



QUICKBOOKS 2016 STUDENT GUIDE

Lesson 1

Getting Started

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Lesson Objectives

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

Using Forms

You record most of your daily business transactions on a QuickBooks form, which looks just like a paper form. Here's an example of the form you use when you want to record a bill from and one of your vendors.

The screenshot shows the 'Enter Bills' window in QuickBooks. The window title is 'Enter Bills'. The main area is titled 'Bill' and contains the following information:

- VENDOR:** Cal Gas & Electric
- ADDRESS:** Cal Gas & Electric, P.O. Box 5037, Middlefield CA 94482
- DATE:** 12/15/2020
- REF. NO.:** 12/03
- AMOUNT DUE:** 122.68
- BILL DUE:** 12/30/2021
- TERMS:** Net 15
- MEMO:** Acct #560-82645-99C

Below the bill form is an 'Expenses' table with a total of \$122.68 and 'Items' with a total of \$0.00. The table has columns for ACCOUNT, AMOUNT, MEMO, CUSTOMER JOB, BILL, and CLASS.

ACCOUNT	AMOUNT	MEMO	CUSTOMER JOB	BILL	CLASS
65100 · Utilities:65110 ...	122.68		Overhead	<input type="checkbox"/>	Overhead

At the bottom of the window are buttons for 'Save & Close', 'Save & New', and 'Revert'. On the right side, there is a sidebar for 'Cal Gas_Electric' with tabs for 'Vendor' and 'Transaction'. The 'Vendor' tab is active, showing a 'SUMMARY' section with the following information:

- Phone:** 415-555-0202
- Open balance:** 122.68
- POs to be received:** 0

Below the summary is a 'RECENT TRANSACTION' section with a list of transactions:

DATE	DESCRIPTION	AMOUNT
12/15/20	Bill	122.68
11/25/20	Check	97.53
10/25/20	Check	56.87
09/05/20	Bill Pmt-Check	122.68
08/25/20	Bill - Paid	122.68

At the bottom of the sidebar is a 'NOTES' section.



NOTES

Using Lists

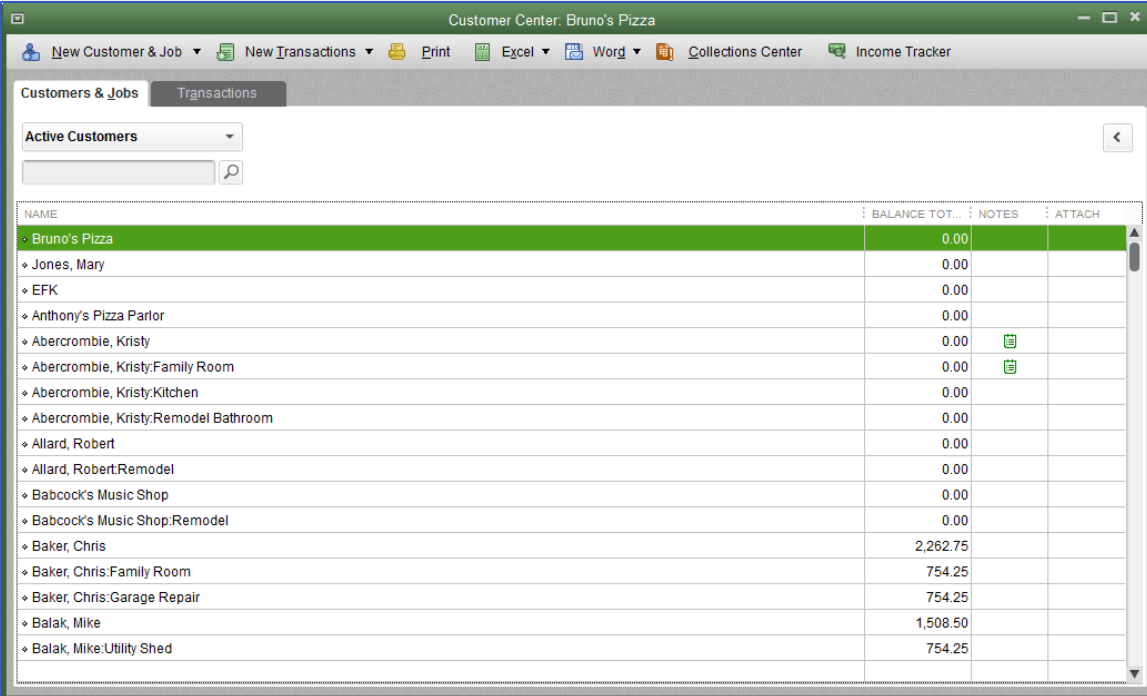
The list is another basic QuickBooks feature. You fill out most QuickBooks forms by selecting entries from a list.

Note in the Enter Bills window above, the information in the Vendor, Terms, Account, and Customer/Job fields are pulled from lists.

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

When you're filling out an invoice form and you select a customer name from the Customer/Job list, QuickBooks not only fills in the name, but also fills in the address, the payment terms and the customer's sales tax, based on the information previously entered about that customer in the customer's record in the Customer Center.

Here's an example of the Customers & Jobs list in the Customer Center. You can customize columns in the list by right clicking on a column header and choosing **Customize Columns**.



NAME	BALANCE TOT...	NOTES	ATTACH
• Bruno's Pizza	0.00		
• Jones, Mary	0.00		
• EFK	0.00		
• Anthony's Pizza Parlor	0.00		
• Abercrombie, Kristy	0.00		
• Abercrombie, Kristy:Family Room	0.00		
• Abercrombie, Kristy:Kitchen	0.00		
• Abercrombie, Kristy:Remodel Bathroom	0.00		
• Allard, Robert	0.00		
• Allard, Robert:Remodel	0.00		
• Babcock's Music Shop	0.00		
• Babcock's Music Shop:Remodel	0.00		
• Baker, Chris	2,262.75		
• Baker, Chris:Family Room	754.25		
• Baker, Chris:Garage Repair	754.25		
• Balak, Mike	1,508.50		
• Balak, Mike:Utility Shed	754.25		



NOTES

Using Registers

In addition to forms and lists, you'll also work with registers in QuickBooks. Just as you use your paper checkbook register to see a record of all the transactions in your checking account — checks you've written, other withdrawals you've made from your account, as well as deposits — a QuickBooks register contains a record of all the activity in that one account. Almost every QuickBooks account on the balance sheet: assets, liabilities and equity. See the next section, *All the Accounting You Need to Know* has its own register. (The exception is Retained Earnings.)

Accounts receivable is the record of money owed to that business, that is, the outstanding invoices for which a business has not received payment from customers.

Here's an example of the register for an Accounts Receivable account.

DATE	NUMBER	CUSTOMER	ITEM	QTY	RATE	AMT CHRG	AMT PAID
	TYPE	DESCRIPTION	CLASS			BILLED DATE	DUE DATE
12/12/2020	306	Teschner, Anton:Sun Room					3,500.00
	PMT						
12/12/2020	1093	Lew Plumbing - C:Storage				220.00	
	INV						01/11/2022
12/12/2020	10586	Nguyen, Tuan:Garage					2,200.00
	PMT						
12/14/2020	986	Jacobsen, Doug:Kitchen					2,000.00
	PMT						
12/14/2020	1094	Natiello, Ernesto:Kitchen				2,080.11	
	INV						Paid
12/14/2020	1095	Natiello, Ernesto:Kitchen				8,656.25	
	INV						Paid
12/14/2020	1096	Natiello, Ernesto:Kitchen				2,824.03	
	INV						Paid

1-Line Show open balance ENDING BALANCE **82,556.68**
 Sort by Date, Type, Number/Ref Record Restore

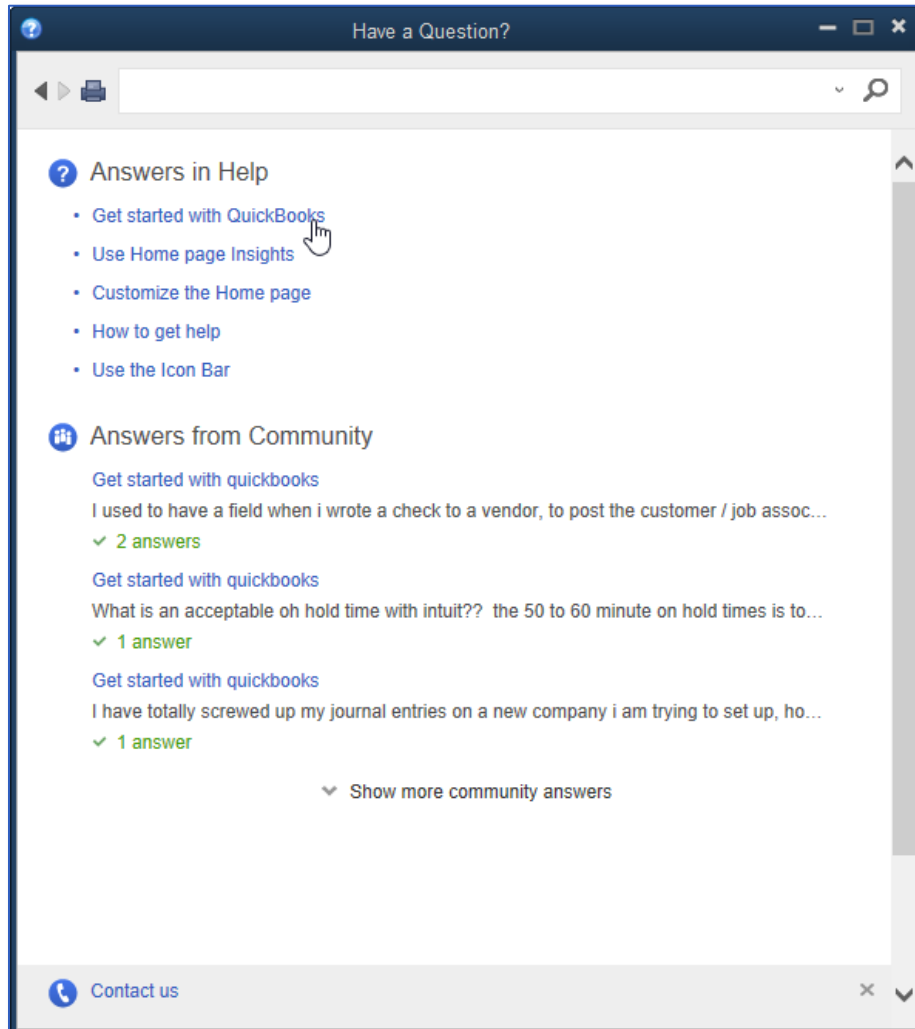


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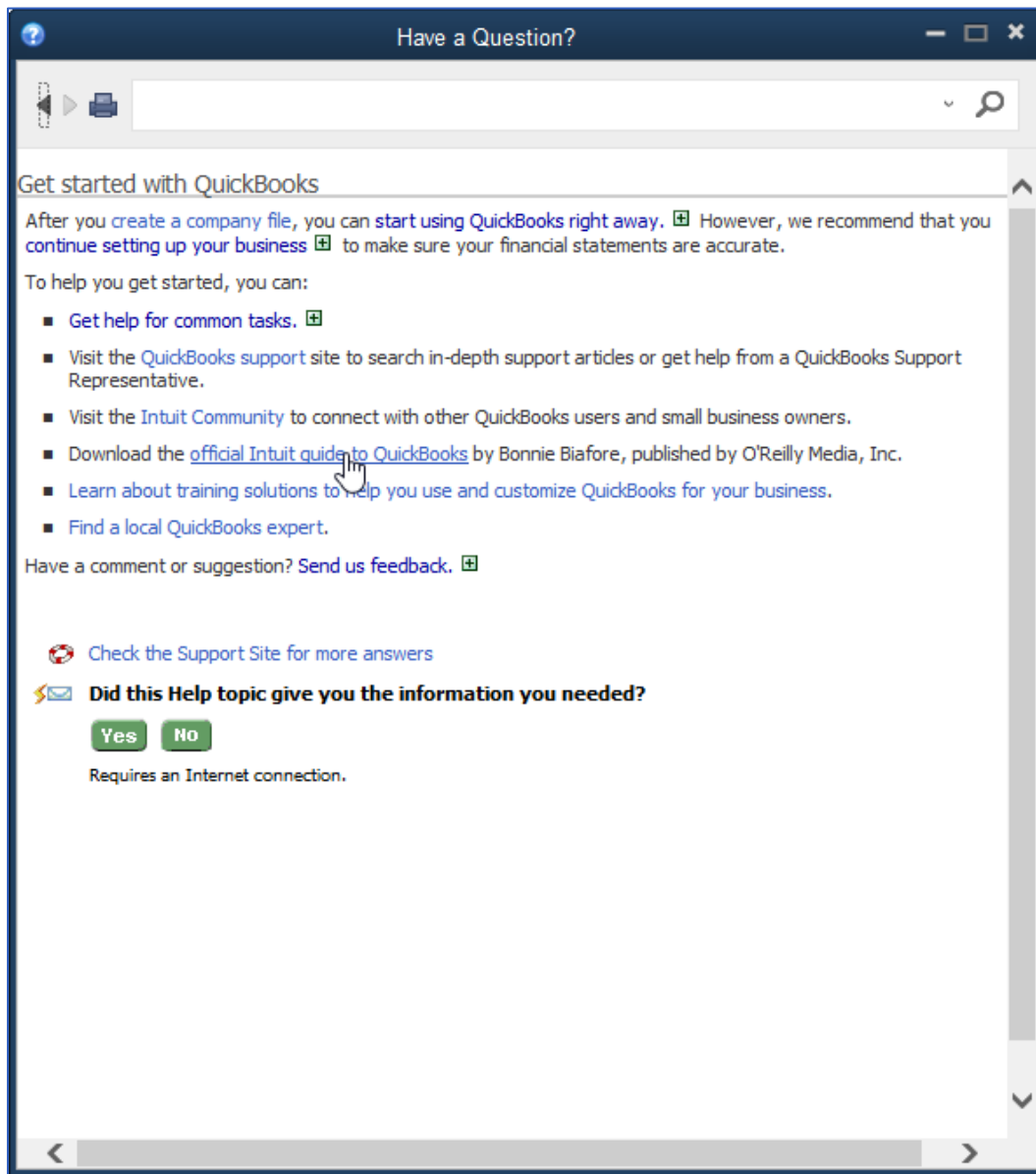
Getting Around in QuickBooks

QuickBooks provides you with access to information to help you get started.

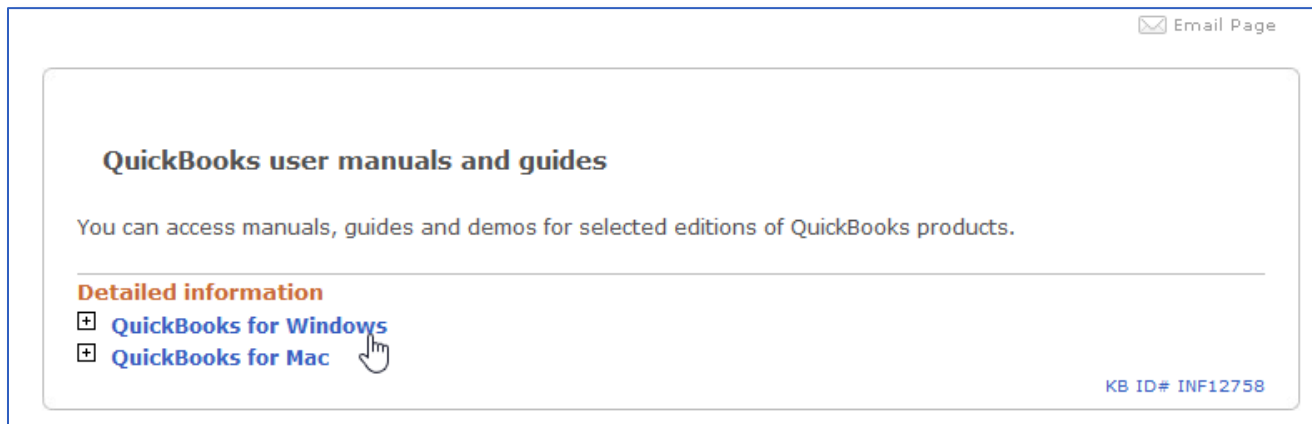
1. Select **F1** on your keyboard, or in the **Help** menu select **QuickBooks Help** → **Get started with QuickBooks**.



2. Click on **Download the official Intuit guide to QuickBooks**.

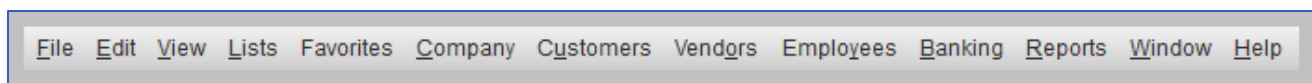


3. You will then have the ability to download QuickBooks user manuals and guides by clicking on the operating system to expand the list of resources available.



By selecting **QuickBooks for Windows**, you have the option to open, download and save as PDF any or all of these resources: *QuickBooks Quick Start Guide 2016*, *QuickBooks User Guide 2016*, and *QuickBooks 2016: The Missing Manual*. These resources will help guide you through many tasks, including the following:

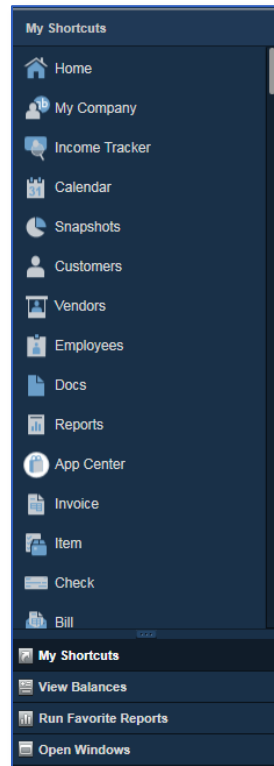
- **Manage your open windows** – QuickBooks can be set to displays one window at a time, or several windows (organized side-by-side or cascaded)
- **Using the menu bar** – You can find all commands on the menu bar



- **Using the top icon bar** – The top icon bar allows you to manage your business more quickly and provides quick access to the Centers

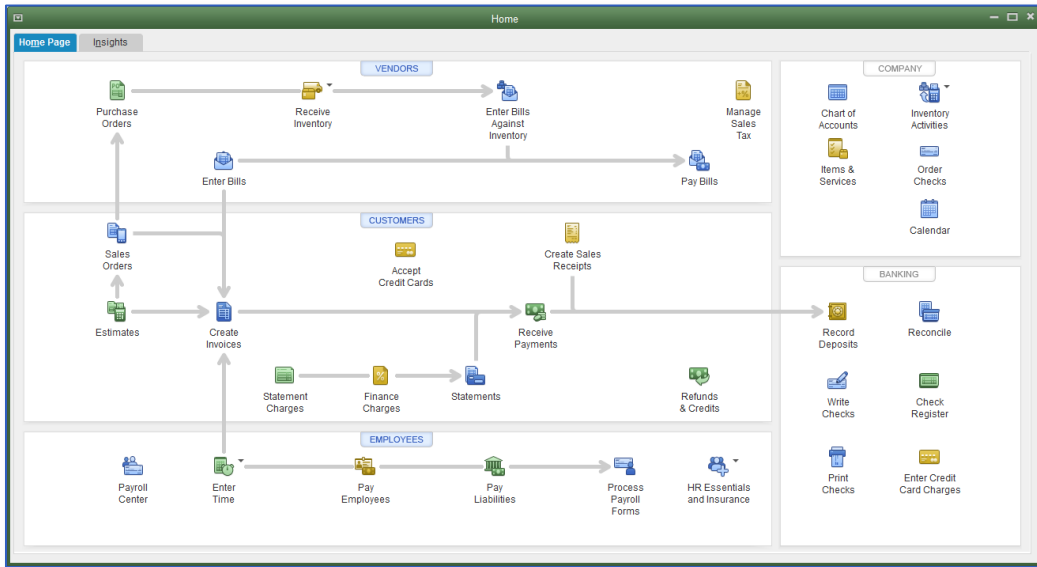


- **Using the left side navigation** – The left side navigation acts like the icon bar, allowing you quick and easy shortcuts. Use the top icon bar, the left side navigation, or neither. You cannot use both the top icon bar and the left side navigation.



- **QuickBooks Centers** – For Customers, Vendors, Employees, Reports and Bank Feeds, these Centers give quick access to common tasks

- **Making the Home page your starting point** – The Home page provides a graphical representation of the workflow, organized into logical groups



- **Getting an overview of your company** – The Insights tab of the home screen gives you real-time information about how your company is doing and provides a location where you can keep track of the tasks you need to perform. You can also get more detailed information from the Company Snapshot found in the Reports dropdown menu.

The screenshot displays the 'Insights' and 'Company Snapshot' sections of the QuickBooks interface.

Insights Section:

- Profit & Loss:** This Fiscal Year-to-date.
 - NET INCOME: 118,975.18
 - INCOME: 490,348.10
 - EXPENSES: 371,372.92
- Income:** A bar chart showing income and expenses for the first three months of the year.
- UNPAID vs PAID:** A horizontal bar chart showing 82,556.68 in OPEN INVOICES, 0.00 OVERDUE, and 0.00 PAID LAST 30 DAYS.

Company Snapshot Section:

- Income and Expense Trend:** A bar chart showing monthly income and expense trends for the current year-to-date.
- Prev Year Income Comparison:** A bar chart comparing income for 2015-2020, showing a significant increase in 2020.
- Account Balances:**

ACCOUNT	BALANCE
Checking	101,632.95
Accounts Receivable	82,556.68
Accounts Payable	26,636.92
Savings	17,910.19
Payroll Liabilities	5,404.45
Federal Withholding	1,364.00
- Top Customers by Sales:** A horizontal bar chart showing sales for Jones, Mary and Pretell Real Estate.
- Customers Who Owe Money:** A table listing customers and their due dates.

CUSTOMER	DUE
Jacobsen, Doug	01/1
Teschner, Anton	12/3
Vasquez, Anabel	12/3
Pretell Real Estate	01/1
Barley, Renee	01/1
Baker, Chris	01/3
Balak, Mike	01/3
Nguyen, Tuan	09/0
Mackey's Nursery and ...	11/0
Cook, Brian	11/1
- Prev Year Expense Comparison:** A bar chart comparing expenses for the current and previous years.

All the Accounting You Need to Know

ABOUT THE CHART OF ACCOUNTS

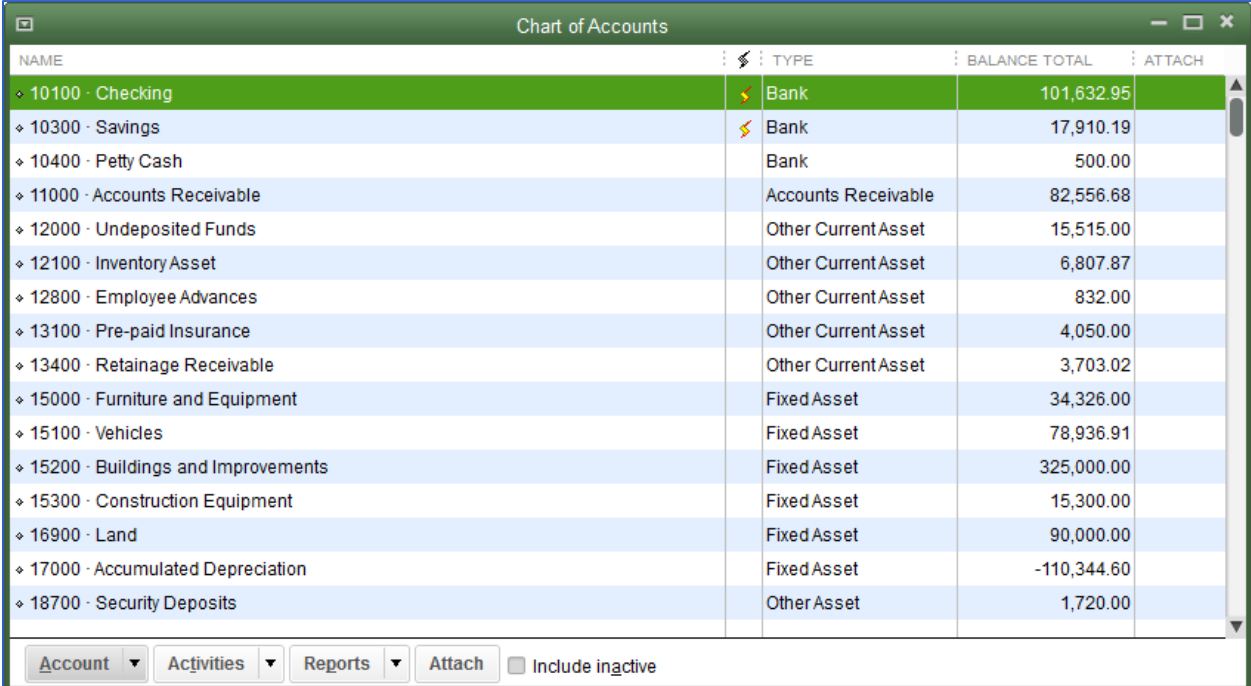
Chart of Accounts

- The Chart of Accounts is a complete list of your business' accounts and their balances
- An account is a tracking category for your businesses assets, liabilities, equity, income and expenses

When you keep books for a company, you want to track:

- Where the income comes from
- Where you put it
- What the expenses are for
- And what you use to pay them

You track this flow of money through the Chart of Accounts



NAME	TYPE	BALANCE TOTAL	ATTACH
10100 · Checking	Bank	101,632.95	
10300 · Savings	Bank	17,910.19	
10400 · Petty Cash	Bank	500.00	
11000 · Accounts Receivable	Accounts Receivable	82,556.68	
12000 · Undeposited Funds	Other Current Asset	15,515.00	
12100 · Inventory Asset	Other Current Asset	6,807.87	
12800 · Employee Advances	Other Current Asset	832.00	
13100 · Pre-paid Insurance	Other Current Asset	4,050.00	
13400 · Retainage Receivable	Other Current Asset	3,703.02	
15000 · Furniture and Equipment	Fixed Asset	34,326.00	
15100 · Vehicles	Fixed Asset	78,936.91	
15200 · Buildings and Improvements	Fixed Asset	325,000.00	
15300 · Construction Equipment	Fixed Asset	15,300.00	
16900 · Land	Fixed Asset	90,000.00	
17000 · Accumulated Depreciation	Fixed Asset	-110,344.60	
18700 · Security Deposits	Other Asset	1,720.00	

Account Activities Reports Attach Include inactive

ABOUT ASSETS, LIABILITIES AND EQUITY

Assets

- Include both what you have and what others owe you
- The money people owe you from outstanding invoices is called your Accounts Receivable or A/R for short. QuickBooks uses an Accounts Receivable account to track the money owed to you by customers from invoices, and you may have additional Notes Receivable if the business has issued loans that are due for repayment.
- The rest of your company's assets may include checking accounts, savings accounts, petty cash, fixed assets (such as equipment or trucks), inventory and undeposited funds (money you've received from customers but haven't yet deposited in the bank).

Liabilities

- What your company owes to others
- The money you owe for unpaid bills is your Accounts Payable or A/P for short. QuickBooks uses an Accounts Payable account to track the money you owe to vendors or suppliers for bills.
- A liability can be a formal loan, an unpaid bill, or sales and payroll taxes you owe to the government. When setting up your company file in QuickBooks, note that even though unpaid bills are liabilities, they will be set up as Accounts Payable type accounts in QuickBooks.

Equity

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

CASH VERSUS ACCRUAL BOOKKEEPING

▶ Cash basis

- Income is recorded when money (from sales) is received and expenses are recorded when money (from bills) is paid. In other words, income and expenses are recognized based on the date that money changes hands.

▶ Accrual basis

- Income is recorded at the time of the sale and expenses are recorded when you receive the bill. In other words, income and expenses are recognized based on the date of the paperwork.



TIP: You can change set the default reporting basis (Accrual or Cash) for summary reports in the preferences of the company, based on the bookkeeping method you have chosen for tax purposes. You can change the reporting basis of individual reports (except transaction detail reports) by customizing the reports.

MEASURING BUSINESS PROFITABILITY

▶ **The Balance Sheet** – A snapshot of your company on one date. It shows:

- What your business has, including what others owe your business (assets and accounts receivable)
- What your business owes to others, including to vendors/suppliers (liabilities and accounts payable)
- The net worth of your business (equity)

▶ **The Profit & Loss statement** – Also known as the Income Statement, and it covers activity over a particular date range with a start date and an end date. It shows:

- Income
- Expenses
- Net profit or loss (Income less Expenses)

▶ **The Statement of Cash Flows** – This also covers activity over a particular date range with a start date and an end date. It shows:

- Receipts
- Payments

GENERAL JOURNAL TRANSACTIONS

- Traditional accounting method
- Known as double-entry accounting
- Total amount in the Debit column equals the total amount in the Credit column
- Each amount is assigned to an account in the Chart of Accounts
- To view the journal entry for a transaction, open the transaction and press **Ctrl+Y** or from the **Reports** tab in the **Transaction** window click on **Transaction Journal**
- If necessary, **Customize** the report and choose to display the **Credit** and **Debit** columns (rather than the **Amount** column)

**Rock Castle Construction
Transaction Journal
All Transactions**

Trans #	Type	Date	Num	Name	Memo	Item	Item Description	Account	Class	Sales Price	Debit	Credit
▶ 1058	Invoice	12/15/2020	1098	Cook, Brian:Kitchen				11000 - Accounts...	Remodel		1,636.69	
				Cook, Brian:Kitchen	Gas Rangetop	Appliance		40140 - Materials L...	Remodel	247.50		247.50
				Cook, Brian:Kitchen	Double oven	Appliance		40140 - Materials L...	Remodel	350.00		350.00
				Cook, Brian:Kitchen	Dishwasher	Appliance		40140 - Materials L...	Remodel	450.00		450.00
				Cook, Brian:Kitchen	Greenhouse...	Window...	Window	40140 - Materials L...	Remodel	475.00		475.00
				Cook, Brian:Kitchen	Removal labor	Remova...	Removal labor	40130 - Labor Inco...	Remodel	45.50	0.00	
				Cook, Brian:Kitchen	Framing labor	Framing...	Framing labor	40130 - Labor Inco...	Remodel	66.00	0.00	
				Cook, Brian:Kitchen	Installation la...	installati...	Installation labor	40130 - Labor Inco...	Remodel	38.50	0.00	
				Cook, Brian:Kitchen	Install tile or ...	Subs.Til...	Install tile or counter	40150 - Subcontra...	Remodel	1,320.00	0.00	
				Cook, Brian:Kitchen	Painting	Subs.Pa...	Painting	40150 - Subcontra...	Remodel	825.00	0.00	
				Cook, Brian:Kitchen	Plumbing	Subs.Plu...	Plumbing	40150 - Subcontra...	Remodel	1,100.00	0.00	
				Cook, Brian:Kitchen	Install drywall	Subs.Dr...	Install drywall	40150 - Subcontra...	Remodel	1,000.00	0.00	
				State Board of Equ...	CA sales tax...	San Dom...	CA sales tax, San...	25500 - Sales Tax...	Remodel	7.5%		114.19
TOTAL											1,636.69	1,636.69



NOTES

Getting Help while Using QuickBooks

QuickBooks provides extensive help in various formats. When you have questions, QuickBooks provides:

- Onscreen Help to provide conceptual information and step-by-step instructions
- What's New information regarding the new and improved features in the current version year of QuickBooks
- The QuickBooks Quick Start Guide
- The QuickBooks User Guide
- Support and Ask Intuit links for answers to specific questions

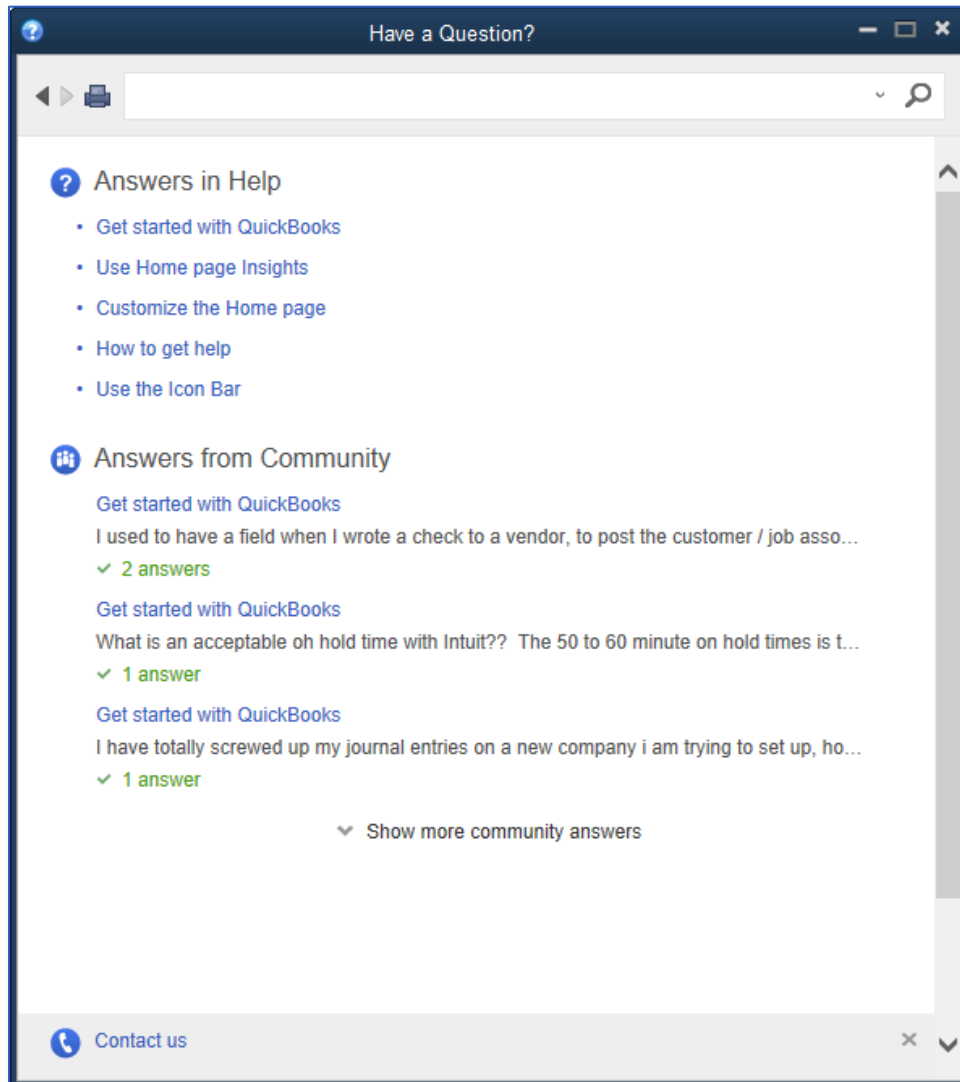
The onscreen Help provides several different types of information:

- Conceptual explanations of how to apply QuickBooks to your particular business situation
- Step-by-step instructions
- A search engine that provides you with a list of topics related to the word or phrase you enter
- Information relevant to the task you are currently performing
- Access to Community forums where you can exchange information with QuickBooks experts



To find a topic in onscreen Help:

1. Press **F1** or from the **Help** menu choose **QuickBooks Help**. This brings up the **Have a Question?** window.
2. In the Have a Question window use the search box to type in a full questions or keywords. QuickBooks displays a list of help of help articles and community forum answers.



NOTES

Exiting QuickBooks

Unlike most other Windows programs, QuickBooks doesn't require you to save your data before exiting. It does an automatic save while you're working with QuickBooks (after every transaction is created, changed or deleted) and every time you leave the program.

➤ To exit QuickBooks, from the **File** menu, choose **Exit**

To prevent or minimize data loss, you should make regular backup copies of your QuickBooks company data. In the event of a data loss, you can restore your data from the backup copy.

➤ To make a backup copy, from the **File** menu, choose **Back Up Company**. A copy is a complete copy of your data file that is intended to be restored in the case that you're working file is compromised. It is best practice to store your backups on a different drive from the location of your working file.



NOTES

Moving between Company Files

If you work with several companies, you'll be working with multiple QuickBooks company files. You can change from one company file to another at any time, but you can have only one company file open at a time. (Two exceptions are QuickBooks Accountant Desktop and QuickBooks Enterprise Solutions, which allow you to open two company files at one time.)

QuickBooks provides an easy way to find and open a company file that you've worked with before.



To open a previously opened file:

1. From the **File** menu, choose **Open Previous Company**.
2. From the **submenu**, select the company file you want to open.



To change the number of company files displayed in the submenu:

1. Make sure you're logged into a QuickBooks company file as the Admin user.
2. From the **File** menu, choose **Open Previous Company**.
3. Choose **Set number of previous companies**.
4. Enter the number of company files you want QuickBooks to display (up to 20).
5. Click **OK**.

Alternately:

1. From the **File** menu, choose **Close Company/Logoff**.
2. The **No Company Open** screen will appear.
3. Click **Edit List** to hide companies you no longer wish to appear in this list or in the **Open Previous Company** list.
4. Click a checkmark in the *Hide* column, next to each company you no longer wish to appear in the list.
5. Click **OK**.



NOTES

Getting Started — Review Questions

1. List the three main ways you enter data in QuickBooks.

_____, _____, _____

2. List three ways to access features in QuickBooks.

_____, _____, _____

3. What bookkeeping methods can you use to create reports in QuickBooks?

4. Which of the following would you not include in the Chart of Accounts?

- a. Checking account
- b. Vendor record
- c. Depreciation expense
- d. Accounts payable

5. Which of the following is an asset?

- a. Accounts Payable
- b. Accounts Receivable
- c. Company delivery van
- d. Both a and b
- e. Both b and c

6. Checking, savings and petty cash should be set up as which of the following account types in QuickBooks?

- a. Expense
- b. Other current asset
- c. Bank
- d. Equity

7. Which of the following best describes a balance sheet?

- a. A summary of a company's finances over the past year
- b. A financial snapshot of a company at a specific point in time
- c. A summary of a company's revenue and expenses for a fiscal year
- d. None of the above

Answers to Review Questions

1. List the three main ways you enter data in QuickBooks.

Forms, lists, register

2. List three ways to access features in QuickBooks.

Menu bar, Icon Bar, Centers, Home page

3. What bookkeeping methods can you use to create reports in QuickBooks?

Accrual basis and Cash basis are the two bookkeeping methods. You can change set the default reporting basis for summary reports in the preferences of the company. You can change the reporting basis of individual reports (except transaction detail reports) by customizing the reports.

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