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# QuickBooks II

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# QuickBooks II - Agenda

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- Introductions
- Audit Trail
- Working With Bank Accounts
- Using Other Accounts in QuickBooks
- Receiving Payments and Making Deposits
- Entering and Paying Bills



# What's Next?

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- **QuickBooks III**

  - How to use QuickBooks to prepare fund level financial statements

  - How to use data in QuickBooks and Excel for financial analysis and audit workpaper schedule preparation

- **QuickBooks IV**

  - How to set up employees and payroll tax reports

  - How to use QuickBooks to process and record all aspects of payroll

- **Contact Lisa Kesler at 706-542-9479 to register. Both classes will be offered in Brunswick and Macon.**



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# Keeping Fraud From Knocking On Your Door

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# Preventing Fraud

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- QuickBooks has several features to help improve the control of monies and to prevent fraud.
- Software cannot do it alone.

We need to keep in mind that it takes *numerous* measures to protect against embezzlement including dual controls, audits, and good hiring practices.



# Using QuickBooks for Control

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- QuickBooks includes a number of standard features to help improve control.



# Audit Trail

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- In QuickBooks there is an audit trail feature that may be turned on to track all transactions and modifications or deletions.



# Audit Trail

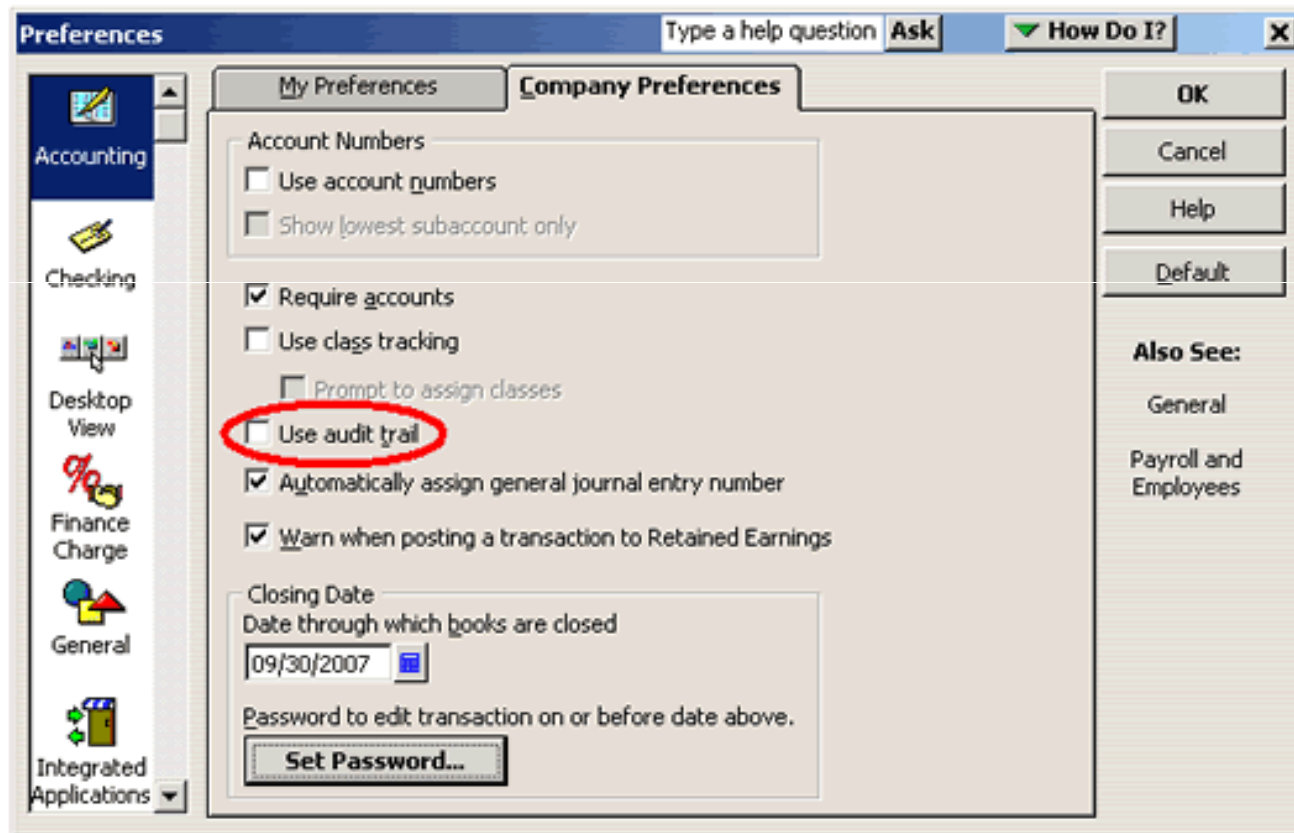
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- **The Audit Trail Report provides a summary to the Administrator of all QuickBooks transaction activity answering three essential questions:**
  1. Who added/edited/deleted the transaction?
  2. When was the transaction added/edited/deleted?
  3. What were the relevant details of the transaction, i.e., date, amount, accounts, names, etc.?



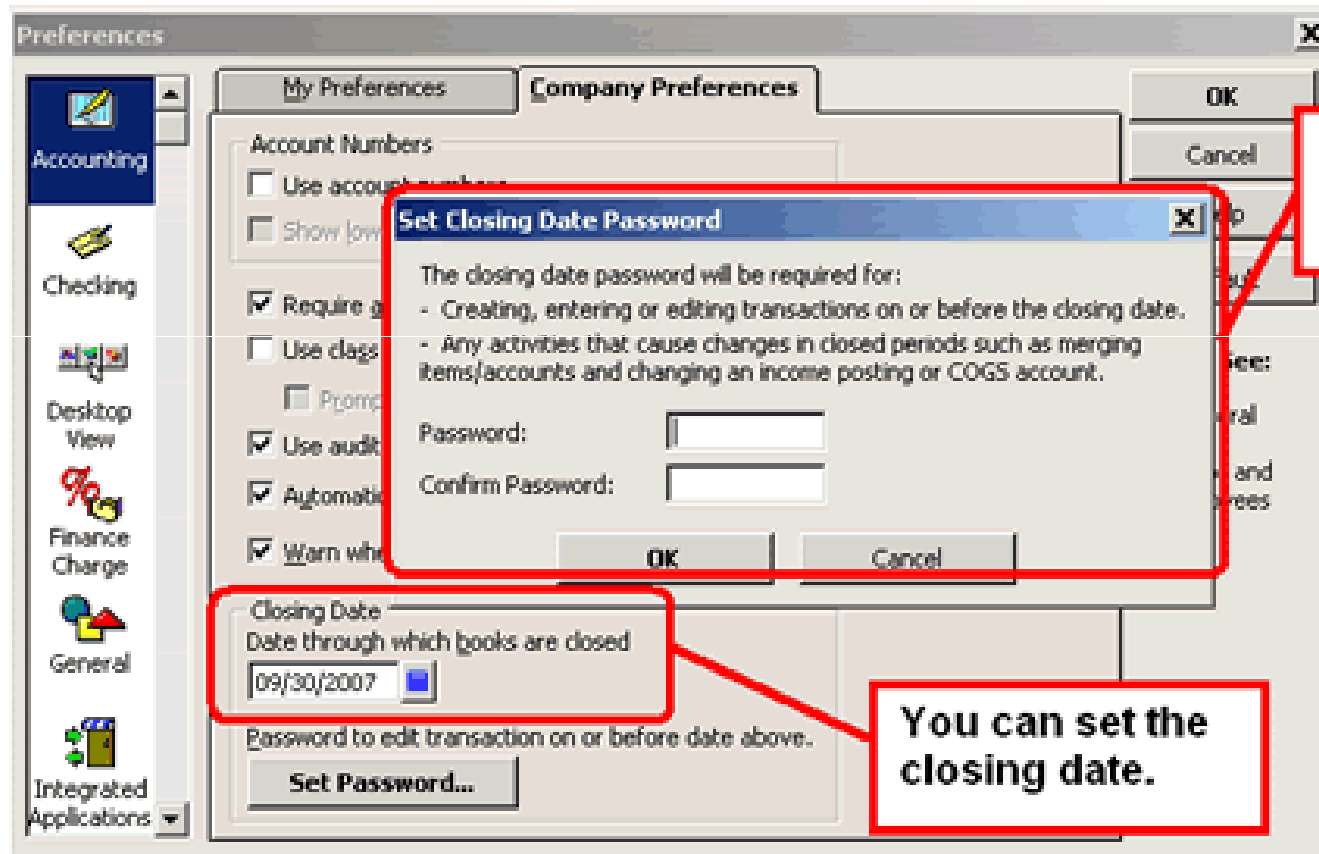
# Audit Trail

- You can also set a password for making changes in previous periods.



# Closing the Books

- You may also close the books which will require a password to make changes in previous periods; this is optional as well.



# Setting User Roles

- This capability is frequently overlooked, and is one component of higher levels of fraud protection.

Set up user password and access

### User Name and Password

Provide a name and an optional password for this user.

User Name:

Password:

Confirm Password:

Do you have your Caps Lock or Num Lock keys turned on?  
Passwords are case-sensitive, so turning on either of these keys can affect how your password is stored.

Prev Next Finish Help Cancel

**Each user gets a unique password.**



# Limiting User Roles

- Set up the user permissions to disallow deletes and changes within that user's role. Just this one step alone will prevent the user from changing anything after the fact, or deleting a transaction in order to cover up fraud.

Change user password and access: Joe Employee

Sales and Accounts Receivable Page 1 of 10

Access to this area includes activities such as: entering invoices, sales receipts and sales orders, receiving payments, and writing estimates and statements.

What level of access to Sales and Accounts Receivable activities do you want to give this user?

No Access

Full Access

Selective Access

- Create transactions only
- Create and print transactions
- Create transactions and create reports

Here the user is given permission to create and print transactions.

Prev Next Finish Help Cancel



Change user password and access: Joe Employee

### Changing or Deleting Transactions

Page 9 of 10

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

Yes

No

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

Yes

No

Prev Next Finish Help Cancel

**The user's profile can restrict the ability to delete transactions.**



- Unless you grant full access to QuickBooks, multiple screens allow the user no, full or partial access to different segments of the accounting workflow.

**Change user password and access** Page 10 of 10

**Access for user: Joe Employee**

You have finished setting this user's access rights and password. Below is a summary of this user's access rights. Click the Finish button to complete this task.

Area	Create	Print	Reports
Sales and Accounts Receivable	Y	Y	N
Purchases and Accounts Payable	Y	N	N
Checking and Credit Cards	Y	N	n/a
Inventory	Y	N	N
Time Tracking	N	N	N
Payroll and Employees	N	N	N
Sensitive Accounting Activities	N	N	N
Sensitive Financial Reports	N	N	n/a
Changing or Deleting Transactions	N	n/a	n/a
Changing Closed Transactions	N	n/a	n/a

Prev    Next    **Finish**    Help    Cancel



# Audit Trail Report

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- The Audit Trail Report provides a record of every transaction entered into the data file, including details such as when a transaction is changed and the nature of the change. At a minimum, it is suggested that report be examined on at least a weekly basis, looking for any suspicious activity.
- Examples of such activity include:
  - unauthorized bad debt write-offs or other credits to customer accounts, journal entries to cash accounts, or changes to the payee on checks.
  - customer invoices being deleted. This could indicate that an employee received cash from the customer, and then deleted the invoice so he/she could pocket the cash.



# Other Elements of Good Control

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- Separate Reconciliations from Payroll Issuer
- Signing Authority
- Education



# Separate Reconciliations from Payroll Issuer

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- It's important to have a different person reconcile the bank statement than the person who issues the Accounts Payable and Payroll checks.



# Signing Authority

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- The person issuing the Accounts Payable checks should not be the person authorized to sign them.



# Education

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- There is quite a bit of control in QuickBooks, but it is flexible enough if the user doesn't want to deal with these features. While most of these control features are optional, it is important that the user understand why they are important, and to implement them as appropriate.
- If the user knows what the tool is and how it works, that is the key.



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# Preventing Fraud

## Top Ten Tips

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# 1

## Send Bank and Credit Card Statements to a Separate Address

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- Review each check both front and back for payee, signature, and endorsement.
- Examine each statement carefully. Review each and every line item of both payments and charges.



# 2

## Do Not Let Anyone Misrepresent Themselves as You

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- Never allow someone to use your password, sign your name, ever.
- Never let an employee sign your name, use your credit card, or misrepresent themselves to your bank or credit card company. Reimburse their expense.
- Don't reveal sensitive passwords.



# 3

## Reconcile Bank Accounts and Review Statements

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- Review every statement. Make sure all bank accounts and credit cards are reconciled.
- Take time to review every reconciliation report.
- Notice stale checks or deposits that have not cleared the bank.
- Check for missing deposits. An increase in the number of reconciled items may also reveal mischief.



# 4

## Assign Administrative Rights Effectively

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- Use the Administrative rights in QuickBooks to protect your data.
- This role has unique permissions.
- Make sure that every user is set up separately and that passwords are used.
- Lock down permissions to change or delete transactions.
- Especially important: Use passwords for closing dates.



# 5

## Use the Audit Trail in QuickBooks

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- If you don't have the latest version of QuickBooks, make sure you turn on the Audit Trail.
- Caution: the Audit Trail won't tell you if a vendor name has been changed or merged. It is wise to maintain a strict paper trail.
- Supporting documents need to be readily accessible in your files and then archived according to the type of document.



# 6

## Use the Voided/Deleted Transaction Report

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- After you have turned on the Audit Trail, and made its review part of your routine, periodically review the Voided/Deleted Transaction Report to see which entries which have been modified.



# 7

## Establish Accounting Controls

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- Split responsibilities between staff members or outside accounting professionals.
- **Warning Sign:** If only one person writes the checks and reconciles the account, there is no double check. Separate the duties.
- Consider another person to do reconciliations so it is done by a person other than the staffer generating the checks.



# 8

## Adhere to a Numerical Sequence

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- Use a numerical sequence for all transactions. Invoice, bills, and checks which are numbered fall in a logical and chronological order. The reason: To identify missing documents.
- Look at the bank statement for large gaps. Secure paper checks.
- If you keep voided paper checks, remember to tear off the signature area to keep it from being misused. If your bank sends paper checks, sort them numerically.



# 9

## Review Receivables and Payables

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- Look for adjustments to Receivables or Payables. Such adjustments could indicate subverted payments or vendor checks.



# 10

## Back up Your Data

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- **Back up! Back up! Back up!**
- **Think redundant backups as a contingency plan for disasters of all sorts.**
- **Make scheduled copies.**
- **Rotate the media (tape drive or portable storage). If you use CDs, better buy the read-only variety.**
- **Store your backups at another location. Such diligence can come in especially handy if there is a disaster.**
- **In some fraud cases, the bookkeeper may delete all of the QuickBooks files to avoid detection. In such cases the governments have to pay a large sum for data retrieval, in hopes of capturing any shred of evidence. Be smart; back up. It only takes a few minutes.**



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# Working With Bank Accounts

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# Lesson objectives

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- To learn how to work with registers for QuickBooks bank accounts
- To demonstrate how to open a register
- To learn the features common to all registers
- To learn when and how to make entries directly in the register
- To demonstrate how to reconcile a QuickBooks bank account



# Writing a QuickBooks check

To write a check:

1. In the Banking area of the Home page, click Write Checks.

Write Checks - Checking

Bank Account: Checking Ending Balance: 46,423.98

No. 301  
Date: 12/15/2007  
\$ 0.00 Dollars

Pay to the Order of \_\_\_\_\_

Address \_\_\_\_\_

Memo \_\_\_\_\_

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

Account	Amount	Memo	Customer:Job

Clear Splits Recalculate Save & Close Save & New Clear



# Writing a QuickBooks check

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2. Select the “To be printed” checkbox.
3. In the Pay to the Order of field, type **Cal Telephone**.
4. Press Tab to move to the Amount field.
5. Type **156.91**, and press Tab.
6. Click in the Account column on the Expenses tab, and then choose Utilities: Telephone.



# Writing a QuickBooks check

**Write Checks - Checking** Type a help question **Ask** How Do I? [ ] [ ] [ X ]

Previous Next Print Find

Bank Account **Checking** Ending Balance 46,423.98

Pay to the Order of **Cal Telephone** No. To Print  
Date 12/15/2007  
\$ 156.91

One hundred fifty-six and 91/100\*\*\*\*\*Dollars

Address **Cal Telephone**  
P.O. Box 1100  
Middlefield CA 94482

Memo

**Expenses \$156.91** Items \$0.00  Online Payment  To be printed

Account	Amount	Memo	Customer:Job
<b>Utilities: Telephone</b>	156.91		

Clear Splits Recalculate Save & Close **Save & New** Clear



# Writing a QuickBooks check

7. Click Save & Close.
8. From the Banking menu, choose Use Register.
9. Click OK to accept Checking as the account whose register you want to see.

Date	Number	Payee	Payment	✓	Deposit	Balance
	Type	Account	Memo			
12/15/2007	To Print CHK	Cal Telephone Utilities:Telephone	156.91			46,392.07
12/16/2007	SEND TRANSFR	Savings			500.00	46,892.07
12/19/2007	SEND BILLPMT	Wheeler's Tile Etc. Accounts Payable H-18756	625.00			46,267.07
12/15/2007	Number	Payee	Payment		Deposit	
		Account	Memo			

Splits

Ending balance 46,267.07

1-Line

Sort by Date, Type, Number/...

Record Restore

10. Close the Checking account register.



# QB Tips

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- Do NOT use the Write Checks window if you are paying sales tax, paying payroll taxes and liabilities, or paying bills that you have entered previously (that is, you are using A/P to track them).
- Use the Pay Sales Tax window for a sales tax payment, the Pay Liabilities window for payroll taxes and the Enter Bills and Pay Bills windows for paying A/P bills.



# Using bank account registers

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To open a register (when no form is open):

1. From the Lists menu, choose Chart of Accounts.
2. In the chart of accounts, double-click the Savings account.
3. Review features common to all registers:

The register shows every transaction that affects an account's balance and lists them in chronological order.

The columns in the register give specific information about the transaction.

On every transaction line, QuickBooks shows the account's running balance.

4. Close the Savings register window.
5. Close the Chart of Accounts.



# Common Features of QB Registers

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- Shows every transaction that affects a balance and lists them in chronological order.
- Columns give specific information about the transaction.
  - 1<sup>st</sup> = date
  - 2<sup>nd</sup> = reference number and a type
  - 3<sup>rd</sup> = lists the payee, the account to which you've assigned the transaction and any descriptive memo
  - 4<sup>th</sup> = transaction amount and whether the transaction has cleared the bank
- On every transaction line, QB shows the account's running balance. The bottom of the register window shows the account's ending balance (includes checks you haven't yet printed).



# QB Tips

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- You can edit transactions in registers with some restrictions:

Can't edit a sales tax payment.

Can edit split amounts for checks (CHK), deposits (DEP), credit card charges (CC), credit card credits (CC CRED), bills (BILL) and vendor credits (BILLCRED) if all the amounts are assigned to expense (or other) accounts.



# Entering a handwritten check

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To enter a handwritten check in the checking account register:

1. From the Banking menu, choose Use Register.
2. Click OK to accept Checking.
3. Click in the Number field in the blank transaction at the bottom of the register, then double-click to highlight the number that QuickBooks prefills.
4. Type **1204**, then press Tab.
5. In the Payee field, type **Bayshore Office Supply**, and then press Tab.
6. Click Quick Add.



# Entering a handwritten check

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To enter a handwritten check in the checking account register:

7. Click OK.
8. In the Payment field, type **99.95**, and then press Tab.
9. In the Account field, type **Of**, and press Tab.
10. In the Memo field, type **Office chair**.
11. Click Record.
12. Close the Checking account register.



**Checking**      Type a help question **Ask**      How Do I?      [ ] [ ] [X]

Go to...    Print...    Edit Transaction    QuickReport    Download Bank Statement

Date	Number	Payee	Payment	✓	Deposit	Balance
	Type	Account	Memo			
12/15/2007	To Print CHK	Cal Telephone Utilities: Telephone	156.91			46,392.07
12/16/2007	SEND TRANSFR	Savings			500.00	46,892.07
12/19/2007	SEND BILLPMT	Wheeler's Tile Etc. Accounts Payable H-18756	625.00			46,267.07
12/15/2007	1204 CHK	Bayshore Office Supply Office Supplies	99.95		Deposit	
		Office chair				
<b>Splits</b> Ending balance						46,267.07

1-Line

Sort by Date, Type, Number/...

**Record**    Restore



# Transferring money between accounts

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To transfer money:

1. From the Banking menu, choose Transfer Funds.
2. In the Transfer Funds From field, choose Checking.
3. In the Transfer Funds to Field, choose Savings.
4. In the Transfer Amount field, type **5000**.
5. Click Save & Close.



# Reconciling Checking Accounts

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- Reconciling is the process of making sure that your checking account record matches the bank's record.



# Reconciling checking accounts

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



# Marking cleared transactions

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To reconcile your account:

1. From the Banking menu, choose Reconcile.
2. In the Account field, make sure Checking is selected.
3. In the Statement Date field, type **12/15/2007**.
4. In the Ending Balance field, type **34592.98**.
5. In the Service Charge field, type **14.00**.
6. In the Service Charge Date field, type **12/15/2007**.
7. Click Continue.
8. Select Mark All.



# Marking cleared transactions

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To reconcile your account:

9. In the Checks, Payments and Service Charges section, click to clear the checkmarks for all items with dates later than 12/12/2007.
10. Repeat the process in the Deposits and Other Credits section - click to clear the checkmarks for all items with dates later than 12/12/2007.



**Reconcile - Checking** Type a help question **Ask** **How Do I?**

Reconciling for the period ending 12/15/2007  Show only transactions on or before the statement ending date

Checks, Payments and Service Charges					Deposits and Other Credits				
✓	Date	Chk #	Payee	Amount	✓	Date	Chk #	Payee	Amount
✓	12/12/2007	292	East Baysh...	532.97	✓	12/11/2007			7,722.58
✓	12/12/2007	293	Express Del...	70.00	✓	12/11/2007			440.00
	12/15/2007	294	Sloan Roofing	5,700.00	✓	12/12/2007			4,936.12
✓	10/28/2007	296	Bank of An...	550.00		12/13/2007		Abercrombi...	7,633.28
✓	11/28/2007	297	Bank of An...	550.00		12/14/2007			4,700.00
✓	10/22/2007	298	Bank of An...	244.13		12/15/2007		Lew Plumbi...	45.00
✓	11/22/2007	299	Bank of An...	244.13		12/15/2007	42000	Natiello, Er...	13,560.39
	12/15/2007	1204	Bayshore O...	99.95		12/16/2007	SEND		500.00

Beginning Balance	23,171.79	<input type="button" value="Modify"/>	Service Charge	-14.00
Items you have marked cleared			Interest Earned	0.00
21 Deposits and Other Credits	129,430.31		Ending Balance	34,592.98
60 Checks, Payments and Service Charges	118,009.12		Cleared Balance	34,592.98
			Difference	0.00



# Marking cleared transactions -

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11. Click Reconcile Now.
12. In the Select Reconciliation Report window, make sure “Both” is selected, and then click Display.
13. Click OK at the message that QuickBooks displays.
14. Close the report windows.



# Reconcile Discrepancy Report

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- Shows changes and deletions made to previously reconciled transactions, making it easier to find discrepancies.
- Useful when the beginning balance that QB shows is different than the ending balance from the bank statement for the previous period.
- Banking:Reconcile:Locate  
Discrepancies:Discrepancy Report
- If the last reconciliation was in error, by clicking Undo Last Reconciliation in the Locate Discrepancies window, you can undo it without having to identify and manually clear each affected transaction.



# Viewing cleared checks in the register

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To view cleared checks in the register:

1. From the Banking menu, choose Use Register.
2. Click OK to accept Checking.
3. Scroll through the register to view the cleared items.
4. Close the Checking account register.



# Locating specific transactions

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To use the Find feature:

1. From the Edit menu, choose Find and then select the Advanced tab.
2. Select Transaction Type from the Choose Filter list.
3. Select Check from the list of transaction types.
4. Select Date from the Choose Filter list, and then choose, “This Calendar Year-to-date.”
5. Select Amount from the Choose Filter list, and then click  $\geq$ .
6. Enter **500.00** and click Find.



# QB Tips

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- You can use the QB Find command to search for specific checks you've written.
- For example: you want to find all checks greater than or equal to \$500 that you wrote during the current year.

Edit:Advanced Find

Select Transaction Type in the Filters box.

Select Check from the list of transaction types.

Select Date in the Filters box, and then choose "This Calendar Year-to date" from the list of date ranges.

Select Amount in the list of filters, and then click >(greater than or equal to).

Enter 500.00 and click Find.



# Review Activities

- Use the checking account register to enter a handwritten check for \$76.95. Use the next available check number and make the check payable to Express Delivery Service, for delivery of a new sign. Assign the check to the Freight & Delivery expense account.
- Write a QuickBooks check to Bayshore Water for \$143.87 to pay this month's water bill. Assign the check to the Utilities:Water expense account.
- Find all the checks in the sample file that were written for \$3000.00 and more. How many checks are there?



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# Using Other Accounts

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# Lesson objectives

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- To introduce the other account types available in QuickBooks
- To learn how to track credit card transactions in QuickBooks
- To reconcile a credit card account
- To see how to make a credit card payment
- To discuss the different types of asset and liability accounts you can create and see how to track assets and liabilities in QuickBooks
- To introduce the subject of equity and QuickBooks equity accounts



# Other account types in QuickBooks

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- In this lesson, you'll learn about these types of QuickBooks Accounts:
  - Credit card accounts
  - Asset accounts
  - Liability accounts
  - Equity accounts



# Entering Credit Card Charges

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- QuickBooks lets you choose when you enter your credit card charges.

When you charge an item  
When you receive the bill



# Entering credit card charges

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To enter a credit card charge:

1. From the banking menu, choose Enter Credit Card Charges.
2. In the Credit Card field, select CalOil Card.
3. In the Purchased From field, select Bayshore CalOil Service.
4. Click in the Amount Field, and then double-click to select the entire amount.
5. Type **30** and then press Tab.
6. Click the Expenses tab.
7. In the detail area, click the Account column and assign the charge to the Automobile: Fuel expense account.



# Entering credit card charges

Enter Credit Card Charges - CalOil Card

Type a help question **Ask** **How Do I?**

Previous Next Find Download Card Charges

Credit Card CalOil Card Ending Balance 71.02

Purchased From Bayshore CalOil Service Ref No.

Charge  Credit

DATE 12/15/2007

CREDIT CARD X AMOUNT 30.00

Memo

Expenses \$30.00 Items \$0.00

Account	Amount	Memo	Customer:Job
Automobile:Fuel	30.00		

Clear Splits Recalculate Save & Close Save & New Clear

- Click Save & Close to record the transaction and close the window.



# Reconciling a credit card statement

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To reconcile a credit card statement:

1. From the Company menu, choose Chart of Accounts.
2. Click CalOil Card in the list once to select it.
3. Click the Activities menu button, and then choose Reconcile Credit Card.
4. In the Statement Date field, enter **12/15/2007**.
5. In the Ending Balance field, type **101.02**.
6. Press Continue.



# Reconciling a credit card statement

- QuickBooks displays the Reconcile Credit Card window.

Reconciling for the period ending 12/17/2007  Show only transactions on or before the statement ending date

Charges and Cash Advances				Payments and Credits					
✓	Date	Ref #	Payee	Amount	✓	Date	Ref #	Payee	Amount
	12/03/2007		Bayshore CalOil Service	23.50		12/02/2007		CalOil Company	135.80
	12/12/2007		Bayshore CalOil Service	47.52					
	12/15/2007		Bayshore CalOil Service	30.00					

Mark All Unmark All Go To Columns to Display...

Beginning Balance 135.80  
Items you have marked cleared  
○ Payments and Credits 0.00  
○ Charges and Cash Advances 0.00

Modify Finance Charge 0.00  
Ending Balance 101.02  
Cleared Balance 135.80  
Difference 34.78

Reconcile Now Leave



# Marking cleared transactions

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To mark the transactions as cleared:

1. In the “Charges and Cash Advances” section of the window, select all three charges.
2. In the “Payments and Credits” section of the window, select the 12/02/07 payment for \$135.80
3. Click Reconcile Now.
4. For this exercise, you want to write a check for payment now, so leave that option selected and click OK.
5. In the Select Reconciliation Report window, select Detail and then click Display.
6. Click OK at the message QuickBooks displays.
7. Close the Report.



# Paying a credit card bill

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To write a check for the bill now:

1. In the Write Checks window, make sure Checking is listed as the bank account.
2. Click in the Pay to the Order of field and select CalOil Company as the name of the credit card company.
3. Click the “To be printed” checkbox to select it.



# Paying a credit card bill

Write Checks - Checking

Bank Account: Checking Ending Balance: 45,423.98

Pay to the Order of: CalOil Company No. To Print: \$ 101.02  
Date: 12/15/2007

One hundred one and 02/100 Dollars

Address: CalOil Company  
PO Box 628  
Middlefield CA 94482

Expenses: \$101.02 Items: \$0.00 Online Payment:  To be printed:

Account	Amount	Memo	Customer:Job
CalOil Card	101.02		

Buttons: Clear Splits, Recalculate, Save & Close, Save & New, Clear

- Click Save & Close to record the transaction.



# Working with asset accounts

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To set up an Other Current Asset account:

1. In the chart of accounts, click the Account menu button, and then choose New.
2. For the Type, choose Other Current Asset.
3. In the Name field, type **Prepaid rent**.
4. In the Opening Balance field, type **6000**.
5. Click OK.



# Setting up asset accounts to track depreciation

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To set up asset accounts to track depreciation:

1. In the chart of accounts window, click the Account menu button, and then choose New.
2. In the type field, choose Fixed Asset.
3. In the Name field, type **Trailer**.
4. Leave the opening balance blank, and click OK.



# Setting up asset accounts to track depreciation

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To add subaccounts:

1. In the chart of accounts window, click the Account menu button, and then choose New.
2. In the type field, choose Fixed Asset.
3. In the Name field, type **Cost**.
4. Select the “Subaccount of” checkbox, and select **Trailer** as the parent account.
5. Leave the opening balance blank.
6. Click OK.
7. Repeat the previous steps to add a second subaccount to the Trailer fixed asset account. Call the subaccount “Depreciation,” and leave the opening balance blank.



# Entering depreciation transactions

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To enter a transaction for depreciation:

1. In the chart of accounts, select the Depreciation subaccount for the trailer.
2. Click the Activities menu button, and then choose Use Register.
3. In the Decrease column, type **1300** and press Tab. This is the depreciation amount.
4. In the Account field, select Depreciation Expense.



# Entering depreciation transactions

Date	Ref	Payee	Decrease	Increase	Balance
	Type	Account			
12/15/2007	Ref	Payee	1,300.00	Increase	
	GENJRL	Depreciation Expen			
		Memo			

Splits      Ending balance      0.00

1-Line

Sort by: Date, Type, Number/...

Record      Restore

- Click Record.
- Close the register window.



# Tracking a loan with a long-term liability account

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To add a long-term liability account:

1. In the chart of accounts, click the Account menu button, and then choose New.
2. In the New Account window, select Long Term Liability in the Type drop-down list.
3. In the Name field, type **Trailer Loan**.
4. Leave the Opening Balance field blank.
5. Click OK.



# Tracking a loan with a long-term liability account

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To record an increase in the asset's Cost account:

1. In the chart of accounts, double-click the Trailer:Cost subaccount.
2. In the increase field, type **30,000**.
3. In the Account field, select the Trailer Loan liability account.
4. Click Record.





# Tracking a loan with a long-term liability account

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To create a fixed asset item:

1. From the Lists menu, choose Fixed Asset Item List.
2. Click the Item menu button, and select New.
3. In the Asset Name/Number field, type **Trailer**.
4. Enter the following information to complete the Purchase Information section:
  - Item is: **New**
  - Purchase Description: **Trailer**
  - Date: **12/15/2007**
  - Cost: **30,000**
  - Vendor/Payee: **East Bayshore Auto Mall**



# Tracking a loan with a long-term liability account

- The New Item window should look like the following graphic:

**New Item** Type a help question **Ask** How Do I? \_ \_ X

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

Asset Name/Number: Trailer Asset Account: [Dropdown]

Purchase Information: Purchase Description: Trailer Item is:  new  used Date: 12/15/2007 Cost: 30,000.00 Vendor/Payee: East Bayshore Auto Mall

Sales Information: Sales Description: [Empty] Item is sold:  Sales Date: [Empty] Sales Price: 0.00 Sales Expense: 0.00

Item is inactive:

Asset Information: Asset Description: [Empty] Location: [Empty] PO Number: [Empty] Serial Number: [Empty] Warranty Expires: [Empty]

Notes: [Empty]

Buttons: OK, Cancel, Next, Custom Fields, Spelling



# Tracking a loan with a long-term liability account

---

To create a fixed asset item:

5. Enter the following information to complete the Asset Information section:
  - Asset Description: White trailer with company logo
  - Serial Number: 123456789
  - Warranty Expires: 12/15/2010
6. From the Asset Account drop-down list, choose Trailer:Cost.
7. Click OK.
8. Close the Fixed Asset Item list.



# Tracking a loan with a long-term liability account

---

To record a payment on a loan:

1. From the Banking menu, choose Write Checks.
2. In the “Pay to the Order of” field, type **Great** and then press Tab.
3. For the dollar amount of the check, type **500.00**.
4. Click the Expenses tab, and then click in the Account column and choose the Interest Expense: Loan Interest expense account.
5. In the Amount column highlight the amount that QuickBooks prefilled and then type **225.00**.
6. Assign the remainder of the expense to the Trailer Loan liability account.



# Tracking a loan with a long-term liability account

Write Checks - Checking

Bank Account: Checking Ending Balance: 46,322.96

Pay to the Order of: Great Statewide Bank

No. To Print: \_\_\_\_\_  
Date: 12/15/2007  
\$ 500.00

Five hundred and 00/100\* \*\*\*\*\* Dollars

Address: Great Statewide Bank  
P.O. Box 522  
Bayshore CA 94326

Expenses: \$500.00 Items: \$0.00

Account	Amount	Memo	Customer:Job
Interest Expense: ...	225.00		
Trailer Loan	275.00		

Buttons: Clear Splits, Recalculate, Save & Close, Save & New, Clear

- Click Save & Close to record the payment.



# Review Activities

- Assume that the owner of Rock Castle Construction has taken out a loan and purchased a computer system for \$15,000. He wants to track the accumulated depreciation and cost of the system in two separate fixed asset accounts.
- Create a fixed asset account called Computer System and two subaccounts—one for cost and one for Accumulated Depreciation.
- Create a long-term liability account to track the loan.
- Enter the amount of the loan as an increase in the asset's Cost account. Assign the transaction to the loan liability account.



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# Receiving Payments and Making Deposits

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# Lesson objectives

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- To learn how to record customer payments in QuickBooks
- To learn how to handle customer discounts, partial payments, overpayments, or down payments
- To see how to record a deposit in QuickBooks, and learn how QuickBooks treats the deposit behind the scenes
- To learn how to enter cash back from a deposit in QuickBooks



# Recording a payment in full for a single job

---

To record a payment in full:

1. From the Customers menu, choose Receive Payments.
2. In the Received From field, select Violette, Mike: Workshop from the drop-down list.
3. Press Tab to move to the Amount field.
4. In the Amount field, type **4735.73** and press Tab.
5. In the Payment Method field, select Check from the drop-down list and then press Tab.
6. In the Check # field, type **6745**.



# Recording a payment in full for a single job

**Receive Payments** Type a help question **Ask** **How Do I?**

Previous Next History Get Online Pmts

### Customer Payment

Received From: **Violette, Mike:Workshop** Customer Balance: **4,735.73**

Amount: **4,735.73** Date: **12/15/2007**

Pmt. Method: **Check** Check #: **6745**

Memo:  [Where does this payment go?](#)

Process credit card payment when saving [Find a Customer/Invoice...](#)

✓	Date	Number	Orig. Amt.	Amt. Due	Payment
✓	12/05/2007	66	5,735.73	4,735.73	4,735.73
Totals			5,735.73	4,735.73	4,735.73

Amounts for Selected Invoices

Amount Due	<b>4,735.73</b>
Applied	<b>4,735.73</b>
Discount and Credits Applied	<b>0.00</b>

See why 70% of QuickBooks users say accepting credit cards in QuickBooks is better. [See why](#)



- Click Save & New.

# Entering a partial payment

---

To enter a partial payment:

1. In the Received From field, select Ecker Designs:Office Repairs from the drop-down list.
2. Press Tab to move to the Amount field, and then type **1000**. Then press Tab again.
3. Click Un-Apply Payment.
4. In the Payment column, type **1000** as the amount you want to apply to the second invoice, and then press Tab.
5. In the Pmt. Method field, leave Check selected.
6. In the Check # field, type **5678**.
7. Leave the “Leave this as an underpayment” option selected.
8. Click Save & New to record the partial payment and clear the window.



# Applying one payment to multiple jobs

---

To apply one payment to multiple jobs:

1. In the Receive Payments window, select Cook, Brian from the Received From drop-down list.
2. Press Tab to move to the Amount field.
3. In the Amount field, type **7812.63** and then press Tab.
4. In the Pmt. Method drop-down list, confirm that Check is selected.
5. In the Check # field, type **375**.



# Applying one payment to multiple jobs

Receive Payments Type a help question **Ask** How Do I?

Previous Next History Get Online Pmts

## Customer Payment

Received From:  Customer Balance: **7,812.63**

Amount:  Date:

Pmt. Method:  Check #:

Memo:  [Where does this payment go?](#)

Process credit card payment when saving Find a Customer/Invoice...

✓	Date	Job	Number	Orig. Amt.	Amt. Due	Payment
✓	10/15/2007	Kitchen	42	3,100.00	700.00	700.00
✓	11/25/2007	Kitchen	57	1,636.69	466.69	466.69
✓	11/25/2007	2nd story addition	58	5,418.00	5,003.30	5,003.30
✓	12/11/2007	Kitchen	FC 6	5.95	5.95	5.95
✓	12/15/2007	Kitchen	76	1,636.69	1,636.69	1,636.69
<b>Totals</b>				<b>11,797.33</b>	<b>7,812.63</b>	<b>7,812.63</b>

Un-Apply Payment Discount & Credits...

Amounts for Selected Invoices

Amount Due	<b>7,812.63</b>
Applied	<b>7,812.63</b>
Discount and Credits Applied	<b>0.00</b>

Save & Close Save & New Clear

See why 70% of QuickBooks users say accepting credit cards in QuickBooks is better. [See why](#)

- Click Save & New.



# Entering overpayments

---

To enter the payment:

1. In the Received From field of the Receive Payments window, select Pretell Real Estate:75 Sunset Rd. from the drop-down list.
2. Press Tab and type **12500** in the Amount field.
3. Press Tab again.
4. Select “Refund the amount to the customer” option.
5. Click Save & New.
6. In the Issue a Refund window, click OK.



# Handling down payments or prepayments

---

To enter the down payment you've received:

1. In the Received From field, select Abercrombie, Kristy:Kitchen from the drop-down list and then press Tab.
2. Type **1000** in the Amount field and then press Tab.
3. Leave the "Leave the credit to be used later" option selected.
4. In the Pmt. Method field, make sure Check is selected.
5. In the Check # field, type **4321**.
6. Click Save & Close.
7. Click OK in the message that displays.



# Handling down payments or prepayments

---

To create an invoice for a customer who made a down payment:

1. From the Customers menu, choose Create Invoices.
2. In the Customer:Job field, select Abercrombie, Kristy: Kitchen from the drop-down list.
3. QuickBooks displays the Available Estimates window. You don't want to create the invoice from the estimate listed, so click Cancel.
4. From the Template drop-down list, choose Custom Invoice.
5. Click in the Item column, select Removal from the Item drop-down list, and then press Tab.



# Handling down payments or prepayments

---

To create an invoice for a customer who made a down payment:

6. In the Quantity column, type **40** and press Tab.
7. Click Apply Credits to apply the down payment amount made earlier towards this invoice.
8. Click Yes at the message that displays.
9. This is the credit that you want to apply to the invoice, so click Done.



# Handling down payments or prepayments

Customer: Job  
Abercrombie, Kristy:Kitchen

Template: Custom Invoice

DATE: 12/15/2007  
INVOICE #: 93

**Invoice**

**BILL TO**  
Kristy Abercrombie  
5647 Cypress Hill Rd  
Bayshore CA 94326

P.O. NO.:  
TERMS: Net 30  
DUE DATE: 01/14/2008  
CONTRACT #:

ITEM	QUANTITY	DESCRIPTION	RATE	AMOUNT	Tax
Removal	40	Removal labor	35.00	1,400.00	Non

Customer Message: Tax: San Tomas (7.75%) 0.00

Total: 1,400.00

To be printed  
 To be e-mailed

Add Time/Costs... Apply Credits... Payments Applied: 1,000.00  
Balance Due: 400.00

Customer Tax Code: Tax

Memo:

Let QuickBooks help you get your Invoice paid online by credit card.

Save & Close Save & New Revert

- Click Save & Close to record the transaction.



# Making deposits

---

To select payments to deposit:

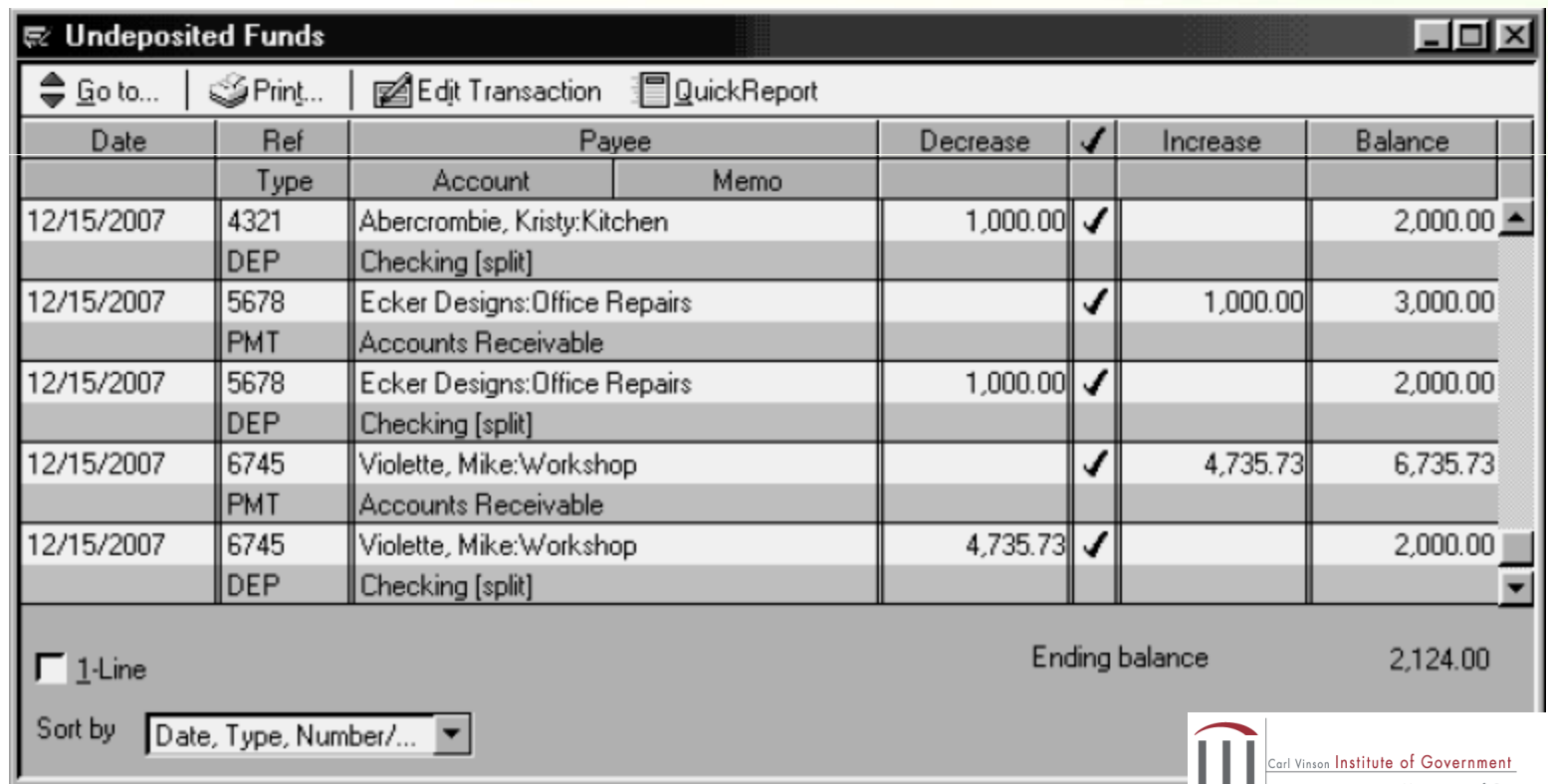
1. From the Banking menu, choose **Make Deposits**.
2. Click to select the payments you want to bring to the bank.
3. Click **OK**.
4. In the **Deposit To** field, make sure that **Checking** is selected.
5. Click **Save & Close** to record the deposit.



# How QuickBooks handles the deposit

To view the Undeposited Funds account:

1. From the Lists menu, choose Chart of Accounts.
2. In the chart of accounts, double-click the Undeposited Funds account.



Date	Ref	Payee	Decrease	✓	Increase	Balance
	Type	Account	Memo			
12/15/2007	4321	Abercrombie, Kristy:Kitchen	1,000.00	✓		2,000.00
	DEP	Checking [split]				
12/15/2007	5678	Ecker Designs:Office Repairs		✓	1,000.00	3,000.00
	PMT	Accounts Receivable				
12/15/2007	5678	Ecker Designs:Office Repairs	1,000.00	✓		2,000.00
	DEP	Checking [split]				
12/15/2007	6745	Violette, Mike:Workshop		✓	4,735.73	6,735.73
	PMT	Accounts Receivable				
12/15/2007	6745	Violette, Mike:Workshop	4,735.73	✓		2,000.00
	DEP	Checking [split]				
Ending balance						2,124.00

1-Line

Sort by



# How QuickBooks handles the deposit

---

3. Close the account register window.
4. In the chart of accounts, double-click the checking account.
5. Close the checking account register and the chart of accounts.



# Getting cash back from a deposit

---

To record getting cash back from a deposit:

1. From the Banking menu, choose Make Deposits.
2. In the Payments to Deposit window, select the payment from Doug Jacobsen.
3. Click OK.
4. In the Make Deposits window, type **Petty Cash** in the “Cash back goes to” field and press Tab.
5. When QuickBooks displays a message telling you that Petty Cash is not on the account list, click Set up.



# Getting cash back from a deposit

---

To record getting cash back from a deposit:

6. Make sure Bank is selected in the Type drop-down list, and then click OK to return to the Make Deposits window.
7. In the “Cash back amount” field, type **200** and press Tab.
8. Click Save & Close.
9. To see the effect on these accounts, choose Chart of Accounts from the Lists menu.
10. Close the chart of accounts.



# Review Activities

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- Create an invoice for Bryan Ruff's utility shed job.
- Add items to Rock Castle Construction's Item list as needed.
- After you invoice Bryan, record a payment from him in the Receive Payments window.
- Record Rock Castle Construction's deposit of the payment.



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# Entering and Paying Bills

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Carl Vinson Institute of Government

The University of Georgia

# Lesson objectives

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- To discuss the different ways you can handle bills in QuickBooks
- To learn how to enter a bill in QuickBooks
- To use the Pay Bills window to pay a bill in QuickBooks
- To learn how to enter a discount on a bill from a vendor



# Handling Bills

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- Write a check manually and enter the information into a QuickBooks register later.
- Use QuickBooks to write and print a check.  
QuickBooks makes the entry in the checking account register for you.
- Use the QuickBooks accounts payable feature to track the amounts you owe to vendors, track cash flow needs and handle bills you want to pay later.
- Pay by credit card and enter the credit card receipt into QuickBooks later.
- This lesson will cover how to use QuickBooks for accounts payable.



# Using QuickBooks for accounts payable

---

To see the Accounts Payable register:

1. From the Lists menu, choose Chart of Accounts.
2. Double-click Accounts Payable in the list to open the register.



# Using QuickBooks for accounts payable

The screenshot shows the 'Accounts Payable' window in QuickBooks. The window title is 'Accounts Payable' and it includes a search bar for help questions. Below the title bar are buttons for 'Go to...', 'Print...', 'Edit Transaction', and 'QuickReport'. The main area contains a table of transactions with columns for Date, Number, Vendor, Due Date, Billed, Paid, and Balance. The table shows three transactions: one paid on 12/15/2007 for Keswick Insulation, one billed on 12/15/2007 for Cal Gas & Electric, and one billed on 12/19/2007 for Wheeler's Tile Etc. Below the table is a summary section with a 'Splits' button, checkboxes for '1-Line' and 'Show open balance', a 'Sort by' dropdown menu, and 'Record' and 'Restore' buttons. The ending balance is shown as 30,739.38.

Date	Number	Vendor	Due Date	Billed	✓	Paid	Balance
	Type	Account	Memo				
12/15/2007		Keswick Insulation	Paid	670.00			31,241.70
	BILL	Job Expense:					
12/15/2007	12/03	Cal Gas & Electric	12/30/2007	122.68			31,364.38
	BILL	Utilities: Gas a Acct #560-82					
12/19/2007		Wheeler's Tile Etc.				625.00	30,739.38
	BILLPMT	Checking					

Ending balance 30,739.38

1-Line  Show open balance

Sort by Date, Type, Number/...

Record Restore



- Press Esc twice to close the open windows.



# Entering bills

---

To enter a bill:

1. From the Vendors menu, choose Enter Bills.
2. In the Vendor field, type **Willis Advertising**, and then press Tab.
3. When QuickBooks displays a message telling you that Willis Advertising is not on the Vendor list, click Quick Add.
4. In the Amount Due field, type **1500**.
5. Click in the Bill Due field.
6. Click in the Account column on the Expenses tab and type **Printing**.
7. Press Tab to accept Printing and Reproduction as the account.
8. Type **1450** to change the amount from 1,500 to 1,450.
9. Click in the Account column below Printing and Reproduction.
10. From the drop-down list, choose Freight & Delivery, and then press Tab.



# Entering bills

**Enter Bills** Type a help question **Ask** **How Do I?**

Previous Next Find History

Bill  Credit  Bill Received

**Bill**

Vendor Willis Advertising Date 12/15/2007

Address Willis Advertising Ref. No.

Amount Due 1,500.00

Bill Due 12/25/2007

Terms

Memo

**Expenses** \$1,500.00 **Items** \$0.00

Account	Amount	Memo	Customer:Job
Printing and Reprod...	1,450.00		
Freight & Delivery	50.00		

Clear Splits Recalculate Save & Close **Save & New** Clear



- Click **Save & Close** to record the bill.



# Paying bills

---

To pay a bill:

1. From the Vendors menu, choose Pay Bills.
2. Select the “To be printed” option.
3. Select the Willis Advertising bill by clicking in the column to the left of the bill.



# Paying bills

**Pay Bills** Type a help question **Ask** **How Do I?**

Select Bills to be Paid

Show bills  Due on or before 12/25/2007  Show all bills Sort Bills By Due Date

<input checked="" type="checkbox"/>	Date Due	Vendor	Ref. No.	Disc. Date	Amt. Due	Disc. Used	Credits Used	Amt. To Pay
<input type="checkbox"/>	12/20/2007	Hopkins Constru...			550.00	0.00	0.00	0.00
<input type="checkbox"/>	12/23/2007	Hopkins Constru...			150.00	0.00	0.00	0.00
<input type="checkbox"/>	12/24/2007	Middlefield Drywall			1,200.00	0.00	0.00	0.00
<input checked="" type="checkbox"/>	12/25/2007	Willis Advertising			1,500.00	0.00	0.00	1,500.00
Totals					3,400.00	0.00	0.00	1,500.00

Discount & Credit Information for Highlighted Bill

Vendor **Willis Advertising** Terms Number of Credits **0**

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

Payment Account:  Ending Balance **44,923.98**

Payment Method:   To be printed  Assign check no. Payment Date: 12/15/2007

- Click Pay & Close.



# How QuickBooks records your bill payment

---

To see the entry in the accounts payable register:

1. From the Company menu, choose Chart of Accounts.
2. In the chart of accounts, double-click the Accounts Payable account.
3. Close the accounts payable register.



# How QuickBooks records your bill payment

---

To see the entry:

1. In the chart of accounts, double-click Checking.
2. Select the Willis Advertising transaction.
3. On the toolbar, click Edit Transaction.
4. Press Esc to close the Bill Payment Check window.
5. From the Window menu, choose Close All to close all the open QuickBooks windows.
6. Click Home in the navigation bar to open the Home page.



# QB Tips

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- **The unpaid bills report lists the unpaid bills in accounts payable, grouped by vendor.**  
Reports:Vendors&Payables:Unpaid Bills
- **The A/P aging summary report summarizes the status of unpaid bills in accounts payable.**  
Reports:Vendors&Payables:A/P Aging Summary



# Applying vendor discounts to bill payments

---

To apply a discount for early payment:

1. On the Home page, click Pay Bills.
2. In the “Due on or before” field, type **1/16/2008** and press Tab.
3. From the Sort Bills By drop-down list, choose Discount Date.
4. Click to put a checkmark next to the bill for Hamlin Metal with a due date of 1/10/2008.
5. Click Set Discount.



# Applying vendor discounts to bill payments

Discount and Credits			
Bill			
Vendor	Hamlin Metal		
Ref. No.		Amount Due	670.00
Date	12/11/2007	Discount Used	<b>13.40</b>
Original Amt.	670.00	Credits Used	<b>0.00</b>
		Amt. To Pay	656.60
<b>Discount</b>		<b>Credits</b>	
Discount Date	12/21/2007		
Terms	2% 10 Net 30		
Suggested Discount	13.40		
Amount of Discount	<input type="text" value="13.40"/>		
Discount Account	<input type="text"/>		
<input type="button" value="Done"/>		<input type="button" value="Cancel"/>	<input type="button" value="Help"/>

6. From the Discount Account drop-down list, choose Construction:Discounts given to track the discount amount.
7. Click Done.
8. Click Pay & Close.



# Review Activities

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- Write a check to a vendor, assigning the amount to more than one expense account.
- Enter a bill in the Enter Bills window, and then view the bill transaction in the accounts payable register.
- Pay the bill using the Pay Bills window.

