
Chapter 1

Introducing QuickBooks

Topics

This chapter covers the following topics:

- QuickBooks Products
- Working with QuickBooks Files
- Creating and Restoring Backup Files
- Touring the QuickBooks User Interface
- Introducing QuickBooks Transactions
- QuickBooks Help
- A Brief Introduction to Accounting

QuickBooks acts as both a bookkeeping/accounting program and a financial management tool. Once you set up your company file and record your financial transactions, the program helps you track and manage income, expenses, inventory, job costing, receivables, payables, and much more. With QuickBooks reports, you can evaluate your organization's performance and make informed business decisions.

QuickBooks is designed so you can keep your books even if you haven't mastered the debits and credits of double-entry accounting. However, you need to use its features properly to ensure that your financial records are correct. To do that, you need to understand how QuickBooks works, how company files are set up, how to perform bookkeeping tasks with the program's features, and finally how to retrieve information about your business from your QuickBooks company file.

This chapter begins with an introduction to the basics of QuickBooks. You'll learn about the QuickBooks product line. You'll also learn how to work with QuickBooks company files. Then, you'll get to know a little bit about the program's interface, how to record transactions, and how to obtain QuickBooks help. Finally, the chapter concludes with a brief overview of what you need to know about accounting to use QuickBooks properly.

Note: For the computer practice in this chapter, restore the sample file, *sample_product-based business 2015 (Portable).QBM*. (Or, if you are using QuickBooks 2014, restore *sample_product-based business 2014 (Portable).QBM*.)

QuickBooks Products

The QuickBooks product line represents a broad set of accounting and bookkeeping tools that are easy to learn. Financial tools, such as general ledger, accounts receivable, accounts payable, inventory, sales tax, and financial reporting are built into QuickBooks products. In addition, Intuit offers many optional, fee-based products and services, such as payroll services, merchant account services, and time-tracking products that integrate with QuickBooks.

QuickBooks Editions

QuickBooks comes in several product editions to satisfy different needs and budgets: QuickBooks Online, QuickBooks Pro, QuickBooks Premier, QuickBooks Accountant, and QuickBooks Enterprise Solutions. In addition, QuickBooks Premier and Enterprise Solutions editions offer six industry-specific editions: General Business, Contractor, Manufacturers & Wholesaler, Nonprofit, Professional Services, and Retail.

Note: All QuickBooks editions support multiple simultaneous users. However, to access a company file in multi-user mode, each user must run the same version of QuickBooks.

This book covers QuickBooks Pro, non-industry-specific QuickBooks Premier, and QuickBooks Accountant, because these editions are the most commonly used. This book does not cover QuickBooks Enterprise Solutions, although it is easy to learn once you've mastered Pro, Premier, or Accountant. Also, the book does not cover QuickBooks Online, which is a web-based product that looks and works differently than the editions covered in this book. To compare all QuickBooks editions, see www.quickbooks.com.

QuickBooks Releases

Initially, you install a specific version of QuickBooks, such as QuickBooks 2014 or 2015. After a version is released for sale, users may uncover errors in the software. When that happens, Intuit corrects the errors and updates the program with patches distributed via the Internet. Each patch represents a release of the QuickBooks program.

To see which software release you have installed, launch QuickBooks, and then press F2 or Ctrl+1. At the top of the *Product Information* window, you'll see the label "Product" followed by the QuickBooks product and release, such as "QuickBooks Accountant 2015 Release R1P".

To install the latest maintenance release, on the *Help* menu, choose *Update QuickBooks*. Then, follow the instructions on the *Update QuickBooks* dialog box's screens to download and install maintenance releases into QuickBooks.

Note: This book is based on QuickBooks Accountant 2015 release R1P. If your computer is running a newer release (a higher release number, such as R3P), you may see slight differences compared to the descriptions and screens in this book.

Sample Files

This book uses the sample files that come with QuickBooks: Rock Castle Construction is set up as a product-based business and Larry's Landscaping represents a service-based business. These sample files demonstrate most of QuickBooks features and provide a safe way to experiment with QuickBooks.

As you work through the examples and exercises in this book, think about how you can apply QuickBooks' features to your own organization.

The QuickBooks 2014/2015 Learning Guide provides portable files for these sample files for both QuickBooks 2014 and 2015 on the CD that accompanies this book so you can restore the version you want to work with. To learn how to restore portable files, refer to the section, "Restoring Portable Company Files."

Working with QuickBooks Files

It's important to understand the different types of QuickBooks files and the purpose of each one. QuickBooks has three primary types of files, which can be opened by choosing *Open or Restore Company* on the *File* menu:

- **Working files (company files):** These are the files you use for your day-to-day work, such as recording transactions and running reports. These working files have a file type of QuickBooks Company File and a ".qbw" file extension (for QuickBooks working).
- **Portable company files:** These files (file extension ".qbm") are compact versions of your working files, intended for exchanging files between computers. You must restore a portable file (page 7) to a working file before you can use it. Do not use portable files to back up your data.
- **Backup files:** These files (file extension ".qbb" for QuickBooks backup) are compressed data files and are used to minimize loss of your financial information. You must restore a backup file to a working company file before you can use it. See page 8 for more information on creating and restoring backup files.

QuickBooks also offers the Accountant's Copy feature, which enables an accounting professional to review and work on a special copy of a client's company file while the client simultaneously works on the original company file. The client can then merge the accountant's changes into the company file. Refer to QuickBooks Help for information on the Accountant's Copy.

Creating a New File

QuickBooks offers four ways to create a new company file: Express Start, Detailed Start, Company Based on an Existing Company, and converting from other accounting software. Express Start is a relatively quick method for creating a new company file. However, an organized approach helps produce a company file that is set up properly for your needs. Chapter 13 covers file setup in detail. That way, you can apply what you've learned in earlier chapters to make decisions during the setup process.

Opening a QuickBooks Sample File

QuickBooks includes sample company files that you can use to experiment with the program's features without endangering your organization's QuickBooks data.

Note: The CD that accompanies this book includes portable files for the QuickBooks sample files used in this material. You can restore these portable files to obtain a sample file that works with QuickBooks 2014 or QuickBooks 2015, depending on which version you run. If you restore these portable files, you open the sample files using *Open or Restore Company*, described in the next section.

Computer Practice

Follow these steps to open a sample file:

1. To launch QuickBooks, double-click the program icon on your desktop or select the QuickBooks entry from the Windows Start menu.

QuickBooks will either display the *No Company Open* window (Figure 1-2) or open the last company file you worked on. The *No Company Open* window appears if you are launching QuickBooks for the first time or you closed your company file before exiting your last QuickBooks session. If you did not close the last company file you worked on before exiting your QuickBooks session, the program opens that company file.

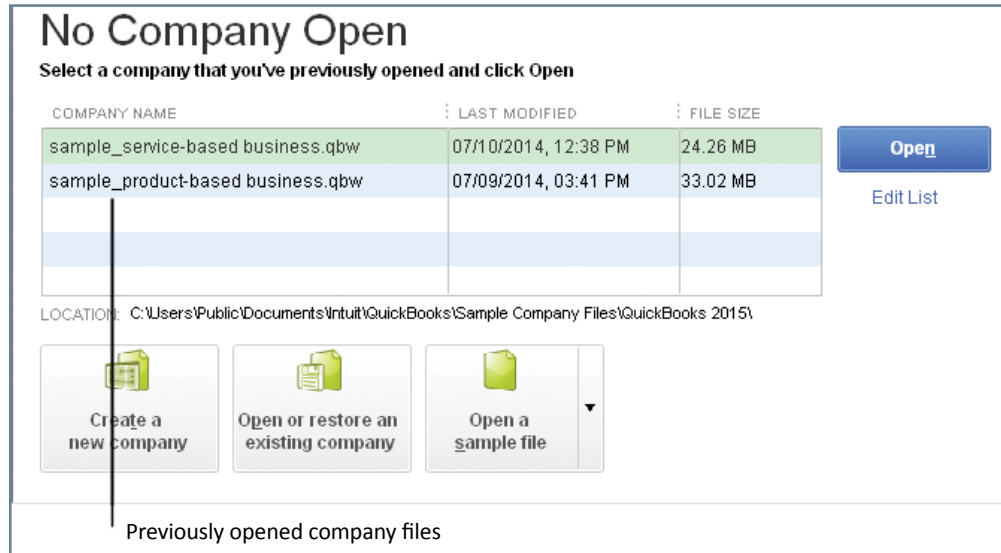


Figure 1-1 No Company Open Window

2. If the *No Company Open* window does not appear, on the *File* menu, choose *Close Company*. If QuickBooks asks if you want to back up your file, click *No*.
3. When the *No Company Open* window appears, click the “Open a sample file” button, and then choose *Sample product-based business* from the drop-down list.

The *QuickBooks Information* screen (shown in Figure 1-2) appears.

4. To open the sample file, click *OK*.

If an Accountant Center or External Accountant message appears, turn off the *Show window when opening a company file* checkbox, and then click the X at the *Accountant Center* window's top right corner.

The sample file is open and ready for you to begin exploring.

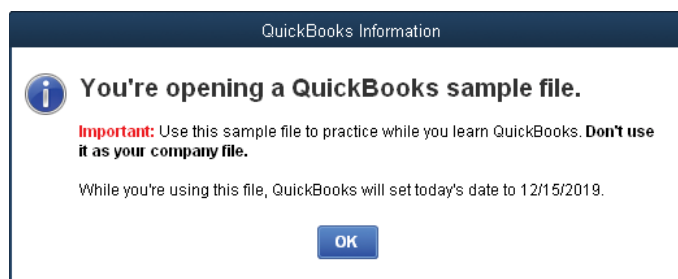


Figure 1-2 Sample File Information Screen

Opening a QuickBooks Company File

If you work with more than one company, you'll have a QuickBooks company file for each one. You can switch from one company file to another at any time. QuickBooks provides easy access to company files you've worked with before. You can also open any company file with a few more clicks.

Here is an easy way to open a company file that you've worked on previously:

1. On the *File* menu, choose *Open Previous Company*.
2. On the submenu that appears, choose the company file you want to open.

Tip: You can change the number of company files that appear in the *Open Previous Company* submenu. On the *File menu*, choose *Open Previous Company*, and then on the submenu, choose *Set number of previous companies*. (This entry is grayed out if no company file is open.) In the box, type the number of company files you want to see in the submenu (up to 20), and then click *OK*.

If the company file you want to open doesn't appear on the *Open Previous Company* submenu, follow these steps instead:

1. On the *File* menu, choose *Open or Restore Company*.
2. In the *Open or Restore Company* dialog box, select the *Open a company file* option, and then click *Next*.
3. In the *Open a Company* dialog box, navigate to the folder that contains the company file you want to open. In the *Name* list, click the company file name, and then click *Open*.

Note: If you use QuickBooks Accountant or Enterprise Solutions, you can open two company files at the same time (On the *File* menu, choose *Open Second Company*.) However, the activities you can perform in the second file are very limited. Unless you want to open the file to look for information, it's best to use the *Open Previous Company* or *Open or Restore Company* menu entry to open a company file.

Closing a QuickBooks File

You don't have to explicitly save a company file. QuickBooks saves the information you enter as you work. The program also closes the company file that's open when you open another company file or close the QuickBooks program. If you want to close a company file, on the *File* menu, choose *Close Company*.

Closing the QuickBooks Program

Because QuickBooks saves your data as you work, you can simply close the program. To exit QuickBooks, on the *File* menu, choose *Exit* (or click the X at the program window's top-right corner).

Creating and Restoring Portable Company Files

Portable company files are compressed company data files that are small enough to send to others (via email or on a USB flash drive, for example). For example, the exercise files that accompany this book are portable company files that you restore.

Tip: If you send a company file to someone else to work on or transfer it from your desktop computer to your laptop, be sure to transfer the file back to your computer, so you always work on the up-to-date company file. The only exception to this rule is if you send your accountant an Accountant's Copy (see page 3). In that case, when your accountant sends the updated copy back, you can merge the changes from the Accountant's Copy into your company file.

Creating a Portable Company File

To create a portable company file, follow these steps:

1. On the *File* menu, choose *Create Copy*.
2. In the *Save Copy or Backup* dialog box, select the *Portable company file* option, as shown in Figure 1-3, and then click *Next*.
3. In the *Save Portable Company File* dialog box, navigate to the folder where you want to save the file.

QuickBooks automatically fills in the *File name* box with the company file name followed by "(Portable)". You can edit the name if you wish.

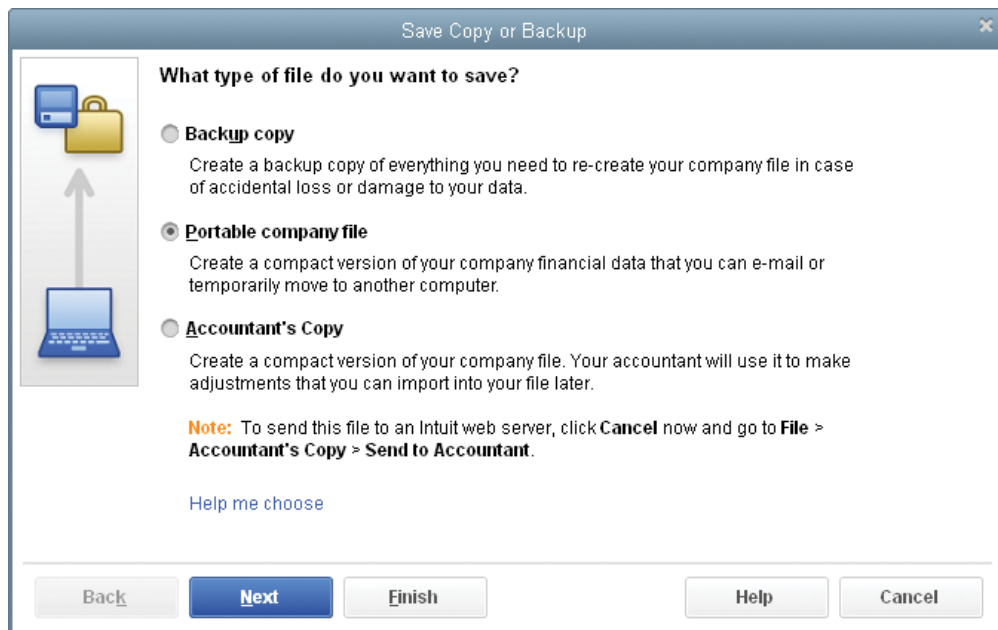


Figure 1-3 Create Portable Company File

4. Click *Save*.
5. In the *Close and reopen* message box, click *OK*.

QuickBooks closes all the open windows and creates the portable file.

6. In the message box that tells you where QuickBooks has saved the portable file, click *OK*.

The program reopens its windows and you can resume working on your company file. The file extension for a portable file is *.qbm*, such as *sample_portable_file.qbm*. That way, you can identify a portable file even if it doesn't contain the word "portable" in its name.

Restoring a Portable Company File

Here are the steps to restoring a portable company file to a regular QuickBooks company file:

Computer Practice

1. On the *File* menu, choose *Open or Restore Company*.
2. In the *Open or Restore Company* dialog box, select the *Restore a portable file* option, as shown in Figure 1-4, and then click *Next*.

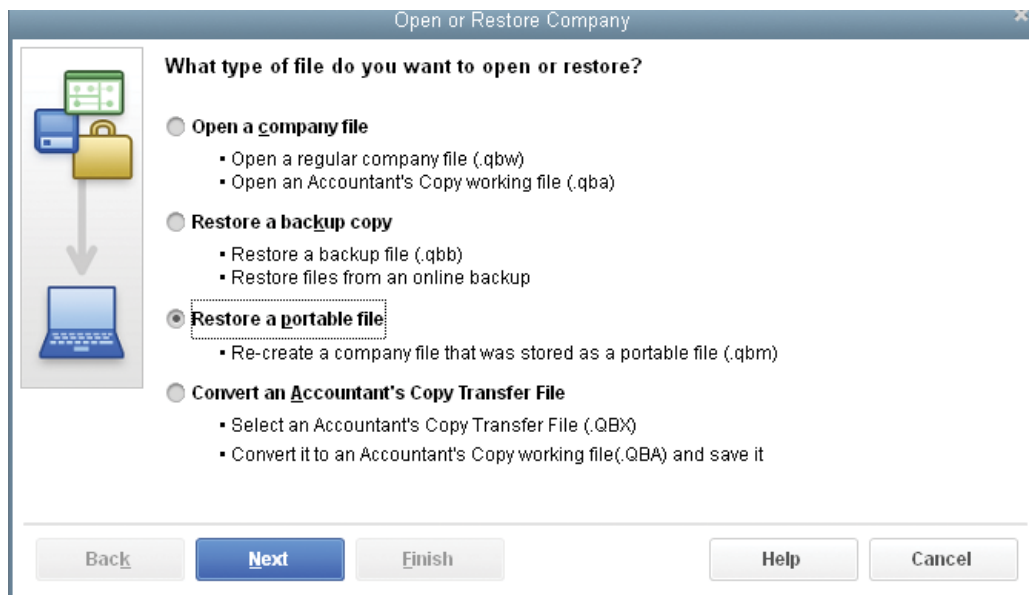


Figure 1-4 Restore a Portable Company File

3. In the *Open Portable Company File* dialog box, navigate to the folder that contains the portable company file that you want to restore.

If you don't know where this book's portable company files are located on your computer, ask your instructor.

4. In the file list, click the file you want to restore *sample_product-based business 2015 (Portable).qbm*. Or, if you are using QuickBooks 2014, restore *sample_product-based business 2014 (Portable).qbm*, and then click *Open*.

The next screen tells you that you need to choose where you want to store the company file that QuickBooks creates from the portable company file. Click *Next*.

5. In the *Save Company File as* dialog box, shown in Figure 1-5, navigate to the folder where you want to restore the file.

If you don't know where to restore the file, ask your instructor.

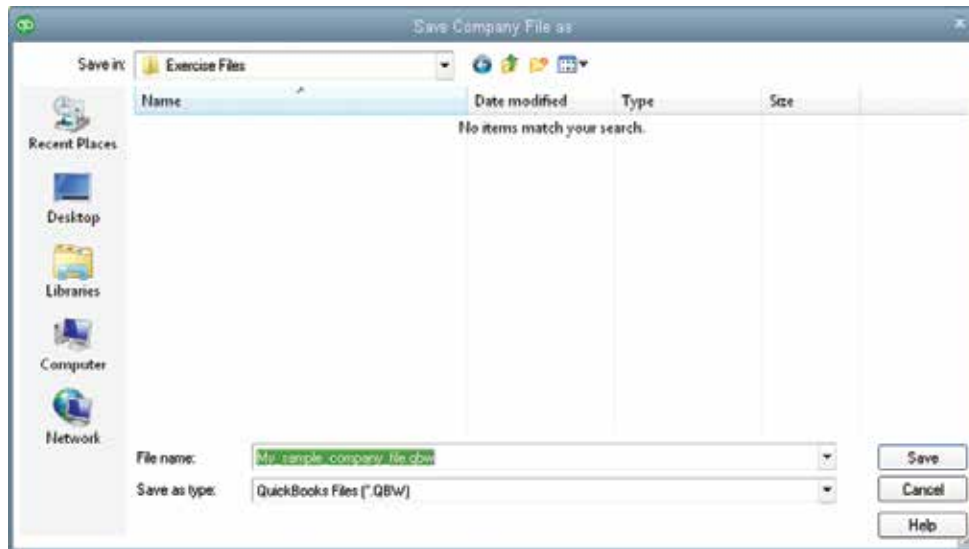


Figure 1-5 Choose Location to Restore File

6. In the *File name* box, edit the file name if you want to use a different file name for the restored file, such as adding “_Restored” to the name. Then, click *Save*.

If QuickBooks asks you to update your company file, click *Yes*.

While QuickBooks restores the portable company file to a regular company file, the *Working* message box shows the restoration progress. (If you restore a sample file, you must first click *OK* in the sample file *QuickBooks Information* message box.)

7. When the process is complete, click *OK* in the message box that tells you the portable company file has been opened successfully.

Now, your company file is open and ready for you to begin work.

Creating and Restoring Backup Files

Your financial information is important and you don't want to lose it. To prevent or minimize data loss, you should regularly back up your company files. Although you may back up all the data on your computer with dedicated backup software, you can also create backup files within QuickBooks as an added level of security. For example, if you spend several hours on a task, you can create a backup file immediately to protect your data until your nightly system backup runs. That way, if your computer's hard drive fails or another disaster occurs, you can restore your backup to another computer and resume your work. You can also set up scheduled backups within QuickBooks.

Note: Don't create portable company files to use as backup files. Backup files contain more information about your company than portable files do.

Creating a Backup File

You can back up a company file immediately or set up a backup schedule so QuickBooks automatically creates your backups on the days and times you specify.

To create a backup, follow these steps:

1. On the *File* menu, choose *Create Copy*.
2. In the *Save Copy or Backup* window (see Figure 1-3), choose *Backup copy*, and then click *Next*.
3. On the next screen, choose the *Local backup* option to store the backup file on your computer, a network drive, or a removable storage device, such as a DVD or USB flash drive. Click *Next*.

If you subscribe to Intuit's fee-based online backup service, select the *Online backup* option.

4. In the *Backup Options* dialog box, shown in Figure 1-6, click *Browse*.

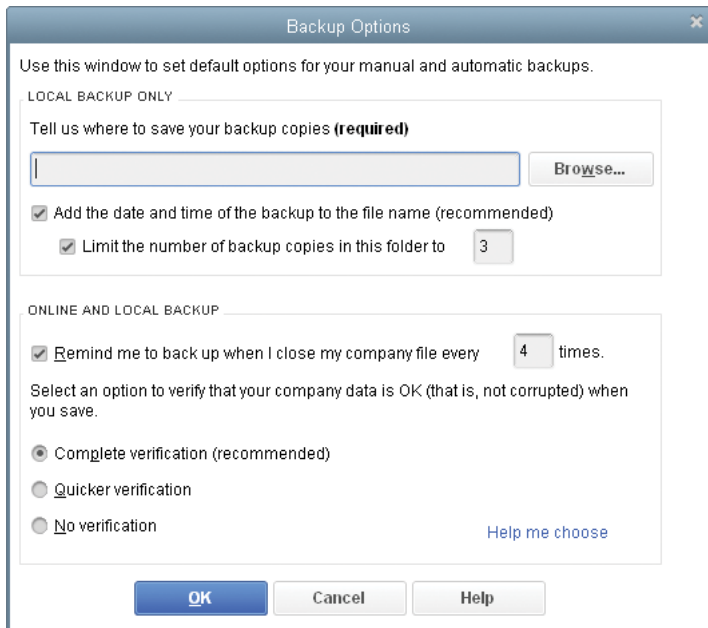


Figure 1-6 Backup Options

5. In the *Browse for Folder* dialog box, select the folder where you want to store your backup file (see Figure 1-7). Click *OK*.

Store backup files in a safe location, ideally on a drive other than the one that contains your working company file. That way, if your company file is damaged *and* your hard drive fails, you can still recover your data from your backup file.

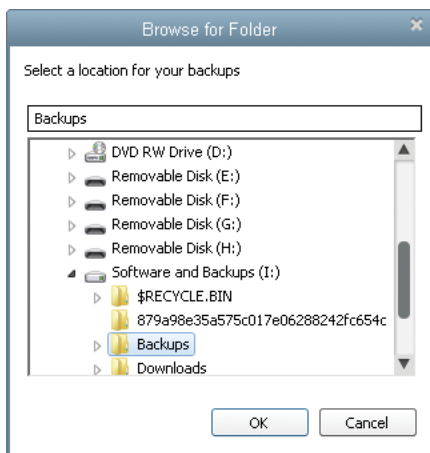


Figure 1-7 Backup Location

6. In the *Backup Options* dialog box, click *OK*.
7. In the *Create Backup* screen, shown in Figure 1-8, you can create an immediate backup or set up a backup schedule. To set up a schedule, select the *Only schedule future backups* option, and then click *Next*.

To save a backup immediately, select the *Save it now* option, and then click *Finish*. When the backup is complete, you see the *QuickBooks Information* message box that tells you the filename and folder location for the backup.



Figure 1-8 Setting up a Backup Schedule

8. In the *Save Copy or Backup* screen, click *New* below the *Back Up on a Schedule* table, shown in Figure 1-9.

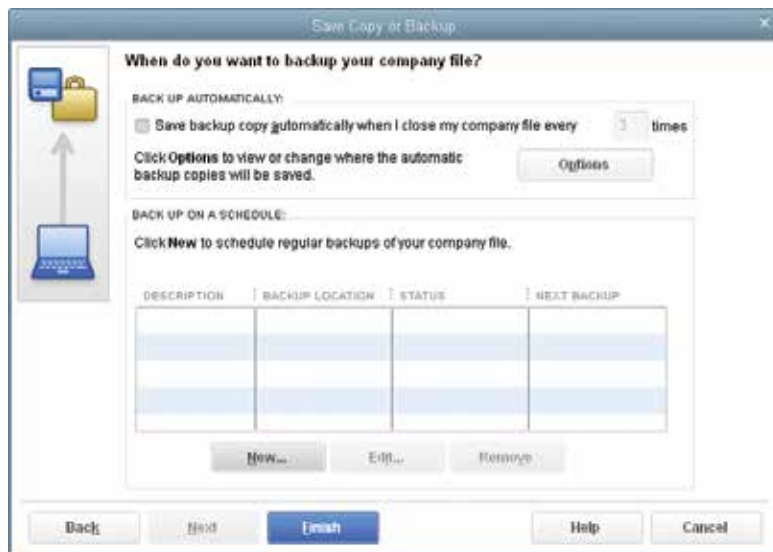


Figure 1-9 Create a Backup Schedule

9. In the *Schedule Backup* dialog box (Figure 1-10), type a name for the backup schedule, such as *Nightly* or *Weekly*. Click *Browse* to select the backup folder.

10. In the *Start time* boxes, choose the time when you want QuickBooks to create the backup file. Turn on the day checkboxes to specify which days you want the program to create a backup.
11. After you specify the schedule settings, click *OK* to close the *Schedule Backup* dialog box.

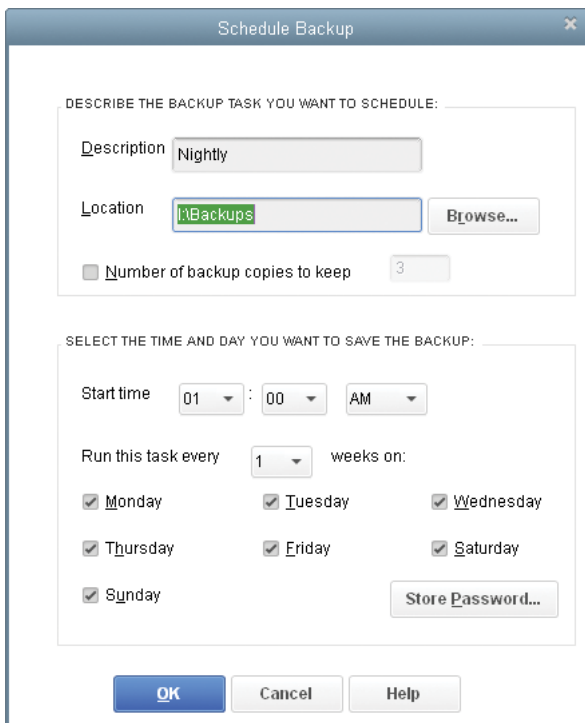


Figure 1-10 Defining the Backup Schedule

12. In the *Store Windows Password* window that opens, type your Windows username and password, and then click *OK*.

The new schedule appears in the *Back Up on a Schedule* table.

13. In the *Save Copy or Backup* dialog box, click *Finish*. In the message box that tells you the backups have been scheduled, click *OK*.

Your backup schedule is ready. When the next day and time that you designated arrives, QuickBooks creates a backup file of your company file. The file extension for QuickBooks backup files is .qbb, for example, *sample_file_backup.qbb*.

Restoring a Backup File

If you need to restore a QuickBooks backup file, follow these steps:

1. On the *File* menu, choose *Open or Restore Company*.
2. In the *Open or Restore Company* dialog box, select the *Restore a backup copy* option, and then click *Next*.
3. On the next *Open or Restore Company* screen, select the *Local backup* option, and then click *Next*.

If you want to restore a backup file created through Intuit's fee-based online backup service, select the *Online backup* option instead.

4. In the *Open Backup Copy* window, navigate to the folder that contains the backup file you want to restore. Select the file in the list, and then click *Open*.

The next screen tells you that you have to choose the location where you want to restore the file. Click *Next*.

5. In the *Save Company File As* dialog box, navigate to the folder where you want to restore the file.

Choose a folder such as the folder for all working company files or a folder for a specific client's company file.

6. If you don't want to overwrite your existing company file, in the *File name* box, be sure to edit the file name.

Tip: If you aren't sure whether you should overwrite a file, edit the restored file's name. For example if you change the restored file name from *sample_company_file.qbw* to *sample_company_file_restored.qbw*, QuickBooks won't overwrite your original file.

7. Click *Save*.

QuickBooks restores the backup file as a regular company file in the folder you specified. The restored file has a file extension of .qbw, such as *sample_company_file_restored.qbw*.

8. If a *Confirm Save As* message box warns you that a file already exists and asks if you want to replace it, QuickBooks is asking if you want to overwrite the existing company file. If you don't want to overwrite your working company file, click *No*. Back in the *Save Company File as* dialog box, change the name in the *File name* box, and then click *Save*.

If your original company file is damaged and you want to replace it, click *Yes*. In the *Delete Entire File* dialog box, type *YES* in the text box to confirm that you want to delete the file. Then, click *OK*.

After the backup file is restored to a company file, a message box tells you the file has been restored successfully.

Touring the QuickBooks User Interface

QuickBooks has several features that help you get to the tasks you want to perform or view the information you need. The *Home Page*, QuickBooks Centers, menus, the icon bar, and shortcut keys provide easy access to bookkeeping tasks, regardless where you are in the program. At the same time, QuickBooks Centers, *Snapshots*, the *Insights* page, and the *Calendar* show financial information in various ways. As you work, you might end up with several QuickBooks windows open at the same time. You can manage these windows to make your work easier. This section introduces these features, so you can work productively in QuickBooks.

The Home Page

The QuickBooks *Home Page* (Figure 1-11) shows the overall workflow of your bookkeeping tasks. Tasks related to purchasing appear in the *Vendors* pane; sales-related tasks are in the *Customers* pane; and employee tasks show up in the *Employees* pane. Workflow arrows between task icons show the typical sequence of performing bookkeeping tasks, but you don't have to perform the tasks in that order or use every icon that appears.

The *Home Page's* *Company* and *Banking* sections include other features you use frequently, such as *Chart of Accounts* in the *Company* section and *Write Checks* in the *Banking* section.

The icons that appear on the *Home Page* depend on the preferences you chose when you created your company file. For example, the *Employees* panel won't appear if you told QuickBooks you don't have employees. Other settings determine whether you see icons, such as *Purchase Orders* or *Sales Receipts*.



Figure 1-11 The Home Page

The Insights Tab

The *Insights* tab (new in QuickBooks 2015) appears to the right of the *Home Page* tab at the *Home Page* window's top-left corner. The *Insights* tab (Figure 1-12) provides a high-level view of the company's financial activity. Initially, the top panel displays a *Profit & Loss* graph that shows income, expenses, and profit by month. Click the left or right arrow on either side of the panel to display other high-level graphs, such as *Top Customers by Sales*.

The bottom half of the tab displays information about income and expenses. The colored bars in the *Income* section show the totals for unpaid invoices, overdue invoices, and payments received in the past 30 days. The *Expenses* pie chart helps identify your most prevalent expenses.

You can look at details by clicking within the *Insights* graphs. For example, clicking a month's bar in the *Profit & Loss* graph runs a *Profit & Loss Detail* report for that month. Click a horizontal bar in the *Income* section to open *Income Tracker* to that category of invoice.

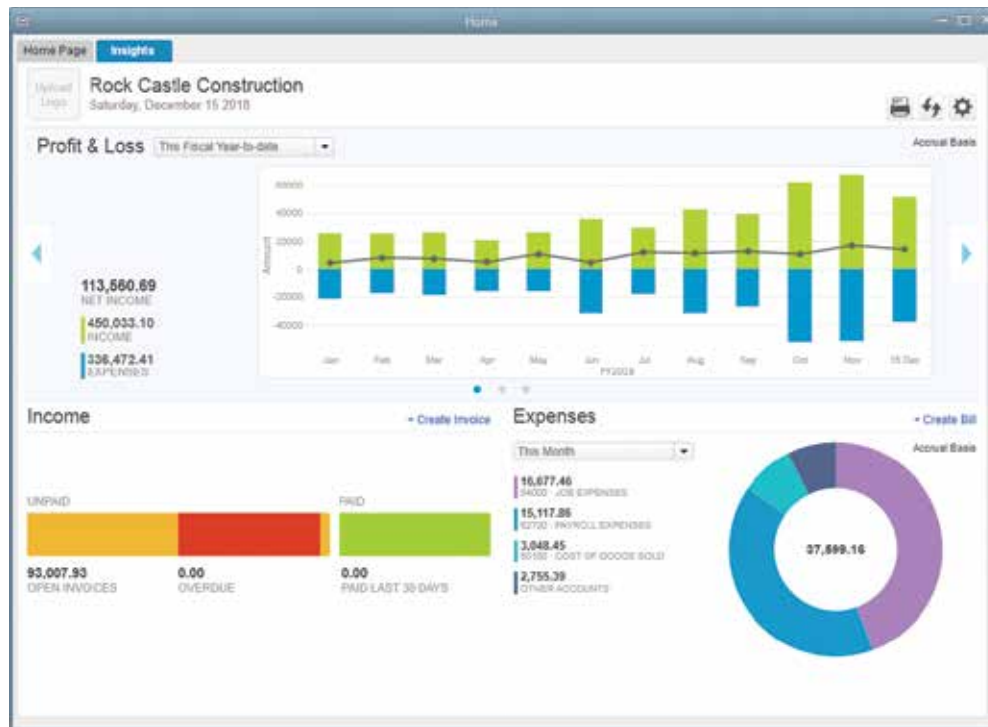


Figure 1-12 The Insights Tab

Using the Menu Bar and Icon Bar

The menu bar at the top of the QuickBooks main window is always visible and contains every QuickBooks feature. But the *Favorites* menu and the icon bar are two methods for keeping your most frequently-used features within easy reach.

To add your favorite features to the *Favorites* menu, choose *Favorites*, and then choose *Customize Favorites*. Select an entry you want to add to the *Favorites* menu, and then click *Add*. After you add items to the *Favorites* menu, you can access them by choosing *Favorites* on the menu bar, and then choosing the entry you want.

The icon bar, which appears on the left side of the QuickBooks' main window, makes it easy to access the programs features. Initially, it contains shortcuts to popular windows, such as *Income Tracker*, QuickBooks Centers (labeled Customers, Vendors, and Employees), *Create Invoices* (labeled Invoice), and *Enter Bills* (labeled Bill).

You can streamline your work by adding your favorite features to the *My Shortcuts* section of the icon bar. You can also remove entries or rearrange the order in which the shortcuts appear.

To learn how to customize the icon bar, search *QuickBooks Help* for *icon bar*, and then choose the *Use the Icon Bar* topic.

QuickBooks Centers

QuickBooks Centers (Customer, Vendor, Employee, and so on) provide quick access to common tasks and information. You can view and create transactions, such as invoices in the *Customer Center* (Figure 1-13) and bills in the *Vendor Center*. Each center also displays information, such as names and addresses, contact, to-do items, notes, and more.

The *Customer, Vendor, and Employee Centers* have two tabs on the left:

- The first tab (*Customers & Jobs, Vendors, or Employees* depending on which center you open) contains the corresponding *Name* list. You can click an entry in this list to view and edit information about that customer, vendor, or employee. For example, you can look at a customer’s transactions, review notes added to the customer’s record, and then look up contact information to give the customer a call. (If your company has turned on payroll, the *Employee Center* also contains a separate tab for the *Payroll Center*.)
- The *Transactions* tab lists the transaction types related to the center, such as Invoices, Sales Receipts, and Received Payments in the *Customer Center*, and Bills and Bill Payments in the *Vendor Center*. This tab is helpful when you want to view transactions for all customers, vendors, or employees.

Note: You can customize the information that appears in centers. For example, you can filter the customer list on the *Customers & Jobs* tab to show only customers with open balances. Or you can filter a customer’s transactions to show only open invoices for this fiscal year.

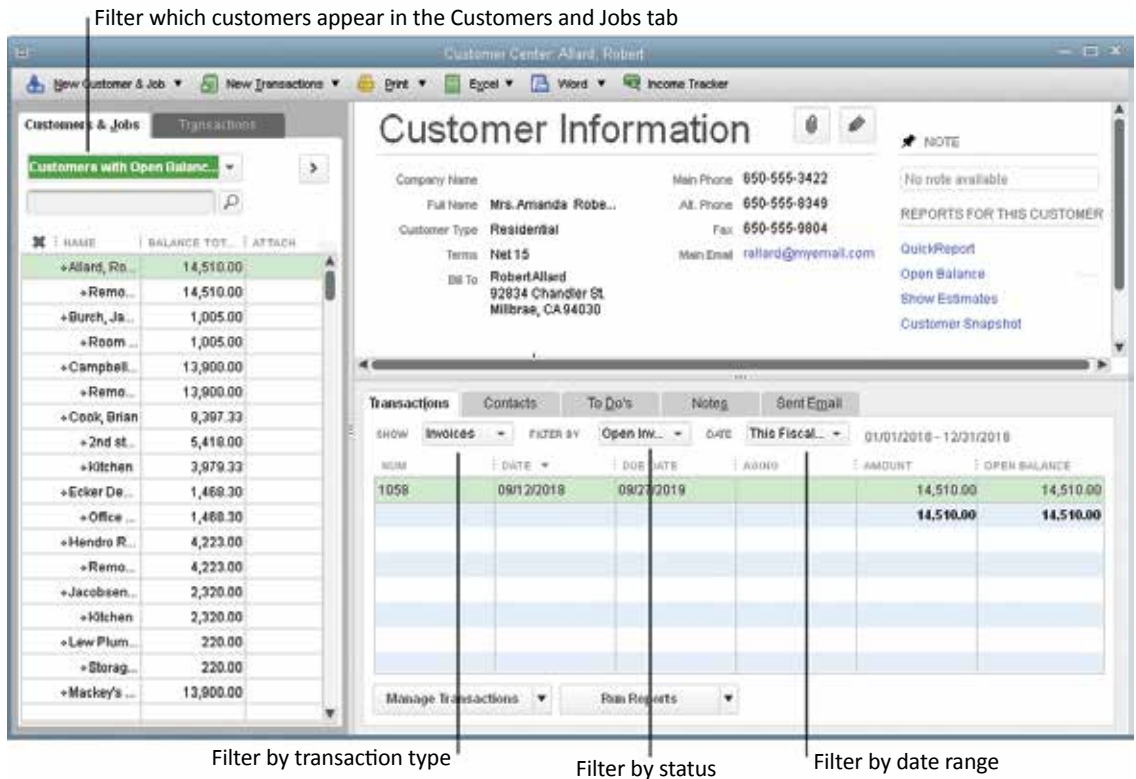


Figure 1-13 The Customer Center

Income Tracker

The *Income Tracker* window (Figure 1-14) displays a high-level view of income as well as the transactions that contribute to the totals you see. At the top of the window, horizontal bars display totals for unbilled income, open invoices, overdue invoices, and customer payments during the past 30 days. The table below the bars lists income transactions. You can filter the list by clicking one of the bars at the top. For example, clicking the *Overdue* box filters the table to show only overdue invoices. You can also filter by clicking the drop-down lists immediately above the table.

In addition, you can take action on transactions in the table. For example, click the down arrow in an open invoices *Action* cell and you can choose to receive payment on that invoice, print the row, or email the row.

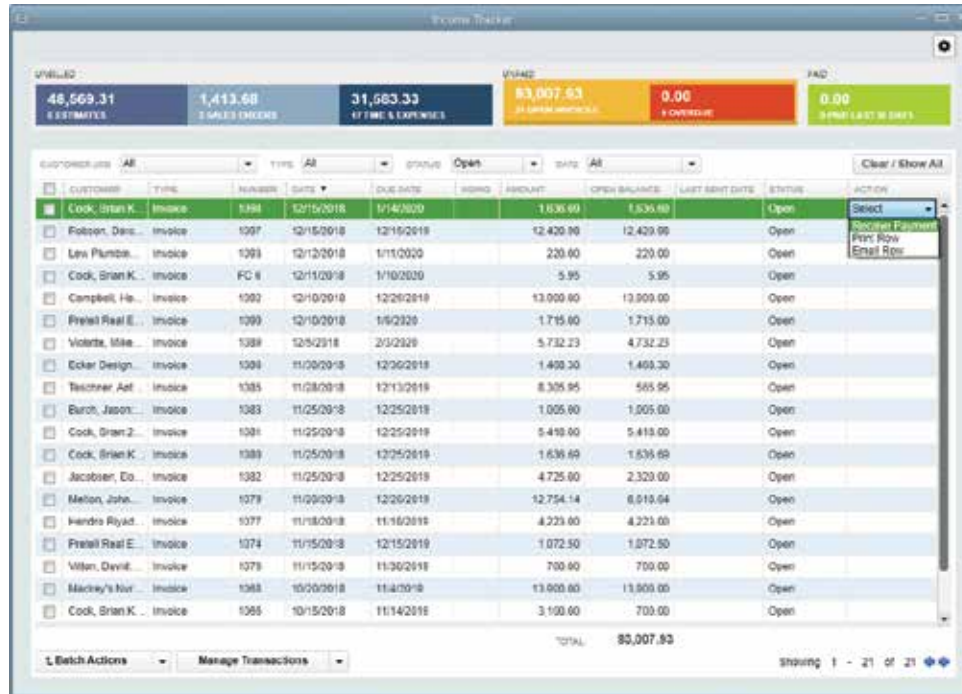


Figure 1-14 Income Tracker

Computer Practice

1. In the icon bar, click *Income Tracker*.
2. In the *Income Tracker* window, click the *Open Invoices* bar at the top of the window.
3. Click the *Action* cell for one of the invoices, and then choose *Receive Payment*.
4. Close the *Receive Payment* window by clicking the X at the window's top right.
5. Close the *Income Tracker* window.

Snapshots

The *Company Snapshot* window (Figure 1-15) summarizes various aspects of your company's finances, like income and expense trends, account balances, customers who owe you money, best-selling items, expense breakdown, and reminders. To open the *Company Snapshot* window, on the *Company* menu, choose *Company Snapshot* or click the *Snapshots* entry in the icon bar. Then, click the *Company*, *Payments*, or *Customer* tab to display overall company info, Accounts Receivable and payment info, or customer info, respectively.

You can choose the views you want to see. To add or remove views on a tab, click the tab, and then click *Add Content*.



Figure 1-15 The Company Snapshot Window

Calendar

The *Calendar* window (see Figure 1-16) shows when transactions and to-dos were recorded or are due. (The *Entered* date is the transaction date entered in the transaction form, not the date that someone created the transaction.) You can use the *Calendar* to see which to-dos are coming up or are past due. You can also view past due or almost due transactions. To open the *Calendar*, in the icon bar, click *Calendar*, or on the *Company* menu, choose *Calendar*.

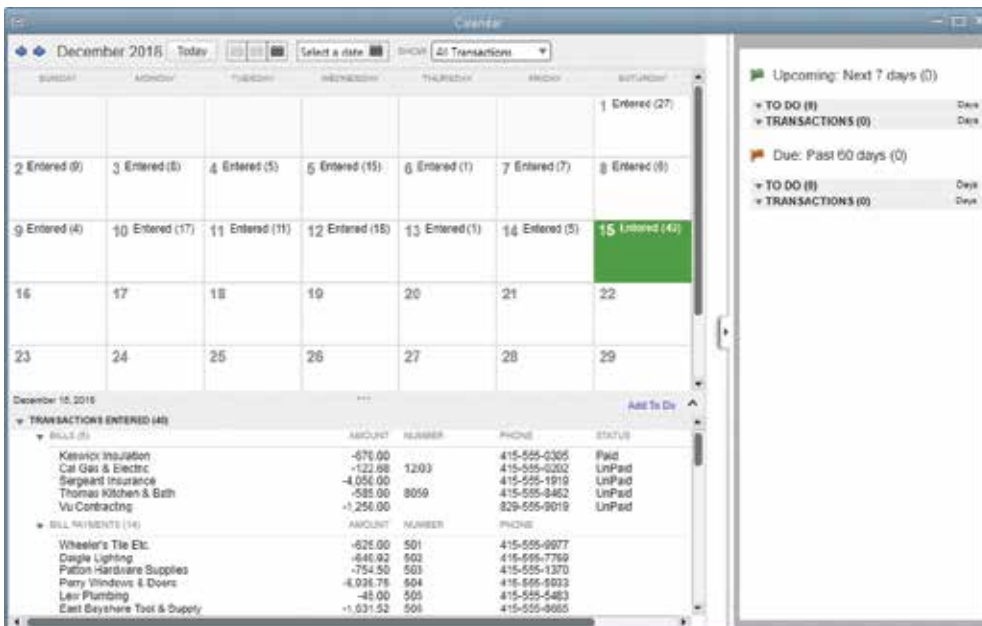


Figure 1-16 The Calendar Window

Working with Windows

You can set up QuickBooks to display one window at a time (on the *View* menu, choose *One Window*). If you do that, each window you open appears in front of the other open windows.

If you want to keep windows open to make them easy to access or you need to compare values between two windows, you can tell QuickBooks to display multiple windows (on the *View* menu, choose *Multiple Windows*). Multiple windows in QuickBooks work like windows in other programs. Click a window to bring it to the front. Click the buttons at the window's upper right to minimize, maximize, or close it. Drag the title bar to reposition it. Drag its edges or corners to resize it.

Whether you use one window or multiple windows, you can switch between windows from the menu bar (choose *Window*, and then choose the name of the window you want to look at). You can also click *Open Windows* in the middle section of the icon bar, and then click the window you want.

Introducing QuickBooks Transactions

In QuickBooks, transactions document your financial activities: buying and selling products and services, paying bills, invoicing customers, depositing payments, writing checks, and so on. This section provides a brief introduction to the QuickBooks features you use to record transactions. You'll learn how to record different types of transactions in the remaining chapters of this book.

Transaction Forms

QuickBooks forms look much like their corresponding paper forms. Here's an example of the form you use to record a bill from a vendor (Figure 1-17).

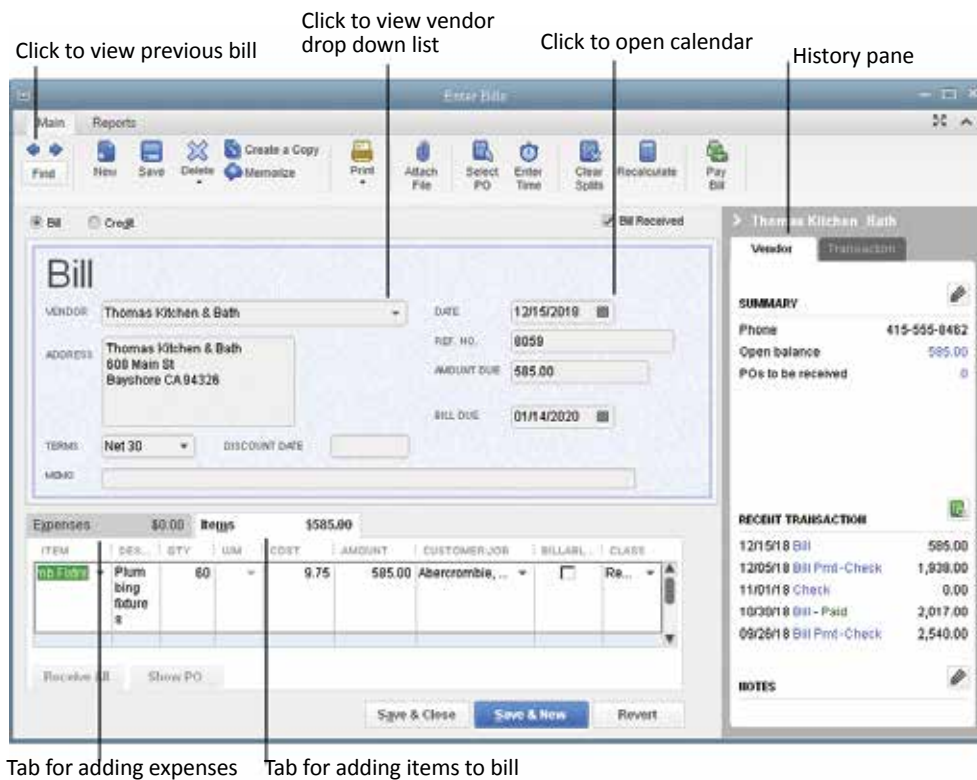


Figure 1-17 The Enter Bills Window

Computer Practice

Follow these steps to explore this form:

1. On the *Home Page*, click *Enter Bills*.
2. In the *Enter Bills* window, click the left arrow at the window's top-left corner to display the previous bill that was entered.
3. Click the down arrow in the *Vendor* box to display the vendor drop-down list.
4. Click the calendar icon next to the *Date* box to view the calendar.
5. If you make any changes to the bill, click *Revert* to undo those changes.
6. Close the *Enter Bills* window.

When you record a transaction in a QuickBooks transaction window, the program does the accounting for you in the background. For example, when you record a bill, QuickBooks updates your accounts payable account to show how much you owe the vendor. Then when you pay the bill, QuickBooks reduces the amount in the accounts payable account and vendor balance to reflect the payment you made. It increases the appropriate expense account to show what you spent money on.

Tip: On the transaction window's right, the *History* section provides a summary of recent activity related to this vendor or customer. For example, click the link shown in blue text to the right of the *Open balance* label to see the transactions that contribute to your open balance with the vendor. In the *Recent Transactions* list, click the blue link to open the transaction in its corresponding transaction window.

Lists

QuickBooks lists can help you work quickly and accurately. By picking from lists instead of typing, you can enter values quickly and consistently. And when you fill in fields when you create a customer, vendor, employee, or other record, QuickBooks automatically pulls that information into the transactions you create. For example, when you choose a vendor in the *Enter Bills* window, the program fills in the name, address, payment terms, and other values from the vendor record (as shown in Figure 1-17).

Some lists appear on the *Lists* menu, such as the *Chart of Accounts List*, *Item List*, *Terms List*, and *Price Level List*. To open a list window for one of these lists, on the *Lists* menu, choose the list you want. (A few lists are one level deeper. To open these lists, on the *Lists* menu, choose *Customer & Vendor Profile Lists*, and then choose the list you want.) The *Customer & Job List*, *Vendor List*, and *Employee List* appear in their respective centers (see page 15).

Accounts

Accounts come in various types to track your business finances: what you earn, what you spend, how much you owe to others, how much others owe you, and so on. The chart of accounts is a list of all the accounts you use to categorize your finances.

The *Chart of Accounts* is initially sorted by account number if you turn on account numbers (see Figure 1-18). Typical account numbering groups different types of accounts within number ranges. The *Balance Total* column shows balances for accounts that appear on the Balance Sheet: asset, liability, and equity accounts (except for Retained Earnings).

NAME	TYPE	BALANCE TOTAL	ATTACH
10100 · Checking	Bank	46,969.10	
10300 · Savings	Bank	17,910.19	
10400 · Petty Cash	Bank	500.00	
11000 · Accounts Receivable	Accounts Receivable	93,007.93	
12000 · Undeposited Funds	Other CurrentAsset	2,440.00	
12100 · Inventory Asset	Other CurrentAsset	30,683.38	
12800 · Employee Advances	Other CurrentAsset	832.00	
13100 · Pre-paid Insurance	Other CurrentAsset	4,050.00	
13400 · Retainage Receivable	Other CurrentAsset	3,703.02	
15000 · Furniture and Equipment	Fixed Asset	34,326.00	
15100 · Vehicles	Fixed Asset	78,936.91	
15200 · Buildings and Improvements	Fixed Asset	325,000.00	
15300 · Construction Equipment	Fixed Asset	15,300.00	
16900 · Land	Fixed Asset	90,000.00	
17000 · Accumulated Depreciation	Fixed Asset	-110,344.60	
18700 · Security Deposits	Other Asset	1,720.00	
20000 · Accounts Payable	Accounts Payable	26,636.92	
20500 · QuickBooks Credit Card	Credit Card	94.20	
20600 · CalOil Credit Card	Credit Card	382.62	
Subcontracted Federal WH	Other Current Liability	0.00	

Figure 1-18 The Chart of Accounts

Items

QuickBooks items help you track what you buy and sell. You also create items for other things you add to sales forms, like discounts, shipping charges, and subtotals. If you use QuickBooks sales transactions like invoices and sales receipts, you have to create items. The only way you can fill in an invoice or sales receipt in QuickBooks is by adding items to the transaction. Because every business is different, you can create items for the products and services you sell.

Items link what you buy and sell with the accounts in your chart of accounts. QuickBooks uses those links to automatically create accounting entries to go with the transactions you record. When you create an item, you tell QuickBooks all about it: what the item is, what you pay for it, the price you sell it for, and the accounts you use to track the corresponding income, expense, and so on. For example, in the *Item List* shown in Figure 1-19, the Cabinet Pulls item is linked to the Materials Income account in the Chart of Accounts. Whenever you add that item to an invoice, QuickBooks increases the value in the Materials Income account by the amount of the sale.

Items also make it easy to analyze your business in different ways. You can set up items to track income and expenses to the level of detail you want.

NAME	DESCRIPTION	TYPE	ACCOUNT	TO	ON BAL.	PRICE	ATTA.
+Painting	Painting	Service	40100 - Construction Income:40150 - Subcontracted Labor Inco...			0.00	
+Plumbing	Plumbing	Service	40100 - Construction Income:40150 - Subcontracted Labor Inco...			0.00	
+Roofing	Roofing	Service	40100 - Construction Income:40150 - Subcontracted Labor Inco...			0.00	
+Tile &Counter	Install tile or counter	Service	40100 - Construction Income:40150 - Subcontracted Labor Inco...			0.00	
+Cabinets	Cabinets	Inventory	40100 - Construction Income:40140 - Materials Income		0	0	0.00
+Cabinet Pulls	Cabinet Pulls	Inventory	40100 - Construction Income:40140 - Materials Income		423	0	0.00
+Light Pine	Light pine kitchen cabinet wall unit	Inventory	40100 - Construction Income:40140 - Materials Income		6	2	1,799.00
+Door Frame	standard interior door frame	Inventory	40100 - Construction Income:40140 - Materials Income		21	0	0.00
+Hardware		Inventory	40100 - Construction Income:40140 - Materials Income		0	0	0.00
+Brass hinges	standard interior brass hinge	Inventory	40100 - Construction Income:40140 - Materials Income		246	0	0.00
+Doorknobs Std	Standard Doorknobs	Inventory	40100 - Construction Income:40140 - Materials Income		124	0	30.00
+Lk Doorknobs	Locking interior doorknobs	Inventory	40100 - Construction Income:40140 - Materials Income		122	0	38.00
+Wood Door	Doors	Inventory	40100 - Construction Income:40140 - Materials Income		1	0	0.00
+Exterior	Exterior wood door	Inventory	40100 - Construction Income:40140 - Materials Income		16	0	120.00
+Interior	Interior wood door	Inventory	40100 - Construction Income:40140 - Materials Income		47	0	72.00
+Interior Door Kit	complete interior door	Inventory	40100 - Construction Income:40140 - Materials Income		20	0	0.00

Figure 1-19 The Item List

Computer Practice

1. To open the *Item List*, on the *Home Page*, click *Item & Services* in the *Company* section. Alternatively, on the *Lists* menu, choose *Item List*.
2. To edit the *Cabinet Pulls* item, double-click it.
3. In the *Edit Item* window (Figure 1-20), click the down arrow in the *Income Account* field. This item is linked to the *Materials Income* account.
4. Close the *Edit Item* and *Item List* windows.

Figure 1-20 The Edit Item Window

Registers

Asset, liability, and equity accounts have registers that work just like the paper checkbook register you use to track the checks you write and deposits you make. When you open the QuickBooks register for an account, you see all the transactions for that account, like the *Accounts Receivable* register shown in Figure 1-21.

This register shows information about customer invoices: the invoice date, the date it's due, the customer name, and the amount. It also shows payments you've received against your invoices and any other transactions that affect the amount customers owe.

DATE	NUMBER	CUSTOMER	ITEM	QTY	RATE	AMT CHRG	AMT PAID
	TYPE	DESCRIPTION	CLASS			BILLED DATE	DUE DATE
12/15/2018		Abercrombie, K					7,633.28
	PMT						
12/15/2018	1097	Robson, Darci:l				12,420.98	
	INV						12/15/2019
12/15/2018	1098	Cook, Brian:Kitt				1,636.69	
	INV						01/14/2020
12/15/2018	42000	Natiello, Ernest					13,560.39
	PMT						
12/15/2018	Number	Customer	Item	Qty	Rate	Amt Chrg	
		Description	Cl...				

1-Line Show open balance ENDING BALANCE **93,007.93**
 Sort by:

Figure 1-21 The Accounts Receivable Register

Computer Practice

1. On the *Home Page*, click *Chart of Accounts* (in the *Company* section).
2. To open the *Accounts Receivable* account register, double-click it in the account list.
3. Close the register window by clicking the X at the top-right corner.
4. In the *Charts of Accounts* list, scroll down to the Income accounts. Double-click the Design Income account. Because this is not a balance sheet account, QuickBooks displays a report (Figure 1-22).
5. Close the report window and the *Chart of Accounts* window.

Account QuickReport

Customize Report Comment on Report Share Template Memoize Print E-mail Excel Hide Header Refresh

Dates: This Fiscal Year-to-Date From 01/01/2018 To 12/15/2018 Sort By Default

6:47 AM
12/15/18
Accrual Basis

Rock Castle Construction
Account QuickReport
January 1 through December 15, 2018

Type	Date	Item	Name	Memo	Split	Amount
40100 - Construction Income						
40110 - Design Income						
Invoice	01/16/2018	1020	Larsen's Pet Shop...	Floor plans	11000 - Acco...	3,000.00
Invoice	02/16/2018	1025	Davies, Aaron/Rem...	Floor plans	11000 - Acco...	3,150.00
Invoice	03/15/2018	1029	Car's Pe Shop/Re...	Floor plans	11000 - Acco...	3,300.00
Invoice	04/07/2018	1032	Keenan, Bridget S...	Floor plans -	11000 - Acco...	0.00
Invoice	04/14/2018	1035	Babcock's Music S...	Floor plans	11000 - Acco...	2,700.00
Invoice	05/06/2018	1036	Sage, Robert/Rem...	Floor plans	11000 - Acco...	3,750.00
Invoice	06/17/2018	1047	Rahn, Jennifer/Rem...	Floor plans	11000 - Acco...	4,500.00
Invoice	06/23/2018	1049	Baker, Chris/Fam...	Floor plans	11000 - Acco...	72.49
Invoice	07/14/2018	1061	Luke, Noelan/Klitch...		11000 - Acco...	54.02
Invoice	07/20/2018	1063	Samuels Art Supp...	Floor plans	11000 - Acco...	3,000.00
Invoice	08/13/2018	1054	Meneo, Jeanette 2...	Floor plans	11000 - Acco...	100.00
Invoice	08/13/2018	1054	Meneo, Jeanette 2...	Floor plans -	11000 - Acco...	-100.00
Invoice	08/20/2018	1055	Tony's Barber Sho...	Floor plans	11000 - Acco...	3,900.00
Invoice	09/12/2018	1058	Allard, Robert/Rem...	Floor plans	11000 - Acco...	3,150.00
Invoice	09/15/2018	1059	Morgerthaler, Jenn...	Floor plans	11000 - Acco...	80.24
Invoice	09/29/2018	1063	Burch, Jason/Room...	Floor plans	11000 - Acco...	72.50
Invoice	10/15/2018	1067	Teichman, Tish/Kic...	Floor plans	11000 - Acco...	35.00
Invoice	10/15/2018	1067	Teichman, Tish/Kic...	Floor plans -	11000 - Acco...	-35.00
Invoice	10/20/2018	1068	Mackey's Nursery...	Floor plans	11000 - Acco...	3,000.00
Invoice	12/10/2018	1092	Campbell, Heather...	Floor plans	11000 - Acco...	3,000.00
Total 40110 - Design Income						36,729.25
Total 40100 - Construction Income						36,729.25
TOTAL						36,729.25

Figure 1-22 QuickReport for the Design Income Account

QuickBooks Help and Support

QuickBooks provides help and support in several ways. QuickBooks Help is available on your computer, but it also connects to the Internet. When you open the *Help* window, QuickBooks displays help topics based on what you did in the program recently. You can also type questions or keywords, and QuickBooks will search for relevant answers within Help and the Intuit Community.

Note: Intuit Community is Intuit's QuickBooks community message board. You can ask a question, and the program looks for answers from other QuickBooks users. If none of the answers solve your problem, you can post your question to the community. (As you learn more about QuickBooks, you can post *your* answers to other people's questions.)

QuickBooks Help includes explanations of concepts and how to apply QuickBooks to your business situation. It also includes step-by-step instructions for performing tasks.

To access QuickBooks Help, you can use any of the following methods:

- Press the *F1* key on your keyboard.
- From the *Help* menu, choose *QuickBooks Help*.
- In the search box at the top of the left icon bar, type a search value, click the down arrow, choose *Help* in the drop-down list, and then click the magnifying glass icon.

Tip: You can also use your favorite Internet search engine to look for answers to your questions.

Quick Start Center

The *Quick Start Center* (on the *Help* menu, choose *Quick Start Center*) includes a few of the most commonly used QuickBooks features, so you can get up and running quickly. The *Track money in* section on the left has icons for creating invoices, entering sales receipts, and viewing customers. The *Track money out* section on the right has icons for entering bills, writing checks, viewing the check register, and viewing vendors.

QuickBooks Learning Center

If you like to see how things work, the *QuickBooks Learning Center* offers interactive video tutorials for common business situations, such as adding customers, adding products and services you sell, creating an invoice, entering and paying bills, and so on. If the *Learning Center* doesn't open when you launch QuickBooks, on the *Help* menu, choose *Learning Center Tutorials*.

Certified QuickBooks ProAdvisors

If you want help from an expert, consider hiring a Certified QuickBooks ProAdvisor. These people are independent accountants, bookkeepers, consultants, and trainers who have passed tests demonstrating their proficiency in QuickBooks. To find a Certified ProAdvisor, on the *Help* menu, choose *Find a Local QuickBooks Expert*.

A Brief Introduction to Accounting

You can use QuickBooks even if you don't have an accounting background. However, understanding accounting basics and common business terminology has several advantages: learning QuickBooks will go a lot faster; you'll be more productive working in QuickBooks; your books will be more accurate; and you'll be able to manage your business more effectively.

What Accounting Does

Accounting comprises recording transactions and classifying financial results so you can produce reports that accurately convey an organization's financial state: is the company making or losing money, and by how much? Accounting reports help company management, investors, creditors, and government agencies assess the company's financial health. The key to these assessments is the relationship between assets (what the company owns), liabilities (its debts), and the difference between them (called equity or net worth).

The equation that defines this relationship (called the Accounting Equation) is:

Assets – Liabilities = Equity

Note: The Balance Sheet report (which you'll learn about in a moment) gets its name from this equation, because assets, liabilities, and equity must remain in balance.

Understanding Accounts

In accounting, you track money with accounts, just like you keep track of your ready cash, savings, and retirement funds in your checking, saving, and IRA accounts at financial institutions. The difference is that accounting uses several types of accounts to track different types of income, expense, assets, and liabilities. The chart of accounts is a list of all the accounts you use to categorize your finances.

Accounts come in two primary categories:

- **Balance sheet accounts**, such as checking, accounts receivable, and fixed asset, get their name because these accounts have balances, like the balance in your personal checking account.
- **Accounts without balances**, such as income and expense accounts, are used to categorize money for reporting purposes, like the reports you might get from your bank showing the interest you earned during the year.

QuickBooks has account types for all the standard account types used in accounting. The following sections provide a quick introduction to the different account types used in accounting and what they represent:

Assets

Asset accounts track what you own and what other people owe you. The following are the asset account types used in accounting:

- **Bank:** Accounts held at a financial institution, such as checking, savings, or money market.
- **Accounts Receivable:** This is the money that your customers owe you, such as open invoices.
- **Other Current Asset:** This type represents assets that you'll use (or convert to cash) within 12 months, such as prepaid expenses or an asset you're planning to sell.
- **Fixed Asset:** These are assets that depreciate, like equipment or buildings.
- **Other Asset:** If an asset doesn't fall into the other current asset or fixed asset category, it's an other asset.

Liabilities

Liabilities are what your company owes to others. The following are the liability account types used in accounting:

- **Accounts Payable:** This represents money you owe, such as what you owe to vendors.
- **Credit Card:** This is simply an account type for your real-world credit card accounts.
- **Other Current Liability:** Money you owe in the next 12 months, such as sales tax.
- **Long Term Liability:** Money you owe after the next 12 months, like mortgage payments.

Equity

As the Accounting Equation shows, equity is the difference between what you own (your assets) and what you owe (your liabilities). In other words, if you sold all your assets today and used that money to settle your liabilities, the leftover money is your equity.

Equity comes from three sources:

- Money invested in the company by its owners
- Net profit from operating the business during the current accounting period
- Retained earnings, or net profits, from earlier periods that haven't been distributed to the owners

Owners can withdraw money from the company, called owners' draws or shareholders' distributions, depending on the type of company. These withdrawals reduce the equity in the company.

Accounts without balances

Income and expense accounts track money you earn or spend over a specific time frame, such as month, quarter, or year. These accounts appear in the Profit and Loss report (also known as an Income Statement). The following are the account types used in accounting that don't have balances:

- **Income:** This type of account tracks revenue you generate from your primary business, such as performing services or selling products.
- **Cost of Goods Sold:** The cost of products and materials originally held in inventory that you have sold. This type of account can also represent other costs related to sales, such as money you pay subcontractors to perform work for your customers.
- **Expense:** Money you spend running your business.
- **Other Income:** Income that comes from sources other than your primary business operations, such as interest income.
- **Other Expense:** Money you pay for things outside of your primary business operations, like interest you pay.
- **Non-posting Account:** QuickBooks non-posting accounts don't have balances and the totals in them don't appear on reports. These accounts come into play for money that you haven't earned or spent yet, such as estimates you've provided to customers or purchase orders you've issued to vendors.

Double-Entry Accounting

Double-entry accounting is the name for tracking where money comes from and where it goes to in every transaction in your company records. Each account in the chart of accounts has transactions that increase its balance and other transactions that decrease its balance. At the same time, in each transaction, money comes from one or more accounts and that money moves into one or more accounts. These two transaction components are called *debit* and *credit*. For example, when you record a bill for services you receive from a vendor, the bill adds a debit to an expense account (which increases its balance) and a credit to the Accounts Payable account (a liability account, so it increases what you owe), as shown in (Figure 1-23). Debits and credits have different effects on different types of accounts, as Table 1-1 shows. Debits and credits aren't inherently bad or good. They simply increase or decrease balances to make double-entry accounting work. With double-entry accounting, the total debits in a transaction must equal the total credits.

Trans #	Type	Date	Num	Name	Item	Account	Sales Price	Debit	Credit
1301	Bill	12/15/2018	8059	Thomas Kitchen &...		20000 - Accounts Payable		585.00	585.00
				Abercrombie, Kris...	Plumb F...	54300 - Job Materials	9.75		
								585.00	585.00
TOTAL								585.00	585.00

Figure 1-23 Transaction Debits and Credits

Note: To view a transaction's debits and credits, open the transaction in its transaction window. Then, on the *Reports* menu, choose *Transaction Journal* (Figure 1-23).

Account Type	Debit	Credit
Asset	Increases balance	Decreases balance
Liability	Decreases balance	Increases balance
Equity	Decreases balance	Increases balance
Income	Decreases balance	Increases balance
Expense	Increases balance	Decreases balance

Table 1-1 Debits and Credits

Cash versus Accrual Accounting

Companies can choose between two methods for tracking income and expenses: *cash basis* and *accrual basis*. In cash basis accounting, income and expenses aren't recognized until cash changes hands. For example, with cash basis accounting, you don't recognize income until you receive a payment, and you don't recognize expenses until you pay bills.

Accrual basis accounting uses a concept known as the *matching principle*, because it matches income with the corresponding expenses. With this method, income and expenses are recognized in the period in which transactions occur, not when money changes hands. For example, you recognize income when you record an invoice, not when you receive payment for the invoice. You recognize expenses when you enter a bill, not when you pay it. Accrual basis accounting provides a more accurate view of profitability because income and its corresponding expenses are associated with the same period.

Note: IRS regulations prohibit some organizations from using the cash basis method of accounting. Check with your tax accountant to determine whether you should use cash basis or accrual basis accounting.

Financial Reports

Three financial reports are the mainstay for viewing and evaluating company financial performance: the income statement (also known as the Profit & Loss report), the balance sheet, and the statement of cash flows.

- The *income statement*, called a Profit & Loss report in QuickBooks, shows your income and expenses over a period of time. The name, Profit & Loss, is appropriate because this report also shows the difference between income and expenses, called net income, which represents your profit or loss for that period. When net income is positive (income exceeds expenses), it increases the equity in the company. A net loss, on the other hand, decreases the equity. For that reason, income and expense accounts indirectly affect company equity.
- The *balance sheet* represents a snapshot of the account equation: assets minus liabilities equals equity.
- The *statement of cash flows* shows the true amount of cash you have. The statement of cash flows removes noncash transactions, such as depreciation, from the picture. It categorizes cash in three ways: money earned or spent operating the business, investing in the company, or financing (such as debt or selling shares of stock).

Review Questions and Exercises

Select the best answer(s) for each of the following:

1. QuickBooks can help you track:
 - a) Job costs
 - b) What customers owe
 - c) Payroll
 - d) Personal finances
 - e) All of the above
2. Which of the following statements is true?
 - a) A debit decreases a liability account balance.
 - b) Equity decreases if liabilities increase.
 - c) In a transaction, the total debits must equal the total credits.
 - d) A credit increases an asset account balance.
3. The equation that governs accounting is:
 - a) Net income = Income - expenses
 - b) Assets + Liabilities = Equity
 - c) Assets – Liabilities = Equity
 - d) Assets = Liabilities – Equity

4. Using cash basic accounting:
 - a) Income is not recorded until the customer pays the invoice.
 - b) Income and expenses are recognized when transactions are created.
 - c) Income is recorded when you create an invoice.
 - d) An expense is recorded when you pay a bill.
5. Which methods can you use to open transaction windows?
 - a) The menu bar
 - b) The Home Page
 - c) The icon bar
 - d) QuickBooks Centers
 - e) All of the above
6. Which features help you view income?
 - a) Income Tracker
 - b) Company Snapshot
 - c) The Customer Center
 - d) The Vendor Center
 - e) The Insights tab in the Home Page window

Introduction Exercise 1

Restore the sample file, *sample_product-based business 2015 (Portable).QBM*. (Or, if you are using QuickBooks 2014, restore *sample_product-based business 2014 (Portable).QBM*.)

1. Open the *Customer Center* by clicking *Customers* in the icon bar.
 - a) What is the name of the first customer listed in the Customers & Jobs list?
 - b) What is Robert Allard's total balance?
 - c) Click Brian Cook's 2nd story addition job. On the *Transactions* tab in the bottom-right panel, click the *Show* down arrow and choose *All Transactions*. Click the *Date* dropdown list down arrow and choose *All*. How many transactions are there and what types are they?
 - d) Close the *Customer Center*.
2. On the *Home Page*, click *Enter Bills*.
 - a) At the upper-left corner of the *Enter Bills* window, click the previous button. What is the name of the vendor for the bill that appears?
 - b) What is the amount due?
 - c) What is the bill for?
 - d) Close the *Enter Bills* window.

3. On the *Lists* menu, choose *Chart of Accounts* to display the *Chart of Accounts* window.
 - a) What type of account is the Checking Account?
 - b) How many other accounts are that same type?
 - c) What is the Balance Total for the Accounts Receivable account?
 - d) What is the Balance Total for the Design Income account?
 - e) Close the *Chart of Accounts* window.

Introduction Exercise 2 (Advanced)

Restore the sample file, *sample_product-based business 2015 (Portable).QBM*. (Or, if you are using QuickBooks 2014, restore *sample_product-based business 2014 (Portable).QBM*.)

1. On the *Home Page*, click the *Customers* button to open the *Customer Center*.
 - a) Click the *Transactions* tab on the left side of the window and then choose *Sales Receipts*. How many sales receipts are there for This Fiscal Year?
 - b) What is the total amount of those sales receipts?
 - c) Click the *Date* down arrow above the transaction table and choose *This Fiscal Quarter*. How many sales receipts are there and what is the total for those?
 - d) Close the *Customer Center*.
2. On the *Vendors* menu, choose *Vendor Center* to open the *Vendor Center*.
 - a) Double-click C.U. Electric to open the *Edit Vendor* window. What is the main phone number and address?
 - b) Close the *Edit Vendor* window.
 - c) What is the amount of earliest open bill for Daigle Lighting?
 - d) Close the *Vendor Center*.
3. On the *Home Page*, click *Chart of Accounts* icon to open the *Chart of Accounts* window.
 - a) What type of account is the Construction Equipment Account?
 - b) How many accounts of type Bank are in the *Chart of Accounts*?
 - c) How many accounts of type Fixed Asset are in the *Chart of Accounts*?
4. In the *Chart of Accounts* window, double-click the *Checking* account to open the *Checking account register* window.
 - a) Who was the payee for the bill payment on 12/11/2018?
 - b) What was the amount of the payment?
 - c) What was the check number?
 - d) Which vendor was paid by the last bill payment in the register?
 - e) What is the amount of the last bill payment in the register?
 - f) Close the *Checking account register* and *Chart of Accounts* windows.

5. On the *Home Page*, click *Enter Bills*, and then follow these steps:
 - a) In the *Pay to the Order of* field, choose *McClain Appliances*.
 - b) In the *Amount Due* field, type *80.00*.
 - c) What is the city displayed in the *Address* field for McClain Appliances?
 - f) Click *Clear*, and then close the *Enter Bills* window.
6. In the icon bar, click *Invoice*. In the *Create Invoices* window, click the *Previous* arrow at the top-left corner of the window.
 - a) What is the invoice number?
 - b) How many items appear in the invoice table?
 - c) Close the *Create Invoices* window.
7. On the *Lists* menu, choose *Chart of Accounts*. In the *Chart of Accounts* window, double-click *Accounts Receivable*.
 - a) What is the ending balance in the account?
 - b) Who was the customer on the last transaction in the register?
 - c) Close the register and the *Chart of Accounts* windows.
8. On the *Home Page*, click *Check Register* (in the *Banking* section).
 - a) In the *Use Register* dialog box, choose *10400 – Petty Cash*, and then click *OK*.
 - b) What is the ending balance in the register?
 - c) Close the *Petty Cash* register window.
9. In the icon bar, click *Income Tracker*.
 - a) What is the total for open invoices?
 - b) What is the total for unbilled time and expenses?
 - c) Click the *Open Invoices* box at the top of the window. Who is the customer for the first invoice in the list?
 - d) Close the *Income Tracker* window.
10. Close the company file.

