ACCOUNTANT TRAINING NETWORK

Top 10 QuickBooks Mistakes Clients Make and How to Fix Them

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 or that it is completely free of errors when published. Readers should verify statements before relying on them.

TABLE OF CONTENTS

Top 10 Mistakes My Clients Make And How to Fix Them 5
  Objectives 5

Notes about Approach 7

Bonus Notes 9

Chart of Accounts Error 11
  Errors & Symptoms 11

Chart of Accounts Fixes 13
  Edit Account Type 13
  Merge Accounts 13
  Edit Account Details 14
    Sub-accounts 14
  Inactive Accounts 16

Accounts Payable Error 17
  Error & Symptoms 17

Accounts Payable Fixes 18
  Accrual Basis – No Bank Reconciliation 18
  Accrual Basis – Bank Reconciliation Completed 19
    Step 1 – Correct Coding of Check 19
    Step 2 – Link Check to Bill 20
  Cash Basis – Bills Not Needed 21

Accounts Receivable Error 24
  Errors & Symptoms 24

Accounts Receivable Fixes 26
  Bank Reconciliation Not Completed 26
    Step 1 – Delete Deposit 26
    Step 2 – Receive Payment 27
    Step 3 – Make Deposit 28
  Bank Reconciliation Has Been Completed 29
    Step 1 – Receive Payment 29
    Step 2 – Edit Deposit 29
  Deposit Data Entry Case Study 33

Accounts Receivable/Banking Bonus Tip 34

Bank Deposit Errors 36
  Errors & Symptoms 36

Bank Deposit Fixes 38

  Correct Coding on Receive Payment or Sales Receipt Form 38
  Make Deposit Procedure 40
  Non-Customer Deposits 42
  Bonus Information: Vendor Refund of Overpayment 42
  Bonus Information: Refund From Vendor for Return 42
  Net Credit Card Deposits 43
  Net Credit Card Deposit Case Study 44

Payroll Liabilities Error 46

Payroll Liabilities Fixes 48
  Payroll Liability Payment 48
  Correcting the Bank Register 49

Loan Balance Errors 52

Loan Balance Fixes 54
  Journal Entry 54
  Correct Previous Errors 55
    Find Feature 55

Fixed Asset Errors 58

Fixed Asset Fixes 60
  Journal Entry 60
  Fixed Assets Capitalization Policy 60
  Fixed Asset Manager 60

Prior Period Changes 62

Prior Period Fixes 64
  Voided/Deleted Transactions 64
  Audit Trail 65
  Closing Date 65
  Passwords 66
    Password Set Up 67
  Password Set Up Checklist 70

Inventory Errors 71
  Errors & Symptoms 71

Inventory Fixes 73
  Items Overview 73
    Item Types 73
    Inventory versus Non-inventory type parts 75
  Inventory Purchases Versus Sales 76
  Item Receipts 77
  Adjust Quantity/Value on Hand 78

Credit Card Use Errors 80
Errors & Symptoms 80

Credit Card Use Fixes 82
Using Business Credit Cards Overview 82
Credit Card Type Account 82
Credit Card transaction Entry - One Entry or Many? 83
Credit Card Reconciliation 84
Extra Payments 85

Most Important Fix of All! 86

Appendix A Inventory overview 88
Average Cost 88

Appendix B Journal Entries overview 90
Journal Entry Rules 92

Appendix C Fixed Asset List & Fixed Asset Manager 94
Fixed Asset List 94
Fixed Asset Entry 95
Fixed Asset Manager 96

Appendix D Loan Manager 98
Add a Loan 98

TOP 10 MISTAKES MY CLIENTS MAKE AND HOW TO FIX THEM

We all have clients who are using QuickBooks but are they all using it correctly? Many of these clients have learned to use the software by trial and error. Clients think that since a check looks like a check and an invoice looks like an invoice; they too can be a bookkeeper. Without accounting training and the time spent on looking at many of the different reports, quite often they believe everything is fine. By going through the following 10 issues, and the related "fixes" you will be better equipped to quickly and easily identify the most common errors and understand the alternatives to effectively and efficiently correct the situation.

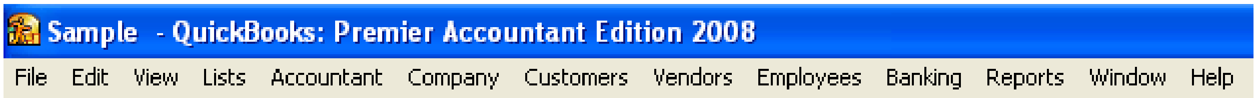
Although it is never fun to tell a client they have been entering information incorrectly, this reality does provide you a great opportunity to develop a closer relationship with the client as their QuickBooks expert and to train them how to use the software to provide better business information for compliance and decision making purposes.

OBJECTIVES

- Determine if your client has done these 10 things wrong
- Obtain a basic understanding of the alternatives available to fix these errors
- Learn methods of working efficiently with QuickBooks client's data files
- Explore the symptoms and causes of these common mistakes
- Discover the solutions to eliminate the errors in the future

NOTES ABOUT APPROACH

Because various users choose to use the navigators, or not, and may customize the icon bar, our instructions will use the menu bar at the top of the software. **QUICKBOOKS: PREMIER 2008: ACCOUNTANT EDITION** is the version of the software we will be using. While many of the fixes will work with other versions, this is the most comprehensive and feature rich product that includes reports and functionality accountants want and need. We are using the sample data file included with the software to make it easy for you to test the solutions with your own copy of the software back in your office.

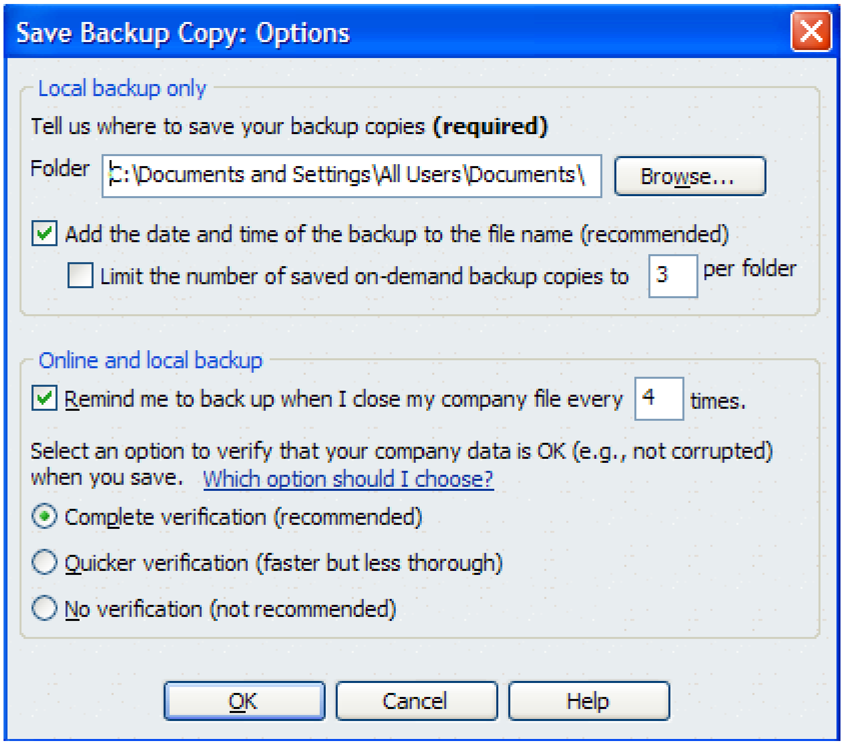


Also, the majority of these fixes require that you have access to the live data file. Many solutions cannot be implemented when using the Accountant's Review Copy of the data. There are many ways to access the live data including working at the client's office, obtaining a back up of the data to use in your office (don't forget to remind the client not to enter any transactions while you have it or your back up will overwrite their information), utilize the Accountant's Copy or use QuickBooks: Premier 2008: Accountant Edition feature of Remote Access. While we cannot get into the details on all of these methods here, there is a free recorded webcast on remote access that you may find valuable at
http://accountant.intuit.com/training_cpe/archived_webcasts.aspx#section1

BONUS NOTES

One thing you can never do enough is back up the data. Do not overwrite the previous backups. Back up before you start and at every major step along the way. In most cases you will not need to restore the back up, but if you do, being able to restore the data to a specific point in time is critical. Backing up to the client's hard drive is OK (but make sure you know where you have saved the files), but it is recommended that you burn a CD or copy the backup files to a USB drive so you can take them with you. What has worked well for me is to back it up using today's date then add a letter to subsequent backups, as the naming convention for the back-up file.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **File > Save Copy or Backup**


Save Backup Copy: Options

Local backup only

Tell us where to save your backup copies **(required)**

Folder: C:\Documents and Settings\All Users\Documents\

☑ Add the date and time of the backup to the file name (recommended)

☐ Limit the number of saved on-demand backup copies to 3 per folder

Online and local backup

☑ Remind me to back up when I close my company file every 4 times.

Select an option to verify that your company data is OK (e.g., not corrupted) when you save. Which option should I choose?

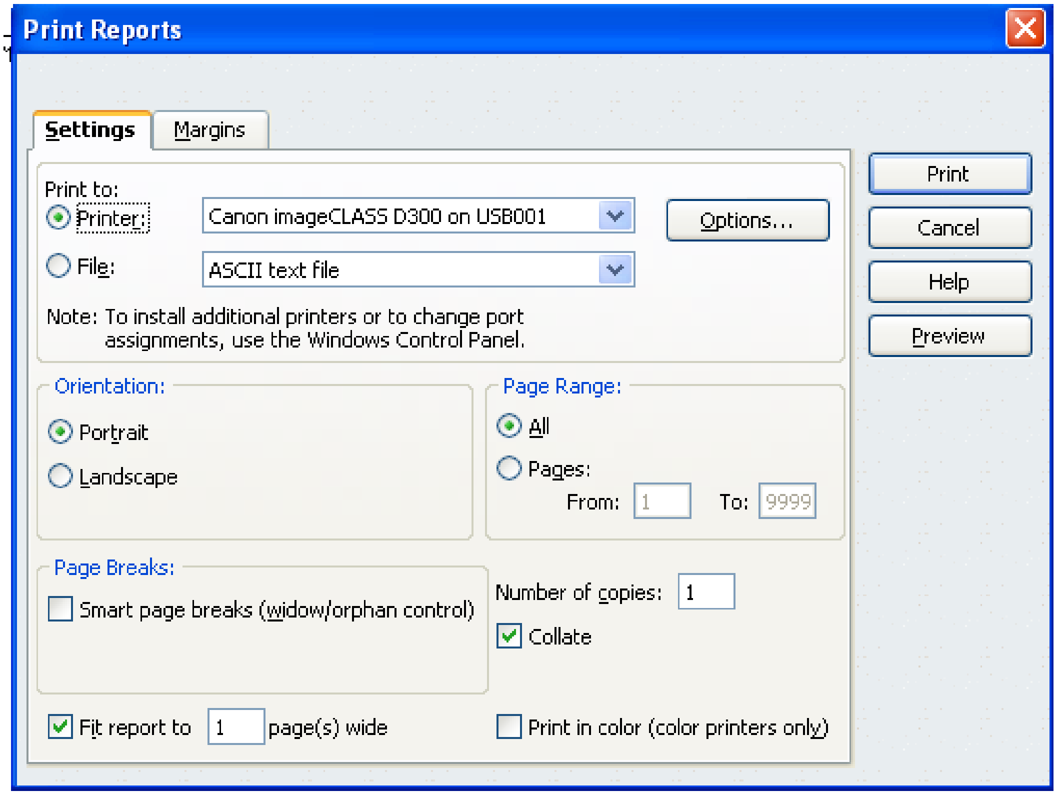
● Complete verification (recommended)

○ Quicker verification (faster but less thorough)

○ No verification (not recommended)

Within QuickBooks there is no undo, undelete, or any other way to say “Oops, I didn’t mean to do that.” For this reason, in addition to the back ups, it is recommended that you print any information you may need. This may be a report, it may be the journal entry associated with a transaction, etc. When you print the report, don’t forget to print the report to one page wide, landscape may increase the font size slightly, and to widen any columns that contain critical data that may be cut off by moving the diamond to the right at the top of the column.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **Invoice > Journal > Print Report**



Print to:
● Printer: Canon imageCLASS D300 on USB001
○ File: ASCII text file
Note: To install additional printers or to change port assignments, use the Windows Control Panel.

Orientation:
● Portrait
○ Landscape

Page Range:
● All
○ Pages: From: 1 To: 9999

Page Breaks:
☐ Smart page breaks (widow/orphan control)

Number of copies: 1
☑ Collate

☑ Fit report to 1 page(s) wide
☐ Print in color (color printers only)

For major changes, those that will take considerable time, and the situations where information has been entered incorrectly, have the client sit with you while the changes are made serves three purposes:

They see the results of the situation they have created which will hopefully help them to do better in the future.

They understand the changes that have been made in the file which will often eliminate the subsequent calls about what you did or why things look different than before.

They know firsthand the amount of time it took for you to correct the problem which will hopefully remove the “surprise factor” when they receive your request for payment.

CHART OF ACCOUNTS ERROR

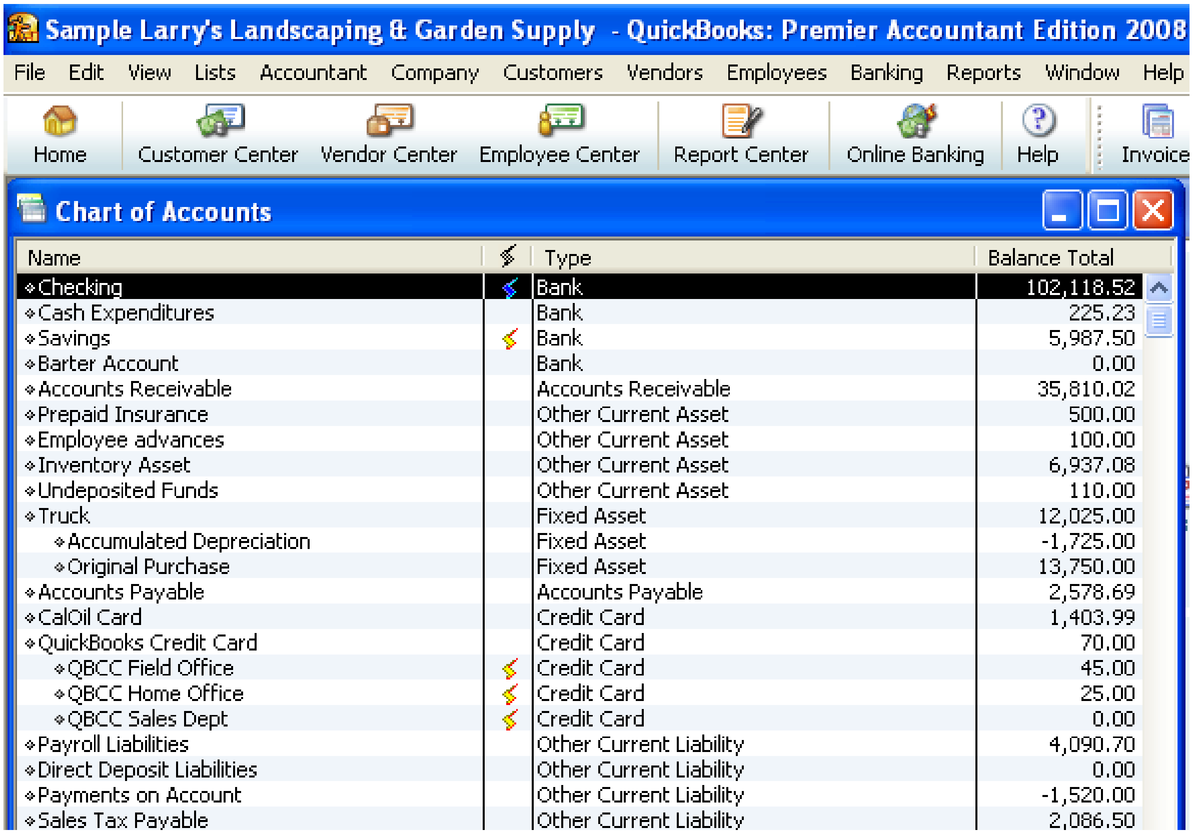
ERRORS & SYMPTOMS

- **Common Errors:**
    - Duplicate accounts
    - Accounts duplicate the function of customers, vendors, or items
- **Primary Indication:** Extremely long chart of accounts list
- **Supplemental Symptom:** The presentation on the Balance Sheet and Profit & Loss reports looks wrong (i.e. accounts are set up with an incorrect type)

One of the easiest places for most accountants to start is to deal with chart of accounts issues. Based on experience and training, it is usually quickly apparent if the chart of accounts is too long, if there are duplicates, or if the accounts have been set up as the wrong type. The account type controls the presentation for financial reports. In addition it is used for the highest level of subtotals.

Looking over the chart of accounts list or creating the Balance Sheet and Profit & Loss reports will provide an indication of the extent of the issue.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **Lists > Chart of Accounts**


Sample Larry's Landscaping & Garden Supply - QuickBooks: Premier Accountant Edition 2008
File
Edit
View
Lists
Accountant
Company
Customers
Vendors
Employees
Banking
Reports
Window
Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Online Banking
Help
Invoice
Chart of Accounts

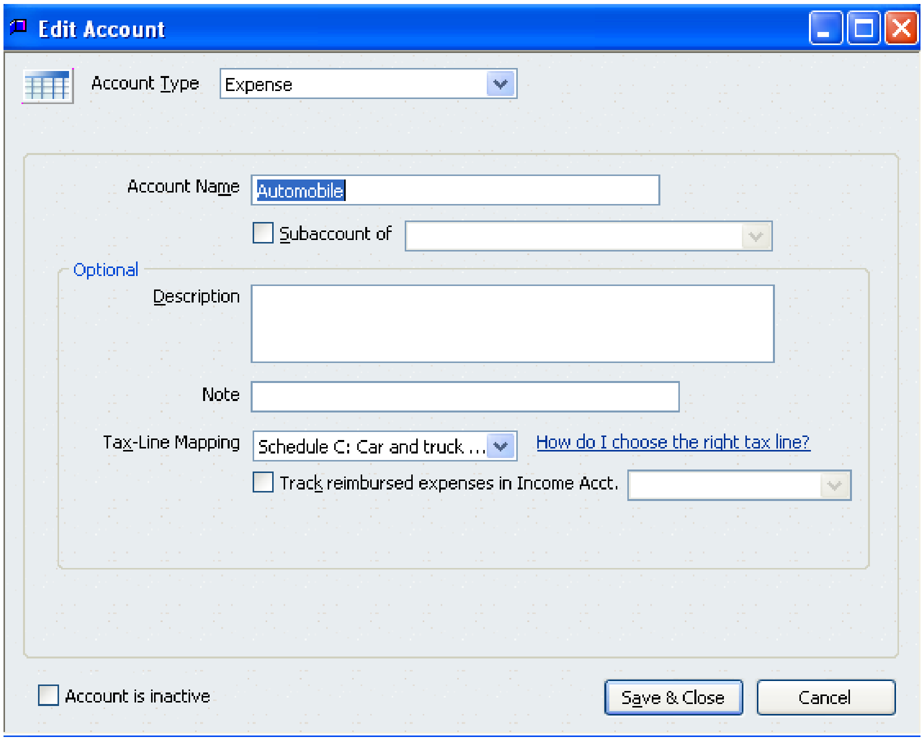
Name	⚡	Type	Balance Total
◆Checking	⚡	Bank	102,118.52
◆Cash Expenditures		Bank	225.23
◆Savings	⚡	Bank	5,987.50
◆Barter Account		Bank	0.00
◆Accounts Receivable		Accounts Receivable	35,810.02
◆Prepaid Insurance		Other Current Asset	500.00
◆Employee advances		Other Current Asset	100.00
◆Inventory Asset		Other Current Asset	6,937.08
◆Undeposited Funds		Other Current Asset	110.00
◆Truck		Fixed Asset	12,025.00
◆Accumulated Depreciation		Fixed Asset	-1,725.00
◆Original Purchase		Fixed Asset	13,750.00
◆Accounts Payable		Accounts Payable	2,578.69
◆CalOil Card		Credit Card	1,403.99
◆QuickBooks Credit Card		Credit Card	70.00
◆QBCC Field Office	⚡	Credit Card	45.00
◆QBCC Home Office	⚡	Credit Card	25.00
◆QBCC Sales Dept	⚡	Credit Card	0.00
◆Payroll Liabilities		Other Current Liability	4,090.70
◆Direct Deposit Liabilities		Other Current Liability	0.00
◆Payments on Account		Other Current Liability	-1,520.00
◆Sales Tax Payable		Other Current Liability	2,086.50

CHART OF ACCOUNTS FIXES

EDIT ACCOUNT TYPE

For the chart of accounts, the edit option permits a change of account name or a change of an account type (except changing to or from Accounts Receivable or Accounts Payable). This option, when used carefully, can correct data entry errors in total, rather than transaction-by-transaction. Because this option does change the account in total, prior periods may be affected. Depending on the timing of the change, and the magnitude, it may be better to edit the individual transactions or do a journal entry to correctly reclassify the balance to a new account, and then use the check box option to make the old account inactive. For a new QuickBooks client, however, this can save countless hours and tedious corrections to correct the existing chart of accounts.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Lists > Chart of Accounts > Single click on the account to be changed > Edit > Edit Account**



Edit Account

Account Type: Expense

Account Name: Automobile

☐ Subaccount of

Description:

Note:

Tax-Line Mapping: Schedule C: Car and truck ...

☐ Track reimbursed expenses in Income Acct.

☐ Account is inactive

MERGE ACCOUNTS

A variation on the edit procedure is to edit the name to match another name on the same list. When the OK button is clicked, the software states: “This name is already being used. Would you like to merge them?” If you choose yes, all of the transactions using the name being edited will be merged into the changed name. Use this option carefully, since there is no easy way to undo a merge, except transaction-by-transaction.

If accounts have been set up incorrectly, it is possible to edit or merge the information. To edit an account permits a change of account name or a change of an account type (except changing to or from Accounts Receivable or Accounts Payable). This option, when used carefully, can correct data entry errors in total, rather than transaction-by-transaction. Because this option does change the account in total, prior periods may be affected. Depending on the timing of the change, and the magnitude, it may be better to edit the individual transactions or do a journal entry to correctly reclassify the balance, and then use the option to make the account inactive.

A variation on the edit procedure is to edit the name to match another account of the same type. When the OK button is clicked, the software states: "This name is already being used. Would you like to merge them?" If you choose yes, all of the transactions in the account being edited will be merged into the account with the same name. Use this option carefully, since there is no easy way to undo a merge, except transaction-by-transaction.

PATH: Lists > Chart of Accounts > Single click on the account to be merged > Edit > Edit Account > Change name or number > OK

TIP: If the two accounts on the chart of accounts list to be merged are different account types, changing the name and the type cannot be done in one step. First change the account type and then change the name to merge the accounts together.

NOTE: Be very careful when merging. The information will remain for the account that the name is being changed to, not the name that is being changed. For example, if an account has been created that is called B of A Checking and the account number from the bank has been entered on the edit account screen, then a new account just called Checking has been created without the account number. If B of A Checking is merged into Checking, the remaining account will not have the account number. If Checking is merged into B of A Checking, the account number will remain. The same is true for the other lists. For example, a customer with the address is merged into a customer without the address; the previous information will be lost!

TRICK: When the accounting preference for account numbers has been turned on, it is possible to merge accounts simply by having the same account number. The name will not matter. Again, just like in the previous example, the account name will remain for the account number that the changed account will be merged into.

NOTE: When Balance Sheet accounts are merged, any cleared transactions are merged into the new account as uncleared.

EDIT ACCOUNT DETAILS

In addition to using the edit feature to change the account type and merge accounts together, the edit feature also controls sub-accounts and inactive status.

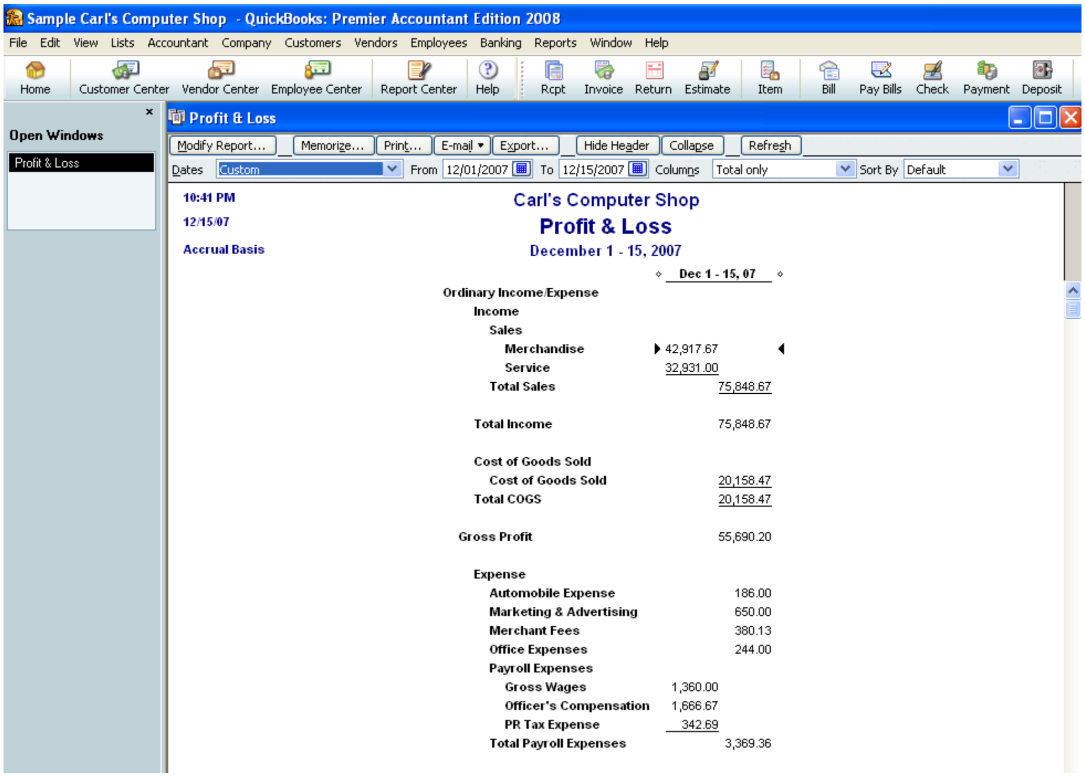
Sub-accounts

The advantage of sub-accounts is that the detail can be displayed on financial statement reports for management purposes. But with the simple click of a button, the sub-accounts can be "rolled up" into the "main" account for summarized presentation.

PATH: Lists > Chart of Accounts > Single click on the account to be changed > Edit > Edit Account > Mark checkbox for sub-account of > Choose account > OK

TRICK: In addition to using the edit feature to make the account a sub-account, it is also possible to use the mouse to click on the diamond to the left of the account name, drag it below the "main" account and then drag it "under" the main account to have it remain as a sub-account.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: Reports > Company & Financial > Profit & Loss Standard


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home Customer Center Vendor Center Employee Center Report Center Help Rcpt Invoice Return Estimate Item Bill Pay Bills Check Payment Deposit
Open Windows
Profit & Loss
Profit & Loss
Modify Report... Memorize... Print... E-mail Export... Hide Header Collapse Refresh

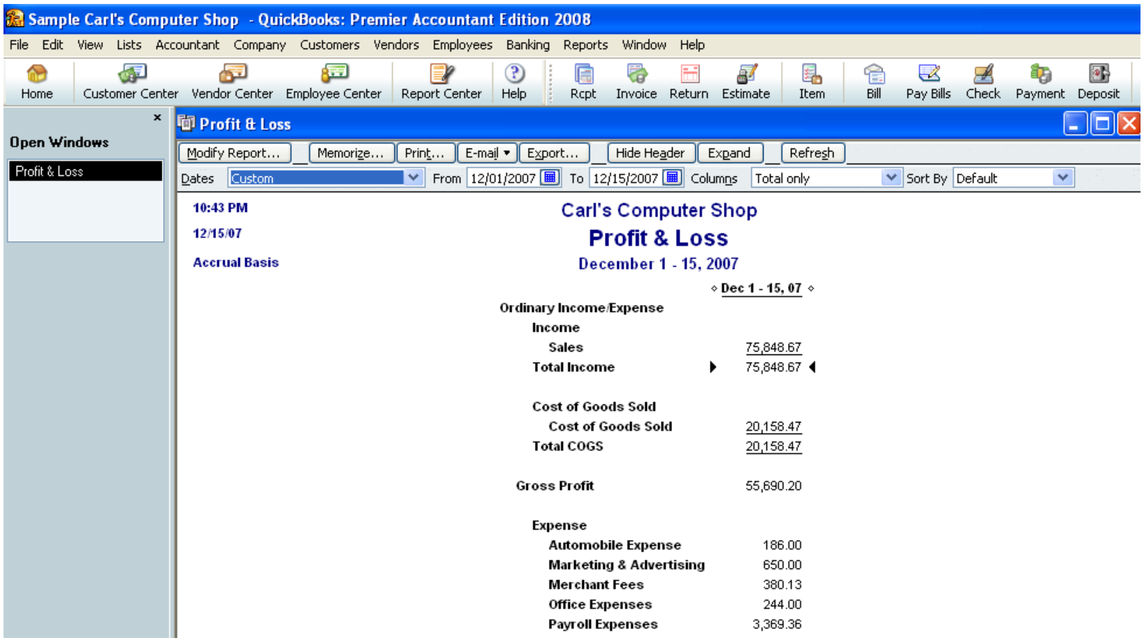
Dates Custom From 12/01/2007 To 12/15/2007 Columns Total only Sort By Default

10:41 PM
12/15/07
Accrual Basis

Carl's Computer Shop
Profit & Loss
December 1 - 15, 2007

		Dec 1 - 15, 07
Ordinary Income/Expense		
Income		
Sales		
Merchandise	42,917.67	
Service	32,931.00	
Total Sales		75,848.67
Total Income		75,848.67
Cost of Goods Sold		
Cost of Goods Sold		20,158.47
Total COGS		20,158.47
Gross Profit		55,690.20
Expense		
Automobile Expense		186.00
Marketing & Advertising		650.00
Merchant Fees		380.13
Office Expenses		244.00
Payroll Expenses		
Gross Wages	1,360.00	
Officer's Compensation	1,666.67	
PR Tax Expense	342.69	
Total Payroll Expenses		3,369.36

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: Reports > Company & Financial > Profit & Loss Standard > Collapse


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home Customer Center Vendor Center Employee Center Report Center Help Rcpt Invoice Return Estimate Item Bill Pay Bills Check Payment Deposit
Open Windows
Profit & Loss
Profit & Loss
Modify Report... Memorize... Print... E-mail Export... Hide Header Expand Refresh

Dates Custom From 12/01/2007 To 12/15/2007 Columns Total only Sort By Default

10:43 PM
12/15/07
Accrual Basis

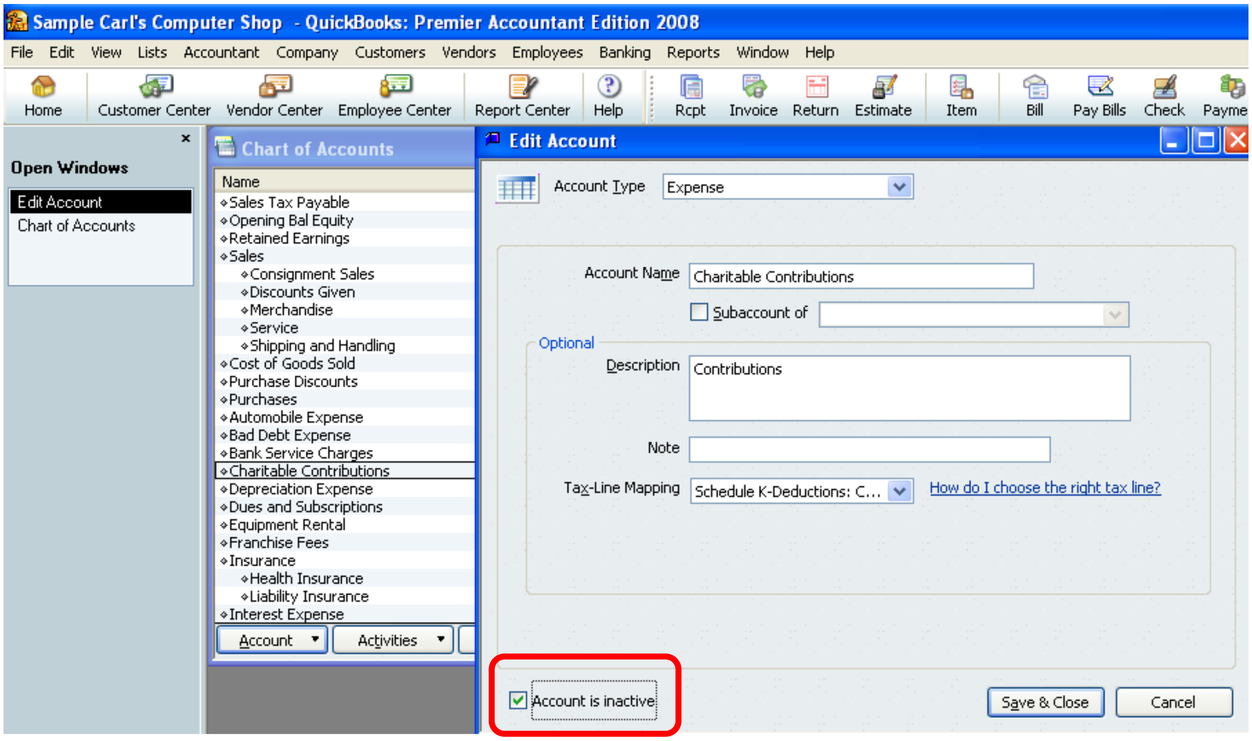
Carl's Computer Shop
Profit & Loss
December 1 - 15, 2007

	Dec 1 - 15, 07
Ordinary Income/Expense	
Income	
Sales	75,848.67
Total Income	75,848.67
Cost of Goods Sold	
Cost of Goods Sold	20,158.47
Total COGS	20,158.47
Gross Profit	55,690.20
Expense	
Automobile Expense	186.00
Marketing & Advertising	650.00
Merchant Fees	380.13
Office Expenses	244.00
Payroll Expenses	3,369.36

INACTIVE ACCOUNTS

Accounts with activity cannot be deleted since those transactions will have “nowhere to go.” The most important advantage to making an account inactive is that an inactive account no longer appears on the pull down list when entering transactions. The accounts will still appear on reports if they are needed.

PATH: Lists > Chart of Accounts > Single click on the account to be changed > Edit > Edit Account > Mark checkbox for inactive > OK


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Bill
Pay Bills
Check
Payme
Open Windows
Edit Account
Chart of Accounts
Chart of Accounts
Name
Account
Activities
Edit Account
Optional
How do I choose the right tax line?
Save & Close
Cancel

- Sales Tax Payable
- Opening Bal Equity
- Retained Earnings
- Sales
  - Consignment Sales
  - Discounts Given
  - Merchandise
  - Service
  - Shipping and Handling
- Cost of Goods Sold
- Purchase Discounts
- Purchases
- Automobile Expense
- Bad Debt Expense
- Bank Service Charges
- Charitable Contributions
- Depreciation Expense
- Dues and Subscriptions
- Equipment Rental
- Franchise Fees
- Insurance
  - Health Insurance
  - Liability Insurance
- Interest Expense

Account Type: Expense

Account Name: Charitable Contributions

☐ Subaccount of

Description: Contributions

Note:

Tax-Line Mapping: Schedule K-Deductions: C...

☑ Account is inactive

TIP: In addition to using the edit feature to make an account inactive, the inactive choice is available by right clicking with the mouse on the account. Also, if all of the inactive accounts are displayed on the chart of accounts list, clicking in the “X” column is a quick and easy to make accounts inactive.

NOTE: If a memorized transaction has been coded to an account that is subsequently marked as inactive, that transaction will continue to use the inactive account.

ACCOUNTS PAYABLE ERROR

ERROR & SYMPTOMS

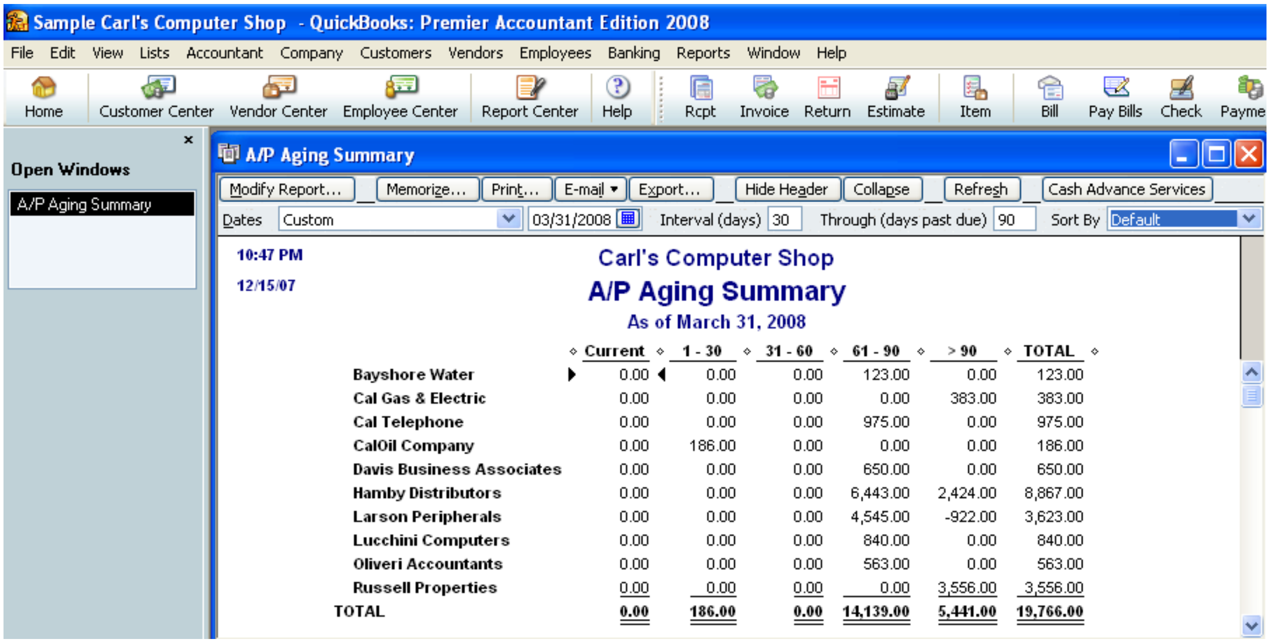
- **Common error:** Client enters bills, and then writes checks
- **Primary Indication:** The AP Aging Reports shows many very old bills
- **Supplemental Symptoms:**
    - Accounts Payable balance is very high
    - Expenses seem unreasonably high
    - The bank account balance looks right

The quickest and easiest way to look for this Accounts Payable error is to review the A/P Aging Summary report.

The Accounts Payable Aging Summary provides a quick snapshot on the outstanding bills as of a specific date. Most of the amounts should be relatively current. An extremely old amount may indicate an error or a situation that requires an adjustment. Consistently old amounts due can indicate a profitability or cash flow situation that should be addressed immediately. Any lines that have a zero balance in total show that all transactions have not been "linked." (Credits have not been applied to the bills in question.)

Excessive amounts in the >90 days column is an indication something is wrong: It is either a QuickBooks data entry procedural issue, which is what we will address here, or it could be indicative of a bigger problem with management or going concern issues, which we will not be addressing.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Reports > Vendors & Payables > A/P Aging Summary**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File
Edit
View
Lists
Accountant
Company
Customers
Vendors
Employees
Banking
Reports
Window
Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Bill
Pay Bills
Check
Payme
Open Windows
A/P Aging Summary
A/P Aging Summary
Modify Report...
Memorize...
Print...
E-mail
Export...
Hide Header
Collapse
Refresh
Cash Advance Services

Dates Custom 03/31/2008 Interval (days) 30 Through (days past due) 90 Sort By Default

10:47 PM
12/15/07

Carl's Computer Shop
A/P Aging Summary
As of March 31, 2008

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
Bayshore Water	0.00	0.00	0.00	123.00	0.00	123.00
Cal Gas & Electric	0.00	0.00	0.00	0.00	383.00	383.00
Cal Telephone	0.00	0.00	0.00	975.00	0.00	975.00
CalOil Company	0.00	186.00	0.00	0.00	0.00	186.00
Davis Business Associates	0.00	0.00	0.00	650.00	0.00	650.00
Hamby Distributors	0.00	0.00	0.00	6,443.00	2,424.00	8,867.00
Larson Peripherals	0.00	0.00	0.00	4,545.00	-922.00	3,623.00
Lucchini Computers	0.00	0.00	0.00	840.00	0.00	840.00
Oliveri Accountants	0.00	0.00	0.00	563.00	0.00	563.00
Russell Properties	0.00	0.00	0.00	0.00	3,556.00	3,556.00
TOTAL	0.00	186.00	0.00	14,139.00	5,441.00	19,766.00

ACCOUNTS PAYABLE FIXES

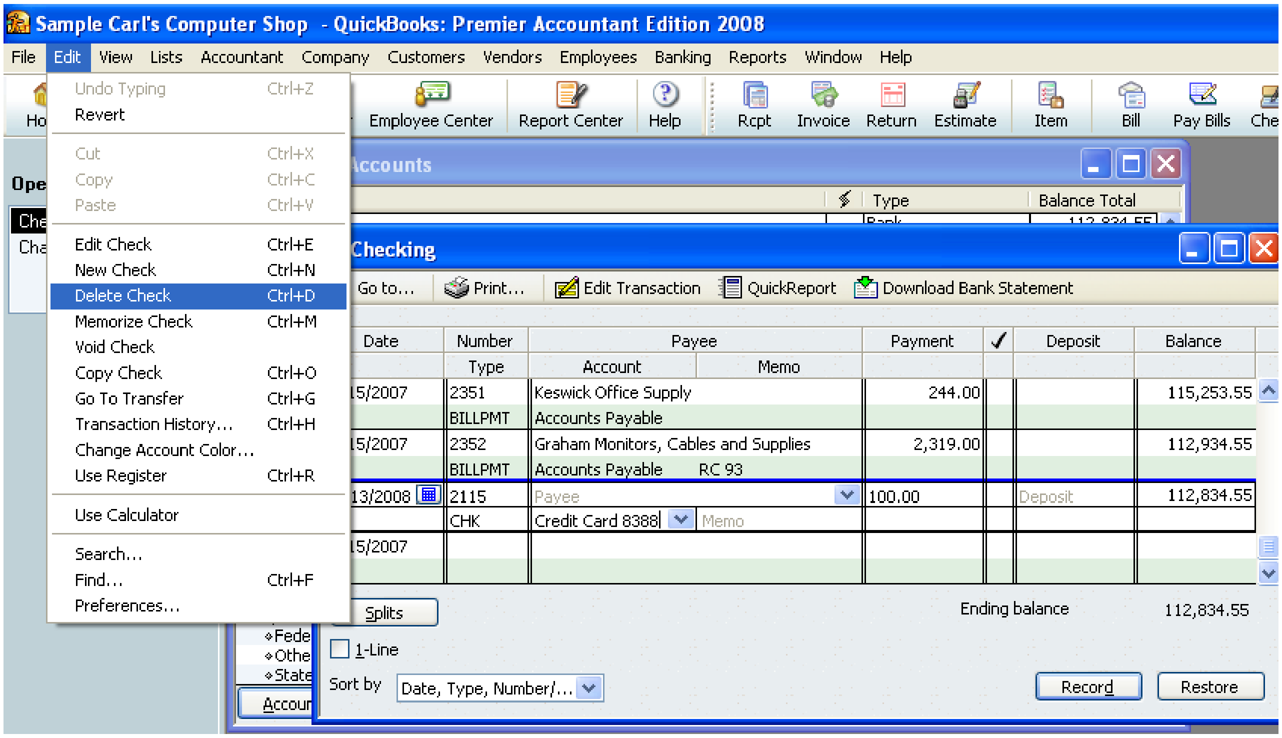
The most efficient fix will vary based on several factors. Most notable is determining if the client needs to prepare reports on the cash or accrual basis. The second most important factor will be if the bank reconciliation has been completed or not.

ACCRUAL BASIS – NO BANK RECONCILIATION

If the client is on the accrual basis of accounting and the bank reconciliation has not been completed, the incorrectly entered checks can be simply deleted and you can re-enter them using the Pay Bills function. One of the beauties of QuickBooks is that you can delete transactions and re-enter them correctly. Don't forget to back up the data file and print the check register or have the check copies in hand prior to pressing the delete button. There is no "undo" or "undelete" available so be careful when using this alternative. Once you delete the checks you must then go in and Pay Bills to record the payment to the vendor. Having the check register printed up before you delete the checks will help you assign the correct check numbers and dates to the new bill payments.

PATHS: Edit > Delete Check > Vendors > Pay Bills

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Lists > Chart of Accounts > Double click on Bank account > Single click on check to be deleted > Edit from the menu bar > Delete check**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File
Edit
View
Lists
Accountant
Company
Customers
Vendors
Employees
Banking
Reports
Window
Help
Ho
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Bill
Pay Bills
Che
Undo Typing Ctrl+Z
Revert
Cut Ctrl+X
Copy Ctrl+C
Paste Ctrl+V
Edit Check Ctrl+E
New Check Ctrl+N
Delete Check Ctrl+D
Memorize Check Ctrl+M
Void Check
Copy Check Ctrl+O
Go To Transfer Ctrl+G
Transaction History… Ctrl+H
Change Account Color…
Use Register Ctrl+R
Use Calculator
Search…
Find… Ctrl+F
Preferences…
Ope
Che
Cha
Accounts
Type
Balance Total
Checking
Go to…
Print…
Edit Transaction
QuickReport
Download Bank Statement
Splits
Ending balance
112,834.55
☐ 1-Line
Sort by
Date, Type, Number/…
Record
Restore
Fede
Othe
State
Accour

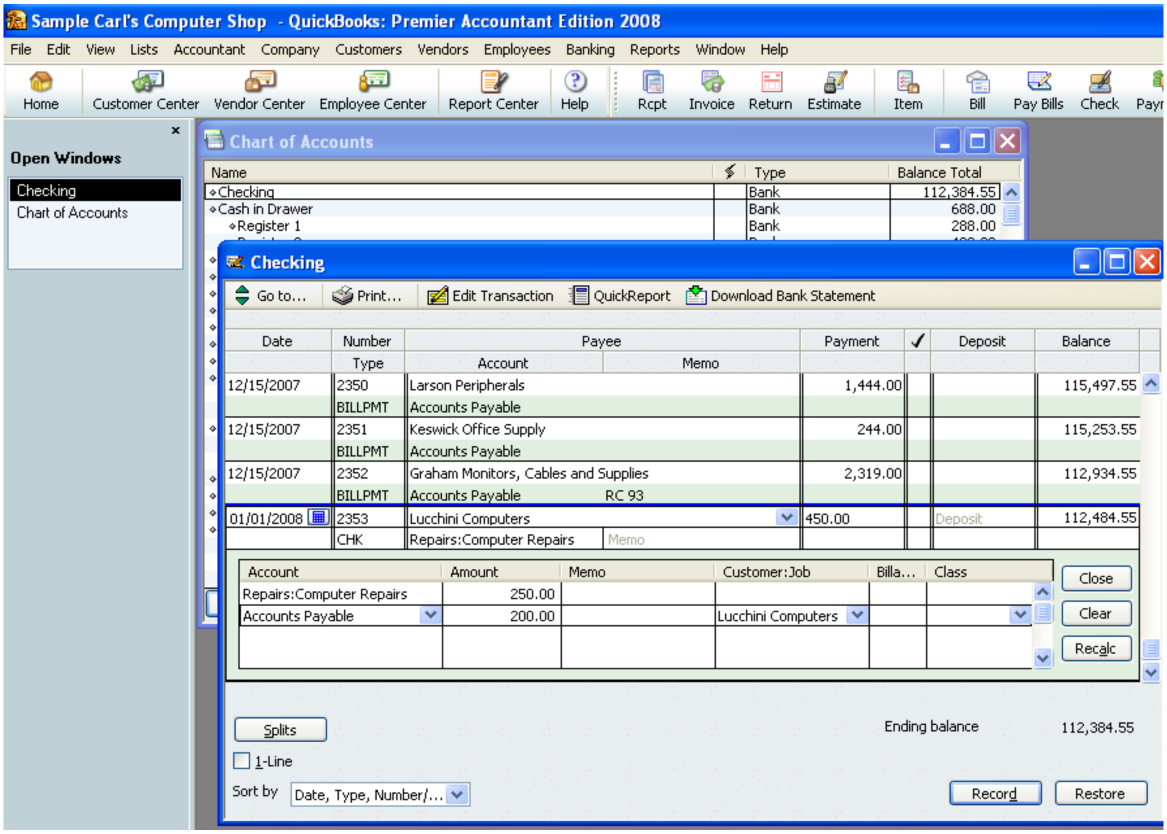
Date	Number Type	Payee Account	Memo	Payment	✓	Deposit	Balance
15/2007	2351 BILLPMT	Keswick Office Supply Accounts Payable		244.00			115,253.55
15/2007	2352 BILLPMT	Graham Monitors, Cables and Supplies Accounts Payable	RC 93	2,319.00			112,934.55
13/2008	2115 CHK	Payee Credit Card 8388	Memo	100.00		Deposit	112,834.55
15/2007							

ACCRUAL BASIS – BANK RECONCILIATION COMPLETED

For accrual basis reports, the bill and bill payment dates are critical. If the payment to the vendor has already been entered as a check and the bank reconciliation has been completed, deleting the check as described above will change the beginning bank balance and with extensive delete and re-enter procedures, the likelihood of an error increases. For this reason, the recommendation is to change the account code on the check to Accounts Payable. This will create a credit on the Accounts Payable reports, which can then be linked to the bill. The main trick to know when completing the correction in this way is that the vendor name will be required on the check detail line that contains the account of Accounts Payable.

Step 1 – Correct Coding of Check

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Lists > Chart of Accounts > Double click on Bank account > Single click on check to be edited > Click on splits > Edit account to be Accounts Payable > Enter vendor in name column**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home Customer Center Vendor Center Employee Center Report Center Help Rcpt Invoice Return Estimate Item Bill Pay Bills Check
Open Windows
Checking
Chart of Accounts
Chart of Accounts
Checking
Go to... Print... Edit Transaction QuickReport Download Bank Statement
Close
Clear
Recalc
Splits
☐ 1-Line
Sort by Date, Type, Number/...
Record
Restore

Name	Type	Balance Total
Checking	Bank	112,384.55
Cash in Drawer	Bank	688.00
Register 1	Bank	288.00

Date	Number Type	Payee Account	Memo	Payment	✓	Deposit	Balance
12/15/2007	2350 BILLPMT	Larson Peripherals Accounts Payable		1,444.00			115,497.55
12/15/2007	2351 BILLPMT	Keswick Office Supply Accounts Payable		244.00			115,253.55
12/15/2007	2352 BILLPMT	Graham Monitors, Cables and Supplies Accounts Payable	RC 93	2,319.00			112,934.55
01/01/2008	2353 CHK	Lucchini Computers Repairs:Computer Repairs	Memo	450.00		Deposit	112,484.55

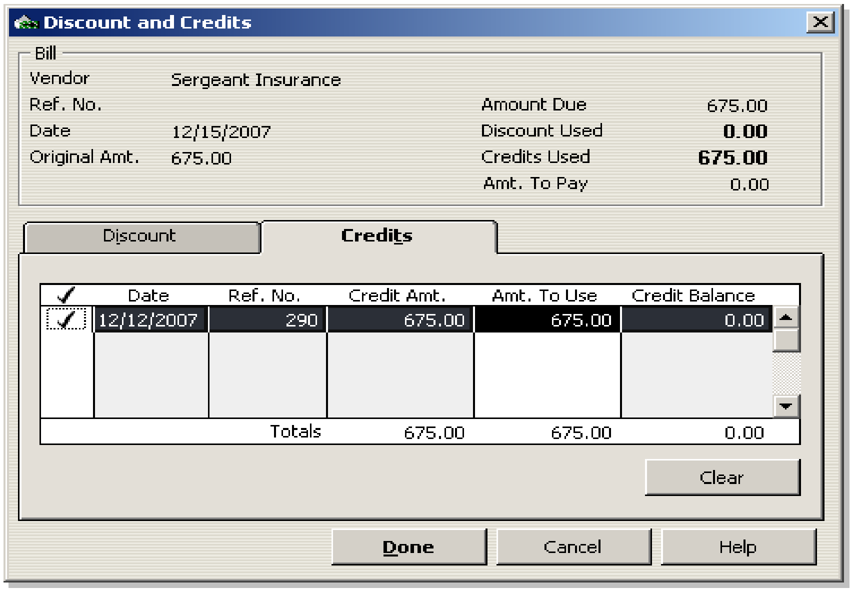
Account	Amount	Memo	Customer:Job	Billa...	Class
Repairs:Computer Repairs	250.00				
Accounts Payable	200.00		Lucchini Computers		

Ending balance 112,384.55

Record the change. Complete this same procedure for all checks that should be linked to a bill.

Step 2 – Link Check to Bill

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **Vendors > Pay Bills > Single click on the bill to be linked > Set Credits**


Discount and Credits
Discount
Credits
Clear
Done
Cancel
Help

Bill

Vendor	Sergeant Insurance		
Ref. No.		Amount Due	675.00
Date	12/15/2007	Discount Used	**0.00**
Original Amt.	675.00	Credits Used	**675.00**
		Amt. To Pay	0.00

✓	Date	Ref. No.	Credit Amt.	Amt. To Use	Credit Balance
✓	12/12/2007	290	675.00	675.00	0.00
		Totals	675.00	675.00	0.00

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **Vendors > Pay Bills > Single click on the bill to be linked > Set Credits > Choose credit to be used (note the same check number is in the Ref. No. column) > Done > Note that the credit used appears and the amount to pay is now zero**

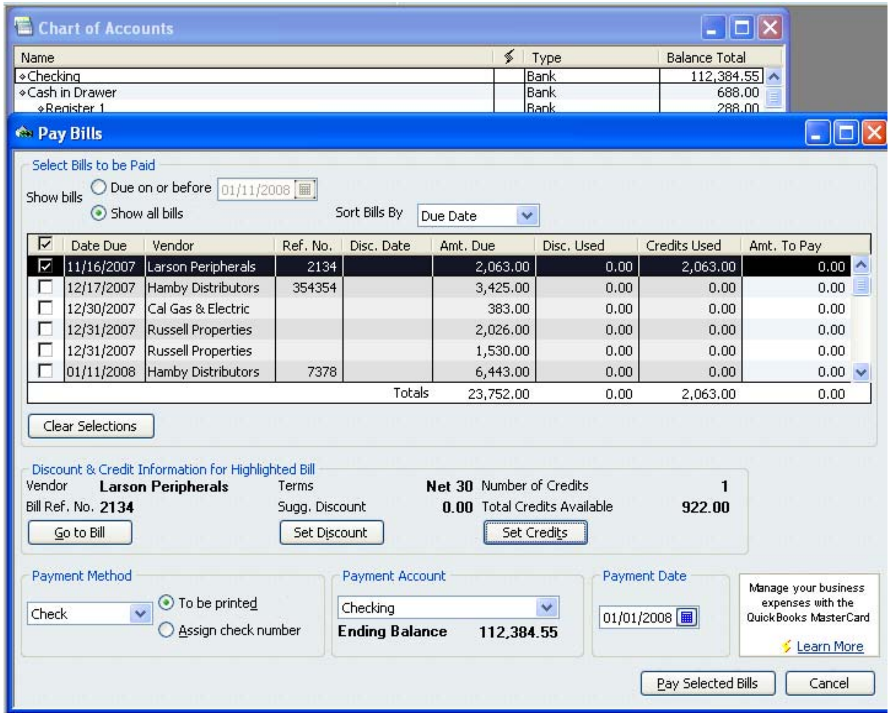


Chart of Accounts
Pay Bills
Clear Selections
Go to Bill
Set Discount
Set Credits
Pay Selected Bills
Cancel
Manage your business expenses with the QuickBooks MasterCard
Learn More

Name	⚡	Type	Balance Total
⋄Checking		Bank	112,384.55
⋄Cash in Drawer		Bank	688.00
⋄Register 1		Bank	288.00

Select Bills to be Paid

Show bills ○ Due on or before 01/11/2008 ● Show all bills

Sort Bills By: Due Date

☑	Date Due	Vendor	Ref. No.	Disc. Date	Amt. Due	Disc. Used	Credits Used	Amt. To Pay
☑	11/16/2007	Larson Peripherals	2134		2,063.00	0.00	2,063.00	0.00
☐	12/17/2007	Hamby Distributors	354354		3,425.00	0.00	0.00	0.00
☐	12/30/2007	Cal Gas & Electric			383.00	0.00	0.00	0.00
☐	12/31/2007	Russell Properties			2,026.00	0.00	0.00	0.00
☐	12/31/2007	Russell Properties			1,530.00	0.00	0.00	0.00
☐	01/11/2008	Hamby Distributors	7378		6,443.00	0.00	0.00	0.00
				Totals	23,752.00	0.00	2,063.00	0.00

Discount & Credit Information for Highlighted Bill

Vendor	**Larson Peripherals**	Terms	**Net 30**	Number of Credits	**1**
Bill Ref. No.	**2134**	Sugg. Discount	**0.00**	Total Credits Available	**922.00**

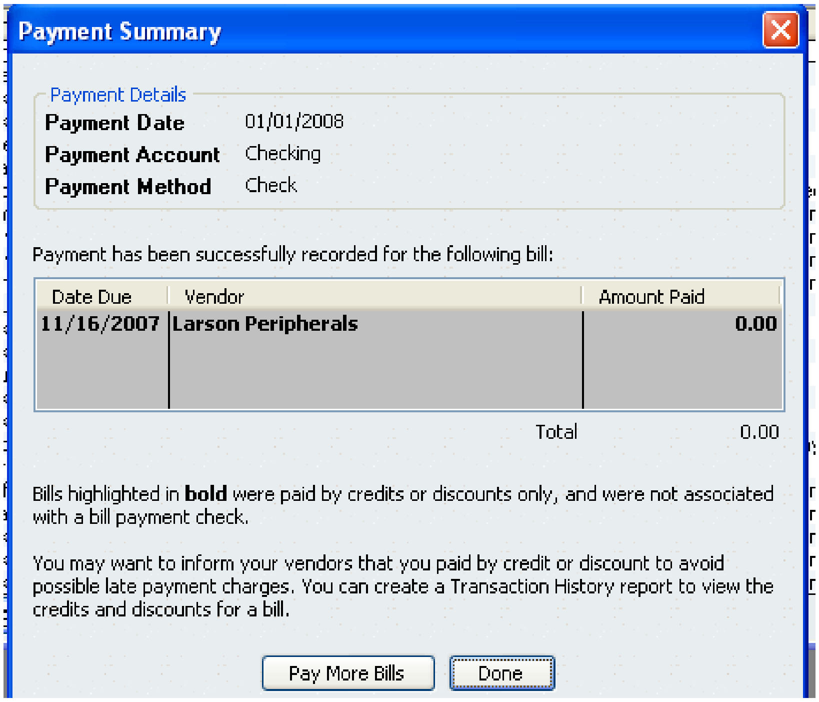
Payment Method: Check — ● To be printed ○ Assign check number

Payment Account: Checking — **Ending Balance 112,384.55**

Payment Date: 01/01/2008

Continue this process for all the bills and checks that need to be linked. When the process is complete for all the transactions, click on the “Pay & Close” button.

A warning may appear that can be acknowledged that states in the older versions that no check will be generated. The message in the newest version is:



Payment Details

Payment Date 01/01/2008

Payment Account Checking

Payment Method Check

Payment has been successfully recorded for the following bill:

Date Due	Vendor	Amount Paid
11/16/2007	**Larson Peripherals**	**0.00**

Total 0.00

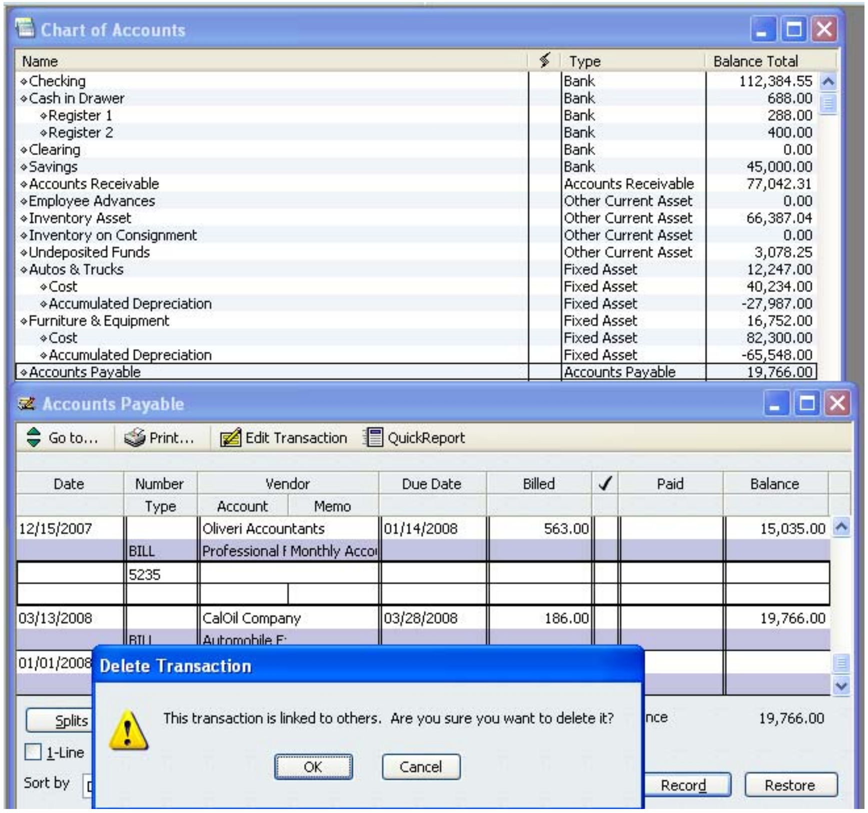
Bills highlighted in **bold** were paid by credits or discounts only, and were not associated with a bill payment check.

You may want to inform your vendors that you paid by credit or discount to avoid possible late payment charges. You can create a Transaction History report to view the credits and discounts for a bill.

CASH BASIS – BILLS NOT NEEDED

If the client is on the cash basis and accrual reports will not be needed for management, historical or any other purpose, it is possible to delete the bills. The easiest way to delete the bills is to go to the Accounts Payable register and delete them. By doing it in this way, it is easy to make sure the bill has, in fact, not been completely or partially paid.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Lists > Chart of Accounts > Accounts Payable > Activities > Use Register > Single click on the bill to be deleted > Edit > Delete Bill**



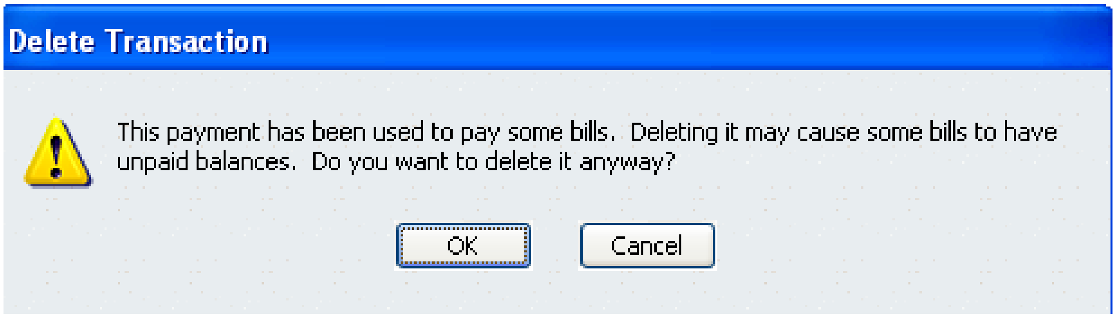
Name	Type	Balance Total
Checking	Bank	112,384.55
Cash in Drawer	Bank	688.00
Register 1	Bank	288.00
Register 2	Bank	400.00
Clearing	Bank	0.00
Savings	Bank	45,000.00
Accounts Receivable	Accounts Receivable	77,042.31
Employee Advances	Other Current Asset	0.00
Inventory Asset	Other Current Asset	66,387.04
Inventory on Consignment	Other Current Asset	0.00
Undeposited Funds	Other Current Asset	3,078.25
Autos & Trucks	Fixed Asset	12,247.00
Cost	Fixed Asset	40,234.00
Accumulated Depreciation	Fixed Asset	-27,987.00
Furniture & Equipment	Fixed Asset	16,752.00
Cost	Fixed Asset	82,300.00
Accumulated Depreciation	Fixed Asset	-65,548.00
Accounts Payable	Accounts Payable	19,766.00

Date	Number / Type	Vendor / Account / Memo	Due Date	Billed	✓	Paid	Balance
12/15/2007	BILL	Oliveri Accountants Professional F Monthly Acco	01/14/2008	563.00			15,035.00
	5235						
03/13/2008	BILL	CalOil Company Automobile E	03/28/2008	186.00			19,766.00
01/01/2008							

This transaction is linked to others. Are you sure you want to delete it?

nce 19,766.00

If there has been a complete or partial payment linked to the bill, a different pop up box will appear:



This payment has been used to pay some bills. Deleting it may cause some bills to have unpaid balances. Do you want to delete it anyway?

Once this process is complete, create the Reports > Vendors & Payables > Unpaid Bills Detail report to confirm everything looks OK. Note that the checks themselves are still listed in the Check Register – you may wish to review the expense account coding on the check to ensure accuracy on the P&L.

ACCOUNTS RECEIVABLE ERROR

ERRORS & SYMPTOMS

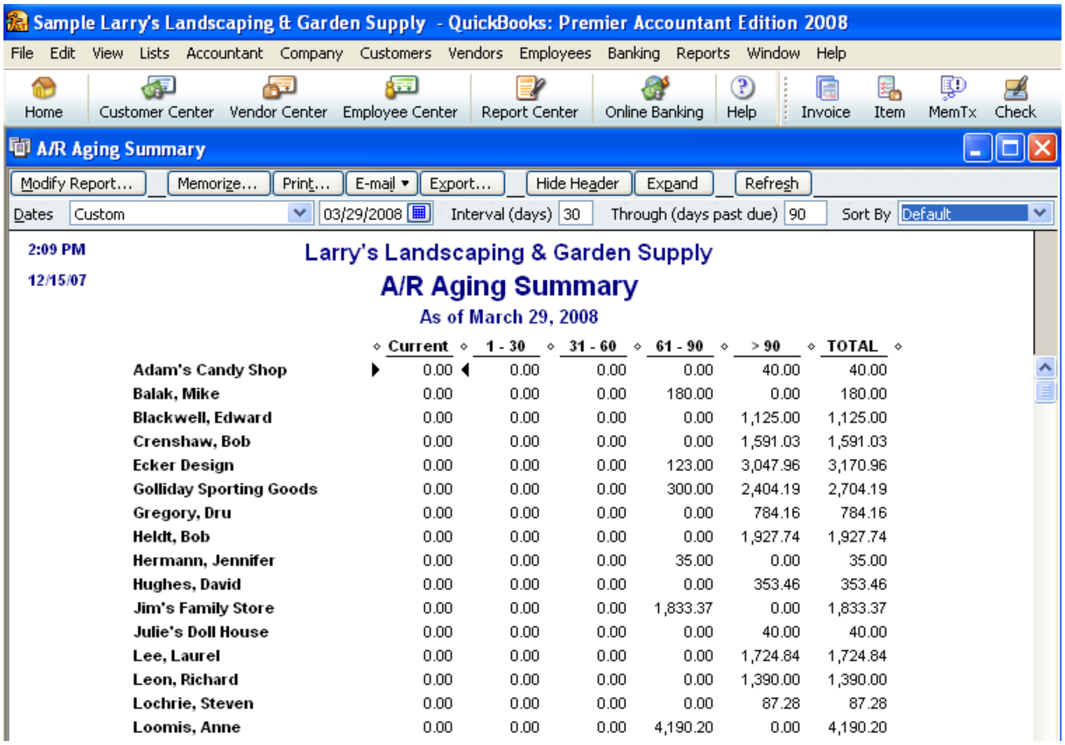
- **Common Error:** Make Deposit feature has been used rather than Receive Payments
- **Primary Indication:** The A/R Aging report shows many old invoices.
- Supplemental Symptoms:
    - Accounts Receivable is very high
    - Income is unreasonably high
    - The bank account balance looks right

The quickest and easiest way to look for Accounts Receivable errors is to review the A/R Aging Summary report.

This report shows, at a glance, who owes the business money. It can be collapsed to show the amounts due by customer, or expanded to show the amounts due by job.

Excessive amounts in the >90 days column is an indication something is wrong: It is either a QuickBooks data entry procedural issue, which is what we will address here, or it could be indicative of a bigger problem with management or going concern issues, which we will not be addressing.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Reports > Customers & Receivables > A/R Aging Summary**


Sample Larry's Landscaping & Garden Supply - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home Customer Center Vendor Center Employee Center Report Center Online Banking Help Invoice Item MemTx Check
A/R Aging Summary
Modify Report... Memorize... Print... E-mail Export... Hide Header Expand Refresh

Dates Custom 03/29/2008 Interval (days) 30 Through (days past due) 90 Sort By Default

2:09 PM
12/15/07

Larry's Landscaping & Garden Supply
A/R Aging Summary
As of March 29, 2008

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
Adam's Candy Shop	0.00	0.00	0.00	0.00	40.00	40.00
Balak, Mike	0.00	0.00	0.00	180.00	0.00	180.00
Blackwell, Edward	0.00	0.00	0.00	0.00	1,125.00	1,125.00
Crenshaw, Bob	0.00	0.00	0.00	0.00	1,591.03	1,591.03
Ecker Design	0.00	0.00	0.00	123.00	3,047.96	3,170.96
Golliday Sporting Goods	0.00	0.00	0.00	300.00	2,404.19	2,704.19
Gregory, Dru	0.00	0.00	0.00	0.00	784.16	784.16
Heldt, Bob	0.00	0.00	0.00	0.00	1,927.74	1,927.74
Hermann, Jennifer	0.00	0.00	0.00	35.00	0.00	35.00
Hughes, David	0.00	0.00	0.00	0.00	353.46	353.46
Jim's Family Store	0.00	0.00	0.00	1,833.37	0.00	1,833.37
Julie's Doll House	0.00	0.00	0.00	0.00	40.00	40.00
Lee, Laurel	0.00	0.00	0.00	0.00	1,724.84	1,724.84
Leon, Richard	0.00	0.00	0.00	0.00	1,390.00	1,390.00
Lochrie, Steven	0.00	0.00	0.00	0.00	87.28	87.28
Loomis, Anne	0.00	0.00	0.00	4,190.20	0.00	4,190.20

ACCOUNTS RECEIVABLE FIXES

This fix is a little more complicated than that for Accounts Payable because typically the deposit includes several customers and there is a limitation within QuickBooks that a single transaction can only have one A/R or A/P type account. For this reason, using the receive payment feature is recommended.

NOTE: **The only exception would be if a client is so excited every time they receive a payment they run to the bank immediately. If each amount is deposited separately, similar procedures of changing the account code to Accounts Receivable would be possible. This, however, is the exception rather than the general rule.**

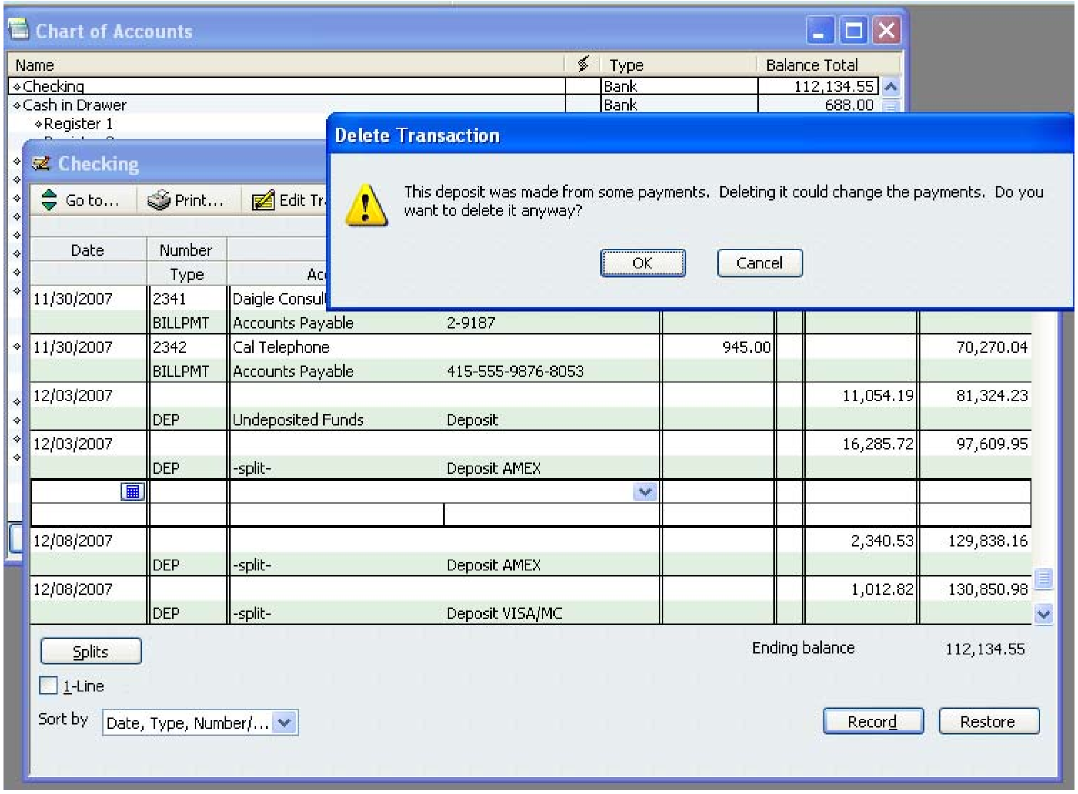
BANK RECONCILIATION NOT COMPLETED

If the bank reconciliation has not been completed, the easiest way to deal with the issue is to delete the existing deposits. Re-enter the amount received using Receive Payments and undeposited funds. And then make the deposit to link all the payments together as one transaction in the check register, to match what was actually deposited in the bank.

Step 1 – Delete Deposit

This step will remove the incorrect deposit from the QuickBooks data file. As with any other fix, be sure you know everything there is to know about the transaction prior to deleting it. This includes the date, amount, check number, customer/job, and any other information that may have been entered. This information will be needed when the transaction is re-entered correctly.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Lists > Chart of Accounts > Double click on Bank account > Single click on deposit to be deleted > Edit from the menu bar > Delete deposit**



Name	Type	Balance Total
Checking	Bank	112,134.55
Cash in Drawer	Bank	688.00
Register 1		

This deposit was made from some payments. Deleting it could change the payments. Do you want to delete it anyway?

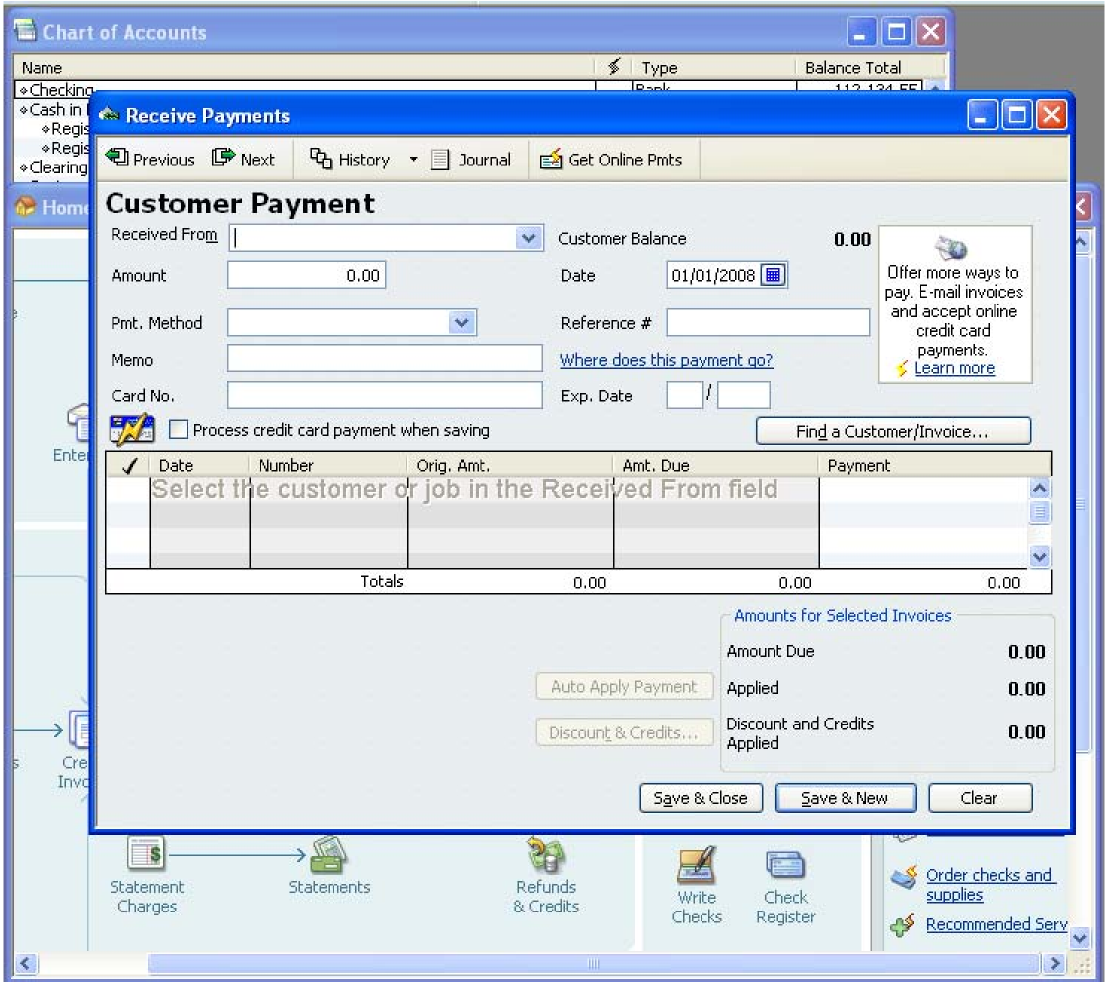
Date	Number Type	Ac					
11/30/2007	2341 BILLPMT	Daigle Consul Accounts Payable	2-9187				
11/30/2007	2342 BILLPMT	Cal Telephone Accounts Payable	415-555-9876-8053	945.00			70,270.04
12/03/2007	DEP	Undeposited Funds	Deposit			11,054.19	81,324.23
12/03/2007	DEP	-split-	Deposit AMEX			16,285.72	97,609.95
12/08/2007	DEP	-split-	Deposit AMEX			2,340.53	129,838.16
12/08/2007	DEP	-split-	Deposit VISA/MC			1,012.82	130,850.98

Ending balance 112,134.55

Step 2 – Receive Payment

This is the step that records the link between the money that was received and the invoice previously generated for the customer: job. As was mentioned above, the general rule is that all receive payments should be recorded as grouped with undeposited funds.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **Customers > Receive Payments**



Customer Payment

Received From:

Customer Balance: 0.00

Amount: 0.00

Date: 01/01/2008

Pmt. Method:

Reference #:

Memo:

Card No.:

Exp. Date: /

☐ Process credit card payment when saving

✓	Date	Number	Orig. Amt.	Amt. Due	Payment
	Select the customer or job in the Received From field				
		Totals	0.00	0.00	0.00

Amounts for Selected Invoices

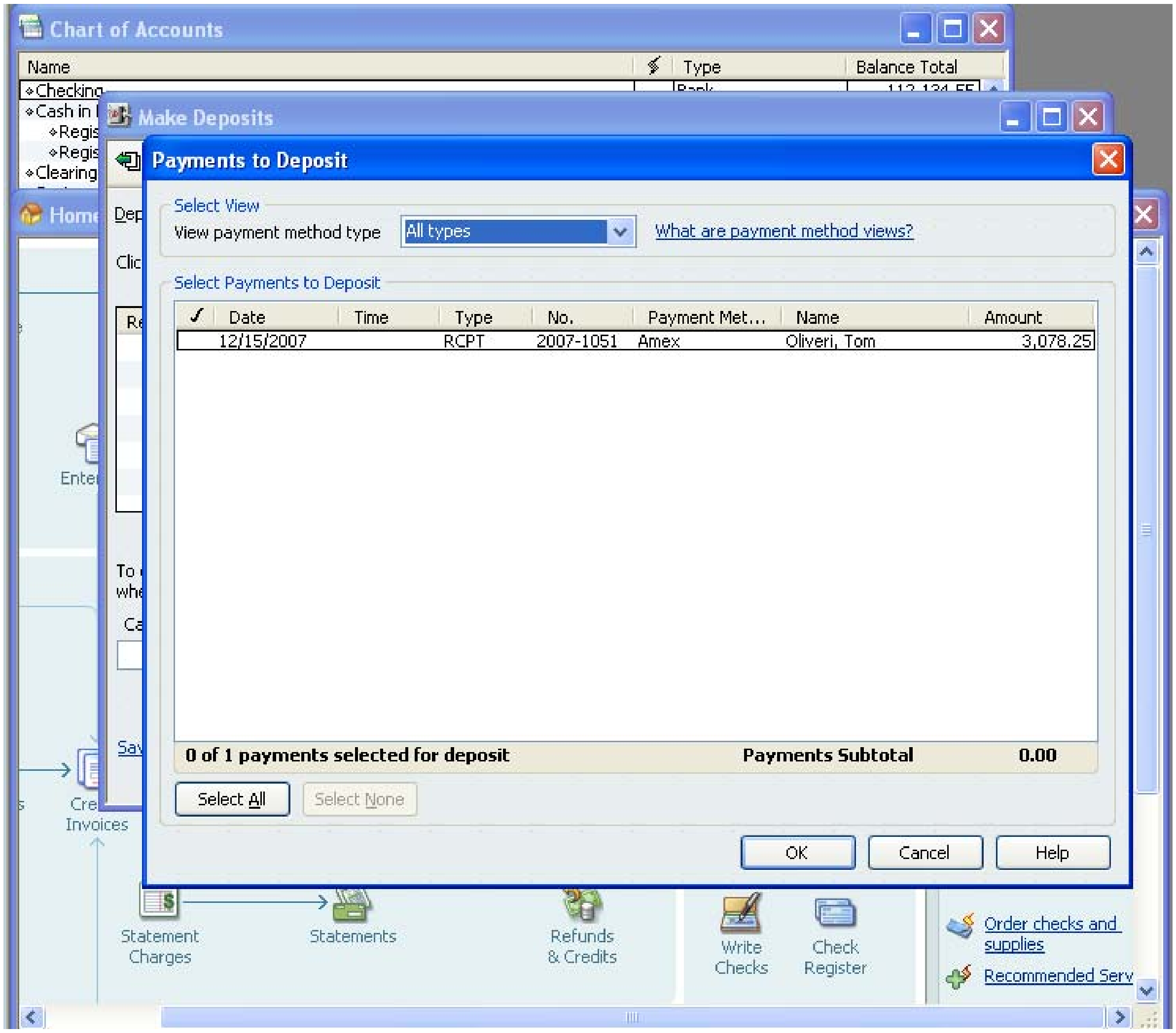
Amount Due	0.00
Applied	0.00
Discount and Credits Applied	0.00

Chart of Accounts
Name
Type
Balance Total
Checking
Cash in
Regis
Regis
Clearing
Receive Payments
Previous
Next
History
Journal
Get Online Pmts
Where does this payment go?
Offer more ways to pay. E-mail invoices and accept online credit card payments.
Learn more
Find a Customer/Invoice...
Auto Apply Payment
Discount & Credits...
Save & Close
Save & New
Clear
Home
Ente
Cre Inv
Statement Charges
Statements
Refunds & Credits
Write Checks
Check Register
Order checks and supplies
Recommended Serv

Step 3 – Make Deposit

This step is the process that combines several payments that have been received from various customer: jobs into one deposit that will match the amount received by the bank.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **Banking > Make Deposit**



Payments to Deposit

Select View

View payment method type: All types

Select Payments to Deposit

✓	Date	Time	Type	No.	Payment Met...	Name	Amount
	12/15/2007		RCPT	2007-1051	Amex	Oliveri, Tom	3,078.25

0 of 1 payments selected for deposit **Payments Subtotal 0.00**

Chart of Accounts
Name
Type
Balance Total
Checking
Cash in
Regis
Regis
Clearing
Make Deposits
Home
What are payment method views?
Select All
Select None
OK
Cancel
Help
Invoices
Statement Charges
Statements
Refunds & Credits
Write Checks
Check Register
Order checks and supplies
Recommended Serv

BANK RECONCILIATION HAS BEEN COMPLETED

If the bank reconciliation has been completed, the easiest way to deal with the issue is to enter the amount received using Receive Payments and undeposited funds. And then edit the deposit to link all the payments together as one transaction in the check register.

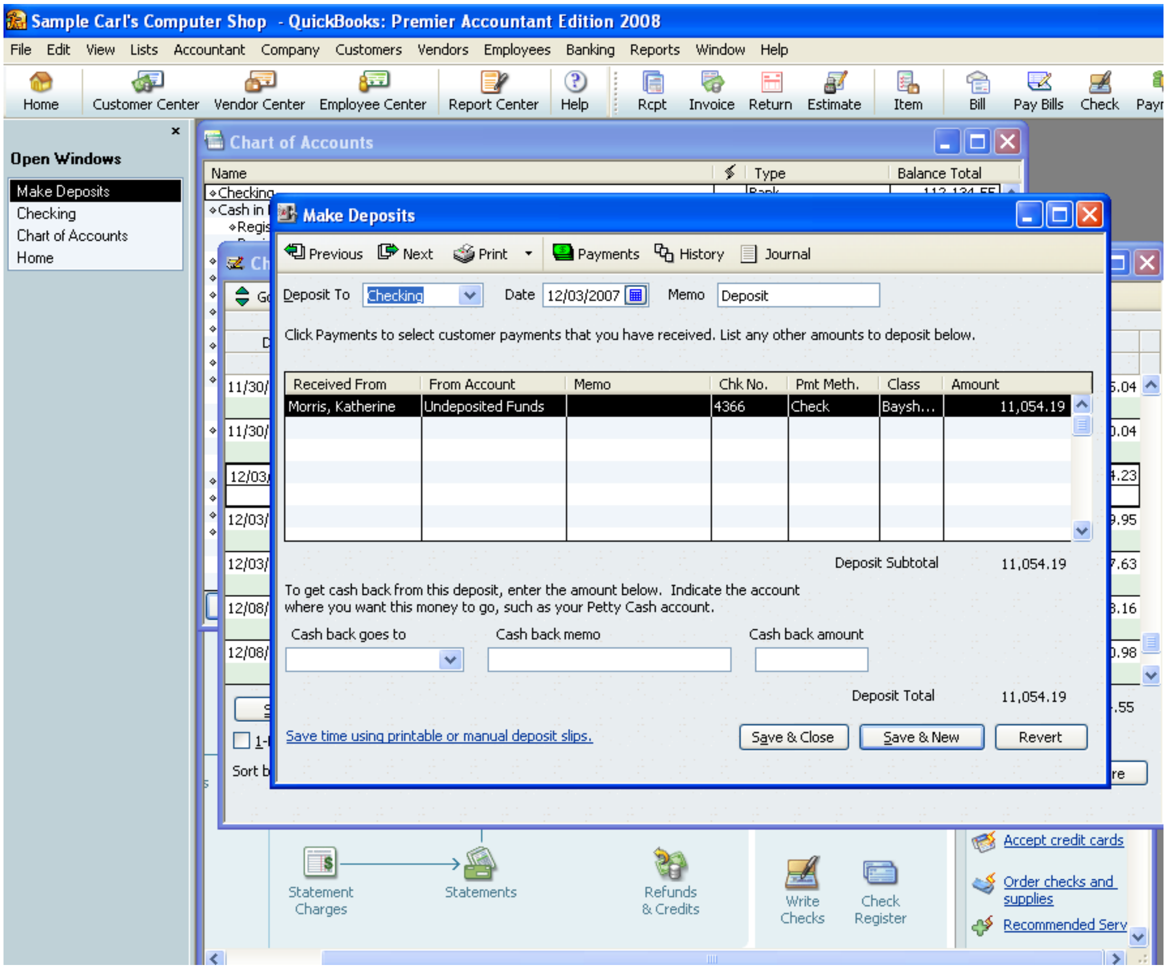
Step 1 – Receive Payment

Follow the same procedures as Step 2 above.

Step 2 – Edit Deposit

With the deposit on the screen, note the deposit total amount. This is critical to keeping the beginning bank balance amount on the reconciliation unchanged.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Lists > Chart of Accounts > Single Click on the deposit > Edit > Edit Deposit**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home Customer Center Vendor Center Employee Center Report Center Help Rcpt Invoice Return Estimate Item Bill Pay Bills Check
Open Windows
Make Deposits
Checking
Chart of Accounts
Home
Chart of Accounts
Make Deposits
Previous Next Print Payments History Journal
Save time using printable or manual deposit slips.
Save & Close
Save & New
Revert
Statement Charges
Statements
Refunds & Credits
Write Checks
Check Register
Accept credit cards
Order checks and supplies
Recommended Serv

Deposit To: Checking Date: 12/03/2007 Memo: Deposit

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

Received From	From Account	Memo	Chk No.	Pmt Meth.	Class	Amount
Morris, Katherine	Undeposited Funds		4366	Check	Baysh...	11,054.19

Deposit Subtotal 11,054.19

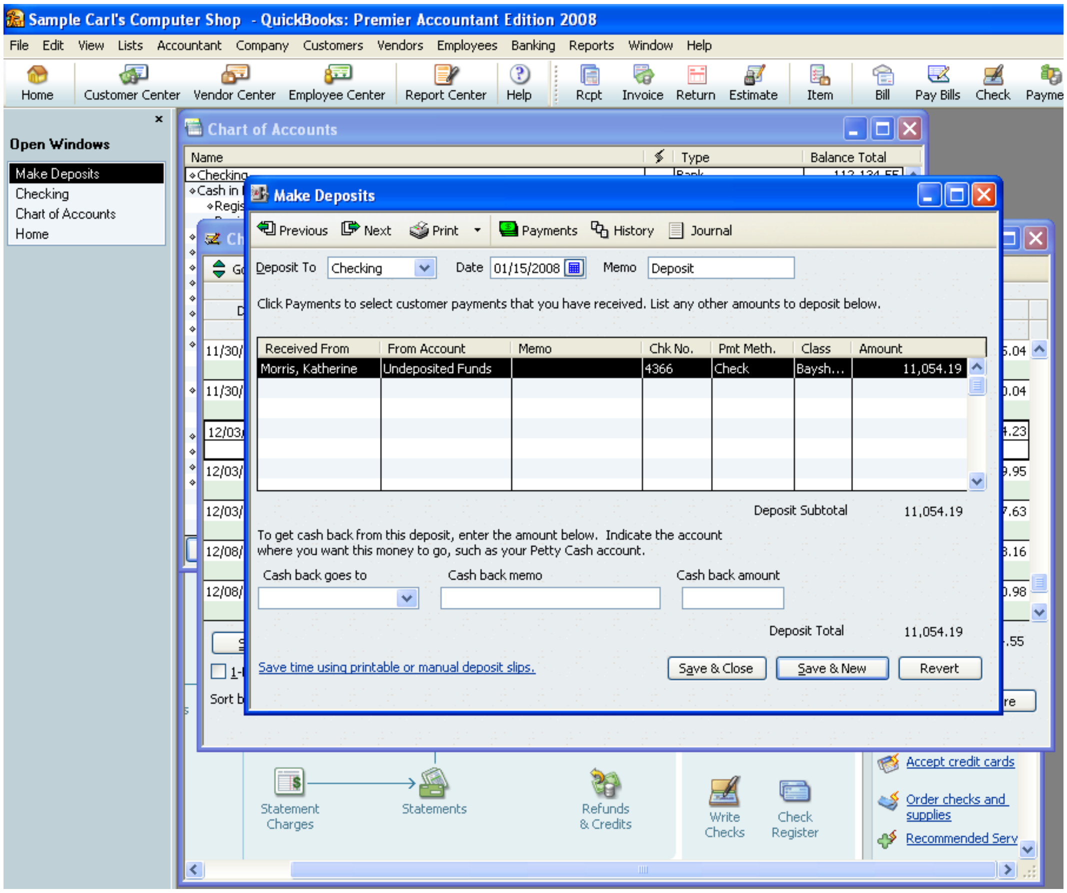
To get cash back from this deposit, enter the amount below. Indicate the account where you want this money to go, such as your Petty Cash account.

Cash back goes to Cash back memo Cash back amount

Deposit Total 11,054.19

Next, click on the payments button (at the top of the “Make Deposit” pop-up screen) to permit including payments that should be included on the deposit.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Lists > Chart of Accounts > Single Click on the deposit > Edit > Edit Deposit > Click on Payments Button**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home Customer Center Vendor Center Employee Center Report Center Help Rcpt Invoice Return Estimate Item Bill Pay Bills Check Payme
Open Windows
Make Deposits
Checking
Chart of Accounts
Home
Chart of Accounts
Make Deposits
Previous Next Print Payments History Journal
Save & Close
Save & New
Revert
Statement Charges
Statements
Refunds & Credits
Write Checks
Check Register
Accept credit cards
Order checks and supplies
Recommended Serv

Deposit To: Checking
Date: 01/15/2008
Memo: Deposit

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

Received From	From Account	Memo	Chk No.	Pmt Meth.	Class	Amount
Morris, Katherine	Undeposited Funds		4366	Check	Baysh...	11,054.19

Deposit Subtotal 11,054.19

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 11,054.19

Save time using printable or manual deposit slips.

This next step will “pull” the receive payment onto the deposit slip.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **Lists > Chart of Accounts > Single Click on the deposit > Edit > Edit Deposit > Click on Payments Button > Select payments to be included on deposit > OK**

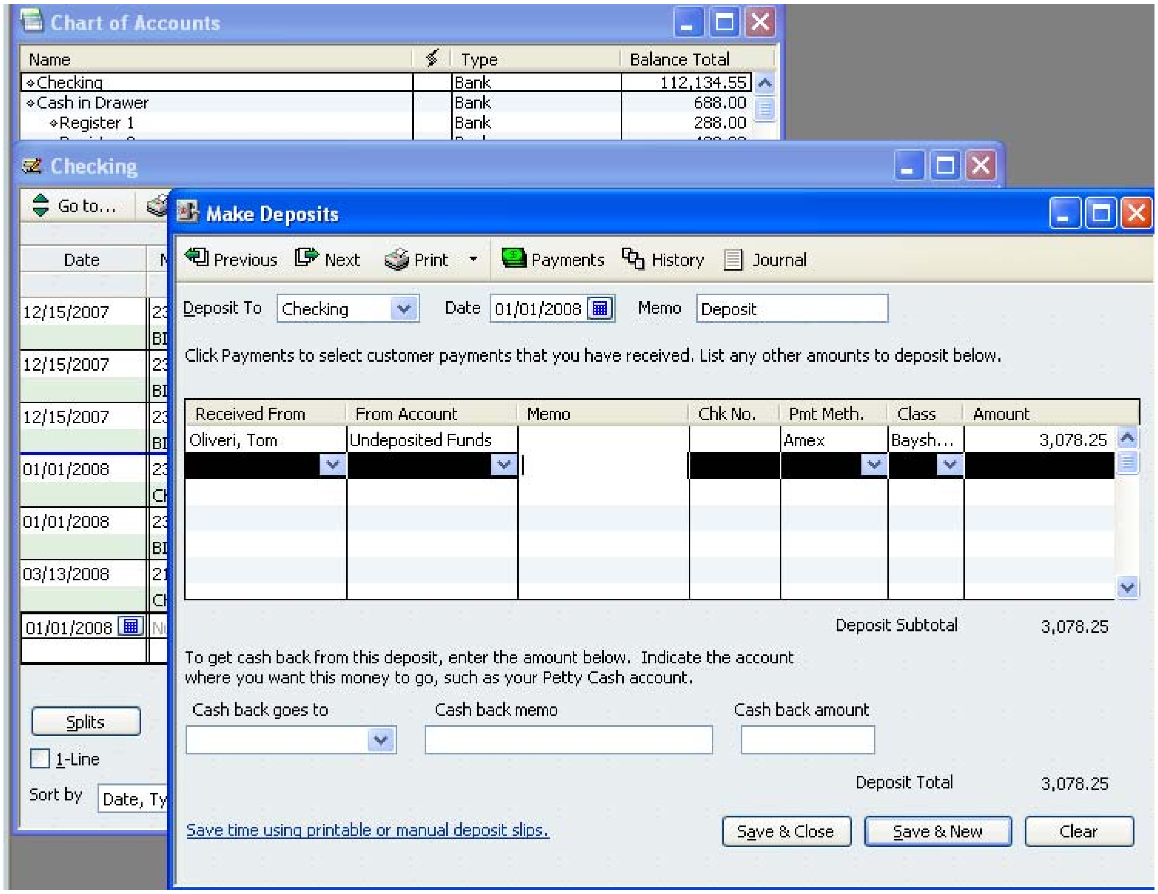


Chart of Accounts
Checking
Go to...
Date
12/15/2007
12/15/2007
12/15/2007
01/01/2008
01/01/2008
03/13/2008
01/01/2008
Splits
☐ 1-Line
Sort by
Date, Ty
Make Deposits
Previous
Next
Print
Payments
History
Journal
Save time using printable or manual deposit slips.
Save & Close
Save & New
Clear

Name	Type	Balance Total
◆Checking	Bank	112,134.55
◆Cash in Drawer	Bank	688.00
◆Register 1	Bank	288.00

Deposit To: Checking Date: 01/01/2008 Memo: Deposit

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

Received From	From Account	Memo	Chk No.	Pmt Meth.	Class	Amount
Oliveri, Tom	Undeposited Funds			Amex	Baysh...	3,078.25

Deposit Subtotal 3,078.25

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 3,078.25

Note that the deposit is now listed *twice*.

This next procedure will clean up the deposit slip and delete the previous incorrect entries. Single click on the deposit to be deleted, and from the edit menu, choose delete line.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **Lists > Chart of Accounts > Single Click on the deposit > Edit > Edit Deposit > Click on Payments Button > Select payments to be included on deposit > OK > single click on the incorrect line > Edit > Delete Line (repeat if there are multiple detail lines to be deleted), confirm the deposit total agrees with the starting deposit**

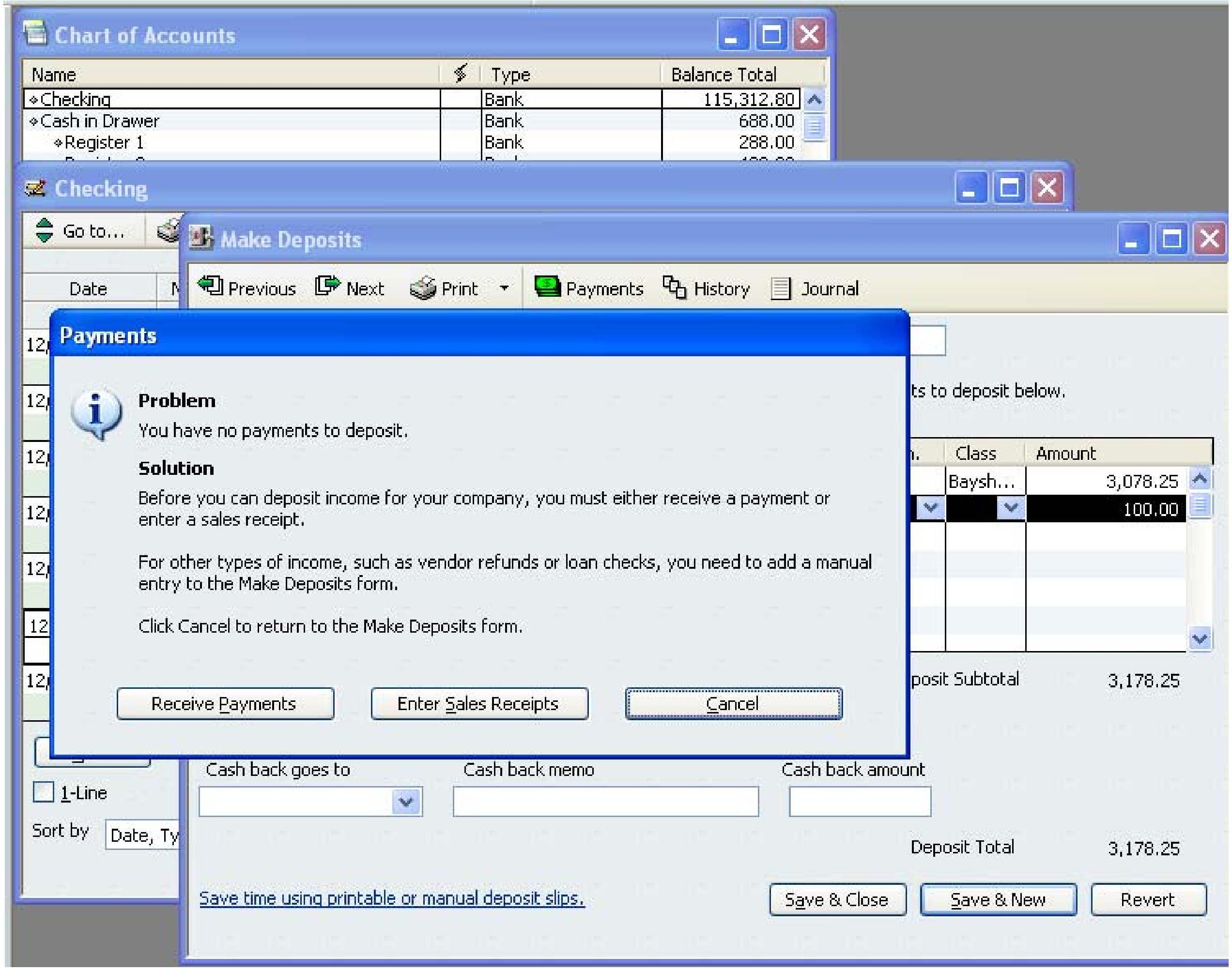


Chart of Accounts
Name
Type
Balance Total
Checking
Bank
115,312.80
Cash in Drawer
Bank
688.00
Register 1
Bank
288.00
Checking
Go to...
Date
Make Deposits
Previous
Next
Print
Payments
History
Journal
Payments
ts to deposit below.
Class
Amount
Baysh...
3,078.25
100.00
posit Subtotal
3,178.25
Receive Payments
Enter Sales Receipts
Cancel
1-Line
Sort by
Date, Ty
Cash back goes to
Cash back memo
Cash back amount
Deposit Total
3,178.25
Save time using printable or manual deposit slips.
Save & Close
Save & New
Revert

Problem

You have no payments to deposit.

Solution

Before you can deposit income for your company, you must either receive a payment or enter a sales receipt.

For other types of income, such as vendor refunds or loan checks, you need to add a manual entry to the Make Deposits form.

Click Cancel to return to the Make Deposits form.

NOTE: **Be sure only to delete the deposit that does *not* have a "Received From" name associated with it! Otherwise you will be deleting the deposit you just entered in the prior "Receive Payments" step.**

DEPOSIT DATA ENTRY CASE STUDY

Q – My accountant just informed me that I have been doing my deposits all wrong. I had been entering an invoice to send to the customer then receiving the payment to show the invoice was paid. I looked in the check register and did not see the money, so I entered a deposit which agrees to the bank statement. Now I have a big mess because the income has been recorded twice (once from the invoice and once from the deposit). What can I do now to fix the problem?

A – There are two alternatives, depending on the volume of transactions. One is to "reconcile" the deposits as of specific dates; the other is to fix the detail.
The fastest solution is to make a deposit each month by checking off all the receive payments for the month. Then say OK to "pull" these transactions onto the deposit slip, and then enter one line as a negative amount coded to the general ledger account where the previous deposits have been recorded. This will, in effect, reclassify the undeposited funds amount against the incorrectly recorded income.

The solution that will provide a clean trail of what has actually happened would be to "pull" the receive payments onto the deposit slips. This can be done by editing the deposit, click on the payments button at the top, place a check mark next to each receive payment that should be included for the deposit, say OK to return to the deposit slip, delete the incorrect detail line (note that the deposit amount should still be the same as when the process began). The disadvantage is that this process can be time consuming. However, if the deposit total does not change, it will not affect any of the bank reconciliation work already completed. That is the reason for changing the deposit as opposed to deleting it.

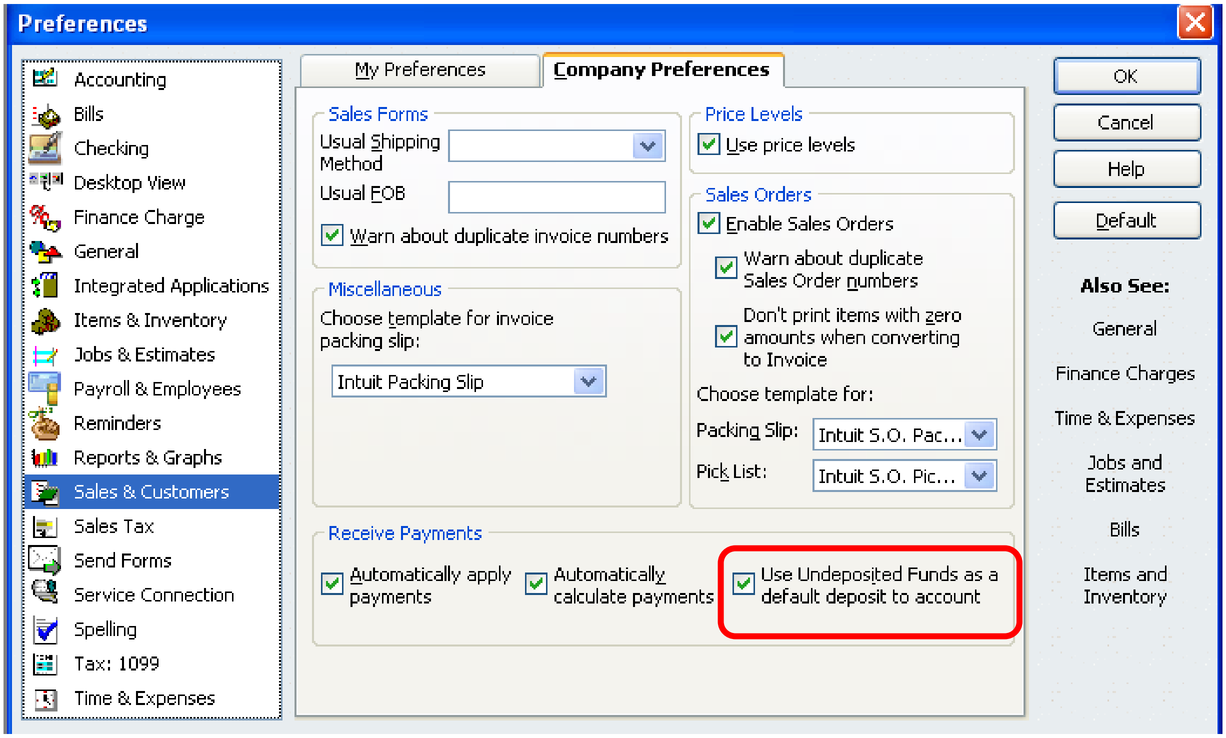
NOTE: If the receive payment option had not been used (i.e., the invoices were entered and the deposits entered directly onto a deposit slip or into the register) and there was only one payment per deposit slip, the most efficient correction may be to change the general ledger account code to Accounts Receivable. This method would require the customer: job in the name column. If multiple payments were deposited together, one of the options above would be needed. A second step of "linking" the invoice to the credit/payment would be required through the receive payments form.

ACCOUNTS RECEIVABLE/BANKING BONUS TIP

Since the 2007 version, there have been additional receive payment preferences. In addition to some layout changes, the most significant change is the ability to automatically calculate payments and use undeposited funds as a default deposit account. This is a company preference, so in order to make any changes; the user must be logged in with the "Admin" password.

PATH: *QUICKBOOKS: PREMIER 2008: ACCOUNTANT EDITION* Edit > Preferences > Sales & Customers > Company Preferences

Select to "Use Undeposited Funds as a default deposit to account. Previously the choice to group with undeposited funds or deposit directly into the bank account was on each receive payment and sales receipt form.


Preferences
Accounting
Bills
Checking
Desktop View
Finance Charge
General
Integrated Applications
Items & Inventory
Jobs & Estimates
Payroll & Employees
Reminders
Reports & Graphs
Sales & Customers
Sales Tax
Send Forms
Service Connection
Spelling
Tax: 1099
Time & Expenses
My Preferences
Company Preferences
OK
Cancel
Help
Default
Also See:
General
Finance Charges
Time & Expenses
Jobs and Estimates
Bills
Items and Inventory

Sales Forms

Usual Shipping Method:

Usual FOB:

☑ Warn about duplicate invoice numbers

Miscellaneous

Choose template for invoice packing slip: Intuit Packing Slip

Price Levels

☑ Use price levels

Sales Orders

☑ Enable Sales Orders

☑ Warn about duplicate Sales Order numbers

☑ Don't print items with zero amounts when converting to Invoice

Choose template for:

Packing Slip: Intuit S.O. Pac...

Pick List: Intuit S.O. Pic...

Receive Payments

☑ Automatically apply payments

☑ Automatically calculate payments

☑ Use Undeposited Funds as a default deposit to account

BANK DEPOSIT ERRORS

ERRORS & SYMPTOMS

- **Common Error:** User has followed an incorrect procedure, or simply is not familiar with QuickBooks.
- **Primary Indication:** Deposits do not match bank statement
    - Individual amounts appear in QuickBooks versus total deposit amount on bank statement
    - Net credit card deposits appear on the bank statement but gross deposits appear in QuickBooks
    - Miscellaneous deposit information is missing (i.e., vendor refund, loan proceeds, etc.)

Most of the bank deposit related errors are the result of incorrect procedures or users who are unfamiliar with QuickBooks features. The more closely the deposits in the bank account register match the statement that is received from the bank, the more efficient the bank reconciliation process becomes.

Some typical reasons why deposits do not match bank statement:

- Individual amounts appear in QuickBooks versus total deposit amount on bank statement
- Net credit card deposits appear on the bank statement but gross deposits appear in QuickBooks
- Miscellaneous deposit information is missing (i.e., vendor refund, loan proceeds, etc)

Simple changes such as calling the bank to request month end cut off (the bank statement cycles on the final day of the month) and the statement in check number order can greatly enhance the ease of using QuickBooks to reconcile the data with the bank's reports.

Other differences, such as those listed above, require a little training for the client, but the result is a much more effective use of QuickBooks in the long term.

BANK DEPOSIT FIXES

Most clients arrive at the right answer (assuming they are completing the bank reconciliation process with a difference of zero) even if they do not follow the procedures below. For this reason, the "fix" should only be used for correcting the information since the last bank reconciliation. This serves as a training exercise so the client follows the correct procedures going forward and will make the next bank reconciliation easier. The importance of this approach is that it is much easier to record deposits that match the bank statement amounts as the information is entered, rather than trying to go back and "guess" what is included when completing the bank reconciliation.

To implement these fixes, first edit Receive Payments and Sales Receipts transactions to group with undeposited funds for the time period that has not yet been reconciled then complete the Make Deposit procedures, and finally, reconcile the bank statement.

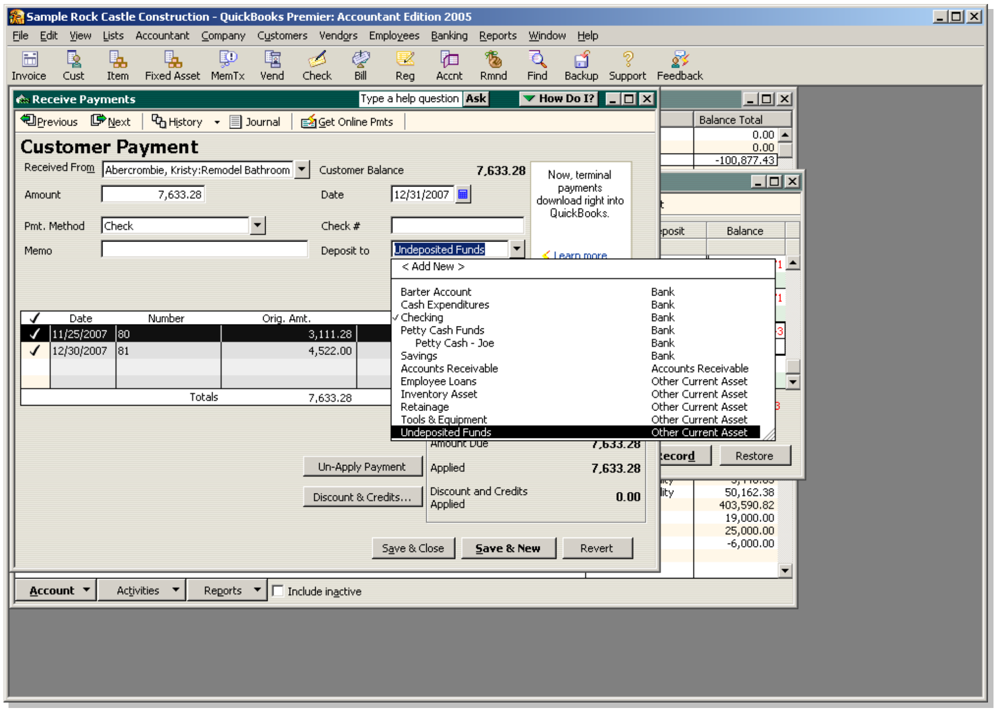
PATH: Banking > Make Deposits

Once payment detail, if any, has been "pulled" onto a deposit slip, enter additional money deposited from non-customer sources and/or credit card fees to be deducted to arrive at the net deposit amount received by the bank. You can use the cash-back area to deduct any money the business owner took form the deposit when he/she was at the bank.

CORRECT CODING ON RECEIVE PAYMENT OR SALES RECEIPT FORM

The easiest way to correct the previous receive payments and sales receipts forms is to start at the end of the register and double click on the amount in the deposit column. This will "drill down" to the actual transaction which can then be re-coded by clicking on the pull down list and choosing undeposited funds. At that point, the amount has been removed from the register and is now available on the Make Deposit screen.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Home Page > Use Register > Choose correct bank account > Find deposit in question > Click on Deposit > Choose Edit Transaction" > Choose Undeposited Funds for the "Deposit To" account.**


Sample Rock Castle Construction - QuickBooks Premier: Accountant Edition 2005
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Invoice Cust Item Fixed Asset MemTx Vend Check Bill Reg Accnt Rmnd Find Backup Support Feedback
Receive Payments
Type a help question Ask
How Do I?
Previous Next History Journal Get Online Pmts
Now, terminal payments download right into QuickBooks.
Learn more
Un-Apply Payment
Discount & Credits...
Save & Close
Save & New
Revert
Record
Restore
Account Activities Reports
☐ Include inactive
Balance Total
Balance

Customer Payment

Received From: Abercrombie, Kristy:Remodel Bathroom
Customer Balance: 7,633.28
Amount: 7,633.28
Date: 12/31/2007
Pmt. Method: Check
Check #:
Memo:
Deposit to: Undeposited Funds

< Add New >

Barter Account	Bank
Cash Expenditures	Bank
✓ Checking	Bank
Petty Cash Funds	Bank
Petty Cash - Joe	Bank
Savings	Bank
Accounts Receivable	Accounts Receivable
Employee Loans	Other Current Asset
Inventory Asset	Other Current Asset
Retainage	Other Current Asset
Tools & Equipment	Other Current Asset
Undeposited Funds	Other Current Asset

✓	Date	Number	Orig. Amt.
✓	11/25/2007	80	3,111.28
✓	12/30/2007	81	4,522.00
		Totals	7,633.28

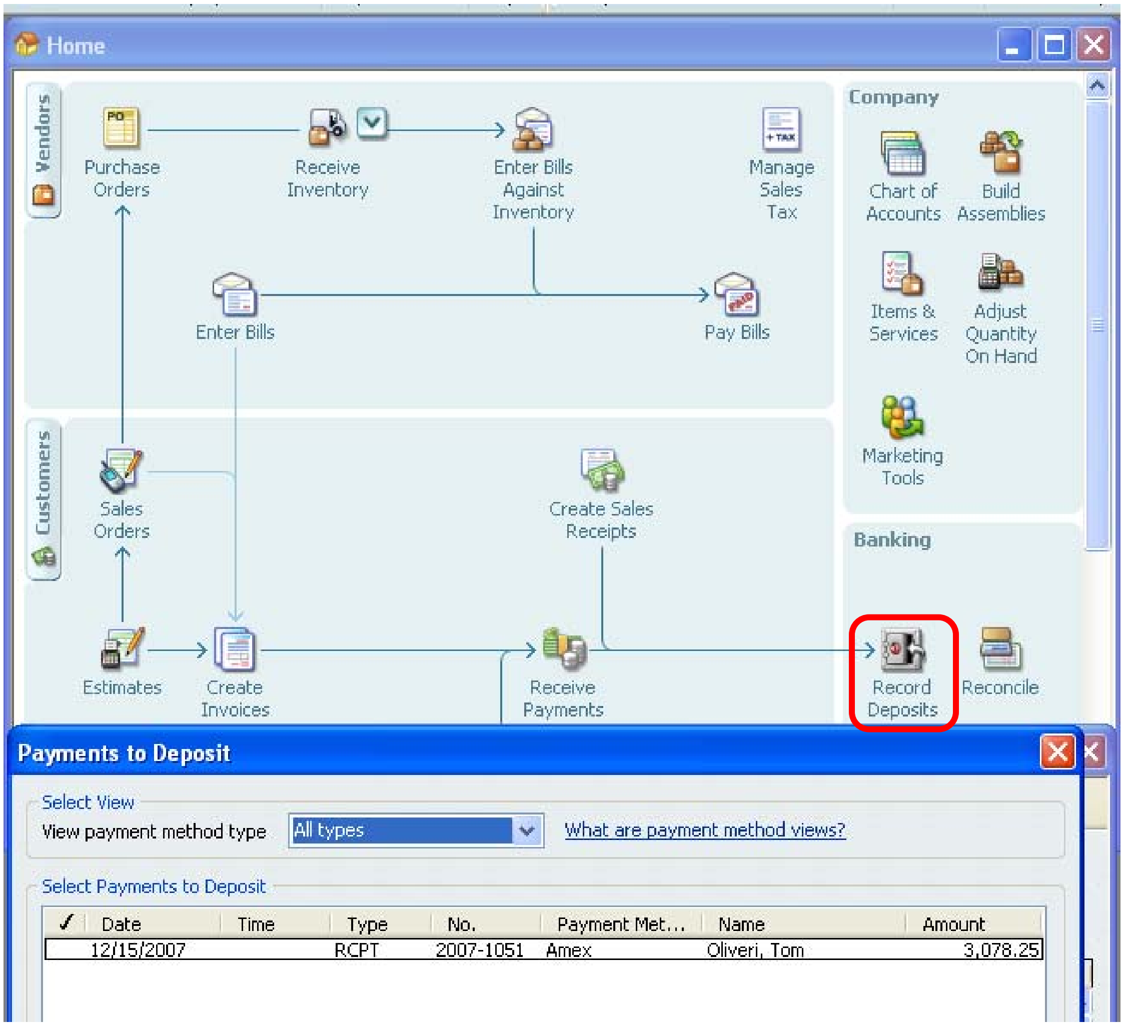
Amount Due: 7,633.28
Applied: 7,633.28
Discount and Credits Applied: 0.00

TIP: This procedure is only used if the "Use Undeposited Funds as "Deposit To" bank account is not checked. If this selection is not checked, there is an option on the "Receive Payment" window. In addition, do not follow these procedures if the bank reconciliation has already been completed or there will be a beginning balance variance with the next reconciliation.

MAKE DEPOSIT PROCEDURE

This function is for depositing checks received from customers or for recording miscellaneous amounts received from sources other than customers, such as loan proceeds, rebates, etc. The latter can be added to a deposit slip that has been created from undeposited funds or as a separate transaction.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: Home Page > Make Deposit


Home
Vendors
Purchase Orders
Receive Inventory
Enter Bills Against Inventory
Manage Sales Tax
Enter Bills
Pay Bills
Customers
Sales Orders
Create Sales Receipts
Estimates
Create Invoices
Receive Payments
Company
Chart of Accounts
Build Assemblies
Items & Services
Adjust Quantity On Hand
Marketing Tools
Banking
Record Deposits
Reconcile

Payments to Deposit

Select View

View payment method type: All types

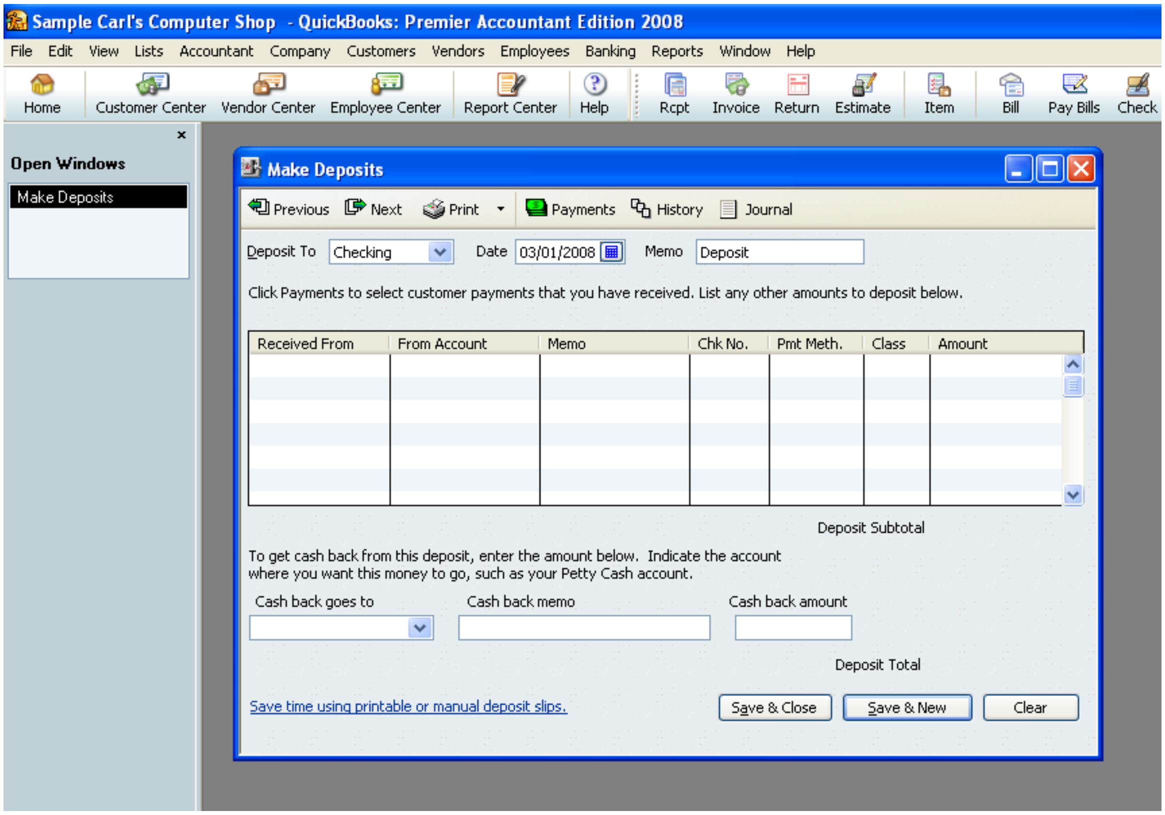
What are payment method views?

Select Payments to Deposit

✓	Date	Time	Type	No.	Payment Met...	Name	Amount
	12/15/2007		RCPT	2007-1051	Amex	Oliveri, Tom	3,078.25

NOTE: **The "Payments to Deposit" screen appear only if there are payments that have been entered and posted to undeposited funds; once the appropriate amounts have been marked for the deposit slip and OK has been chosen the "Make Deposits" screen will appear.**

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: Banking > Make Deposit


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Bill
Pay Bills
Check
Open Windows
Make Deposits
Make Deposits
Previous
Next
Print
Payments
History
Journal
Received From
From Account
Memo
Chk No.
Pmt Meth.
Class
Amount
Deposit Subtotal
Cash back goes to
Cash back memo
Cash back amount
Deposit Total
Save time using printable or manual deposit slips.
Save & Close
Save & New
Clear

Deposit To: Checking
Date: 03/01/2008
Memo: Deposit

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

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.

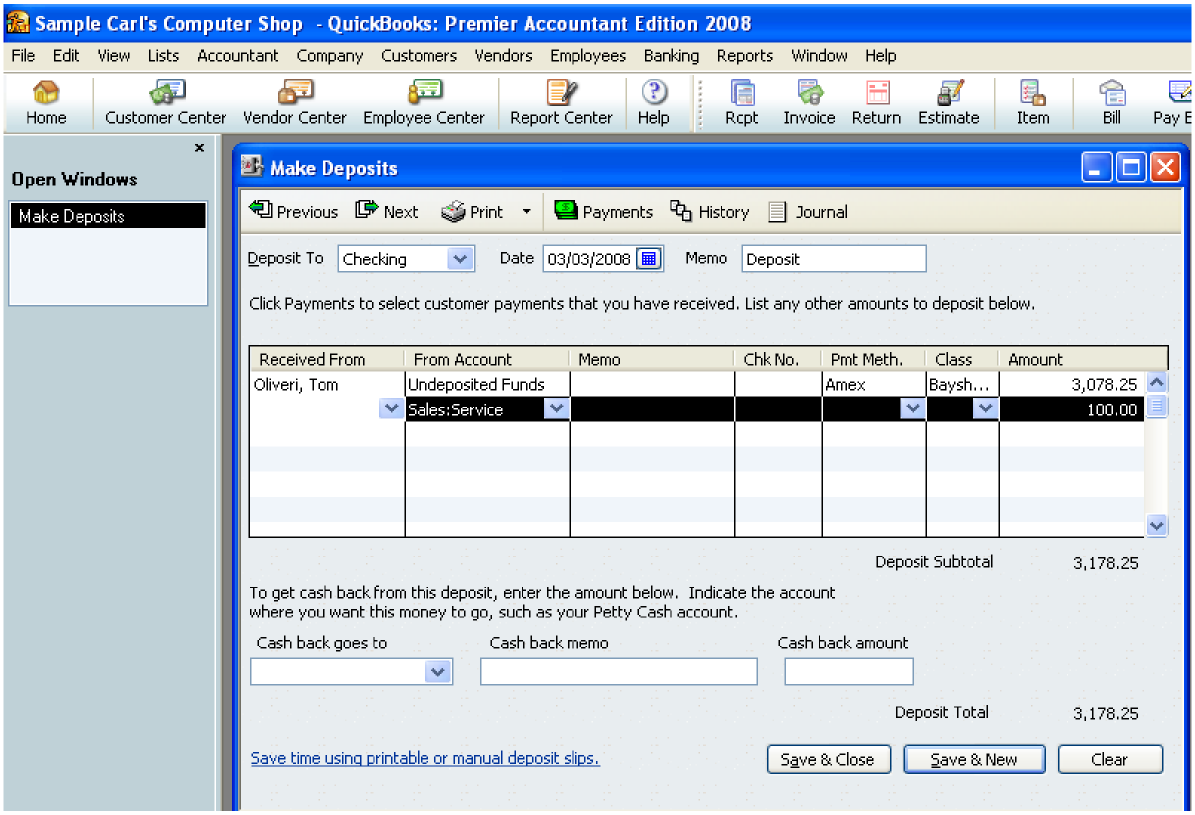
NOTE: If the screen is empty, it means there are no undeposited funds waiting to be deposited. If you have in fact received payments from customers, and are expecting to see deposits here, it probably means you have invoked a bank account or the Receive Payments screen. Go to the Register for that bank account and drill down to correct the deposit to Undeposited Funds, then Make Deposits.

TIP: As an internal control procedure, print the deposit slip from within QuickBooks and attach the bank receipt to the printout of the deposit slip. This also makes investigation of any bank discrepancies much easier.

NON-CUSTOMER DEPOSITS

Non-customer deposits are relatively rare in most QuickBooks files, but for some businesses they are common. The main trick to remember is that the amounts can be subsequently included on a deposit slip with customer receipts.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Banking > Make Deposits > Check the customer payments to be deposited together > OK > Click on the first blank line of the deposit slip (may require scrolling down and/or clicking on the last undeposited funds line then using the down arrow) > Enter the non-customer deposit information**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File
Edit
View
Lists
Accountant
Company
Customers
Vendors
Employees
Banking
Reports
Window
Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Bill
Pay E
Open Windows
Make Deposits
Make Deposits
Previous
Next
Print
Payments
History
Journal
Save & Close
Save & New
Clear

Deposit To: Checking
Date: 03/03/2008
Memo: Deposit

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

Received From	From Account	Memo	Chk No.	Pmt Meth.	Class	Amount
Oliveri, Tom	Undeposited Funds			Amex	Baysh...	3,078.25
	Sales:Service					100.00

Deposit Subtotal 3,178.25

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 3,178.25

Save time using printable or manual deposit slips.

BONUS INFORMATION: VENDOR REFUND OF OVERPAYMENT

Depending on how the original payment was made will dictate how the refund will need to be recorded.

A) If the bill/bill payment method was used, the vendor should currently show an overpayment on the account. To record the return of the overpayment, the amount can be entered on a deposit slip with the vendor name and coded to Accounts Payable.

B) If the amount was originally paid with the write check method, the deposit will still be recorded on a deposit slip. The change will be that the code should be to the same expense account as the original overpayment. The two amounts will then "net" leaving the remaining true expenditure balance in the affected GL expense account.

BONUS INFORMATION: REFUND FROM VENDOR FOR RETURN

Return of an item – First enter a credit for the item(s) to be returned by placing the mark next to credit at the top of the bill form and complete the bottom of the form based on the details of what was returned. Typically this will be the same information as the original transaction. Then enter the refund as detailed in part A above.

Return other than items – If the return was for something other than an item, part B above will provide the steps necessary to correctly record the refund.

NET CREDIT CARD DEPOSITS

As you process the credit cards as either sales receipts or through the receive payment function, be sure to mark the radial circle to "group with other undeposited funds." Entering the payment method is helpful since different credit card types are typically transferred to the bank account in total.

The next step is to choose to make deposit from the banking pull down. All the customer payments will appear and those to be deposited together can be chosen by placing a check mark next to each one, or by choosing the select all button towards the bottom of the screen. New with version 2004 is the ability to only show payments of a certain type. This helps to streamline the process of choosing those payments that are included in one deposit into the bank account.

If the amount is received from the credit card company net (i.e., the credit card company keeps their fee from each deposit) it is possible to enter the fee directly onto the deposit slip with a negative amount. There is a calculator function built in, so if the fee is a percentage of the total deposit, press – then type the number, then press the * key to multiply and then the percentage as a decimal (i.e., 3.45% is .0345) and then enter to have the computer calculate the fee. The fee will appear as a negative number to reduce the total deposit amount. The result is a total deposit that should match the bank statement.

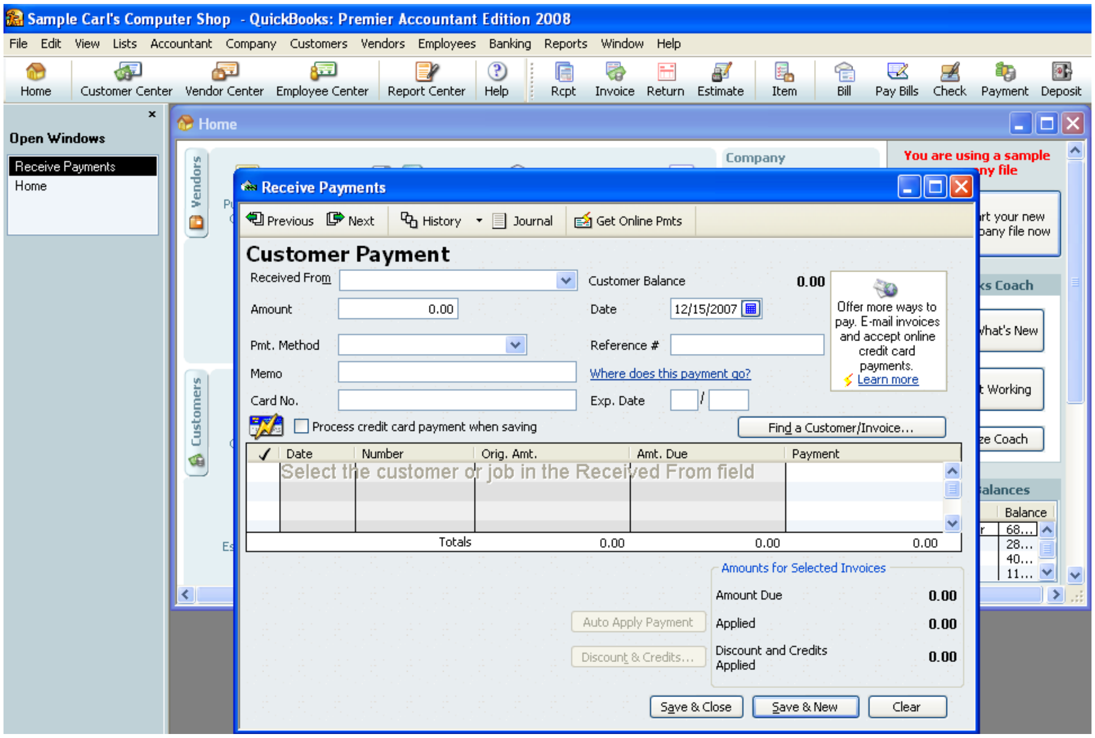
TIP: If there is a discount fee and a transaction fee, it may be easier to sign up for on-line banking and complete the make deposit function once the deposit is actually received into the bank account if the day to day balance is important. With most credit card processing companies they also have an online reporting function to see the actual deposit detail information in real time.

TIP: If the business does not need an "up to minute" accurate bank balance, it may be acceptable to enter the deposit at gross (amount received from the customer in total) and then enter the credit card processing fees monthly (keeping in mind that QuickBooks will always be a little higher than the bank until the adjustment is entered). Each credit card company supplies a statement either on-line or through the mail that will show the individual charges less the fee for each deposit that can be used to reconcile the deposits manually.

NET CREDIT CARD DEPOSIT CASE STUDY

Customer ABC owes invoice 123 in the amount of $1,000.00. They call and say they would like to pay for the invoice using their American Express Credit Card. The business accepts American Express as a form of payment and receives the amount net of an American Express fee of 3.45%. The credit card number and related information is obtained from Customer ABC and a Receive Payment is entered into QuickBooks for $1,000.00 with the payment method of American Express.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: Home Page> Receive Payment


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home Customer Center Vendor Center Employee Center Report Center Help Rcpt Invoice Return Estimate Item Bill Pay Bills Check Payment Deposit
Open Windows
Receive Payments
Home
Vendors
Customers
Company
You are using a sample company file
Start your new company file now
QuickBooks Coach
What's New
Start Working
Hide Coach
Account Balances
Balance
68…
28…
40…
11…
Receive Payments
Previous Next History Journal Get Online Pmts
Customer Payment
Received From
Amount
Pmt. Method
Memo
Card No.
Customer Balance
Date
Reference #
Where does this payment go?
Exp. Date
Process credit card payment when saving
Find a Customer/Invoice...
Date Number Orig. Amt. Amt. Due Payment
Amounts for Selected Invoices
Auto Apply Payment
Discount & Credits...
Save & Close
Save & New
Clear

Customer Balance 0.00

Amount 0.00

Date 12/15/2007

Offer more ways to pay. E-mail invoices and accept online credit card payments. Learn more

☐ Process credit card payment when saving

Select the customer or job in the Received From field

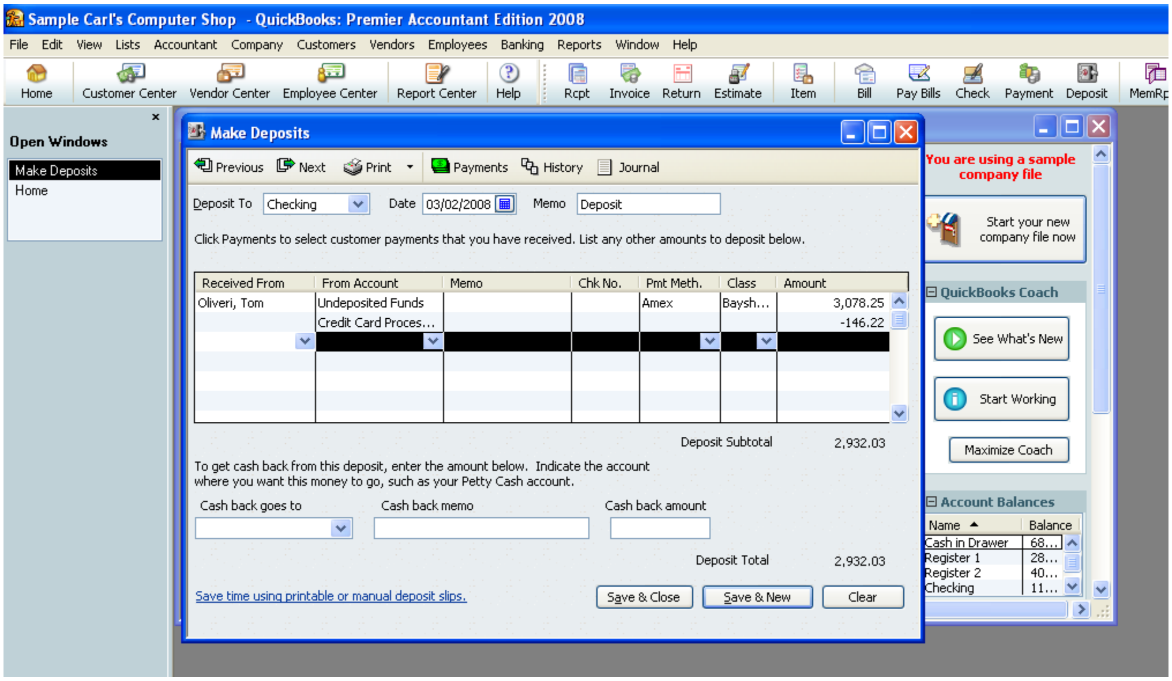
		Orig. Amt.	Amt. Due	Payment
Totals		0.00	0.00	0.00

Amounts for Selected Invoices	
Amount Due	0.00
Applied	0.00
Discount and Credits Applied	0.00

NOTE: **If the Merchant Service is provided by QuickBooks, the payment will be automatically processed when saving the transaction by marking the checkbox. Otherwise, the appropriate method of processing will need to be completed (for some businesses it is processing the charge through a machine, for others there is an on-line alternative).**

In this case the deposit will be received net, but the discount is known (keep in mind there may be a transaction fee or other fees in addition to the discount fee for some credit card merchant accounts). In this type of circumstance (or if the deposit was received gross and the fees taken out separately) it would possible to process the deposit immediately in QuickBooks. First choose the Receive Payment that was just entered — this will "pull" the amount onto the deposit slip — then click on the line below the Receive Payment and enter the account (typically bank service charges, credit card processing fees, or something similar), optionally enter American Express as the payment method and -34.50 in the amount column. Tab or click to the next line and the net deposit amount should be $965.50.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Banking > Make Deposits > Click on Payment to be deposited > Click on line below undeposited funds > Enter credit card fee information > Click on the next line > Confirm the deposit total that will be received by the bank**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home Customer Center Vendor Center Employee Center Report Center Help Rcpt Invoice Return Estimate Item Bill Pay Bills Check Payment Deposit MemRp
Open Windows
Make Deposits
Home
Make Deposits
Previous Next Print Payments History Journal
You are using a sample company file
Start your new company file now
QuickBooks Coach
See What's New
Start Working
Maximize Coach
Account Balances
Save time using printable or manual deposit slips.
Save & Close
Save & New
Clear

Deposit To: Checking
Date: 03/02/2008
Memo: Deposit

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

Received From	From Account	Memo	Chk No.	Pmt Meth.	Class	Amount
Oliveri, Tom	Undeposited Funds			Amex	Baysh...	3,078.25
	Credit Card Proces...					-146.22

Deposit Subtotal 2,932.03

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 2,932.03

Name	Balance
Cash in Drawer	68...
Register 1	28...
Register 2	40...
Checking	11...

This process will correctly show the customer balance paid in full (i.e., the customer paid $1000 in full using their American Express), the discount is correctly reflected as a business expense, and the deposit into the bank account is also correctly reflected. The only other issue to keep in mind is that typically the deposit will take several days to “clear” the bank from the credit card company (so don’t spend the money too quickly).

PAYROLL LIABILITIES ERROR

Payroll (and inventory which we will discuss later) are the two areas where QuickBooks is less forgiving and clients are more likely to make mistakes.

Most often the errors are the result of incorrect or inconsistent procedures.

The most common error in this area is that the “Pay Payroll Liabilities” feature was not used; rather payroll tax payments were entered using “Write Checks.”

Common Symptoms are:

- Payroll Liabilities are higher than expected
- Payroll Tax Expense are higher than expected
- Bank account balance is OK
- Payroll tax returns have been prepared and filed showing no balance due (and no notices to the contrary have been received)

PAYROLL LIABILITIES FIXES

PAYROLL LIABILITY PAYMENT

Following proper procedures for the payment of payroll tax liabilities is imperative. If the procedures are not followed, the payroll liability report, as well as the payroll tax returns, will not be accurate. There is no way on the bill or check screens to tell the software which specific payroll items are being paid. The Pay Payroll liabilities feature must be used to correctly designate the payroll items that are being paid.

Other liabilities, such as garnishments, union dues, health insurance, 401K, etc. should also be paid regularly using the pay payroll liabilities option shown below. If these amounts are not paid in this way, it is possible to do a payroll liability adjustment and not affect the accounts (update the items but not the general ledger).

The steps to follow are:

- Correctly process the payroll liability check payments using the dates and marking the liabilities for amount actually paid.
- Assign the appropriate check number in the register
- Delete the incorrect check

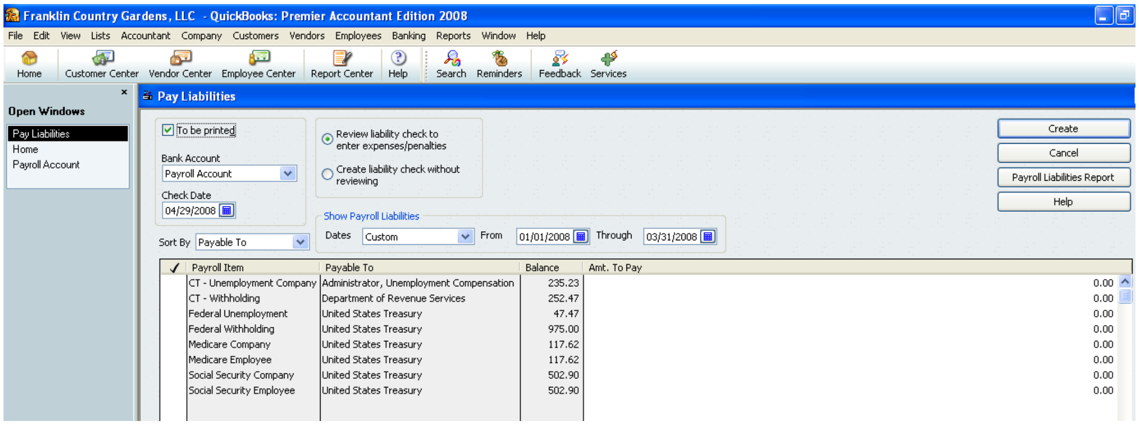
NOTE: It may be necessary to clear the liability checks with the next bank reconciliation (i.e., beginning balance will be off by the amount of these checks)

The date range for the liabilities is important for the payroll liability reports and subsequent payroll tax returns. This is the way that QuickBooks knows which period the payment should be applied to. (Bonus Tip: Clients often do not understand the "period end" versus "check date" concept)

The second critical date is the check date. This is the date the payment is generated and will be recorded as a reduction in the liability and reduction in the bank account balance.

QuickBooks will accept alpha-numeric check numbers so EFT, for example, is acceptable if the payment was made electronically.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Employees > Payroll Taxes and Liabilities > Create Custom Liability Payments > Choose date range**


Franklin Country Gardens, LLC - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Search
Reminders
Feedback
Services
Open Windows
Pay Liabilities
Home
Payroll Account
Pay Liabilities
Create
Cancel
Payroll Liabilities Report
Help

☑ To be printed

Bank Account: Payroll Account

Check Date: 04/29/2008

Sort By: Payable To

● Review liability check to enter expenses/penalties

○ Create liability check without reviewing

Show Payroll Liabilities

Dates: Custom From 01/01/2008 Through 03/31/2008

✓	Payroll Item	Payable To	Balance	Amt. To Pay
	CT - Unemployment Company	Administrator, Unemployment Compensation	235.23	0.00
	CT - Withholding	Department of Revenue Services	252.47	0.00
	Federal Unemployment	United States Treasury	47.47	0.00
	Federal Withholding	United States Treasury	975.00	0.00
	Medicare Company	United States Treasury	117.62	0.00
	Medicare Employee	United States Treasury	117.62	0.00
	Social Security Company	United States Treasury	502.90	0.00
	Social Security Employee	United States Treasury	502.90	0.00

NOTE: If the QuickBooks Standard Service (previously the Do It Yourself Payroll Tax Service) is used, the software will show the amounts due for the time period, but will not remind the user to actually pay the payroll taxes and liabilities. Use the look back period test to see if the client needs to

change their payroll tax liability payment frequency. The state agencies also have their own guidelines. If the business bookkeeper or owner is unsure as to when the taxes should be paid, a call to the accountant or governmental agency should clarify the situation. Penalties and interest add up fast, so tax payments become very expensive if they are paid late.

TIP: To make sure everything is in balance with the payroll, compare the general ledger liability balances, the payroll liability summary for the year to date, and the payroll liability summary with the date changed to "All". All three reports should be the same.

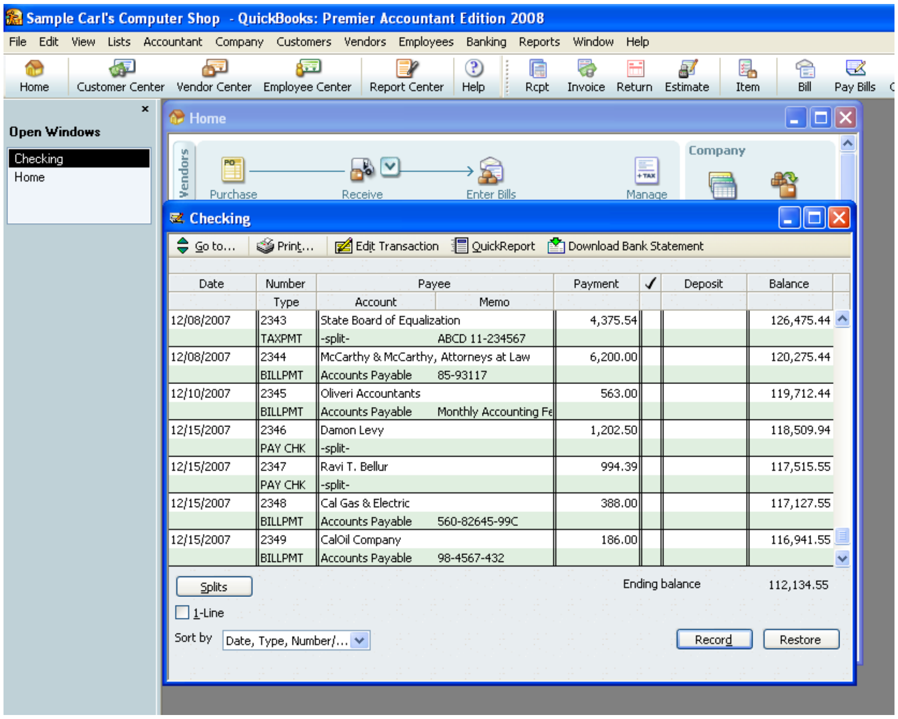
NOTE: Electronic Tax Payments and Electronic Returns – If the Assisted Payroll Tax Service (previously Deluxe) is being used, the service pays the Federal and State taxes electronically on behalf of the company. If other liability checks need to be issued, the same procedures as detailed earlier should be followed. When the Employee > Pay Payroll Liabilities option is chosen; the federal and state amounts will not appear. Only any additional liabilities will be available for payment (such as health insurance, 401K, etc).

TIP: New with version 2008 is a new payroll service called Enhanced Payroll Service. There is also an edition available to Accountants knows as Enhanced Payroll Plus for Accountants. The expanded functionality of this service includes net-to-gross calculations, workers compensation tracking, state payroll returns for approximately 40 states, and processing payroll for up to 50 clients when done on the same registered copy of QuickBooks. For a comparison of all the Intuit Payroll Services, visit http://www.payroll.com/comparisonchart.html

CORRECTING THE BANK REGISTER

When the payroll liability check was entered correctly, the result was two payments in the bank register. When deleting the previous entry, the double entered check is that has the "CHK" type payment should be deleted; the "LIAB CHK" type payment is the correct payroll liability payment and should remain.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **Home Page > Check Register**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Bill
Pay Bills
Open Windows
Checking
Home
Vendors
Purchase
Receive
Enter Bills
Manage
Company
Checking
Go to...
Print...
Edit Transaction
QuickReport
Download Bank Statement
Splits
1-Line
Record
Restore

Date	Number	Payee		Payment	✓	Deposit	Balance
	Type	Account	Memo				
12/08/2007	2343	State Board of Equalization		4,375.54			126,475.44
	TAXPMT	-split-	ABCD 11-234567				
12/08/2007	2344	McCarthy & McCarthy, Attorneys at Law		6,200.00			120,275.44
	BILLPMT	Accounts Payable	85-93117				
12/10/2007	2345	Oliveri Accountants		563.00			119,712.44
	BILLPMT	Accounts Payable	Monthly Accounting Fe				
12/15/2007	2346	Damon Levy		1,202.50			118,509.94
	PAY CHK	-split-					
12/15/2007	2347	Ravi T. Bellur		994.39			117,515.55
	PAY CHK	-split-					
12/15/2007	2348	Cal Gas & Electric		388.00			117,127.55
	BILLPMT	Accounts Payable	560-82645-99C				
12/15/2007	2349	CalOil Company		186.00			116,941.55
	BILLPMT	Accounts Payable	98-4567-432				

Ending balance 112,134.55

☐ 1-Line

Sort by Date, Type, Number/...

Although the bank reconciliation beginning balance may be off if the erroneous checks were already marked as cleared, there is not any way to avoid this. The beginning balance should be too high for the amount of the liability checks, mark those liability checks as cleared as part of the reconciliation, and the difference at the end of the process should be zero. Your next bank reconciliation should be fine.

LOAN BALANCE ERRORS

Loan related transactions are always more challenging for clients, and as a result, errors are quite common. Often the loan was not recorded to begin with so the payments are simply expensed as they are paid. Or, the entire payment is assigned to the liability if the loan has been recorded (typically by the Accountant).

Some indications may be:

- loan balance or interest expenses do not look reasonable
- loan balance or interest expenses are too high for both if entire payment coded to the expense account
- loan balance or interest expenses are too low for both if the entire payment was coded to the liability account

The existence of the loan may be discovered because of an increase in an expense account such as Automobile expense or Office expense.

Some accountants choose to handle this issue themselves each time they do the work, others choose to provide the loan amortization schedule to the client (or have the client obtain it from the lender or from loan statements) and train them to correctly split the transactions going forward.

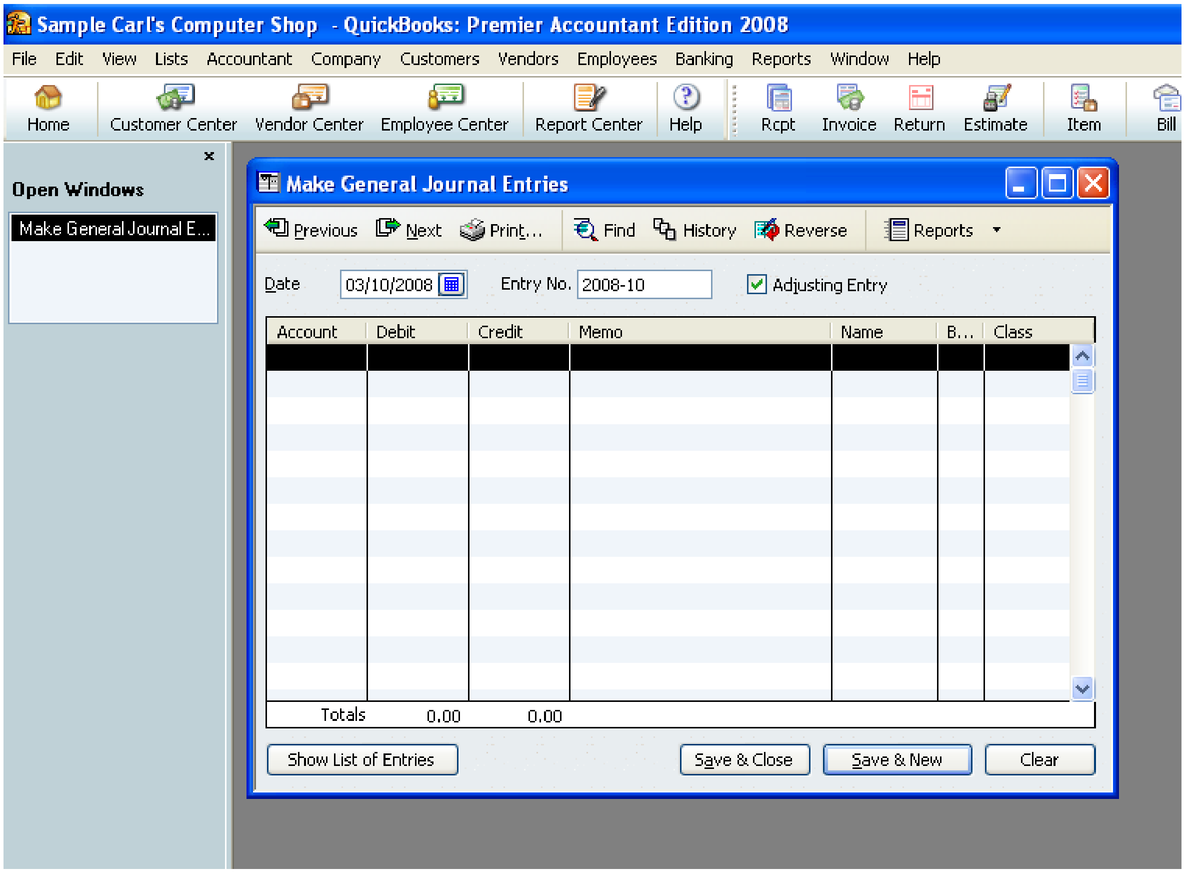
LOAN BALANCE FIXES

JOURNAL ENTRY

General journal entries have long been the accountant's "domain." Although many of the adjustments that need to be made are handled more effectively by using a QuickBooks form (i.e., payroll, inventory, information for sales reports, etc), there are certain instances when creating a journal entry is the only way to enter the transaction. This includes Accountants who are using the Accountant's Review Copy with their clients, loan adjustments, depreciation, fixed asset correcting entries, etc. Assuming entering the transaction as a journal entry does not have any reporting or feature implications; the adjusting journal entry feature expands the reporting capability for work paper preparation for the accountant:

- Adjusting Journal Entries Report
- Adjusted Trial Balance, and
- Working Trial Balance.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: Company > Make General Journal Entries


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Bill
Open Windows
Make General Journal E...
Make General Journal Entries
Previous
Next
Print...
Find
History
Reverse
Reports
Account
Debit
Credit
Memo
Name
B...
Class
Show List of Entries
Save & Close
Save & New
Clear

Date 03/10/2008

Entry No. 2008-10

☑ Adjusting Entry

Totals 0.00 0.00

TIP: **The ability to set a preference to have the software automatically, sequentially number the journal entries was new with version 2002. New with version 2003 was the ability to see a specific date range of journal entries on the screen below the journal entry input screen.**

The new addition for QuickBooks: Premier – Accountant Edition version 2004 is the ability to mark a journal entry as an adjusting entry by clicking on the check box. This small change has large implications to increase the flexibility of reports. For example, the adjusting column (a check mark in this column designates the entry was an adjusting entry) has been added to the default format for the following reports:

- General Ledger
- Journal Reports
- Profit & Loss Detail
- Balance Sheet Detail
- Transaction Detail by Account
- Transaction List by Date
- Audit Trail
- Income Tax Detail

NOTE: The ability to filter a report for only the adjusting journal entries is not available.

With Version 2003, there are also two new reports designed specifically to streamline the process for accountants: the adjusted trial balance that includes the unadjusted balance, adjustments, and adjusted balance columns; and the adjusting journal entries report which is a report of only the entries for the time period that have been designated as adjusting journal entries.

New with version 2008 is the ability to have the adjusting entries appear on a working trial balance report.

CORRECT PREVIOUS ERRORS

Alternative: Correct bills and/or checks to split each payment to the liability and expense as necessary

Correcting the previous errors will provide a clean historical record. Correcting coding errors with subsequent journal entries will result in a more complicated audit trail. Plus the client is more likely to continue to make the same mistakes if they go back and look at a previous transaction, so ideally each transaction would be corrected individually and properly coded. There are several ways to find the previous transactions to make the corrections when using QuickBooks.

Find Feature

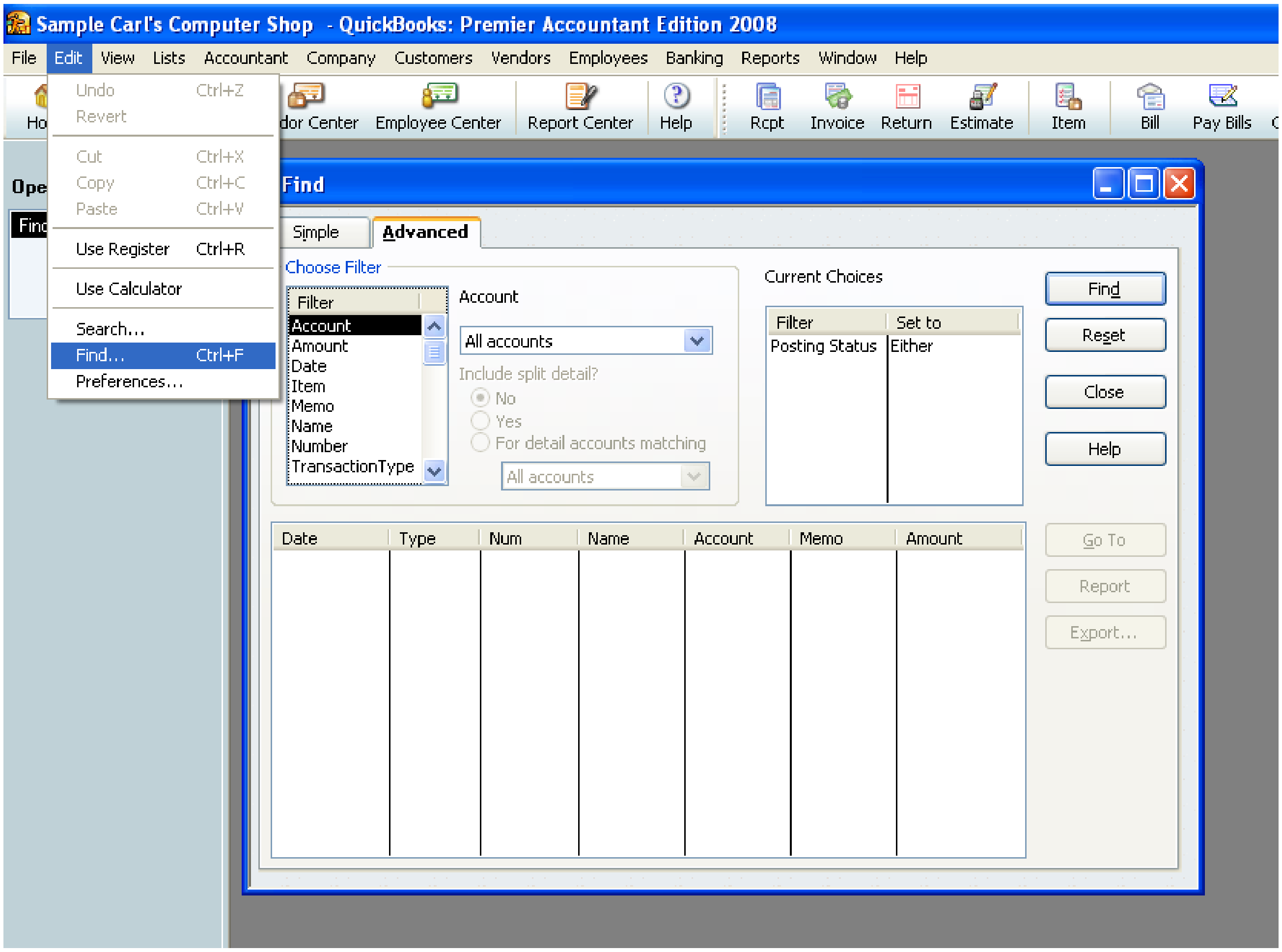
The find feature is so easy to use compared to many other software packages. The “Ctrl+F” is the key stroke for the feature. The advanced tab is for general look ups (and is the only option available in older versions) whereas the simple tab is to find specific types of transactions. With either tab, enter what you know and QuickBooks will find the transactions that match the criteria.

New with Version 2008 the find feature will default to tab that was used last. With 2008 the Detail Level default was changed back to “All” rather than “Summary” as was the case in a few of the previous versions.

Besides the find feature, there are several ways to find a transaction that has already been entered.

- On all of the forms there is a previous and next button that can be useful. This is not usually the most efficient method since QuickBooks places all the transactions in date order as they are entered. This is not in the order entered, so if bills have been entered through 8/31/03 and a bill is entered dated 7/30/03, to find it would require pressing previous through all the August transactions.
- A more efficient method may be to use the register. This is also in date order, but it is easier to scroll up and down through the list. If a form is open on the screen (a bill for example) pressing Ctrl>R will open the appropriate register (in our example the Accounts Payable register). Once you find the transaction, double click to open the specific transactional form. The register can also be entered from the chart of accounts list.
- If you see a transaction on a report and would like to see detail about it, place the cursor on the line of the transaction. It will change into a magnifying glass. Double click and you will zoom to the detail.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **Edit > Find > Advanced**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File
Edit
View
Lists
Accountant
Company
Customers
Vendors
Employees
Banking
Reports
Window
Help
Undo Ctrl+Z
Revert
Cut Ctrl+X
Copy Ctrl+C
Paste Ctrl+V
Use Register Ctrl+R
Use Calculator
Search...
Find... Ctrl+F
Preferences...
Ho
dor Center
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Bill
Pay Bills
Ope
Finc
Find
Simple
Advanced
Choose Filter
Filter
Account
Amount
Date
Item
Memo
Name
Number
TransactionType
Current Choices
Find
Reset
Close
Help
Go To
Report
Export...

Account: All accounts

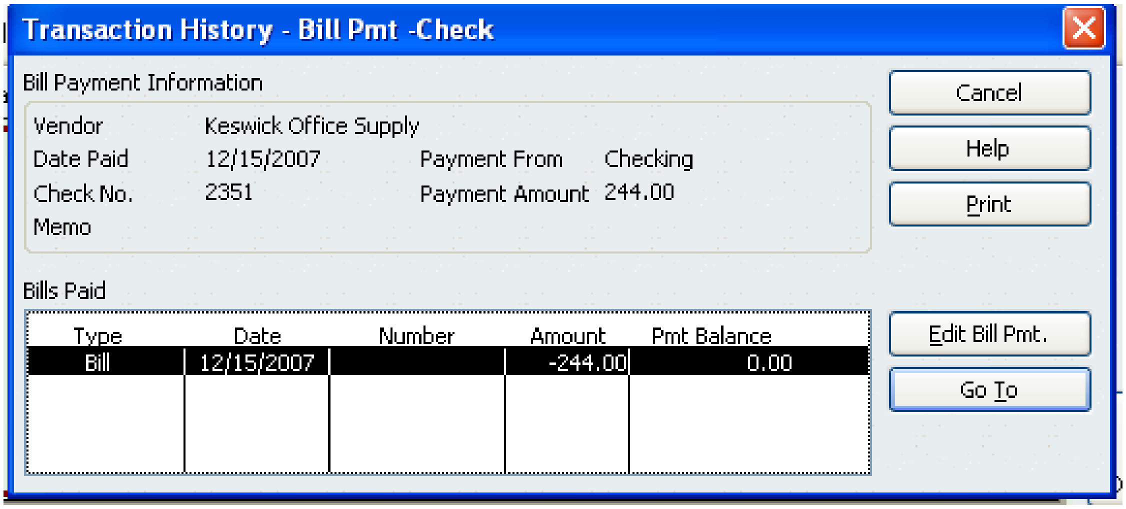
Include split detail?
● No
○ Yes
○ For detail accounts matching All accounts

Filter	Set to
Posting Status	Either

Date	Type	Num	Name	Account	Memo	Amount

NOTE: **It may be necessary to click on the history to drill down to the bill from the bill payment check to correct the coding.**

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Home Page> Check Register > Find Bill Payment > Edit Transaction> History**


Transaction History - Bill Pmt -Check
Cancel
Help
Print
Edit Bill Pmt.
Go To

Bill Payment Information

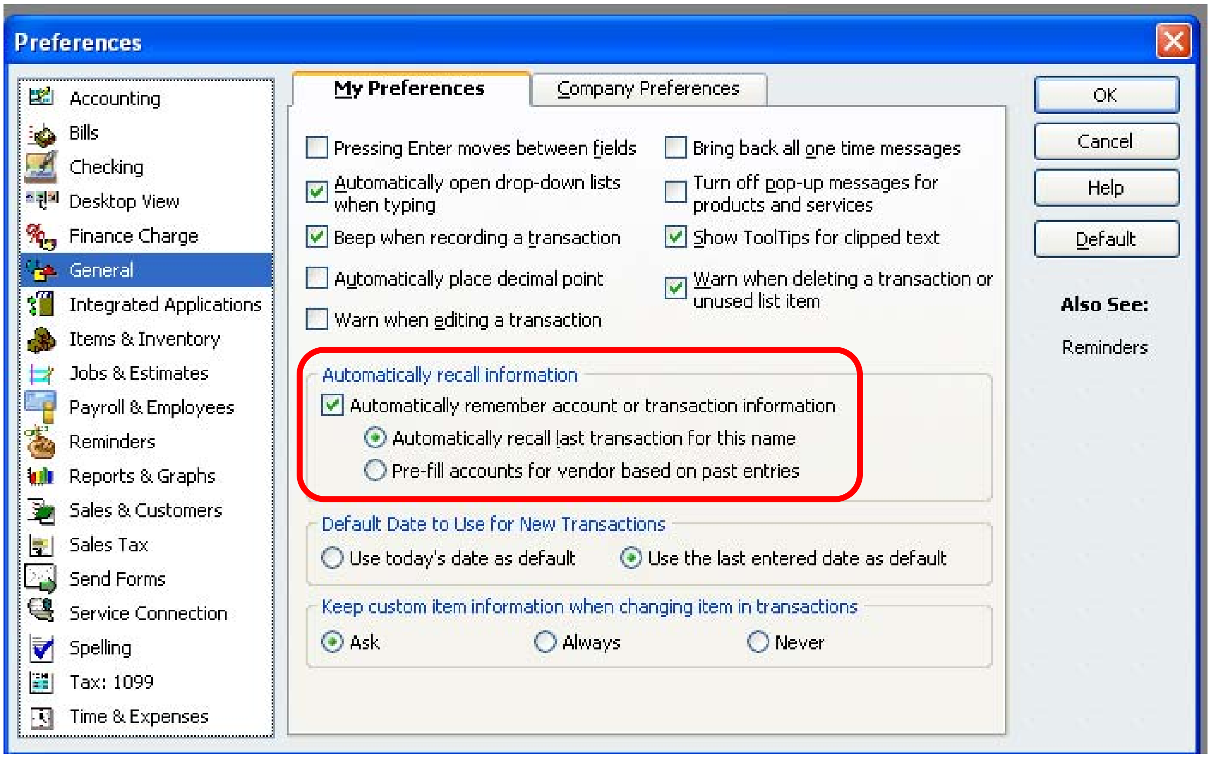
Vendor Keswick Office Supply
Date Paid 12/15/2007 Payment From Checking
Check No. 2351 Payment Amount 244.00
Memo

Bills Paid

Type	Date	Number	Amount	Pmt Balance
Bill	12/15/2007		-244.00	0.00

The benefit of finding the incorrectly recorded transaction and fixing it is that with the automatic recall preference turned on, the change in account and coding will automatically appear when the next payment is entered. By default this preference is not checked so to use the feature will require turning it on.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Edit > Preferences> General > Automatically recall last transaction for this name or Pre-fill accounts for vendor based on past entries**


Preferences
Accounting
Bills
Checking
Desktop View
Finance Charge
General
Integrated Applications
Items & Inventory
Jobs & Estimates
Payroll & Employees
Reminders
Reports & Graphs
Sales & Customers
Sales Tax
Send Forms
Service Connection
Spelling
Tax: 1099
Time & Expenses
My Preferences
Company Preferences
OK
Cancel
Help
Default
Also See:
Reminders

☐ Pressing Enter moves between fields
☑ Automatically open drop-down lists when typing
☑ Beep when recording a transaction
☐ Automatically place decimal point
☐ Warn when editing a transaction
☐ Bring back all one time messages
☐ Turn off pop-up messages for products and services
☑ Show ToolTips for clipped text
☑ Warn when deleting a transaction or unused list item

Automatically recall information
☑ Automatically remember account or transaction information
● Automatically recall last transaction for this name
○ Pre-fill accounts for vendor based on past entries

Default Date to Use for New Transactions
○ Use today's date as default ● Use the last entered date as default

Keep custom item information when changing item in transactions
● Ask ○ Always ○ Never

Bonus Fix – Use the Loan Manager (2004 - Pro and higher) in the future to automatically amortize the loan payments (Banking > Loan Manager)

FIXED ASSET ERRORS

- **Common Errors:**
    - Expense has been recorded for the loan payments but the asset and liability have not been recorded
    - The loan account was created with an opening balance on the new account set up screen
- **Primary Indications:**
    - Review Accumulated Depreciation for appropriate balance and entries
    - Balance Sheet figures are incorrect in Fixed Asset area
- **Supplementary Symptom:** Consider operating versus capital leases
- **Bonus Errors:**
    - Purchases that should be capitalized are expensed
    - Purchases that should be expensed are recorded to the fixed asset account

Recording the fixed asset purchase is not usually a transaction that the client thinks about, or, if they do, they do not know how to record it correctly. Due to the infrequent nature of this type of activity, do not assume consistency on the part of your client.

The first step is to figure out what has and has not been recorded

The next step is to determine if the accounts that will be needed exist on the chart of accounts (i.e., fixed asset, other current liability, long term liability, loan interest)

Then you can begin to figure out how to fix it.

FIXED ASSET FIXES

JOURNAL ENTRY

As was described in the previous section, a journal entry is an effective way to deal with reclassifying and/or recording a fixed asset transaction. To record the transaction correctly, obtain the bill of sale or other paperwork that supports the purchase. This paperwork should detail any additional costs that should be capitalized (such as delivery and/or installation), as well as any amounts that can be expensed in the current period (for example the license fee for a vehicle purchase). Prior to making the entry, it is also important to discover what has been already recorded in QuickBooks: was there a down payment, if so, how was it recorded; have there been loan payments made already, how were they recorded; has the fixed asset and/or loan accounts been created on the chart of accounts, if so, was any activity already entered onto the register? Once the determination has been made as to what was recorded, it is simply a matter of creating a journal entry to reclassify everything correctly.

PATH: Company > Make Journal Entries; see also Loan Errors

FIXED ASSETS CAPITALIZATION POLICY

Although this question is primarily accounting policy in nature, the answer is important when determining if the fixed asset section has been handled properly. A capitalization policy is a materiality threshold for when a purchase is recorded as an asset versus expensed in the current period.

The general rule is: If an asset has a life that exceeds one year, it is an asset. For example, a computer or a garbage can has a life of greater than one year where as a pad of paper does not. The capitalization policy is determined based on the size of the company and the typical size of expenditures. In our previous example, capitalizing a $10 garbage can (and depreciating it $2 a year for the next five years) does not make sense from the standpoint of keeping track of it, placing it on the schedule for tax return purposes, and making the entry each year to depreciate it. A $2,500 computer system, on the other hand, should be handled properly. For most small businesses, the limit is usually around $500, but this can vary depending on the type of business, typical expenditures, etc.

FIXED ASSET MANAGER

In QuickBooks: Premier 2004 (and higher): Accountant Edition, there is a built-in Fixed Asset Manager that you can use to easily track your clients' fixed assets and generate automatic depreciation journal entries into their books each month.

PRIOR PERIOD CHANGES

One of the most frustrating things for Accountants using any software is when they begin the work for the new period and the prior period balances have changed.

In QuickBooks this is part of the double edged sword of easy to use and correct, but incorrect use of the safeguards and good accounting controls can be problematic.

The solution involves a more active role by the accountant to ensure that their entries have been processed and recorded correctly. More extensive client training might be needed. Next use the tools available within the software to discover what has been done, and then fix it.

PRIOR PERIOD FIXES

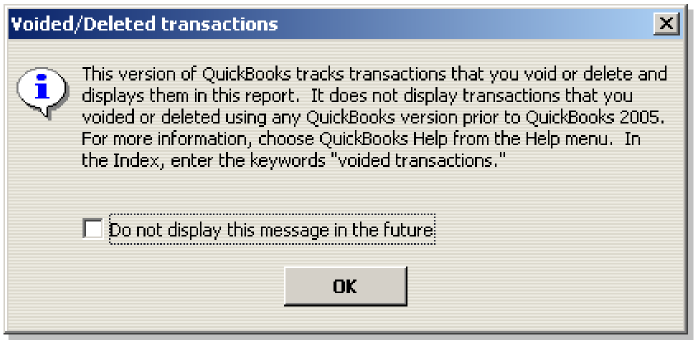
VOIDED/DELETED TRANSACTIONS

With version 2007 (Pro and higher) is the Voided/Transactions Report. This is an easier way to see which transactions have been voided or deleted for a specific time period. This is a summary report so it is possible to double click on the specific entries to drill down to the transactional history report to see the detail.

REPORT PATH: Reports > Accountant & Taxes > Voided/Deleted Transactions Summary or Detail

When the report is opened for the first time, a warning pop up box appears:

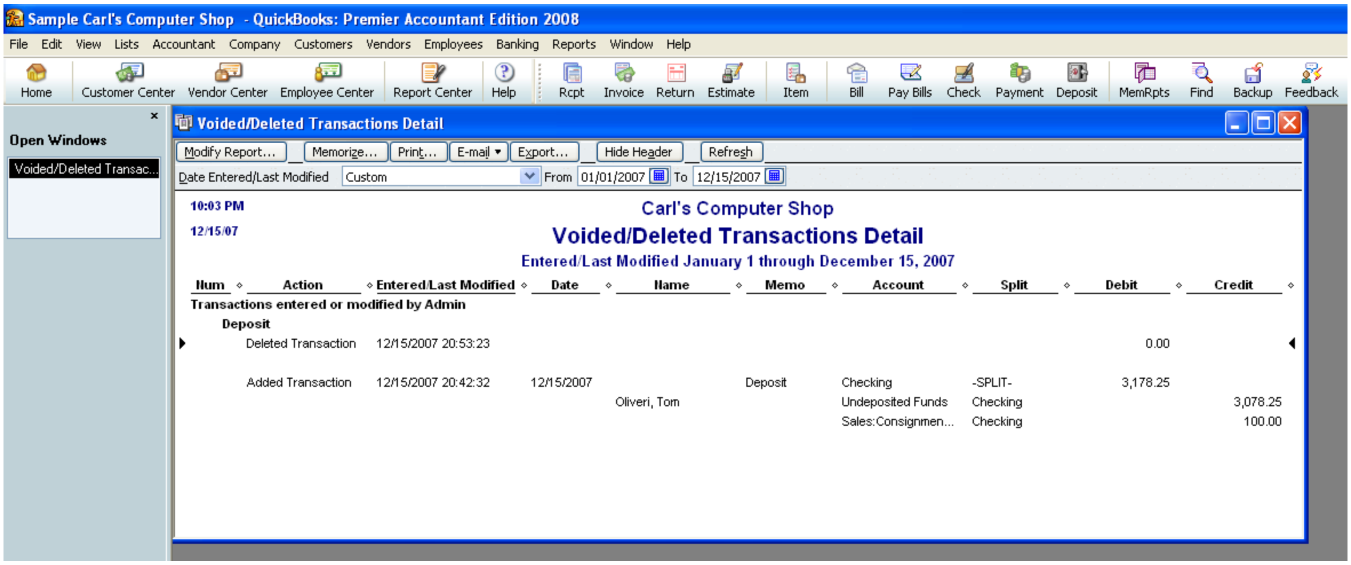
"This version of QuickBooks tracks transactions that you void or delete and displays them in this report. It does not display transactions that you voided or deleted using any QuickBooks version prior to QuickBooks 2008. . . "


Voided/Deleted transactions
OK

This version of QuickBooks tracks transactions that you void or delete and displays them in this report. It does not display transactions that you voided or deleted using any QuickBooks version prior to QuickBooks 2005. For more information, choose QuickBooks Help from the Help menu. In the Index, enter the keywords "voided transactions."

☐ Do not display this message in the future

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **Reports > Voided/Deleted Transactions**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File
Edit
View
Lists
Accountant
Company
Customers
Vendors
Employees
Banking
Reports
Window
Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Bill
Pay Bills
Check
Payment
Deposit
MemRpts
Find
Backup
Feedback
Open Windows
Voided/Deleted Transac...
Voided/Deleted Transactions Detail
Modify Report...
Memorize...
Print...
E-mail
Export...
Hide Header
Refresh

Date Entered/Last Modified: Custom From 01/01/2007 To 12/15/2007

10:03 PM
12/15/07

Carl's Computer Shop
Voided/Deleted Transactions Detail
Entered/Last Modified January 1 through December 15, 2007

Num	Action	Entered/Last Modified	Date	Name	Memo	Account	Split	Debit	Credit
Transactions entered or modified by Admin									
Deposit									
	Deleted Transaction	12/15/2007 20:53:23						0.00	
	Added Transaction	12/15/2007 20:42:32	12/15/2007		Deposit	Checking	-SPLIT-	3,178.25	
				Oliveri, Tom		Undeposited Funds	Checking		3,078.25
						Sales:Consignmen...	Checking		100.00

Internal Control Note: **This report does show transactions that were voided or deleted in the same session.**

AUDIT TRAIL

Although QuickBooks does not have the same enter, print, and post routine as many other software packages, it does have an audit trail report. For versions 2007 and higher, the audit trail is automatically turned on. In the past, you needed to turn on the audit trail. This is no longer necessary.

TIP: In order to make this report efficient and effective, it is imperative to set up users for all individuals working in the data file.

Establish a user name and password unique to each person who will be using the software. In addition to the date and time, the user is also tracked.

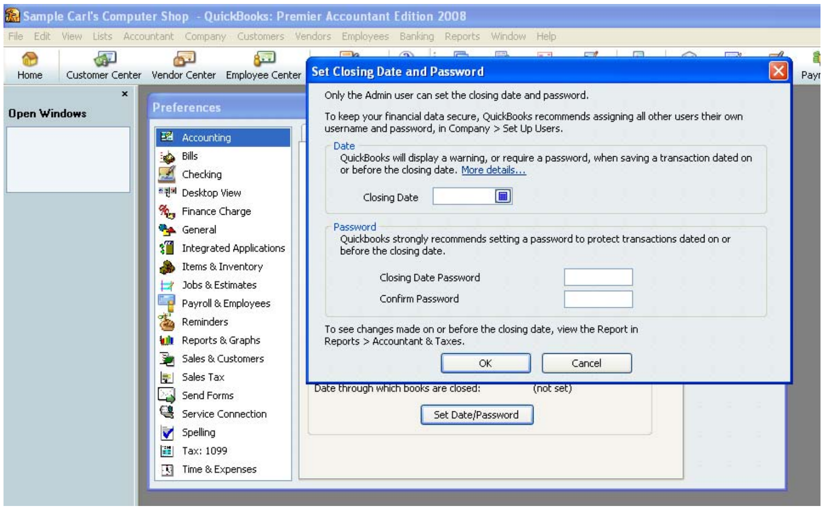
TIP: The audit trail function works well for supervising data entry by others since it is possible to do a report of all the transactions entered/modified for a specific date range.

Comparison of the Financial Statement reports as prepared by the Accountant and the current balances as of the same date in QuickBooks will often provide clues as to what transactions may have been changed: For example, is cash significantly lower in QuickBooks? Was an old outstanding check deleted or voided? Was a bank fee subsequently recorded in the previous period and manually cleared?

CLOSING DATE

It is recommended that the closing date be assigned regularly, usually after the bank reconciliation and financial statements have been prepared for the previous month. Because this information is on the company preference, only the Admin password can change it, another reason to not allow any other user to know the Admin user.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Edit > Preferences > Accounting > Set Date/Password**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home
Customer Center
Vendor Center
Employee Center
Open Windows
Preferences
Accounting
Bills
Checking
Desktop View
Finance Charge
General
Integrated Applications
Items & Inventory
Jobs & Estimates
Payroll & Employees
Reminders
Reports & Graphs
Sales & Customers
Sales Tax
Send Forms
Service Connection
Spelling
Tax: 1099
Time & Expenses
Set Closing Date and Password
Date
Password
OK
Cancel
Set Date/Password

Only the Admin user can set the closing date and password.

To keep your financial data secure, QuickBooks recommends assigning all other users their own username and password, in Company > Set Up Users.

QuickBooks will display a warning, or require a password, when saving a transaction dated on or before the closing date. More details...

Closing Date

Quickbooks strongly recommends setting a password to protect transactions dated on or before the closing date.

Closing Date Password

Confirm Password

To see changes made on or before the closing date, view the Report in Reports > Accountant & Taxes.

Date through which books are closed: (not set)

NOTE: Since this change is a preference, the Admin is the only user who can change this password.

In a perfect world, transactions would be entered, accounts would be reconciled, and financial statements would be issued at which time the closing date would be updated. In reality, most small businesses do not use the reports available as often as they should and therefore do not institute the procedure of closing the period. Instead, they take the approach that corrections and reclassifications can be made throughout the year until the time when the accounting records are sent off to the accountant. It is the opinion of this author that that type of business management may be acceptable when there is only the owner, who is also the bookkeeper, who is also the sole decision maker. Once that situation changes, it is important to review reports timely and to revise the closing date so that reports that have been reviewed in prior months do not change.

PASSWORDS

As QuickBooks becomes more widely used as a bookkeeping tool by small business owners, the concerns and issues raised by accounting professionals deserve some attention. Although the computer operating system itself may have passwords, the additional level of security of password protecting the data itself is usually prudent. Based on the experience of this author, the most common concern relates to the audit trail: the ability to change entries after they have been recorded. Using passwords and permissions in QuickBooks is required to reduce the likelihood of this happening. There is a double edged sword in QuickBooks because the data can be quickly and easily corrected when mistakes happen, but it can also be easily changed after the books have been reconciled, financial statements issued, and/or the tax returns have been filed. The password protection feature and related closing date helps to reduce the likelihood of such problems when used consistently. In addition, the 2002 version and higher of QuickBooks: Premier also has several new reports to assist in finding such changes.

Each firm that is going to provide bookkeeping services will need to determine what the password procedures and protocol will be. For example, is the Admin password going to be the same for all clients, what about the user names? And who has access to the Admin password?

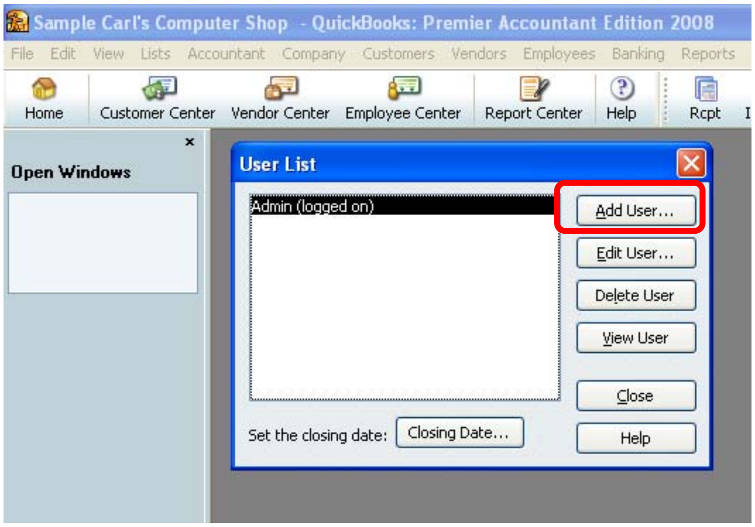
Each person should be setup individually. The designation of the specific areas of the software that the user is allowed to work in, as well as limiting the activities a user can perform, offers improved flexibility by releasing certain functions to permit effective and efficient use of the program. The password feature within QuickBooks continues to serve several functions:

- Protection of prior period data from accidental changes by setting the closing date
- Restricted access to confidential information by creating individual user passwords
- Protection of data from changes by unauthorized users
- Tracking data entry of various users

Password Set Up

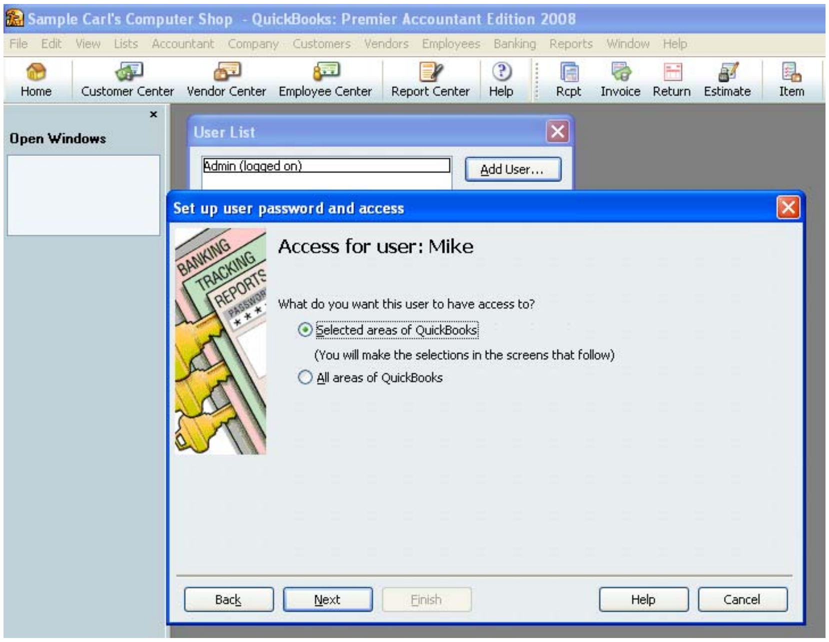
The following set up instructions is for QuickBooks products versions 6 and higher as well as Enterprise Solution through version 4. For Enterprise version 5, the set up process has been completely changed, allowing over 100 different levels of customizable permissions per user.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **Company > Setup Users and Passwords > Set up Users**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Rcpt
Open Windows
User List
Admin (logged on)
Add User...
Edit User...
Delete User
View User
Close
Set the closing date:
Closing Date...
Help

For each new user, selected areas of QuickBooks should be chosen to permit limiting access to adding, deleting, or changing transactions in a closed period.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **Company > Setup Users > Add User > Selected Areas of QuickBooks**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Open Windows
User List
Admin (logged on)
Add User...
Set up user password and access
BANKING
TRACKING
REPORTS
PASSWORD
Back
Next
Finish
Help
Cancel

Access for user: Mike

What do you want this user to have access to?

● Selected areas of QuickBooks

(You will make the selections in the screens that follow)

○ All areas of QuickBooks

Each user should be set up individually. If there are multiple QuickBooks data files the passwords will need to be set up for each one. The specific areas that are available for no access, full access, or selective access (i.e., create transactions, create and print transactions, or create transactions and generate reports) are as follows:

Sales and Accounts Receivable

Purchases and Accounts Payable

- Checking and Credit Cards
- Inventory
- Time Tracking
- Payroll
- Sensitive Accounting Activities (includes online banking, transfer funds, and journal entries)
- Sensitive Financial Reporting
- Changing and deleting transactions in A) permitted areas and/or B) closed periods

The first areas are determined based on the functions that the user will perform or need access to. The last two options, however, deserve additional clarification.

A) is a choice to let the user change or delete transactions in the areas that they have been given access. This, like so many issues in QuickBooks can be a blessing and a curse. For example, if User A creates an invoice and prints it (which automatically will save the transaction) and then realizes that a typographical error has been made in the description section, should this person be able to go back and correct it, save it, and reprint it? From an operational standpoint, the answer is probably yes, it happened right then and the hassle of explaining the change to User B (with the Admin password) and User B making the change can be cumbersome. However, from an internal control standpoint, providing User A with the ability to change transactions in specific areas means that an invoice could be created, printed and sent, then subsequently voided, changing the accounting data.

B) for all users should be No, do not permit changing or deleting transactions in a closed period. If a change does need to be made, for example final adjusting journal entries from the tax accountant, the Admin user can make those changes. The reason that it is important that no one else have that ability pertains to users who do not understand the software or do not have enough accounting knowledge to understand the potential problems of changing prior period data. For example, a check has been outstanding for several years and the bookkeeper is assuming it should be voided. If the check is simply voided, the accounting history will change from the date of the original check because this transaction is now zero. When the accountant begins the year end work the Retained Earnings balance has changed. This creates the challenge of finding out what happened. Saying No to this choice is very cheap insurance to force well-meaning individuals (with access to the Admin password) to go through a few additional steps to change history. To make the process of discovering the changes easier, new with QuickBooks: Premier Version 2008 is an additional report to track these changes. The Closing Date Exception Report is located on the Report menu under Accountant and Taxes.

With this enhancement, real time user tracking is available, and the audit report has been modified to include the user responsible for entering/modifying specific transactions.

NOTE: It is not possible to give a user access to only view reports but not enter new transactions. It is possible to remove the ability for a user to change or delete existing transactions. Setting a closing date can remove the ability for the user to enter transactions prior to the closing date. But with all the alternatives, if they can view reports, they can enter new transactions with dates from the closing date into the future.

TIP: The first time you setup passwords, you will be asked to enter a password for the user name of "Admin". Do not change this name to someone's actual name: leave it as Admin. This provides an extra level of security and protection for the data. There are certain functions that only the Admin user can perform, so be sure to write down in a safe place (or several) what this password is.

TIP: Change passwords regularly and definitely when an employee has been terminated.

PASSWORD SET UP CHECKLIST

User Name:		**Password:**		**Selected/Full**
Features	**None**	**Full**	**Selective/Create**	**Selective/Create & Reports**
Sales/A/R				
Purchases/A/P				
Checking/CCd				
Inventory				
Time Tracking				
Payroll				
Acc'tg Activity				
Financial Rept				
Change/Delete	**Areas they have access:**	**Yes** **No**	**Closed Periods:**	**Yes** **No**

User Name:		**Password:**		**Selected/Full**
Features	**None**	**Full**	**Selective/Create**	**Selective/Create & Reports**
Sales/A/R				
Purchases/A/P				
Checking/CCd				
Inventory				
Time Tracking				
Payroll				
Acc'tg Activity				
Financial Rept				
Change/Delete	**Areas they have access:**	**Yes** **No**	**Closed Periods:**	**Yes** **No**

User Name:		**Password:**		**Selected/Full**
Features	**None**	**Full**	**Selective/Create**	**Selective/Create & Reports**
Sales/A/R				
Purchases/A/P				
Checking/CCd				
Inventory				
Time Tracking				
Payroll				
Acc'tg Activity				
Financial Rept				
Change/Delete	**Areas they have access:**	**Yes** **No**	**Closed Periods:**	**Yes** **No**

INVENTORY ERRORS

ERRORS & SYMPTOMS

- **Common Error:** Incorrect and/or inconsistent inventory procedures
- **Primary Indication:** Inventory Valuation Summary report does not look right
    - Inventory quantity is negative to too high
    - Average cost looks too high, too low or zero
- **Supplemental Symptom:** Asset Value does not agree with the General Ledger
- **Bonus Errors:**
    - Inventory is sold before it is purchased
    - Unit of measure is not used consistently
    - Products that are used by the business or given as samples are not recorded

Inventory, along with payroll, is consistently one of the most problematic areas for clients who are doing the bookkeeping themselves. While the process seems straight forward, incorrect and/or inconsistent procedures create errors that can be more challenging to correct.

The first issue, before any work is done on the file, should be to determine if inventory type parts are appropriate for the client or if their needs be better served with non-inventory parts where the perpetual count and average cost is not an issue.

Assuming inventory is appropriate for the client, the quickest way to get an overview of the extent of the situation is to compare the inventory valuation summary report to the Balance Sheet inventory asset balance as of the same date. The detail on the report itself such as negative inventory balances or average cost amounts that do not look reasonable provide some key indicators, a difference between the Asset Value total on the report and the inventory asset balance in the general ledger is another tell tale sign that some work will be needed in this area.

As part of the reconciliation and cleanup process, it may be necessary to deal with additional issues such as correct procedures, what is the unit of measure, and how use tax, samples, etc. are being recorded.

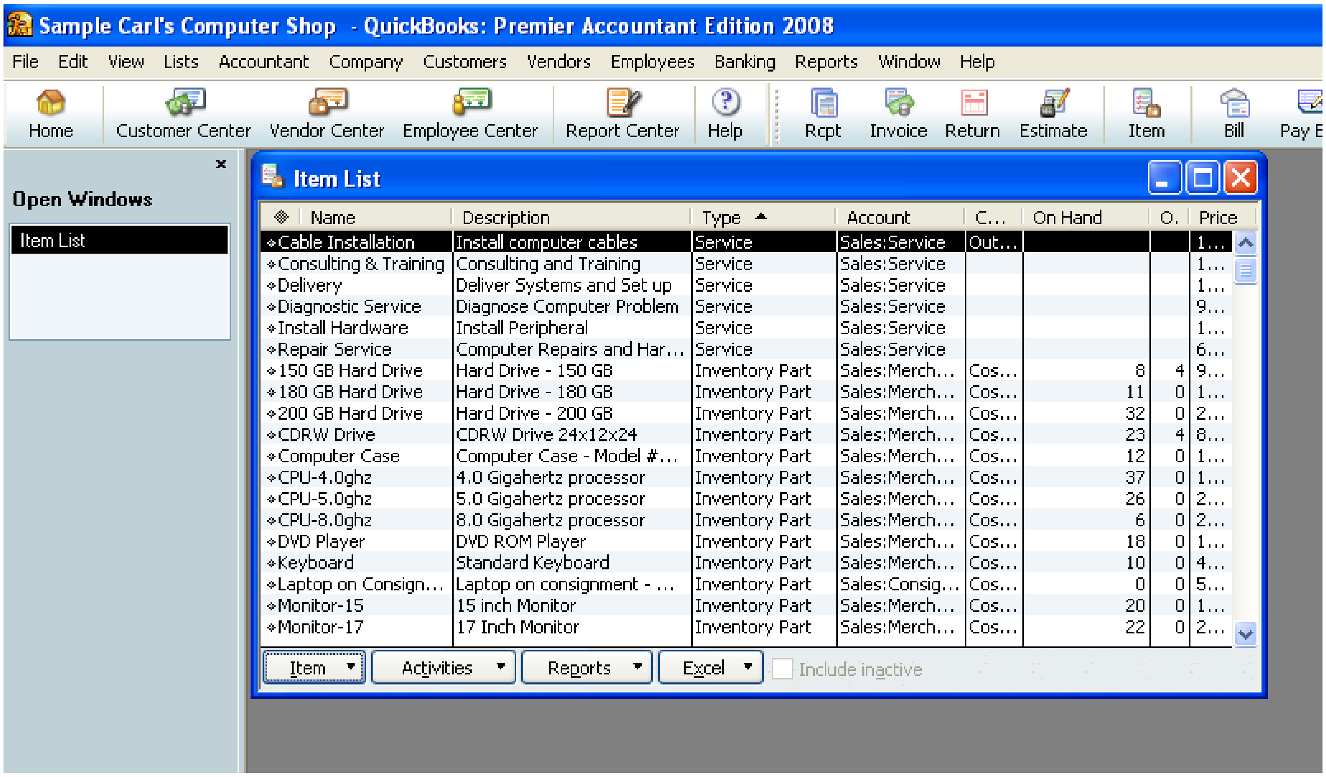
INVENTORY FIXES

ITEMS OVERVIEW

An item is anything that a business will sell. The easiest way to think about an item is to understand that it is the link between the information entered into a form and the transaction that is recorded to the various accounts in the general ledger. Any line that will have a corresponding dollar amount with it will require an item. The list can be as simple or as complicated as you choose. For example, if the business sells pizzas, one item is all that is required. As each invoice is created, the description and price could be revised as needed. The other alternative would be to create items for each of the different kinds of pizzas sold. This approach would eliminate the need for revisions as the invoice is created since the description and price would come up automatically. More sophisticated sales reports would also be possible in the latter example.

There are many judgment calls and different ways to achieve accurate general ledger results. Review of the item list is critical to A) confirm that the items have been set up correctly and B) that the decisions made are appropriate for the business based on the flow of paperwork, accounting knowledge, QuickBooks experience, etc.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Lists > Item List**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Bill
Pay B
Open Windows
Item List
Item List
Item ▾
Activities ▾
Reports ▾
Excel ▾
☐ Include inactive

◈ Name	Description	Type ▲	Account	C...	On Hand	O.	Price
◆Cable Installation	Install computer cables	Service	Sales:Service	Out...			1...
◆Consulting & Training	Consulting and Training	Service	Sales:Service				1...
◆Delivery	Deliver Systems and Set up	Service	Sales:Service				1...
◆Diagnostic Service	Diagnose Computer Problem	Service	Sales:Service				9...
◆Install Hardware	Install Peripheral	Service	Sales:Service				1...
◆Repair Service	Computer Repairs and Har...	Service	Sales:Service				6...
◆150 GB Hard Drive	Hard Drive - 150 GB	Inventory Part	Sales:Merch...	Cos...	8	4	9...
◆180 GB Hard Drive	Hard Drive - 180 GB	Inventory Part	Sales:Merch...	Cos...	11	0	1...
◆200 GB Hard Drive	Hard Drive - 200 GB	Inventory Part	Sales:Merch...	Cos...	32	0	2...
◆CDRW Drive	CDRW Drive 24x12x24	Inventory Part	Sales:Merch...	Cos...	23	4	8...
◆Computer Case	Computer Case - Model #...	Inventory Part	Sales:Merch...	Cos...	12	0	1...
◆CPU-4.0ghz	4.0 Gigahertz processor	Inventory Part	Sales:Merch...	Cos...	37	0	1...
◆CPU-5.0ghz	5.0 Gigahertz processor	Inventory Part	Sales:Merch...	Cos...	26	0	2...
◆CPU-8.0ghz	8.0 Gigahertz processor	Inventory Part	Sales:Merch...	Cos...	6	0	2...
◆DVD Player	DVD ROM Player	Inventory Part	Sales:Merch...	Cos...	18	0	1...
◆Keyboard	Standard Keyboard	Inventory Part	Sales:Merch...	Cos...	10	0	4...
◆Laptop on Consign...	Laptop on consignment - ...	Inventory Part	Sales:Consig...	Cos...	0	0	5...
◆Monitor-15	15 inch Monitor	Inventory Part	Sales:Merch...	Cos...	20	0	1...
◆Monitor-17	17 Inch Monitor	Inventory Part	Sales:Merch...	Cos...	22	0	2...

Item Types

When creating an item list, there are several choices of item type to choose from. The type is important for subtotals on reports and for some function options.

Below is a list of the types and the typical use for each:

- Service - most commonly used for items such as labor, consulting, hourly fees, etc. This type of item is required for use on timesheets.
- Inventory part - items that are normally carried in stock until sold. This item type will keep a running balance of quantity on hand and moving average cost. This item type will record purchases into an Other Current Asset account when purchased and reclassify the appropriate amount to cost of goods sold when an invoice or cash sale receipt is created. Detailed discussion of this type of item is beyond the scope of these materials.
- Inventory assembly - items that are created from other inventory items (i.e., assembled) then carried in stock until sold. This is a new item type with version 2003 and above, Premier only. This item type will keep a running balance of quantity on hand and moving average cost. This item type will record purchases into an Other Current Asset account when purchased and reclassify the appropriate amount to cost of goods sold when an invoice or cash sale receipt is created. Detailed discussion of this type of item is beyond the scope of these materials.
- Non-inventory part - items that are not kept in stock. This could include items such as custom or special orders. This item type is also used if the average cost method of valuing inventory is unacceptable or perpetual inventory counts are not necessary. As items are purchased, they are simply expensed.
- Other charge - freight, gift-wrapping services, expenses that are passed through to the customer are all examples of other charge type items. If an “opening bal” item is to be created for entering the beginning balances for a new set up for Accounts Receivable and Accounts Payable, this is usually the type that is used.
- Subtotal - a special item type that permits a subtotal line on an invoice to accumulate the amount due of all lines entered previously.
- Group - this item type is used when several items are sold at the same time. There is the flexibility of printing all of the individual components on the customer’s copy of the invoice, or showing the detail only on the screen with one line on the printed copy of the invoice that merges the detail together. The primary drawback to this item is, although inventory and any other items are correctly reflected as a group is sold, there is not a way to run reports on the group itself. For example, if an installed door set is sold that includes a door, the hardware, and labor, a sales report will show the appropriate amount of revenue for each component but will not show how much revenue was generated from the sale of the door set group, only how many doors were sold, installed or not.
- Discount - this is a reduction on the invoice that can be either a flat dollar amount or a percentage of the line immediately preceding it. If a discount is to be given off of each item, the discount will be entered either after each item, or once after a subtotal of all items.
- Payment - if a payment is received at the time of the invoice, this is item type to be used. Keep in mind, however, that a statement shows only the totals from transactions, i.e., the invoice on the statement will show the net amount due on the statement after the sale and payment have both been entered. If it is important to show the payment on the statement, entering an invoice then creating a receive payment transaction may be preferred.
- Sales Tax - based on the customer being taxable, and the item being taxable, this item will calculate the tax liability due based on the tax percentage entered.

- Sales Tax Group - in California, it is the recommendation of this author that the sales tax for each county be each created as a unique sales tax item, rather than entering the individual jurisdictions and grouping them together. The resulting sales tax liability report will be easier to reconcile using this method.

Inventory versus Non-inventory type parts

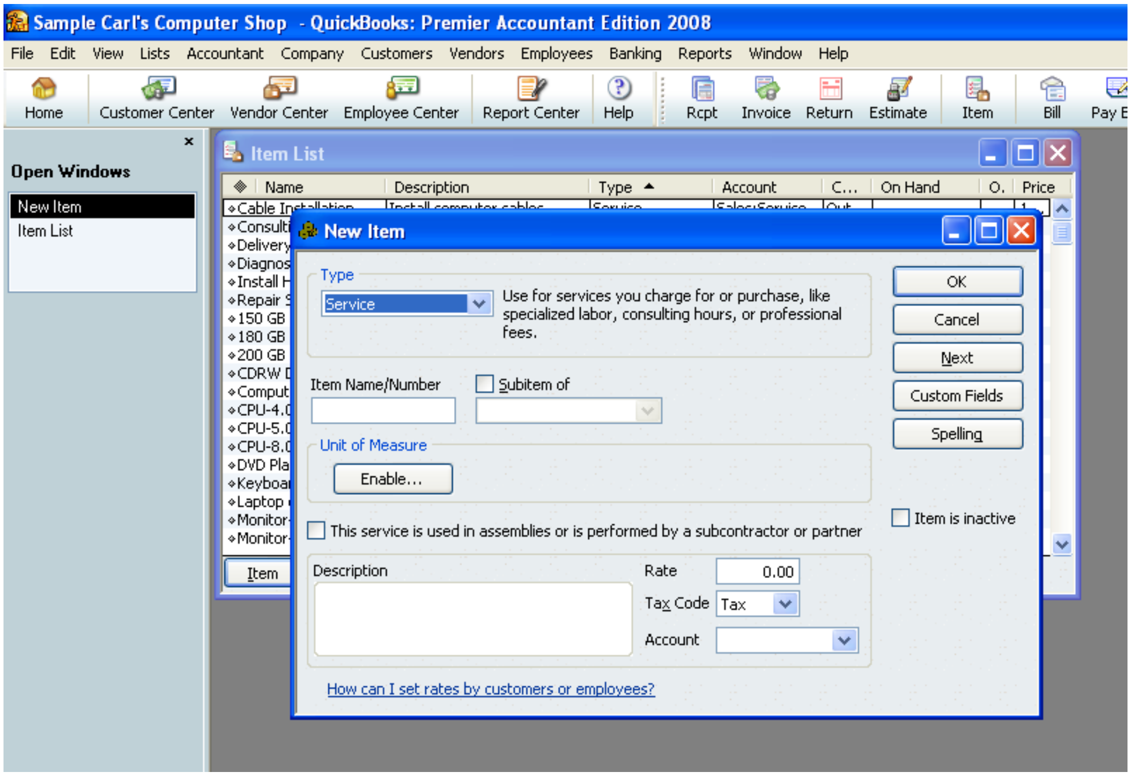
Inventory in QuickBooks is based on average cost. If this is an acceptable method for the business, QuickBooks works well when set up correctly and proper procedures are followed consistently for buying, selling and adjusting the inventory item balances. With that being said, when are inventory type items appropriate and when are non-inventory type items a better alternative?

Let us start with the definition of inventory parts versus non-inventory parts.

With inventory, the same item is coded to an asset, a cost of goods sold, and an income type account. As the items are purchased (on the items tab of a bill, check, credit card charge, etc) the inventory balance is increased for the quantity and cost of the item on the balance sheet.

Non-inventory parts, however, only have one account and both the purchases and sales are recorded to the one account. To modify this, it is possible to edit the item and check the box in the middle of the item (Pro and higher only) to use the advanced job costing features. What the box says on the item is not important, what is important is that by checking the box the item now has "two sides:" One account for purchases and one for sales. With non-inventory type parts, the purchase is expensed and the sale is recorded as income. There is no matching of the timing between the two.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Lists > Item List > Item (at the bottom of the list) > New Item**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Bill
Pay E
Open Windows
New Item
Item List
Item List
Name
Description
Type
Account
C...
On Hand
O.
Price
Cable Installation
Consulti
Delivery
Diagnos
Install H
Repair S
150 GB
180 GB
200 GB
CDRW D
Comput
CPU-4.0
CPU-5.0
CPU-8.0
DVD Pla
Keyboa
Laptop
Monitor
Monitor
Item
New Item
OK
Cancel
Next
Custom Fields
Spelling
Type
Item Name/Number
Unit of Measure
Enable...
Description
Rate
Tax Code
Account
How can I set rates by customers or employees?

Type: Service

Use for services you charge for or purchase, like specialized labor, consulting hours, or professional fees.

☐ Subitem of

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

☐ Item is inactive

Rate: 0.00

Tax Code: Tax

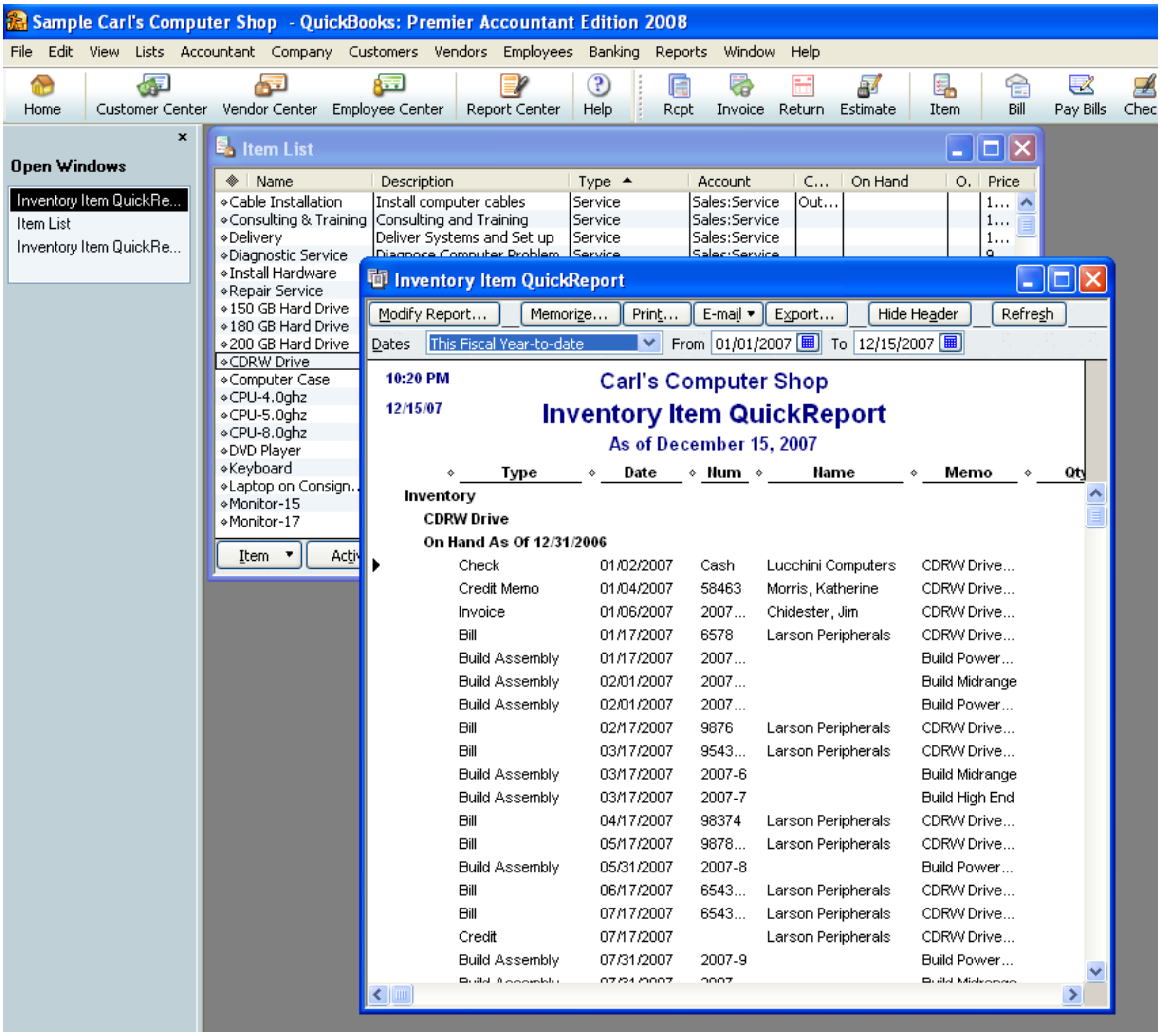
Items can be changed for coding corrections, or to change a non-inventory part to inventory. There is not any way to change the items from inventory to non-inventory (short of starting a new file or making the inventory items inactive). Make any changes carefully, because it is possible that depending on what you all the history could change as well.

The most important aspect of using inventory is to always buy it before you sell it. And do not ignore warning messages that state that you do not have enough in inventory to sell. This message is indicative of the way you are using inventory in QuickBooks.

INVENTORY PURCHASES VERSUS SALES

By virtue of being a perpetual inventory system proper procedures are critical. One of these is using the same item for purchases (i.e., bills, checks, item receipts) as well as for sales (i.e., invoices, cash sales receipts). The quickest way to confirm the item is used when buying the product as well as when the product is sold is to do a quick report.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Lists > Item List > Reports (at bottom of the list) > QuickReport**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File
Edit
View
Lists
Accountant
Company
Customers
Vendors
Employees
Banking
Reports
Window
Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Bill
Pay Bills
Chec
Open Windows
Inventory Item QuickRe...
Item List
Inventory Item QuickRe...
Item List
Item
Acti
Inventory Item QuickReport
Modify Report...
Memorize...
Print...
E-mail
Export...
Hide Header
Refresh
Dates
This Fiscal Year-to-date
From 01/01/2007
To 12/15/2007

Name	Description	Type	Account	C...	On Hand	O.	Price
Cable Installation	Install computer cables	Service	Sales:Service	Out...			1...
Consulting & Training	Consulting and Training	Service	Sales:Service				1...
Delivery	Deliver Systems and Set up	Service	Sales:Service				1...
Diagnostic Service							
Install Hardware							
Repair Service							
150 GB Hard Drive							
180 GB Hard Drive							
200 GB Hard Drive							
CDRW Drive							
Computer Case							
CPU-4.0ghz							
CPU-5.0ghz							
CPU-8.0ghz							
DVD Player							
Keyboard							
Laptop on Consign...							
Monitor-15							
Monitor-17							

10:20 PM
12/15/07

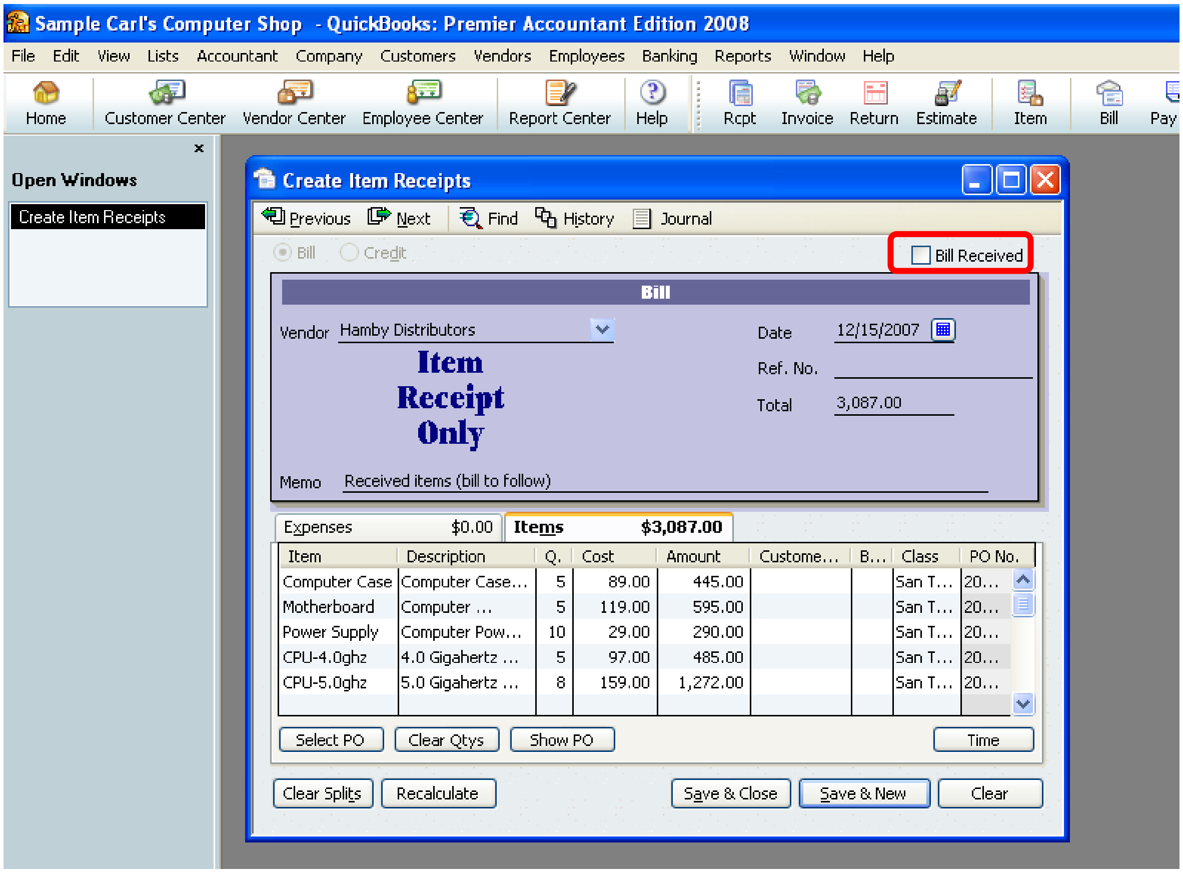
Carl's Computer Shop
Inventory Item QuickReport
As of December 15, 2007

Type	Date	Num	Name	Memo	Qty
Inventory					
CDRW Drive					
On Hand As Of 12/31/2006					
Check	01/02/2007	Cash	Lucchini Computers	CDRW Drive...	
Credit Memo	01/04/2007	58463	Morris, Katherine	CDRW Drive...	
Invoice	01/06/2007	2007...	Chidester, Jim	CDRW Drive...	
Bill	01/17/2007	6578	Larson Peripherals	CDRW Drive...	
Build Assembly	01/17/2007	2007...		Build Power...	
Build Assembly	02/01/2007	2007...		Build Midrange	
Build Assembly	02/01/2007	2007...		Build Power...	
Bill	02/17/2007	9876	Larson Peripherals	CDRW Drive...	
Bill	03/17/2007	9543...	Larson Peripherals	CDRW Drive...	
Build Assembly	03/17/2007	2007-6		Build Midrange	
Build Assembly	03/17/2007	2007-7		Build High End	
Bill	04/17/2007	98374	Larson Peripherals	CDRW Drive...	
Bill	05/17/2007	9878...	Larson Peripherals	CDRW Drive...	
Build Assembly	05/31/2007	2007-8		Build Power...	
Bill	06/17/2007	6543...	Larson Peripherals	CDRW Drive...	
Bill	07/17/2007	6543...	Larson Peripherals	CDRW Drive...	
Credit	07/17/2007		Larson Peripherals	CDRW Drive...	
Build Assembly	07/31/2007	2007-9		Build Power...	

ITEM RECEIPTS

If an item has been received, but the bill has not arrived, create an item receipt. An item receipt will not age in Accounts Payable until the form is edited to confirm that the bill has been received (i.e., it does not show on the pay bills window). The item receipt will increase the Inventory and Accounts Payable balances. This information can be linked to a purchase order either when the vendor name is entered, or from the Select PO button at the bottom of the items tab.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Vendors > Receive Items (with or without a bill – use checkbox to indicate)**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Bill
Pay
Open Windows
Create Item Receipts
Create Item Receipts
Previous
Next
Find
History
Journal
Bill
Item Receipt Only
Select PO
Clear Qtys
Show PO
Time
Clear Splits
Recalculate
Save & Close
Save & New
Clear

○ Bill ○ Credit ☐ Bill Received

Vendor: Hamby Distributors

Date: 12/15/2007

Ref. No.:

Total: 3,087.00

Memo: Received items (bill to follow)

Expenses $0.00 | Items $3,087.00

Item	Description	Q.	Cost	Amount	Custome…	B…	Class	PO No.
Computer Case	Computer Case…	5	89.00	445.00			San T…	20…
Motherboard	Computer …	5	119.00	595.00			San T…	20…
Power Supply	Computer Pow…	10	29.00	290.00			San T…	20…
CPU-4.0ghz	4.0 Gigahertz …	5	97.00	485.00			San T…	20…
CPU-5.0ghz	5.0 Gigahertz …	8	159.00	1,272.00			San T…	20…

If no Purchase Order exists, simply enter the information manually on the item tab of the form.

TIP: **When the bill is received, click on the box in the upper right hand corner and the terms and due date fields will appear. This will activate proper aging and permit bill payment procedures. This step is important, if a new bill is entered rather than the item receipt being edited, the Inventory and Accounts Payable balances will be inflated.**

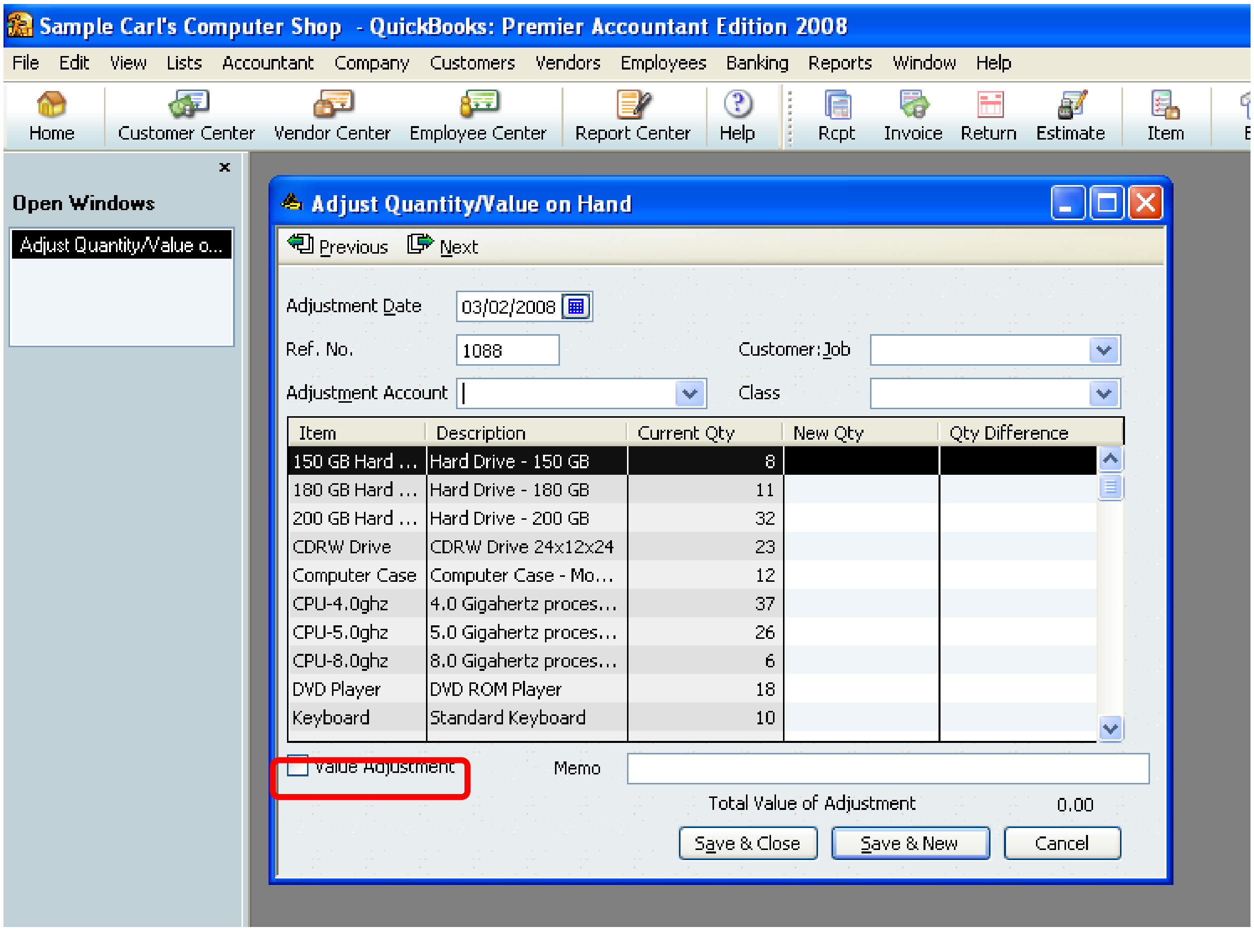
ADJUST QUANTITY/VALUE ON HAND

Once the actual count has been completed, the inventory quantities can be adjusted through QuickBooks by using the adjust qty/value on hand option. Keep in mind the ending count is being entered as of the date at the top of the screen and the software will compute the difference with the value adjustment based on the average cost of the item. That average cost is calculated based on the running average cost from any prior adjustments to the value and any actual purchases of the items. If the items do not have an average cost, the cost entered in the item set up will be used. If no cost was entered when the item was set up, the cost adjustment will be zero. If an adjustment needs to be made to the value, check the value adjustment box to enter the total value of the item based on the quantity of the items on hand (i.e., enter the total for the item, not the cost of each item).

TIP: The standard form appears to change the quantity. If the value needs to be adjusted as well, click on the value adjustment box to the bottom left of the screen to view current value and new value.

NOTE: that the new quantity and value should be for the entire extended total for the item (not each).

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **Vendors > Inventory Activities > Adjust Quantity/Value on Hand > Value Adjustment**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Open Windows
Adjust Quantity/Value o...
Adjust Quantity/Value on Hand
Previous
Next
Save & Close
Save & New
Cancel

Adjustment Date 03/02/2008

Ref. No. 1088

Customer:Job

Adjustment Account

Class

Item	Description	Current Qty	New Qty	Qty Difference
150 GB Hard ...	Hard Drive - 150 GB	8		
180 GB Hard ...	Hard Drive - 180 GB	11		
200 GB Hard ...	Hard Drive - 200 GB	32		
CDRW Drive	CDRW Drive 24x12x24	23		
Computer Case	Computer Case - Mo...	12		
CPU-4.0ghz	4.0 Gigahertz proces...	37		
CPU-5.0ghz	5.0 Gigahertz proces...	26		
CPU-8.0ghz	8.0 Gigahertz proces...	6		
DVD Player	DVD ROM Player	18		
Keyboard	Standard Keyboard	10		

☐ Value Adjustment

Memo

Total Value of Adjustment 0.00

CREDIT CARD USE ERRORS

ERRORS & SYMPTOMS

- **Common Errors:**
    - Only the amount to be paid is entered into QuickBooks with some type of "guesstimate" of how the payment should be allocated
    - Accounts Payable features used to enter bills for revolving debt balances
    - Balance is a single entry in expense account
    - Credit card balances not recorded in QuickBooks at all
- **Primary Indication:** Financial Statements are significantly suspect due to missing or misclassified spending

First there is the confusion of the term credit card: are you accepting credit cards as a form of payment or are you using a credit card to pay someone else. Then there is the discussion on how the information should be entered into QuickBooks properly.

If the business carries a credit card revolving balance, even occasionally, then the easiest method of tracking the amount due is using a credit card type account.

If the business uses a credit card but pays the balance in full each month like any other vendor, using the Accounts Payable feature to enter a bill each month when the statement arrives is probably acceptable. The transactions can be split on the expense and item tab of the bill to reflect accurately in the general ledger. The only potential problem with this method is any timing differences based on the date of the bill versus the date of the transactions.

A common error is that only the amount to be paid is entered into QuickBooks with some type of "guesstimate" of how the payment should be allocated. Or to eliminate guessing and the time consuming process of actually entering the detail of the charges incurred on the credit card one expense account is used for all credit card charges. Both of these errors create significant distortion of the financial statements due to missing or misclassified expenditures.

CREDIT CARD USE FIXES

USING BUSINESS CREDIT CARDS OVERVIEW

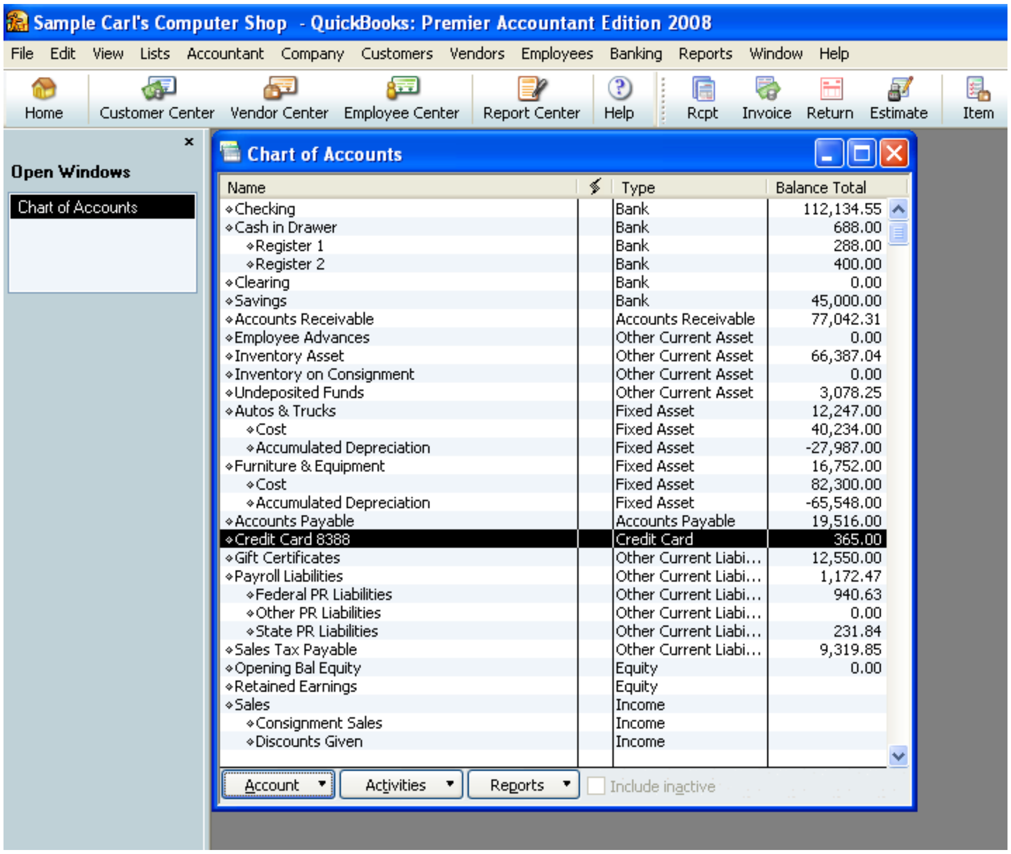
Revolving debt is a way of life for many small businesses. This additional leverage permits growth that would not otherwise be possible. Keeping track of the balances and related charges can be a challenge.

CREDIT CARD TYPE ACCOUNT

Although QuickBooks has Accounts Payable features that could be used, typically using the feature specifically designed for entering and reconciling credit card charges from paying for goods and services is much more efficient. The reasons include:

- A reconciliation process that includes balancing QuickBooks to the statement from the credit card company and automatically generating a check or bill to pay all or a portion of amount due.
- Accounts Payable Aging Reports and due dates are distorted when the entire balance is not paid in full.
- Credit card charges are typically deductible for income tax purposes whether the credit card company has been paid or not. When creating reports on the cash basis Accounts Payable transactions coded to Profit and Loss accounts will automatically reverse.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Lists > Chart of Accounts > highlight the credit card account**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Open Windows
Chart of Accounts
Chart of Accounts
Account
Activities
Reports
☐ Include inactive

Name	⚡	Type	Balance Total
⋄Checking		Bank	112,134.55
⋄Cash in Drawer		Bank	688.00
⋄Register 1		Bank	288.00
⋄Register 2		Bank	400.00
⋄Clearing		Bank	0.00
⋄Savings		Bank	45,000.00
⋄Accounts Receivable		Accounts Receivable	77,042.31
⋄Employee Advances		Other Current Asset	0.00
⋄Inventory Asset		Other Current Asset	66,387.04
⋄Inventory on Consignment		Other Current Asset	0.00
⋄Undeposited Funds		Other Current Asset	3,078.25
⋄Autos & Trucks		Fixed Asset	12,247.00
⋄Cost		Fixed Asset	40,234.00
⋄Accumulated Depreciation		Fixed Asset	-27,987.00
⋄Furniture & Equipment		Fixed Asset	16,752.00
⋄Cost		Fixed Asset	82,300.00
⋄Accumulated Depreciation		Fixed Asset	-65,548.00
⋄Accounts Payable		Accounts Payable	19,516.00
⋄Credit Card 8388		Credit Card	365.00
⋄Gift Certificates		Other Current Liabi...	12,550.00
⋄Payroll Liabilities		Other Current Liabi...	1,172.47
⋄Federal PR Liabilities		Other Current Liabi...	940.63
⋄Other PR Liabilities		Other Current Liabi...	0.00
⋄State PR Liabilities		Other Current Liabi...	231.84
⋄Sales Tax Payable		Other Current Liabi...	9,319.85
⋄Opening Bal Equity		Equity	0.00
⋄Retained Earnings		Equity	
⋄Sales		Income	
⋄Consignment Sales		Income	
⋄Discounts Given		Income	

CREDIT CARD TRANSACTION ENTRY - ONE ENTRY OR MANY?

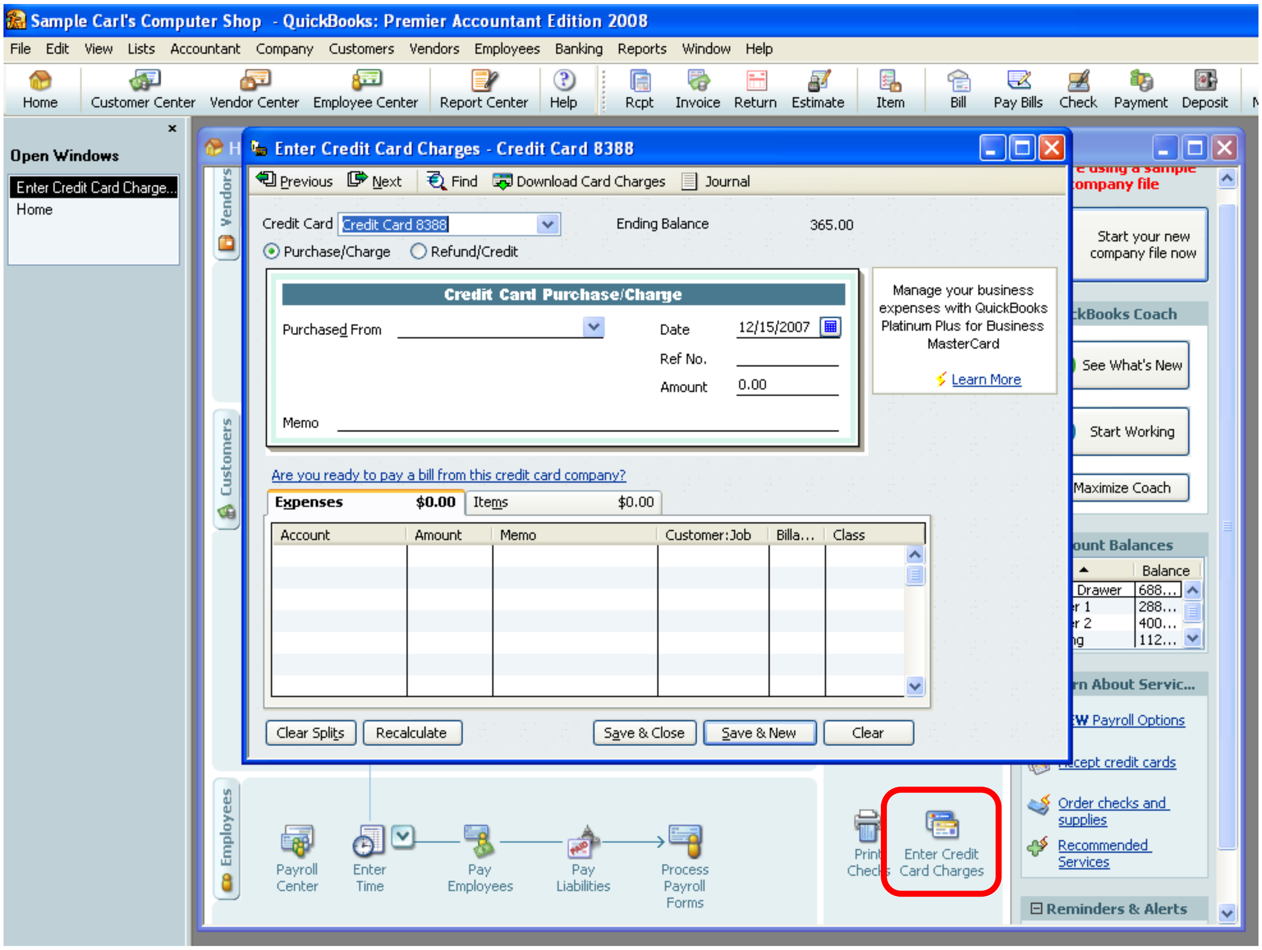
The first step in using the credit card feature is to enter the charges and credits as the credit card is used to pay for the purchase of goods and services.

Entering the charges as the credit card is used will eliminate the need to do it when the statement comes each month, plus recording the transactions throughout the month will result in more accurate interim financial information. In many situations, for a variety of reasons, this is not practical for some businesses.

There are other alternatives. You could:

- Enter one charge for the month for the total amount purchased using the credit card and manually reconcile the receipts to the statement. The detail lines can be entered as splits so the general ledger remains accurate; or
- Enter one charge for the month for the total amount purchased and code it to a credit card clearing account that will be reclassified based on the receipts. This method can be more cumbersome; or
- Enter the detail transactions individually when the statement arrives and any transactions without a receipt are noted as such in the memo field (so a report can be generated and cleared as receipts are obtained) or coded to a credit card clearing account pending reconciliation with the receipts.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **Home Page > Enter Credit Card Charges**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Bill
Pay Bills
Check
Payment
Deposit
Open Windows
Enter Credit Card Charge...
Home
Enter Credit Card Charges - Credit Card 8388
Previous
Next
Find
Download Card Charges
Journal
Credit Card Purchase/Charge
Learn More
Clear Splits
Recalculate
Save & Close
Save & New
Clear
Account
Amount
Memo
Customer:Job
Billa...
Class
Vendors
Customers
Employees
Payroll Center
Enter Time
Pay Employees
Pay Liabilities
Process Payroll Forms
Print Checks
Enter Credit Card Charges
Start your new company file now
See What's New
Start Working
Maximize Coach
Balance
Payroll Options
Order checks and supplies
Recommended Services
Reminders & Alerts

Credit Card: Credit Card 8388

Ending Balance: 365.00

● Purchase/Charge ○ Refund/Credit

Purchased From:

Date: 12/15/2007

Ref No.:

Amount: 0.00

Memo:

Manage your business expenses with QuickBooks Platinum Plus for Business MasterCard

Are you ready to pay a bill from this credit card company?

Expenses $0.00 Items $0.00

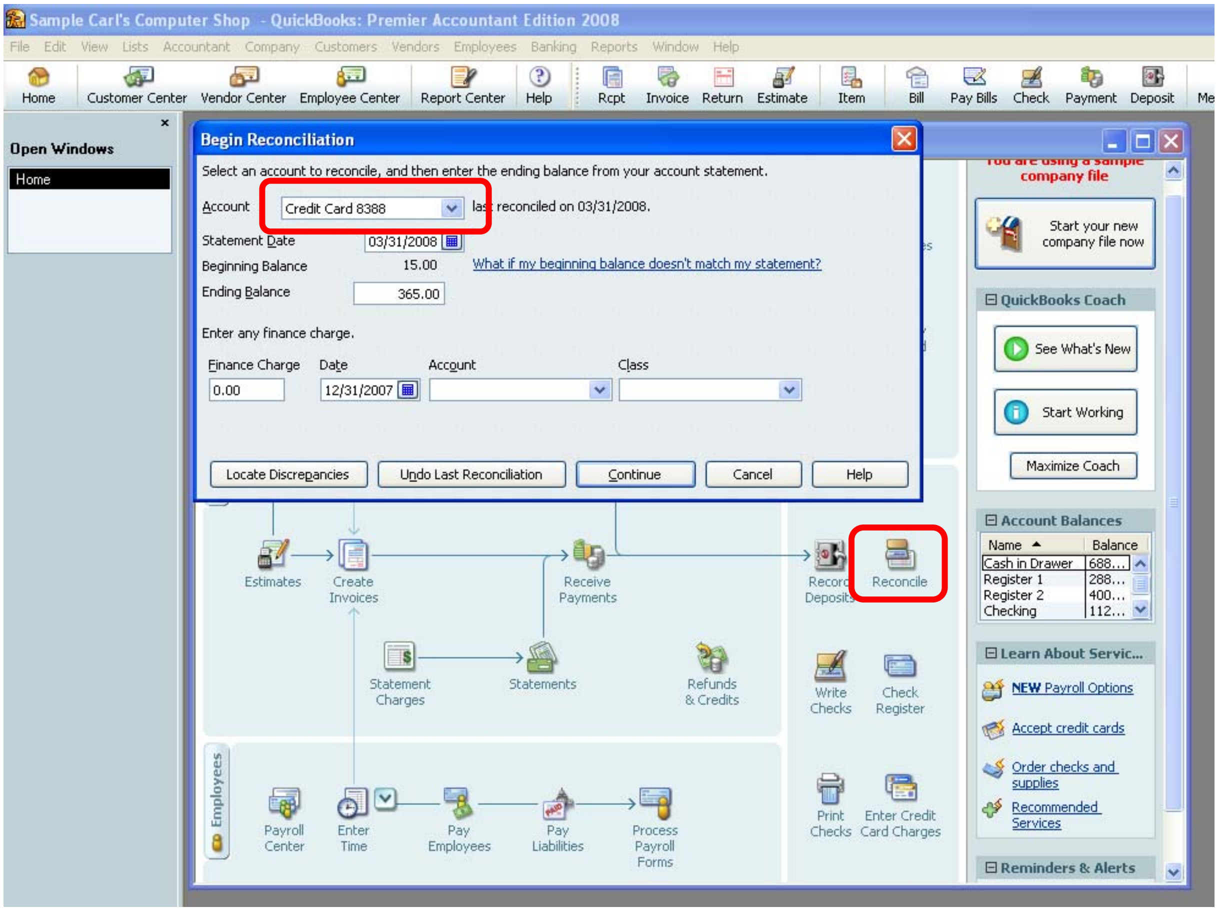
The most important issue with any of these methods is that the procedures are documented and followed exactly each time. This will eliminate reconciliation nightmares in the future. It is also important as documentation when receipts are difficult to obtain.

NOTE: Many credit card companies also have the credit card statements available in a downloadable format that may be able to be imported into QuickBooks. In fact QuickBooks even has its own downloadable credit card that clients can apply for. Choose Banking > Online Banking Services > QuickBooks Credit Card or call 1-800-900-6708 for more information.

CREDIT CARD RECONCILIATION

When the statement arrives, it should be reconciled. This process is very similar to the bank account reconciliation process.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **Home Page > Reconcile > Choose credit card you are reconciling**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Bill
Pay Bills
Check
Payment
Deposit
Open Windows
Home
Continue
Cancel
Help
Locate Discrepancies
Undo Last Reconciliation
Estimates
Create Invoices
Receive Payments
Record Deposits
Reconcile
Statement Charges
Statements
Refunds & Credits
Write Checks
Check Register
Employees
Payroll Center
Enter Time
Pay Employees
Pay Liabilities
Process Payroll Forms
Print Checks
Enter Credit Card Charges
You are using a sample company file
Start your new company file now
QuickBooks Coach
See What's New
Start Working
Maximize Coach
Account Balances
Learn About Servic...
NEW Payroll Options
Accept credit cards
Order checks and supplies
Recommended Services
Reminders & Alerts

Begin Reconciliation

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

Account: Credit Card 8388 — last reconciled on 03/31/2008.

Statement Date: 03/31/2008

Beginning Balance: 15.00

What if my beginning balance doesn't match my statement?

Ending Balance: 365.00

Enter any finance charge.

Finance Charge	Date	Account	Class
0.00	12/31/2007		

Name	Balance
Cash in Drawer	688...
Register 1	288...
Register 2	400...
Checking	112...

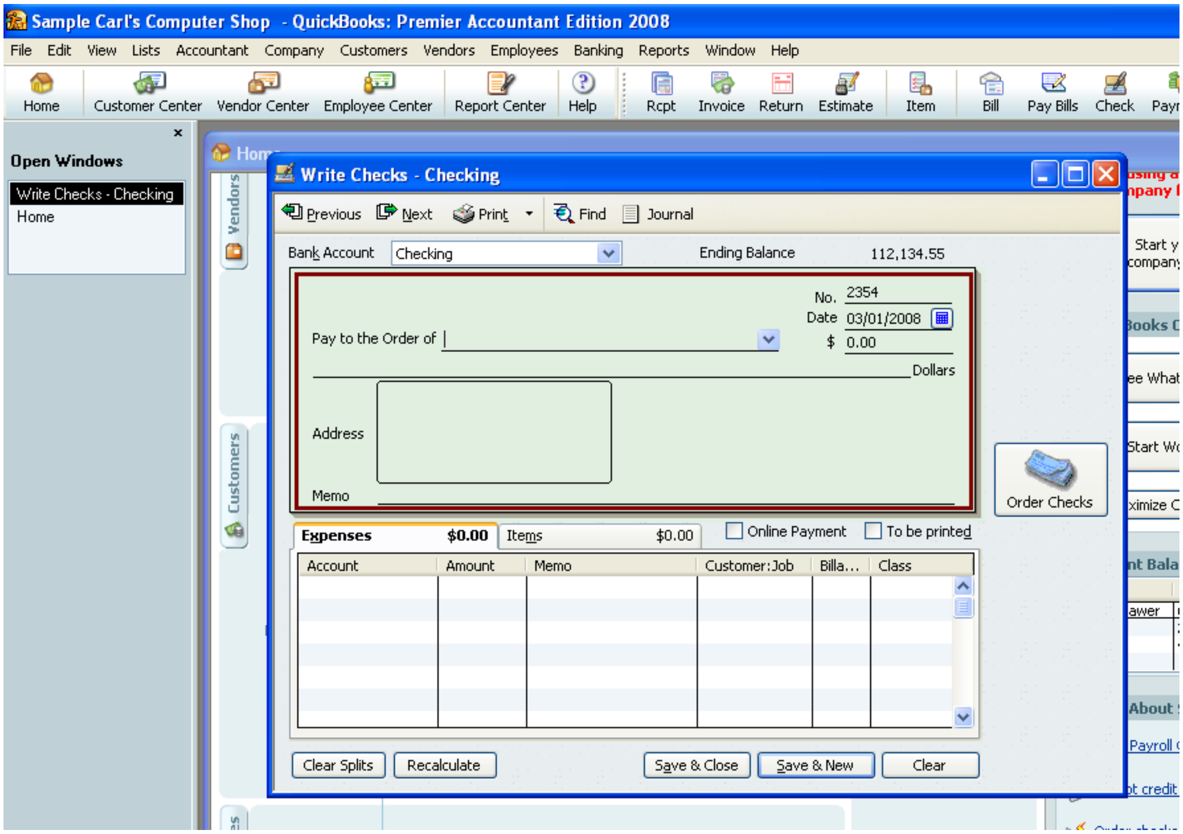
The main difference between reconciling a checking account and reconciling a credit card account is that at the end of the reconciliation process when the “Reconcile Now” button has been clicked, a screen will appear to provide an alternative to enter a check to pay the credit card now or a bill to pay the credit card later. Either choice is acceptable. The most important decision to make is the amount that will be paid. By default the amount is to pay the balance in full. The amount should be overridden based on what will be paid to permit reconciliation with the next statement. If this amount changes prior to the check printing process, the bill or check should be changed to reflect the actual payment.

EXTRA PAYMENTS

Making extra payments is an excellent way for businesses to reduce expensive revolving credit card debt. With the ease of online payments for most cards, and the fact that even a few days of less interest can result in notable savings, many business have begun using this as a profit increasing strategy.

For example, an outstanding balance of $10,000 at 15.99% interest is $133.25/month. Making the minimum payment (typically 2%) of $200 barely covers the interest charge. The small amount that goes to reduce the debt will only result in about $1 reduction in the next month's interest charge. However, making the minimum on the due date, and paying an additional payment will make a significant difference in reducing the principal balance of the debt and therefore reducing the interest charges that continue to accrue.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **Home Page > Write Checks**



Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008

Write Checks - Checking

Bank Account: Checking

Ending Balance: 112,134.55

No. 2354

Date 03/01/2008

$ 0.00

Expenses $0.00

Items $0.00

File
Edit
View
Lists
Accountant
Company
Customers
Vendors
Employees
Banking
Reports
Window
Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Bill
Pay Bills
Check
Open Windows
Write Checks - Checking
Home
Vendors
Customers
Previous
Next
Print
Find
Journal
Pay to the Order of
Dollars
Address
Memo
Order Checks
Online Payment
To be printed
Account
Amount
Memo
Customer:Job
Billa...
Class
Clear Splits
Recalculate
Save & Close
Save & New
Clear

Since the check or bill will not be created as part of the reconciliation process, it will be necessary to manually enter it. The trick to entering the transaction correctly is to code the payment on the expense tab to the credit card type (liability GL) account. This will reduce the credit card liability and record the payment for the next reconciliation.

MOST IMPORTANT FIX OF ALL!

**Train your clients to use QuickBooks properly
to eliminate these errors in the future.**

APPENDIX A
INVENTORY OVERVIEW

According to GAAP, inventory (i.e., personal tangible property) can be defined in one of three ways:

1. Held for sale in the ordinary course of business;
2. In the process of production for sale; or
3. Consumed in the production of goods or services to be available for sale.

For the latter two options, managing inventory within QuickBooks is not an appropriate solution. For manufacturing, work in process, and/or consumables, another inventory management software package should be explored. You can still use QuickBooks for the rest of the accounting and just journal in the inventory changes on a daily or monthly basis. You may also find a solution that works in conjunction with QuickBooks from one of the many Intuit developers. For more information, go to: accountant.intuit.com

QuickBooks does work well when inventory is purchased and then sold without changes to it. The only exception may be light manufacturing that simply groups items together for sale without the need to add labor or other burden amounts into inventory. New with Premier Version 2003 is the added type of inventory assembly.

After determining that the type of inventory matches the capabilities of QuickBooks, the next factor to be addressed is the basis that the inventory will have on the Balance Sheet. Inventory is a Current Asset type of account, which is set up as part of the chart of accounts in QuickBooks. The inventory, according to GAAP, should be recorded at cost, which includes all direct and indirect costs incurred to prepare it for sale. Inventory is being purchased and then immediately being sold, therefore, this is usually not an issue. Assuming that as the inventory is purchased all costs are included (i.e., any packaging, freight, etc.) in the amount recorded in QuickBooks for each item. There are several exceptions to this general rule, such as including indirect costs, the lower of cost or market, certain conditions that may make an amount in excess of cost acceptable, etc. Those alternatives are beyond the scope of these materials. Assuming that the cost will be the basis for valuing the inventory, the next decision is which method will be used.

Average Cost

The method of inventory valuation to be used for GAAP should be the one that most accurately matches the cost of goods sold with the related sales. QuickBooks uses a perpetual inventory system with a moving average cost. After each purchase or sale, a new average cost is computed, as opposed to the calculation at the end of the period (periodic inventory system). As an item is sold, the average cost at that point is used for the amount to be charged to cost of goods sold. According to GAAP this is an approved method; however, it is not the best method for all business entities. If average cost is an appropriate method, and the inventory procedures are applied consistently (i.e., a purchase of the item is recorded prior to sale, and subsequent purchases and sales are recorded in the order they occurred), no additional adjustments may be needed prior to issuing the financial statements. There are several reports that will aid in the preparation of work papers and in performing analytical procedures. If another method is to be used, such as first-in, first-out or last-in, first-out, there is not an automated solution from QuickBooks but a manual valuation adjustment can be entered. The same is true if the business is required to capitalize warehousing costs.

QuickBooks has an inventory feature that will track the quantity on hand for inventory parts in the item list. Once the items have been set up, QuickBooks will do the following:

- Assist in completing ordering information on purchase orders for vendors
- For Premier Version 2003 and higher permit building assembly units
- Assist in completing sales information on sales receipts and invoices for customers
- Record sales and cost of goods sold in the general ledger as items are sold
- Compute the value of the inventory balance as items are received and sold
- Show the average cost by item
- Warn when a sale is being created for a higher quantity that what is calculated to be on hand

QuickBooks inventory is a powerful tool which, when used correctly, can provide valuable financial and management information to the business owner and Accountant. Some examples include:

- trends in items sold to better manage inventory levels
- sales detail to analyze items needed for seasonal fluctuations
- gross profit results to determine which items should be expanded, decreased, or require price changes
- inventory valuation to determine if the levels of inventory on hand are reasonable
- more accurate financial results for management and planning purposes

APPENDIX B
JOURNAL ENTRIES OVERVIEW

In traditional accounting, the journal entry is a record of a transaction in which the total amount in the Debit column equals the total amount in the Credit column, and each amount is assigned to an account on the chart of accounts. For the day-to-day transaction entry, QuickBooks uses familiar forms (invoices, bills, checks, etc.) and the back-end journal entries are created automatically. When you enter a transaction directly into a non-bank balance sheet account register, QuickBooks automatically labels the transaction GENJRNL in the register and General Journal on reports that list transactions.

In traditional accounting systems you must perform various closing procedures. QuickBooks automates this process by automatically transferring net income into the Retained Earning account at the beginning of a new fiscal year when Balance Sheet reports are created. You cannot view a journal entry to see this process, it occurs automatically.

TIP: If the net profit or loss each year should be "closed" into an account other than Retained Earnings, there are two ways to handle this issue. One is to change the name of the account (i.e., for a sole proprietorship change the name of Retained Earnings to Owner's Equity). The second alternative is to create a journal entry to reclassify the amount correctly (i.e., reclassify retained earnings to various partner accounts). To protect the integrity of the data for the future, use the password protection feature of closing dates as described in an earlier chapter.

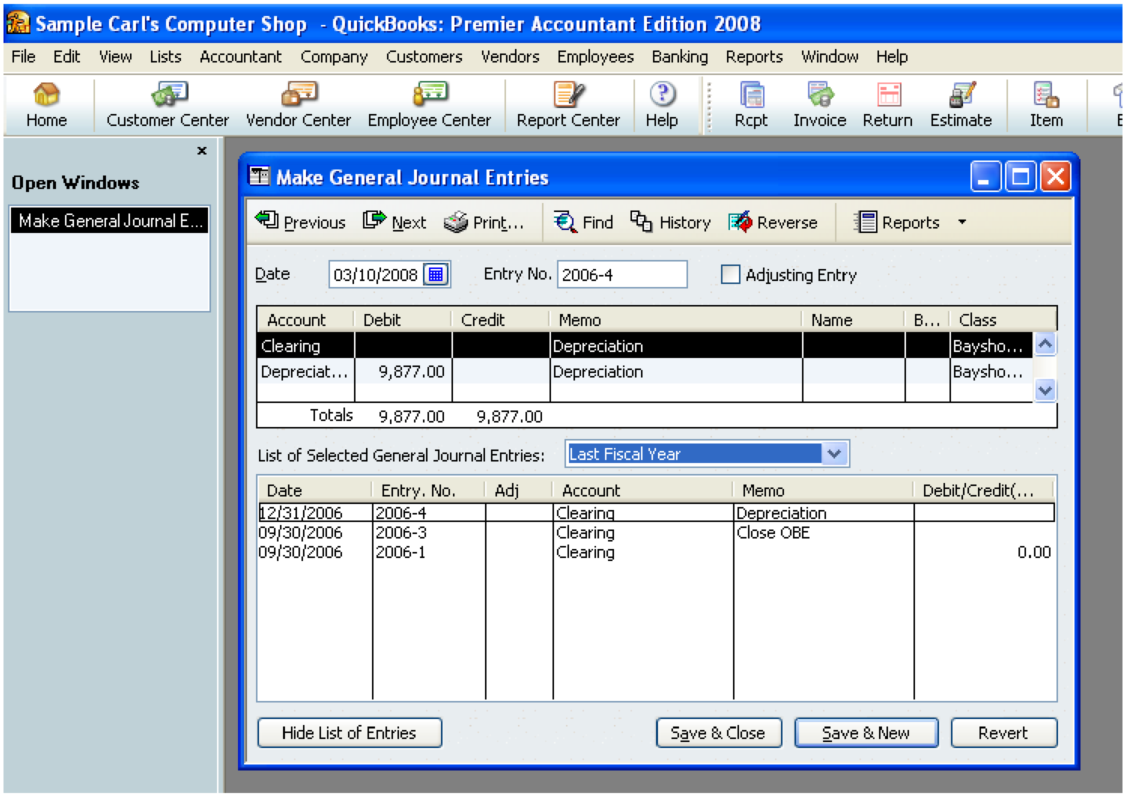
On the company pull down menu you can choose to make manual journal entries. In traditional accounting systems, to "post" is to transfer data from the book of original entry to a ledger. In QuickBooks, the original entry is on a form (invoice, bill, check, and so on), and the equivalent of a ledger is a report. QuickBooks handles all posting automatically and immediately when you record the form.

QuickBooks also allows you to correct mistakes by editing and recording the original form again at any time. To protect previous records from accidental change, use a QuickBooks password and closing date.

Entries for depreciation, tax provisions, etc. must be made in the more traditional fashion. For clients using job costing reports, there are several places which do not permit you to assign a customer to the amounts, so a journal entry is required to reclassify the amount within the same account from no name (i.e., blank) customer to the correct customer: job.

With many traditional software packages, any adjustments are handled through journal entries in the general ledger. In QuickBooks, however, the creation of journal entries, and their impact on the financial statements, may not achieve the desired results, and are better handled through the use of the appropriate form or transaction entry page.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Company > Make Journal Entries**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home Customer Center Vendor Center Employee Center Report Center Help Rcpt Invoice Return Estimate Item
Open Windows
Make General Journal E...
Make General Journal Entries
Previous Next Print... Find History Reverse Reports
Hide List of Entries
Save & Close
Save & New
Revert

Date 03/10/2008 Entry No. 2006-4 ☐ Adjusting Entry

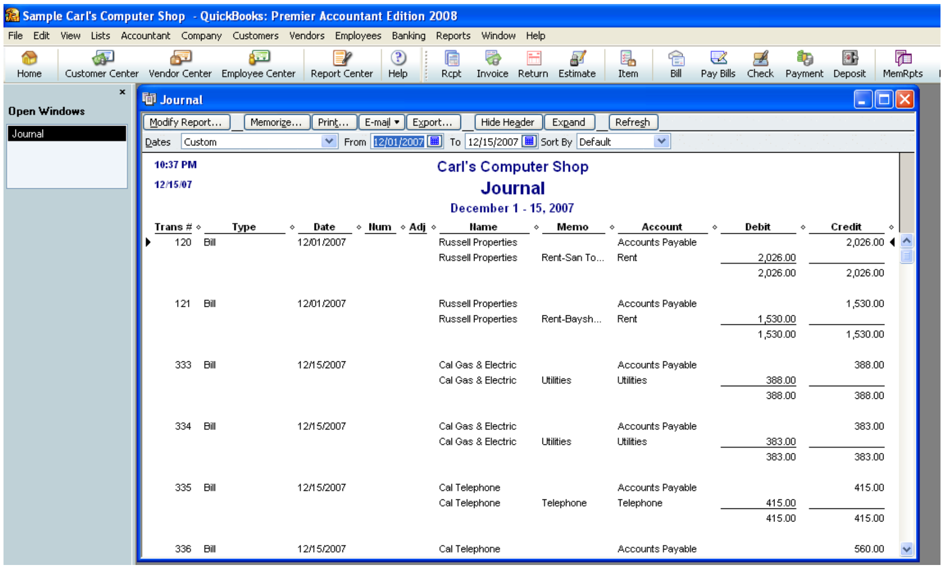
Account	Debit	Credit	Memo	Name	B...	Class
Clearing			Depreciation			Baysho...
Depreciat...	9,877.00		Depreciation			Baysho...
Totals	9,877.00	9,877.00				

List of Selected General Journal Entries: Last Fiscal Year

Date	Entry. No.	Adj	Account	Memo	Debit/Credit(...
12/31/2006	2006-4		Clearing	Depreciation	
09/30/2006	2006-3		Clearing	Close OBE	
09/30/2006	2006-1		Clearing		0.00

Each transaction is recorded in the general ledger via journal entries. It is possible to create a report that presents the details for each transaction. This report, by default, in QuickBooks Premier Version 2003 includes the feature of collapsing the detail lines for the same account into one line. This is indicated by the notation of “multiple“in the memo column. To see the individual detail lines, click on the expand button at the top of the report. This report can also be filtered for a specific transaction type (for example, journal), by date entered/modified, by a specific memo, etc.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Reports > Accountant & Taxes > Journal**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home Customer Center Vendor Center Employee Center Report Center Help Rcpt Invoice Return Estimate Item Bill Pay Bills Check Payment Deposit MemRpts
Open Windows
Journal
Journal
Modify Report... Memorize... Print... E-mail Export... Hide Header Expand Refresh

Dates Custom From 12/01/2007 To 12/15/2007 Sort By Default

10:37 PM
12/15/07

Carl's Computer Shop
Journal
December 1 - 15, 2007

Trans #	Type	Date	Num	Adj	Name	Memo	Account	Debit	Credit
120	Bill	12/01/2007			Russell Properties		Accounts Payable		2,026.00
					Russell Properties	Rent-San To...	Rent	2,026.00	
								2,026.00	2,026.00
121	Bill	12/01/2007			Russell Properties		Accounts Payable		1,530.00
					Russell Properties	Rent-Baysh...	Rent	1,530.00	
								1,530.00	1,530.00
333	Bill	12/15/2007			Cal Gas & Electric		Accounts Payable		388.00
					Cal Gas & Electric	Utilities	Utilities	388.00	
								388.00	388.00
334	Bill	12/15/2007			Cal Gas & Electric		Accounts Payable		383.00
					Cal Gas & Electric	Utilities	Utilities	383.00	
								383.00	383.00
335	Bill	12/15/2007			Cal Telephone		Accounts Payable		415.00
					Cal Telephone	Telephone	Telephone	415.00	
								415.00	415.00
336	Bill	12/15/2007			Cal Telephone		Accounts Payable		560.00

JOURNAL ENTRY RULES

Typical journal entries for QuickBooks include booking depreciation entries, income tax provisions, and loan interest adjustments. If it has been determined that a journal entry is in fact needed, keep in mind the following rules:

- Only one Accounts Receivable or Accounts Payable type account per entry.
- Any entry to an Accounts Receivable or Accounts Payable type account will require a customer or vendor, respectively.
- If QuickBooks is used as a write up program and Accounts Receivable or Accounts Payable detail is provided from another system, it is usually more efficient to create the accounts using the other current asset or other current liability type accounts.
- All journal entries may be considered to be cash basis, regardless of the accounts affected based on where the Accounts Receivable and Accounts Payable accounts are placed in the journal entry.
- Journal entries should not be made to inventory or payroll accounts. To do so may create subsidiary reports that do not agree with the general ledger.
- Entries can be made to correct class entries by choosing the same account for the debit and credit and only making the class designation different. This will re-allocate between classes, while leaving the GL account the same.
- As each journal entry is saved, the general ledger is automatically updated.
- To create a report of just the journal entries, filter the Transaction Detail by Account report or the Audit Trail report for the transaction type of journal. If only the accountant journal entries are to be printed, choose the entered/modified date from the point that the financial statement reconciliation work began to the current date.

Adjusting Entry Progress:

New with version 2002 is the ability to turn on the preference to automatically number journal entries.

New with version 2003 are several additional journal entry options that include a feature to reverse a journal entry, to view a list of journal entries on the bottom of the screen while entering a journal entry, etc.

New with version 2004 is the ability to make an entry as an adjusting entry and then create an adjusting trial balance report.

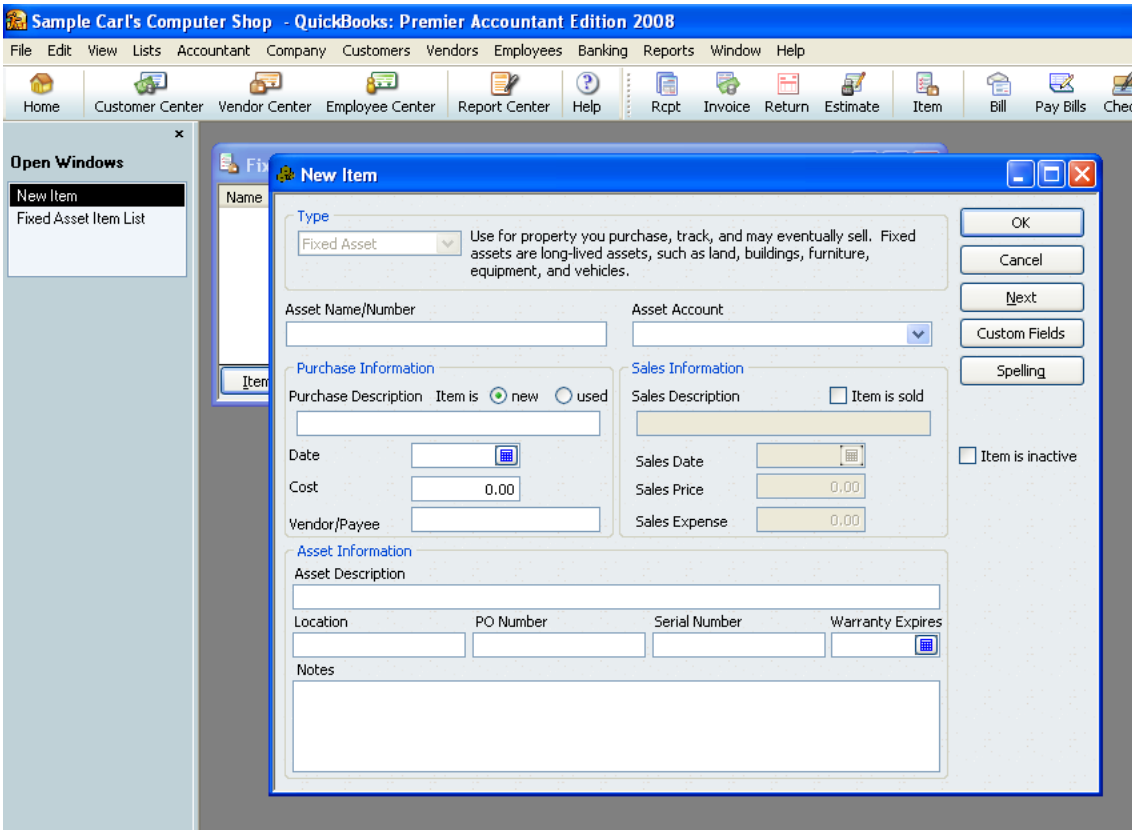
New with version 2008 is the ability to have the adjusting entries appears on a working trial balance report, as well as the ability to reverse an entry.

APPENDIX C
FIXED ASSET LIST & FIXED ASSET MANAGER

FIXED ASSET LIST

This feature was new with version 2004 for Pro and higher products (the Basic product only permits viewing and editing fixed asset items, not creating new ones). The purpose is for capturing the details of the asset in a way that was not available previously. These fixed asset items can then also be used on purchase and sales forms (although this use will probably be quite rare). The most significant reason for this new list is for the integration with the Fixed Asset Manager available with QuickBooks: Premier Accountant Edition or the Enterprise Solution. This will streamline the process for the accountant because the information will already be entered into QuickBooks with the details needed to accurately calculate book value and depreciation amounts.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Lists > Fixed Asset Item List > Item > New**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home
Customer Center
Vendor Center
Employee Center
Report Center
Help
Rcpt
Invoice
Return
Estimate
Item
Bill
Pay Bills
Open Windows
New Item
Fixed Asset Item List
Name
New Item
Type
Asset Name/Number
Asset Account
Purchase Information
Purchase Description
Date
Vendor/Payee
Sales Information
Sales Description
☐ Item is sold
Sales Date
Asset Information
Asset Description
Location
PO Number
Serial Number
Warranty Expires
Notes
OK
Cancel
Next
Custom Fields
Spelling
☐ Item is inactive

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.

Item is ● new ○ used

Cost 0.00

Sales Price 0.00

Sales Expense 0.00

Asset Name/Number: designates how the fixed asset item will appear on the item listing on sales and purchase forms. Keep in mind that this item will be included in with the item list. Consider, for example, adding a FA before the name or some other way to designate that it is from the Fixed Asset Item List.

Asset Account: the general ledger account that will be used for purchase and sales transactions.

Purchase Information: the default information that will be used when this item is purchased. Enter the description, new or used (important for the depreciation calculation), date, cost, and vendor for when the asset was purchased.

Sales Information: Once the check box is marked that the item has been sold, the additional fields become available to enter the sales date, sales price, and sales expense.

Asset Information: The additional fields here permit the asset description, location, PO number, and Serial number, a date for the expiration of the warranty and a field for notes.

NOTE: Until this item is actually used on a purchase or sale transaction, the general ledger does not reflect the acquisition or sale of the asset.

TIP: The Fixed Asset list can integrate with the Fixed Asset Manager that is included in the QuickBooks: Premier Accountant Edition product to calculate depreciation.

NOTE: On the list itself, the FAM Number is the number that the Fixed Asset Manager uses for tracking this asset if the Accountant uses it to calculate the depreciation.

TIP: It is also possible to create a new item as you are entering a transaction by using the item field. If the fixed asset type item has not been set up, it will appear as a choice when set up is chosen.

FIXED ASSET ENTRY

To record the transaction correctly, obtain the bill of sale or other paperwork that supports the purchase. This paperwork should detail any additional costs that should be capitalized (such as delivery and/or installation), as well as any amounts that can be expensed in the current period (for example the license fee for a vehicle purchase).

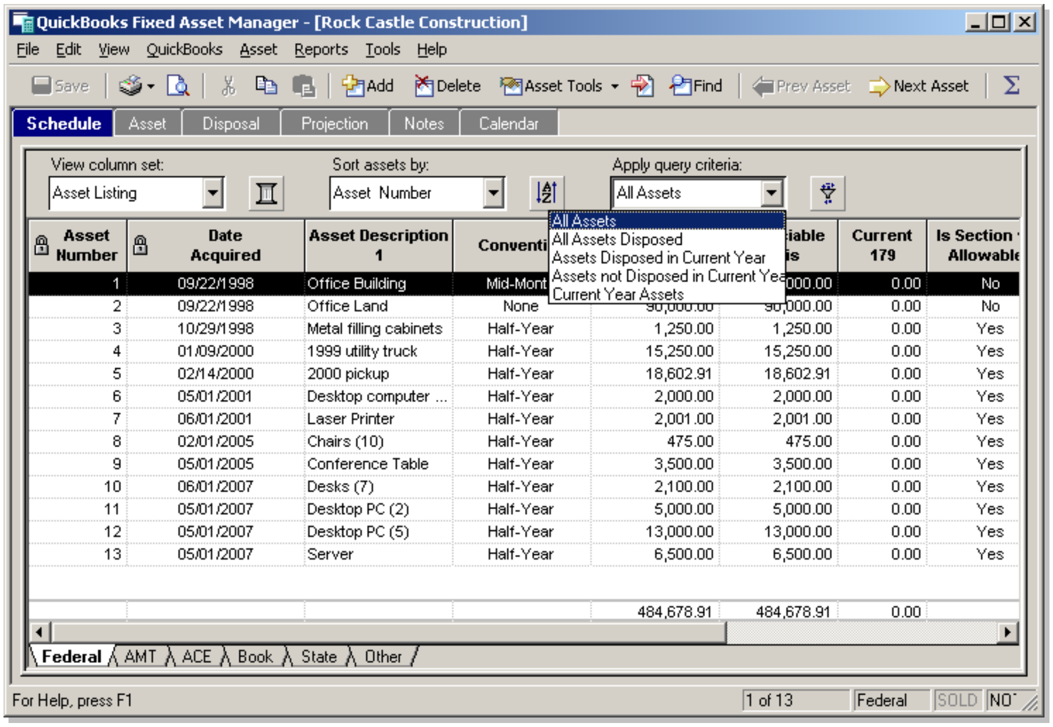
Prior to making the entry, it is also important to discover what has been recorded in QuickBooks: was there a down payment, if so, how was it recorded; have there been loan payments made already, how were they recorded; has the fixed asset and/or loan accounts been created on the chart of accounts, if so, was any activity already entered onto the register?

Once the determination has been made as to what was recorded, it is simply a matter of creating a journal entry to reclassify everything correctly.

FIXED ASSET MANAGER

This tool is an integrated application available in QuickBooks: Premier Accountant Edition and Enterprise Solution Products. This integrated product adds another option to the Accountant pull down menu and will automatically launch the program from within QuickBooks. The fixed asset list is then used to determine depreciation which can post a journal entry back to QuickBooks automatically.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **Accountant > Manage Fixed Asset > Apply Query Criteria**


QuickBooks Fixed Asset Manager - [Rock Castle Construction]
File Edit View QuickBooks Asset Reports Tools Help
Save
Add
Delete
Asset Tools
Find
Prev Asset
Next Asset
Schedule
Asset
Disposal
Projection
Notes
Calendar
All Assets
All Assets Disposed
Assets Disposed in Current Year
Assets not Disposed in Current Yea
Current Year Assets
Federal
AMT
ACE
Book
State
Other
For Help, press F1
SOLD
NO

View column set: Asset Listing

Sort assets by: Asset Number

Apply query criteria: All Assets

Asset Number	Date Acquired	Asset Description 1	Conventi		iable is	Current 179	Is Section Allowable
1	09/22/1998	Office Building	Mid-Mont		000.00	0.00	No
2	09/22/1998	Office Land	None	90,000.00	90,000.00	0.00	No
3	10/29/1998	Metal filling cabinets	Half-Year	1,250.00	1,250.00	0.00	Yes
4	01/09/2000	1999 utility truck	Half-Year	15,250.00	15,250.00	0.00	Yes
5	02/14/2000	2000 pickup	Half-Year	18,602.91	18,602.91	0.00	Yes
6	05/01/2001	Desktop computer ...	Half-Year	2,000.00	2,000.00	0.00	Yes
7	06/01/2001	Laser Printer	Half-Year	2,001.00	2,001.00	0.00	Yes
8	02/01/2005	Chairs (10)	Half-Year	475.00	475.00	0.00	Yes
9	05/01/2005	Conference Table	Half-Year	3,500.00	3,500.00	0.00	Yes
10	06/01/2007	Desks (7)	Half-Year	2,100.00	2,100.00	0.00	Yes
11	05/01/2007	Desktop PC (2)	Half-Year	5,000.00	5,000.00	0.00	Yes
12	05/01/2007	Desktop PC (5)	Half-Year	13,000.00	13,000.00	0.00	Yes
13	05/01/2007	Server	Half-Year	6,500.00	6,500.00	0.00	Yes
				484,678.91	484,678.91	0.00	

1 of 13 Federal

The features include:

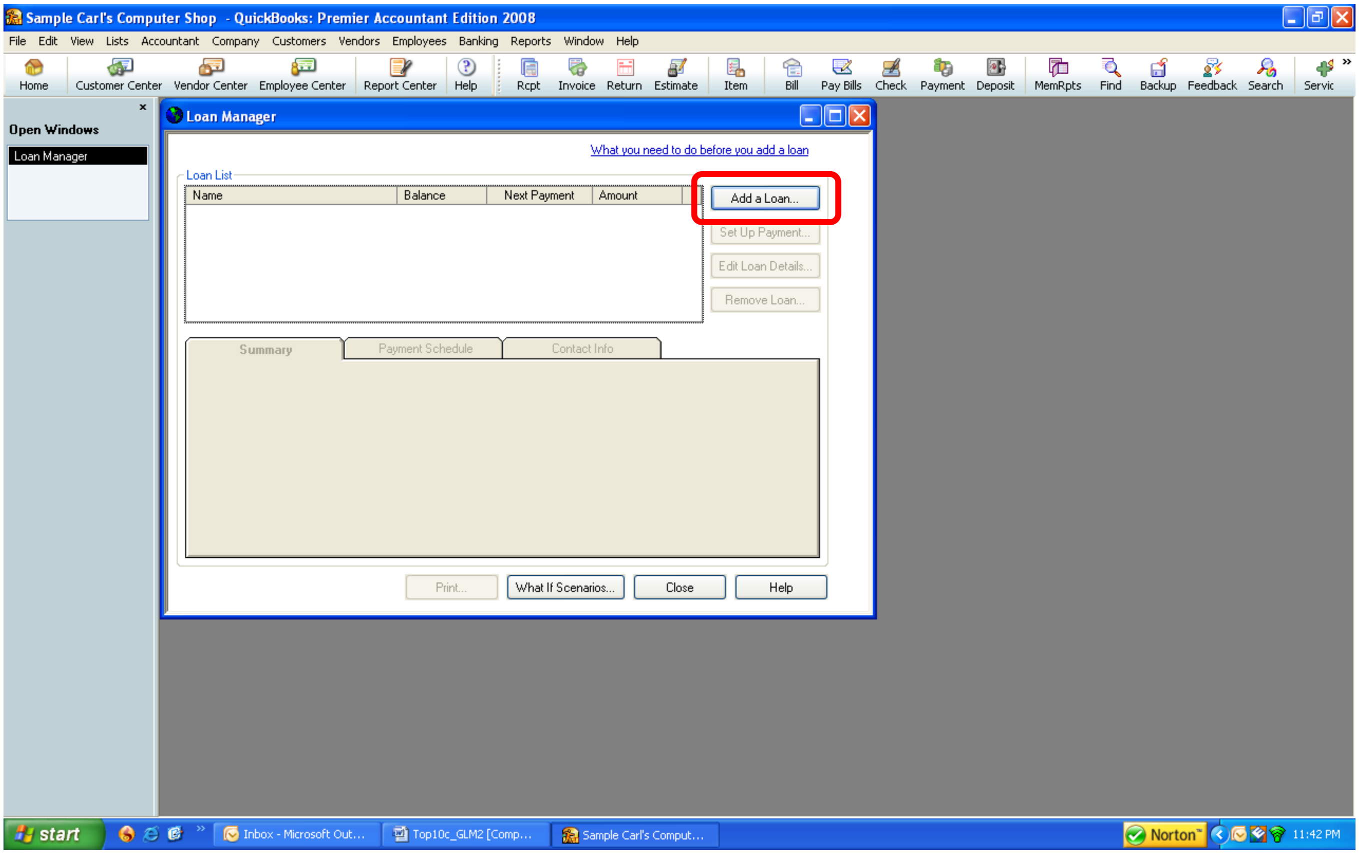
- Tight integration with QuickBooks Data
- A detailed, customizable asset entry screen
- Six depreciation bases (Book, State, Federal, Other, AMT, ACE)
- Projected depreciation calculations
- Disposition tracking
- Custom queries and sorting
- Full calculation overrides
- A wide variety of built in depreciation reports and forms
- Multiple ways to export and import data
- Integration with ProSeries tax products

APPENDIX D
LOAN MANAGER

In prior versions of QuickBooks, creating amortization schedules required Excel or some other product to calculate loan repayment schedules. New with version 2004, a loan manager is built in with the Pro and higher products.

To use this integrated product, first obtain all loan-related information. The actual loan document is preferred, but at a minimum the liability account will need to be set up on the chart of accounts, origination date, the loan amount, payment amount, interest rate, term of loan, payee, loan number, etc. Next, choose Banking > Loan Manager.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Banking > Loan Manager**


Sample Carl's Computer Shop - QuickBooks: Premier Accountant Edition 2008
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Home Customer Center Vendor Center Employee Center Report Center Help Rcpt Invoice Return Estimate Item Bill Pay Bills Check Payment Deposit MemRpts Find Backup Feedback Search Servic
Open Windows
Loan Manager
Loan Manager
What you need to do before you add a loan
Loan List
Name
Balance
Next Payment
Amount
Add a Loan...
Set Up Payment...
Edit Loan Details...
Remove Loan...
Summary
Payment Schedule
Contact Info
Print...
What If Scenarios...
Close
Help
start
Inbox - Microsoft Out...
Top10c_GLM2 [Comp...
Sample Carl's Comput...
Norton
11:42 PM

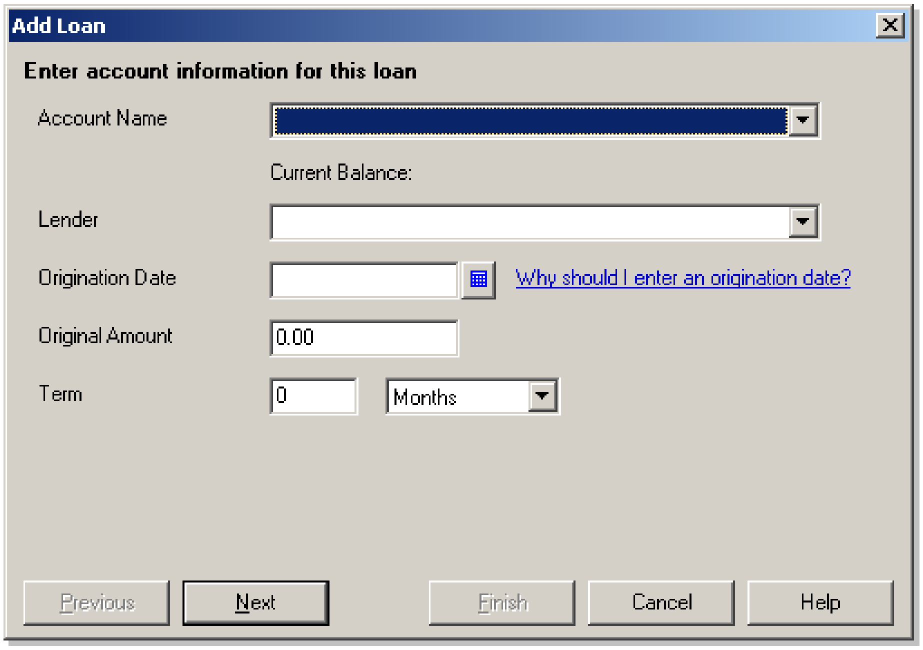
ADD A LOAN

- The Account Name is available from the other current liability and long term liability type accounts.
- The lender is available from the vendor or other names list.
- The origination date is the date the loan was funded.
- The original amount is the amount that was borrowed when the loan was obtained.

- The terms should be entered as a number of months (for example, a 5 year loan is 60 months). It is important that all this information is entered accurately to ensure an accurate schedule of principal and interest payments.

TIP: Be sure that both the account name and lender name are set up on the appropriate list prior to opening the loan manager. If the loan manager is already open and then the names are added, the pull down lists within the loan manager will not be updated.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Banking > Loan Manager > Add a Loan**



Add Loan

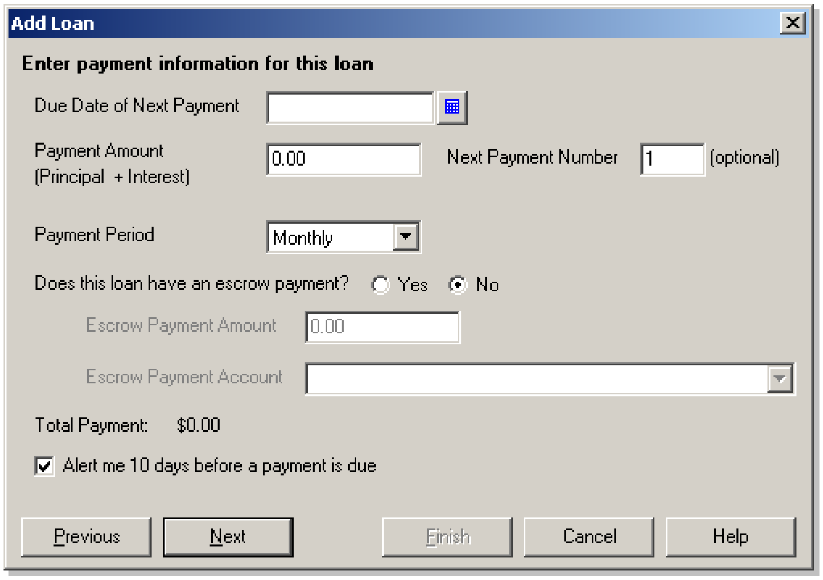
Enter account information for this loan

Account Name:
Current Balance:
Lender:
Origination Date:
Original Amount: 0.00
Term: 0 Months

Enter the required information, and then click the next button to proceed to the payment screen.

On this screen, the date of the next payment is entered; the amount of the payment; payment frequency, and the loan payment number that is optional. If the loan also has an escrow payment, it can be entered on this screen too. By default the check box is marked to show a reminder 10 days before the payment will be due.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Banking > Loan Manager > Add a Loan > Next**


Add Loan

Enter payment information for this loan

Due Date of Next Payment

Payment Amount (Principal + Interest): 0.00

Next Payment Number: 1 (optional)

Payment Period: Monthly

Does this loan have an escrow payment? ○ Yes ● No

Escrow Payment Amount: 0.00

Escrow Payment Account

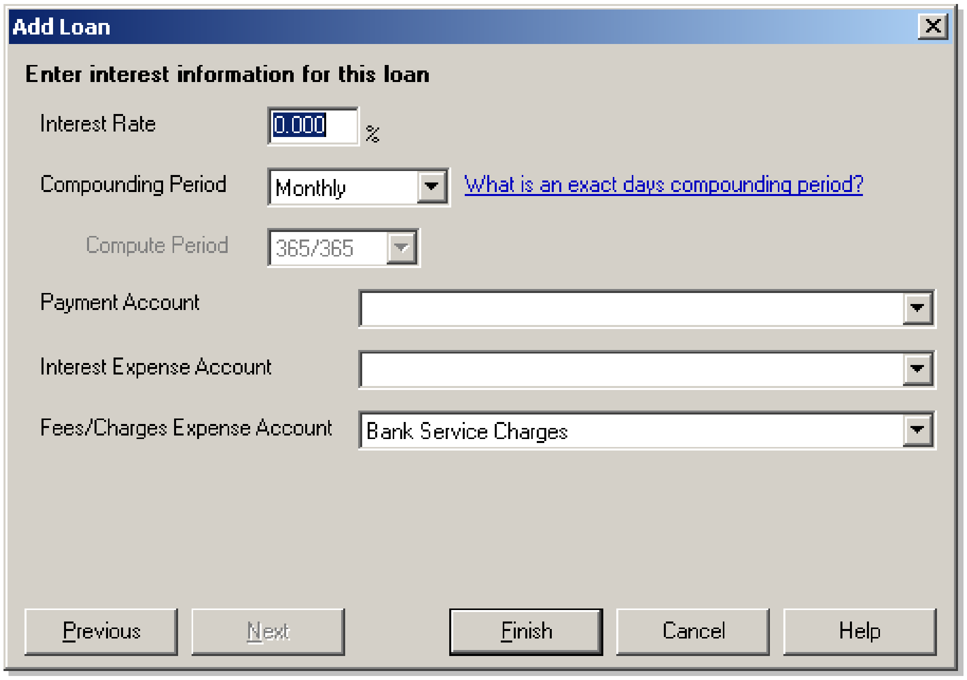
Total Payment: $0.00

☑ Alert me 10 days before a payment is due

The next screen is the interest information.

The interest rate is entered as a percentage. The compounding choices are either monthly or based on the actual days. If the latter is chosen it is possible to designate 365/365 for the period or 365/360. The payment account is chosen from the bank accounts. On this screen enter the interest expense account and the fees/charges expense account from the chart of accounts.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Banking > Loan Manager > Add a Loan > Next > Next**


Add Loan

Enter interest information for this loan

Interest Rate: 0.000 %

Compounding Period: Monthly

What is an exact days compounding period?

Compute Period: 365/365

Payment Account

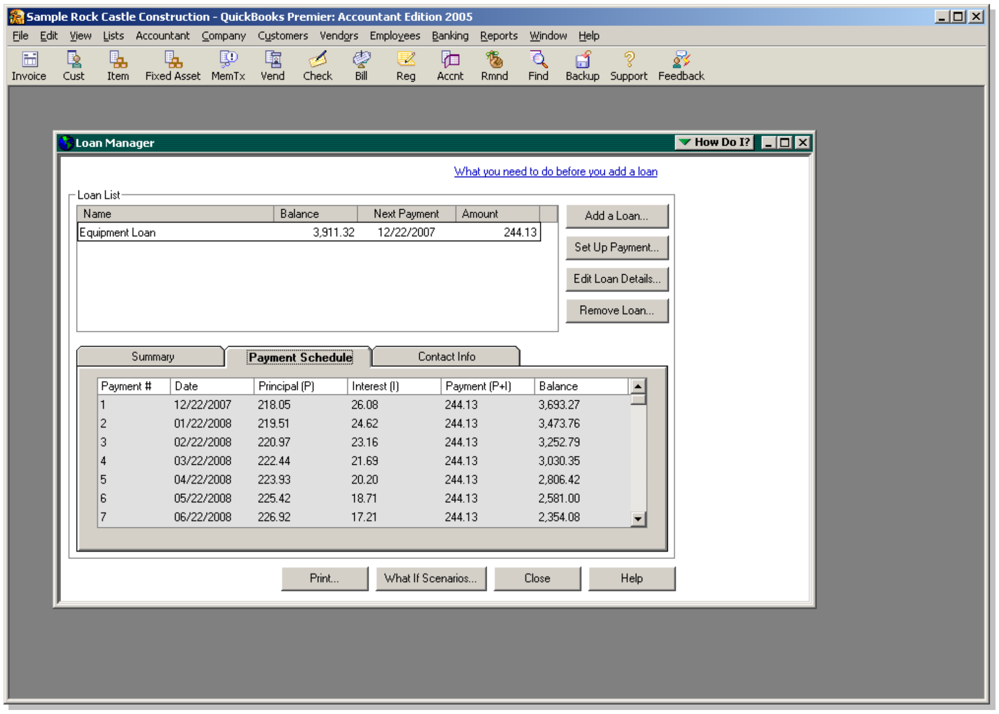
Interest Expense Account

Fees/Charges Expense Account: Bank Service Charges

Once everything has been entered, click the finish button.

Once the loan is set up, clicking on the payment schedule will display the principal and interest portions of each payment of the loan.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Banking > Loan Manager > Payment Schedule**

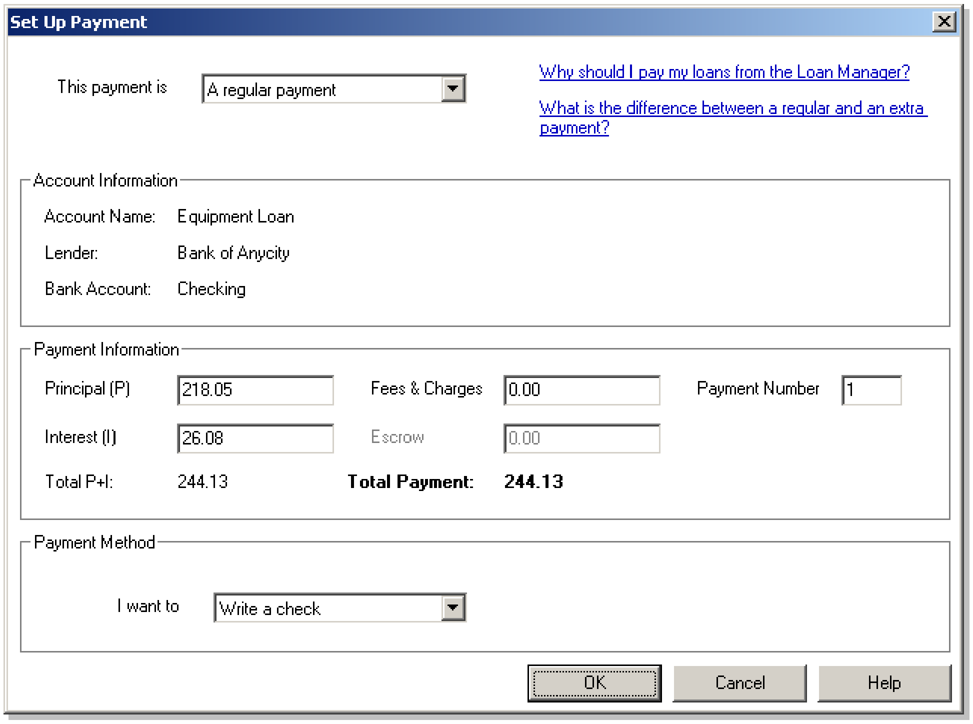

Sample Rock Castle Construction - QuickBooks Premier: Accountant Edition 2005
File Edit View Lists Accountant Company Customers Vendors Employees Banking Reports Window Help
Invoice Cust Item Fixed Asset MemTx Vend Check Bill Reg Accnt Rmnd Find Backup Support Feedback
Loan Manager
How Do I?
What you need to do before you add a loan
Loan List
Add a Loan...
Set Up Payment...
Edit Loan Details...
Remove Loan...
Summary
Payment Schedule
Contact Info
Print...
What If Scenarios...
Close
Help

Name	Balance	Next Payment	Amount
Equipment Loan	3,911.32	12/22/2007	244.13

Payment #	Date	Principal (P)	Interest (I)	Payment (P+I)	Balance
1	12/22/2007	218.05	26.08	244.13	3,693.27
2	01/22/2008	219.51	24.62	244.13	3,473.76
3	02/22/2008	220.97	23.16	244.13	3,252.79
4	03/22/2008	222.44	21.69	244.13	3,030.35
5	04/22/2008	223.93	20.20	244.13	2,806.42
6	05/22/2008	225.42	18.71	244.13	2,581.00
7	06/22/2008	226.92	17.21	244.13	2,354.08

With the loan manager open it is possible to have the software enter a check or bill for the payment. It is also possible to enter a regular payment or an extra payment. The principal and interest amounts are filled in based on the payment schedule, but can be overridden as needed.

QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008: **Banking > Loan Manager > Set Up Payment**


Set Up Payment
Why should I pay my loans from the Loan Manager?
What is the difference between a regular and an extra payment?
Account Information
Payment Information
Payment Method
OK
Cancel
Help

This payment is: A regular payment

Account Name: Equipment Loan

Lender: Bank of Anycity

Bank Account: Checking

Principal (P): 218.05

Interest (I): 26.08

Total P+I: 244.13

Fees & Charges: 0.00

Escrow: 0.00

Total Payment: 244.13

Payment Number: 1

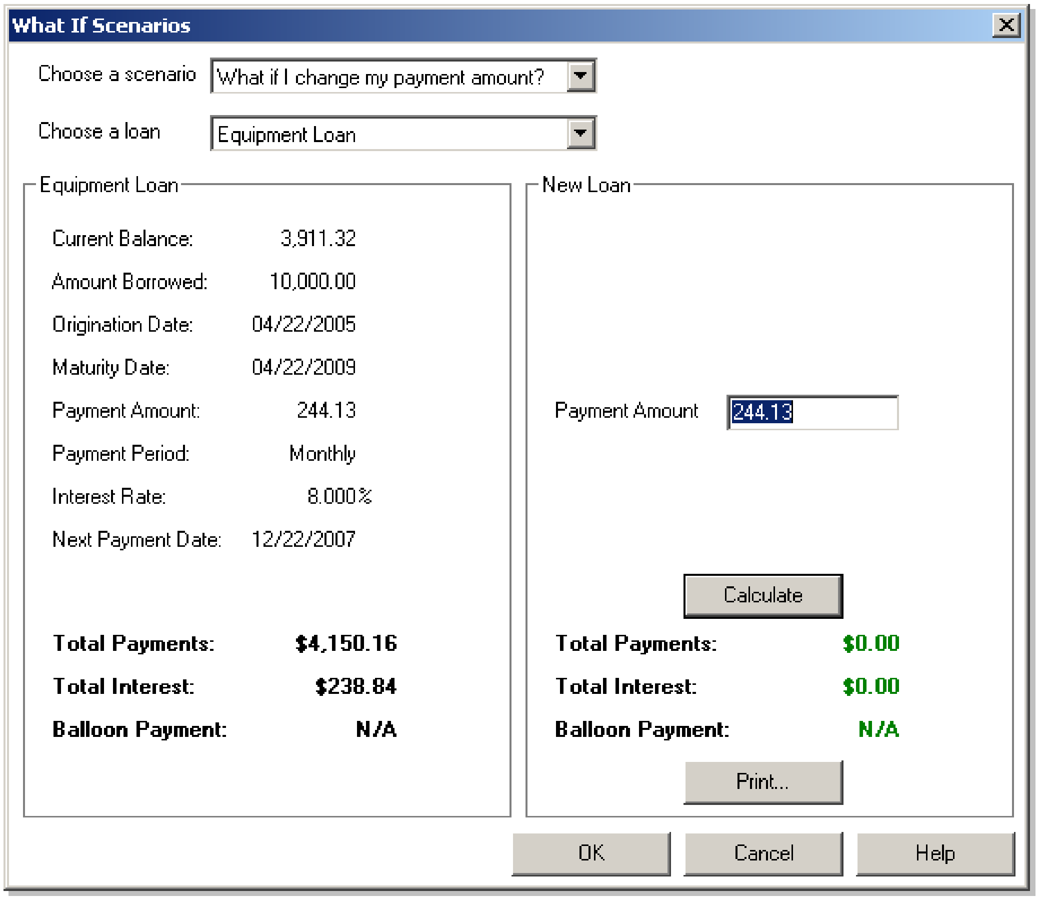
I want to: Write a check

The “what if scenario” button will permit evaluating the loan based on the following choices:

1. What if I change the payment amount?
2. What if I change my interest rate?
3. How much will I pay with a new loan?
4. What if I refinance my loan?
5. Evaluate two new loans.

Enter the new information and click on calculate to see the results.

***QUICKBOOKS: PREMIER ACCOUNTANT EDITION 2008:* Banking > Loan Manager > What if Scenario**



What If Scenarios

Choose a scenario: What if I change my payment amount?

Choose a loan: Equipment Loan

Equipment Loan

Current Balance: 3,911.32
Amount Borrowed: 10,000.00
Origination Date: 04/22/2005
Maturity Date: 04/22/2009
Payment Amount: 244.13
Payment Period: Monthly
Interest Rate: 8.000%
Next Payment Date: 12/22/2007

Total Payments: **$4,150.16**
Total Interest: **$238.84**
Balloon Payment: **N/A**

New Loan

Payment Amount: 244.13

Total Payments: **$0.00**
Total Interest: **$0.00**
Balloon Payment: **N/A**

NOTES:

NOTES:

NOTES:

NOTES: