

QuickBooks® 2013



IN DEPTH

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Laura Madeira

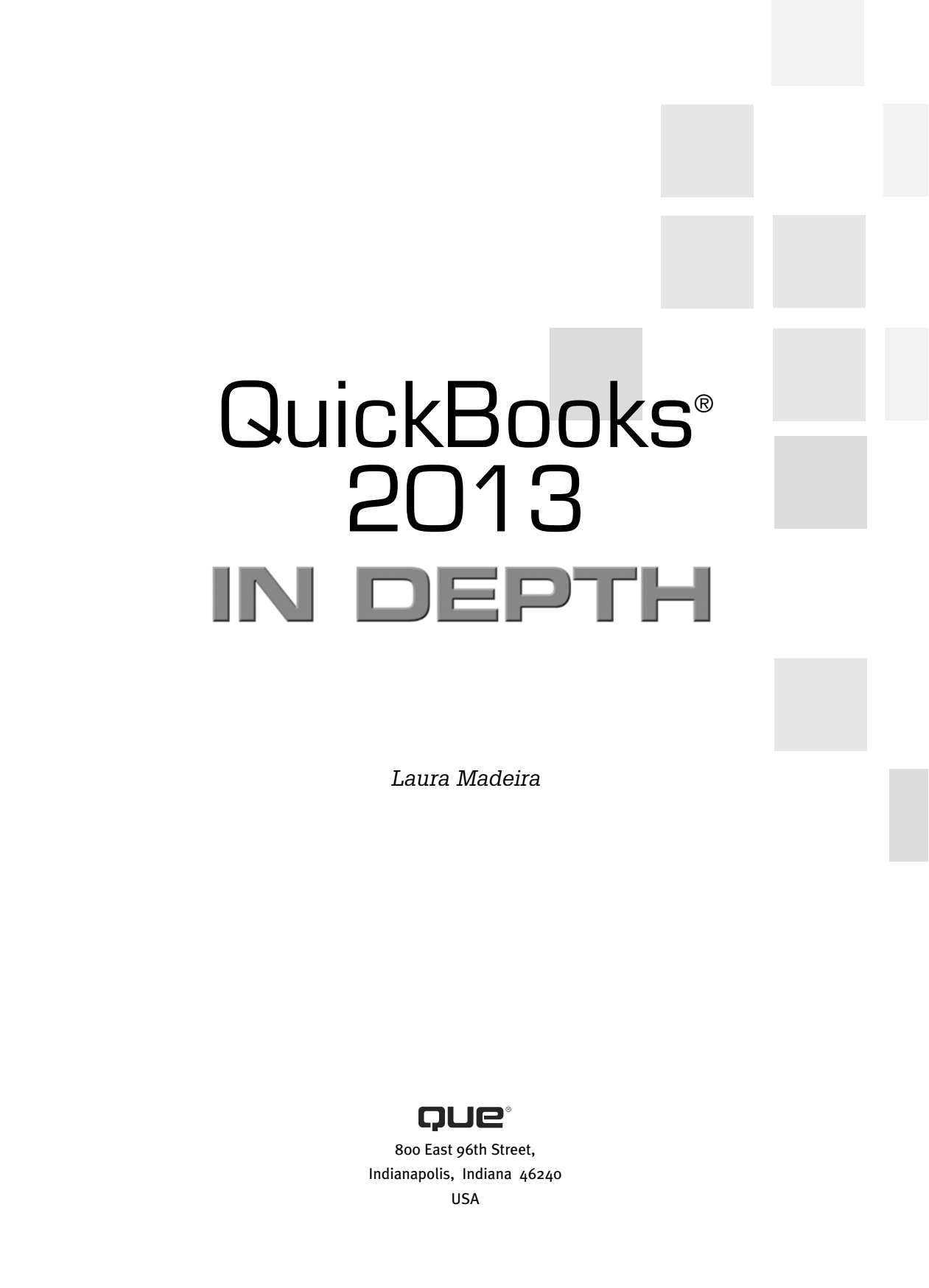
FREE SAMPLE CHAPTER



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You'll Learn How To

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IN DEPTH

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que®

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QUICKBOOKS® 2013 IN DEPTH

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ABOUT THE TECHNICAL EDITOR

David Ringstrom has worked behind the scenes as the technical editor for 27 books. David is a CPA and owner of Accounting Advisors, Inc., an Atlanta-based software consulting firm he started in 1991. He’s slowly edging his way toward authoring a book himself and has written freelance articles on spreadsheets and other topics for more than 15 years. David also regularly presents continuing professional education webinars to CPAs on Microsoft Office and QuickBooks. More information about David can be found at www.acctadv.com

DEDICATION

My high school English teacher: Her assignment to write often in a journal provided the backdrop to my love of writing and reading.

My husband, Victor, who willingly made dinner, sat in front of the TV enjoying the dinner with me, and then cleaned up the kitchen as I went back to writing.

To my Mom, Joycelyn Demaree, who called me regularly to see how I was doing.

And to my Dad, Ronald Demaree, who proudly showed my book to everyone at his accounting office.

ACKNOWLEDGMENTS

I could not have completed this project without the expertise and tireless effort of my talented technical editor. (Try saying that fast three times in a row!)

Being a technical editor is not a “glamorous” job at all. The technical editor responsibilities include being completely familiar with the subject of the book, testing each documented step for technical accuracy, and verifying that the proper terminology is used for the specific audience.

These are just a few of the requirements. The technical editor must then communicate the change needed to the author in a clear and concise manner, while allowing the author the final word.

Often weeks can go by between these reviews. Additionally, we write the original content during the beta release of the software, and then retest when the final software is released.

These details make for hours and hours of work. David did an excellent job, reading and rereading the content for clarity and accuracy.

A big thank you to William Murphy, a certified QuickBooks consultant, whose continued review and edits helped to define the content for Chapter 17, “Managing Your QuickBooks Database.”

I appreciate Charlie Russell and our many late-night emails about the new features and how they work. Charlie was instrumental in his help to learn about and document QuickBooks Enterprise and Advanced Inventory Management features included in this edition.

Thanks to the entire Intuit Product Development Team who continues to keep me advised of new product features and helps me collect information during the beta testing of each new year’s release of QuickBooks.

To all my QuickBooks peers in the many forums I belong to, thank you! You all play a part in this book, however unknowingly. In these forums I read your questions and answers and find it helps to guide what content I should include in the book.

For my family and friends who encouraged me to not lose sight of the goal—to share my knowledge of QuickBooks in this one-of-a-kind reference book, I could not have done this without your support.

Last, but very important, a big thanks to my acquisitions editor at Que, Michelle Newcomb, who has after all these years become a friend and who patiently works to keep me on schedule. Well, she tries anyway. And to the team at Que, including Ginny Munroe, development editor, who worked very closely with me to simplify the editing process, and Barbara Hacha, copy editor, who made sure my content was grammatically accurate.

—Laura

WE WANT TO HEAR FROM YOU!

As the reader of this book, *you* are our most important critic and commentator. We value your opinion and want to know what we're doing right, what we could do better, what areas you'd like to see us publish in, and any other words of wisdom you're willing to pass our way.

We welcome your comments. You can email or write to let us know what you did or didn't like about this book—as well as what we can do to make our books better.

Please note that we cannot help you with technical problems related to the topic of this book.

When you write, please be sure to include this book's title and author as well as your name and email address. We will carefully review your comments and share them with the author and editors who worked on the book.

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INTRODUCTION

Whether you are new to QuickBooks, an expert user, or somewhere in between, you will find this book to be a comprehensive reference guide to successfully complete your day-to-day QuickBooks tasks.

Having worked with many types of businesses the past 25 years, I know the importance of providing readers the “how and why” of common QuickBooks tasks. For both the inexperienced and expert user, this book includes easy-to-follow, step-by-step instructions accompanied by hundreds of illustrations. Additionally, using the provided instructions, you can practice what you learn with sample data installed with your QuickBooks software. In no time at all, you will be using QuickBooks like a pro!

What truly sets this book apart from the competition are the detailed instructions for managing and troubleshooting your QuickBooks data. For the business owner, this book provides step-by-step guides, checklists, and detailed advanced discussions of what information your QuickBooks data should provide.

For the accounting professional, learn how to work efficiently with your clients' QuickBooks files using Accountant's Copy, Client Data Review, QuickBooks Statement Writer, Send General Journal Entries and other useful features included with the QuickBooks Accountant 2013 software.

For the QuickBooks Enterprise 13.0 user, special focus has been provided in Appendix C, “QuickBooks Enterprise Solutions Inventory Features.” Learn about using the robust inventory features, including those available with an Advanced Inventory subscription.

How This Book Is Organized

QuickBooks 2013 In Depth offers a wealth of information gathered from the author's years of working with business and accounting professionals who use QuickBooks software. So you can find just the right information, this book is organized into specific chapters, each focused on a particular task for working with your own or a client's QuickBooks data.

- **What's New**—Learn quickly about what's new in QuickBooks 2013.
- **Chapter 1, "Getting Started with QuickBooks"**—Learn how to create a new file, convert from other software, and set up users and permissions. *New!* Learn how to set up user security in QuickBooks Enterprise.
- **Chapter 2, "Getting Around QuickBooks"**—Navigation, setting preferences, using Help, and selecting a file to open are all discussed in this chapter.
- **Chapter 3, "Accounting 101"**—For the business owner, learn the basics of financial reporting. The included checklist helps you keep a close eye on the financial details.
- **Chapter 4, "Understanding QuickBooks Lists"**—Chart of accounts, items list, class list, managing lists, and fixing list errors are all detailed in this chapter.
- **Chapter 5, "Setting Up Inventory"**—Learn about the different features in each version of QuickBooks, defining inventory preferences, and using the proper inventory process.
- **Chapter 6, "Managing Inventory"**—How to adjust inventory, review inventory reports, and handle inventory backorders.
- **Chapter 7, "Setting Up Vendors"**—In this chapter, you learn how to use the Home page, set vendor preferences, and use the recommended accounts payable process.
- **Chapter 8, "Managing Vendors"**—Learn about vendor reporting, correcting vendor transactions, and handling unique accounts payable transactions, such as prepaying a vendor.
- **Chapter 9, "Setting Up Customers"**—From tracking customer leads, customizing the Home page, setting preferences, and properly invoicing and collecting payment from your customers—this is a very important chapter!
- **Chapter 10, "Managing Customers"**—This chapter provides a wealth of information about properly reporting your customer balances, paying sales tax, correcting transactions errors, and handling unique customer transactions.
- **Chapter 11, "Setting Up Payroll"**—Learn about the many payroll options, setting up payroll items and employees, and the proper payroll processing steps.
- **Chapter 12, "Managing Payroll"**—Prepare your quarterly and annual payroll tax forms, troubleshoot payroll errors, and record unique payroll transactions, such as a loan made to an employee.
- **Chapter 13, "Working with Bank and Credit Card Accounts"**—Learn about entering checks, credit card transactions, and bank transfers, as well as reconciling tasks. Save time using the Online Banking Center to download transactions directly into QuickBooks.
- **Chapter 14, "Reporting in QuickBooks"**—Setting preferences, using the Report Center, and modifying and memorizing reports are all discussed in this chapter.
- **Chapter 15, "Reviewing Your Data"**—Step-by-step guidance on reviewing the accuracy of your data. Don't miss this chapter!

- **Chapter 16, “Sharing QuickBooks Data with Your Accountant”**—Instructions for the business owner and accountant, plus a discussion of the different types of QuickBooks files.
- **Chapter 17, “Managing Your QuickBooks Database”**—Backing up your data and upgrading your data topics are explored. For the more advanced user, learn about troubleshooting database errors and monitoring your QuickBooks database.
- **Chapter 18, “Using Other Planning and Management Tools”**—Take advantage of all the tools available with your QuickBooks software, including loan management, planning, year-end guide, Microsoft Outlook contacts sync, and using the QuickBooks timer.
- **Appendix A, “Client Data Review”**—For the accounting professional, learn how to reclassify transactions in batch, track changes to lists, write off small customer balances in batch, fix beginning balance errors, and send journal entries by email, to name just a few tasks.
- **Appendix B, “QuickBooks Statement Writer”**—For the QuickBooks Enterprise user or accounting professional, learn how to prepare customized financials using Microsoft Excel and Word integration.
- **Appendix C, “QuickBooks Enterprise Solutions Inventory Features”**—*New Content!* Learn about managing inventory with the unique tools available only in QuickBooks Enterprise. Value-added content details features included with an Advanced Inventory Subscription.
- **Appendix D, “QuickBooks Shortcuts”**—Save time and work more efficiently.

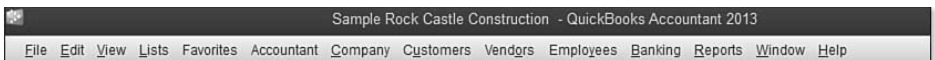
Conventions Used in This Book

The book is straightforward enough so you can easily go to a specific chapter and find the needed information. It is worthwhile, however, to let you know how information is presented in this book.

Menu Commands

QuickBooks 2013 offers a variety of methods to accomplish a task. To simplify the instructions given, many steps use the top menu bar in QuickBooks.

Menu Bar

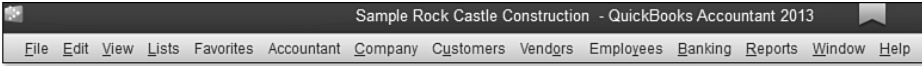


For example, the instructions for preparing a report might look like the following:

1. From the menu bar, select **Reports, Vendors & Payables**.

This directive refers to clicking Reports on the menu bar and then selecting Vendors & Payables as a submenu of Reports.

Another instruction method utilizes the new transaction ribbon toolbar, new for QuickBooks 2013.



Ribbon Toolbar

For example, the instructions for modifying an invoice template might look like the following:

1. To continue with customizing your forms, select the **Customize Design** icon on the Formatting tab of the ribbon toolbar.

Instructions to select or type are **bolded** for easy identification in the text, and might look like the following:

1. In the Item column on the next available row, select the non-inventory part, **Flooring**.
2. In the Qty field, type **1**. Leave the U/M (Unit of Measure) field blank.

Additionally, for added clarity in the topic discussion, there are many screen illustrations that accompany the written steps.

Web Pages and Manufacturer Information

A few web pages are listed in this book, mostly directing you to the www.intuit.com website. These web addresses were current as this book was written; however, websites can change.

Special Elements

As you read through this book, you will note several special elements, presented in what we call “margin notes.” Different types of margin notes are used for different types of information, as you see here.



tip

This is a tip that might prove useful for whatever you are in the process of doing.



note

Additional related information or alternative techniques that you might want to consider.



caution

This is a caution that something you might accidentally do could have undesirable results—so take care!

Sidebars

Learn quickly how to complete a task by following along with supplied step-by-step instructions using sample data installed with your QuickBooks software.



WHAT'S NEW IN QUICKBOOKS 2013

QuickBooks is both easy to learn and use. With improvements made in QuickBooks 2013, small businesses can complete their financial and accounting responsibilities with a minimum amount of effort so they can focus on growing their business.

All features detailed in this section are available in QuickBooks Pro, Premier, Professional Bookkeeper, Accountant, and Enterprise versions unless otherwise stated.

Easy to Learn and Use

The newest version of QuickBooks is designed to be easier to learn, thereby helping users complete accounting transactions efficiently. A more modern design boosts efficiency while retaining familiarity with common QuickBooks tasks.

➔ *To learn more, see "Getting Around QuickBooks," p. 61.*

What's New Tips Overlay Help

New features in QuickBooks 2013 are easy to locate, with tips detailing the value the new feature provides. There is no need to search through menus to find What's New in QuickBooks for 2013.

Overlay tips display in orange when a user first opens QuickBooks 2013. Additionally, when a user clicks a window, a What's New tip overlay displays and then disappears automatically without disrupting the user's work. The tips can be minimized or dismissed (see Figure 1) on request with a single click. To reinstate the tips, from the menu bar select **Help, What's New**.

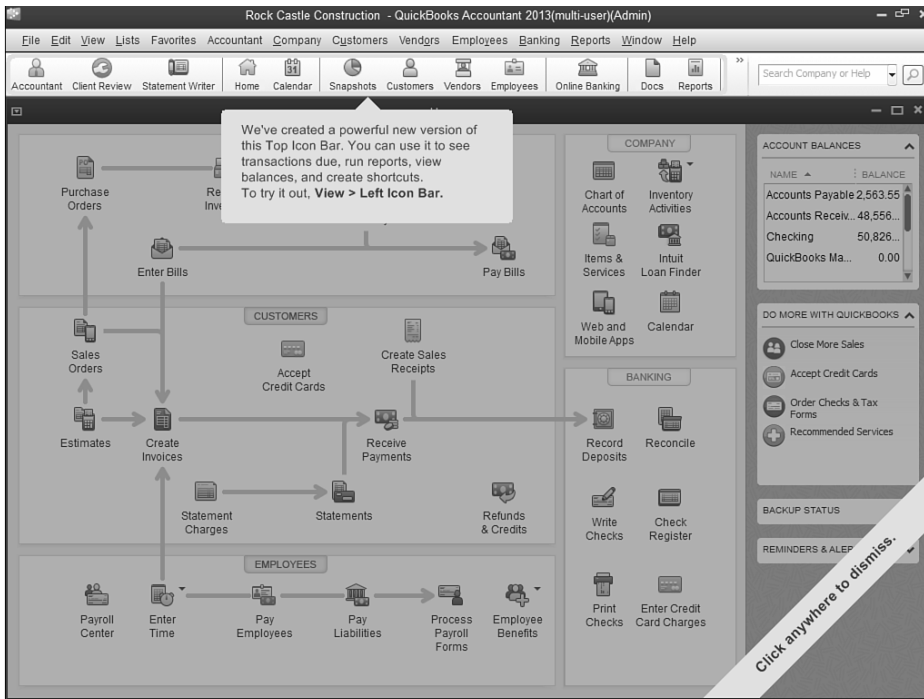
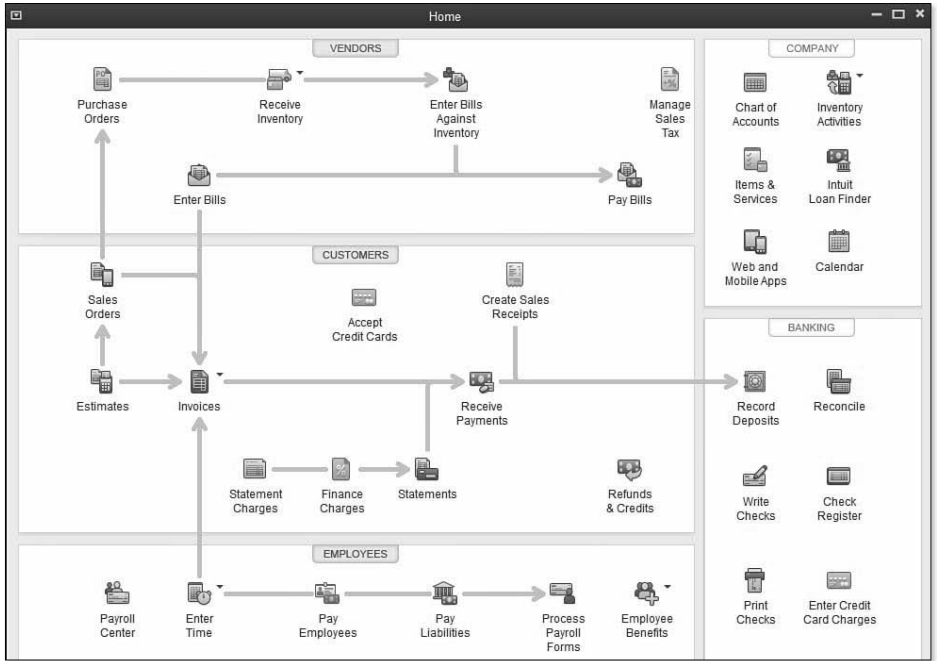


Figure 1
Never miss a new feature thanks to the What's New overlay tips!

New Modern Design

New, updated icons on the Home page (see Figure 2) and simplified navigation helps QuickBooks users get to the information they need, quickly and easily. Larger fonts improve readability. Click the top-right corner of a transaction to maximize the viewing area of the currently displayed transaction, helping to stay focused on the task at hand; see Figure 3.

Figure 2
New Home page icons and larger font makes it easier to work with QuickBooks.



New Transaction Ribbon Toolbar

Invoices, Estimates, Sales Orders, and other forms now have a simplified layout, providing better access to actions that were previously hidden or required several clicks to execute. The new Ribbon Toolbar format shown in Figure 4 provides consistent placement of actions, helping to make it faster and easier to accomplish key tasks.

Icon Bar Selection

QuickBooks 2013 provides each user a personal choice when selecting which icon bar placement to use. Choose to keep the original icon bar at the top of the Home page or select the new icon bar placed to the left of the Home page.

Top Icon Bar

For users who have grown accustomed to working with the customizable top icon bar, you can choose to display the top icon bar in a light color (as shown in Figure 5) or in the default darker color (shown in Figure 6). Manage this from the menu bar by selecting **Edit, Preferences, Desktop View, My Preferences** tab

note

The light-colored icon bar is available after you have updated your QuickBooks file to maintenance release 4 or later. For more information see, "Installing a QuickBooks Maintenance Release," p. 618.

Click to return to the normal view of a transaction

Invoice

DATE: 12/10/2017
INVOICE #: 1092

BILL TO: Heather Campbell, 98342 Sharondale Rd., Millbrae, CA 94030

SHIP TO: Heather Campbell, 98342 Sharondale Rd., Millbrae, CA 94030

TERMS: Net 15
DUE DATE: 12/25/2017

ITEM	DESCRIPTION	QUANTITY	U/M	RATE	AMOUNT	TAX
Floor Plans	Floor plans	20		150.00	3,000.00	Non
Installation	Installation labor	150		60.00	9,000.00	Non
Labor	General Labor	30		50.00	1,500.00	Non
Removal	Removal labor	10		40.00	400.00	Non

TAX: San Tomas (7.75%) 0.00
TOTAL: 13,900.00
PAYMENTS APPLIED: 0.00
BALANCE DUE: 13,900.00

Buttons: Save & Close, Save & New, Revert

Figure 3
Stay focused on tasks by maximizing transaction windows.

Invoice

DATE: 12/15/2017

BILL TO: Brian Cook, 348 Cherry Lane

SHIP TO: Brian K. Cook, 348 Cherry Lane

ITEM	DESCRIPTION	QUANTITY	U/M	RATE	AMOUNT	TAX
Appliance	Gas Ranges/Top			247.50	247.50	Tax
Appliance	Double oven			350.00	350.00	Tax
Appliance	Dishwasher			450.00	450.00	Tax
Window	Greenhouse Window			475.00	475.00	Tax

Buttons: Find, New, Save, Delete, Create a Copy, Mark As Pending, Print, Email, Email Later, Attach File, Add Time/Costs, Apply Credits, Receive Payments, Create a batch, Refund/Credit, Online Pay

Figure 4
Save time and get instant access to related transaction functions on the new ribbon toolbar.



Figure 5
New, alternate-colored top placed icon bar.

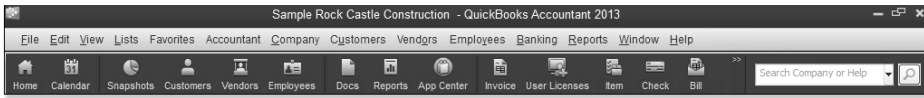
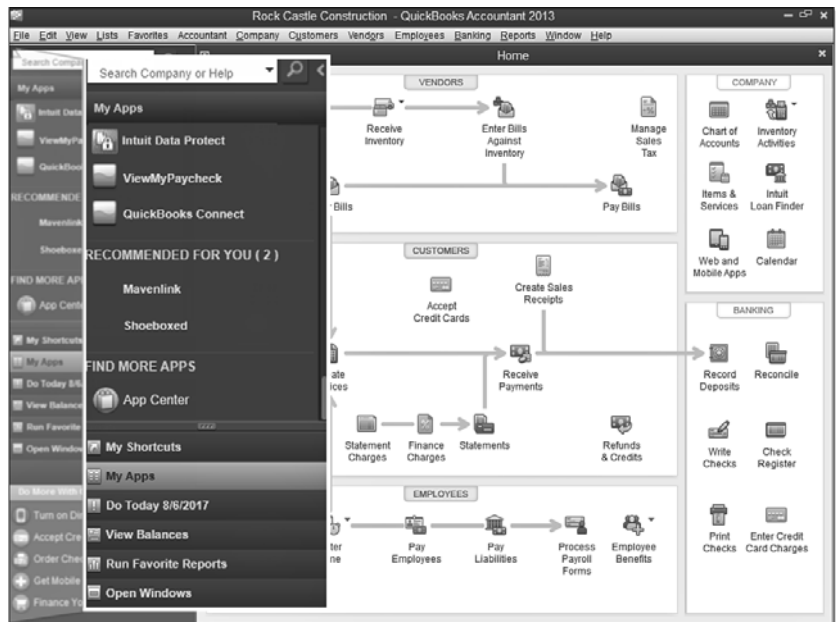


Figure 6
Default, darker-colored top placed icon bar.

Left Icon Bar

QuickBooks users can choose a new left-placed icon bar that takes advantage of newer, wider screen monitors; see Figure 7. Access integrated applications, favorite reports, important to do's, and much more! See Figure 8.

Figure 7
Improved features included with the new left icon bar.



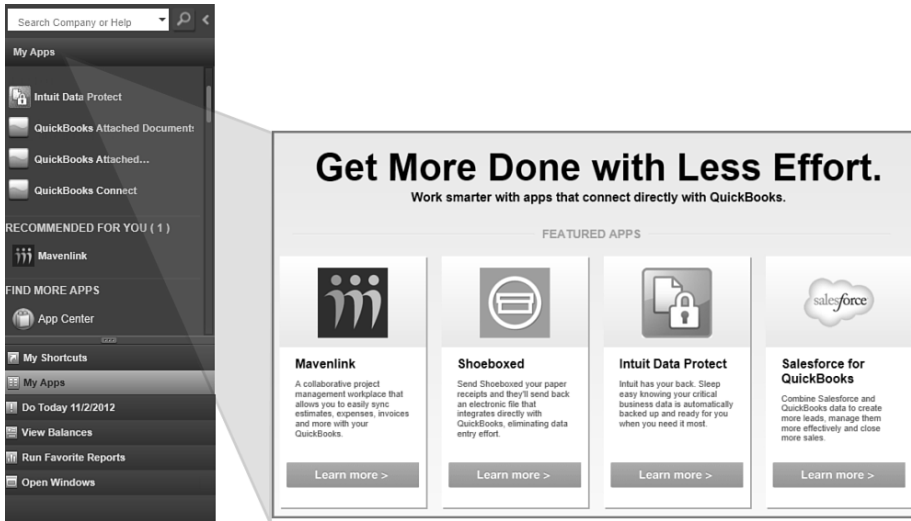


Figure 8
New, powerful left icon bar provides easy access to **My Apps**.

Assign a Company Flag Color

If your company has multiple QuickBooks data files, you may want to differentiate them from each other. Included with maintenance release 4 or newer, you can assign a Company Flag Color as shown in Figure 9. To add this to your file, from the menu bar select **Edit, Preferences, Desktop View, My Preferences** tab. From the Company Flag Color drop-down menu select a color of your choice.

Preference setting to assign flag



Figure 9

New Company Flag Color helps to visually differentiate one data file from another

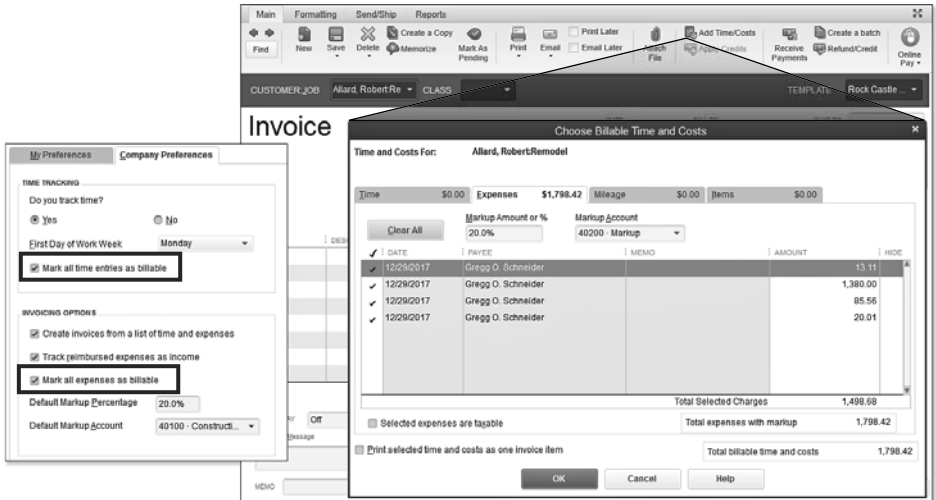
New and Improved Features

QuickBooks adds to QuickBooks 2013 new and improved features designed to help businesses.

Time and Expenses Preference

Certain businesses invoice their customers using a method commonly referred to as “Time & Expense” or “Cost Plus” invoicing. Using Time & Expense billing, customer-related costs accumulate and are detailed on the invoice provided to the customer. With these new preference settings displayed in Figure 10, users will have the option to assign all costs or all time as billable to the customer. This setting can be overridden on a single transaction line as needed.

Figure 10
New Time & Expenses global preference defaults mark time and expenses as billable or not billable.



➔ To learn more, see “Time and Expense Invoicing,” p. 346.

Improved Customer, Vendor, and Employee Centers

Consolidate and organize more important information in the Customer, Vendor, and Employee Centers. Working in the Centers saves time searching for data as shown in Figure 11. Small businesses can now assign multiple contacts to customers and vendors, and assign To Dos to customers. In addition, users can track twice as many types of contact information for customers and vendors, such as Facebook pages or Twitter handles; see Figure 12.

➔ To learn more, see “Working with the Customer Center,” p. 305. Other chapters have information on the other Centers.

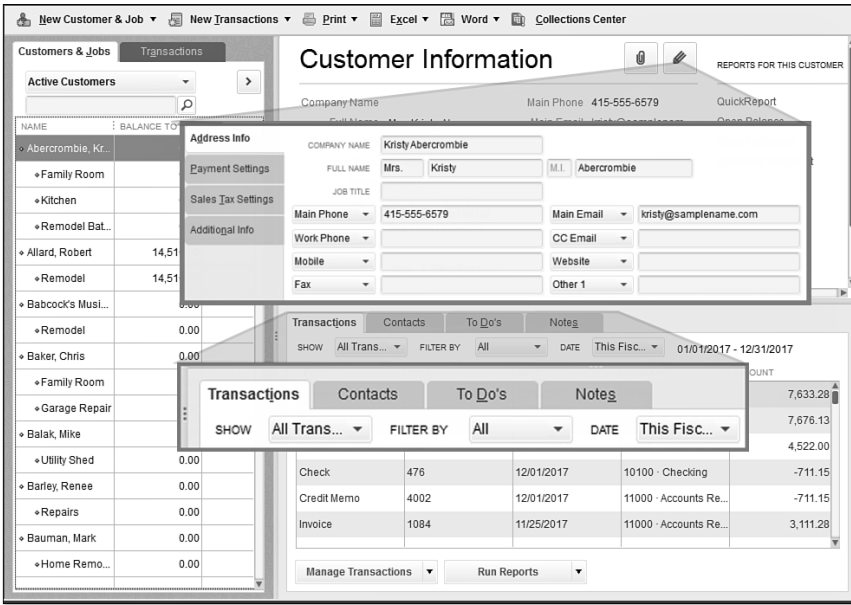


Figure 11
Updated Centers offer one-click access to managing details and running reports.

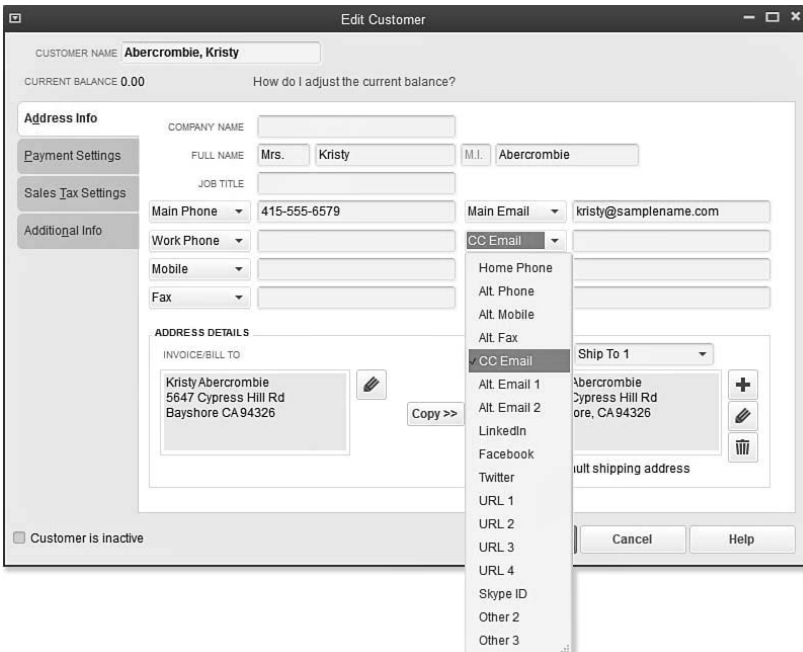


Figure 12
Track and report on customizable contact fields.

Assign Default Method of Payment for Customers

QuickBooks users can choose what type of payment methods they will accept online from customers. Choices include online check only or check and credit card. Users can also choose not to provide an online method of payment link on invoices for all or selected customers. These choices are displayed in Figure 13.

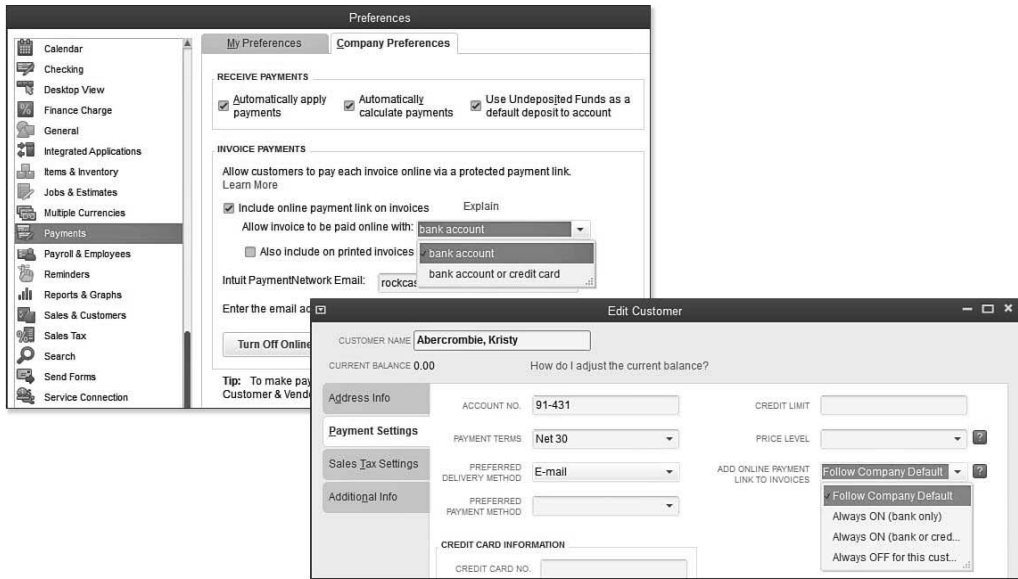


Figure 13
Global and by-customer preference for type of online payment accepted.

➔ To learn more, see “Preferences that Affect Accounts Receivable,” p. 292.

Print Vendor Bill

Certain businesses have an accounts payable process that includes approval by a manager of all bills entered. Companies that have intercompany transactions will find it useful to provide a copy of the bill paid (see Figure 14) by Company A to Company B for their record keeping.

➔ To learn more, see “Recording Vendor Bills,” p. 240.

Rock Castle Construction 1735 County Road Bayshore, CA 94326		Bill																				
Vendor Thomas Kitchen & Bath 608 Main St Bayshore CA 94326		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">Date</th> <th style="width: 50%;">Ref. No.</th> </tr> <tr> <td style="text-align: center;">12/15/2017</td> <td style="text-align: center;">8059</td> </tr> </table>		Date	Ref. No.	12/15/2017	8059															
Date	Ref. No.																					
12/15/2017	8059																					
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Bill Due 01/14/2018																						
Terms Net 30																						
Memo																						
Item	Description	Qty	U/M	Cost	Amount	Customer:Job	Class															
Plumb Fixtrs	Plumbing fixtures	60		9.75	585.00	Abercrombie, Kristy:Remodel Bathroom	Remodel															
<p style="text-align: right; margin: 0;">Item Total : 585.00</p> <p style="text-align: right; margin: 0;">Bill Total : \$585.00</p>																						

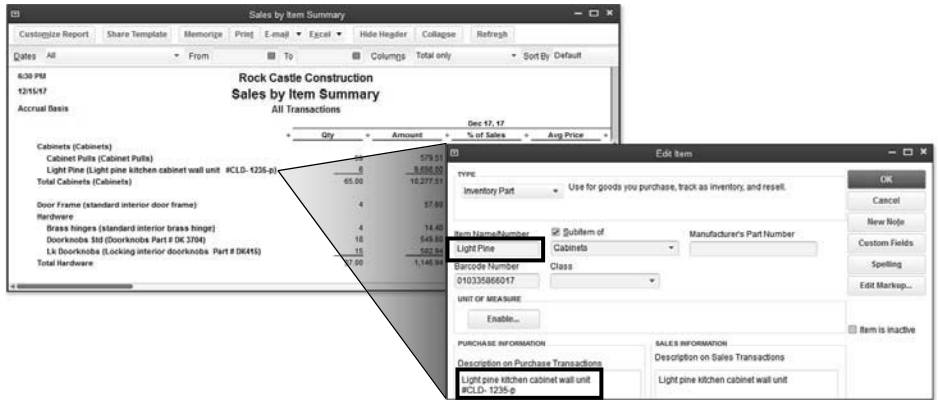
Figure 14
Print vendor bills for companies that do intercompany payables and for other purposes.

Reporting Preference for Item-Based Reports

QuickBooks users who use the Item Name field for the product number will find that including the description with or without the item name field (as shown in Figure 15) provides more meaningful reports without disrupting the workflow of the individual doing data entry.

➡ *To learn more, see “Inventory Reporting,” p. 201.*

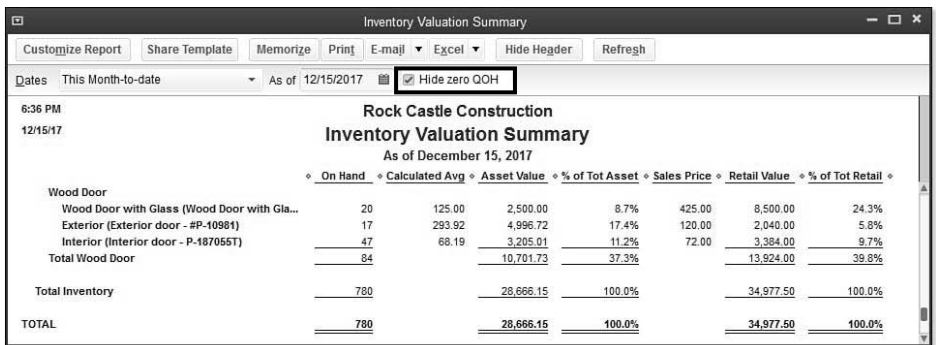
Figure 15
Select a new reporting preference to display name and description on item-based reports.



Hide Zero Quantity Items on Inventory Reports

Businesses with many inventory items can now choose to exclude zero-quantity items from inventory reporting. This feature is available with maintenance release 3 or later. To learn more about maintenance releases, see Chapter 17, “Managing Your QuickBooks Database.” Figure 16 shows a report that includes both the Item Name/Number and Description.

Figure 16
Filter selected inventory reports to exclude items with no quantity on hand.



Use Available Quantity on Inventory Reorder Reports

Improved inventory reorder reports include the option to include or exclude available quantity (see Figure 17) from being considered in the items to be reordered.

This report improvement makes it easier to replenish inventory after factoring in committed inventory that may still be on the shelf. This feature is not available in QuickBooks Pro.

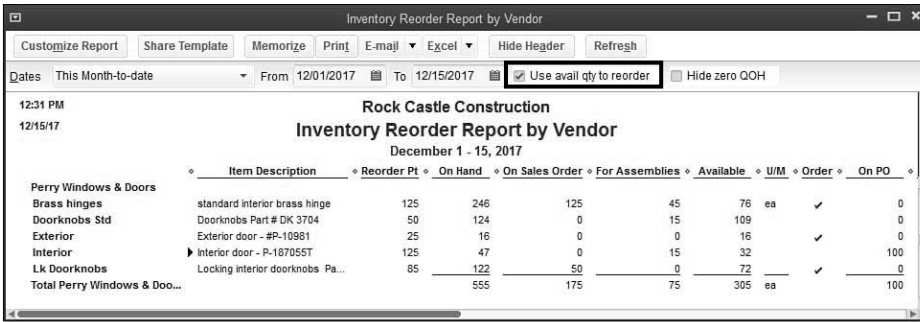


Figure 17
Capability to factor in available quantity when reviewing reorder points.

Collapse Summary Report Line Details

Summary reports can be prepared in QuickBooks that provide just the right amount of detail for management analysis without having to export the report to Excel for customization. If you are using QuickBooks Enterprise 13.0, you need to update your file to maintenance release 4 or later to access this feature. See Figure 18.

Rock Castle Construction	
Profit & Loss	
January through December 2017	
◊ Jan - Dec 17 ◊	
▼ Ordinary Income/Expense	
▼ Income	
▼ 40100 · Construction Income	
40110 · Design Income	36,729.25
40130 · Labor Income	208,225.42
40140 · Materials Income	119,920.67
40150 · Subcontracted Labor Income	82,710.35
40199 · Less Discounts given	-48.35
40100 · Construction Income - Other	0.00
Total 40100 · Construction Income	447,537.34
▼ 40500 · Reimbursement Income	
40520 · Permit Reimbursement Income	1,223.75
40530 · Reimbursed Freight & Delivery	896.05
Total 40500 · Reimbursement Income	2,119.80
Total Income	449,657.14

Before Collapsing

Rock Castle Construction	
Profit & Loss	
January through December 2017	
◊ Jan - Dec 17 ◊	
▼ Ordinary Income/Expense	
▼ Income	
▶ 40100 · Construction Income	447,537.34
▶ 40500 · Reimbursement Income	2,119.80
Total Income	449,657.14
▼ Cost of Goods Sold	
50100 · Cost of Goods Sold	14,766.19
▶ 54000 · Job Expenses	165,299.14
Total COGS	180,065.33
Gross Profit	269,591.81

After Collapsing

Figure 18
On summary reports, selecting the gray arrow collapses or expands related rows.

➡ To learn more, see "Modifying Reports," p. 536.

Item Group Limit Increased

Businesses can enter more individual items into a single item group, improving data entry efficiency while retaining the ability to track item-level detail. See Figure 19 for more details.

Figure 19

Item groups automate streamlined entry on transactions. Now groups can include up to 50 items!

The screenshot shows the 'Edit Item' dialog box. At the top, there's a 'TYPE' dropdown menu set to 'Group'. Below it, a text box says 'Use to quickly enter a group of individual items on an invoice. What's the difference between a Group and an Inventory/Assembly?'. The 'Group Name/Number' field contains 'Door set'. The 'Description' field contains 'Exterior door and hardware set'. There's a checkbox for 'Print items in group' which is checked. Below that is a table with columns: ITEM, DESCRIPTION, QTY, and U/M. The table contains three rows: 'Hardware:Doorknobs Std' with quantity 1, 'Wood Door:Exterior' with quantity 1, and 'Repairs' with quantity 2. On the right side of the dialog, there are buttons for 'OK', 'Cancel', 'New Note', 'Custom Fields', and 'Spelling'. At the bottom right, there is an unchecked checkbox labeled 'Item is inactive'.

ITEM	DESCRIPTION	QTY	U/M
Hardware:Doorknobs Std	Standard Doorknobs	1	
Wood Door:Exterior	Exterior wood door	1	
Repairs	Repair work	2	

➔ To learn more, see “Working with Group Items,” p. 184.

Improved Upgrade Experience for Plus Subscribers

Improve the customer experience on upgrade by removing the need to enter the license key (see Figure 20) and register new versions of the software. Upgrade is a “side-by-side” install, meaning that the newest version of QuickBooks Pro or Premier will automatically be installed. This feature is only available for single user installs of Pro Plus or Premier Plus.

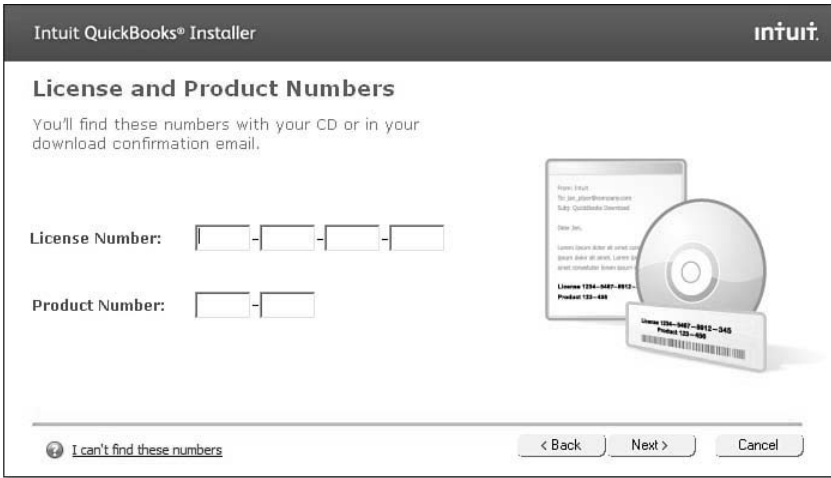


Figure 20
Plus subscribers will no longer need to enter License and Product Numbers or register when upgrading.

For the Accounting Professional

If you are an accounting professional, you will want to use the QuickBooks Accountant 2013 or QuickBooks Enterprise Solutions Accountant 13.0 software to take advantage of these new features.

Send General Journal Entries

Accounting professionals can now email changes to a client's data, which clients can import with a click on an email attachment. This means accountants can use a backup of a client's data, thereby avoiding the challenges and restrictions posed by an Accountant's Copy.

It is as easy as creating a journal entry, as shown in Figure 21. Next choose which entries to send to the client (see Figure 22). Last, your client receives an email with the entries attached as shown in Figure 23.



note

This feature is available with QuickBooks Accountant or QuickBooks Enterprise Accountant. For clients to import the journal entry, they must be using one of the QuickBooks for Windows 2013 solutions.

Click to Send, it is that easy!

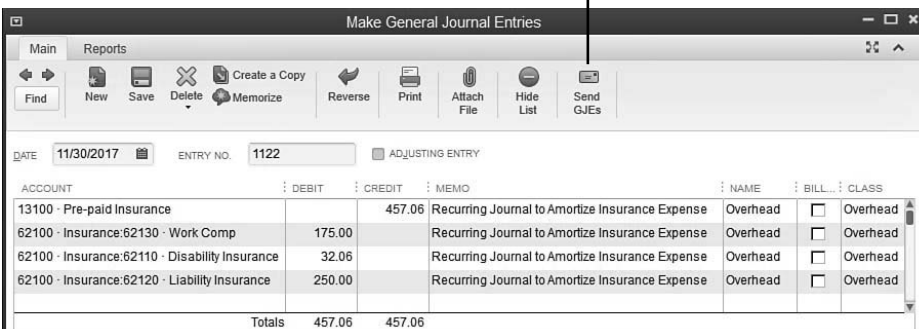


Figure 21
No fancy tools to learn; simply create the journal entry.

Figure 22
Choose to send a single journal entry or multiple entries in a single email attachment.

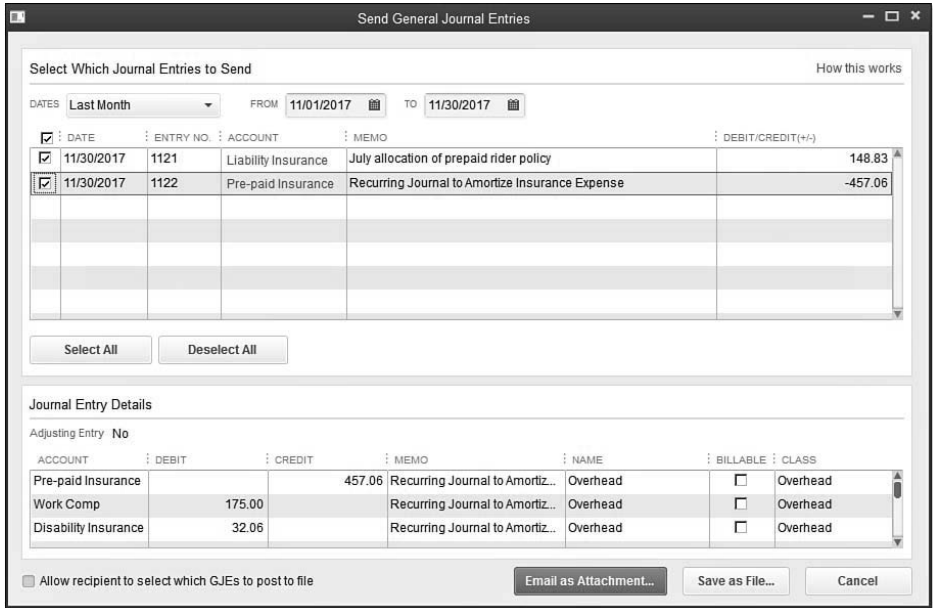
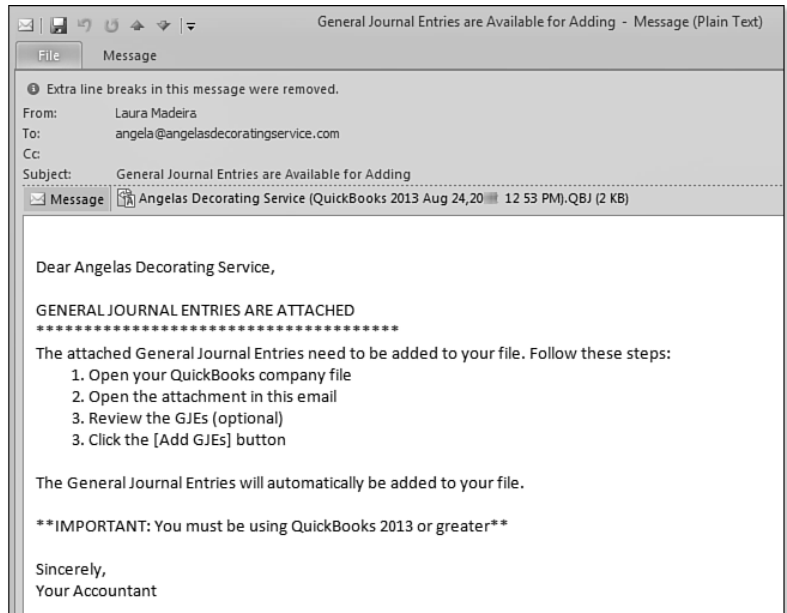


Figure 23
Double-click the email attachment to import the journal entry into QuickBooks. It's that easy!



Batch Enter Transactions

Accounting professionals can work more efficiently by offering clients write-up services. Use this tool to copy and paste 1,000+ transactions from Excel, instead of entering them at one time. Easily customize the displayed columns of data to show only the fields you need, which saves you tabs and keystrokes; see Figure 24. Use the Batch Enter Transactions feature to add the following transactions to a QuickBooks file:

- Checks
- Deposits
- Credit Card Charges and Credits

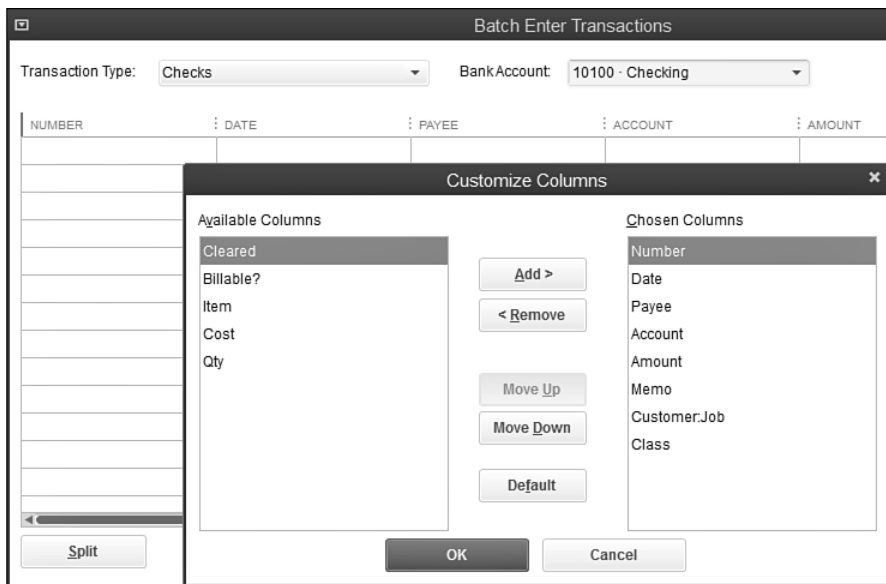


Figure 24
Customize the columns to display for easy data entry or to match your Excel spreadsheet.

Enter transactions quickly from data in an Excel spreadsheet as shown in Figure 25.

You stay in control, by reviewing and modifying the transactions before they are imported, as shown in Figure 26.

➔ To learn more, see “Batch Enter Transactions,” p. 606.

note

This feature is available with QuickBooks Accountant and QuickBooks Enterprise Accountant.

Figure 25
Copy and
paste 1,000+
transactions
from an Excel
worksheet.

	A	B	C	D	E	F	G	H
1	Check Numbr	Date	Payee	Account Amount	Memo	Customer	Class	
2	111	1/31/2012	Bayshore Water	65130	24 Monthly Water - Flat Rate Plan	Overhead	Overhead	
3	DRAFT	1/31/2012		60600	12.5 Checking Account Service Charge	Overhead	Overhead	
4	116	1/31/2012	Bayshore CalOil Service	60110	138 Fuel	Overhead	Overhead	
5	117	1/31/2012	Dianne's Auto Shop	60130	218 Monthly Vehicle Repairs and Maintenance	Overhead	Overhead	
6	118	1/31/2012	Cal Gas & Electric	65110	123.67 Utilities	Overhead	Overhead	
7	119	1/31/2012	Bank of Anycity	26700	2315.9 Loan Payment	Overhead	Overhead	
8	119	1/31/2012	Bank of Anycity	62420	395 Loan Payment	Overhead	Overhead	
9	121	2/15/2012	Patton Hardware Supplies	64800	268.39 Materials	Overhead	Overhead	
10	122	2/15/2012	CalOil Company	20600	4050.98 Fuel	Overhead	Overhead	
11	125	2/28/2012	Bayshore CalOil Service	60110	142 Fuel	Overhead	Overhead	
12	126	2/28/2012	Dianne's Auto Shop	60130	222 Monthly Vehicle Repairs and Maintenance	Overhead	Overhead	
13	127	2/28/2012	Cal Gas & Electric	65110	125.69 Utilities	Overhead	Overhead	
14	128	2/28/2012	Bayshore Water	65130	24 Monthly Water - Flat Rate Plan	Overhead	Overhead	
15	129	2/28/2012	Cal Telephone	65120	55 Local Access & Service	Overhead	Overhead	
16	129	2/28/2012	Cal Telephone	65120	25 Long Distance	Overhead	Overhead	

Figure 26
Manually
enter transac-
tions or make
corrections
before
importing
transactions.

NUMB...	DATE	PAYEE	ACCOUNT	AMOUNT	MEMO	CUSTOMER:JOB
111	01/31/2012	Bayshore Water	65100 - Utilities:65130 - Water	24.00	Monthly Water - Flat Rate Plan	Overhead
DRAFT	01/31/2012	Bank of Anycity	60600 - Bank Service Charges	12.50	Checking Account Service Charge	Overhead
116	01/31/2012	< Add New >				Overhead
117	01/31/2012				Monthly Vehicle Repairs and Maintenance	Overhead
118	01/31/2012	Bank of Anycity	Vendor		ties	Overhead
119	01/31/2012	Bank of Anycity	26700 - Interest Expense - Bank of An...	2,315.90	Loan Payment	Overhead
119	01/31/2012	Bank of Anycity	62400 - Interest Expense:62420 ...	395.00	Loan Payment	Overhead
121	02/15/2012	Patton Hardware Supplies	64800 - Tools and Machinery	268.39	Materials	Overhead
122	02/15/2012	CalOil Company	20600 - CalOil Credit Card	4,050.98	Fuel	Overhead
125	02/28/2012	Bayshore CalOil Service	60100 - Automobile:60110 - Fuel	142.00	Fuel	Overhead
126	02/28/2012	Dianne's Auto Shop	60100 - Automobile:60130 - Rep...	222.00	Monthly Vehicle Repairs and Maintenance	Overhead
127	02/28/2012	Cal Gas & Electric	65100 - Utilities:65110 - Gas and...	125.69	Utilities	Overhead
128	02/28/2012	Bayshore Water	65100 - Utilities:65130 - Water	24.00	Monthly Water - Flat Rate Plan	Overhead

Split Total: \$25,472.32

Save Transactions Clear Close

Improved: Find and Fix Client Errors Faster

A few years ago, accounting professionals were provided with the Client Data Review feature. This feature is a collection of tools used by accounting professionals when working with their clients' data.

Included with Client Data Review is the Write Off Invoices feature. With this feature, accounting professionals can create a batch of credit memos, removing open, uncollectable balances efficiently in a batch for the client. New for QuickBooks 2013, confidently write off open invoices using an item (see Figure 27), knowing that all aspects of the accounting are handled correctly, including credits for accrual-based sales tax reporting.

➔ To learn more, see "Write Off Invoices," p. 688.

Write Off Invoices - Review Period: Last Fiscal Year (01/01/2017 - 12/31/2017)

Set criteria for invoices and other charges to consider for batch write off. How this works

Age: > 180 Days Balance Due less than:

To Date: 03/25/2018 Transaction Type: All Charges Refresh

Select invoices to write off:

<input type="checkbox"/>	DATE	AGE	NUM	TYPE	CUSTOMER:JOB	CLASS	AVAIL CREDIT/...	ORIG AMT	BAL DUE
<input type="checkbox"/>	11/25/2017	300	1081	INV	Cook, Brian:2nd story addition	New Constru...		5,418.00	5,418.00
<input type="checkbox"/>	11/25/2017	300	1082	INV	Jacobsen, Doug:Kitchen	Remodel		4,725.00	2,320.00
<input type="checkbox"/>	11/25/2017	300	1083	INV	Burch, Jason:Room Addition	New Constru...		1,005.00	1,005.00
<input type="checkbox"/>	11/28/2017	297	1085	INV	Teschner, Anton:Sun Room	New Constru...		8,305.95	565.95
<input type="checkbox"/>	11/30/2017	295	1086	INV	Ecker Designs:Office Repairs	Remodel		1,468.30	1,468.30
<input type="checkbox"/>	12/05/2017	290	1089	INV	Violette, Mike:Workshop	New Constru...		5,732.23	4,732.23
<input type="checkbox"/>	12/10/2017	285	1090	INV	Pretell Real Estate:155 Wilks ...	New Constru...		1,715.00	1,715.00
<input type="checkbox"/>	12/10/2017	285	1092	INV	Campbell, Heather:Remodel	Remodel		13,900.00	13,900.00
<input checked="" type="checkbox"/>	12/11/2017	284	FC 6	INV	Cook, Brian:Kitchen	Remodel		5.95	5.95
Total Selected:									5.95

Select All Deselect All

Write Off Item: Bad debt Write Off Date: 12/31/2017

Class: Overhead Preview & Write Off...

Figure 27
Utilizing an item when writing off invoices provides proper accounting for sales tax credits.

Easier Access to Creating New Data File from Template

Accounting professionals develop best practices when working with clients, helping them make the most of their QuickBooks data file. Share that effort by creating new company files patterned after other successfully created files as shown in Figures 28 and 29.

➔ To learn more, see “Other Methods of Sharing Data,” p. 603.



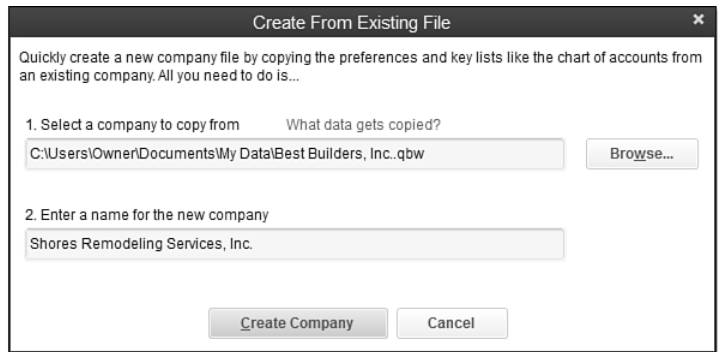
note
This feature is available with QuickBooks Accountant or QuickBooks Enterprise Accountant.



Figure 28
Easy access to creating a new file patterned after another file.

Figure 29

Select the preferred file to use as the template and provide a name for the new file.



For QuickBooks Enterprise Users

QuickBooks Enterprise users often push the limits of software because of their transaction volume, number of users, or other complexities. In that regard, QuickBooks Enterprise 13.0 builds on its slate of advanced features with these new additions for 2013.

➔ *To learn more about each of these features, see “QuickBooks Enterprise Solutions Inventory Features,” p. 747.*



note

The remaining features discussed in this section are available only when using the QuickBooks Enterprise Software.

Default Class Assignment

Businesses that track data based on profit centers will save time with data entry by assigning a default class to one of the chosen lists, including Items, Accounts, or Names. Users can select one list to assign classes to, not all three, but can change that default at any time. See this preference setting in Figure 30 and assigning a class to an item in Figure 31.

➔ *To learn more about working with classes, see “Understanding QuickBooks Lists,” p. 101.*

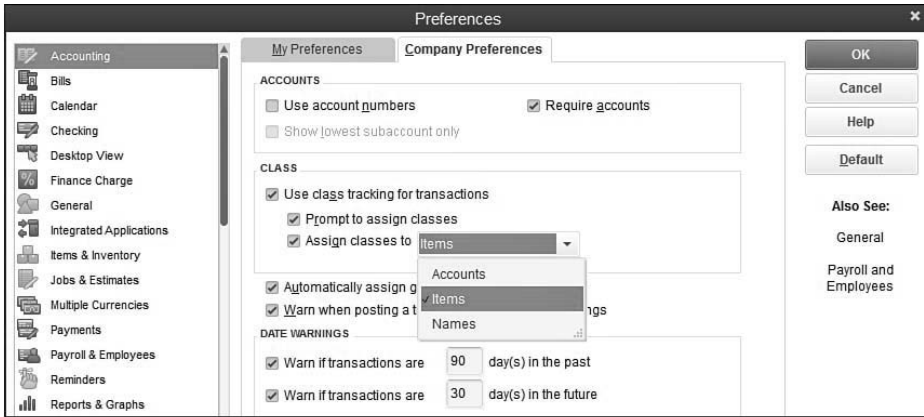


Figure 30
Assign default classes to either Account, Items, or Names.

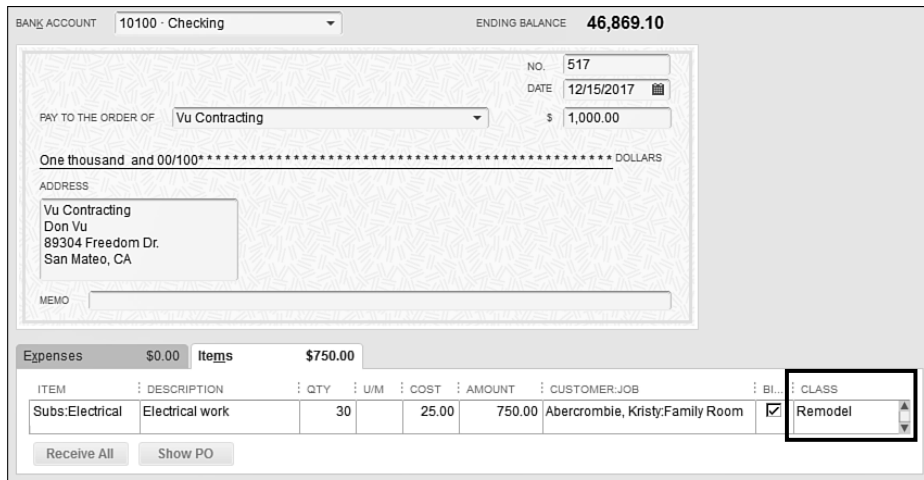


Figure 31
Classes are assigned to transaction lines for department profitability reporting.

Create Auto Purchase Orders

Simplify your inventory replenishing process by creating purchase orders in batch. Click Create Auto PO's from any inventory stock status report as shown in Figure 32.

➔ *To learn more about working with purchase orders in general, see “Entering a Purchase Order,” p. 240.*

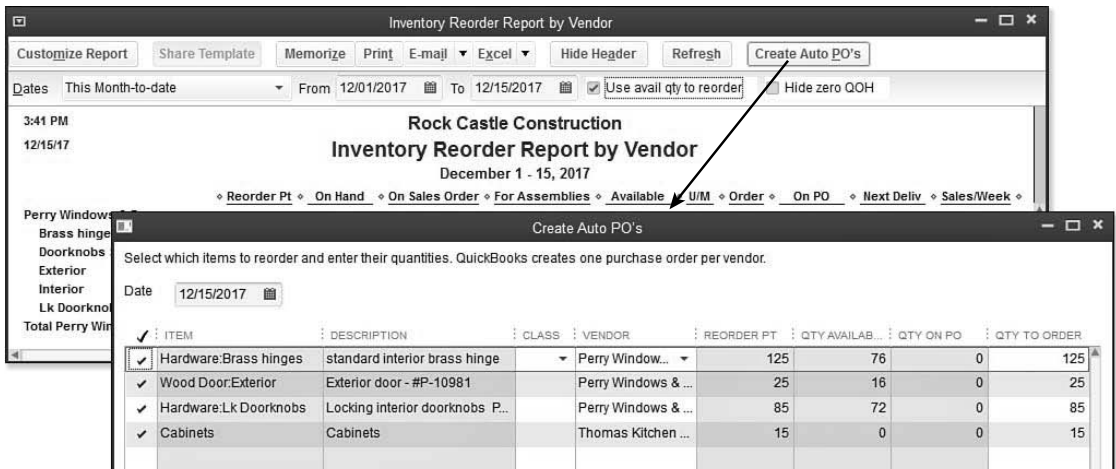


Figure 32

From the inventory stock status reports, conveniently auto-create PO's.

Increased List Limits

New list limits expand the capabilities of QuickBooks Enterprise Solutions as shown in the following table.

List Name	Previous Limits	New Limits
Chart of Accounts	10,000	100,000
Classes	10,000	100,000
Customer Types	10,000	100,000
Vendor Types	10,000	100,000
Memorized Transactions	29,000	50,000
To Dos	10,000	100,000
Customer Messages	10,000	100,000
Items in a Group or Sales Tax Item (also for Pro and Premier)	20	50

QuickBooks Enterprise with Advanced Inventory Subscription

Businesses with complex inventory needs may purchase an annual Advanced Inventory subscription for their QuickBooks Enterprise software to have access to the following features:

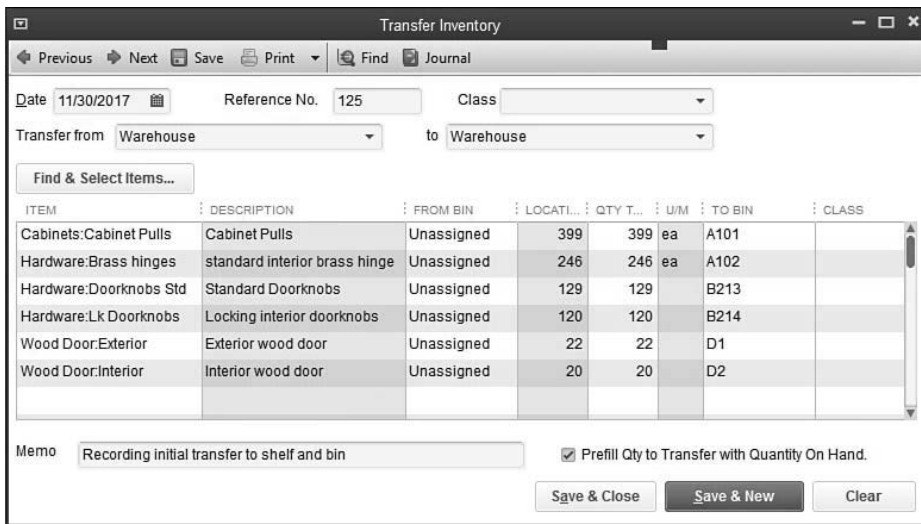
- Multiple Inventory Locations
- Serial/Lot Numbers Tracking
- FIFO (First in First Out) Inventory Costing

note

The Advanced Inventory module is an annually renewable subscription offering from Intuit and requires a current Full Service Plan. A current Full Service Plan provides you with the new software version each year, unlimited technical support from Intuit, and a variety of other benefits. Visit <http://enterprisesuite.intuit.com> and click the Full Service Plan link in the lower left of the web page for more details.

Row, Shelf or Bin Location Tracking

Use this new feature of Row, Shelf, or Bin Location Tracking for more sophisticated inventory tracking and reporting. Features include the ability to transfer product from one row, shelf, or bin to another; see Figure 33. Efficiently set a default row, shelf, or bin location per item by selecting **Lists, Add/Edit Multiple List Entries** from the menu bar. Inventory reports group products by location as shown in Figure 34.



Transfer Inventory

Previous Next Save Print Find Journal

Date: 11/30/2017 Reference No.: 125 Class: [dropdown]

Transfer from: Warehouse to: Warehouse

Find & Select Items...

ITEM	DESCRIPTION	FROM BIN	LOCATI...	QTY T...	U/M	TO BIN	CLASS
Cabinets:Cabinet Pulls	Cabinet Pulls	Unassigned		399	ea	A101	
Hardware:Brass hinges	standard interior brass hinge	Unassigned		246	ea	A102	
Hardware:Doorknobs Std	Standard Doorknobs	Unassigned		129		B213	
Hardware:Lk Doorknobs	Locking interior doorknobs	Unassigned		120		B214	
Wood Door:Exterior	Exterior wood door	Unassigned		22		D1	
Wood Door:Interior	Interior wood door	Unassigned		20		D2	

Memo: Recording initial transfer to shelf and bin Prefill Qty to Transfer with Quantity On Hand.

Save & Close Save & New Clear

Figure 33
Transfer inventory from one row/shelf/bin to another.

➔ To learn more, see “Add/Edit Multiple List Entries,” p. 115.

Figure 34
Report and track inventory items by location and row, shelf, or bin.

Warehouse	Item Description	On Hand
B214		
Hardware		
Lk Doorknobs	Locking interior doorknobs Part # DK415	120
A101		
Cabinets		
Cabinet Pulls	Cabinet Pulls	399
A102		
Hardware		
Brass hinges	standard interior brass hinge	246
B213		
Hardware		
Doorknobs Std	Doorknobs Part # DK 3704	129
D1		
Wood Door		
Exterior	Exterior door - #P-10981	22
D2		
Wood Door		
Interior	Interior door - P-187055T	20

Barcode Scanning

Small business owners can speed up the time required to input and track inventory transactions. You can even create a new item and automatically populate the barcode number as shown in Figure 35. Fewer keystrokes are needed from a keyboard, making it a perfect choice for a busy warehouse recording items received and shipped out. Use barcoding to complete transactions with the serial number and print a list of barcodes or barcode labels; see Figures 36, 37, and 38.

Figure 35
New Barcode Number field in the item record.

Edit Item

TYPE: Inventory Part (Use for goods you purchase, track as inventory, and resell.)

Item Name/Number: Cabinet Pulls

Subitem of: Cabinets

Manufacturer's Part Number: [Empty]

Barcode Number: 010335866016

Class: Remodel

UNIT OF MEASURE: [Enable...]

Item is inactive

PURCHASE INFORMATION: Description on Purchase Transactions: Cabinet Pulls

SALES INFORMATION: Description on Sales Transactions: Cabinet Pulls

Buttons: OK, Cancel, New Note, Custom Fields, Spelling, Edit Markup...

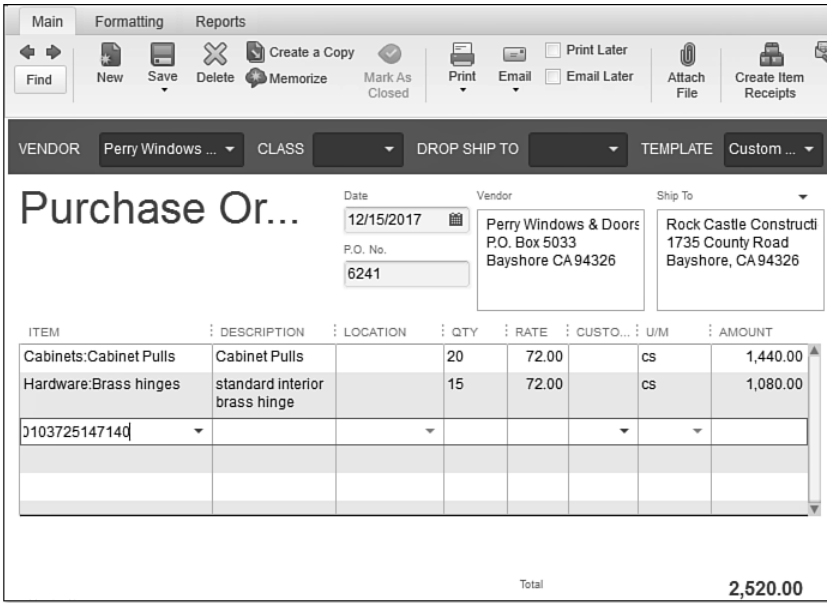


Figure 36
Complete transactions with ease by scanning.

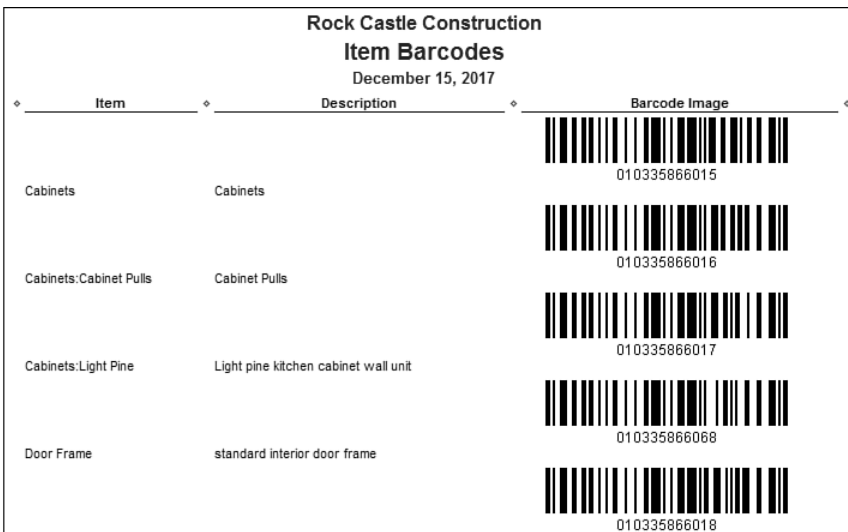
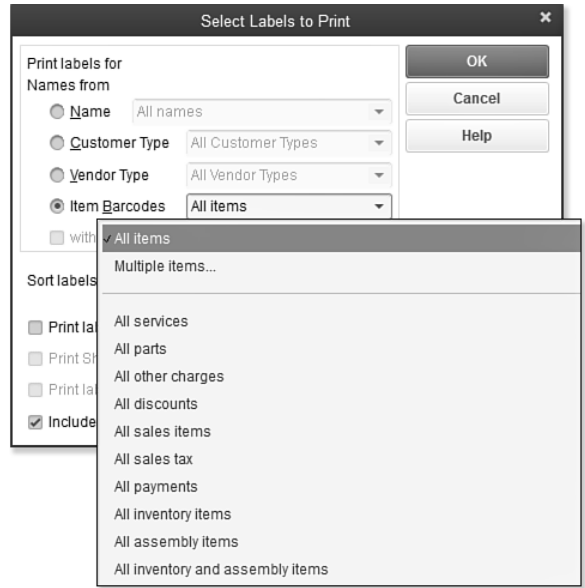


Figure 37
Print a report of barcodes for scanning convenience.

➔ To learn more about inventory items in general, see “Adding or Editing Inventory Items,” p. 154.

Figure 38

After updating to maintenance release 4 or newer, you can print the item barcodes on basic label stock.



FIFO Cost Lot History Report

Users can efficiently track the inventory acquisition (purchase, customer return, inventory adjustment, and so on) along with its cost as shown in Figure 39. This provides users with information so they can see that the oldest cost lot is being disbursed first.

Figure 39

New report provides visibility into history of how FIFO cost lots was calculated.

The screenshot shows the 'FIFO Cost Lot History by Item' report for 'Rock Castle Construction' as of December 15, 2017. The report displays a table with the following data:

Item Description	Acq Date	Acq Trans Type	Acq From	Acq Amt	Qty	Disb Date	Disb Trans Type	Disb To	Disb Amt
Lk Doorknobs (Locking interior doorknobs Part # DK415)									
Locking interior doorknobs Pa...	01/01/2017			34.95	1	12/05/2017	Invoice	Violette, Mike:Work...	0.00
Locking interior doorknobs Pa...	01/01/2017			104.85	3	12/15/2017	Invoice	Robson, Darci:Rob...	114.00
Locking interior doorknobs Pa...	12/05/2017	Item Receipt	Patton Hardware Su...	209.70	6				0.00
Wood Do...									
Exterior (Exterior door - #P-10981)									
Exterior door - #P-10981	06/07/2017	Bill	Zeng Building Supplies	1,180.78	2	12/05/2017	Inventory Adjust	Pretell Real Estate...	402.11
Exterior door - #P-10981	06/07/2017	Bill	Zeng Building Supplies	590.39	1	12/05/2017	Invoice	Violette, Mike:Work...	120.00
Exterior door - #P-10981	09/15/2017	Credit Card Char...	Patton Hardware Su...	590.39	1	12/14/2017	Invoice	Natiello, Ernesto:K...	599.50
Exterior door - #P-10981	10/25/2017	Bill	Perry Windows & Do...	840.00	8	12/05/2017	Inventory Adjust	Pretell Real Estate...	1,608.44
Exterior door - #P-10981	12/05/2017	Inventory Adjust	Pretell Real Estate:15...	346.95	2	12/15/2017	Invoice	Robson, Darci:Rob...	240.00
Exterior door - #P-10981	12/05/2017	Inventory Adjust	Pretell Real Estate:15...	2,081.72	12				0.00
Exterior door - #P-10981	11/15/2017	Bill	Perry Windows & Do...	810.00	6	12/05/2017	Inventory Adjust	Pretell Real Estate...	1,206.33

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UNDERSTANDING QUICKBOOKS LISTS

QuickBooks offers several methods for tracking and reporting on your accounting data so you can review how your business is doing financially.

With QuickBooks, you can use the following lists to analyze your business:

- **Chart of Accounts**—For organizing your daily transactions.
- **Items List**—For tracking the profitability of individual services and products sold.
- **Class List**—For tracking different corporate profit centers (divisions).
- **Customer Type List**—Capability to view your gross profit by user-defined customer types.

The QuickBooks chart of accounts is easy to set up. It might already exist if you created your file with the Express Start discussed in Chapter 1, “Getting Started with QuickBooks.” What becomes problematic for some is how to efficiently use each of the available list types when you want to segment the business reporting activity in QuickBooks. We will start first with the chart of accounts.

Chart of Accounts

The chart of accounts is a list of asset, liability, equity, income, and expense accounts to which you assign your daily transactions.

This list is one of the most important lists you will use in QuickBooks; it helps you keep your financial information organized. When this list is created with summary accounts and you use the other list types for detail, you can capture information in a timely manner, which will help you make good financial and management decisions for the business.

**tip**

A well-defined QuickBooks data file most likely includes the use of items, classes, and customer types, in addition to the chart of accounts.

Account Types

Understanding the chart of accounts isn't complicated. There are six standard account categories used for tracking the financial activity of your business: assets, liabilities, equity, income, cost of goods sold, and expense.

Assets

Assets include something you have purchased in the past that will be used in the future to generate economic benefit. QuickBooks offers these categories in the order of how liquid the asset is—or in simple terms, how quickly you can turn the asset into cash:

- **Bank**—Used to track your cash in and out of the business. This account type and the credit card account type are the only account types you can select as the payment account in the Pay Bills or Write Checks dialog box.
- **Accounts Receivable**—This account type requires a Customer or Customer and Job name with each entry. You use this account type when generating an invoice or credit memo transaction or when receiving a customer payment. You can create more than one Accounts Receivable account if needed. However, I do not recommend it because it adds the extra work of recording customer payments to the correct Accounts Receivable account.
- **Other Current Asset**—This account type is general in nature and includes the QuickBooks Inventory Asset and the Undeposited Funds account. The Undeposited Funds account is used like a “desk drawer” in that it holds customer payments to be totaled on a single deposit ticket.
- **Fixed Asset**—Used to track purchases of tangible property that will have a useful life of longer than one year. Accumulated Depreciation totals are also held in this account type as a negative fixed asset.
- **Other Assets**—Intangible assets that have a life of more than one year; also any asset that is not a Fixed Asset or Current Asset.

Liabilities

Liabilities are the debts the company has yet to pay. QuickBooks includes these subgroups:

- **Accounts Payable**—This account type is reserved for the QuickBooks Accounts Payable account where vendor bills and bill payments reside. You can create multiple Accounts Payable accounts. However, I do not recommend it as it adds complexity in the enter bill and pay bill processes.
- **Credit Cards**—Optionally, use this grouping to track the charges and payments made against a company credit card. One benefit is that you can reconcile this account as you do your bank account and also download your credit card transactions directly into QuickBooks.
- **Other Current Liability**—This is debt that is expected to be paid within one year. This grouping includes the QuickBooks-created Payroll Liabilities account and Sales Tax Payable account, in addition to other user-defined liability accounts.
- **Long-Term Liability**—This is debt that will not be paid within one year.

Equity

The Equity account category holds the owners (or owners') residual interest in the business after the liabilities are paid. Accounts in this category include common stock; owner's investments and draws; retained earnings; and opening balance equity (an account created by QuickBooks that is discussed in more detail in "Closing Opening Balance Equity into Retained Earnings" in Chapter 15, "Reviewing Your Data").

Income

Money earned from the sale of your products or services is recorded as income. Your company might have one income account or several, depending on the detail needed for your financial analysis. Another category of income is Other Income, or income generated from the sale of a product or service not normal to your operations. Interest Income is an example of an Other Income account type.

Cost of Goods Sold

The Cost of Goods Sold account is for costs directly related to producing a service or good for sale. There is a direct relationship between these costs and your revenue. If your company sells a product, your cost of goods sold (COGS) expenses would be the material, labor, and other costs incurred to make and sell the product. By contrast, your office expenses for rent or advertising are considered indirect and should not be posted to the Cost of Goods Sold account type.



tip

When you are creating your Cost of Goods Sold accounts, consider using summary accounts, such as material, labor, and subcontract, and letting your Item List track more detail. For example, if you are a construction company and you have expenses for site work, concrete, framing, painting, and so on, rather than having a Cost of Goods Sold account for each trade, use the Item List for these. See the section "Adding an Item" in this chapter for more details. Reports by item are available to break down the total of Cost of Goods Sold account into more detail.

Expense

An expense is recorded when an asset is used or there is an outflow of cash. The expense accounts were created during the Express Start or Advanced Setup and provide you with the basic classifications needed for properly tracking your expenses.

Although QuickBooks does not automatically create other groupings within the expenses category, a recommendation would be to group your expenses by fixed (or uncontrollable) and variable (or controllable) costs. When you review your costs, these additional groupings make easy work of determining which costs you have more control over.

You can also categorize an expense as an Other Expense, which is an expense that is not normal to your operations. You should contact your accountant for advice on what expenses are appropriate to record to an Other Expense category type.

Adding a New Account

If you created your own new data file using one of the methods taught in Chapter 1, you might already have the basics of your chart of accounts created for you. Let's think positively and use the example that your business is doing so well you have opened a new money market account with your bank. You know you need to create a new bank account in QuickBooks so that you can reconcile your banking activity with your financial institution's records.

Creating a New Account

To practice adding a new account record, open the sample data file as instructed in Chapter 1. If you are working in your own file, use these instructions to create a new bank (or other type of account) in your chart of accounts:

1. From the menu bar, select **Lists, Chart of Accounts**, or use the keyboard shortcut of Ctrl+A.
2. In the Chart of Accounts dialog box, select **New** from the Account drop-down list. Optionally, use the keyboard shortcut Ctrl+N.
3. In the Add New Account dialog box (see Figure 4.1), click the Bank option button and then click Continue.
4. In the Account Name field, type **Money Market** and in the Number field (if account numbering is enabled), type **10600** (see Figure 4.2).
5. Optionally, select the **Subaccount Of** checkbox and select the account you want to associate this account with. (Typically you would not make a bank account a subaccount of another account.)
6. Enter an optional description; this description will display in certain reports.
7. Accept the default Tax-Line Mapping, which comes from your sample data file or the choices you made when creating your own new file using the Express or Advanced Setup option discussed in Chapter 1. You can also select the drop-down list and choose a different tax line assignment, or click the "How do I choose the right tax line?" link for more information. If opened, close the help dialog box to continue.

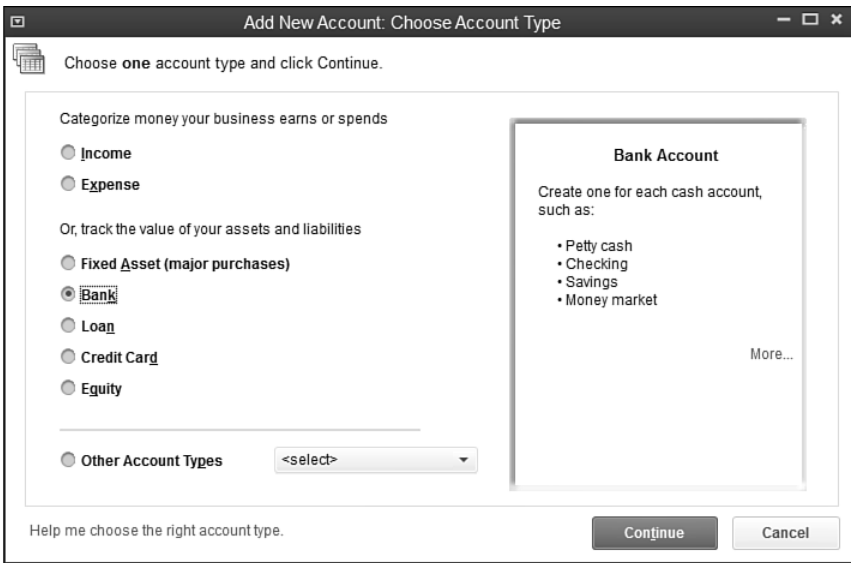


Figure 4.1
When creating a new account, useful information about the account type is displayed on the right.

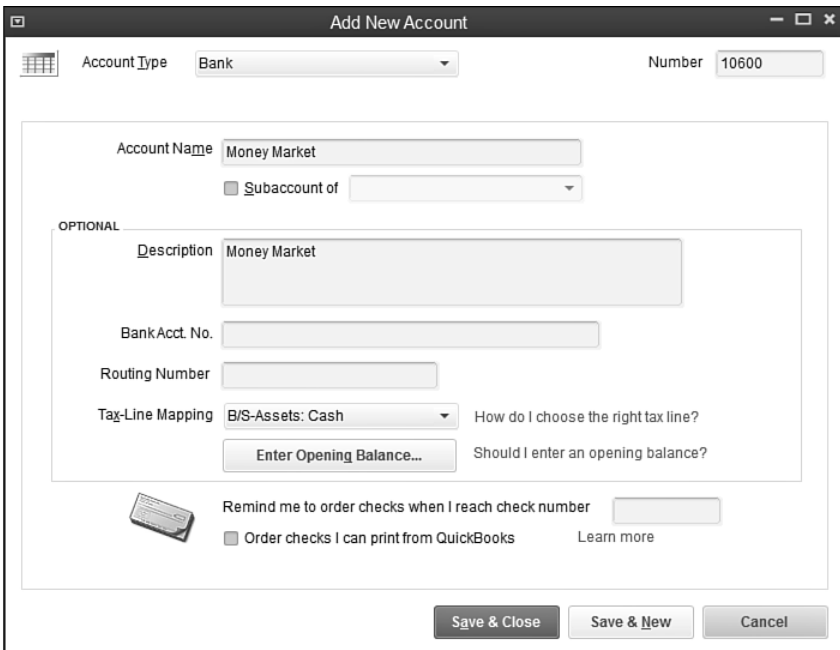


Figure 4.2
Adding a new account when account numbering is enabled.

The tax line is necessary only if you or your accountant prepares the business's tax return using software that integrates with QuickBooks.

8. Click No if the Set Up Online Services dialog displays. Or if you're working in your own data file, you might want to click Yes. More details are available in Chapter 13, "Working with Bank and Credit Card Accounts."
9. Click Save & Close.

The Add New Account dialog box also includes several other important fields:

- **Bank Acct No.**—This information is used if you set up your QuickBooks bank account for online banking downloads. For more information, see Chapter 13.
- **Routing Number**—This information is used if you set up your QuickBooks bank account for online banking downloads (see Chapter 13).
- **Enter Opening Balance**—This button opens the Enter Opening Balance dialog box where you can enter your Statement Ending Balance and Statement Ending Date. Click the "Should I enter an opening balance?" link for help in entering these important starting numbers.

➔ *For more information about beginning balances, see "Setting Up a QuickBooks Data File for Accrual or Cash Basis Reporting," pg. 88.*

This dialog box also enables you to request a reminder to order checks when you reach a specific check number or order checks directly from Intuit.

The specific details required when creating a new account will vary depending on the type of account you are adding to the chart of accounts.

Creating a new account in the chart of accounts is simple. However, if after reviewing the content in this chapter you find the need to make corrections, read the section "Modifying an Account in the Chart of Accounts" in this chapter.

Items

Items are what you sell or buy and are used on all customer transactions and optionally on purchase transactions. Items provide a quick means for data entry. However, a more important role for items is to handle the behind-the-scenes accounting while tracking product- or service-specific costs and revenue detail.

Adding an Item

Adding items to your QuickBooks file takes some planning, but the effort will pay off with improved reporting on the different services or products your company provides.

Later in this chapter you will learn how to add multiple items at a time using the Add/Edit Multiple List Entries. In this example, you will be adding a single new Service item type to the sample data file.

Adding a New Service Item

To practice adding a new service item, open the sample data file as instructed in Chapter 1. If you are working in your own file, use these instructions to begin creating your own service items.

1. From the menu bar, select **Lists, Item List** to open the Item List dialog box.
2. Select **New** from the Item drop-down list. Optionally, use the keyboard shortcut Ctrl+N.
3. From the Type drop-down list select **Service**.
4. In the Item Name/Number field, type **Inspection**.
5. Select the **This Service Is Used in Assemblies or Is Performed by a Subcontractor or Partner** checkbox, as shown in Figure 4.3. This makes the item “two-sided,” assigning both an expense account when used with a purchase transaction and an income account when used with a sales transaction.

Select this box to use this item on both purchase and sales transactions

Figure 4.3

Items are used on customer sales transactions and purchase transactions.

6. In the Purchase Information text box, type **Inspection**.
7. Enter a default Cost. This amount will default on a purchase transaction, but can also be changed at the time of entry. If you do not want a default cost for the item, leave the box blank.

8. In the Expense Account field, select the appropriate account. For this example, we will use the Cost of Goods Sold account because the item is directly related to our Customers or Jobs.
9. In the Preferred Vendor field assign a vendor or leave blank. When a preferred vendor is assigned QuickBooks will pre-fill that vendor name on a purchase order transaction when the item is selected.
10. Accept the default description in the Sales Information text box or type a unique description. This description will default on your sales transactions for this item. Optionally, enter a default Sales Price. This amount will default on sales transactions, but can be changed at the time of entry.
11. From the Tax Code drop-down list, select **Non**. In your own file, select the tax code, choosing Tax if the item is subject to sales tax or Non for nontaxable services. Check with your state's taxing authority if you have any questions about an item or service you sell being taxable or not.
12. From the Income Account drop-down list, for this practice, select the **Subcontracted Labor Income** account.
13. If you are finished adding items, click OK to save and exit the New Item dialog box. If you want to continue adding items, click Next to add another item.

➔ *For more information about tracking product inventory, see “Inventory Item Type Descriptions,” p. 152.*

➔ *For more information about other uses of the items list, see “Unique Customer Transactions,” p. 409.*

Understanding Items

Using a construction business as an example, you can create an item for Site Work, Electrical, and Plumbing Subcontractor and assign each item to your single Cost of Goods Sold—Subcontractors account in the chart of accounts.

Using items enables you to capture cost detail by trade rather than by creating an account for each type of expense. When you view your Profit & Loss statement, you can easily see what your total Cost of Goods Sold—Subcontractors is for all trade labor expenses. See Figure 4.4.

From the menu bar, select **Reports, Jobs, Time & Mileage** for reports that provide detailed information about transactions assigned to items, including

- Job Profitability Summary or Detail
- Job Estimates vs. Actuals Summary or Detail
- Item Profitability
- Time by Item

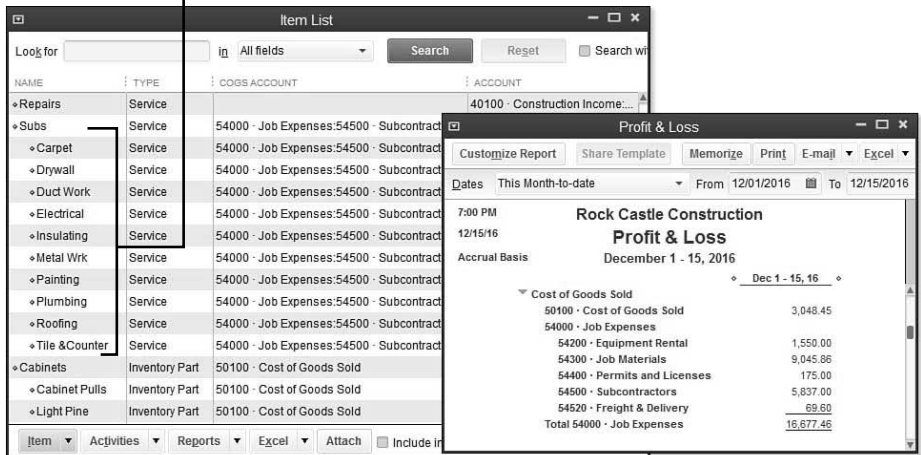


tip

Use the Items tab on expense transactions such as Write Checks or Enter Bills to ensure that you have the detailed reporting you need to review customer or job profitability.

Figure 4.4 Use the Items List for detailed reporting

Item reports provide detail while keeping the Profit & Loss easy to read.



These reports are useful for a business owner who would like to know the profitability of individual customers or jobs.

Item Types

QuickBooks has 11 item types to choose from (not including the Fixed Asset Item), although some of the items might not be listed in your data file if the related feature is not enabled. You can choose the type to assign to a list item; however, each type has certain unique characteristics. Here are some general guidelines about the proper use for item types:

- **Service**—Create this type for services offered by you or your subcontractors.
- **Inventory Part**—This type displays only if you select the **Inventory and Purchase Orders Are Active** checkbox on the **Items & Inventory—Company Preferences** tab of the Preferences dialog box. (Access the dialog box from the menu bar by selecting **Edit, Preferences**.) Inventory is used to track products you make or buy, place in a warehouse location, and later sell to a customer. Inventory is increased with a received purchase order or bill and is decreased on a customer invoice.

➡ *For more information, see Chapter 5, “Setting Up Inventory,” and Chapter 6, “Managing Inventory.”*

- **Inventory Assembly**—This item type is an assembling of multiple inventory components, as in a Bill of Materials. When an inventory assembly is built, the individual items (components of the assembly) are deducted from inventory and the quantity of the finished assembly product is increased. The assembly functionality is available only in QuickBooks Premier, Professional Bookkeeper, Accountant, or Enterprise.

- **Non-inventory Part**—This type is used for products you purchase but do not track as inventory. Correct use of this type would include products you purchase that are ordered for a specific customer and directly shipped to the customer, or for materials and supplies you purchase but do not sell to the customer.
- **Other Charge**—This is a multipurpose item type. Freight, handling, and other miscellaneous types of charges are examples of the proper use of the Other Charge item type. Using this type makes it possible to segregate sales of your service or product from other types of revenue and expenses in reports.
- **Subtotal**—This type is used to add subtotal line items on sales and purchase transactions. This item is especially useful if you want to calculate a specific discount on a group of items on a customer invoice.
- **Group**—This type is used to quickly assign a grouping of individual items on sales and purchase transactions. Unlike assemblies, groups are not tracked as a separate finished unit. Groups can save you data entry time and enable you to display or hide details on a customer's printed invoice.
- **Discount**—This type facilitates dollar or percent deductions off what your customers owes. This item type cannot be used on purchase transactions.
- **Payment**—This item type is not always necessary to set up. You create this item type if you record the payment directly on an invoice as a line item, such as with a Daily Sales Summary (see the QuickBooks Help for more details). On typical customer invoices, you should not record payments in this manner because there is no tracking of the customer's check or credit card number.
- **Sales Tax Item**—This type is available only if you enabled sales tax on the Sales Tax—Company Preferences tab of the Preferences dialog box. (Access the dialog box from the menu bar by selecting **Edit, Preferences**.) In most cases, QuickBooks automatically assigns this item to an invoice. In some states or industries where there are multiple sales tax rates for a given sale, you can also add this item to an invoice as a separate line item.
- **Sales Tax Group**—This type is used to group multiple tax district flat-rate sales tax items that are combined and charged as one sales tax rate.



caution

Carefully determine the correct item type to use when creating items. After they are created, the following item types cannot be changed to any other item type: service, inventory assembly, subtotal, discount, payment, sales tax item, and sales tax group.

If you find you have set up the wrong item type, correcting it might require making an accounting adjustment. To avoid using the incorrect item on future transactions, mark the item as inactive by selecting **Lists, Item List** from the menu bar to open the Item List dialog box. Select **Edit Item** from the Item drop-down list and then select the **Item Is Inactive** checkbox. When this box is selected, as Figure 4.5 shows, the item is not included in any drop-down lists on transactions, but is included in reports if used during the period being reported.

However, do not make an inventory type inactive if QuickBooks still shows available inventory quantity.

Figure 4.5
Marking a list
item inactive only
removes it from
drop-down lists, not
reports.

The screenshot shows the 'Edit Item' dialog box with the following details:

- TYPE:** Service (dropdown). Description: Use for services you charge for or purchase, like specialized labor, consulting hours, or professional fees.
- Item Name/Number:** Removal (text field). Subitem of (checkbox).
- UNIT OF MEASURE:** Enable... (button).
- This service is used in assemblies or is performed by a subcontractor or partner.
- Item is inactive (checkbox, circled in red).
- PURCHASE INFORMATION:**
 - Description on Purchase Transactions: Removal labor (text area).
 - Cost: 0.00 (text field).
 - Expense Account: 54000 - Job Expenses... (dropdown).
 - Preferred Vendor: (dropdown).
- SALES INFORMATION:**
 - Description on Sales Transactions: Removal labor (text area).
 - Sales Price: 35.00 (text field).
 - Tax Code: Non (dropdown).
 - Income Account: 40100 - Construction I... (dropdown).
- Buttons: OK, Cancel, Notes, Custom Fields, Spelling.
- Footer: How can I set rates by customers or employees?

Class

Another method for segmenting your QuickBooks financial information is by using classes. The use of classes is a preference setting and must first be enabled by logging in to the data file as the Admin or External Accountant user.

To enable classes, follow these steps:

1. From the menu bar, select **Edit, Preferences**.
2. In the Preferences dialog box, select the **Accounting** preference on the left.
3. Select the **Company Preferences** tab.
4. Select the **Use Class Tracking for Transactions** checkbox, as shown in Figure 4.6.
5. Click OK to save your changes and close the dialog box.

Classes are typically used when a company has multiple revenue-generating business types or multiple profit centers. These class list items are then assigned to each transaction, as in Figure 4.7. Examples of classes might be a construction company that offers either new construction or remodeling services, or a restaurant with multiple locations. In both examples, using classes that are assigned to each transaction line for both revenue and costs enables you to report profit and loss by class.

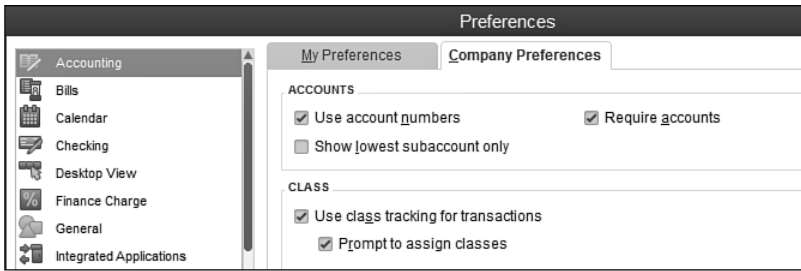


Figure 4.6
Class tracking provides another method for financial reporting for management purposes.

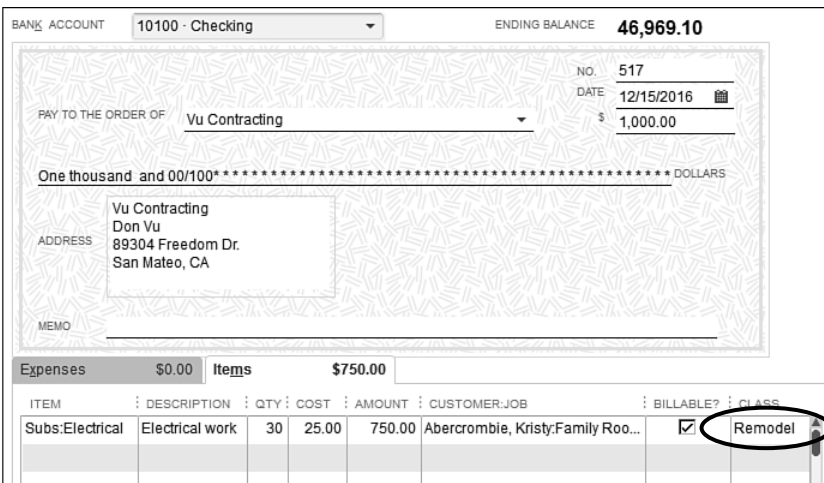


Figure 4.7
Assigning a class list item to a check transaction line provides additional management-reporting capabilities.

When deciding to use classes, it is important you have only one primary purpose for the class structure. If you try to track more than one “type” of class, the value in the reporting is diminished. For example, suppose your company has both an east coast and west coast division. These represent a single use of the QuickBooks class feature. However, using classes to also track the source of the business—for example, *Yellow Pages*, email marketing, and so on—would diminish the success of class reporting because you would be tracking two unrelated groupings. Instead, you can use classes for one purpose and customer types for another.

New for QuickBooks Enterprise Solutions 13.0 is the preference allowing users to assign default classes for one of the following:



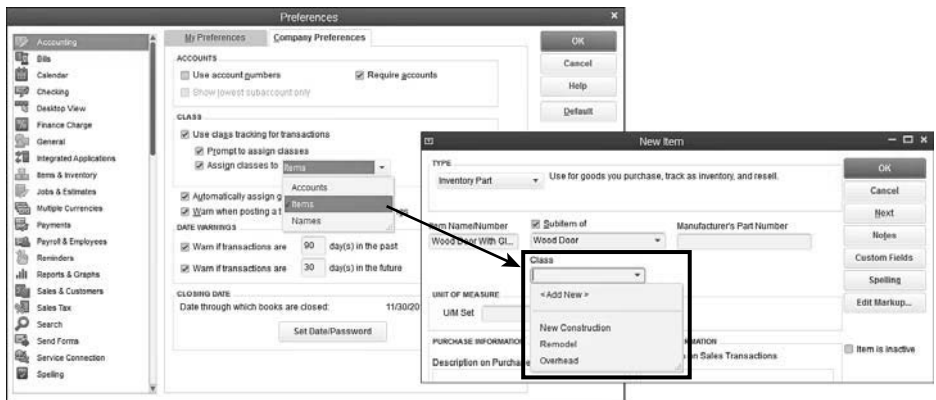
tip

When using class tracking, be sure to enable the preference to be prompted to assign a class. This preference can be found by selecting from the menu bar **Edit, Preferences, Accounting**, and the **Company Preferences** tab.

- Accounts
- Items
- Names

For example if you selected to assign classes to items, when setting up an item you can identify the default class to be used on the transaction, as shown in Figure 4.8. This would save users time in data entry and improve the accuracy of assigning the desired default class.

Figure 4.8
With QuickBooks Enterprise you can choose to default classes to accounts, items, or names.



Customer Type

You can use customer types to categorize your customers in ways that are meaningful to your business. A retailer might use customer types to track retail versus wholesale; a medical office might track types of services; a service company might track what marketing event brought in the customer. You can filter certain reports by these customer types, giving you critical information for making business management decisions. These customer types can also be useful for marketing purposes when you want to direct a letter to a specific customer type.

To create or edit a customer record and assign a customer type, follow these steps:

1. On the Home page, click the Customers button. Optionally, use the shortcut Ctrl+J.
2. Double-click to select a customer name in the list that displays.
3. In the Edit Customer dialog box, click the Additional Info tab and select a type from the Type drop-down list. Optionally, select <Add New> from the drop-down list to add a new type, as shown in Figure 4.9.
4. Click OK to save your changes.

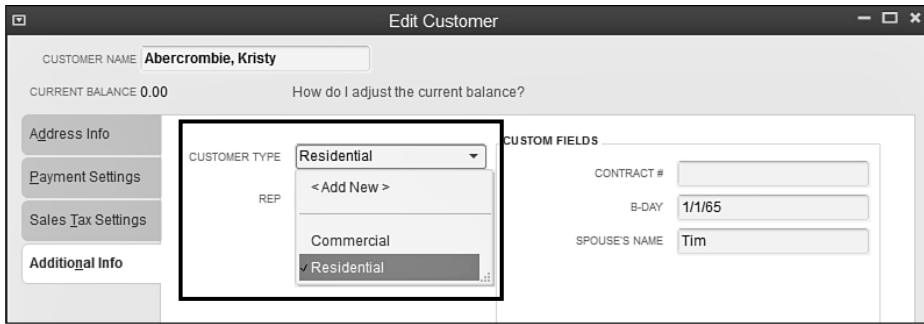


Figure 4.9
Assign a customer type for additional segmented reporting.

Many of the customer reports can be filtered by customer type, making it another useful list for management reporting.

Managing Lists

You have learned about some of the more important lists to set up in your QuickBooks file. This section shares details on managing these lists, including preference settings that can help you be more efficient and accurate with your daily data entry.

This section also provides you with multiple options for importing your lists (but not transactions) into your new QuickBooks file and managing these lists after they are in QuickBooks. When importing your lists, you can select from multiple methods, including the following:

- Adding or modifying the list directly in QuickBooks, one item at a time.
- Adding or modifying your lists using Add/Edit Multiple List Entries, or adding or modifying multiple records at a time in a single list.
- Using the Advanced Import tool in QuickBooks.
- Importing a list from another QuickBooks file using the IIF (Intuit Interchange File) format.

If you are starting with a new QuickBooks file, you might first want to review the preference settings that affect the chart of accounts.

Chart of Account Preferences

Setting preferences in QuickBooks can help you be more accurate and efficient with your data entry. In Chapter 2, “Getting Around QuickBooks,” you learned about Company Preferences that are global for all users and My Preferences that affect only the settings for the currently logged-in user.

Using specific preferences, you can modify how many of the QuickBooks features work. To do so, from the menu bar, select **Edit, Preferences** and select the **Accounting—Company Preferences** tab as previously displayed in Figure 4.6.

Here is a list of the preferences found in the Accounting—Company Preferences tab that affect the chart of accounts:

- **Use Account Numbers**—Selecting this option turns on the data field that holds a numeric assignment for each chart of accounts. By default, this feature is not selected in a newly created QuickBooks file.



tip

For accounts that have an account number assigned, deselecting the Use Account Numbers option does not remove the account number—it simply hides the field. For accountants, turn on the feature and assign your desired account numbers, and then turn the feature off when the file is returned to your client. When you review the file again, any accounts created since your last review will not have an account number, which makes locating them easy.

Alternatively, accountants who use the QuickBooks Accountant 2013 software can track changes made to the chart of accounts, including additions, renames, deletions, or merges made using the Client Data Review tools. More information is available in Appendix A, “Client Data Review.”

- **Show Lowest Subaccount Only**—You can select this preference only if you selected the **Use Account Numbers** checkbox and if each account has been assigned an account number. If you have created a subaccount listing under a main (parent) listing, when you type the subaccount name, only the subaccount name and account number will display in transactions. Without the feature selected, when you type a subaccount name on an expense transaction, you will see both the main account name and subaccount name.
- **Require Accounts**—By default, this feature is selected in a newly created QuickBooks file. If this feature is not selected, any transactions saved without selecting an account will be posted to an automatically created uncategorized income or uncategorized expense account. This process follows the rule that there must always be a debit and credit side to each transaction. Fortunately, you do not have to know how to post a debit or credit because QuickBooks does this thinking for you with each transaction.



note

On a report, if you see an amount reporting to an “Other” subaccount row title under a main account, it is the result of posting to the main (or parent) account rather than to the appropriate subaccount.

Add/Edit Multiple List Entries

Adding or modifying several entries in a single QuickBooks list can be a daunting task when you have to work with one list entry at a time. In Chapter 1, you might have created your lists using the QuickBooks Setup to add the people you do business with, the products or services you sell, and your bank accounts.



caution

When working in your own data, make sure your columns of data in Excel match the Add/Edit Multiple List Entries columns when cutting and pasting from Excel.

With the Add/Edit Multiple List Entries feature (see Figure 4.10), you can add to or modify customer or vendor records. You can also add or modify your service, inventory, and non-inventory items. Using this feature can save you precious time, particularly when you want to add or make changes to multiple entries on a list all at once.

**tip**

If a sample file is not listed, select **File, Close Company** or **File, Close Company/Logoff**. In the No Company Open dialog box, select a file to practice with from the Open a Sample File drop-down list.

Practice Using the Add/Edit Multiple List Entries Feature

Learn how to use the Add/Edit Multiple List Entries feature by adding a customer record and customizing the columns of data displayed. To complete this task, open the sample data as instructed in Chapter 1.

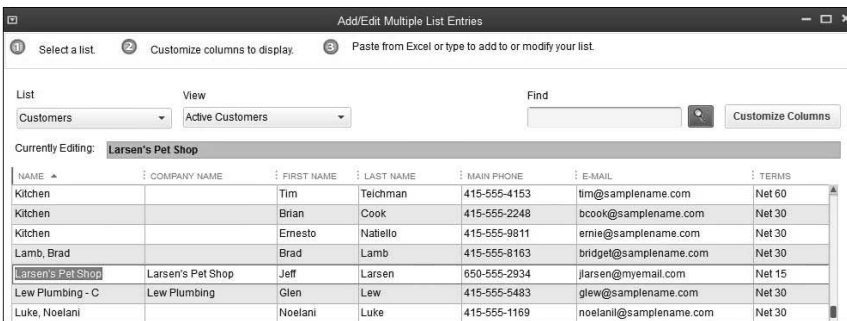


Figure 4.10

Use the Add/Edit Multiple Lists Entries to add or modify your lists efficiently.

1. From the menu bar, select **File, Open Previous Company** and select the sample data file you previewed in Chapter 1.
2. From the menu bar, select **Lists, Add/Edit Multiple List Entries**. In the Add/Edit Multiple List Entries dialog box that displays, the Customers list should default in the List drop-down. (If you are adding or modifying one of the other supported lists, your data fields will vary from the figures shown here.)
3. Click the Customize Columns button on the right side. The Customize Columns dialog box displays.
4. From the Available Columns panel on the left, select the **Terms** field and click Add. The Terms data field is now added to the Chosen Columns panel.

5. Click the Move Up or Move Down button with Terms selected to reposition the location of that data column. Adding, removing, or repositioning columns can be very useful if you are copying data from an existing Excel worksheet.
6. With your cursor, in the Chosen Columns panel, select the **M.I.** (middle initial) field. Click the Remove button.
7. Click OK to close the Customize Columns dialog box.
8. Optionally, select the **View** drop-down list to filter the list results or type in the Find box a specific search term to add as an additional filter to the resulting list.
9. For practice in this sample data, right-click and select **Insert Line**. Complete the data entry fields as displayed for this practice adding a customer record. Or, if your own business's customer list is already in an Excel spreadsheet, you may also use Excel's cut and paste functionality to add the customer details from an existing Excel spreadsheet. From the grid, you can right-click with your cursor for other functionality. From this menu, you can use Copy Down, Duplicate Row, Clear Column, and other useful features.
10. Click Save Changes. QuickBooks indicates the number of customer record(s) that have been saved. Click OK. If you are modifying several records, you might want to save your work often.
11. Click Close to close the Add/Edit Multiple List Entries dialog box when you have completed your additions or modifications.

**tip**

Using the Add/Edit Multiple List Entries dialog box for importing via Excel's cut and paste can be an efficient way to get started and to update existing lists.

**caution**

On the Customers list, the Name field is the "look-up" or internal name you give a customer. It can be the same as the Company Name field or different. The customer invoice will display the name you type in the Company Name field, so be sure not leave it blank.

If you type a name in the Name column that already exists, QuickBooks highlights the duplicate name and requires you to amend the name. You cannot have the same Name field duplicated on a single list or other lists. For example, a customer named ABC Services cannot exist more than once on the customer list and cannot also be a vendor with the same spelling. If you have a customer that is also a vendor, modify the vendor listing to ABC Services-V and put the actual name of the vendor in the Company Name field and Print on Check As field in the vendor record.

Add Your Excel Data to QuickBooks Utility

Lists can also be added to QuickBooks for Vendors, Customers, and Products You Sell (Items) directly from a ready-made Excel spreadsheet using the Add Your Excel Data to QuickBooks utility. If you choose to use the Advanced (Excel) Import feature of this utility, you can also import a chart of accounts list, something you cannot do using the Add/Edit Multiple Lists Entries feature.

Enter Data into Preformatted Spreadsheets

Follow these steps to import lists using the preformatted Excel spreadsheets included with this utility:

1. From the menu bar select **File, Utilities, Import, Excel Files**.
2. An information message may display regarding the Add/Edit Multiple List Entries feature discussed in the prior section. Optionally, place a checkmark in the Do Not Display This Message in the Future box.
3. Click No to continue with using the Add Your Excel Data utility. The Add Your Excel Data to QuickBooks Wizard displays, shown in Figure 4.11.

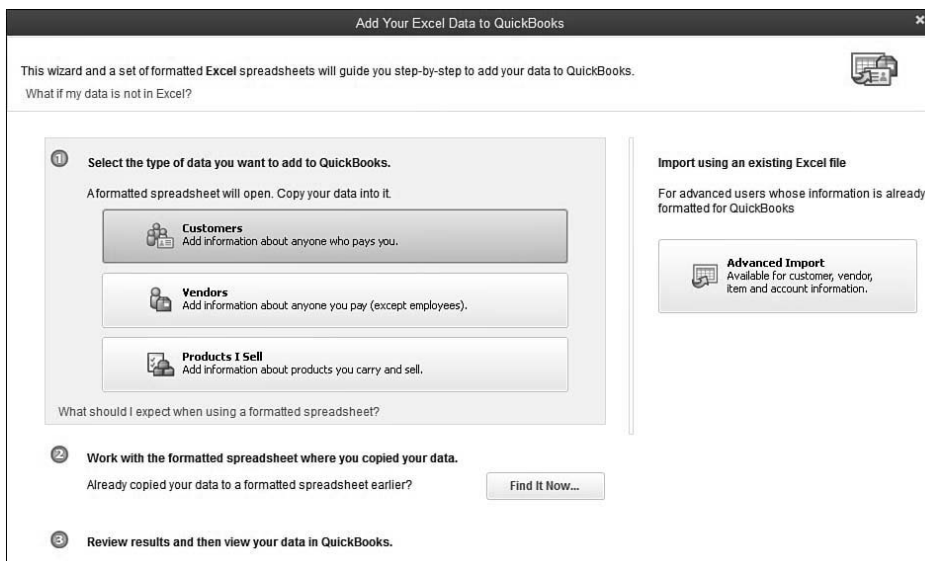


Figure 4.11
Choose which type of list you want to add information to using this utility.

4. Click to select the type of data you want to add to QuickBooks. You can choose from
 - Customers
 - Vendors
 - Products I Sell
5. In this example, click Customers. QuickBooks might display an information message about not being able to undo this import. It is prudent to make a backup of your data file before proceeding. Click Yes.

➔ For more information, see “Creating a QuickBooks Backup,” p. 619.

6. Optionally, click the Show or Hide Coach Tips and Show or Hide Detailed Instructions. Both provide onscreen details about working with this preformatted spreadsheet. See Figure 4.12.



tip

If you choose, you can save this spreadsheet as you work. It will have an Excel file extension of .xlsm, a Macro-Enabled Workbook. When you are ready to return to finish adding to the data, return to step 1 of this section, click the Find It Now button, and then browse to the stored workbook.

Figure 4.12
Preformatted spreadsheets make entering data with this utility easy.

Formatted Excel spreadsheet: Use this to add your Customers to QuickBooks

1. Copy your data into the columns below, starting in row 8
2. Fix all errors in the yellow cells
3. Add to QuickBooks and review

Buttons: Show Detailed Instructions, Add My Data Now, Hide Coach Tips

Messages:
Errors Found: 3
Scroll over red triangles for details.

Example Data:

Company Name	Mr./Ms. First Name	M.I.	Last Name	Display	Street 1	Street 2	City
Pete's Bike Shop				Pete's Bike Shop	589 Turner Avenue		Anytown
Abby's Pizza Restaurant				Abby's Pizza Restaurant	123 Oak Shores Drive		Anytown
Chris Baker				Chris Baker	123 Main Street		Anytown
James Smith				James Smith	123 Main Street		Anytown
Campbell, Heather				Campbell, Heather	2950 Harley Ave.		Middlefield
Cruz, Albert				Cruz, Albert	852 Ocean View Rd.		Bayshore
Hamby, Shane				Hamby, Shane	525 Ravenswood		East Bays
Molotsi, Hugh				Molotsi, Hugh	1980 N. Stonecrest Rd.		West Midd
Quality-Built Construction				Quality-Built Construction			
Tedford, Dan				Tedford, Dan	811 Alworth Avenue		Middlefield
Tedford, Dan:Addition				Tedford, Dan:Addition	811 Alworth Avenue		Middlefield
Wiessinger, Gary				Wiessinger, Gary	70 Packer Dr.		Bayshore
Wilson, Brandon				Wilson, Brandon	12 Ipas Lane		Middlefield

Problem:
The ':' character is not allowed for QuickBooks import.

Note: This field prefills with what's already been entered in the Company, First, or Last name fields.

Action: (Required) If needed, manually edit the prefilled data (or add new data) for the way you want your customers' name to display in QuickBooks.

7. Begin adding data to the spreadsheet using one of these two methods:
 - Copying and pasting from an existing Excel worksheet.
 - Manually type your data into the spreadsheet.
8. When your work is complete, you have the following options:
 - Save the workbook and later open it by returning to step 1, selecting the option to Find It Now, and browsing to the stored file.
 - Click the Add My Data Now button.
9. If you selected **Add My Data Now**, you will be prompted to Save & Add My Data Now or I'll Add My Data Later.
10. If you selected **Save & Add My Data Now** you will be prompted to select a location to store the file. Click Save. QuickBooks provides confirmation listing the number of records that were imported successfully.
11. Select the **View Customer List** button to view the data that was imported.
12. Click Close to leave the Add Your Excel Data to QuickBooks.

This utility has been available for many years and will help you get your lists quickly into a new QuickBooks file. I personally prefer working with the Add/Edit Multiple List Entries dialog because I can arrange the columns of data to match my existing spreadsheet I might be copying from.

Advanced Import from an Existing Excel Worksheet

The advantage to using the Advanced Import is the capability to import a chart of accounts list into a new QuickBooks file from an existing Excel worksheet. This is a common practice among accounting professionals. The other methods of importing discussed in this chapter so far do not offer the capability to import one of the most important lists, the chart of accounts.

However, most users will not necessarily need to import this list. When you use the Express Start feature for creating a new QuickBooks file, QuickBooks automatically creates a chart of account list based on the industry type you selected during that process.

➔ *For more information, see “Express Start,” p. 35.*

Follow these instructions to import the chart of accounts from an Excel spreadsheet.



note

Although manually adding or copying data from Excel are both options using this utility, you may find that working with the Add/Edit Multiple List Entries (from the prior section) is a more efficient method for this type of entry.



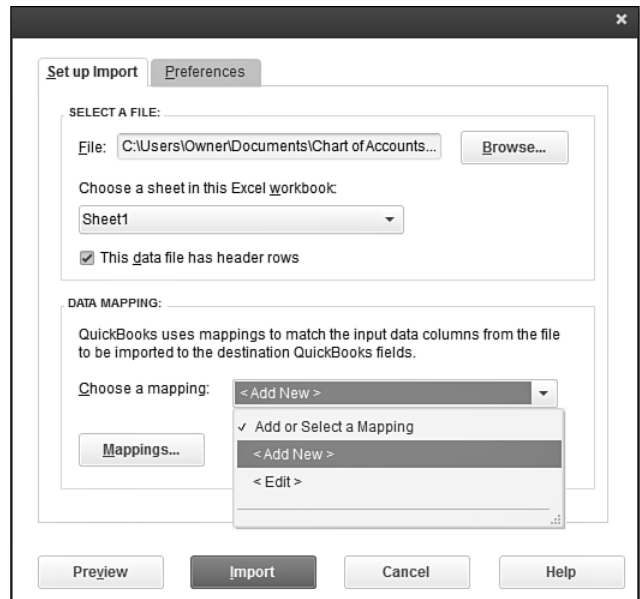
tip

Accounting professionals have another method for creating a new file using a previously set-up chart of accounts. Create a template QuickBooks file with the chart of accounts and other settings as desired. If you're using QuickBooks Accountant, from the menu bar select **File, New Company, From Existing Company File**, and then follow the onscreen prompts.

1. From the menu bar select, **File, Utilities, Import, Excel Files**. The Import a File dialog displays with the Set Up Import tab selected.
2. In the Select a File pane, browse to the location of your saved Excel spreadsheet that contains the chart of accounts.
3. If there are multiple sheets in the workbook, select the appropriate sheet to use from Choose a Sheet in This Excel Workbook, as shown in Figure 4.13.

Figure 4.13

The Advanced Import is a useful utility if you already have your lists in an Excel worksheet. This utility does not require that you copy and paste the details.



4. If this is your first time using this utility, in the Data Mapping pane, select **Add New** in the Choose a Mapping drop-down. The Mappings dialog box displays.
5. Type a name into the Mapping Name field. This enables you to select this mapping for use again.
6. For the Import Type, in this example select **Account**.
7. The fields available in QuickBooks will be listed in the left column (see Figure 4.14). The fields in your selected spreadsheet will be displayed in the Import Data pane on the right. From the drop-down, select the matching field.
8. Click Save to store this mapping for future use. You are returned to the Import a File dialog box.



tip

It helps when creating the Excel worksheet to type data labels that will be easy to match to the QuickBooks fields.

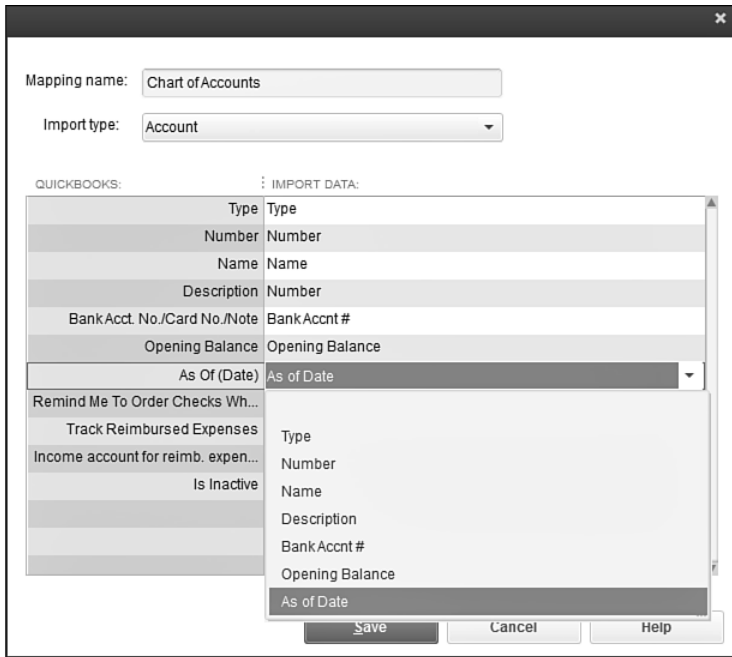
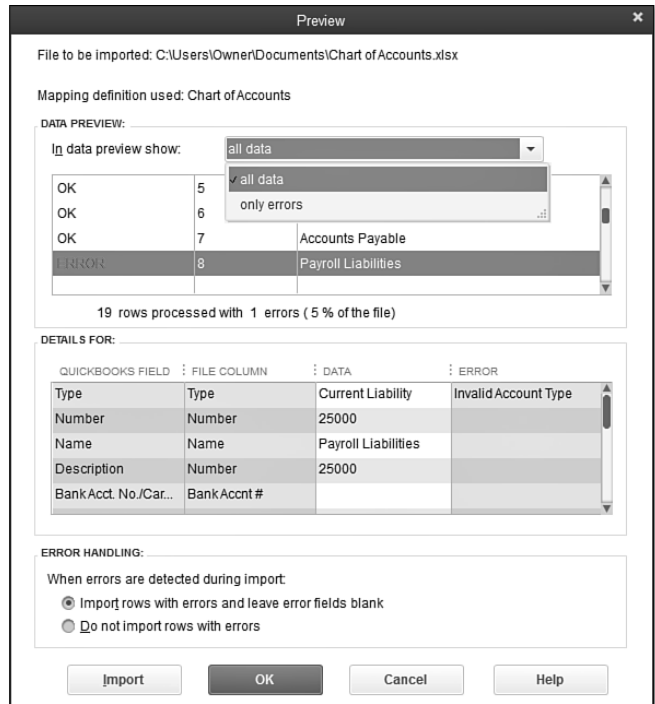


Figure 4.14

When using the Advanced Import, map the columns of an existing spreadsheet to the fields in QuickBooks.

9. Click Preview to see the results of what the import will be prior to completing this step. Any errors in the import file will have the word Error displayed in red text. Click any row with an error, and QuickBooks details the reason so you can fix it before importing.
10. Select how to handle errors by choosing from the following:
 - Import Rows with Errors and Leave Error Fields Blank
 - Do Not Import Rows with Errors
11. Click Import to complete the process. Or click OK to close the Preview dialog box, and Cancel to not make any changes. See Figure 4.15.
12. If you selected Import, QuickBooks displays an information dialog recommending that you back up your data prior to the import. The import process cannot be undone. Click Yes to continue the import, or No to make a data backup first.
13. If you selected Yes to the Import message, QuickBooks confirms the records that were imported. Select **Save** to save the Error Log (browse to a location to store the file) or **Don't Save**.
14. To view the chart of accounts that was imported, from the menu bar select **Lists, Chart of Accounts**.

Figure 4.15
Preview the import, and view any rows with errors.



With QuickBooks 2013 you have several options for importing your lists. Getting started using QuickBooks is fast and easy. The next section details another method you may choose to use, especially if you are choosing to copy lists from one QuickBooks file to another.

Importing an Intuit Interchange Format File (IIF)

The term *Intuit Interchange Format (IIF)* refers to data exchange functionality that has been around for some time. It is a method for exporting lists from one QuickBooks file and importing these lists into a new QuickBooks file. The process creates a tab-delimited value format file with the extension of .iif. You can view and edit this file using Excel.

The most common use for this tool is to export lists from one QuickBooks data file to a new QuickBooks data file. The process is easy and relatively error free. Other uses for the tool include transaction imports. This book does not cover the topic of transaction imports using IIF formatted files; however, you can find more information about this utility by typing **IIF** into the search field at www.quickbooks.com/support.

The IIF format is a preferred and easy method to use if you already have a QuickBooks file with a chart of accounts (or other lists) that you want to replicate in another file.

The only disadvantage to working with an IIF format file is all the extra information that is in the text file, making it awkward to edit or add to the existing information.

To export an IIF-formatted chart of accounts file from an existing QuickBooks file, follow these steps:

1. From the menu bar select, **File, Open** or **Restore Company** to open the QuickBooks file that has the chart of accounts (or other lists) you want to export and duplicate in another file.
2. From the open QuickBooks file, on the menu bar select, **File, Utilities, Export, Lists to IIF Files**.
3. In the Export dialog box, select the **Chart of Accounts** checkbox (or other type of list you want to export), as shown in Figure 4.16.

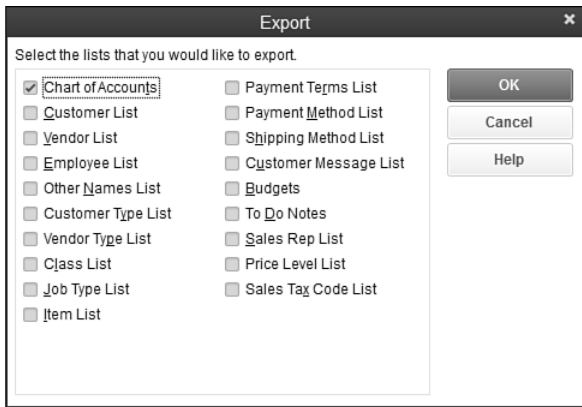


Figure 4.16

The Export dialog box shows choices of lists available for export.

4. Click OK. You will be prompted to provide a filename and to save the file. Remember the location you stored the file in; you will need to browse to the file to import into another QuickBooks file.



tip

Creating individual IIF files for each of the master lists you want to export is preferable to creating one combined file. In other words, create one file for your chart of accounts separate from a file for vendors or customers. This way, if one list has trouble importing, it won't prevent the other lists from importing.

Figure 4.17 shows the exported QuickBooks chart of accounts in the IIF format in an Excel workbook. You can see it is not as user friendly as the Add/Edit Multiple List Entries dialog box discussed previously.



note

The Add/Edit Multiple List Entries feature does not include modifying the chart of accounts list. To import the chart of accounts, see the section “Advanced Import from an Existing Excel Worksheet” in this chapter.

Figure 4.17
A chart of accounts IIF format file that can be imported into another QuickBooks file.

1	!HDR	PROD	VER	REL	IIFVER	DATE	TIME	ACCNTNT	ACCNTNTSPLIT	TIME			
2	HDR	QuickBook	Version	Release	1	12/15/2016	1.48E+09	N	0				
3	!ACCNT	NAME	REFNUM	TIMESTA	ACCNTTYF	OBAMOUNT	DESC	ACCTNUM	SCD	BAN	EXTR	HIDDEN	
4	ACCNT	Checking	2	9.3E+08	BANK	46,969.10	Cash	10100	1535			N	
5	ACCNT	Savings	3	9.3E+08	BANK	17,910.19	Savings	10300	1535			N	
6	ACCNT	Petty Cash	85	1.1E+09	BANK	500	Petty Cash	10400	1535			N	
7	ACCNT	Prior Year F	145	1.5E+09	BANK	0		10500	1535			N	
8	ACCNT	Money Ma	146	1.5E+09	BANK	0	Money Ma	10600	1535			N	
9	ACCNT	Accounts R	4	9.3E+08	AR	93,357.93	Accounts f	11000	1537			N	
10	ACCNT	Undeposit	8	9.3E+08	OCASSET	2,440.00	Undeposit	12000	1547			UND	N
11	ACCNT	Inventory A	6	9.3E+08	OCASSET	30,683.38	Inventory	12100	1547			INVE	N
12	ACCNT	Employee	5	9.3E+08	OCASSET	832	Employee	12800	1547				N

To import the saved IIF file into a new QuickBooks file, follow these steps:

1. From the menu bar, select **File, Open or Restore Company**, and select the QuickBooks file you want to import the previously exported list into.

If you have not already created your new file select, **File, New**, and follow the prompts. (See Chapter 1 for more information.)

2. From the menu bar select, **File, Utilities, Import, IIF Files**.
3. In the Import dialog box, browse to the location of the stored IIF formatted file.
4. With your cursor, select the file and click Open.
5. QuickBooks then imports the IIF formatted file into the QuickBooks data file. Click OK to close the Your Data Has Been Imported message box.

Now that you have your new data file with new lists from another file, you are ready to begin entering transactions. Think of all the time you saved by not having to manually create each list item in the new file.

Reporting on Lists

With a QuickBooks file created and lists entered, you can now review the efforts of your work.

Let's start with a simple listing of your vendors.

caution

The IIF file format is a tab-delimited text file with an extension of .iif. Be sure to keep this format when saving your changes; do not save as an .xls or .xlsx Excel file type.

1. From the menu bar select **Reports, List**. Take a moment of your time to review the many lists available for reporting on in this menu. Some lists will display only if the associated preference in QuickBooks is enabled.
2. Select the **Vendor Contact List**. Optionally, click the Customize Report button.
3. The Modify Report dialog opens with the Display tab selected. From the Columns listing, add or remove checkmarks to include or exclude information from the list report.
4. Click OK when finished.

You will learn more about modifying these and other reports in Chapter 14, “Reporting in QuickBooks.”

Reviewing your lists before you begin entering transactions can ensure that the information provided in reports is correct.

Finding and Fixing Chart of Account Errors

When searching for reasons why your financial statements do not appear correctly, the first place to look is often the chart of accounts. It is also important to carefully consider the impact of the change on your financials and make sure you choose the right method for correction.

There are many ways to resolve errors found on the chart of accounts. However, before attempting any of the suggested methods here, you should consider the following:

- The effect the change could have on prior-period financials
- The effect the change could have on previously recorded transactions
- The impact the changes would have on the records your accountant has kept for the company

A quick review of the chart of accounts should include the following:

- Duplicated accounts
- Unnecessary accounts (too much detail)
- Accounts placed in the wrong account type category
- Misplaced subaccounts

QuickBooks Required Accounts

The chart of accounts listed here is required for specific functionality of a transaction. If you have previously removed the account, QuickBooks re-creates it when you use a transaction that depends on that specific account. Additionally, these accounts are automatically created when a related transaction is opened for the first time:

- Accounts Receivable
- Inventory Asset
- Undeposited Funds
- Accounts Payable
- Payroll Liabilities
- Sales Tax Payable
- Opening Balance Equity
- Retained Earnings
- Cost of Goods Sold
- Payroll Expenses
- Estimates (nonposting)
- Purchase Orders (nonposting)

note

In earlier versions of QuickBooks, you might have accounts that have an asterisk (*) in front of the name to indicate a duplicate account name. This situation usually happens only when you did not select to use one of the sample charts of accounts. QuickBooks has certain accounts that it creates automatically.

For example, if you did not select a sample default chart of accounts, and you created your own Accounts Receivable account, QuickBooks automatically adds another Accounts Receivable account when an invoice transaction is opened. Because QuickBooks recognizes that you already have an Accounts Receivable account (the one you created), QuickBooks appends the name with an asterisk. You should merge your created account (the one without the *) into the QuickBooks-created account. See the later section titled “Merging Duplicated Accounts” for instructions on how to merge two like accounts.

Making an Account Inactive

Marking an account inactive is usually the best choice when you have duplicate or extra list entries on your chart of accounts. Making an account inactive removes it from any drop-down list where the item can be selected. However, for reporting periods where the account has a value, any reports generated will include the inactive account balance.

Do you need to mark several accounts as inactive? Select the **Include Inactive** checkbox at the bottom of the chart of accounts list, as shown in Figure 4.13. You can mark any list items you want to become inactive by clicking in front of the list item name. If Include Inactive is grayed out, right-click an account and choose **Make Account Inactive**. You will now have the option to place a checkmark in the Include Inactive box.

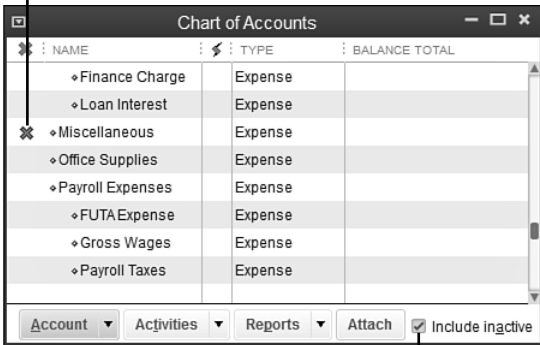
In the future, if you try to use an inactive account, QuickBooks prompts you to choose between Use It Once or Make It Active.

Merging Duplicated Accounts

Another method to remove duplicated accounts is to merge the similar accounts. To perform a chart of accounts merge, both accounts must be in the same chart of accounts category; in other words, you cannot merge an Asset with a Liability-type account.

Before merging accounts, perform a backup of your data, just in case the result is not what you expected. When the accounts are merged, all transactions previously assigned to the removed account now appear as if they were always assigned to the remaining account.

Click with your cursor in front of the item



Select the "Include inactive"

Figure 4.18

Easily mark accounts inactive from the Chart of Accounts dialog box.

To merge two accounts, follow these steps:

1. From the menu bar select **Lists, Chart of Accounts**, and highlight the account you want to remove with the merge. With the account highlighted, press **Ctrl+E** on your keyboard to open the Edit Account dialog box.
2. If you are using account numbering, replace the account number with the account number for the account you want to retain. Optionally, you can type the exact spelling of the name of the other account you are merging with this one into the Account Name field.

QuickBooks cautions you that the name is already being used and asks whether you want to continue (see Figure 4.19). If you do not get this message, you didn't accurately type the name or account number. You need to try again.

3. Click **Yes** to merge the accounts.



caution

This method potentially changes your financials and should be cautiously performed only after you have discussed the effect with the company's accountant and have made a backup of the data file.



caution

Chart of accounts, customers, jobs, vendors, and other names lists can all be merged within their own type or category. Be careful—there is no undo function, making the action irreversible.



Figure 4.19

QuickBooks offers a word of caution when you are merging two charts of accounts lists.

Modifying an Account in the Chart of Accounts

The mistake most often made when creating your own chart of accounts is assigning the wrong account type. QuickBooks provides additional subcategories under the six standard accounting categories, as identified in the “Account Types” section at the beginning of this chapter.

The Add New Account dialog box, previously shown in Figure 4.1, can help you reduce errors that occur when creating a new account. When you select an account type, QuickBooks provides a general description of the proper use of the selected account.

Changing an account type can also be advantageous when you want to fix future transactions and prior-period transactions. For example, suppose you created a Current Asset account type instead of the correct Expense account type. Simply changing the account type via the Edit Account dialog box (see the following steps) corrects all prior-period and future transactions to be assigned to the new account type.

However, you will not be able to change an account type or merge a chart of an account if subaccounts are associated with that chart of account list item. For more information, refer to the note on page 131.

To change an account type, follow these steps:

1. From the menu bar select **Lists, Chart of Accounts** (or press Ctrl+A). The Chart of Accounts dialog box displays.
2. Select the account for which you want to change the type.
3. From the Account drop-down list, select **Edit Account** (or press Ctrl+E to open the account for editing). The Edit Account dialog box displays.
4. Click the drop-down arrow next to Account Type (see Figure 4.20) and choose a new account type from the list.
5. Click Save & Close.



caution

Exercise caution before changing an account type. The change affects any prior-period financials. If this consequence is a limitation for your company, a simple solution is to create a general journal entry to remove the amount from one account and assign it to another, dating the transaction in the current period. This method preserves the integrity of prior-period financials.

The Audit Trail report in QuickBooks does not track that a change was made to an account type. However, if your accountant views your data with QuickBooks Accountant 2013 software, the accountant can view the changes you or your employees made to an account type.

note

Not all account types can be changed. Accounts Receivable, Accounts Payable, Credit Cards (with online access configured), and any of the default accounts created by QuickBooks cannot be changed to a different type. In addition, for any Balance Sheet account that the account type is changed to a non-Balance Sheet account type, QuickBooks warns that you can no longer use a register for this account or enter transactions directly into this account.

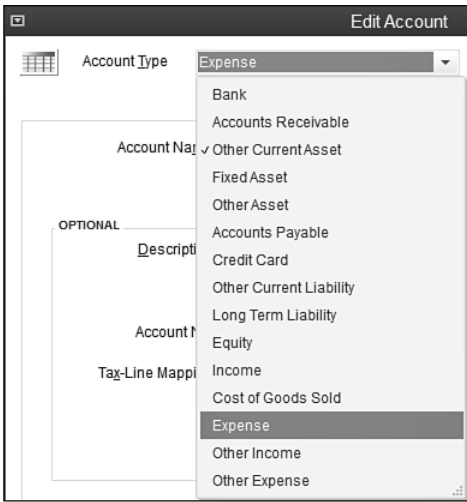


Figure 4.20

You can usually, but not always, change an account type.

Assigning or Removing a Subaccount Relationship

Often in accounting reports, you have specific accounts for which you want to see a more detailed breakdown of the costs. You can get this breakdown easily by creating the main account and associating subaccounts with the main account.

Figure 4.21 shows Utilities as a main account with an indented subaccount for each type of utility expense.

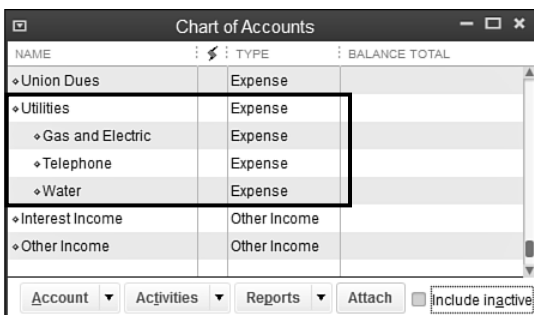


Figure 4.21

Chart of Accounts showing a subaccount relationship to parent account.

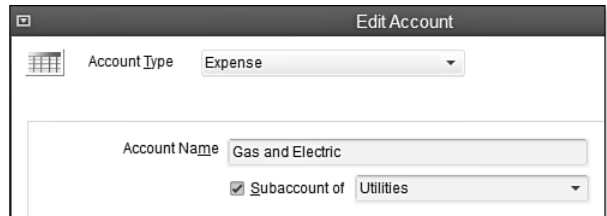
To edit an existing account to be a subaccount of another main account, follow these steps:

1. From the menu bar select **Lists, Chart of Accounts** (or press Ctrl+A). The Chart of Accounts dialog box displays.
2. Select the account that you want to be a subaccount of another account.

3. From the Account drop-down list, select **Edit Account** (or press Ctrl+E to open the account for editing). The Edit Account dialog box displays.
4. Select the **Subaccount Of** checkbox and choose the account you want it to be associated with from the drop-down box. (It must be of the same account type.)
5. Click Save & Close.

Users can assign a subaccount that is only in the same general account type. For example, an Expense type cannot be a subaccount of a Current Asset type account (see Figure 4.22).

Figure 4.22
Assigning a subaccount to a parent account.



note

If you need to change the subaccount to another General Ledger account type, first deselect the Subaccount Of checkbox. Click Save & Close to save the change. Then edit the account and change the type. You cannot change subaccount types when they are associated with a main account. You also cannot change the account type when that account has subaccounts associated with it.

Another method for changing the assignment of a subaccount to a main account is easily done directly from the list view.

To remove or add a subaccount directly from the list, follow these steps:

1. In the Chart of Accounts dialog box, click with your cursor over the diamond in front of the list item (see Figure 4.23).
2. Drag the diamond so the selected account is immediately below the main account grouping.
3. Drag the diamond to the right to create a subaccount-account relationship to the main account. Or optionally, drag the diamond to the left to remove the subaccount relationship.

The chart of accounts list shows the corrected relationship (see Figure 4.24).

Financial reporting is more accurate when you take the time to review and correct your chart of accounts setup. Often, you can manage the information better when you group similar income or expense accounts using the subaccount feature.

Click with your cursor in front of the item

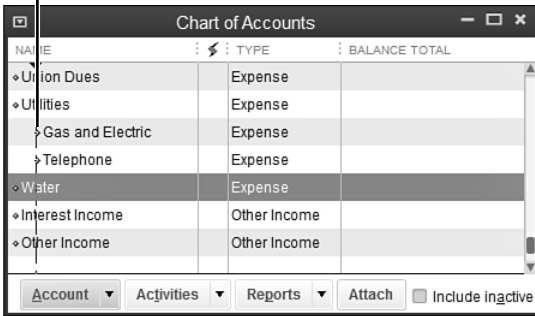


Figure 4.23

Dragging the diamond in front of an account is an easy way to change the subaccount relationship within the same category type.

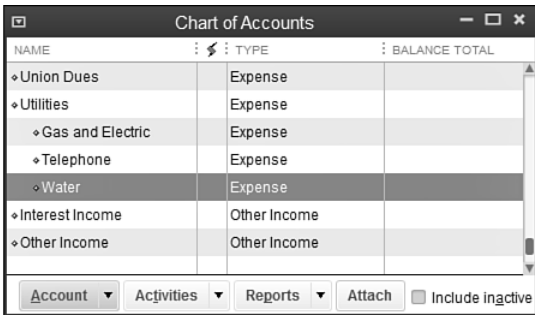


Figure 4.24

The chart of accounts viewed after changing the subaccount relationship.

Finding and Fixing Item List Errors

Do you want to quickly fix some of the most common errors in QuickBooks? Reviewing and correcting items in QuickBooks can be an efficient way to repair a company's data file accounting errors. Often the reason or misstatement on a company's financials can be traced to incorrect setup of items. Some indicators of this might be understated revenue, negative costs, or just an overall lack of confidence in the financials. This is because QuickBooks items are "mapped" to the chart of accounts, if an item is improperly assigned to the wrong type of an account, this could create errors in accurate financial reporting.

To help you in those instances where incorrectly set-up items might not be so apparent, the following sections offer a few methods for reviewing the item list.

Reviewing the Item List on the Computer Screen

Adding and removing columns you view in the Item List can help you notice any setup errors that exist.

Customizing the View of the Item List

To modify the columns that display on the items list, follow these instructions:

1. In the Item List dialog box (select **Lists, Item List** from the menu bar), right-click and select **Customize Columns**.
2. In the Customize Columns dialog box, as shown in Figure 4.25, add the COGS Account by highlighting it in the Available Columns pane and clicking Add to include the account in the Chosen Columns pane on the right. Add (or remove) from the Chosen Columns pane those fields that you want (or don't want) to see when viewing the Item List dialog box.

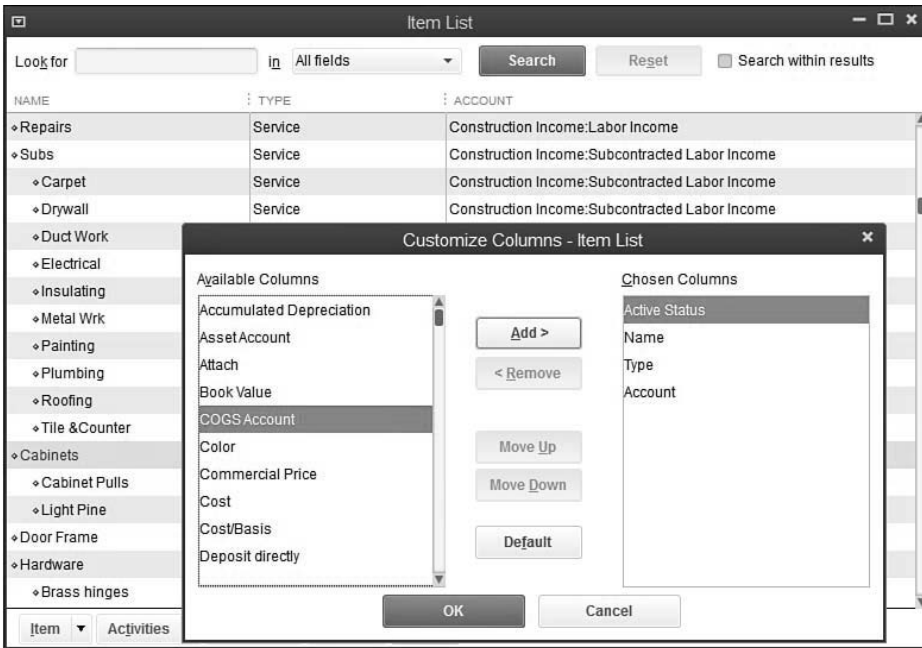


Figure 4.25

Right-click the items list to customize the columns to display.

3. Click the Move Up or Move Down buttons in the center of the dialog box to customize the order in which you want to view the columns, and then click OK.
4. Optionally, to widen columns of displayed data on your computer screen, place your mouse on the right edge of a column header and drag to make the column wider or smaller.
5. Optionally, click a header column to sort the displayed data by the selected column.
6. Click the X in the top-right corner to close the Item List.

Now you can conveniently review the list on the computer screen for those items that do not have a cost of goods sold or expense account assigned, or that might have the wrong account assigned. Not having an expense account assigned becomes problematic when the item is both purchased and sold; both types of transactions will report only to the single account selected as the Income Account.

See the “Correcting One-Sided Items” section of this chapter for a more detailed discussion of how to properly fix this issue. Refer back to Figure 4.3 for details on creating a two-sided item in QuickBooks.

Item Listing Report

Another method to review the item list setup is the Item Listing report (by choosing Reports, List, Item Listing from the menu bar). Click Customize Report from the top left of the displayed report. In the dialog box that displays, click the Display tab to select the columns to view. Useful columns include Item, Description, Type, Account, Asset Account (for inventory items only), COGS Account, and Sales Tax Code, as shown in Figure 4.26. Whenever the item is used on a purchase or sales transaction (such as an invoice, a sales receipt, a bill, a check, and so on), these columns show to which accounts QuickBooks records the transaction on the chart of accounts.

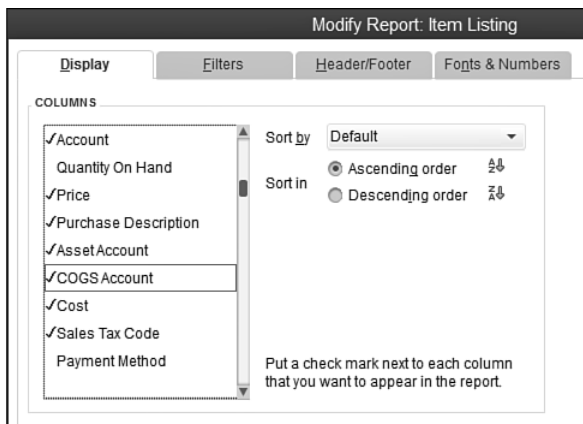


Figure 4.26

Modify the item listing report to provide just the details you need.

What exactly are you looking for on the list item report? First, look for items that you use on both purchase and sales transactions, but that are missing the COGS Account, as shown in Figure 4.27. Alternatively, you might also look for items with the incorrect account assigned. If you collect sales tax, be sure the correct sales tax code is selected.

➔ For a more detailed discussion of sales tax in QuickBooks, see “Setting Up Sales Tax,” p. 314.

Item	Description	Type	COGS Account	Sales Tax Code
Blueprint changes		Service		Non
Blueprints	Blueprints	Service		Non
Concrete Slab	Foundation slab - prep and pouring	Service		Non
Floor Plans	Floor plans	Service		Non
Framing	Framing labor	Service		Non
Installation	Installation labor	Service		Non
Labor		Service		Non
Removal	Removal labor	Service		Non
Repairs	Repair work	Service		Non
Subs	Subcontracted services	Service	Job Expenses:Subcontractors	Non
Subs:Carpet	Install carpeting	Service	Job Expenses:Subcontractors	Non
Subs:Drywall	Install drywall	Service	Job Expenses:Subcontractors	Non
Subs:Duct Work	Heating & Air Conditioning Duct Work	Service	Job Expenses:Subcontractors	Non

These items do not have an expense account assigned.

Figure 4.27

Review the Item Listing report for item setup errors or missing information.

Profit & Loss Standard Report

If you suspect errors with your financials, drilling down (double-clicking with your cursor) on the Total Income, Cost of Goods Sold, or Expense totals from a Profit & Loss Standard report might provide clues to the mistakes. To generate this report for your data, follow these steps:

1. From the menu bar select, **Reports, Company & Financial, Profit & Loss Standard**.
2. On the Profit & Loss Standard report, double-click the Total Income subtotal, as shown in Figure 4.28. A Transaction Detail by Account report displays, showing each line of detail that makes up the amount you viewed on the original Profit & Loss Standard report.
3. On the Transaction Detail by Account report, click Customize Report. In the dialog box that displays, click the Filters tab. In the Choose Filter pane, scroll down to select **Transaction Type**.
4. In the Transaction Type drop-down list, select **Multiple Transaction Types**, as shown in Figure 4.29. The Select Transaction Type dialog box displays. Click to place a check next to each transaction type that normally would *not* be reported to an income account, such as a check, bill, credit card, and so on, and then click OK.

The resulting report now shows all purchase type transactions (or whatever transaction types you selected) that were recorded to income accounts. In the example shown in Figure 4.30, a vendor bill transaction type displays in the totals for income. This is because on the vendor bill an item was used that had only an income account assigned. After you determine you have these types of errors in posting, you should review your item list for any one-sided items. This topic is discussed in the next section.

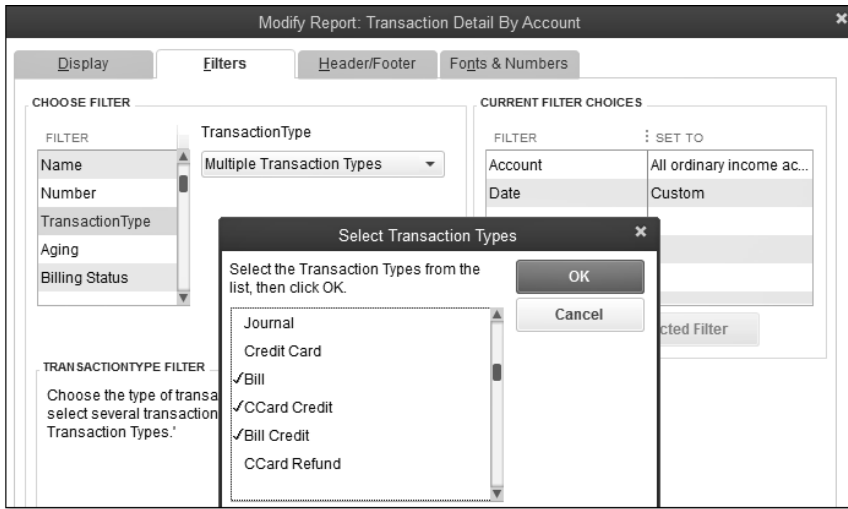


Figure 4.28
Drill down to review the details of your business's Total Income dollars.

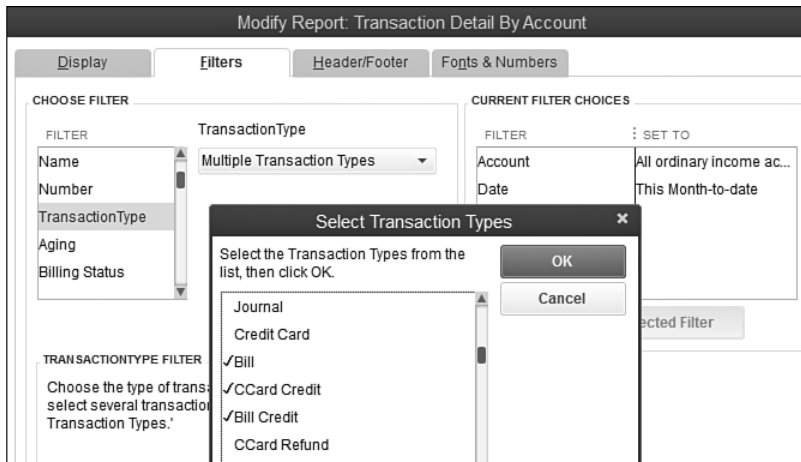


Figure 4.29
Filter the report to include transaction types that should not be reporting to income accounts.

Figure 4.30

The Transaction Detail by Account report shows a purchase type (vendor bill) transaction reporting to an income account in error.

Type	Date	Num	Source Name	Split	Amount
Construction Income					
Labor Income					
► Bill	12/15/2016	12456	Larson Flooring	Accounts Payable	-550.00
Total Labor Income					-550.00

As with any data correction in QuickBooks, you should make a backup of the data before attempting these methods. The preferred backup method is a QuickBooks backup (a file with the extension of .QBB). You can create a data backup by selecting **File, Create Backup** from the menu bar. If the result after fixing items is not what you expected, you can easily restore the backup file.

This section showed some effective ways to determine whether your items were incorrectly set up. In the next section, you learn the methods of fixing these item setup errors in QuickBooks.

If you are an accounting professional, you will want to review your client's item setup and possible errors using the Client Data Review features and tools available only with QuickBooks Accountant 2013. More information can be found in Appendix A, "Client Data Review."

**tip**

These methods might affect your financials for prior accounting periods. You should take care when selecting a method that will impact financial periods that have already been used to prepare your tax documents. Discuss these choices with your accountant before making the changes.

If you would like to be warned when making changes to prior periods, consider entering a Closing Date into your file. For more information, see Chapter 16, "Sharing QuickBooks Data with Your Accountant."

Correcting One-Sided Items

A one-sided item is an item that has only one account assigned. See Figure 4.31, which shows the Framing item setup. Notice the only account assigned to this item is Income:Labor. When this item is used on a customer invoice, it increases the Income:Labor amount. However, if the same item is used on a check or bill, the amount of the expense records directly to the Income:Labor income account as a negative number. This would cause both income and cost of goods sold to be understated.

You should not have one-sided items if you plan to use the same item on both purchase transactions and sales transactions.

You might have several items on your list that can qualify to be one sided because they are used only on sales transactions and never on purchase transactions, or always on purchase transactions and never on sales transactions. What can become problematic is that at some time, a user may mistakenly use the item on the other transaction type.

When this is not selected you cannot assign both an income and expense account

The screenshot shows the 'Edit Item' window for a 'Service' item named 'Framing'. The 'Account' dropdown menu is highlighted with a red box and shows 'Income:Labor I...' selected. The 'Item is inactive' checkbox is unchecked. The 'Rate' is set to 55.00 and the 'Tax Code' is 'Non'. The 'Description' is 'Framing labor'.

Figure 4.31

Items with only one account assigned can misstate financials if used on both purchase and sales transactions.

The screenshot shows the 'Edit Item' window for a 'Service' item named 'Framing'. The 'Expense Account' and 'Income Account' dropdown menus are highlighted with a red box. The 'Expense Account' is 'Job Expenses:Labor E...' and the 'Income Account' is 'Income:Labor Income'. The 'Item is inactive' checkbox is unchecked. The 'Cost' is 0.00 and the 'Sales Price' is 55.00. The 'Description on Purchase Transactions' and 'Description on Sales Transactions' are both 'Framing labor'.

Figure 4.32

The corrected one-sided item now has both an expense and income account assigned.

Inventory items will default as two sided. For the other item types, I recommend you create them all as two-sided items (see Figure 4.32). You do so by selecting the checkbox labeled **This Service Is Used in Assemblies or...** (the rest of the label depends on what item type is selected) in the New or Edit Item dialog box.

The results are new Purchase Information and Sales Information panes. Now, the “Account” has become an “Income Account” and you have a new Expense Account field to assign your proper expense account. This way, if you use the item on both a vendor bill or check and a customer sales transaction, your financials show the transaction in the proper account.

The decision made at this time to change the account assignment is critical to your financials. Clicking Yes to updating existing transactions causes all previous transactions to now report to the new account assigned. If you are attempting to fix historical transactions, this can be a timesaving feature because you do not have to change each individual transaction manually.

Click No if you do not want to update prior period transactions. This option might be recommended if you have already prepared your tax data with QuickBooks financial information. The change then takes effect only for future transactions.



caution

Before making these suggested changes, have you made a backup of your data? Remember, some of the recommended changes are not reversible.

You might even consider printing reports before and after to compare and verify that you achieved the desired end result with your change.

Additional Warnings for One-Sided Items

You aren't completely on your own when it comes to locating one-sided item errors in item assignments. QuickBooks helps you recognize the potential error by displaying a warning message when you are using an item on a purchase transaction that is assigned only to an income account. Figure 4.33 shows the warning message you see when a check is being written to a vendor but the item used is assigned only to an income account. Be aware that this warning displays only if you have not checked the Do Not Display This Message in the Future checkbox.

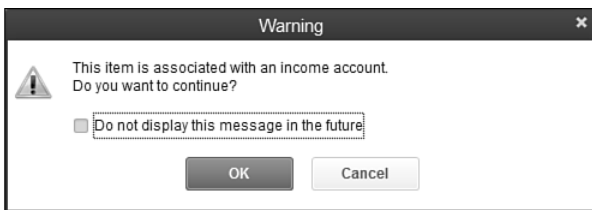


Figure 4.33

The warning message displayed when you use an item on a purchase transaction that is mapped only to an Income Account.

If you ignore the message, in this example QuickBooks posts the expense to the revenue account selected in the New or Edit Item dialog box. The effect of this is to understate revenue (an expense is a negative amount in the revenue account) and to understate your costs (because no cost was recorded to an expense account). Both of these messages distort your financial details, so be sure you don't disregard this important message.

note

Users often ignore these one-time messages and select the **Do Not Display This Message in the Future** check box (refer to Figure 4.33). To enable these messages again, select **Edit, Preferences** from the menu bar. In the Preferences dialog box, select the **Bring Back All One Time Messages** checkbox on the General—My Preferences tab, as shown in Figure 4.34. This preference setting is only for the currently logged in user; so don't forget to have other users enable this same preference, if desired.

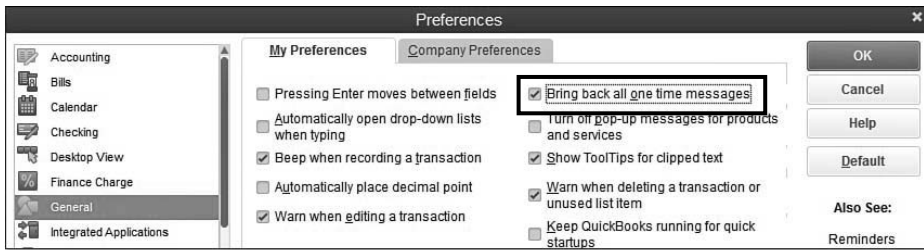


Figure 4.34

To be notified of transaction errors previously disregarded, select the **Bring Back All One Time Messages** checkbox.

Making an Item Inactive

If you have found errors in your item list, a safe method for avoiding future mistakes by using the incorrect items is to make them inactive. An inactive item still displays in reports, but is not included in any drop-down lists on sales or purchase transactions.

To mark an item as inactive:

1. From the menu bar, select **Lists, Item List**.
2. Select the item you want to make inactive by clicking it once.
3. Right-click the selected item.
4. Select **Make Item Inactive**.
5. If a warning message displays (such as the item being part of a group), click Yes to make the item inactive or click No to cancel your change.

Making an item inactive does not have any impact on the company's financials. If you want to correct your financials, you need to choose one of two options:

- Edit the account assignment on each item. This gives you the option to fix all previous transactions that used this item retroactively. (Use this cautiously because it changes prior-period financials.) The effect of changing an account assignment on an item is the same as the one discussed in the section “Correcting One-Sided Items” in this chapter.
- Create a General Journal Entry transaction to reassign the amounts from one account to another. This method is typically completed by your accountant.

Before making changes, make a backup of your data and always discuss the method you choose with your accountant.



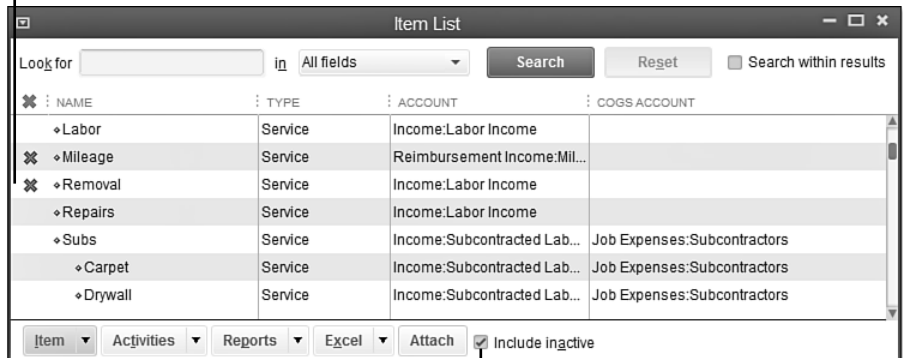
tip

Open the Item List by selecting **Lists, Item List** from the menu bar. Select the **Include Inactive** checkbox (in the lower center of the dialog box). Click once to the left of any list item to make the item inactive, as shown in Figure 4-35.

If the checkbox is grayed out, you have not yet made any item inactive. After making the first item inactive, you can select the checkbox.

Figure 4-35
Marking Item List elements as inactive causes the item not to show on drop-down lists.

Click with your cursor in front of the item.



Click "Include inactive"

Except for inventory items, there are generally no ramifications for marking a list item inactive. Only inventory items with a zero quantity on hand should be made inactive. See Chapter 6, “Managing Inventory,” for more details on handling inventory errors.

Merging Items

If you have duplicated items, one easy method for fixing the problem is to merge items of the same type. When merging two items, you first need to decide which item is going to be merged into the other item. The item merged will no longer exist on your item list.

To merge two items, follow these steps:

1. From the menu bar, select **Lists, Item List**.
2. Review the list for duplicate items; note the name of the item you want to remain.
3. Double-click the item you want to merge into another item. The Edit Item dialog box displays.
4. Type in the Item Name/Number field the name exactly as you noted it in step 2. You can also use the copy and paste command to avoid typing lengthy names or long numbers.
5. Click OK to save your change. QuickBooks provides a warning message that you are merging items (see Figure 4.36).

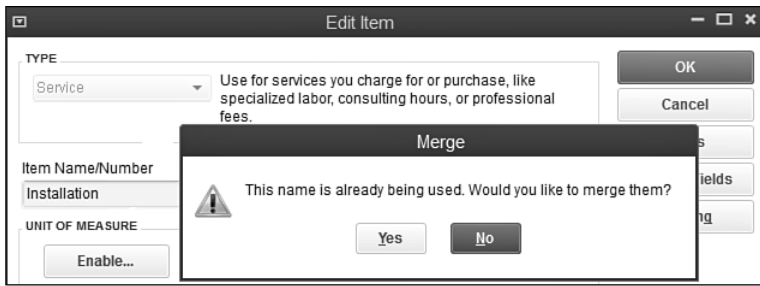


Figure 4.36

A warning displays when you merge two items.

Carefully consider the consequences of merging before you do it (and be sure you have a backup of your QuickBooks file). All the historical transactions merge into the remaining list item.

Creating Items as Subitems

Creating an item as a subitem of another item is one way to easily organize reports for a group of similar items. Your accounting data is not affected by having or not having items as subitems.

To make an item a subitem of another item, follow these steps:

1. From the menu bar, select **Lists, Item List**.
2. Double-click the item you want to assign as a subitem. The Edit Item dialog box opens.
3. Select **Subitem Of** checkbox, as shown in Figure 4.37.
4. From the drop-down list, select the item you want to relate this subitem to.

You can create a subitem only within the same item type. For example, service items cannot be subitems of inventory items.

caution

You can merge only items of the same type. Duplicate service item types can be merged together, but a service item type cannot be merged with a non-inventory item type. It is not recommended to merge inventory items; see Chapter 6 for more detail.

Figure 4.37
The Sitework Sub service item is being made a subitem of Subs (short for Subcontracted).

The screenshot shows the 'New Item' dialog box with the following details:

- TYPE:** Service (dropdown menu)
- Item Name/Number:** Sitework Sub (text field)
- Subitem of:** Subs (dropdown menu, highlighted with a black box)
- UNIT OF MEASURE:** Enable... (button)
- Checkboxes:**
 - This service is used in assemblies or is performed by a subcontractor or partner
 - Item is inactive
- PURCHASE INFORMATION:** Description on Purchase Transactions: Sitework Sub
- SALES INFORMATION:** Description on Sales Transactions: Sitework Sub
- Buttons (Right Side):** OK, Cancel, Next, Notes, Custom Fields, Spelling, Edit Markup...

You can also rearrange the list by assigning a subitem to another item by using your mouse pointer on the Item List to move the item up or down and to the right or left. This functionality is the same as the example discussed in the section “Assigning or Removing a Subaccount Relationship” in this chapter.

You have now completed the important steps in getting your file ready to work with. In the next few chapters, you will learn about inventory, vendor, customer activities, and much more!

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