 20 would be sent back to your client's data file. All other fields could be modified for your purposes but would not transfer back to your client's file.

Figure 20: When adding or modifying your client's list items, note that any field's shaded beige (non-white) will be sent back to your client's file.

The following sections describe more specifically what you, the accountant, can do (with noted limitations) while working in the Accountant's Copy of your client's file.

Working with QuickBooks Lists

QuickBooks 2008 greatly enhance the accounting activities that you can do with the client's data when sharing an Accountant's Copy file type.

- **Reconcile the bank statements for dates prior to the dividing date**—You can create and edit transactions necessary to perform the bank reconciliation. If your client tries to reconcile, she will receive a message that when she imports your changes the reconciliation work she completed will be lost. Additionally, your changes to a reconciled item will also be sent back to the client.
- **Reconcile the bank statements for dates after the dividing date**—You can do this if it helps your review. However, these reconciliations will not be sent back to the client's data. Any transactions added will be sent back to the client.
- **Set tax-line mappings**—Used to assign the tax form line to a chart of accounts. Use this feature if you are integrating the QuickBooks data with tax preparation software.

Also enhanced with the release of QuickBooks 2008 is your ability to manage your client's list items when performing data corrections.

- **Chart of Accounts**—No restrictions, including the ability to merge charts of account list items. (See Chapter 2, "Reviewing the QuickBooks Chart of Accounts," for more information about merging accounts.)
- **List Items**—In general you can add, edit, delete, and inactivate list items you create in the Accountant's Copy.
- **Items List**—Lists with items dated before the dividing date you can edit the Item Name/Number, Subitem, Expense Account, Tax Code, and Income Account and also make the item inactive. So you know what changes will and won't be sent back to the client, beige fields represent fields that can be modified; your changes to these fields will be sent back to the client.
- **Customer, Other Names List**—Add to or edit the Name field only.
- **Vendor**—Add to or edit the Name and Social Security fields only. Your changes will override the same information in the client's file when imported.
- **Employee List**—Add to or edit the Name and Social Security fields only.
- **Class List, Fixed Asset Item**—Add to or edit the Name field only.
- **Sales Tax Code**—Add to or edit the Name field only. No sales tax rates will be sent back to your client.

Working with QuickBooks Transactions

Generally you can add any transaction type before or after the dividing date with the following limitations on editing, voiding, or deleting:

- **Bills and checks**—Edit, void, or delete only those dated before the dividing date.
- **Vendor credits**—Add or delete, but don't edit or void before and after the dividing date.
- **Item receipts**—Add or delete, but don't edit or void before and after the dividing date.

- **Bill payments by credit card**—Add or delete, but don't edit or void before and after the dividing date.
- **Inventory quantity/value adjustments**—Add or delete, but don't edit or void before and after the dividing date.
- **Customer payments**—Add or delete, but don't edit or void before and after the dividing date.

☞ If you are working with a client's Accountant's Copy file created from a QuickBooks 2007 version, you will not have the same editing privileges listed earlier because the enhanced editing options now available in the QuickBooks 2008 Accountant's Copy are recognized only when they're returned to a QuickBooks 2008 data file.

Now is an excellent time to encourage your clients who share data with you to upgrade to QuickBooks 2008.

What the Accountant Cannot Do

Here is what you, the accountant, *cannot do while working in the Accountant's Copy of your client's file*:

- Modify payroll transactions.
- Affect Non-posting transactions, such as estimates, sales orders, or purchase orders.
- Transfer funds between accounts. Although you cannot use the "transfer" form, you can still create the same effect on the accounts by using a journal entry or deposit form.
- Build assemblies.
- Affect or make Sales tax payments.

RETURNING THE ACCOUNTANT'S COPY CHANGE FILE TO THE CLIENT

One of the most important features of using the Accountant's Copy to share your client's data is that when your changes are complete, you can send back an updated file for your client to import into her file. This "syncs" your changes with their books, bringing them up to date in one step.

New for QuickBooks 2008, you can use the Accountant's Copy feature in your QuickBooks Premier: Accountant Edition 2008 (as well as QuickBooks Enterprise Solutions 8.0 Accountant Edition) to open and work with your client's 2007 data file. After you complete the review and changes to the client's Accountant's Copy file you can return the file to the client for her to open in her 2007 version.

Creating an Import File to Give To Your Client

To return the corrected file to your client after you make all your changes, follow these steps:

1. Click **File, Accountant's Copy** and choose the **View/Export Changes** for Client to open the View/Export Changes for Client dialog, as shown in **Figure 21**.

Comment [ab3]: GAB – please move Fig 21 to just under this reference...
THANKS

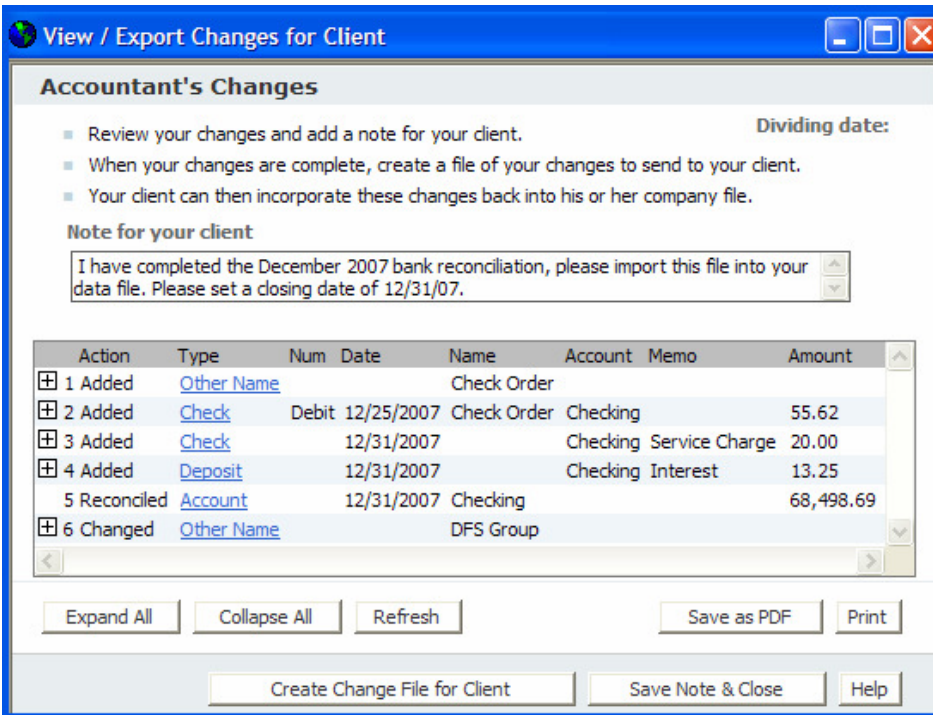


Figure 21: The View/Export Changes for Client dialog, where you can review your changes and include a note for your client.

- Review your changes and add a note for your client. Although the note is optional, you will want to include instructions for your client on what date to set for the closing date in her file. (See the following section, "Instructing Your Client to Set a Closing Date.")
- If you need to make additional changes or edit the changes you have made, click **Save Note & Close**.
- If your changes are complete, click **Create Change File for Client**. The Save Accountant Change File to dialog appears.
- Browse to the location where you want to save the file and optionally edit the filename to be saved. QuickBooks creates a file with an extension of .QBY.
- If you have already exported these changes for the client you will see the message informing you that if your client has already imported the previously exported changes file, she will not be able to import these changes. Click **OK** if you still want to export the changes.
- Click **Save**. A QuickBooks information dialog appears, letting you know the file was successfully created.
- Click **OK** to close the information message. QuickBooks returns you to the .QBA file.

To complete the process, simply give this newly created .QBY (Accountant's Copy import file) back to the client. You can copy it to a removable storage device or attach it to an email.

Instruct your client to follow the steps listed in the section, "[Importing Your Accountant's Changes](#)," to import your changes. Your client will be able to review your changes in detail before accepting or incorporating the changes into her file.

Formatted: Underline, Font color: Blue

Deleted: [Importing Your Accountant's Changes](#)

Instructing Your Client to Set a Closing Date

When your client imports the changes you have made to the Accountant's Copy of his file, the dividing date restrictions are removed. If you do not want the client to add or edit transactions prior to the dividing date, the client will need to set a closing date in his file.

The import changes process takes the client to the Closing Date menu automatically, so if you communicated in your Accountant's Copy Changes note what the desired closing date should be, the changes you made to balances cannot be changed.

If your changes are not "fixed" and can be modified, you might not need your client to set a closing date, and she will be able to select No when asked to update the closing date and password.

Review the details of setting a closing date and reviewing each employee's access rights to changing transactions prior to the closing date in the section titled "Importing Your Accountant's Changes."

What to Request from the Client When the Import Is Complete

The process for the client of importing your changes is structured with simple, easy-to-follow menus, as described in the section titled "[Importing Your Accountant's Changes](#)." However, you might want to request a few items from the client after the import to be sure the process was completed successfully:

Deleted: [Importing Your Accountant's Changes](#)

Formatted: Underline, Font color: Blue

- **Trial Balance**—You should review the trial balance as of the dividing date to compare with the same information from your copy of the client's file. Click Reports, Company & Financial, Balance Sheet Standard. Identify for the client cash or accrual basis if the client's company report default is not what you need to compare with.
- **Closing Date**—Verify with your client that he did set the date you requested. Instruct your client to click Company, Set Closing Date. Doing so opens the Company Preference tab for Accounting Preferences. Have your client verify the closing date (or any date at all), as shown in Figure 22.

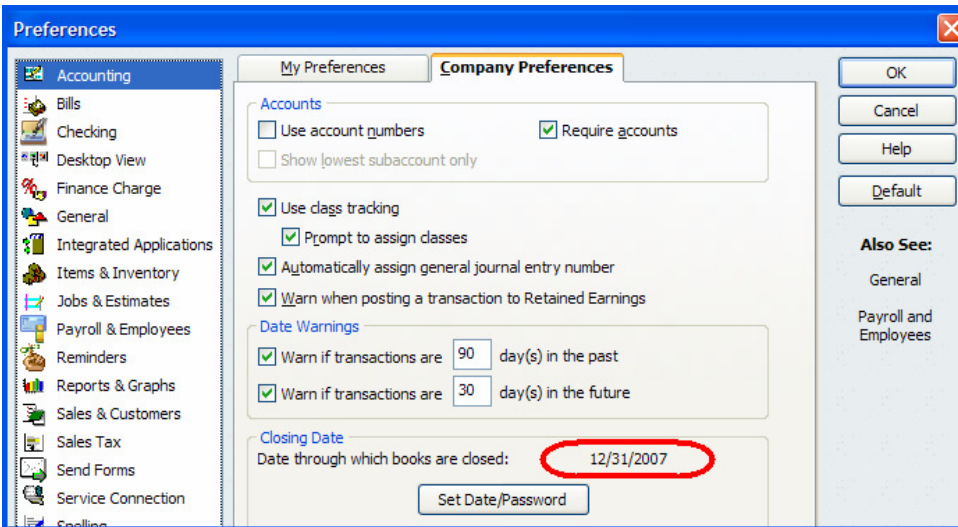


Figure 22: A good practice is to verify with the client that a closing date was set after importing the Accountant's Copy changes.

- **User security rights**—Verify with your client the access rights each employee has for changing transactions dated prior to the closing date. Instruct your client to click Company, Set Up Users and select the Set Up Users menu option. In the User List dialog that opens, select the employee and the View User tab on the right. A "Y" in the Changing Closed Transactions permission allows that user to add or edit transactions dated prior to the closing date. See Figure 13 earlier in this document.

Converting the Accountant's Copy to a Regular Company File

What can you do if after beginning to work in the Accountant's Copy you determine some of the changes that need to be made cannot be accommodated with this file type? You can now convert the client's Accountant's Copy (.QBX) file type to a regular QuickBooks (.QBW) file type following these steps.

Care should be taken here though.... Remember that if you convert the Accountant's Copy to a regular QBW file, you will NOT be able to send your changes back to the client and have them import them. Instead, you would have to make a list of the changes and have the client re-create them in his/her books, OR, you can instruct the client to stop working until you return the updated file. Either way, you have a possible data sync issue, and care should be taken.

If you do choose to do this....

Click **File, Utilities**, and choose the **Convert Accountant's Copy to Company File (.QBW)** menu option. A QuickBooks information dialog appears, recommending that you contact your client to discuss this change.

You will have to make the following decisions:

- Have the client manually repeat your changes in her file.
- If the client is going to use your file, the client must stop working in the file she has.

QuickBooks 2008 offers accountants more flexibility than in prior versions in how you choose to share and work in your client's data. These improvements help make the workflow for you and your client more efficient, making your accounting business more profitable.

QUICKBOOKS REMOTE ACCESS FOR ACCOUNTANTS

If as the accountant you would like to take more control over the import of your changes into your client's file as well as setting the closing date, you might want to consider using a remote access program to log in to your client's file through the Internet.

QuickBooks partners with WebEx to bring you a solution that makes it easy to work remotely in your file, or your clients' files. You can use this option if you need to make data changes that are not allowed in an Accountant's Copy; for example payroll transactions. You can also use this tool to perform the import of your changes into your client's data file and to set the closing date.

I find working in the remote environment a perfect choice for simplifying the entire process for clients. For more information, select **Accountant, Remote Access** to learn about this very useful service that QuickBooks has partnered with.

USING THE WORKING TRIAL BALANCE TO IDENTIFY BEGINNING BALANCE ERRORS

The Working Trial Balance tool is available in the QuickBooks Premier Accountant Edition and QuickBooks Enterprise Accountant Editions only.

WORKING TRIAL BALANCE

From the **Accountant Menu**, select **Working Trial Balance** to open the dialog shown in Figure 23 that will enable you to:

- See your client's net income at a glance after each adjusting entry.
- Review transactions in your client's accounts, including the Retained Earnings account.
- Select different date ranges to review.
- Enter adjusting journal entries.
- Enter your workpaper references for account adjustments.

Working Trial Balance

Selected Period: Last Fiscal Year From: 01/01/2010 To: 12/31/2010 Basis: Accrual

Account	Beginning Balance	Transactions	Adjustments	Ending Balance	Workpaper Reference
10100 • Checking	24,342.03	12,468.13		36,810.16	Need to reconcile, print, file
10300 • Savings	15,600.00	281.03		15,881.03	Reconciled & filed
10400 • Petty Cash	500.00			500.00	
11000 • Accounts Receivable	49,024.10	-27,774.71		21,249.39	
12000 • Undeposited Funds		18,252.08		18,252.08	
12100 • Inventory Asset	17,903.00	-5,135.96		12,767.04	
12800 • Employee Advances	770.00			770.00	
13100 • Pre-paid Insurance	4,050.00	893.02		4,943.02	
13400 • Retainage Receivable	1,796.72			1,796.72	
15000 • Furniture and Equipment	22,826.00			22,826.00	QuickBooks Fixed Asset Manager
15100 • Vehicles	78,936.91			78,936.91	QuickBooks Fixed Asset Manager
15200 • Buildings and Improvements	325,000.00			325,000.00	QuickBooks Fixed Asset Manager
15300 • Construction Equipment	15,300.00			15,300.00	
16900 • Land	90,000.00			90,000.00	QuickBooks Fixed Asset Manager
17000 • Accumulated Depreciation	-65,908.69		-44,435.91	-110,344.60	QuickBooks Fixed Asset Manager
18700 • Security Deposits	1,720.00			1,720.00	
Totals	0.00	0.00	0.00	0.00	

Net Income 25,542.79

☒ Only show accounts with transaction activity

Make Adjustments... Print...

Figure 23: Review your client's Ending Balances from the prior year.

Conveniently edit transactions or make adjusting journal entries from this window. From the Working Trial Balance dialog select **Make Adjustments** to open the Make Journal Entries as shown in Figure 24.

Make General Journal Entries

Previous Next Print... Find History Reverse Reports

Date: 12/31/2010 Entry No.: FAM2010 ☒ Adjusting Entry

Account	Debit	Credit	Memo	Name	Billable?
60900 - Depreciation Expense	44,435.91		Record 2010 Depreciation		
17000 - Accumulated Depreciation		44,435.91	Record 2010 Depreciation		
Totals	44,435.91	44,435.91			

List of Selected General Journal Entries: Last Fiscal Year

Date	Entry...	Adj	Account	Memo	Debit/Credit(+/-)
12/31/2010	1018		62100 - Insurance:62120 - Liability Insurance	July allocation of prepaid rider policy	148.83
12/31/2010	FAM2010	✓	60900 - Depreciation Expense	Record 2010 Depreciation	44,435.91
12/01/2010	1017		13100 - Pre-paid Insurance		-675.00
11/30/2010	1016		62100 - Insurance:62120 - Liability Insurance	July allocation of prepaid rider policy	148.83
11/01/2010	1015		13100 - Pre-paid Insurance		-675.00
10/31/2010	1014		62100 - Insurance:62120 - Liability Insurance	July allocation of prepaid rider policy	148.83
10/01/2010	1013		13100 - Pre-paid Insurance		-675.00
09/30/2010	1012		62100 - Insurance:62120 - Liability Insurance	July allocation of prepaid rider policy	148.83
09/01/2010	1011		13100 - Pre-paid Insurance		-675.00
08/31/2010	1010		62100 - Insurance:62120 - Liability Insurance	July allocation of prepaid rider policy	148.83

Hide List of Entries Save & Close Save & New Revert

Figure 24: You can later print a list of the “Adjusting Entry” journal entries.

QuickBooks defaults this entry as an “Adjusting Entry” so that it will appear in the same column on the Working Trial Balance Window. You can set QuickBooks to default the Entry No. From the **Edit Menu, Preferences** click on the **Accountant, Company Preferences** tab. Then, on that screen, place a checkmark in the “Automatically assign general journal entry number” field.

Selecting a time period on the Make General journal Entries dialog will allow you to see a list of all journal entries and if they are adjusting or not.

☞ Do your client’s year-end totals differ from the prior year’s data provided to you? Have you used the QuickBooks powerful “Set Closing Date” feature? Using the “Set Closing Date” feature allows you to effectively “lock” the books as of a certain date, (and password protect the data), so that changes cannot be made to those “closed” periods. All detail remains however, as it is not a hard close.

POWER REPORTS FOR TROUBLESHOOTING BEGINNING BALANCE DIFFERENCES

From time to time, QuickBooks users enter, edit, void and delete transactions dated in previous reporting periods.

QuickBooks provides several reports to assist in troubleshooting beginning balances. When accountants use the Set Closing Date option as discussed above, less time is spent correcting and more time can be spent analyzing the customer's current year results.

Each of these reports can be found by selection **Reports, Accountant & Taxes** and choosing a report that will best support your inquiry.

AUDIT TRAIL REPORT

The Audit Trail Report (see Figure 25) lists all transactions entered into the file and the complete history of changes, deletions and /or voids to those transactions. If a client makes a change to a prior period transaction, the Audit Trail Report will show the effects of the change.

☞ In QuickBooks 2006 versions and above, the Audit Trail is permanently activated and users cannot disable it. Prior versions allowed users with the appropriate access rights to disable the Audit Trail. This is an excellent reason to make sure that your clients have the most current version of the QuickBooks software.

Num	Entered/Last Modified	Last modified by	State	Date	Name	Memo	Account	Split	Debit	Credit
Bill 125										
125	12/15/2011 09:57:42	Admin	Latest	10/03/2011	Hamlin Metal Pretell Real Estate...	Metal Work	20000 - Accounts ... 54000 - Job Expen...	54000 - Job E... 20000 - Acco...	500.00	500.00
125	12/15/2011 19:13:13	Admin	Prior	10/03/2011	Hamlin Metal Pretell Real Estate...	Metal Work	20000 - Accounts ... 54000 - Job Expen...	54000 - Job E... 20000 - Acco...	239.00	239.00

Figure 25: Use the Audit Trail report to see changes made to transactions.

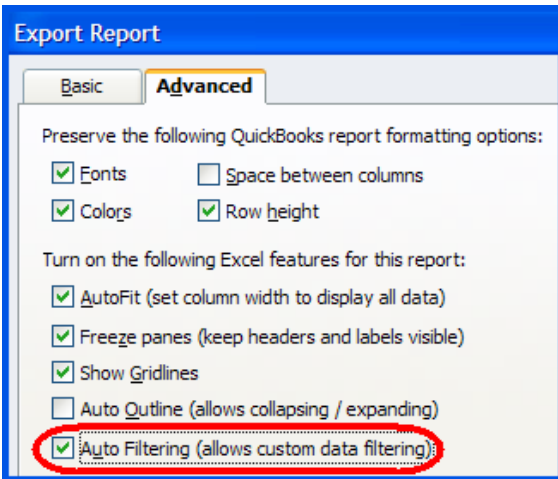


Figure 26: Use the advanced properties to filter for selected information on the audit trail report.

Like other QuickBooks reports, it is possible to filter the Audit Trail Report on a number of different criteria. Applying these filters may make it possible for users to more readily identify transactions that meet specific conditions. It is also possible to export the Audit Trail Report to Excel and search the spreadsheet for transactions meeting specific criteria. One very effective way of achieving this objective is *to export the Audit Trail Report to Excel with AutoFilters turned on*. To do this, select **Export** from the report window and select the **Advanced** tab of the Export Report Window. Then check the box labeled **Auto Filtering** as shown below:

With Auto Filtering turned on, you can then filter each column to only show transactions that match the specified criteria.

CLOSING DATE EXCEPTIONS REPORT

This report as displayed in Figure 27 shows transactions dated on or before the closing date that were modified or entered after you established the closing date. Similar to the Audit Trail Report this report shows the current status of the transaction as well as the original transaction. Knowing the original status of the transaction is useful when locating the corrections needed to balance the books to the prior period. You can see the transactions that might need to be reversed, or adjusted, to get back to the correct balances.

- Users with Administrative rights have access to make prior period changes. Protect your work by encouraging your clients to not log into QuickBooks as Administrator. Creating a separate User ID will provide a greater degree of control, and better audit trail functionality overall, as well. Further restrict prior period changes by setting a closing date password as discussed above.

Rock Castle Construction
Closing Date Exception Report
 Books Closed As of December 31, 2010

Num	Entered/Last Modified	Last modified by	State	Date	Name	Memo	Account	Split	Debit	Credit
Transactions entered or modified by John Smith										
General Journal 1018										
1018	12/15/2011 20:30:51	John Smith	Latest	12/31/2010	Overhead	July allocation of prepaid r...	62100 - Insurance...	13100 - Pre-paid Insu...	165.33	165.33
					Overhead	July allocation of prepaid r...	13100 - Pre-paid In...	62100 - Insurance:62...		
1018	12/15/2011 19:22:27	Admin	Prior	12/31/2010	Overhead	July allocation of prepaid r...	62100 - Insurance...	13100 - Pre-paid Insu...	148.83	148.83
					Overhead	July allocation of prepaid r...	13100 - Pre-paid In...	62100 - Insurance:62...		

Figure 27: View all transactions modified prior to a closing date.

VOIDED/DELETED TRANSACTIONS REPORT

In QuickBooks versions 2005 or later, QuickBooks creates an activity log of all voided and deleted transactions. This report is not dependent on the Closing Date because QuickBooks tracks the activity whether or not the transaction is dated in a previous reporting period. Further, this “always on” report is not dependent on any other Company Preference setting (e.g. Audit Trail). See Figure 28.

Rock Castle Construction
Voided/Deleted Transactions Summary
 Entered/Last Modified December 15, 2011

Num	Action	Entered/Last Modified	Date	Name	Memo	Account	Split	Amount
Transactions entered or modified by John Smith								
Check 93								
93	Deleted Transaction	12/15/2011 20:34:58						0.00
93	Changed Transact...	12/15/2011 19:14:12	12/01/2009	Reyes Properties		10100 - Checking	63900 - Rent	-1,200.00
Check 136								
136	Deleted Transaction	12/15/2011 20:40:08						0.00
136	Changed Transact...	12/15/2011 19:24:23	03/31/2010	Bayshore CalOil S...	Fuel	10100 - Checking	60100 - Auto...	-127.00

Figure 28: This report identifies transactions that were voided or deleted.

To display more information about a transaction on this report, double-click on the transaction. QuickBooks will then display the impact of the original transaction on the General Ledger.

Rock Castle Construction
Voided/Deleted Transactions Detail

Entered/Last Modified

Num	Action	Entered/Last Modified	Date	Name	Memo	Account	Split	Debit	Credit
93	Deleted Transaction	12/15/2011 20:34:58						0.00	
93	Changed Transact...	12/15/2011 19:14:12	12/01/2009	Reyes Properties Overhead		10100 - Checking	63900 - Rent	1,200.00	
							10100 - Chec...		1,200.00

Figure 29: Double click on a changed transaction to see the original G/L accounts assigned.

Use these reports to identify the original transaction so that you can re-create or create an adjusting journal entry impacting the same accounts as the original transaction, especially if the client has deleted a transaction in the period you had previously closed or done the tax return for.

RETAINED EARNINGS QUICK REPORT

In QuickBooks 2005 and newer versions you can now view the detail of transactions posted to Retained Earnings. Simply select the **Lists, Chart of Accounts** and then double click on Retained Earnings account with your mouse pointer.

Rock Castle Construction
Account QuickReport

All Transactions

Type	Date	Num	Name	Memo	Split	Amount	Balance
General Journal	12/31/2009	Setu...	Overhead	To clear OB...	30000 - Open...	18,470.43	18,470.43
Closing Entry	12/31/2009					18,943.54	37,413.97
Bill	12/10/2010	58966	Anthony's Repair Service		20000 - Acco...	-125.00	37,288.97
Closing Entry	12/31/2010					25,886.50	62,955.47
Total 32000 - Retained Earnings						62,955.47	62,955.47
TOTAL						62,955.47	62,955.47

Figure 30: From the Chart of Accounts list double click on Retained Earnings to create a QuickReport.

Identify entries made in error to the Retained Earnings Account. Double click on an entry to edit and correct the account assigned. The warning shown in Figure 31 is displayed whenever a user is posting to the Retained Earnings account in error.

Closing Entry type of transactions is automatically performed by QuickBooks at year-end and cannot be edited. Each time a transaction in the corresponding period is added, modified, or deleted; QuickBooks re-calculates the year-end closing entry.

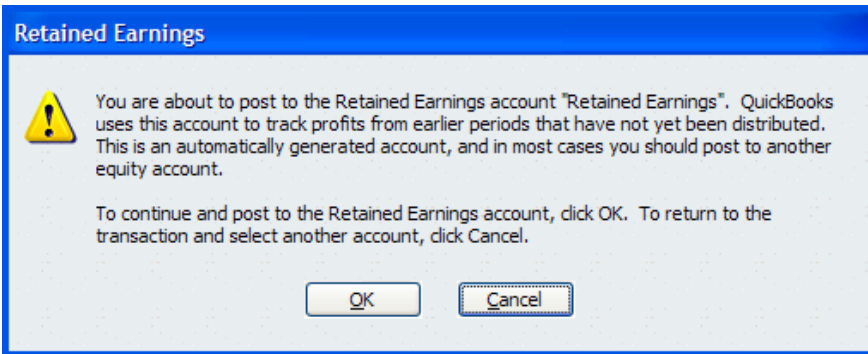


Figure 31: Warning when Users enter a transaction to the Retained Earnings Account.

 A "Company Information" dialog box with multiple sections. The "Report Information" section at the bottom left is highlighted with a red rectangle. It contains fields for "First month in your:", "Fiscal Year" (set to January), "Tax Year" (set to January), and "Income Tax Form Used" (set to Form 1120S (S Corporation)). Other sections include "Contact Information" (Company Name: Rock Castle Construction, Address: 1735 County Road Bayshore, CA 94326, Phone #: 650-555-1234, Fax #: 650-555-5678, E-mail: rockcastle@samplename.com, Web Site: www.samplename.com), "Legal Information (Appears on payroll tax forms)" (Legal Name: Rock Castle Construction, Inc., Legal Address: 1735 County Road, City/State/ZIP: Bayshore, CA 94326, Legal Country: US), "Company Identification" (Federal Employer Identification No.: 00-7904153, Social Security Number field), and "Payroll Tax Form Information" (Contact: Alan Sun, Title: CFO, Phone #: 650-555-1234). Buttons for "OK", "Cancel", "Help", and "Ship To Address..." are on the right.

Figure 32: Company Information dialog is used to edit the Fiscal Year and Tax Year for reporting.

To edit the month assigned as the first month in your fiscal year, click Company, Company Information. In the Report Information pane you can modify the months assigned for both your fiscal year and tax year. Modifying these months instructs many of the Year-to-date reports to know exactly what month to start with.

REVIEWING AND CORRECTING CHART OF ACCOUNTS ERRORS

There are several possible errors users make when working with the chart of accounts. The accountant's review at each period should include an analysis of accounts created on the General Ledger since the last review.

QUICKBOOKS CREATED CHART OF ACCOUNTS HAVE BEEN DELETED OR RENAMED

Although you are given quite a bit of flexibility in creating the chart of accounts using a variety of methods, QuickBooks creates certain accounts that are hard-coded into the programming of the software, meaning you do not need to create them yourself.

A common mistake is to create these accounts, not recognizing that they were already created or will be created when the related form is chosen.

AUTHOR'S NOTE: I usually recommend to my clients to accept the default chart of accounts because they can be modified at anytime. Even if you select None/Other during the EasyStep Interview when creating a chart of accounts, there are specific accounts in QuickBooks that are automatically created. These accounts are:

- Payroll Liabilities (Other Current Liability)
- Capital Stock (Equity)
- Opening Bal Equity (Equity)
- Retained Earnings (Equity)
- Shareholder Distributions (Equity)
- Payroll Expenses (Expense)

Additionally, if you selected None/Other during the EasyStep Interview when presented with a list of industry-specific chart of accounts, QuickBooks creates the following accounts only when the associated form or transaction is used or a related preference is selected:

- Inventory Asset (Asset) — (Inventory item created)
- Accounts Receivable (Asset) — (Invoice form opened)
- Sales Tax Payable (Liability) — (Sales Tax preference enabled)
- Accounts Payable (Liability) — (Vendor bill form opened)
- Purchase Orders (Non-Posting) — (Purchase Order form opened)
- Estimates (Non-Posting) — (Estimate form opened)

To determine whether an account was created by QuickBooks, simply edit the account in question; if the Account Type field is not active (grayed out), then this account was automatically created by QuickBooks (see Figure 33).

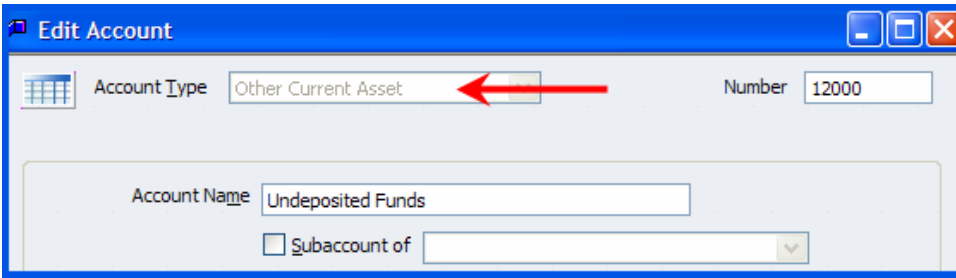


Figure 33: When you cannot change the Account Type, it is an account created by QuickBooks.

You can tell which accounts are created by QuickBooks because in the Edit Account window you cannot edit the account type. These accounts are very important to the QuickBooks functions. If a user deletes these accounts, QuickBooks will re-create them when the related form is used.

If users have renamed them to something un-related to what it was intended for, financials may be misread. Re-name the account to the appropriate name.

MERGING OR INACTIVATING DUPLICATE CHART OF ACCOUNTS

Often when there are multiple users of a QuickBooks data file, each user will inadvertently create Chart of Account listings that were already there.

Duplicate accounts can be made inactive by following these easy steps:

1. Click **Lists, Chart of Accounts**.
2. With the mouse pointer, select the account to be edited and click the **Ctrl + E** on your keyboard. The Edit Account dialog opens.
3. Place a **checkmark** in the Account is inactive box as shown in Figure 34.

The screenshot shows the 'Edit Account' window. At the top, 'Account Type' is set to 'Expense' and 'Number' is '60600'. The 'Account Name' is 'Bank Service Charges'. Below it is a 'Subaccount of' dropdown. An 'Optional' section contains a 'Description' field with 'Bank Service Charges', a 'Note' field, and a 'Tax-Line Mapping' dropdown set to 'Deductions: Other deduct...'. There is a link 'How do I choose the right tax line?' and a checkbox for 'Track reimbursed expenses in Income Acct.'. At the bottom left, the checkbox 'Account is inactive' is checked and circled in red. At the bottom right are 'Save & Close' and 'Cancel' buttons.

Figure 34: Marking an account as inactive removes it from lists but does not remove it from reports when it is used.

Inactive accounts will not appear in list selections but will appear in financials for those periods where there is activity. For this reason, “deactivating” paid-off loans and fully-amortized asset accounts is the preferred method rather than merging or deleting.

NOTE: Duplicate Vendors, Customers, Other Names List? These can be merged also following the same instructions below. (Employee list items cannot be merged).

MERGING DUPLICATE ACCOUNTS

Duplicate accounts can also be merged. Caution – this process is *not reversible* and when completed all prior transactions appear as if they had always been posted to the original account.

To merge two accounts, do the following:

1. Click **Lists, Chart of Accounts**, highlight the account you want to remove with the merge. With the account highlighted press **Ctrl+E** on your keyboard to open the Edit Account dialog.
2. If you are using account numbering, replace the account number with the account number for the account you want to retain. (If you are not using account numbering, you can simply type the exact spelling of the name of the other account you are merging this one into.)
3. QuickBooks cautions you that the name is already being used and asks whether you want to continue (see Figure 37 on page 59).
4. Click **Yes**.

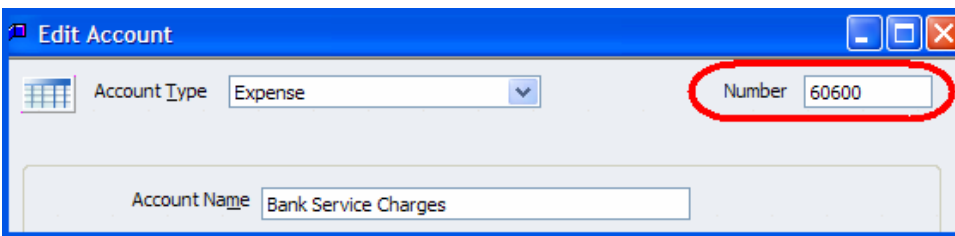


Figure 35: This is the account we want to remain after the merging like accounts.

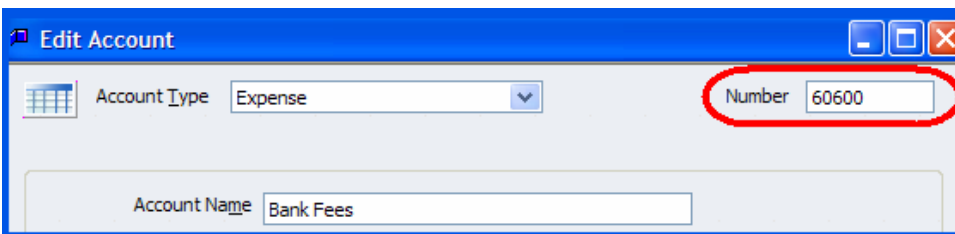


Figure 36: Bank Fees will now be merged in Bank Service Charges account.

Type the account number (or name of General Ledger account) you wish to keep. This will take the transactions from the old account, and “merge” them into the account you want to keep.

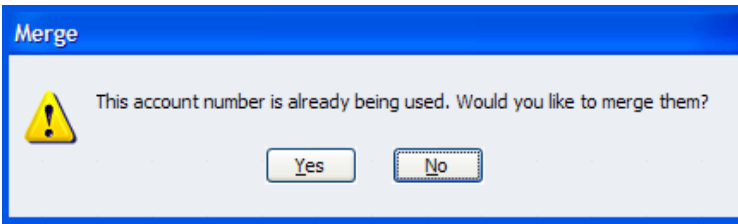


Figure 37: *When merging accounts...Caution – this process is not reversible.*

WRONG ACCOUNT TYPE SELECTED

Users will often create the wrong type of account. QuickBooks allows the user to edit the account type (see Figure 38) except for certain accounts created by QuickBooks as discussed previously. Care should be taken when editing the account type. All previous reports will now appear as if the account was always the correct type.

Additionally, if you change an account type from a Checking type to a non checking type, you will get a message that your checkbook register will no longer be available.

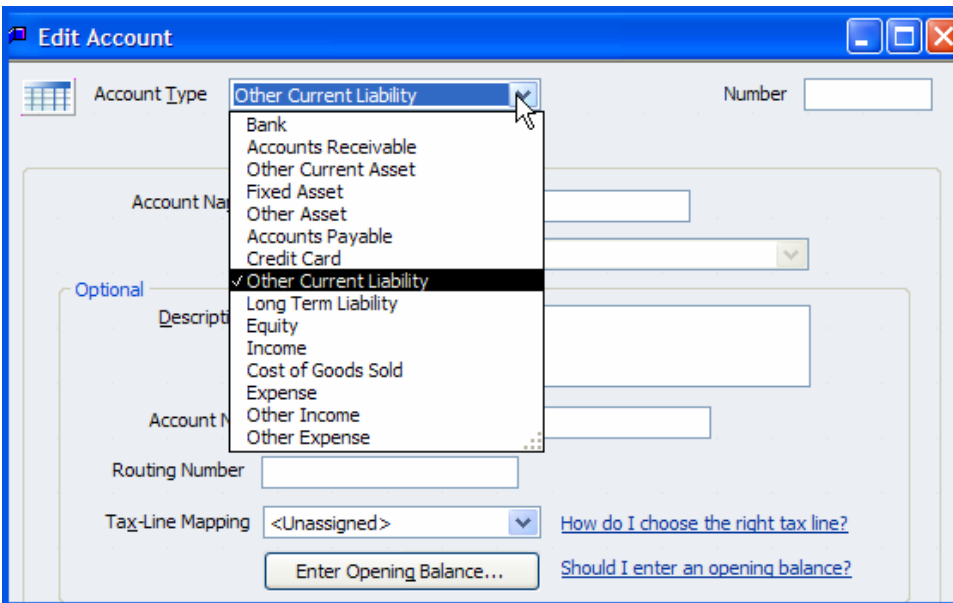


Figure 38: *Correcting the Account Type can be an easy fix to misstated financials.*

Selecting the correct type of account assures that financials will follow appropriate placement in the General Ledger reports.

ACCOUNTS THAT SHOULD OR SHOULD NOT BE SUBACCOUNTS

It can be very useful to group like accounts together for the purpose of getting sub-totals for a particular type of account. Users can edit an account to include it as a subaccount of another group as in Figure 40 or also remove it from being a subaccount of a group.

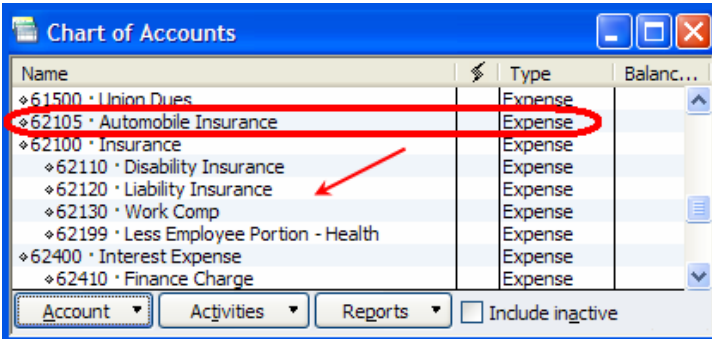


Figure 39: Could the data reporting be improved by grouping like items together?

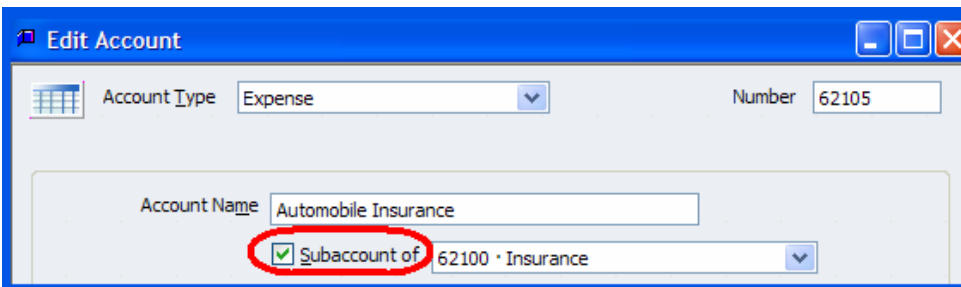


Figure 40: Assign like items to be a Subaccount of a parent account for improved reporting.

TRICK: To accomplish the same task without going to the edit window you can place your mouse on the diamond in front of the list item and move it down and over.

Often users will create too many accounts and not fully utilize the Item list feature in QuickBooks. We will discuss the effectiveness of the Item list in the next section.

There are two ways to catch GL accounts that have been added by the client, since your last review:

- 1) In the Company Preferences, **turn on Account Numbers** while you have the file, and also add Numbers to each Chart of Accounts item. THEN, turn OFF the account numbers preference before you return the file to the client. If a client adds a GL account, they will not also add the account number (because that preference is turned off they do not see the field to add the number). When you get the file back, simply repeat the process. When you view the COA list, you'll see the accounts that have been added by the client.
- 2) The other method involves using the Financial Statement Designer for that client. When you open up a previously-created Financial format for that client, it will warn you that accounts have been added or deleted, since you last ran that report. You can then review those accounts and decide what to do.

REVIEWING AND CORRECTING QUICKBOOKS ITEM LIST ERRORS

OVERVIEW OF ITEMS

QuickBooks items are used on sales or purchase forms. For example, services and products you sell, things you buy, discounts you offer, and assets you own. You use items when you create invoices, fill out checks, create purchase orders, or buy new equipment.

While they provide a quick means of data entry, a much more important role for items is to handle the behind-the-scenes accounting. When you create an item, you link it to an account; when the item is used on a form, it posts an entry to that account and another entry to the appropriate accounts receivable, accounts payable, checking, fixed asset, or other account.

Careful review of the item list and the associated income and expense accounts can help uncover many financial reporting errors.

Another method to review the item list setup is the Item Listing report (click **Reports, Lists** and select the **Item Listing report**). Click **Modify** on the report, and in the dialog box that appears click the **Display** tab to select the columns to view. Useful columns include **Item**, **Description**, **Type**, **Account**, **Asset Account** (for inventory items only), **COGS Account**, and **Sales Tax Code**, as shown in Figure 41. These columns define where your purchase or income transactions are reported to on your financials.

What exactly are you to look for on the list item report as shown in Figure 42? One thing you are looking for are items that you use on both purchase and sales forms but that have only the Account column details.

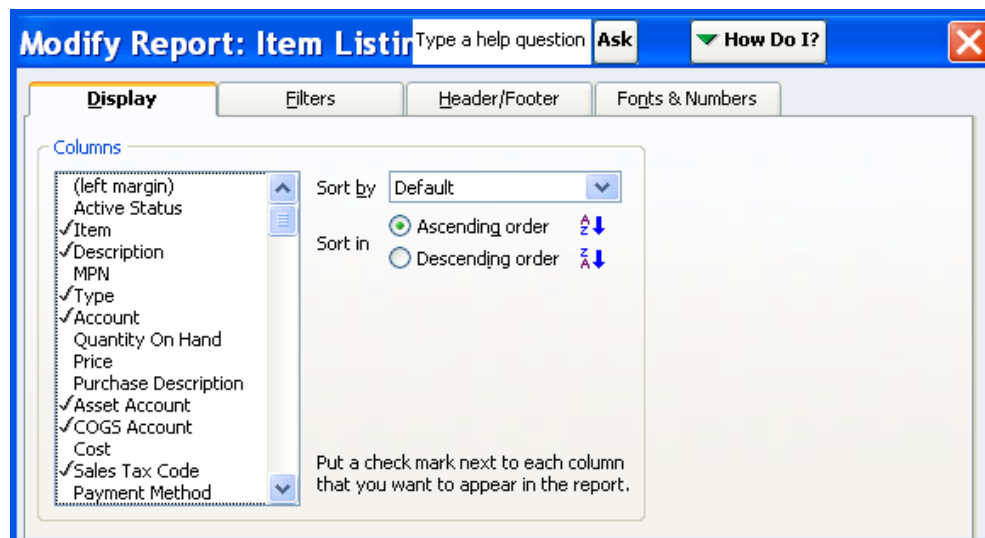


Figure 41: Modifying a report to display specific detail.

Modify the Item Listing report to review your item setup.

Rock Castle Construction
Item Price List
December 15, 2011

Item	Description	COGS Account	Account
Blueprint changes	Blueprints		40100 - Construction Income:40110 - Design Income
Blueprints	Blueprints		40100 - Construction Income:40110 - Design Income
Concrete Slab	Foundation slab - prep and pouring		40100 - Construction Income:40130 - Labor Income
Floor Plans	Floor plans		40100 - Construction Income:40110 - Design Income
Framing	Framing labor		40100 - Construction Income:40130 - Labor Income
Installation	Installation labor		40100 - Construction Income:40130 - Labor Income
Labor			40100 - Construction Income:40130 - Labor Income
Removal	Removal labor		40100 - Construction Income:40130 - Labor Income
Repairs	Repair work		40100 - Construction Income:40130 - Labor Income
Subs	Subcontracted services	54000 - Job COGS:54500 - Subcontractors	40100 - Construction Income:40150 - Subcontracted Labo...
Subs Carpet	Install carpeting	54000 - Job COGS:54500 - Subcontractors	40100 - Construction Income:40150 - Subcontracted Labo...
Subs Drywall	Install drywall	54000 - Job COGS:54500 - Subcontractors	40100 - Construction Income:40150 - Subcontracted Labo...
Subs Duct Work	Heating & Air Conditioning Duct Work	54000 - Job COGS:54500 - Subcontractors	40100 - Construction Income:40150 - Subcontracted Labo...
Subs Electrical	Electrical work	54000 - Job COGS:54500 - Subcontractors	40100 - Construction Income:40150 - Subcontracted Labo...
Subs Insulating	Install insulation	54000 - Job COGS:54500 - Subcontractors	40100 - Construction Income:40150 - Subcontracted Labo...

Figure 42: Review the modified item listing report for items that have missing COGS or Account.

The COGS Account can be either a Cost of Goods Sold type or an Expense type. QuickBooks will record the appropriate expense to this selected account when this item is used in a Check or Bill form. The Account column is for the Income Account. QuickBooks will record Income for this item to the selected account when the item is used on sales documents.

The most common error is for users to create the same item that will be used on both purchase documents and sales documents and not select the "This item is used in assemblies....." While this terminology is confusing to most it is often found to be a leading cause of inaccurate financials.

Edit Item

Type: Service (Use for services you charge for or purchase, like specialized labor, consulting hours, or professional fees.)

Item Name/Number: Framing (Subitem of:)

Unit of Measure: U/M Set (Edit...)

☐ Item is inactive

☐ This service is used in assemblies or is performed by a subcontractor or partner

Description: Framing labor

Rate: 55.00

Tax Code: Non

Account: Labor Income (circled in red)

[How can I set rates by customers or employees?](#)

Buttons: OK, Cancel, Custom Fields, Spelling

Figure 43: Example of a one-sided item, with no expense account assigned, only an income account.

In the example shown in Figure 43, when this item is used on either a Check or Bill form and also on a customer Invoice form, *both the cost and the revenue will be recorded to the "Labor Income" account as selected here.* You can override the Income selection and chose a more precise Income account if you wish. More importantly is to setup the item like the one in Figure 44.

Edit Item

Type: Service (Use for services you charge for or purchase, like specialized labor, consulting hours, or professional fees.)

Item Name/Number: Framing (Subitem of:)

Unit of Measure: U/M Set (Edit...)

☒ This service is used in assemblies or is performed by a subcontractor or partner

Purchase Information

Description on Purchase Transactions: Framing labor

Cost: 0.00

Expense Account: 54000 · Job COGS:5...

Preferred Vendor:

Sales Information

Description on Sales Transactions: Framing labor

Sales Price: 55.00

Tax Code: Non

Income Account: 40130 · Labor Income

[How can I set rates by customers or employees?](#)

Buttons: OK, Cancel, Custom Fields, Spelling, Item is inactive

Figure 44: This item is properly set up to be used on both an expense and income form.

This setup will correctly record expenses to a cost of goods sold account and revenue to a revenue account. *It is BEST PRACTICE to set up items with both an Expense and an Income account. That way, the accounting is correct, regardless of which form they are used on.*

CHANGING THE ACCOUNT(S) ASSIGNED TO AN ITEM

It is possible to edit the accounts assigned to any of the item types (except Sales Tax types).

*When making a change to an account previously assigned to an item you will be given the choice to only affect transactions from this time forward **or** to go back and correct all previously recorded transactions. (See Figure 45).*

*Care and thought should be taken here **as the financials will be restated if the user answers “Yes” to modifying transactions prior to the closing date.***

It is therefore wise to make a backup of the client data before attempting these kinds of fixes, plus, you may want to have a printed Trial Balance on hand before you make any changes. That way, you can compare the results after you make the change and be sure it is what you wanted.

☞ Make sure you have a backup made *before* you make the changes suggested here. You cannot undo this easily once you say “yes” to affect all previously recorded transactions that used that item.

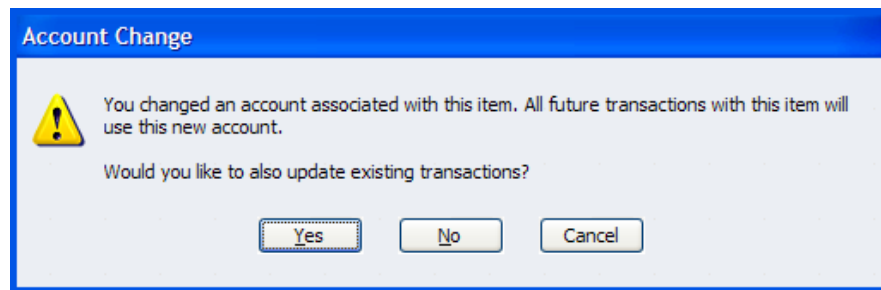


Figure 45: Changing accounts assigned to items gives you the opportunity to correct prior transactions or affect only new transactions.

REVIEWING AND CORRECTING ACCOUNTS RECEIVABLE ERRORS

Some indications that your client file may have Accounts Receivable errors are:

- Small balances open in a customer ledger
- Related transactions not applied to invoices, i.e., credit memos, customer payments
- Very old AR balances

OVERVIEW OF ACCOUNTS RECEIVABLE

Before looking at the Accounts Receivable a review should be done first of the item list discussed above. Knowing that the items were properly set up greatly improves the speed at which you can review the results of Accounts Receivable transactions.

There are other potential problems with Accounts Receivable, we will identify where to find the problems and how best to fix them. This section assumes that you have a *full working copy* of the client's data and that you are choosing to fix the original form entries rather than prepare journal entries to adjust accounts.

☞ It is always best to correct the sub ledgers themselves, than correct at the Journal Entry level. Often the best method is using the form designed for a specific sub ledger. In this way, the corrections are properly applied to the individual Customer Ledgers as opposed to just correcting the GL accounts at the highest level.

UNDEPOSITED FUNDS BALANCE APPEARS NOT TO HAVE BEEN DEPOSITED INTO BANK ACCOUNT

The primary purpose of the QuickBooks-created Undeposited Funds Account is to record deposits "in transit". For example, a company receives payments from their customers on Thursday and Friday, and then adds them together on one deposit ticket and takes it to the bank on Friday. Undeposited Funds lets the user relieve the Accounts Receivable balance but not yet put the money into the bank account.

However, some users do not see this account when doing their actual deposit and they record another deposit form directly into the bank account and the income account.

The best way to determine this is to select **Banking, Make Deposits** and if there are several old transactions, verify if they recorded deposits to the bank account and what transaction form they used. To see details of bank deposits simply create **Reports, Banking** and choose the **Deposit Detail** report as shown in Figure 46.

Type	Num	Date	Name	Account	Amount
Deposit		12/12/2011		10100 - Checking	4,936.12
Payment	10586	12/12/2011	Nguyen, Tuan:Gar...	12000 - Undeposited Funds	-2,200.00
Payment		12/12/2011	Nguyen, Tuan:Gar...	12000 - Undeposited Funds	-2,736.12
TOTAL					-4,936.12
Deposit		12/12/2011		10100 - Checking	5,000.00
			Allard, Robert:Rem...	40110 - Design Income	-5,000.00
TOTAL					-5,000.00

Figure 46: When no Type is listed the customer payment form was not possibly overstating the account assigned in the deposit transaction.

Notice the "type" of transaction reported. "Payment" indicates user received against an invoice and made the deposit correctly.

The second transaction shown above could be a mistake. The user created a deposit form, assigned it to a customer and an income account but did not associate it to the customer's invoice potentially leaving an open balance in Accounts Receivable.

You may want to consider filtering the above report, by "Transaction Type" and choosing everything except Payment. That way, you'll see deposits made that were entered in via other methods.

Users are given the following warning when they create this transaction:

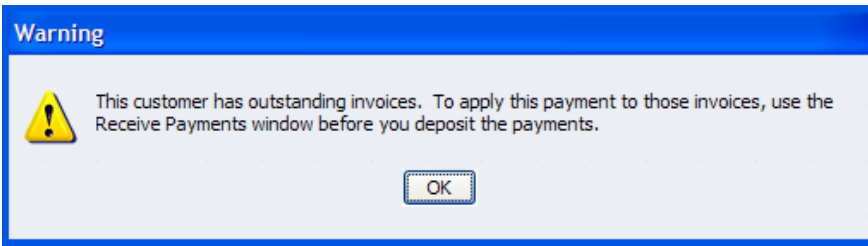


Figure 47: Warning when recording a customer deposit without using the proper customer payment form.

There are several ways to fix this problem, all vary in complexity. The most difficult would be to receive each payment correctly and apply them to the correct deposit transaction. To simplify the correcting process the following is recommended.

If your client has a large balance in Undeposited Funds use the report above to determine how deposits were made and what account(s) have been overstated by the incorrect method.

To create this report, which I call *Undeposited Funds Detail*, follow these easy steps:

1. Select **Reports, Custom Transaction Detail**. The Modify Report dialog automatically opens.
2. Display the date range as **All**. (Tip: Simply type an "a" without the quote marks to make the date range default to All.)
3. For **Total** by select **Payment Type** from the bottom of the list.
4. For Columns, select those that you want to view on the report.
5. Click the **Filters** tab. On the filter pane select **Accounts**, and choose the **Undeposited Funds Account** from the drop-down menu.
6. Also from the Filters tab select **Cleared** and click the **No** button.
7. Click the **Header/Footer** tab. Change the report title to **Undeposited Funds Detail**.
8. Memorize the report (at the top of the Report Window) so you can pull it up later. You can also train the client to view this report for any received customer payments that have not yet been deposited.

Custom Transaction Detail Report

10:13 PM
12/15/11

Rock Castle Construction
Undeposited Funds Detail

Accrual Basis All Transactions

Type	Date	Num	Name	Clr	Amount
Payment	12/15/2011		Allard, Robert:Remodel		5,000.00
Total					5,000.00

Figure 48: Custom report will show received money not yet deposited to the bank account.

Create this report for specific periods of time to determine the total of funds that were not deposited correctly. To create the correcting transaction select **Banking, Make Deposits** window select those within your report dates, deposit them on a Deposit form and on the next line of the deposit form do a negative amount entry to the account you previously identified as being overstated.

Make Deposits

Previous Next Print Payments History Journal

Deposit To: 10100 · Ch... Date: 12/15/2011 Memo: Deposit

Click Payments to select customer payments that you have received. List any other amounts to deposit below.

Received From	From Account	M..	Chk No.	Pm...	Amount
Allard, Robert:Remodel	12000 · Undeposited Funds			Check	5,000.00
	40100 · Construction Income:40110 · Design Income				-5,000.00
Deposit Subtotal					0.00

To get cash back from this deposit, enter the amount below. Indicate the account where you want this money to go, such as your Petty Cash account.

Cash back goes to: Cash back memo: Cash back amount:

Deposit Total: 0.00

[Save time using printable or manual deposit slips.](#)

Save & Close Save & New Clear

Figure 49: Correcting entry when needing to remove old undeposited funds.

- ☞ You can set the Undeposited Funds account as the default for all customer deposits. To do this, select **Edit, Preferences** and choose the **Sales & Customers** preference. Click the **Company Preferences** Tab and place a checkmark in the “**Use Undeposited Funds Account**”, and then show your client how to “**Make Deposits**” so they can match individual customer payments to the actual deposit total brought to the bank.

ACCOUNTS RECEIVABLE OPEN INVOICES SHOW SMALL BALANCES OPEN

If it is determined with your client that they will not be collecting these small balances there is an easy way to remove them and record the proper entry.

Run the following report:

1. Select **Reports, Customers & Receivables**.
2. Select **A/R Aging Detail** as in Figure 50.

Rock Castle Construction
A/R Aging Detail
 As of December 15, 2011

Type	Date	Num	P. O. #	Name	Terms	Due Date	Aging	Open Balance
Invoice	11/28/2011	1085		Teschner, Anton S...	Net 15	12/13/2015		565.95
Invoice	11/15/2011	1074		Pretell Real Estate...	Net 30	12/15/2015		1,072.50
Invoice	11/20/2011	1079		Melton, Johnny:De...	Net 30	12/20/2015		8,618.64
Invoice	11/25/2011	1080		Cook, Brian:Kitchen	Net 30	12/25/2015		1,636.69
Invoice	11/25/2011	1081		Cook, Brian:2nd st...	Net 30	12/25/2015		5,418.00
Invoice	11/25/2011	1082		Jacobsen, Doug:K...	Net 30	12/25/2015		2,320.00
Invoice	11/25/2011	1083		Burch, Jason:Room...	Net 30	12/25/2015		2.00
Invoice	12/10/2011	1092		Campbell, Heather...	Net 15	12/25/2015		13,900.00
Invoice	11/30/2011	1086		Ecker Designs:Off...	Net 30	12/30/2015		1,468.30
Invoice	12/10/2011	1090		Pretell Real Estate...	Net 30	01/09/2016		1,715.00

Figure 50: Review the A/R Aging Detail for customers with small open balances.

3. Double-click to open up the **Customer's Invoice**.
4. From the top of the invoice form select **History**.

Transaction History - Invoice

Invoice Information

Customer:Jobs Burch, Jason:Room Addition
 Invoice Date 11/25/2011
 Invoice No. 1083 Invoice Total 1,005.00
 Memo Follow Up Work for September Job
 Sent Date Send Method

Payments, deposits of payment line items, credits, and discounts

Type	Date	Number	Amount	Invoice Balance
Payment	12/15/2011		-1,003.00	2.00

Buttons: Cancel, Help, Print, Edit Invoice, Go To

Figure 51: Transaction History appears after selecting History on the original invoice form.

Underpayment \$2.00. When you finish, do you want to:

☐ Leave this as an underpayment
☒ Write off the extra amount

View Customer Contact Information

Figure 52: From the Customer Payment dialog, choose to “Write off” the extra amount.

- From the original customer payment window as shown in Figure 52 (in QuickBooks 2005 and newer) select the *Write off the extra amount* from the lower left of the Customer Payment window. Care should be taken with this method with respect to prior-period financials that could be impacted by this type of change.

Write Off Amount

Write off \$2.00 to

Account 40199 - Less Discounts given

[How do I choose the right account?](#)

Buttons: OK, Cancel

Figure 53: Recording the Write off the small balance.

Users can select the correct account for recording discounts or write-offs given on customer balances see Figure 53.

ACCOUNTS RECEIVABLE WITH UNAPPLIED CUSTOMER CREDITS

Users often create credit memos or receive payments from customers without properly applying them to the applicable open customer invoice. Select **Reports, Customers & Receivables** and choose the **Open Invoices** report (see Figure 54). Review this report for unapplied customer payments or unapplied customer credits.

- ☞ Un-applied credits in Accounts Receivable (as well as Accounts Payable) will appear on a Balance Sheet – Cash Basis report. See section below for more details.

5:11 PM
12/15/11

Rock Castle Construction
Open Invoices
As of December 15, 2011

Type	Date	Num	P. O. #	Terms	Due Date	Aging	Open Balance
Ecker Designs							
Office Repairs							
Payment	12/15/2011						-1,468.30
Invoice	11/30/2011	1086		Net 30	12/30/2015		1,468.30
Total Office Repairs							0.00
Total Ecker Designs							0.00
Hendro Riyadi							
Remodel Kitchen							
Invoice	11/18/2011	1077			11/18/2011	27	4,223.00
Credit Memo	12/15/2011	1100			12/15/2011		-123.00
Total Remodel Kitchen							4,100.00
Total Hendro Riyadi							4,100.00

Figure 54: Review the open invoices report for payments or credits not applied to invoices.

Double click to open up the **Customer Payment** form, choose the invoice to apply the payment to, and then save as shown in Figure 55.

Receive Payments

Previous Next History Journal Get Online Pmts

Customer Payment

Received From: Ecker Designs:Office Repairs Customer Balance: 1,468.30

Amount: 1,468.30 Date: 12/15/2011

Pmt. Method: Check Check #:

Memo: Where does this payment go?

☐ Process credit card payment when saving

Find a Customer/Invoice...

	Date	Number	Orig. Amt.	Amt. Due	Payment
<input checked="" type="checkbox"/>	11/30/2011	1086	1,468.30	1,468.30	1,468.30
Totals			1,468.30	1,468.30	1,468.30

Amounts for Selected Invoices

Amount Due: 1,468.30

Applied: 1,468.30

Discount and Credits Applied: 0.00

Auto Apply Payment

Discount & Credits...

Save & Close Save & New Revert

Figure 55: Place a check mark next to the invoice that you want to apply the previously unapplied payment to.

Place a check mark next to the appropriate invoice.

Or, double click to open up the Credit Memo.

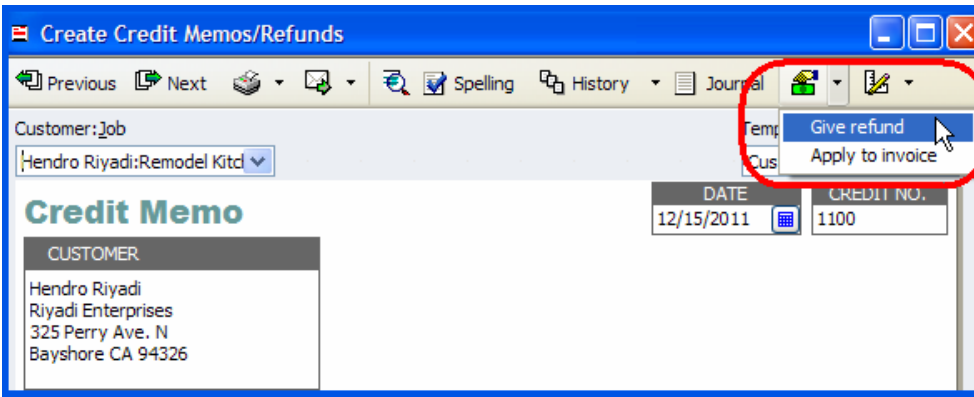


Figure 56: From the credit memo, select the Give refund option.

The user can then choose to give a refund which will open up a check writing window. Or the user can select to apply the credit memo to an existing invoice, depending on the situation.

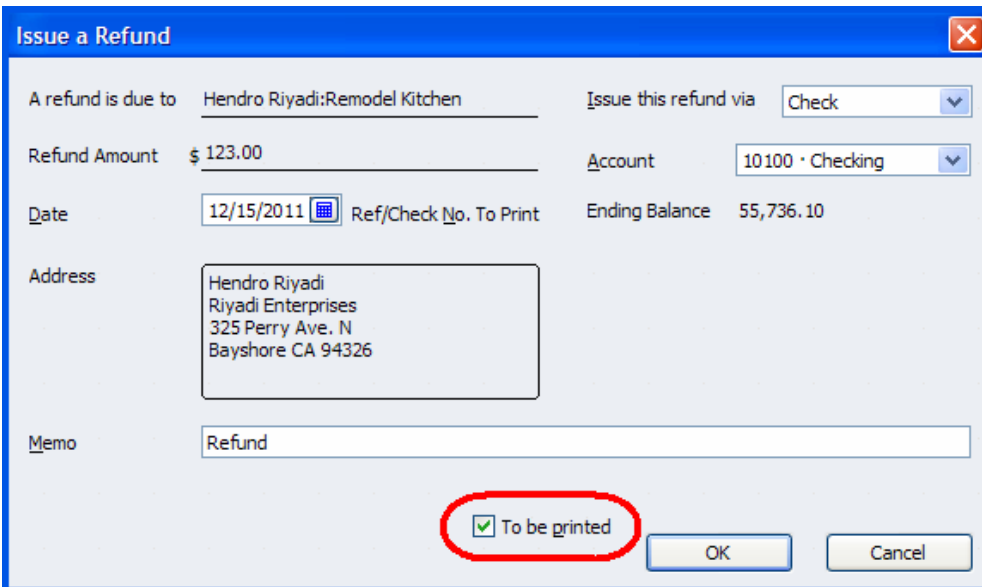


Figure 57: Issuing a refund directly from a credit memo.

The client can also apply the credit to an existing unpaid invoice balance. Place a check mark next to the appropriate invoice(s).

Apply Credit to Invoices

Credit Memo

Customer: Job Hendro Riyadi: Remodel Kitchen

Ref. No. 1100 Original Amt. 123.00


Date 12/15/2011 Remaining Credit 0.00

Date	Job	Number	Orig. Amt.	Amt. Due	Amt. Applied
11/18/2011	Remodel Kitchen	1077	4,223.00	4,223.00	123.00

Figure 58: Assigning a credit memo to a specific open invoice balance.

Users get the following message when they are receiving a customer payment that is not applied to an open invoice:

Payment Credit

 A credit for the overpayment will remain on the customer's account. You can:

- Click Print Credit Memo to save the transaction and print a credit memo.
- Click OK to save the transaction.
- Click Cancel to go back to the transaction without saving it.

Figure 59: Warning given when entering a payment that is not totally applied to a customer invoice.

REVIEWING AND CORRECTING ACCOUNTS PAYABLE ERRORS

USING A CHECK FORM TO PAY A VENDOR BILL

When your client creates a check to pay a vendor bill without using the Vendor Bill payment form, the result can be overstated expenses and an overstated Accounts Payable balance. The easiest way to see if this is a potential issue is to go to the Vendor Center on the icon bar.

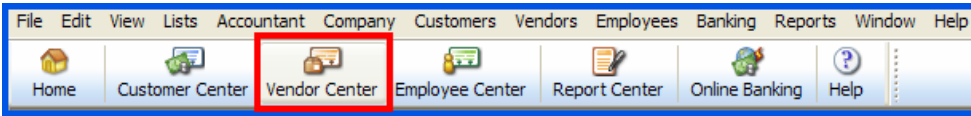


Figure 60: Select Vendor Center to view vendor related activities.

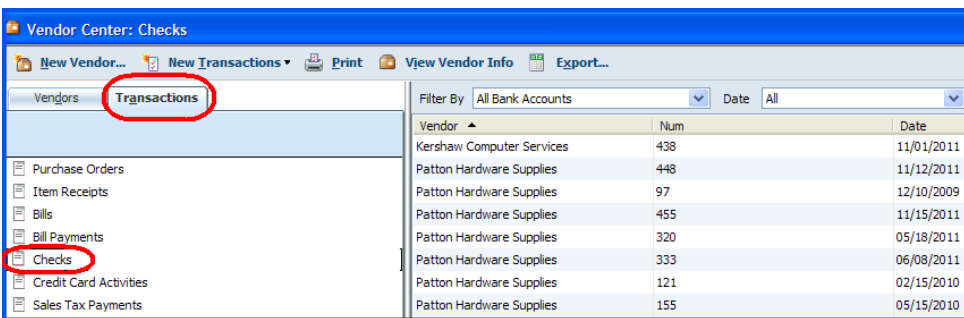


Figure 61: Reviewing checks issued (instead of bill payment form) to vendors.

Select the **Transactions** tab and the **Checks** transaction type. Review the list to see if any of the vendors on this list have open Accounts Payable invoices that should have been paid by these checks.

Again, there are several ways these can be fixed. Care should be taken when selecting a method as your accounting is affected differently for Cash basis from Accrual basis.

Method 1: Create a vendor credit dated in the current period for the open bill using the same account used in the original bill. This will correctly decrease the overstated expenses (assuming that the user also wrote the check and applied the expense account on the check), and, that you want the check to remain on the books in the period it was written.

☞ For cash basis clients, you can simply delete the bill and leave the check on the books, *provided* the client is also not doing Job costing, and using the bill to bring in Inventory.

Enter Bills

Previous Next Find History Journal

☐ Bill ☒ Credit

Credit

Vendor Kershaw Computer Services Date 12/15/2011

Ref. No. paid by check #438

Credit Amount 105.00

Memo _____

Expenses \$105.00 Items \$0.00

Account	Amount	Memo	Customer:Job	Billable?
64200 - Repairs:64220 - Computer Repairs	105.00			

Figure 62: Enter a credit memo to remove the open balance of the vendor bill.

After creating the credit, the Unpaid Bills Detail report will look like the following:

Unpaid Bills Detail

Modify Report... Memorize... Print... E-mail... Export... Hide Header Refresh Cash Advan

Dates Today 12/15/2011 Sort By Default

7:27 PM
12/15/11

Rock Castle Construction
Unpaid Bills Detail
As of December 15, 2011

Type	Date	Num	Due Date	Aging	Open Balance
Kershaw Computer Services					
Credit	12/15/2011	paid by check #438			-105.00
Bill	11/15/2011		12/15/2011		105.00
Total Kershaw Computer Services					0.00

Figure 63: Vendor activity after recording credit memo.

The second part to this step is to apply the new credit to the original unpaid invoice. Select **Vendors, Pay Bills** and make sure the **Show all bills** and **Sort Bills By Vendor** are both selected.

Pay Bills

Select Bills to be Paid

Show bills: ☐ Due on or before 12/25/2011 ☒ Show all bills

Sort Bills By: Vendor

<input checked="" type="checkbox"/>	Date Due	Vendor	Ref. No.	Disc. Date	Amt....	Disc. ...	Credits ...	Amt. To Pay
<input checked="" type="checkbox"/>	12/15/2011	Kershaw Computer S...			105.00	0.00	0.00	105.00
<input type="checkbox"/>	12/26/2015	Lew Plumbing			1,200...	0.00	0.00	0.00
<input type="checkbox"/>	12/27/2015	Lew Plumbing	20001		130.00	0.00	0.00	0.00
<input type="checkbox"/>	12/24/2015	Middlefield Drywall			1,200...	0.00	0.00	0.00
<input type="checkbox"/>	12/31/2015	Patton Hardware Su...			210.00	0.00	0.00	0.00
<input type="checkbox"/>	01/11/2016	Patton Hardware Su...			810.00	0.00	0.00	0.00
Totals					23,54...	0.00	0.00	105.00

Clear Selections

Discount & Credit Information for Highlighted Bill

Vendor: **Kershaw Computer Se...** Terms: **Net 30** Number of Credits: **1**

Bill Ref. No.: Sugg. Discount: **0.00** Total Credits Available: **105.00**

Go to Bill Set Discount Set Credits

Figure 64: Select the vendor bill and the Set Credits option is available.

Discount and Credits

Bill

Vendor: Kershaw Computer Services

Ref. No. Amount Due: 105.00

Date: 11/15/2011 Discount Used: 0.00

Original Amt. 105.00 Credits Used: 105.00

Amt. To Pay: 0.00

Discount Credits

<input checked="" type="checkbox"/>	Date	Ref. No.	Credit Amt.	Amt. To Use	Credit Balance
<input checked="" type="checkbox"/>	12/15/2011	paid by c...	105.00	105.00	0.00

Figure 65: Applying the credit memo to the open vendor bill.

Select the bill that has the credit. In the center of the Pay Bills window Users can now apply the newly created vendor credit to the open unpaid Accounts Payable invoice.

Accounts Payable detail aging reports will no longer show the open bill or the open credit.

NOTE: Users will get the following message when entering a check to vendor with open Unpaid bills.

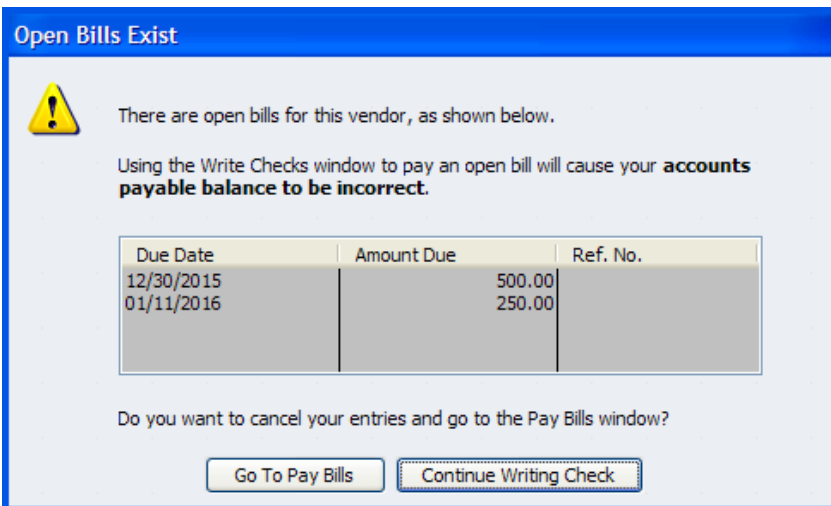


Figure 66: QuickBooks warning when attempting to write a check when a pay bill form should be used.

BENEFIT OF USING ITEMS ON ACCOUNTS PAYABLE BILLS

If you have found that your clients have often posted items to the incorrect expense account these accounts can be pre-determined if you setup items for common expenses. To create an item select **Lists, Items List**. From the **Lists** button select **New**. The New Item dialog shown in Figure 67 opens.

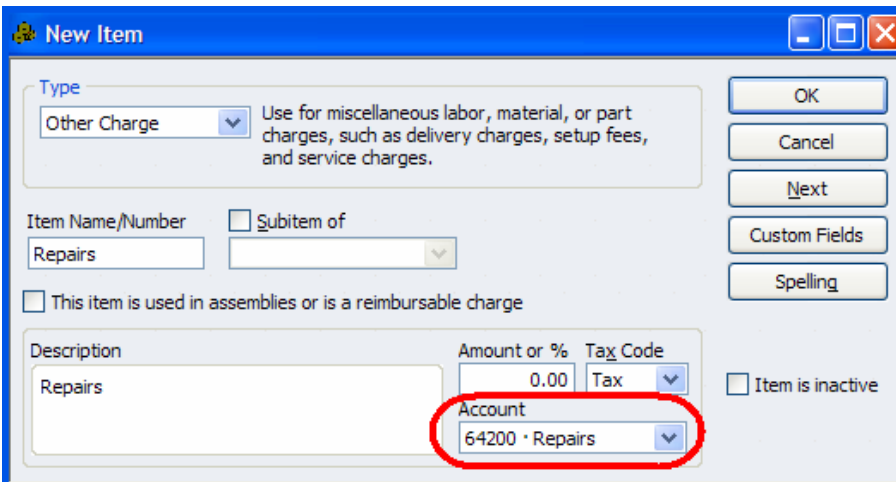


Figure 67: Create items to automate the process of recording everyday vendor bills.

Write Checks - Checking

Previous Next Print Find Journal

Bank Account: 10100 - Checking Ending Balance: 55,736.10

No. 517 Date 12/15/2011

Pay to the Order of Bruce's Office Machines \$ 135.00

One hundred thirty-five and 00/100 ***** Dollars

Address: Bruce's Office Machines, Bruce Anderson, P.O. Box 23884, Millbrae, CA 94030

Memo

Expenses \$0.00 **Items \$135.00** Online Payment To be printed

Item	Description	Qty	U/M	Cost	Amount	C.	Billable?
Repairs	Repair Office Printer	1		135.00	135.00		

Figure 68: Use the items tab when entering bills or checks to reduce error of assigning incorrect G/L account.

Create an "other" charge type and assign the correct account, then when creating a check or vendor bill, use the item tab and assign the correct item as displayed in Figure 68. The accounting is pre-determined preventing posting to the incorrect account. Some of your client users will appreciate that they do not have to choose a General Ledger account for the expense, if you create these predetermined item mappings for them.

Method 2: *This only applies to cash basis companies that are not entering job costing details or receiving inventory via the bills.* In this case, you can simply delete the bills. However, before deleting a bill, check the history menu item on the top of the vendor's bill to make sure there were not partial payments made against the bill.

Method 3: *IF your client is not using Items (for example – they have no inventory)* a third method is go to the Vendor Center (new in 2008) and assign each vendor the GL accounts you want it limited to, when coding expenses to that vendor on a transaction form.

1099 SETUP PREFERENCES AND VENDOR PAYMENTS

Incorrect setup of the 1099 preference can lead to understated or overstated 1099 statements to your vendors. QuickBooks now has a useful 1099 Wizard to help with this year-end task. To open the Wizard select **Vendors, Print 1099/1096**. The dialog show in Figure 69 opens.

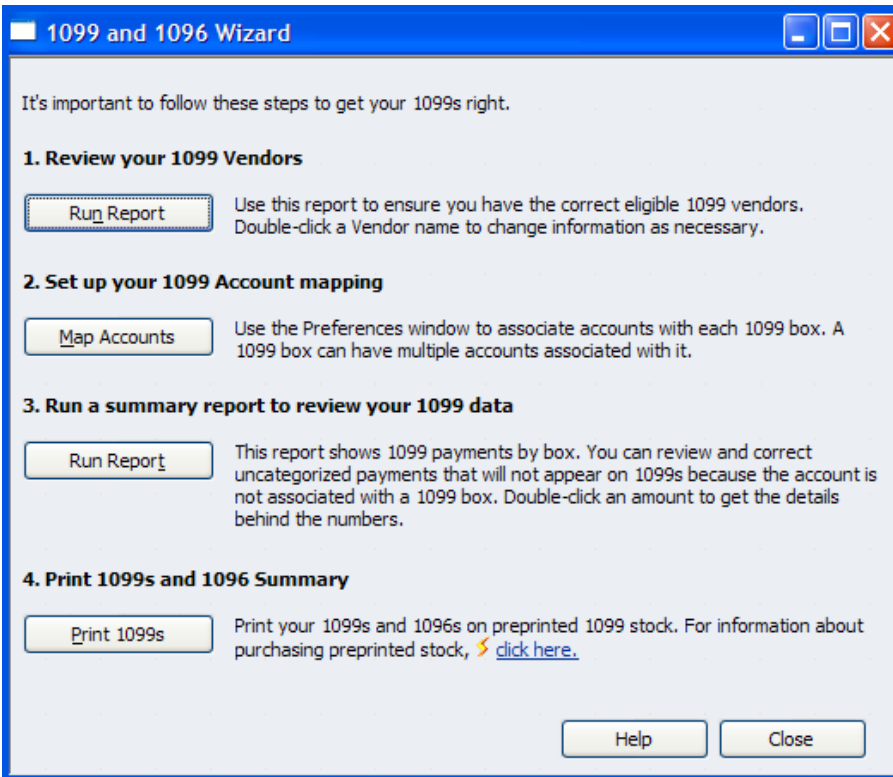


Figure 69: Use the 1099 Wizard to efficiently handle all year-end reporting tasks.

Run report to review if vendors are setup with necessary information. Double-click a Vendor name to change the information.

Vendor	Tax ID	Eligible for 1099	Address
Express Delivery Service		No	Express Delivery Service 5600 E. Broadway Bayshore, CA 94326
Fay, Maureen Lynn, CPA		No	Maureen Lynn Fay, CPA 200 Royal Rd Bayshore CA 94326
Federal Treasury		No	Federal Treasury 1400 Pennsylvania Ave. Washington, DC 20012
Funds Transfer		No	Funds Transfer
Gallion Masonry		No	Gallion Masonry 189 Old Bayshore Rd Bayshore CA 94326
Great Statewide Bank		No	Great Statewide Bank P.O. Box 522 Bayshore CA 94326
Hamlin Metal	13-2456789	Yes	Hamlin Metal 270 Old Bayshore Rd Bayshore CA 94326
Holly Heating and Electric	94-0102000	Yes	Holly Heating and Electric Attn: Chris Holly 201 S. Cherry Blvd E. Batshore, CA 94326
Hopkins Construction Rentals		No	Hopkins Construction Rentals 33 Old Bayshore Rd Bayshore CA 94326

Figure 70: Create a vendor listing to review for proper 1099 setup.

NOTE: A good process when paying a new vendor is to collect the W-9 form completed by the Vendor before issuing the check. These forms are available at www.irs.gov.

W-9
Form (Rev. November 2005)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give form to the requester. Do not send to the IRS.

Name (as shown on your income tax return)

Business name, if different from above

Check appropriate box: ☐ Individual/Sole proprietor ☐ Corporation ☐ Partnership ☐ Other

☐ Exempt from backup withholding

Map accounts: Use this preference window to associate accounts with each 1099 box.

Preferences

Company Preferences

Do you file 1099-MISC forms? ☒ Yes ☐ No

[How to map accounts and thresholds to 1099 categories](#)

1099 Category	Account	Threshold
Box 1: Rents	None	600.00
Box 2: Royalties	None	10.00
Box 3: Other Income	None	0.00
Box 4: Federal Tax Withheld	Subcontracted Federal...	0.00
Box 5: Fishing Boat Proceeds	None	0.00
Box 6: Medical Payments	None	0.00
Box 7: Nonemployee Compensation	64000 - Job COGS:545...	600.00
Box 8: Substitute Payments	None	10.00

Figure 71: The first step to proper tracking of 1099 earnings is found in the Edit, Preferences menu.

Select **Edit, Preferences, Tax:1099** to properly track and report 1099 earnings from your vendors.

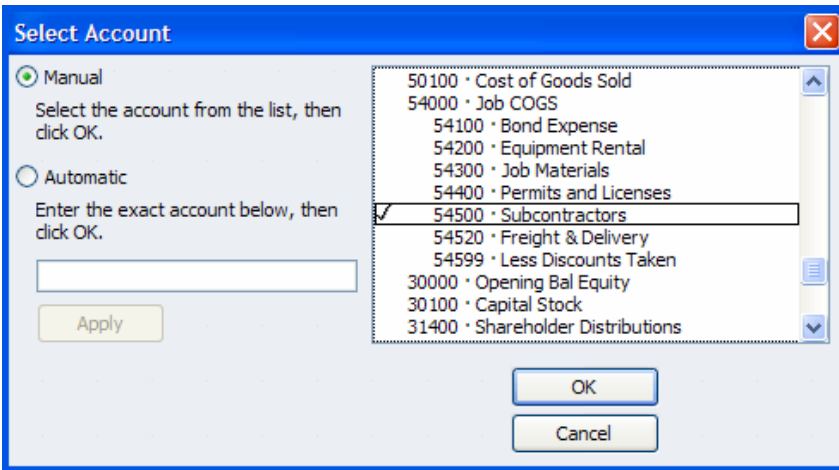


Figure 72: Select one account or multiple accounts for tracking 1099 payments to vendors.

Select one account or multiple accounts where 1099 eligible expenses will be posted to.

Run the 1099 Summary Report from the 1099 Wizard. Complete the process by printing on 1099 Forms available from Intuit or your local office supply store.

REVIEWING AND CORRECTING PAYROLL ERRORS

INTUIT'S PAYROLL OPTIONS

Intuit offers a wide range of payroll services to fit the needs of most companies.

Users must have a current payroll subscription if QuickBooks is going to be used to automatically calculate the payroll checks. Additionally, QuickBooks will prepare the quarterly and annual forms. State payroll form preparation is only available with Enhanced Payroll or Enhanced Payroll Plus subscription from Intuit. (Learn more about Intuit's Payroll Products by attending a free Payroll Webinar or refer to www.accountant.intuit.com "Training and CPE" page.)

USING QUICKBOOKS PAYROLL CHECKUP

Payroll Checkup is a diagnostic tool within QuickBooks that helps you verify your client's current setup by scanning your payroll data for missing information and discrepancies. Have your client run this before your year-end office visit.

The Payroll Checkup has three parts:

- Review of employee records (looks for missing information and possible discrepancies).
- Review of payroll item setup.
- Review of wage and tax amounts (for each flat-rate tax, compares an employee's actual tax amount with an amount calculated from the employee's wage base for the tax).

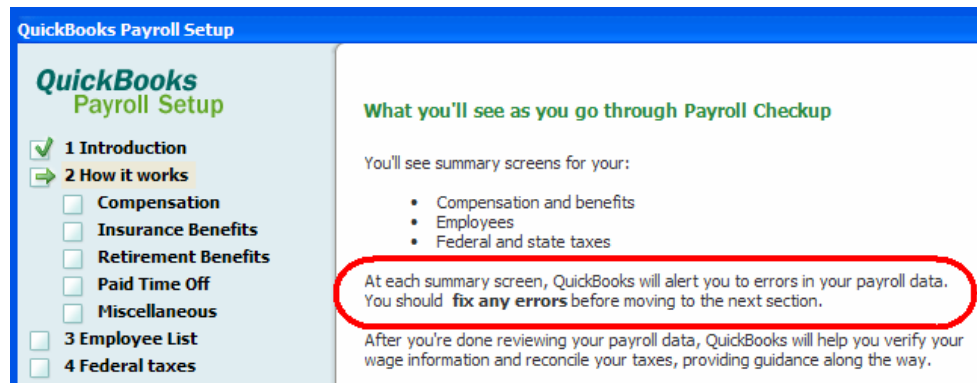


Figure 73: The Payroll Checkup will provide a comprehensive review of your payroll data setup.

Be prepared to fix any errors before moving on to the next section. For instance, if the Payroll Setup does not find a Social Security entered for an employee, you will not be able to move to the next screen until you complete the missing information.

IMPORTANCE OF EMPLOYEE DEFAULT SETTINGS

Several types of payroll setup errors can be avoided with the proper defaults set in **Edit, Preferences, Payroll and Employees**.

The screenshot shows the 'Company Preferences' window with the 'Payroll' tab selected. The window is divided into two main sections: 'QuickBooks Payroll Features' on the left and 'Set preferences for' on the right. In the 'QuickBooks Payroll Features' section, there are three radio buttons: 'Full payroll' (selected), 'No payroll', and 'Complete Payroll Customers'. Below these are four checkboxes: 'Copy earnings details from previous paycheck' (unchecked), 'Recall quantity field on paychecks' (checked), 'Recall hour field on paychecks' (checked), and 'Job Costing and Item tracking for paycheck expenses' (unchecked). In the 'Set preferences for' section, there are three buttons: 'Pay Stub & Voucher Printing', 'Workers Compensation', and 'Sick and Vacation'. At the bottom, there is a warning message: 'Changing the employee name display preferences will cause all Quickbooks windows to close. Please finish paying your employees before you do this.' Below this is a 'Display Employee List by:' section with two radio buttons: 'First Name' (selected) and 'Last Name'. To the right of this is an 'Employee Defaults...' button. At the very bottom, there are two more checkboxes: 'Mark new employees as sales reps' (unchecked) and 'Display employee social security numbers in headers on reports' (unchecked).

Figure 74: Setting standard defaults for new employees.

Preferences such as the “Copy last paycheck earnings when creating a new one” and “Recall quantity fields on paychecks” can save a QuickBooks Payroll user several key strokes if the employees are hourly and they generally have the same number of hours from period to period.

Selecting “Job Costing and Item tracking for paycheck expenses” is used often in the Construction industry and will allow users to create budgets for particular work codes and track the actual vs. budget expenses.

Set the default State Worked and State Subject to Withholding (Figure 75) so that new employees will have the proper state and rate set.



Figure 75: Setting your State Unemployment default.

Setting the default payroll earnings item and deductions help to save setup time and errors.

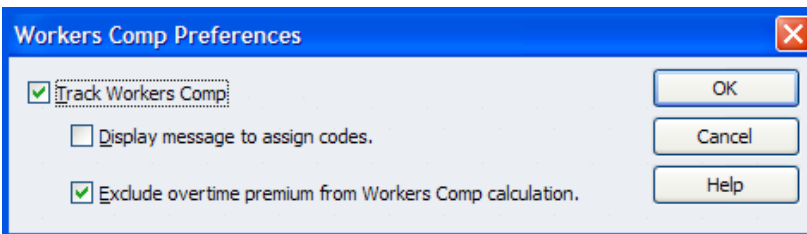


Figure 76: Tracking workers comp can also be defaulted.

Additional defaults include setting up workers comp tracking (see Figure 76). (Note - Requires QuickBooks Enhanced annual payroll subscription.)

IMPORTANCE OF PAYROLL ITEM ACCOUNT MAPPING

Payroll items, when originally created, must be assigned a General Ledger account for the Liability or Expense created from the payroll transaction. A recommended report to locate errors in this setup would be from selecting the **Reports, Lists, Payroll Items Listing** report. This report shows the payroll earnings, deductions, and tax items. It also shows the current tax table limits and rates (users do not set these; they are included with a paid subscription to Intuit's Payroll Services). A quick review of this report will show if a user has selected the wrong General Ledger account in the original setup. Double-click on any item to make changes. Any changes made affect prior period transactions. Users are **not** given a choice to not affect previous period transactions.

Rock Castle Construction						
Payroll Item Listing						
Payroll Item	Type	Amount	Limit	Expense Account	Liability Account	Tax Tracking
Bonus	Bonus	0.00		62700 - Payroll Expenses:627...		Compensation
Mileage Reimb.	Addition	0.45		62700 - Payroll Expenses:627...		Compensation
Health Insurance	Deduction		1,200.00		24000 - Payroll Liabilities:2410...	None
Workers Compensation	Company Contribution			62100 - Insurance:62130 - Wo...	24000 - Payroll Liabilities:2408...	None
Advance Earned Income Credit	Federal Tax				24000 - Payroll Liabilities:2403...	Advance EIC Payme...
Federal Unemployment	Federal Tax	0.8%	7,000.00	62700 - Payroll Expenses:627...	24000 - Payroll Liabilities:2404...	FUTA
Federal Withholding	Federal Tax				24000 - Payroll Liabilities:2401...	Federal
Medicare Company	Federal Tax	1.45%		62700 - Payroll Expenses:627...	24000 - Payroll Liabilities:2402...	Comp. Medicare
Medicare Employee	Federal Tax	1.45%			24000 - Payroll Liabilities:2402...	Medicare
Social Security Company	Federal Tax	6.2%	102,000.00	62700 - Payroll Expenses:627...	24000 - Payroll Liabilities:2402...	Comp. SS Tax
Social Security Employee	Federal Tax	6.2%	102,000.00		24000 - Payroll Liabilities:2402...	SS Tax
CA - Withholding	State Withholding Tax				24000 - Payroll Liabilities:2405...	SWH
CA - Disability Employee	State Disability Tax	0.8%	86,698.00		24000 - Payroll Liabilities:2407...	SDI
CA - Unemployment Company	State Unemployment...	5.25%	7,000.00	62700 - Payroll Expenses:627...	24000 - Payroll Liabilities:2406...	Comp. SUI

Figure 77: Use the Payroll Item Listing report to review the payroll G/L setup.

RECONCILING PAYROLL TRANSACTIONS IN THE BANK RECONCILIATION PROCESS

QuickBooks can produce all of the federal, and state quarterly and annual tax forms for filing depending on which Intuit payroll subscription is purchased.

It is recommended that prior to preparing these forms a complete bank reconciliation be performed. (See same topic below).

Identifying uncleared payroll checks before the forms are processed can save much time in restating payroll report transaction totals. *Often, uncleared payroll checks are issued in error and affect Payroll reports used to prepare the federal and state forms.*

LOCATING NON-PAYROLL TRANSACTIONS

Simply finding these transactions before filing a return can save time correcting payroll returns later on.

From the **Employees, Employee Center, Transactions Tab** users can easily sort payroll transactions by transaction type and by date range making it easy to identify any entries done in error.

For example – in Figure 78 below, there is a non-payroll check issued to Gregg. This might be OK, but might also be an error. It is worth investigating with the business owner to see if this was an incorrectly-entered paycheck.

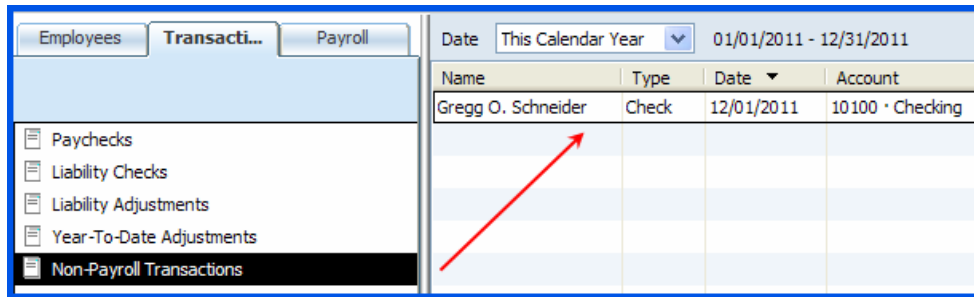


Figure 78: Easily locate transactions paid to employees that were not prepared within payroll.

NEW FOR QUICKBOOKS 2008: From the Employee Center, prepare "Client-Ready Payroll Reports". See section below for full discussion of these new, powerful payroll reports including the Payroll Liabilities and Payment Report.

- ☛ For QuickBooks 2008, have your clients provide you with a list of all Liability Checks for the last Calendar quarter to make preparing their payroll returns easier .

REPRINTING A REPLACEMENT PAYROLL CHECK WHEN THE ORIGINAL CHECK WAS LOST

To properly replace a lost payroll check perform the following steps. This is important because QuickBooks calculates payroll taxes based on table limits (such as Social Security and taxes like State Unemployment Rates).

Locate the original payroll check, select the “to be printed” box in Figure 79 and then print the paycheck **assigning a new check number**. This will leave your original transaction totals and dates in place.

Users should then go back into their checkbook register and record the original check as voided. This feature is available from the **Edit, Void Check** feature when you have a check form in the QuickBooks active window.

Bank Account: 10100 - Checking Ending Balance: 55,601.10

Print As: Dan Miller No. To Print: 1 Date: 12/15/2011

Pay to the Order of: Dan T. Miller \$ 1,299.60

One thousand two hundred ninety-nine and 60/100* ***** Dollars

Address: Dan Miller
195 Spruce Ave, #202
Bayshore, CA 94326

Memo:

☒ To be printed

Figure 79: To reprint a paycheck, simply select the “To be printed” checkbox on the original paycheck and assign a new check number.

CREATING PAYROLL CHECKS TO EMPLOYEES DIRECTLY IN THE CHECKBOOK REGISTER

Most users who expect QuickBooks to do the proper payroll deductions do not make this error. Using the **Employee, Payroll Setup** wizard in Figure 80, will help organize the necessary tasks in setting up QuickBooks payroll for the first time.



Figure 80: Users new to payroll setup in QuickBooks will find the Payroll Setup wizard easy to follow.

CREATING PAYROLL LIABILITY CHECKS DIRECTLY IN THE CHECKBOOK REGISTER

Correct processing of the payroll liability checks is done by selecting, **Employees, Employee Center**. Clicking on the **Payroll Tab, View/Pay Scheduled Liabilities**. (Versions prior to QuickBooks 2006 do not have this easy to use liability payment screen – instead, you have to use the Enter Payroll Liabilities function). Often, however, users create checks directly from the checkbook register. This results in Payroll Liabilities in the Payroll Module being overstated as compared with the balance on the Balance Sheet.

Users can correct these by creating the original transaction again at **Employee Center, Payroll Tab, View/Pay Scheduled Liabilities**, then voiding or deleting the original check that was created in error. This process is sometimes not a good choice if the bank account has been reconciled clearing these items.

Another method is to create a liability adjustment by selecting **Employees, Employee Center**. Click on the **Payroll Tab** and choose **Related Payment Activities, Adjust Payroll Liabilities** (see Figure 81). Users can select to affect General Ledger accounts or not depending on how the check register checks were written.

Liability Adjustment

Date: 12/15/2011 Effective Date: 12/15/2011

Adjustment is for:
☐ Company ☒ Employee Dan T. Miller

Taxes and Liabilities

Item Name	Amount	Wage Base	Memo
CA - Unemployment Company	100.00	0.00	

Buttons: Next Adjustment, Prev Adjustment, OK, Cancel, Accounts Affected...

Figure 81: Use payroll liability adjustments when needing to correct payroll.

You would choose “Do not affect accounts” if your General Ledger is correct overall and all you want to do is get the liability adjusted out of the payroll module and reports. This situation would arise if the client paid the right payroll liability amounts on time, and chose to correct General Ledger coding on the checks written to the taxing authorities, but just did not write the checks correctly using the Employees, Payroll Taxes and Liabilities, Pay Scheduled Liabilities.

Affect Accounts?

These amounts will affect the Payroll Liabilities report.

In addition do you want to affect liability and expense account balances?

☐ Do not affect accounts ☒ Affect liability and expense accounts

Buttons: OK, Cancel, Help

Figure 82: Use the Affect Accounts option to properly affect the payroll correction for your General Ledger.

NEW FOR 2008: PREPARE CLIENT-READY PAYROLL REPORTS

With Enhanced Payroll for Accountants, you can now print a number of payroll reports that are ready to deliver to your clients – with just a few keystrokes from the menu option shown in Figure 83. Reports are preconfigured, ready-to-run and easily print on standard 8 1/2" x 11" papers.

- **Payroll activity by employee** – details payroll expenses for a given pay period, the quarter or the year-to-date.
- **Payroll expense analyses** – details payroll costs for every employee from one period to another.
- **Payroll tax reports** – review detail of payroll tax liabilities, accrued, paid and unpaid.



Figure 83: New for 2008 is a very advanced set of payroll reports for your clients.

Don't have Enhanced Payroll for Accountants? Access these payroll features by opening a sample company file. Select File, Close Company, Open a Sample File.

These reports can be previewed, printed, emailed and saved for future reference. Samples of the above mentioned Client-Ready Payroll Reports follows:

Payroll Expense Summary				Jan 1, 2011 - Dec 31, 2011			
Summary		% Earn					
Earnings Expense	110,400		100%				
Company Tax Expense	9,947		9%				
Benefit Expense	10,457		9%				
Total Expenses	130,804		118%				
Earnings Details		Company Tax Details		Benefit Details			
Regular Pay	67,940	62%	Social Security Company	6,845	69%	Workers Compensation	10,457 100%
Salary	41,500	38%	Medicare Company	1,601	16%		
Overtime Rate	960	1%	CA - Unemployment Company	1,203	12%		
Sick Hourly	-	0%	Federal Unemployment	268	3%		
Vacation Hourly	-	0%	CA - Employee Training Tax	31	0%		
Total Earnings	110,400		Total Company Taxes	9,947		Total Benefits	10,457
Employee Details		Co Taxes		Benefits		Ttl Exp	
Name	Earnings	%			%		%
Dan T. Miller	41,500	38%	3,605	36%	6,919	66%	52,024 40%
Gregg O. Schneider	37,778	34%	3,530	35%	357	3%	41,665 32%
Elizabeth N. Mason	31,123	28%	2,811	28%	3,181	30%	37,115 28%
Totals	110,400		9,947		10,457		130,804

Figure 84: Payroll Expense Summary

Tax Payments			Federal W/H	AEIC	Social Security	Medicare	Total Tax
Paid to	Check Date	Payroll Date	Amount	Amount	Amount	Amount	
Great Statewide Bank #256	02/07/2011	01/31/2011	-840.00	-	-1,042.62	-243.84	-2,126.46
Great Statewide Bank #276	03/07/2011	02/28/2011	-849.00	-	-1,048.58	-245.24	-2,142.82
Great Statewide Bank #296	04/07/2011	03/31/2011	-820.00	-	-1,030.74	-241.06	-2,091.80
Great Statewide Bank #312	05/07/2011	04/30/2011	-840.00	-	-1,042.64	-243.84	-2,126.48
Great Statewide Bank #330	06/07/2011	05/31/2011	-849.00	-	-1,048.60	-245.24	-2,142.84
Great Statewide Bank #349	07/07/2011	06/30/2011	-1,230.00	-	-1,548.08	-361.58	-3,137.66
Great Statewide Bank #368	08/07/2011	07/31/2011	-840.00	-	-1,042.60	-243.82	-2,126.42
Great Statewide Bank #385	09/07/2011	08/31/2011	-849.00	-	-1,048.60	-245.26	-2,142.86
Great Statewide Bank #411	10/07/2011	09/30/2011	-820.00	-	-1,030.74	-241.04	-2,091.78
Great Statewide Bank #445	11/07/2011	10/31/2011	-840.00	-	-1,042.64	-243.86	-2,126.50
Great Statewide Bank #488	12/07/2011	11/30/2011	-849.00	-	-1,048.56	-245.22	-2,142.78
Total Tax Payments			-9,626.00	-	-11,972.40	-2,800.00	-24,398.40
Unpaid Tax Liability			1,364.00	-	1,717.20	401.62	3,482.82
Federal 941 Tax Summary			00-7904153				
Payment Amount Due			3,482.82				
001 Social Security			1,717.20				
002 Medicare			401.62				
003 Tax Withholding			1,364.00				

Figure 85: Included, easy view of liability payments made and any unpaid amounts.

PAYROLL EXPORT: QUARTERLY AND ANNUAL TAX REPORTS AND FORMS

If you do not have Enhanced Payroll for Accountant's and/or you are using versions of QuickBooks earlier than 2008, you can still export limited payroll information to a pre-defined Excel Pivot Table. Select **Reports, Employees and Payroll, Summarize Payroll Data in Excel**.

When payroll data is exported the following data is available:

Employee Journal	YTD Summary	Hours Total	Rate/Hours by Job
State Wage Listing	Deferred Comp	Quarterly	Form 943
Form 8846	Calculated % by Item		

State Wage Listing							
Name		Employee					
Tax Tr		SUI Company					
Date	Payroll Item	SSN/Tax ID	Source Name	Wages	Excess Wages	Wagebase	Amount
Qtr1	CA - Unemployment Company	333-44-5555	Dan T. Miller	9,576.90	3,192.30	6,384.60	335.19
		444-55-6666	Gregg O. Schneider	8,409.40	2,889.40	5,520.00	289.80
		569-87-1234	Elizabeth N. Mason	7,190.65	2,470.65	4,720.00	247.80
	CA - Unemployment Company Total			25,176.95	8,552.35	16,624.60	872.79
Qtr1 Total				25,176.95	8,552.35	16,624.60	872.79
Qtr2	CA - Unemployment Company	333-44-5555	Dan T. Miller	11,173.05	10,557.65	615.40	32.31
		444-55-6666	Gregg O. Schneider	9,789.40	8,309.40	1,480.00	77.70
		569-87-1234	Elizabeth N. Mason	8,370.65	6,090.65	2,280.00	119.70
	CA - Unemployment Company Total			29,333.10	24,957.70	4,375.40	229.71
Qtr2 Total				29,333.10	24,957.70	4,375.40	229.71

Figure 86: Export QuickBooks payroll data to help manually prepare state forms.

NEW FOR QUICKBOOKS 2008: PERFORM AFTER-THE-FACT PAYROLL

With Enhanced Payroll for Accountants, you can now efficiently enter, validate and adjust After-the-Fact Payroll for your clients. Use a single spreadsheet-style screen to enter paychecks for your client's employees. QuickBooks can automatically identify and adjust mistakes that your client may have made in calculating taxes and recommend an adjustment for the error.

Also, After-the-Fact Payroll is only available in 2008 (or newer) versions of QuickBooks (Pro and higher).

You can access After-the-Fact Payroll from the **Employee Center, Payroll Center**.

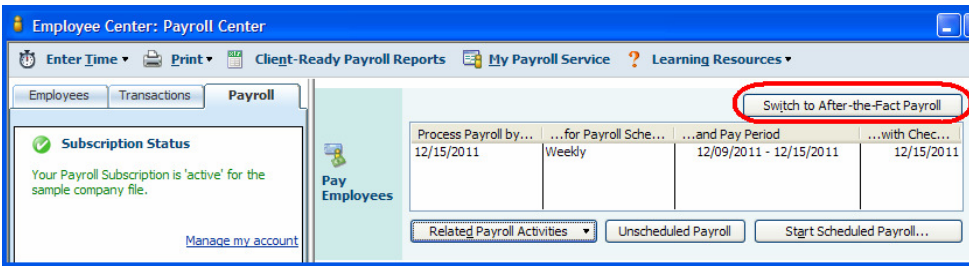


Figure 87: New for 2008, After-the-Fact payroll processing.

Run After-the-Fact-Payroll for clients who have already run their payroll and distributed paychecks, but now need their accountant to enter the paychecks into QuickBooks.

Don't have Enhanced Payroll for Accountants? Access these payroll features by opening a sample company file. Select File, Close Company, Open a Sample File.

Simply enter the check details provided by the client, QuickBooks After-the-Fact payroll will calculate any differences from the actual net check and what the net checks was calculated to be.

If the columns you expect to see are not in the After-the-Fact Payroll window it could be because:

- Payroll items have not been set up in the QuickBooks data file
- Existing payroll items have not been added to the After-the-Fact payroll window. Select **Customize Columns** to see additional payroll items not included in the current view.

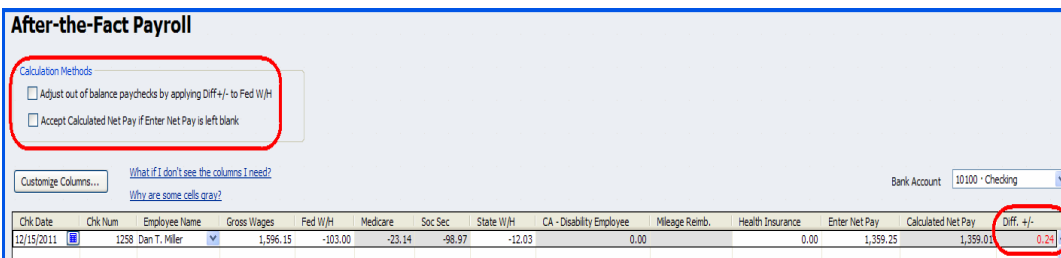


Figure 88: Use After-the-Fact payroll to simplify entering your client's payroll.

Method 1:

Select **Adjust out of balance paychecks by applying Diff +/- to Fed W/H** (see Figure 88) and QuickBooks will automatically adjust the Fed W/H for the difference.

Method 2:

If no choice is made, QuickBooks will provide the user with the following options:

- Apply the difference +/- to Federal Withholding
- Apply the difference +/- to State Withholding
- Let Me Adjust Manually (allowing you to place the adjustment in any column)

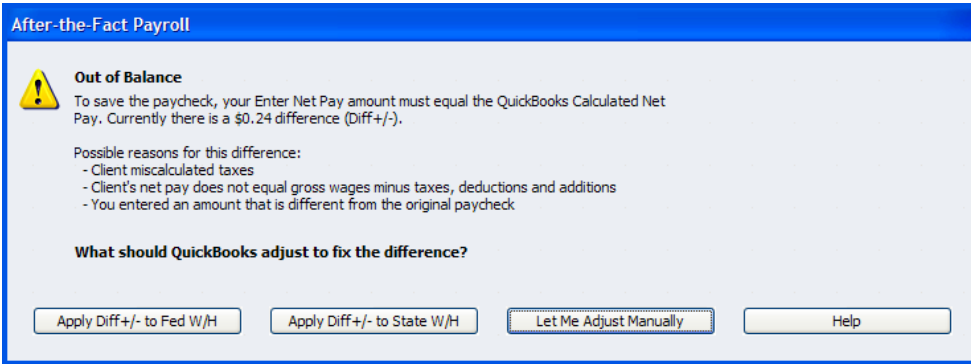


Figure 89: Users can choose what option is best for adjusting for any errors.

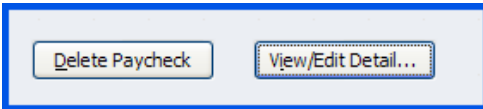


Figure 90: From the bottom of the After-the-fact payroll, users can View/Edit the paycheck detail.

Selecting the **View/Edit Detail** will allow the user the view more detailed information about the employees paycheck such as the Workers Compensation code or Customer:Job assigned.

Preview Paycheck

Dan T. Miller Pay Period 11/26/2011 - 12/09/2011

Earnings

Item Name	Rate	Hours	WC Code	Customer:Job
Salary	1,596.15		5552	Abercrombie, Kristy:Family Ro

Totals: 1,596.15 0:00 hrs

Other Payroll Items

Item Name	Rate	Quantity
Health Insurance	-25.00	

Employee Summary (adjusted)

Item Name	Amount	YTD
Salary	1,596.15	43,096.05
Health Insurance	0.00	-600.00
Federal Withholding	-102.76	-3,006.76
Advance Earned Income Credit	0.00	0.00
Social Security Employee	-98.97	-2,671.96
Medicare Employee	-23.14	-624.89
CA - Withholding	-12.03	-490.45
CA - Disability Employee	0.00	-452.03

Company Summary

Item Name	Amount	YTD
CA - Employee Training Tax	0.00	7.00
Social Security Company	98.97	2,671.96
Medicare Company	23.14	624.89
Federal Unemployment	0.00	56.00
CA - Unemployment Company	0.00	367.50

Sick/Vacation Summary

Sick Available	40:00
Vacation Avail.	262:15
Sick Accrued	40:00
Vac. Accrued	6:45

☐ Do not accrue sick/vac

Check Amount: 1,359.25

Save & Close Help ☐ Enter net/Calculate gross

Figure 91: Also, from the After-the-Fact payroll entry users can Preview Paycheck details.

After-the-Fact Payroll entry records a paycheck transaction in QuickBooks for payroll that has already been distributed to the employees. All necessary quarterly and annual payroll forms can now be prepared and pre-filled by the QuickBooks software. Additionally, state forms are supported for over 40 states.

REVIEWING AND CORRECTING BANK RECONCILIATION ERRORS

VERIFYING THE LAST BANK RECONCILIATION WAS CORRECT

Opening the **Banking, Reconcile** window can tell a lot about the accuracy of the last bank reconciliation. Verify that the last reconciled date is correct and that the beginning balance agrees with the next month's current statement beginning balance.

Begin Reconciliation

Select an account to reconcile, and then enter the ending balance from your account statement.

Account: 10100 - Checking last reconciled on 11/30/2011.

Statement Date: 12/31/2011

Beginning Balance: 61,763.52 [What if my beginning balance doesn't match my statement?](#)

Ending Balance: 57,571.14

Enter any service charge or interest earned.

Service Charge	Date	Account
0.00	12/31/2011	60600 - Bank Service C...

Interest Earned	Date	Account
0.00	12/31/2011	70200 - Interest Income

Locate Discrepancies Undo Last Reconciliation Continue Cancel Help

Figure 92: Use the Begin Reconciliation dialog to verify previous bank reconciliations were done correctly.

If the last reconciled date is incorrect, first, do a backup of your QuickBooks data. Then create a new bank account type. Merge (per instructions earlier in this document) the two accounts. You will get a message that prior bank reconciliations will be undone. Go to the reconcile account and now indicate the correct date and ending balance. If the bank account was reconciled correctly before you will have a -0- discrepancy and can finish the process. The new date is now assigned to the bank reconciliation and you may have one large reconciliation report depending on the number of transactions.

LOCATING DISCREPANCIES IN A BANK RECONCILIATION

Often the most difficult part is finding the errors that are causing the bank to not be reconciled. QuickBooks offers a variety of methods to correct:

- **Reconciliation Summary report** provides a quick look at the overall totals for deposits/credits and checks/payments for a reconciliation period.
- **Reconciliation Detail report** lists all the transactions cleared in a given reconciliation period. By comparing this report against the bank statement for the period, you can spot changes made to transactions after they were cleared in QuickBooks.
- **Reconciliation Discrepancy report** lists which transactions have changed since you last reconciled an account.

You can access these reports from the **Banking, Reconcile, Locate Discrepancies** window or the **Reports, Banking, Reconciliation Discrepancy** menu.

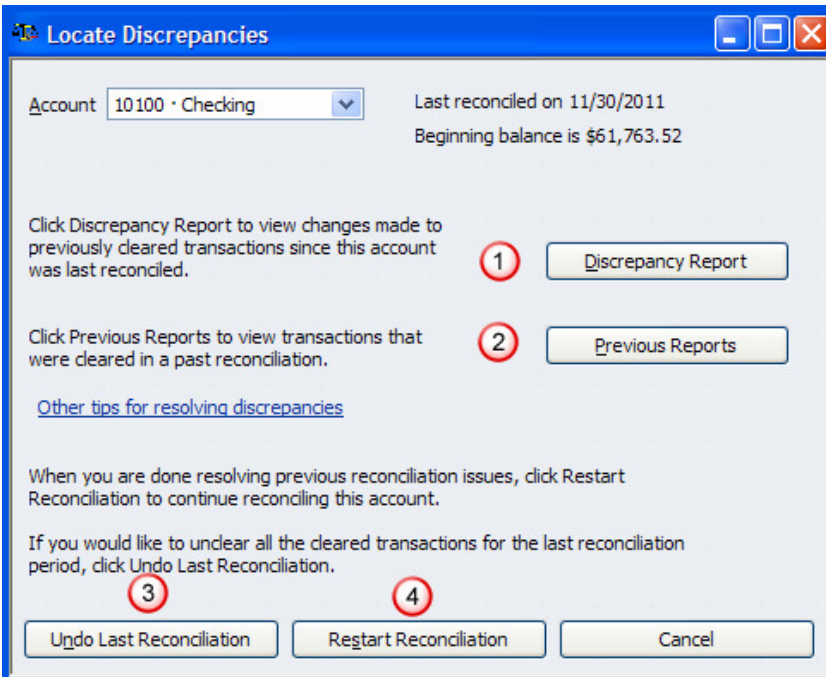


Figure 93: Use the tools available on the Locate Discrepancies dialog when troubleshooting bank reconciliation errors.



Figure 94: This report will show changes to previously cleared transactions.

NOTE: You can also reconcile other Balance Sheet accounts as well, using the same instructions as above.

- For example- you may want to reconcile Credit Card and loan accounts to statements from the bank or lender.
- It can also be useful for reconciling Statements of Capital to individual Owner's Equity accounts – often used when multiple owners contribute capital or take frequent drawings.
- You can also reconcile Depreciation and Amortization GL account balances to manual excel spreadsheets that track the monthly entries.
- Additionally it can be useful when keeping Deferred Revenue spreadsheets in excel, and making sure the ending balances each month balance to QuickBooks once the GJV's have been entered to enter that month's deferred revenue figures.

Each of these accounts benefit from the ability to print a monthly reconciliation report, which can then be stored for that client in the appropriate folder.

Figure 95: Print and view prior bank reconciliation reports.

This type of report provides an exact snapshot of the reconciliation at the time it was performed and can be useful for troubleshooting differences in the beginning balance. The report is saved and displayed as a PDF file. For QuickBooks Pro only the last bank reconciliation is stored. For QuickBooks Premier and higher editions, all bank reconciliations are stored as PDF's.

☞ If you want to see a static summary of a previous reconciliation, go to the Reports, Banking, Previous Reconciliation.

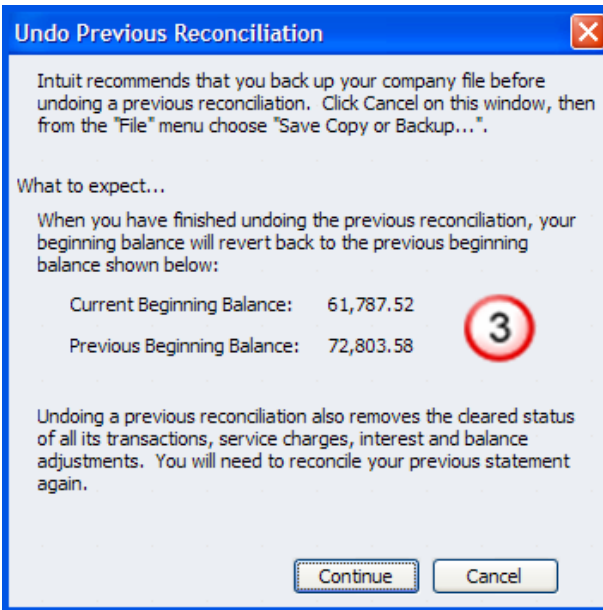


Figure 96: Conveniently undo a prior bank reconciliation if needed.

Be sure to make a backup of the company file before proceeding with this step.

Often, the best solution would be to simply restart the last bank reconciliation. This process takes you back to the bank reconciliation window allowing the user to re-enter the statement ending balance and return to the bank reconciliation process as if they had selected the "leave" at the bottom of the bank reconciliation window.

- ☞ Request the client help you with this process by regularly reviewing the Reports – Banking Missing Checks, or Reports – Accountant & Taxes – Voided/Deleted Transactions.

Create an Uncleared Bank Transactions Report shown in Figure 97 by selecting **Reports, Custom Transaction Detail, All Dates, Total by Account List Filter for Specific or Multiple Bank Accounts, Filter for Cleared No.** Give the report a name and memorize for use later.

Custom Transaction Detail Report

10:30 PM
12/15/11

Rock Castle Construction
Uncleared Bank Transactions

Accrual Basis
All Transactions

Type	Date	Num	Name	Memo	Clr	Amount
10100 - Checking						
Check	05/31/2011	326	Bayshore Water	Monthly Water - F...		-24.00
Bill Pmt -Check	11/28/2011	470	Washuta & Son Painting	123-78		-500.00
Check	11/30/2011	471	Bayshore Water			-24.00
Bill Pmt -Check	11/30/2011	472	Patton Hardware Supplies	RC 93		-656.23
Bill Pmt -Check	11/30/2011	473	Wheeler's Tile Etc.			-686.00
Check	11/30/2011	474	Dianne's Auto Shop	Monthly Vechicle ...		-218.00
Check	11/30/2011	475	Bank of Anycity	Pmt# 23		-2,710.90

Figure 97: Create a report to display the uncleared bank transactions.

VIEWING MISSING CHECK REPORT

This report (see Figure 98) is another useful tool when troubleshooting bank reconciliation issues. From **Reports, Banking, Missing Check Report**. This report will always sort in check number order regardless of the date assigned. When a range of checks is found missing, determine what company processes are in place for handwritten checks or other possible causes that a check is not produced in the QuickBooks data file.

Missing Checks

10:32 PM
12/15/11

Rock Castle Construction
Missing Checks

All Transactions

Type	Date	Num	Name	Memo	Account	Split	Amount
Paycheck	11/17/2011	10069	Gregg O. Schneider		10100 - Checking	-SPLIT-	-1,108.76
Paycheck	12/01/2011	10070	Dan T. Miller		10100 - Checking	-SPLIT-	-1,325.15
Paycheck	12/01/2011	10071	Elizabeth N. Mason		10100 - Checking	-SPLIT-	-890.57
Paycheck	12/01/2011	10072	Gregg O. Schneider		10100 - Checking	-SPLIT-	-1,033.99
*** Missing numbers here ***							
Paycheck	12/15/2011	10074	Elizabeth N. Mason		10100 - Checking	-SPLIT-	-907.92
Paycheck	12/15/2011	10075	Gregg O. Schneider		10100 - Checking	-SPLIT-	-1,033.98
Paycheck	12/15/2011	10076	Dan T. Miller		10100 - Checking	-SPLIT-	-1,350.15
Paycheck	12/15/2011	10077	Elizabeth N. Mason		10100 - Checking	-SPLIT-	-932.92
Paycheck	12/15/2011	10078	Gregg O. Schneider		10100 - Checking	-SPLIT-	-1,062.12
Paycheck	12/15/2011	10079	Gregg O. Schneider		10100 - Checking	-SPLIT-	-1,062.12

Figure 98: The Missing Checks report can help when troubleshooting bank balances.

REVIEWING AND CORRECTING INVENTORY ERRORS

INVENTORY QUANTITY OR VALUE ADJUSTMENTS

QuickBooks inventory functions are best accessed directly from the Vendor menu. Some common problems and the best methods to fix them are discussed below.

QuickBooks inventory adjustments must be done from within the Inventory menu. These adjustments will then be properly recorded both in the Inventory Sub ledger and on the General Ledger (Balance Sheet). Journal Entries will allow you to affect the Balance Sheet but not the Inventory Sub ledger.

To see the value of the Inventory Sub ledger go to **Reports, Inventory, Inventory Valuation Summary** this report offers valuable information about the quantity on hand as well as the value it is assigned in Inventory.

10:39 PM
12/15/11

Rock Castle Construction
Inventory Valuation Summary
As of December 15, 2011

	◊ Item Description ◊	◊ On Hand ◊	◊ Avg Cost ◊	◊ Asset Value ◊	◊ % of Tot Asset ◊	◊ Sales Price ◊	◊ Retail Value ◊	◊ % of Tot Retail ◊
Door Frame	standard interior d...	16	12.00	192.00	0.6%	0.00	0.00	0.0%
Hardware								
Brass hinges	standard interior b...	231	3.00	693.00	2.3%	0.00	0.00	0.0%
Doorknobs Std	Doorknobs Part # D...	119	26.91	3,202.60	10.6%	30.00	3,570.00	14.9%
Lk Doorknobs	Locking interior do...	122	35.27	4,302.35	14.3%	38.00	4,636.00	19.4%
Hardware - Other		0	0.00	0.00	0.0%	0.00	0.00	0.0%
Total Hardware		472		8,197.95	27.2%		8,206.00	34.3%
Wood Door								
Exterior	Exterior door - #P...	16	273.38	4,374.05	14.5%	120.00	1,920.00	8.0%
Interior	Interior door - P-18...	42	69.90	2,935.68	9.7%	72.00	3,024.00	12.6%
Wood Door - Other		1	1,750.00	1,750.00	5.8%	0.00	0.00	0.0%
Total Wood Door		59		9,059.73	30.1%		4,944.00	20.6%
Total Inventory		976		27,532.28	91.4%		23,944.00	100.0%
Assembly								
Interior Door kit	complete interior d...	25	103.56	2,589.05	8.6%	0.00	0.00	0.0%
Total Assembly		25		2,589.05	8.6%		0.00	0.0%
TOTAL		1,001		30,121.33	100.0%		23,944.00	100.0%

Figure 99: QuickBooks Inventory Valuation Summary Asset Value should agree with the Balance Sheet balance for Inventory.

QuickBooks only allows average costing for the inventory value. The total asset value on this report should agree on the same date with the Balance Sheet value for Inventory.

A common cause for an out of balance situation is that users have created Journal Entries and posted them directly to the inventory General Ledger account. Journal Entries do not allow you to select an inventory item for the adjustment.

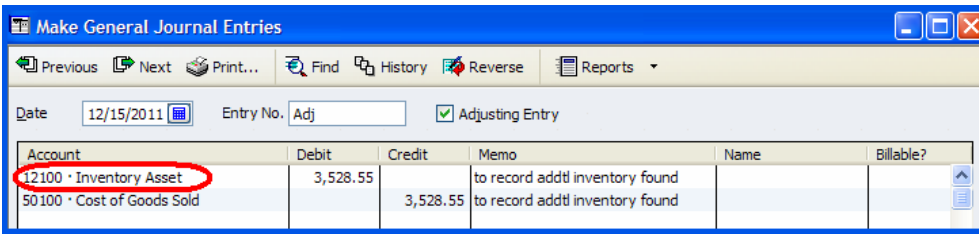


Figure 100: General Journal Entries should not be used to record inventory adjustments.

Create the following report to identify any transactions that are posted to the Inventory account and that are resulting from Journal Entries. **Reports, Custom Transaction Detail, Modify Report to all dates, Advanced (button lower right) select In Use, Filter for Inventory Account** then create the report. At the top right of the report select sort by "Type" and then review the report for non-inventory transaction types (like a General Journal).

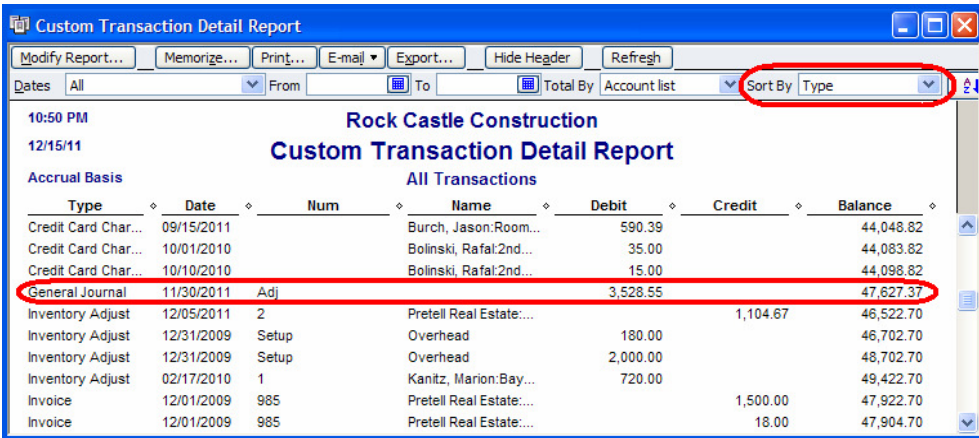


Figure 101: Creating a report sorted by transaction type to find transactions that do not affect the Inventory Valuation Summary report.

These two transactions posted directly to the Inventory General Ledger account will cause the Balance Sheet Inventory value and the Inventory Valuation report to be out of balance.

The correct process is to make a change to Inventory for quantity changes or value changes from **Vendors, Inventory Activities, Adjust Quantity/Value on Hand**.

Item	Description	Current Qty	New Qty	Qty Difference	U/M
Cabinets	Cabinets	0			
Cabinets:Cabinet Pulls	Cabinet Pulls	423	450	27	ea
Cabinets:Light Pine	Light pine kitchen cabinet wall unit	6			
Door Frame	standard interior door frame	16	20	4	
Hardware		0			
Hardware:Brass hinges	standard interior brass hinge	231			ea
Hardware:Doorknobs ...	Standard Doorknobs	119			
Hardware:Lk Doorknobs	Locking interior doorknobs	122	115	-7	
Wood Door	Doors	1			
Wood Door:Exterior	Exterior wood door	16			

Figure 102: To properly correct inventory balances an Adjust Quantity/Value form should be used.

By selecting the box "Value Adjustment" users can change the value of the inventory as well as the quantity. This transaction will correctly modify the total Inventory Valuation Summary and the General Ledger Balance Sheet Balance.

IDENTIFYING OLD OUTDATED ITEM RECEIPTS WITH NO ASSOCIATED VENDOR BILL

QuickBooks increases inventory when an item receipt is created (if the user is using Purchase Orders for ordering inventory). Often users will receive a purchase order and then later when the vendor bill arrives create a separate vendor bill overstating inventory and payables. Users who create a bill without associating it with an Item Receipt form will get the following:

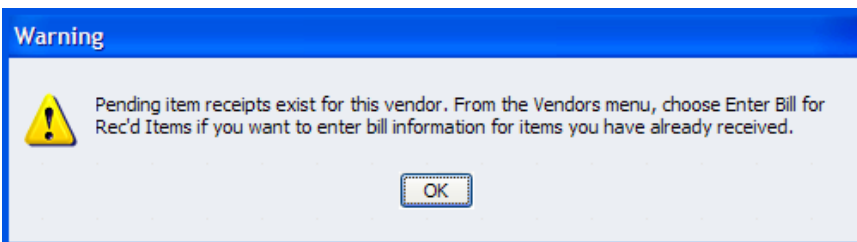


Figure 103: Warning when users create a new vendor bill when an open item receipt exists.

Identifying these item receipts is easy from the **Vendor Center, Transaction Tab, Item Receipts**. Look for item receipts that are outdated or that have already been paid to the Vendor.

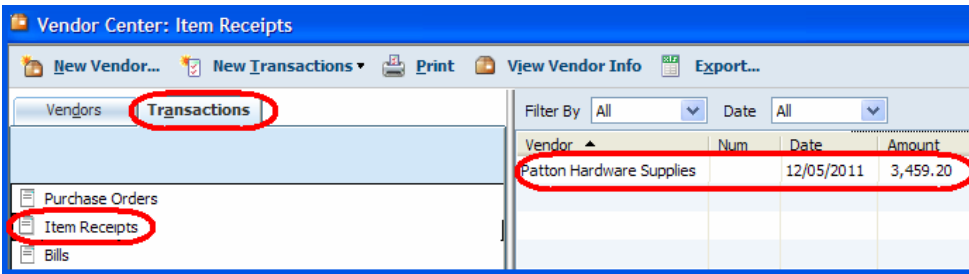


Figure 104: Use the Vendor Center to identify open Item receipts.

- Item Receipts cannot be viewed or paid in the Pay Bills window until they are “converted” into a Vendor Bill.

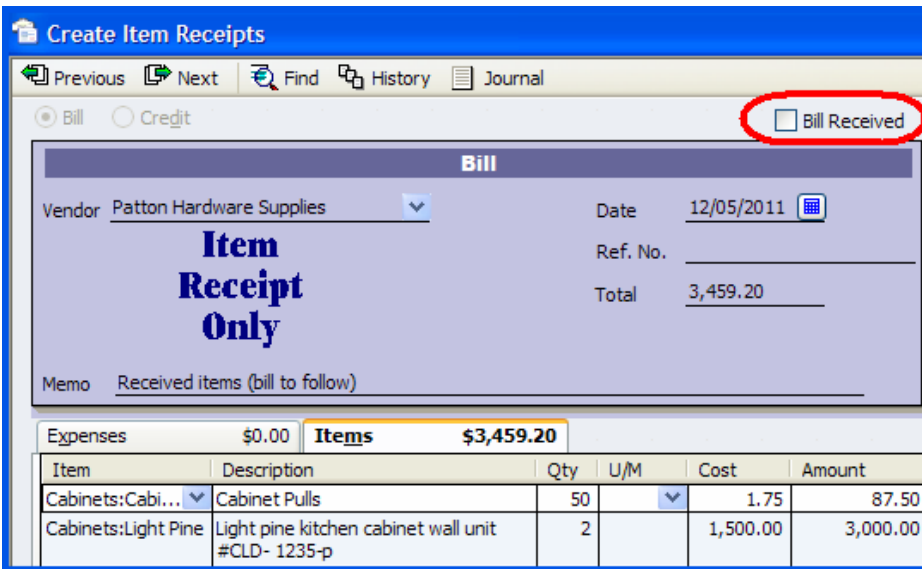


Figure 105: Using Item receipts in the purchase process can improve internal accounting accuracy.

Encourage users to properly follow the task flow on the Home Page “Entering Bills Against Inventory”. Alternately a user can check the “**Bill Received**” box to convert the item receipt to a bill.

Converting an Item Receipt into a Vendor bill process is done automatically by QuickBooks when users work from the Home Page Navigator in QuickBooks 2006 and select “Enter Bills Against Inventory”.

REVIEWING AND CORRECTING SALES TAX ERRORS

SETTING TAX PREFERENCE IN QUICKBOOKS

From the **Edit, Preferences, Sales Tax, Company Tab** users tell QuickBooks if they collect sales tax, what the default sales tax rate to be used is, what vendor they remit the tax to and even how they collect and pay the tax.

Most of this information is pre-filled for the user if they created their QuickBooks data file with the "QuickBooks EasyStep Interview" depending on their answers to several sales tax related questions.

Reviewing this information for your client can help them make sure they are following the proper guidelines for their city, county and state. Changing any of these preferences will change all prior reporting preferences for any of the Sales Tax Liability reports.

To correctly setup Sales Tax, mark each item **Lists, Item List** taxable if you ever tax the sale of that item. Then, assign each customer a taxable or non-taxable status. When QuickBooks creates a customer invoice it first looks to the customer's tax status and then to the item being sold before the sales tax is added.

My Preferences **Company Preferences**

Do you charge sales tax? ☒ Yes ☐ No

Set Up Sales Tax Item
Add a sales tax item for each county, district, parish, etc. where you collect sales tax. [Show Examples](#)

Your most common sales tax item: San Tomas

Assign Sales Tax Codes
Sales tax codes determine if the items you sell are taxable or non-taxable.

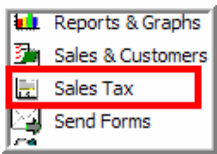
Taxable item code: Tax Non-taxable item code: Non

☒ Identify taxable amounts as "T" for "Taxable" when printing

When do you owe sales tax?
☒ As of invoice date (Accrual Basis) ☐ Upon receipt of payment (Cash Basis)

When do you pay sales tax?
☒ Monthly ☐ Quarterly ☐ Annually

Figure 106: Set the preference to enable Sales Tax tracking for customer sales.



Caution: Changing these preferences will alter the report totals for historical Sales Tax Payable reports.

REVIEWING TAXABLE STATUS OF ITEMS AND CUSTOMERS

QuickBooks looks to the taxable status of an item and then validates if the customer is taxable before calculating tax on a Customer Invoice. Properly setting the taxable status of both items and customers is important to correctly collecting and reporting taxable sales. From **Reports, Lists, Item Listing** (Figure 107) users can see at a glance, very useful information including the tax status assigned to an item.



Item	Description	Sales Tax Code
Subs:Painting	Painting	Non
Subs:Plumbing	Plumbing	Non
Subs:Roofing	Roofing	Non
Subs:Tile &Counter	Install tile or counter	Non
Cabinets	Cabinets	Tax
Cabinets:Cabinet Pulls	Cabinet Pulls	Tax
Cabinets:Light Pine	Light pine kitchen cabinet wall unit	Tax
Door Frame	standard interior door frame	Tax
Hardware		Tax
Hardware:Brass hinges	standard interior brass hinge	Tax
Hardware:Doorknobs Std	Standard Doorknobs	Tax
Hardware:Lk Doorknobs	Locking interior doorknobs	Tax

Figure 107: Modify the Item Price List to show the Sales Tax Code for reviewing item setup.

This would be a good time to add the following columns to the list from the display menu: **Account** and **Cost of Goods Sold Account**. This will also provide you with a view of exactly how QuickBooks is recording both cost and revenue on the company's financials.

From **Reports, Lists, Customers, Modify Report, Display tab** select **Sales Tax Code**, at the top of the report **Sort by Sales Tax Code**. Users can easily make changes by double clicking on the customer from the report and editing the customer record. Changes made will only affect future customer invoices, all historical information remains as it was before the change.

ADJUSTING SALES TAX PAYABLE MODULE AND GENERAL LEDGER

Sales Tax is a module within QuickBooks. Adjusting sales tax payable should be done within the module to maintain the correct balance in the module as compared to the balance on the Balance Sheet.

If you need to adjust sales tax for a particular customer, and you know the invoice it was originally issued on, rather than adjusting sales tax at the General Ledger level, a recommended process would be to *create a customer credit memo* **Customers, Create Credit Memos/Refunds** and use the same item(s) that were previously on the invoice. In most cases, this Credit Memo should be dated in the current accounting month so that the user will get the benefit on the next sales tax report provided to their taxing authority.

Other times we have penalties or interest that cause our sales tax payable to increase or sales tax discounts for paying early that cause our sales tax payable to decrease.

Figure 108: Use the proper Sales Tax Adjustment form when modifying the amount to be paid to the state taxing authority.

Adjustments such as those mentioned above should be done from **Vendors, Sales Tax, Adjust Sales Tax Due** as shown in Figure 108.

From this menu, users can both increase or reduce sales tax payable in both the Sales Tax Payable Module and in the General Ledger (Balance Sheet balance).

When a customer credit needs to be given the proper method to adjust sales tax payable is by creating a Customer Credit Memo as mentioned above.

The "Show sales tax due through" looks at the sales tax payment preference for monthly, quarterly, etc. and calculates the correct through date starting with today's computer system date.

To select the items for payment, place a check mark and complete the **Pay Sales Tax** window as shown in Figure 109.

Pay Sales Tax

Pay From Account: 10100 - Checking Check Date: 01/20/2012 Show sales tax due through: 12/20/2011 Starting Check No.: 518

P.	Item	Vendor	Amt. Due	Amt. Paid
✓	San Domingo	State Board of Equalization	114.19	114.19
✓	San Tomas	State Board of Equalization	843.15	843.15
✓		State Board of Equalization	-18.50	-18.50
Totals			938.84	938.84

Ending Bank Balance: 46,029.97

Buttons: Clear Selections, Adjust, OK, Cancel, Help

☐ To be printed

Figure 109: After creating a sales tax adjustment properly, you can assign it to your next sales tax payment.

☞ Sales tax reporting is time sensitive. Users should consider setting a closing date after each month's sales tax is computed and paid to prevent users from making changes to documents that would affect the sales tax payable or sales totals calculated.

POWER REPORTS FOR REPORTING SALES TAX PAYABLE

From **Reports, Vendors, Sales Tax** these reports should be reconciled with your company's Profit & Loss Statement for the same reporting period.

8:57 AM
12/15/11
Accrual Basis

Rock Castle Construction
Sales Tax Liability
November 2011

	Total Sales	Non-Taxable S.	Taxable Sales	Tax Rate	Tax Collected	Sales Tax Payable As of Nov 30, 11
City of East Bayshore	0.00	0.00	0.00	0.3%	0.00	0.00
East Bayshore	0.00	0.00	0.00		0.00	0.00
Total City of East Bayshore	0.00	0.00	0.00		0.00	0.00
State Board of Equalization	27,245.50	20,017.50	7,228.00	7.5%	542.10	542.10
San Domingo	38,355.50	24,327.50	14,028.00	7.75%	1,087.17	1,087.17
San Tomas	0.00	0.00	0.00		0.00	0.00
State Board of Equalization - Other	65,601.00	44,345.00	21,256.00		1,629.27	1,629.27
Total State Board of Equalization	65,601.00	44,345.00	21,256.00		1,629.27	1,629.27
TOTAL	65,601.00	44,345.00	21,256.00		1,629.27	1,629.27

Figure 110: Sales Tax Liability total Sales should match your total sales on your Profit & Loss statement (minus any non-taxable discounts).

Recommended process would be to review the company's Profit & Loss Statement for the same accounting period and verify that Total Sales agree with the amount stated on the Sales Tax Liability report. To troubleshoot discrepancies between these two reports (see Figure 111), create the **Reports, Company and Financial, Profit & Loss Standard** making sure the accounting

period is the same as the reporting month on the Sales Tax Liability report. Double click on the total number that should agree with total sales.

Transaction Detail By Account

Rock Castle Construction

Transaction Detail By Account

November 2011

Type	Date	Nu...	Adj	Name	Memo	Clr	Split	Debit	Credit
40100 - Construction Income									
General Journal	11/15/2011	✓		Abercrombie, Kris...	to record revenue from sales services		10100 - Checking		1,000.00
Total 40110 - Design Income								0.00	1,000.00
40130 - Labor Income									
Invoice	11/15/2011	1074		Pretell Real Estate:...	Framing labor		11000 - Accounts R...		1,072.50
Invoice	11/15/2011	1076		Vitton, David:Remo...	Repair work		11000 - Accounts R...		700.00
Invoice	11/18/2011	1077		Hendro Riyadi:Rem...	-MULTIPLE-		11000 - Accounts R...		775.00

Figure 111: Recording General Journal to income accounts will not update the Sales Tax Liability reports.

Look for transactions such as a General Journal, this type of transaction will affect the sales totals but will not be included in total sales on the Sales Tax Payable report.

Sometimes clients will simply “write checks” to the Sales Tax Authority. If this happens, the Sales Tax Authority gets their money, and the GL may even be accurate at the COA level, and the bank is accurate (we mention this because the problem will not be made evident when the Bank reconciliation is done) *but the Sales Tax Liability has not been relieved*, so Sales Tax is still showing as due on the Sales Tax reports.

To fix this, void the check that was written through accounts payable, and re-issue (using the same check number and date) but this time use the “Pay Sales Tax Liability” function. This will have the same effect on the GL, but the liability is now relieved, and the reports will now show Sales Tax Payable that has already been paid.

REVIEWING QUICKBOOKS PREFERENCES FOR ACCOUNTANTS

ACCOUNTING PREFERENCE IN QUICKBOOKS

From the **Edit, Preferences** menu we will review a few of those preferences that will help Accountants with the year-end review process of a client's file. There are "My" Preferences (which only affect the specific user – in this case the Accountant) and "Company Preferences" which affect everyone.

Under My Preferences..

Auto fill memo will repeat the memo from the 1st line of a general journal entry to all other lines.

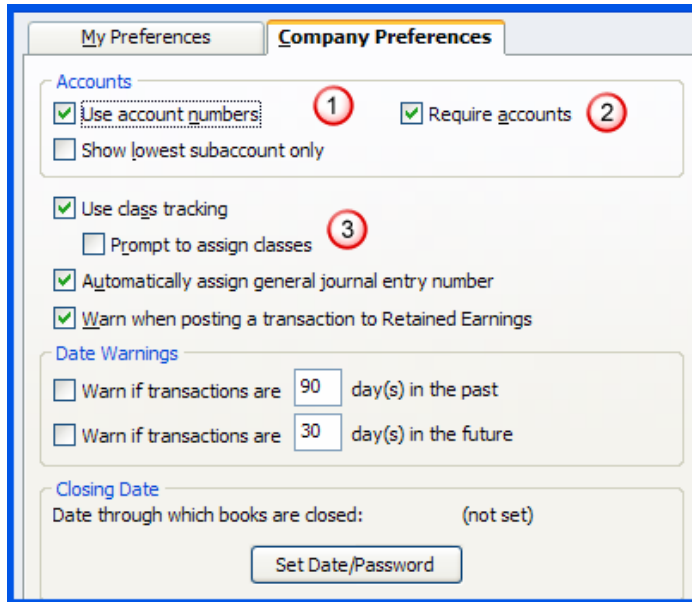


Figure 112: Accountants can set preferences that will help prevent the client from making errors.

☞ This settings on "My Preference" tab indicate it is only setting the preference for the currently signed in User. Preferences on the "Company Preferences" tab are for all users. When reviewing a client's preferences you should sign in under the user's name so that the preferences will be activated for that user.

1. Setting use account numbers will activate an additional field when creating a Chart of Account.
2. Show lowest subaccount only will prevent users from posting to a "parent" account when sub-accounts have been created, i.e., Telephone (parent), Mobile Phone (sub), Long Distance (sub).

3. **Require Accounts** – If this is not selected QuickBooks will auto-create an Uncategorized Income and Uncategorized Expense account to keep the books in balance, whenever a user does not select the expense or income side of a transaction themselves. For this reason “Require Accounts” is a defaulted and *recommended setting*.

☞ Create an “Ask Accountant” expense account to allow users to select an account even if they do not know where to post the transaction. You can then go back and quickly reassign the transactions in that account.

4. Class tracking in QuickBooks is used for a variety of reasons. To learn more about using classes refer to the QuickBooks help text. If a user is wishing to track classes with this selected, the user will be prompted to assign a class if no class is currently assigned to the transaction.

The rest of the items are self-explanatory or have been previously discussed in this document.

One item to take note of is that beginning with QuickBooks 2006 the Audit tracking feature is permanently enabled. Users cannot disable this feature and associated reports.

For this reason, be sure to assign a unique user ID for EVERY person who is going in to the QuickBooks file. If you do not do this, the audit trail will show what happened (ie: all transactions made) but NOT WHO MADE EACH TRANSACTION. Since a good audit trail shows the full detail of what *each user did*, it is imperative to not have users share ID's.

☞ Assign account numbers to all accounts then turn off the account numbering feature. Next period when you review the clients file turn on the feature to see what accounts were created by the customer (they will not have an account number since it is not required if not turned on).

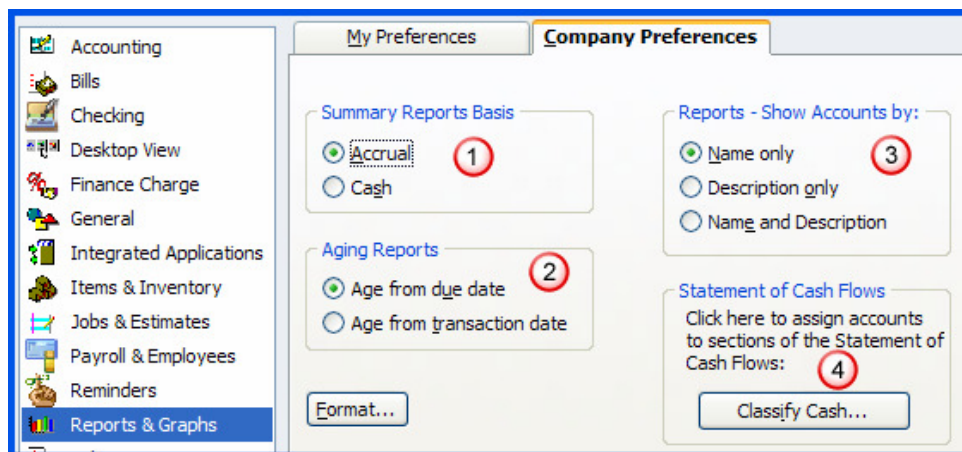


Figure 113: Setting company specific preferences for reporting will make reporting more consistent between users.

1. **Summary Reports Basis** - affects financial reports like Balance Sheet and Profit & Loss. This setting does not impact the normal accrual reporting for Accounts Receivable and Accounts Payable reports.
2. **Aging Reports** - setting tells QuickBooks how to “age” or count the days a customer invoice or vendor bill is overdue.

3. **Reports** – Show Accounts by affects how financials are shown on the financial statements.
 - Name only reports will show both account number and name
 - Description only reports will only show Description
 - Name and Description will show account number, name, and description
4. **Statement of Cash Flows** – setting allows you to define what accounts appear on the statement

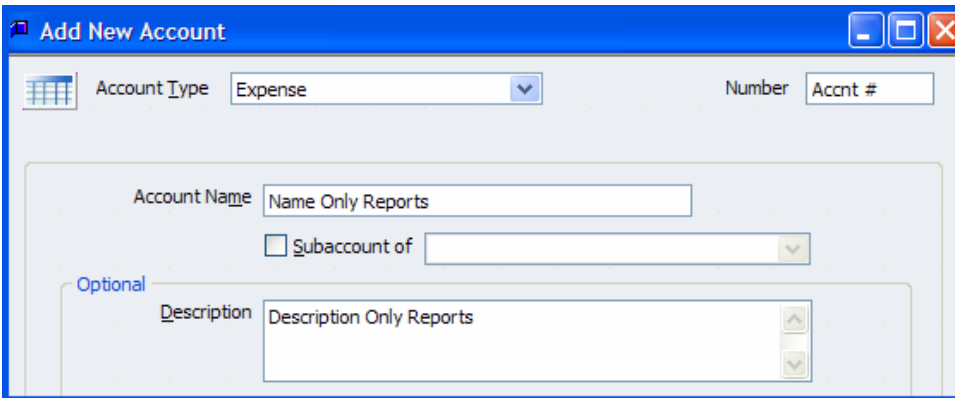


Figure 114: This image represents when the Account Name or Description will appear in reports.

DEFAULTING THE UNDEPOSITED FUNDS ACCOUNT FOR CUSTOMER RECEIPTS

From **Edit, Preferences, Sales & Customers.**

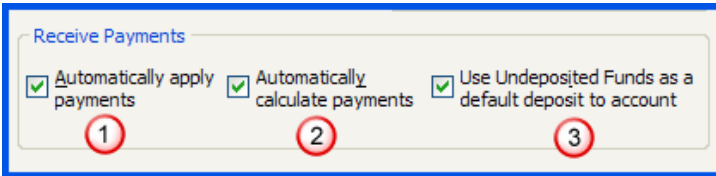



Figure 115: These preferences help with handling undeposited funds account for customer payments.

1. Automatically apply payments will default QuickBooks Receive Payment Form to match the amount received to be matched with an invoice of the same amount (if a same amount invoice is not found QuickBooks will default to selecting the oldest invoices first for payment). This is just a default and a user can override this selection at the time of entry.
2. Automatically calculate payments defaults the payment total to be the calculated total of all invoices selected.
3. Use Undeposited Funds as default deposit to account. This feature is useful for users who have multiple customer payments on a single bank deposit ticket. This account serves as an “in-transit” account holding the receipts until they are grouped and matched with the physical bank deposit ticket.

 You can help your client maximize the use of QuickBooks by reviewing with the client each preference setting, customizing QuickBooks for their specific needs.

REVIEWING CASH BASIS VS. ACCRUAL BASIS ACCOUNTING IN QUICKBOOKS

QuickBooks is easy to use software that has the flexibility of providing financials in both Cash Basis or Accrual Basis accounting. Generally, accounts receivable (A/R) and accounts payable (A/P) transactions do not appear on a cash-basis report because the purpose of these accounts is to keep track of transactions that have not been paid. See below for possible reasons an A/R or A/P account might display a balance on a Cash Basis balance sheet.

REASONS THAT CASH BASIS BALANCE REPORT SHOWS ACCOUNTS RECEIVABLE OR ACCOUNTS PAYABLE BALANCES

- A/R or A/P transactions posting to other balance sheet accounts
- Inventory items on an invoice or credit memo
- Transfers between balance sheet accounts
- Unapplied A/R customer receipts or vendor A/P payments
- Payments applied to future dated A/R or A/P invoices
- Preferences that contradict each other. If you selected Cash Basis as your Summary Reports basis preference but Accrual Basis as your Sales Tax preference.
- Data corruption. Run from File Menu, Utilities, Verify Data.

Report to help you find these transactions:

1. From the QuickBooks **Reports** menu, choose **Company & Financial**, and then choose **Balance Sheet Standard**.
2. Click **Modify Report**.
3. On the **Display** tab, select the **Cash** option, and then click **OK**.
4. Double-click the **A/R** or **A/P** amount in question to open a Transactions By Account report.
5. Click **Modify Report**.
6. On the **Display** tab, click **Advanced**.
7. Select the **Report Date** option, and then click **OK**.
8. On the **Display** tab, delete the **From** date. (The **To** date will be the date of the balance sheet report.)
9. Click the **Filters** tab.
10. In the **Filter** list, select **Account**, and then select **All balance sheet accounts** from the drop-down list to the right.
11. Select the option **For detail accounts** matching, and then choose the A/R or A/P account in question from the drop-down list.
12. In the **Filter** list, select **Paid Status**, and then select the **Open** option. Click **OK** to return to the report, and then look for transactions that fall into any of the categories described earlier.

PROTECT YOUR WORK BY SETTING A CLOSING DATE

WHY SET A CLOSING DATE?

QuickBooks allows you to “lock” (close) periods to prevent users from posting transactions to those periods. Setting a closing date also prevents them from editing or deleting any transaction in a Closed Period. Having this ability allows you to get your client books clean, and keep them clean. It should therefore be considered best practice to regularly set closing dates for your client books, once you have reviewed and adjusted them

WHAT IF I NEED TO GO BACK INTO A “CLOSED” PERIOD

You can! QuickBooks allows you to change the Closing Date at any time effectively re-opening the period, provided you are logged in as Admin, or, you have full administrator rights, AND provided that you know the password. (If you re-open the period though, the changes you make are not tracked on the Closed Period Exceptions report...)

In addition, if you do need to make a change to a closed period and you enter the Password at the prompt (without first opening the period), QuickBooks will track this change on the Closed Period Exceptions Report – this allows you to quickly see any transactions that were posted to a closed period, by a user who entered the password at the prompt.

So you have full control over closed periods, AND you can see transactions that other users may have done to closed periods, by entering the Password at the time of the transaction. It is truly the best of all worlds. Control plus flexibility.

HOW TO SET A CLOSING DATE AND OPTIONAL PASSWORD

If you and your client shared data using the Accountant's Copy file sharing method, you have probably already set a closing date in the data file. If you used some other file exchange method to protect your work (and make sure the numbers you are starting with are not going to change) be sure to set a Closing Date and Closing Date Password in your client's data file prior to your review.

To set a QuickBooks data file Closing Date and Password follow these steps:

1. Select **Accountant, Set Closing Date**. The Accountant, Company Preference dialog appears.
2. Click the **Set Closing Date** button. The Set Closing Date and Password dialog appears.
3. Enter an optional password and a closing date—typically the same date that was used for the dividing date if you shared the Accountant's Copy file data type.
4. Click **OK** to accept the closing date and optional closing date password.

Setting a Closing Date is only part of the needed process. You will also need to verify what users, if any have been given the right to change this closing date, or edit transactions dated prior the closing date. To view individual user rights in QuickBooks:

1. Select **Company, Set Up Users and Passwords** and select the **Setup Users** menu to open the User List dialog. (This is the menu path for QuickBooks Pro or Premier Edition menu; QuickBooks Enterprise Edition has more robust security setting options not discussed in detail in this book.)

- To view existing security by user, from the User List dialog opened in the previous step, select the user with your cursor and click the **View User** button, as shown in Figure 116.

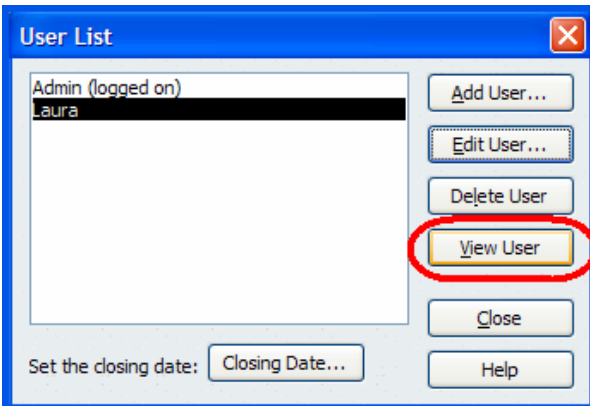


Figure 116: To see the user's specific security rights in summary, click the **View User** button.

- The View User Access dialog opens, as shown in Figure 117. Any user who should not have rights to change closed period transactions should have an "N" appearing in the last menu option in the Create column.

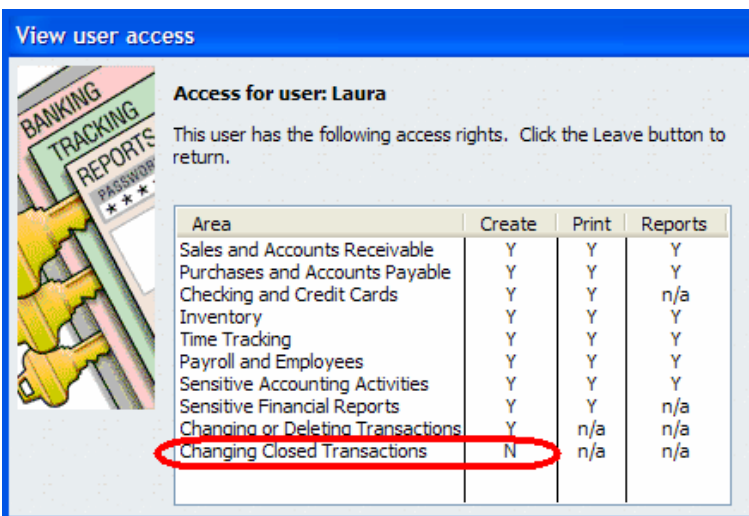


Figure 117: You can easily view the user's access rights from one summary window.

- If after reviewing the access for each employee you need to edit this setting for an employee, click **Leave** to close the View User Access dialog.
- You are returned to the User List dialog. With your cursor select the employee and click **Edit User**.

6. The Access for User dialog opens. Choose the **Selected Areas** option and click **Continue** through the screens until you reach page 9 of 10, as shown in Figure 118. Click **Next** (page 10 of 10) to see a summary of the employee's security settings or Finish to return to the User List dialog.
7. Click **Close**.

Change user password and access: Laura

Changing or Deleting Transactions Page 9 of 10

Do you want this user to have the ability to change or delete transactions in the areas they have access to?

☒ Yes
☐ No

Should this user also have the ability to change or delete transactions that were recorded before the closing date?

☐ Yes
☒ No

Figure 118: On the second option, place a mark in the No button to prevent the user from changing transactions in closed periods.

USING FINANCIAL STATEMENT DESIGNER TO PROVIDE GAAP COMPLIANT FINANCIALS

QuickBooks Premier Accountant Edition and QuickBooks Enterprise Solution Editions include a built-in financial statement design tool that enables unlimited customization of financial statements. With Financial Statement Designer, you can format financial statements the way you want using familiar spreadsheet-like tools – all without leaving QuickBooks.

This document is simply providing a brief overview; a complete discussion of the QuickBooks Financial Designer and its many features can be found in the list of Webinars at the end of this document.

☞ For a quick self-paced introduction to Financial Statement Designer: from within Financial Statement Designer select Help, Getting Started.

KEY FEATURES AND CAPABILITIES OF THE FINANCIAL STATEMENT DESIGNER

- Create and Customize Financial Statements (including account names and segment placement)
- Create Supporting Documents Using the Document Editor
- Print a Complete Set of Financial Statements

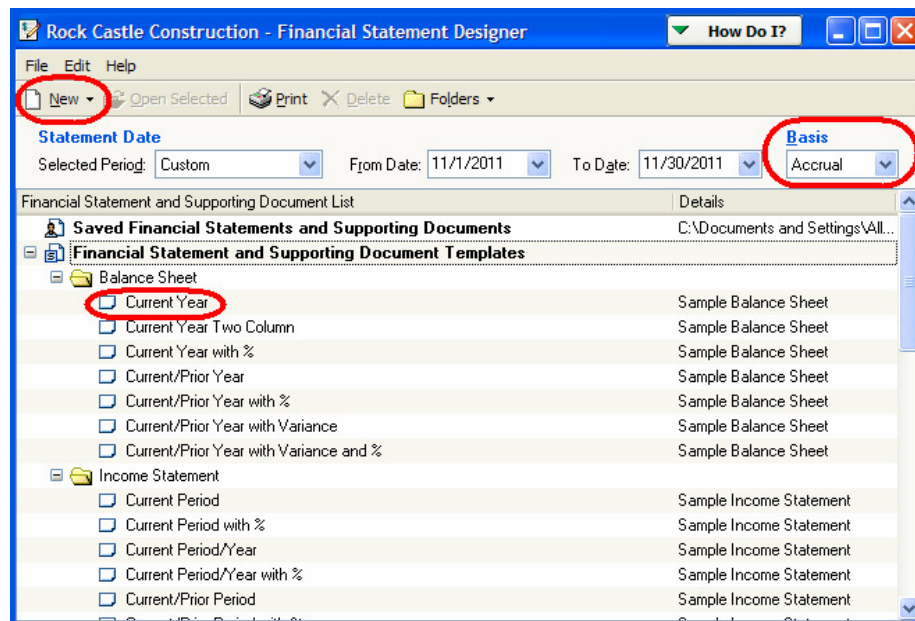


Figure 119: Financial Statement Designer is included with QuickBooks Premier Accountant Edition and all versions of QuickBooks Enterprise Solutions.

- Start from scratch or edit an existing template. Change the basis of the report to fit your needs.
- Spreadsheet-like tools makes it easy to use.
- Re-arranging accounts for your financial needs without affecting the way your client views the same reports in QuickBooks.
- QuickBooks users continue to see the separate cash accounts, but financials produced in Financial Statement Designer will neatly group the separate cash accounts into one as shown in Figure 112.

Statement Date		Basis	
Selected Period:	Custom	As of:	11/30/2011
			Accrual
			Recalculate
	Description	11/30/2011	
	A	B	
1	ASSETS		
2			
3			
4			
5	CURRENT ASSETS		
6	Cash and Cash Equivalents	\$	99,551.58
7	Accounts Receivable		83,547.91
8	Inventory Asset		27,872.63
9	Employee Advances		770.00
10	Pre-paid Insurance		0.00
11	Retainage Receivable		5,418.02
12			
13	Total Current Assets	\$	217,160.14

Figure 120: Combine rows of details for this report without affecting how the customer will see these details in QuickBooks.

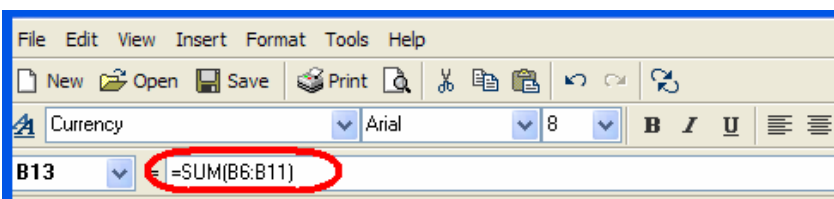


Figure 121: Using spreadsheet formulas you can create your own financial calculations.

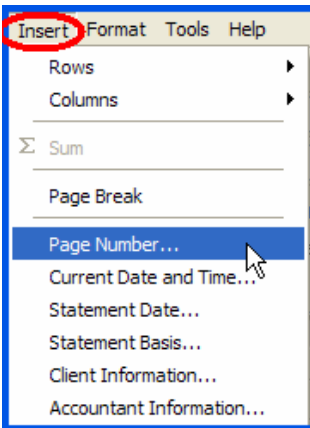


Figure 122: Insert fields that will automatically populate the current date and time or even your client's information.

Easily identify these documents coming from your office by inserting Accountant Information.

CURRENT ASSETS		
Cash and Cash Equivalents	\$	99,551.58
Accounts Receivable		83,547.91
Inventory Asset		27,872.63
Employee Advances		770.00
Pre-paid Insurance		0.00
Retainage Receivable		5,418.02
Total Current Assets	\$	217,160.14

Figure 123: Use the familiar QuickZoom feature to drill down to the general ledger and source entries directly from within Financial Statement Designer.

Correct source entries directly from within QuickBooks Financial Statement Designer. Changes are automatically read back to the QuickBooks data file and will immediately update your Financial Statement Designer document.

General Ledger

Rock Castle Construction
General Ledger
As of November 30, 2011

Type	Date	Num	Adj	Name	Memo	Split	Debit	Credit	Balance
12800 - Employee Advances									0.00
General Journal	12/31/2009	Setu...		-MULTIPLE-	-MULTIPLE-	-SPLIT-	770.00		770.00
Total 12800 - Employee Advances							770.00	0.00	770.00
TOTAL							770.00	0.00	770.00

Figure 124: Drill down from Financial Statement Designer to view/edit QuickBooks transactions.

Create Additional Documents using the Document Editor and then print complete financials in a pre-determined order.

Johnson & Johnson CPA
123 Main Street
Anytown, TX 11111

To the Board of Directors

Rock Castle Construction
1735 County Road
Bayshore, CA 94326

We have compiled the accompanying balance sheet of Rock Castle Construction as of November 30, 2011 and the related statements of income and cash flows for the period then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Figure 125: There are many reports that can be modified for your specific client's needs.

USING FIXED ASSET MANAGER

OVERVIEW OF THE FIXED ASSET MANAGER

This tool is available in all Premier and Enterprise editions of QuickBooks. The Fixed Asset List is available in Pro, Premier and Enterprise versions.

Tracking fixed assets with fixed asset items enables you to record such information about an asset as purchase date and price, whether the asset was new or used when purchased, and the asset's sale price if you decide to sell it. You can also generate customizable reports listing all your fixed assets.

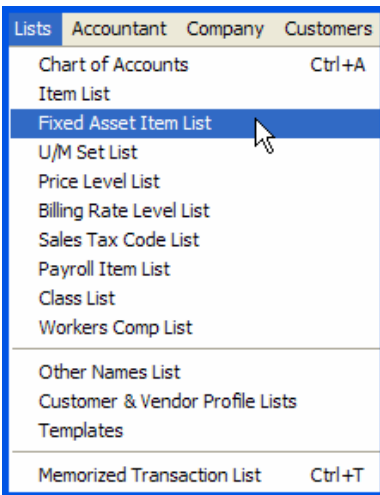


Figure 126: Users and accounting professionals both have access to the Fixed Asset Item List

Teach your clients to create a fixed asset item and track useful purchase information for you. It will make tax time much easier for all as shown in Figure 126.

Edit Item

Type: Fixed Asset (Use for property you purchase, track, and may eventually sell. Fixed assets are long-lived assets, such as land, buildings, furniture, equipment, and vehicles.)

Asset Name/Number: Office Building - 11

Asset Account: 15200 - Buildings and Improvements

Purchase Information

Purchase Description: Office Building

Item is: ☒ new ☐ used

Date: 09/22/2007

Cost: 325,000.00

Vendor/Payee:

Sales Information

Sales Description:

Item is sold: ☐

Sales Date:

Sales Price: 0.00

Sales Expense: 0.00

Asset Information

Asset Description:

Location: 1735 County Road Bay...

PO Number:

Serial Number:

Warranty Expires:

Notes: Need to verify insurance coverage is adequate.

Fixed Asset Manager Summary:

- Asset Number: 11
- Cost/Basis: 325,000.00
- Year-End Accumulated Depreciation: 27,430.54
- Year-End Book Value: 297,569.46

Figure 127: Add or Edit and existing Fixed Asset Item from the Lists menu.

When the Fixed Asset Manager is started from within either a QuickBooks Accountant or QuickBooks Enterprise Solutions edition, it pulls in information about fixed assets from an open company file. The accountant can then let QuickBooks Fixed Asset Manager determine depreciation for the assets and post a journal entry back to the company file. The accountant can also enter assets in the Fixed Asset Manager and send that information back to the client's QuickBooks data file.

The Fixed Asset Manager integrates with Intuit's ProSeries Tax products, which makes it easier to get asset information from QuickBooks into ProSeries Tax.

Name	Location	Purchase Date	Account	Cost	Cost/Basis	Accumulated Depreciation	Book Value
Equipment - 17		12/31/2009	15300 - Construction Equipment	15,300.00	15,300.00	5,932.65	9,367.35
Desktop PC (S) - 8		09/01/2010	15000 - Furniture and Equipment	13,000.00	13,000.00	2,600.00	10,400.00
Copier/Printer - 15	Main Office	04/26/2010	15000 - Furniture and Equipment	5,000.00	5,000.00	1,000.00	4,000.00
Lexus - 16		04/26/2010	15100 - Vehicles	75,000.00	75,000.00	15,000.00	60,000.00
2005 pickup - 2	Bayshore, CA	02/14/2007	15100 - Vehicles	28,602.91	28,602.91	12,585.00	16,017.91
2005 Van - 14		10/15/2007	15100 - Vehicles	26,000.00	26,000.00	21,507.20	4,492.80
Chairs - 3		11/15/2009	15000 - Furniture and Equipment	475.00	475.00	247.00	228.00
Conference Table - 4		11/15/2009	15000 - Furniture and Equipment	3,500.00	3,500.00	1,820.00	1,680.00
Desks - 5		12/20/2009	15000 - Furniture and Equipment	2,100.00	2,100.00	1,092.00	1,008.00
Desktop computer - 6	MV	10/15/2009	15000 - Furniture and Equipment	2,000.00	2,000.00	1,040.00	960.00
Desktop PC - 7		10/01/2009	15000 - Furniture and Equipment	5,000.00	5,000.00	2,600.00	2,400.00
Laser Printer - 9		10/01/2009	15000 - Furniture and Equipment	2,001.00	2,001.00	1,040.52	960.48

Figure 128: At a glance, see all fixed assets information

Fixed Asset Manager will calculate the difference between book and FAM depreciation schedules and will prepare a Journal Entry to post to the QuickBooks data.

Post to QuickBooks General Journal

Last posting date: 12/31/2010 Depreciation through date: 12/21/2011 Journal entry number: FAM

Accounts/Assets:

Accounts	Balances		Journal Entry		
	Fixed Asset Mgr	QuickBooks	Debit	Credit	Memo
60900 - Depreciation...	36,341.88	0.00	36,341.88		Record Depreciation
17000 - Accumulate...	-216,841.92	-65,908.69		150,933.23	Record Depreciation
Totals:			36,341.88	150,933.23	

 Basis to post: Federal ☒ Show Balances ☐ Show Assets

Figure 129: Use Fixed Asset Manager to keep QuickBooks Depreciation entries up to date.

Report List Organizer

Report lists available for the current directory:

Choose a report list or select New to create a new report list.

Asset Information Reports

☒ When printing, select all reports in list to print together
☐ When printing, print only the assets selected in the Schedule

Available Reports:

- Ace Adjustment Calculation
- Amortization Schedule by G/L Accou
- Amortization Schedule by User Define
- Amortization Schedule by User Define
- Amortization Schedule by User Define
- Amortization Schedule by User Define
- Amortization Schedule by User Define
- AMT Adjustment Calculation
- Depreciation Schedule by G/L Accou
- Depreciation Schedule by User Define
- Depreciation Schedule by User Define

Selected Reports:

- Asset Disposition by Sale Description
- Asset, Basis and Disposal Detail Report
- Assets Acquired in the Current Year
- Remaining Basis Over Remaining Life Re

Figure 130: Organize a set of pre-defined reports or make your own custom reports and then set QuickBooks Financial Statement Designer to print them in a batch.

Generate multiple reports (as seen in Figure 130 and Figure 131) from within Fixed Asset Manager to manage your Fixed Assets and related depreciation schedules.

Federal Basis									
Rock Castle Construction, Inc.									
Assets Acquired in the Current Year									
For the 12 Months Ended 12/31/10									
Asset No.	Asset Description	Date Acquired	Method	Life	Sold?	Cost	Section 179 Deduction	Special Depreciation Allowance	Current Depreciation
15000 Furniture and Equipment									
15	Copier/Printer	04/26/10	200% DB	05/00	N	5,000.00	0.00	0.00	1,000.00
22	Copier/Printer	04/26/10	200% DB	05/00	N	5,000.00	0.00	0.00	1,000.00
8	Desktop PC (5)	05/01/10	200% DB	05/00	N	13,000.00	0.00	0.00	2,600.00
21	Desktop PC (5)	05/01/10	200% DB	05/00	N	13,000.00	0.00	0.00	2,600.00
Total for (Furniture and Equipment)						36,000.00	0.00	0.00	7,200.00
15100 Vehicles									
16	Lexus	04/26/10	200% DB	05/00	N	75,000.00	0.00	0.00	15,000.00
23	Lexus	04/26/10	200% DB	05/00	N	75,000.00	0.00	0.00	15,000.00
Total for (Vehicles)						150,000.00	0.00	0.00	30,000.00
Total						186,000.00	0.00	0.00	37,200.00

Figure 131: One of the useful reports in Managing Fixed Assets.

Rock Castle Construction, Inc.						
AMT Adjustment Calculation						
For the 12 Months Ended 12/31/10						
Asset No.	Asset Description	Date Acquired	Tax System	Federal Depreciation	AMT Depreciation	AMT Adjustment
Uncategorized Assets						
3	Chairs (10)	02/01/05	MACRS	27.36	39.55	-12.19
4	Conference Table	05/01/05	MACRS	201.60	291.55	-89.95
5	Desks (7)	06/01/07	MACRS	241.92	349.86	-107.94
7	Desktop PC (2)	05/01/07	MACRS	576.00	833.00	-257.00
8	Desktop PC (5)	05/01/10	MACRS	2,600.00	1,950.00	650.00
13	Server	05/01/07	MACRS	748.80	1,082.90	-334.10
14	2007 Delivery Van	10/15/07	MACRS	5,126.40	7,413.70	-2,287.30
15	Copier/Printer	04/26/10	MACRS	1,000.00	750.00	250.00
16	Lexus	04/26/10	MACRS	15,000.00	11,250.00	3,750.00
17	Equipment	12/31/09	MACRS	3,746.94	2,927.29	819.65
18	Desktop PC (5)	05/01/07	MACRS	1,497.60	2,165.80	-668.20
19	Ford F150	10/22/07	MACRS	115.20	166.60	-51.40
20	Equipment	12/31/09	MACRS	4,896.00	3,901.50	994.50
21	Desktop PC (5)	05/01/10	MACRS	2,600.00	1,950.00	650.00
22	Copier/Printer	04/26/10	MACRS	1,000.00	750.00	250.00
23	Lexus	04/26/10	MACRS	15,000.00	11,250.00	3,750.00
Total for (Uncategorized Assets)				54,377.82	47,071.75	7,306.07

Figure 132: See the calculation amounts according to federal tables.

INTEGRATING QUICKBOOKS WITH INTUIT'S PROFESSIONAL TAX PREPARATION SOFTWARE

If your firm uses either Lacerte or ProSeries tax preparation software, you can save significant time by taking advantage of the QuickBooks integration features. Once you understand the process, transferring the balances from QuickBooks to these tax programs is very easy.

Here are just a few reasons to consider it:

- Importing balances is faster than manually keying amounts from trial balances.
- Fewer keypunch mistakes are made by importing balances than by manually keying them.
- The preparation of tax returns in subsequent years is even faster and easier.
- After transferring balances to the tax software, you can go back and make adjustments to QuickBooks and easily re-import the revised balances.

Use the Working Trial Balance Tool discussed earlier in this document to verify the information before integrating it with the tax programs.

Both professional tax programs by Intuit offer a mapping utility allowing you to assign QuickBooks Accounts to the proper tax line.