

# QUICKBOOKS PRO 2002 – TUTORIAL 3

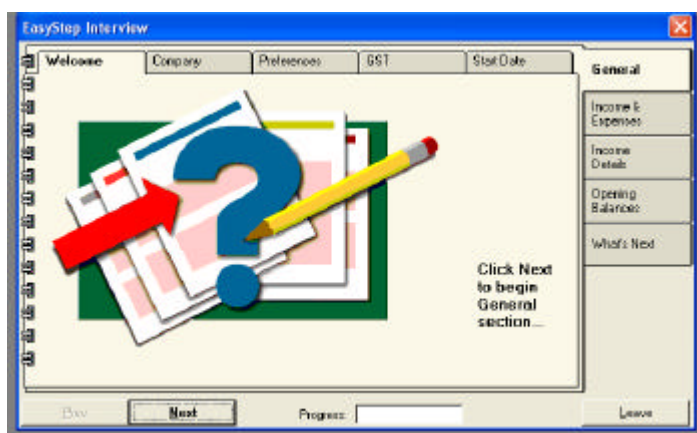
## 1 ESTABLISHING A DATA BASE FOR AN EXISTING BUSINESS

School Book Supplies is a business which was established in 1998 to supply text books to schools. At 1 March 2003 the business decided to change from manual recording to computer based recording using QuickBooks Pro 2002. At that date, the business had the following assets and liabilities:

<b>School Book Supplies</b>		
<b>Trial Balance at 1 March 2003</b>		
Bank – Eastpac	4219	
Debtors – Highgrove High School	6700	
Australia College	9800	
Premises	250000	
Fixtures and fittings	30000	
Accumulated Depreciation of		
Fixtures & Fittings		12000
Investment – term deposit	10000	
Inventory	45000	
Creditors – MacPan Publishers		16200
Butterfield Books		12800
Loan – Enterprise Bank		40000
Capital		274719
	<b>\$355719</b>	<b>\$355719</b>

By using the following instructions, these balances will be entered before processing is commenced.

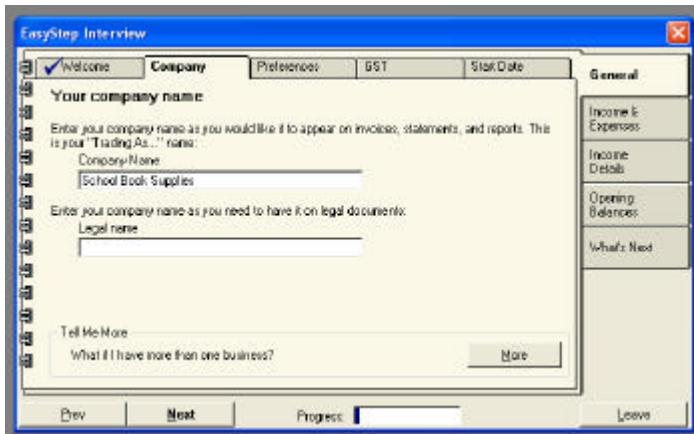
A new data base can be established by pulling down **File** and selecting **New Company**. The following screen will appear:



This is the beginning of the interview which is used to get the opening balances into the system. Notice the five buttons on the right of the screen – these represent the stages of the setup process. We will work through several of these sections.

Click on **Next** at the bottom of the screen to move to the next page of the Welcome. (Remember that to move onto the next page of the Interview, **Next** must be used – not Enter. The button **Prev** (previous) can be used to return to the previous screen if you want to make alterations.)

Click on **Next** a further seven times until the following screen appears for entering details of the name and address of the new business.



Key in:

**School Book Supplies**  
**45 Stamford Road**  
**Maintown**

*Next*  
*Down arrow*  
*Next*

Other company information:

First month of the fiscal year – **July**

*Next*

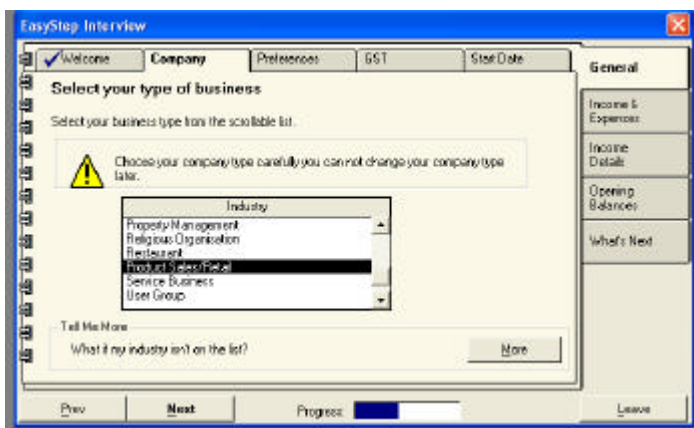
Your company income tax form - **<other/none>**

*Next*

Tax form – you selected **<other/none>** - click on **OK**

Business Identification Details – key in **53 004 085 616**

*Next*



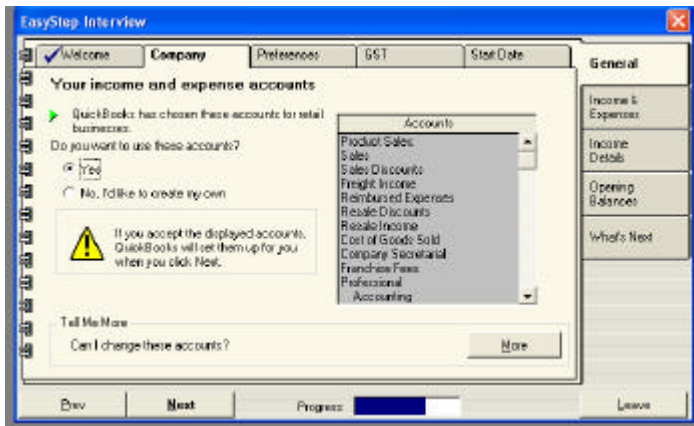
Select type of business – scroll down to **Product sales/retail**.

*Next – three times*

The computer will now save the company details on C drive. This will take a couple of minutes. If you want to save to a floppy disk, select **A drive** from the pull down

list at the top of the box. Click on **OK**. The computer will then establish the data base for your company and the name will appear at the top of the screen.

### Your income and expense accounts



Do you want to use these accounts? Select **Yes**

*Next*

Assessing your company -

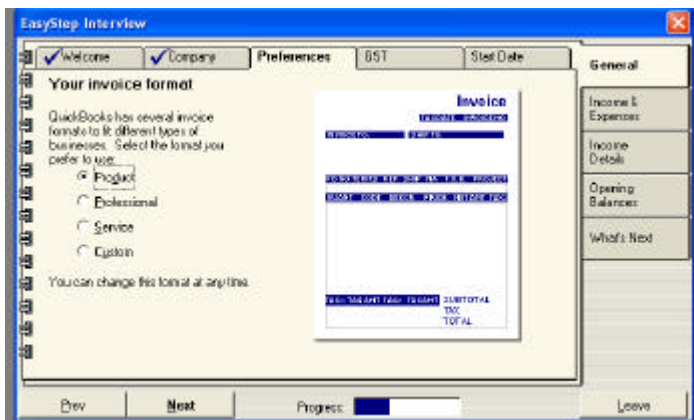
*Next – three times*

Does your company maintain stock? Select **Yes**

*Next*

Do you want to use the QuickBooks stock feature? Select **Yes**

*Next*



Invoice format – select **Product** (the format of the invoice on the screen will change as Product is selected)

*Next*

Estimates – Do you prepare estimates? Select **No**

*Next*

Progress invoicing – Select **No**

*Next*

Time tracking – Select **No**

*Next*

Classifying transactions – Select **No**

*Next*

Two ways to handle bills – Select enter bills first and enter payments later

*Next*

Reminders – at start up

*Next – three times*

Goods and Services Tax – Is your company registered to collect and pay GST?

Select **Yes**

*Next - twice*

Check the details on the tax information screen

*Next*

GST reporting basis – select **accrual basis**

*Next*

Entering your sales figures – select **Gross**

*Next*

Customer tax codes – select **No**

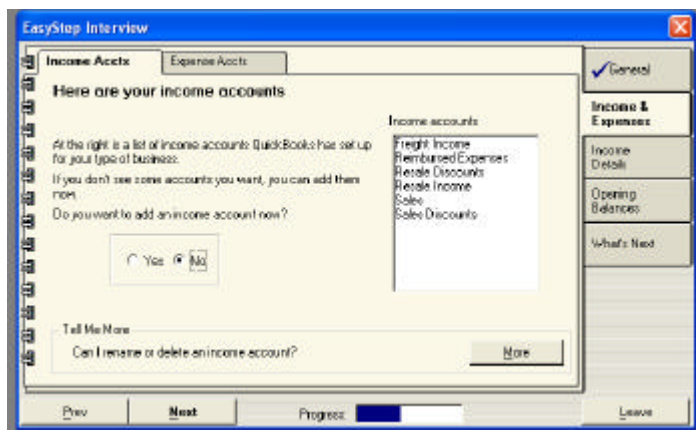
*Next – four times*

QuickBooks start date – key in **01/03/03** (dd/mm/yy)

*Next – four times*

*This is the end of the **General** section of the Interview. (A tick has appeared on the “General” button.) The next section of the Interview covers your Income and Expenses accounts.*

Here are your income accounts:

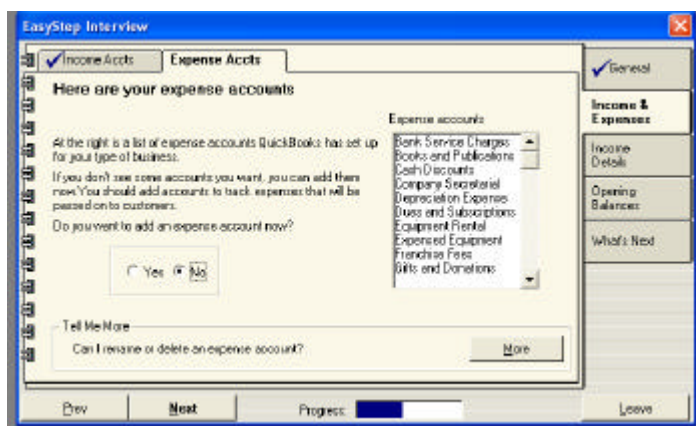


Do you want to add another income account now? Select **No**

*Next – twice*

Expense accounts – more details? Select **No**

*Next*



Do you want to add another expense account now? Select **No**

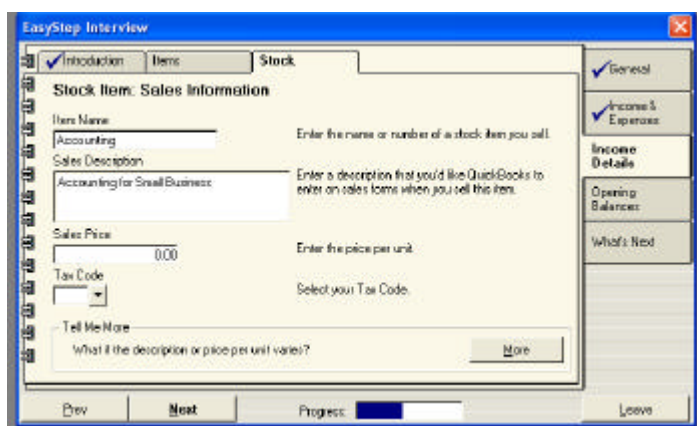
*Next – five times*

At the top of the box, click on the tab for **Stock**

*Next*

Adding a stock item – select **Yes**

*Next*



Item name – **Accounting**  
Sales description – **Accounting for Small Business**  
Sales price – **45**  
Tax code – pull down list and select **GST 10%**

*Down arrow*  
*Tab*  
*Tab*  
*Next*

Income account – pull down list and select **Sales**

*Next*

Purchase description – **Accounting for Small Business**  
Cost - **25**  
Tax code – pull down list and select **NCG inc GST 10%**

*Tab*  
*Tab*  
*Next*

Reorder point – leave  
Quantity on hand – **1000**  
(The total value of this stock item should appear - \$25000)

*Tab*  
*Down arrow*  
*Next*

Set up another stock item – select **Yes**

*Next*

Item name – **Legal**  
Sales description – **Legal Systems**  
Sale price - **20**  
Tax code – pull down list and select **GST 10%**

*Down arrow*  
*Tab*  
*Tab*  
*Next*

Income account – pull down list and select **Sales**

*Next*

Purchase description – **Legal Systems**  
Cost – **20**  
Tax code – pull down list and select **NCG inc GST 10%**

*Tab*  
*Tab*  
*Next*

Reorder point – leave  
Quantity on hand – **1000**  
(The total value of this stock item should appear \$20000)

*Tab*  
*Down arrow*  
*Next*

Would you like to set up another inventory item? Select **No**

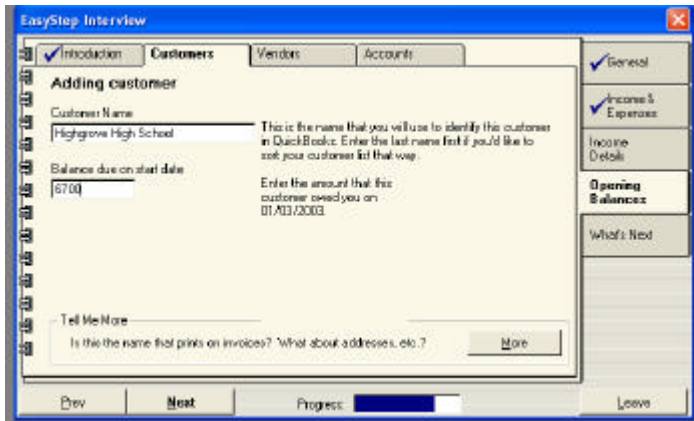
*Next – six times*

This is the end of the **Income Details** section of the Interview. The next section deals with the **Opening Balances** of non income accounts.

Adding customers

Do you have any customers who owe you money at start date? Select **Yes** *Next*

Do you track jobs for any of your customers? Select **No** *Next*



Customer name – **Highgrove High School** *Tab*  
Opening balance – **6700** *Next*

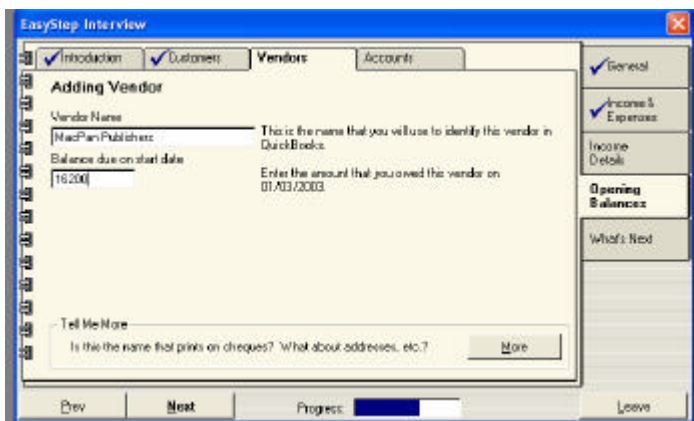
Would you like to add another customer now? Select **Yes** *Next*

Customer name – **Australia College** *Tab*  
Opening balance – **9800** *Next*

Would you like to add another customer now? Select **No** *Next – three times*

Adding vendors with open balances

Do you have any suppliers whom you owed money to at start date? Select **Yes** *Next*



Vendor name – **MacPan Publishers** *Tab*  
Opening balance – **16200** *Next*

Would you like to add another vendor now? Select **Yes**

*Next*

Vendor name – **Butterfield Books**

*Tab*

Opening balance – **12800**

*Next*

Would you like to add another vendor now? Select **No**

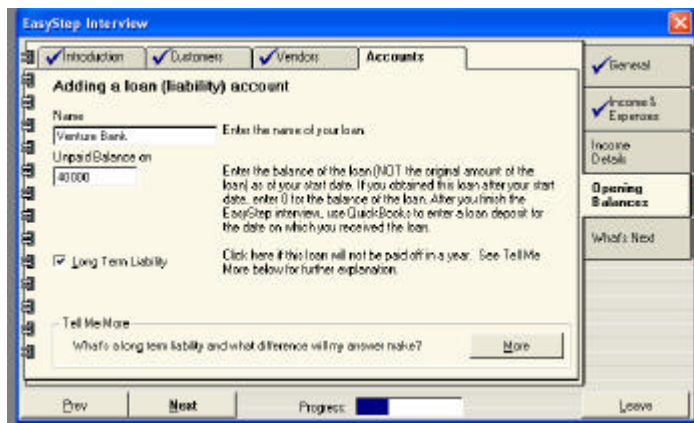
*Next – three times*

Credit card accounts – select **No**

*Next*

Loans – would you like to set up an account to track a loan? Select **Yes**

*Next*



Key in **Venture Bank**

*Tab*

Unpaid balance at start date – **40000**

Click on **Long Term Liability** to insert a tick

*Next*

Add another loan? Select **No**

*Next*

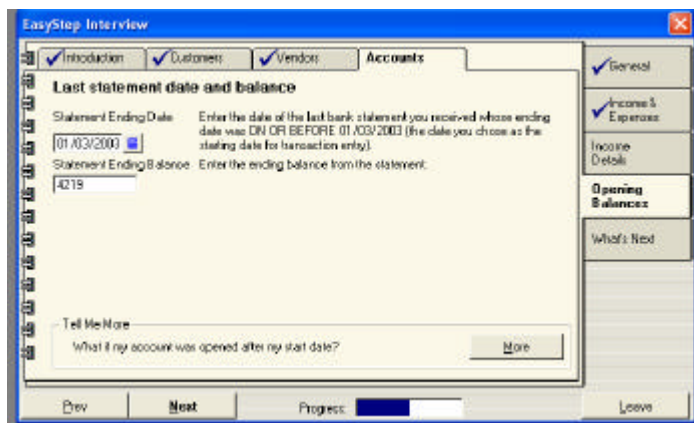
Bank accounts

Would you like to set up a bank account? Select **Yes**

*Next*

Adding a bank account – key in **Eastpac Bank**

*Next*



Last statement - key in **01/03/03**

*Tab*

Balance – key in **4219**

*Next*

Would you like another bank account? Select **No**

*Next – twice*

*The opening balances for Bank, Stock, Debtors, Creditors and non-current liabilities have now been entered. The next step is to enter the balances of any other accounts from the trial balance – in this case the non current assets.*

Asset accounts – Would you like to set up an asset account? Select **Yes**

*Next*

Adding an asset account

Name – **Fixtures and Fittings**

Type – pull down the list and select **Fixed Asset**

*Next*

Do you track depreciation for this fixed asset? Select **Yes**

*Next*

Original Cost – key in **30000**

*Tab*

Depreciation – **12000**

*Next*

Would you like to add any more asset accounts? Select **Yes**

*Next*

Name – key in **Investment – Term Deposit**

*Tab*

Type – select **Fixed Asset** from the pull down list

*Next*

Do you track depreciation for this fixed asset? Select **No**

*Next*

Fixed asset value on 01/03/03 – **10000**

*Next*

Would you like to add any more asset accounts? Select **Yes**

*Next*

Name – key in **Premises**

*Tab*

Type – select **Fixed Asset** from the pull down list

*Next*

Do you track depreciation for this fixed asset? Select **No**

*Next*

Fixed asset value on 01/03/03 – **250000**

*Next*

Click on **Leave** at the bottom of the box to leave the Interview.

## 2 CLEANING UP THE TRIAL BALANCE

*Through Reports, Accountant, Trial Balance check that the balances you have entered are showing. Adjust the date fields to show 01/03/03 to 31/03/03. Click on Refresh.*

	Debit	Credit
Eastpac Bank	4,219.00	
Accounts Receivable	16,500.00	
Stock Asset	45,000.00	
Fixtures and Fittings/Depreciation		12,000.00
Fixtures and Fittings/Original Cost	30,000.00	
Investment - term deposit	10,000.00	
Premises	250,000.00	
Accounts Payable		29,000.00
Tax Payable	0.00	
Venture Bank		40,000.00
Opening Bal Equity		257,219.00
Uncategorised Income		16,500.00
Uncategorised Expenses	29,000.00	
<b>TOTAL</b>	<b>384,719.00</b>	<b>384,719.00</b>

*There are three items in the Trial Balance which require adjustment – Uncategorised income, Uncategorised expenses, Opening balance equity.*

*(Note – When the details for existing debtors and creditors are keyed in, a corresponding double entry is needed. This is created by the program in Uncategorised income (for debtors) and Uncategorised expenses (for creditors) because no details of the sales or purchases are provided. When these balances are cleared and transferred to capital, the opening trial balance on the computer will reflect the trial balance provided for the business.)*

From **Company & Financial**, select **Make journal entry**

Account	Debit	Credit	Tax	Tax Amount	Memo	Name
Opening Bal Equity	12,500.00					
Uncategorised Income	16,500.00					
Uncategorised Expenses		29,000.00				
	0.00					

Make the following general journal entry (no 1 ) on 01/03/03:

	Dr	Cr
<b>Opening Bal Equity</b>	<b>12500</b>	
<b>Uncategorised income</b>	<b>16500</b>	
<b>Uncategorised expenses</b>		<b>29000</b>

Use the pull down list in the **Account** field to select the accounts, or key in the names – the full name will appear as you commence.

Click on **Save & Close** and check the Trial Balance to see that the changes have been made.

		Mar 31, 03	
		Debit	Credit
Eastpac Bank		4,219.00	
Accounts Receivable		16,200.00	
Stock Asset		45,000.00	
Fixtures and Fittings:Depreciation			12,000.00
Fixtures and Fittings:Original Cost		30,000.00	
Investment - term deposit		10,000.00	
Premines		250,000.00	
Accounts Payable			29,000.00
Tax Payable		0.00	
Venture Bank			40,000.00
Opening Bal Equity			274,719.00
Uncategorised Income		0.00	
Uncategorised Expenses		0.00	
<b>TOTAL</b>		<b>355,719.00</b>	<b>355,719.00</b>

If you prefer to call **Opening Bal Equity** by another name, eg **Capital**, this can be changed. Pull down **Lists**, select the Opening Bal Equity account, click on **Accounts**, **Edit** at the bottom of the box, click on the name field and key in **Capital**. Click on **OK**.

### 3 REARRANGING THE ORDER OF ACCOUNTS

*From the menu bar, pull down **Reports, Company & Financial, AU Balance Sheet** to look at the opening balances and the format. Adjust the date field to **31/03/03**. The preset format for the non current assets is not satisfactory for use in class. We would prefer that “**Depreciation**” is called “**Accumulated Depreciation**” and that it appears after “**Original cost**”. This can easily be fixed.*

From the menu bar, pull down **Lists**, select **Chart of Accounts**. Select the account **Depreciation** which is shown under **Fixtures and Fittings**. Click on **Account**, **Edit** at the bottom of the box.

Position the cursor at the beginning of the word **Depreciation** in the Name box and key in **Less Accumulated** . Click on **OK**

When the Chart of Accounts screen returns, locate the point of the cursor on the diamond in front of **Less Accumulated Depreciation**. The cursor will change to a cross. Drag the account under **Original cost**.

Close the Chart of Accounts box and check the format on the Balance Sheet.

#### 4 SETTING UP FIXED ASSETS

*This procedure is used for fixed assets purchased after the opening balances have been entered*

Pull down **Lists, Chart of Accounts, Account, New** OR click on **Accounts** on the icon bar, and then click on **Account, New** at the bottom of the box.

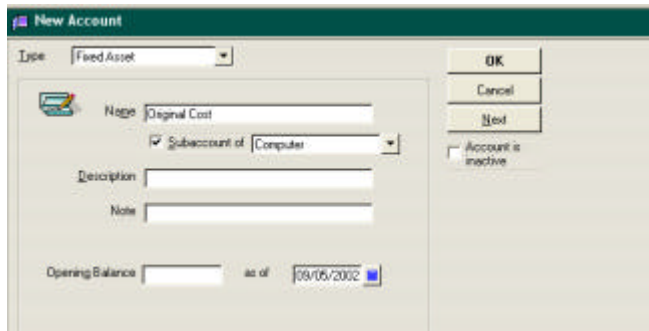
At the top of the next box, pull down the list and select **Fixed Asset**.  
Name - **COMPUTER**.

*Tab  
Next*

Select **Fixed Asset** (this should be showing in the box)  
Name - **Original Cost**

*Tab*

Click in the box **Sub account of** , pull down list and select **Computer**



Select **Fixed Asset** (this should still be showing in the box)  
Name – **Less Accumulated Depreciation**  
Set up as a sub account of Computer

*Next  
Tab*

*Next*

Select **Expense** from the pull down list of types of account

*Tab*

Open new accounts for  
**Depreciation of Fixtures and Fittings** (abbreviate)  
**Depreciation of Computer**

Click on **OK**

Return to the Chart of Accounts screen and reposition the Accumulated Depreciation for Computer below the Original Cost and the depreciation accounts in the alphabetical list of expenses.

## 5 TRANSACTIONS

*The processing of cash and credit transactions was covered in Tutorial 2. The following are a few cash transactions which are necessary to establish cash journals for the bank reconciliation process.*

From the pull down list in **Customers**, select **Receive payments**

Select **Deposit to**, pull down the list and select **Eastpac Bank**

Enter the following receipt using the pull down list to select the name (as you select the name the balance owing by the customer appears at the top right of the box)

**04/03/03      Highgrove High School      \$ 6000      Click on Save & New**

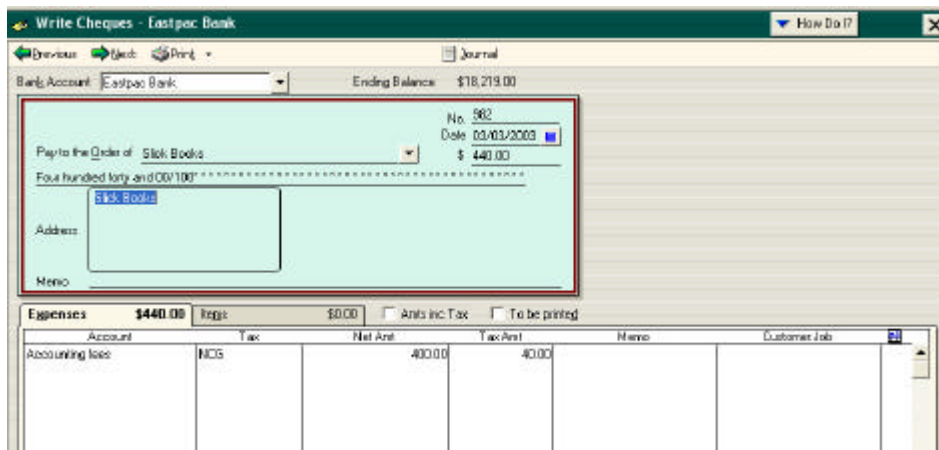
Enter the details for the next receipt:

**06/03/03      Australia College      8000**

Click on **Save & Close**

Use **Lists, Chart of Accounts, Accounts, New** to open accounts for **Accounting fees**, and **Wages** (as expenses). Reposition the wages account in the alphabetical list of expenses.

From the pull down list in **Banking** select **Write Cheques**.



Make sure that there is no tick on the box **To be printed**

Note that the bank balance has increased by the \$14000 which had been banked and that it is adjusted after each cheque is written.

Use this form to enter the details of the following payments. (For detailed instructions, refer to Tutorial 2)

Use **Quick add, other** for the details of the payee.

Note – all payments other than wages and drawings have GST included in the amount. Use the tax code **NCG inc GST** for deductible expenses and **CAG inc GST** for the purchase of the computer.

Cheque No	Date	Payee	Amount	Payment for
982	03/03/03	Slick Books	440	Accounting fees
983	03/03/03	Andrews & Wyatt	605	Rent
984	04/03/03	Yarra Power	242	Electricity
985	04/03/03	Excel Repairs	165	Equipment repairs
986	04/03/03	Compak computers	1100	Purchase of new computer (use Original Cost A/c)
987	07/03/03	Cash	600	Wages for staff

Click on **Save & Close**

## 6 BANK RECONCILIATION

The bank statement for this exercise:

DATE	TRANSACTION DETAILS	DEBIT	CREDIT	BALANCE
Mar 1	Balance			4219 Cr
4	983	605		3614 Cr
4	Deposit		6000	9614 Cr
5	982	440		9174 Cr
5	Bank fees	15		9159 Cr
6	Deposit		8000	17159 Cr
7	984	242		16917 Cr
10	PP – Insurance	600		16317 Cr

From **Banking** select **Reconcile**.

**Reconcile - Eastpac Bank**

Account To Reconcile: Eastpac Bank    Opening Balance: 4,219.00    Done

Ending Balance: 16434    Leave

Transactions to be added (optional)

Service Charge: 0.00    Date: 12/03/00    Account: [ ]

Interest Earned: 0.00    Date: 12/03/00    Account: [ ]

**Deposits and Other Credits**

Date	Chq No.	Payee	Memo	Amount
04/03/01		Highgrove High School		6,000.00
06/03/01		Australia College		8,000.00

**Cheques and Payments**

Date	Chq No.	Payee	Memo	Amount
03/03/01	982	Slick Books		400.00
03/03/01	983	Andrews and Wyatt		550.00
04/03/01	984	Yarra Power		220.00
04/03/01	985	Excel Repairs		150.00
04/03/01	986	Compak Computers		1,000.00
07/03/01	987	Cash		600.00

Items you have marked cleared

<input type="checkbox"/> Deposits and Other Credits	0.00	Ending Balance	4,219.00
<input type="checkbox"/> Cheques and Payments	0.00	Cleared Balance	4,219.00
		Difference	-4,219.00

Use the pull down list to select **Eastpac Bank** for the account to be reconciled.

On the top right of the box, under the balance at the beginning (4219), enter the balance at the end from the bank statement – **16317**

Use the pull down list for **Banking, Write cheques** to enter the details for Bank fees and Insurance from the bank statement. (If the asset approach is being used, open and use a **Prepaid Insurance** account for the insurance payment). Instead of the cheque number for both, enter **BS (Bank Statement)**

Click on **Save & Close** to return to the **Reconcile** screen

To complete the reconciliation, click in the first column for any item which is on the bank statement. As this is done the balance at the bottom right of the screen will adjust until the difference becomes **0.00**.

Click on **Reconcile Now**.

What type of reconciliation report would you like to print? Select **None**.  
Click on **OK**

## 7 BALANCE DAY ADJUSTMENTS

31/03/03 The insurance payment on 07/03/03 (on bank statement) was for 3 months  
31/03/03 Wages for 3 weeks are owing to staff \$600

Click on **Lists, Chart of Accounts, Account, New** to open an account for **Accrued Wages** (other current liability).

On the Menu bar, click on **Company, Make journal entry**.

Enter the date, entry number **2**, use the pull down list in **Account** to select **Insurance** (or Prepaid insurance if the expense approach is used), tab to the debit column and key in **200** (1 month insurance expensed)(or 400 if the expense approach is used). Locate the cursor on the second line and use the pull down list in **Account** to select **Prepaid Insurance**. Tab to the credit column and key in **200** (if not already shown).

Click on **Save & New** to process the adjustment for wages as entry number **3**. Click on **Save & Close**.

## 8 DEPRECIATION

*Once the necessary accounts are set up and arranged appropriately, the processing of depreciation is a simple general journal entry – all assets can be depreciated through one entry.*

Depreciation the fixed assets as follows

	\$
<b>Computer</b>	<b>100</b>
<b>Fixtures and Fittings</b>	<b>200</b>

From **Company** select **Make journal entry**. Key in the date (**31/03/03**) and the entry number (**4**). Use the pull down lists to select the accounts and use the down arrow to move to the next line of the journal. The amount for the credit entry should appear automatically as the down arrow is used. This can be over-written if desired.

The screenshot shows the 'General Journal Entry' window with the following data:

Account	Debit	Credit	Tax	Tax Amount	Memo	Name
Depreciation of Computer	100.00					
Computer Less Accumul...		100.00				
Depreciation of Fixtures ...	200.00					
Fixtures and Fittings Les...		200.00				
	0.00					

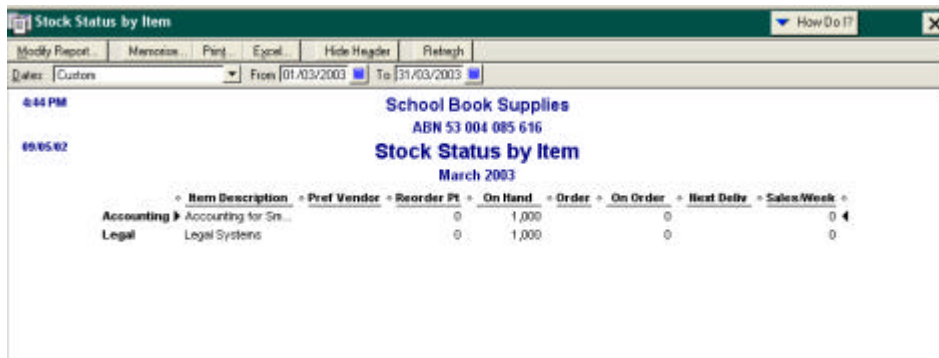
After the debit and credit for each depreciation entry have been completed, click on **Save & Close**

## 9 STOCK ADJUSTMENTS

*There are two types of adjustment we need to process – stock gain or loss and write downs in value.*

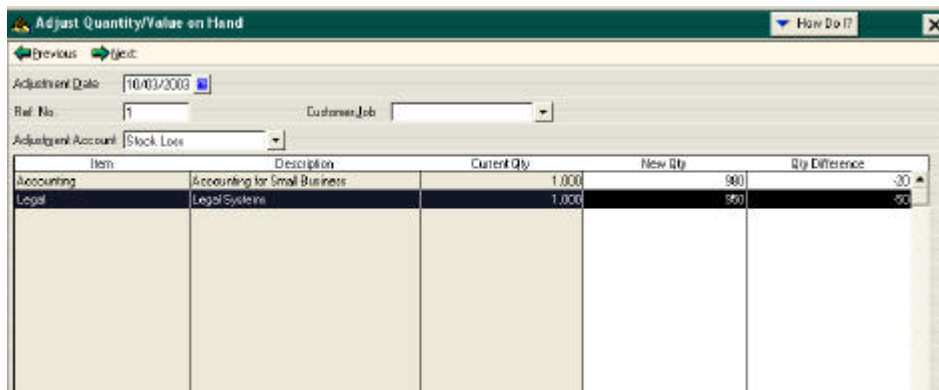
*The stock take at the end of the period showed that there were 980 copies of Accounting for Small Business, and 950 copies of Legal Systems on hand. A new edition of Legal Systems will be published in June so it has been decided to offer the remaining stock at \$15 per copy.*

From **Reports** select **Stock reports, Stock status by item** (adjust the dates to **01/03/03** to **31/03/03**) and check that there are 1000 items on hand for each stock line.



Item Description	Pref Vendor	Reorder Pt	On Hand	Order	On Order	Next Deliv	Sales/Week
Accounting for Sm...		0	1,000		0		0
Legal Systems		0	1,000		0		0

On the menu bar, select **Vendors, Stock activity, Adjust Qty/Value on hand**



Item	Description	Current Qty	New Qty	Qty Difference
Accounting	Accounting for Small Business	1,000	980	-20
Legal	Legal Systems	1,000	950	-50

In the field **Adjustment account**, key in **Stock Loss** *Tab*  
Use **Set up** to set up the account as a **Cost of Goods Sold** account. Click on **OK**.  
At the next box, click on **OK**.

In the field **New Quantity** enter the new numbers for both stock lines (Accounting – 980, Legal – 950). The adjusted numbers on hand will appear in the **Quantity difference** column and the value of the adjustment will be shown at the bottom of the box.

Click on **Save & Next**

In the field **Adjustment account** key in **Stock write down** press *Tab* and set up as a **Cost of Goods Sold** account

Click on **Value Adjustment** box and a new column appears **New Value**

Adjust the value of Legal Systems to **14250** (950 x \$15)

The value of the stock adjustment will be shown at the bottom of the box as you click on **Save & Close**.

Item	Description	Current Qty	New Qty	Current Value	New Value
Accounting	Accounting for Small Business	990		24,500.00	
Legal	Legal Systems	950		14,250.00	

From **Reports, Stock**, select **Valuation Detail** adjust the dates and check the changes made.

Type	Date	Name	Item	Qty	Cost	On Hand	Avg Cost	Asset Value
<b>Accounting</b>								
Stock Adjust	01/03/2003			1,000		1,000	25.00	25,000.00
Stock Adjust	10/03/2003			-20		980	25.00	24,500.00
<b>Total Accounting</b>						980		24,500.00
<b>Legal</b>								
Stock Adjust	01/03/2003			1,000		1,000	20.00	20,000.00
Stock Adjust	10/03/2003			-50		950	20.00	19,000.00
Stock Adjust	10/03/2003			0		950	15.00	14,250.00
<b>Total Legal</b>						950		14,250.00
<b>TOTAL</b>						<b>1,930</b>		<b>38,750.00</b>

The two new accounts for the stock adjustments should appear on the Profit and Loss statement in the Cost of Goods Sold section. On the Balance Sheet the stock value should be adjusted (Accounting for Small Business \$24500, Legal Systems \$14250 total \$38750) .

## 10 PETTY CASH

*The recording of each withdrawal of petty cash used is done using vouchers. At the end of a period or when the petty cash advance runs out, the reimbursement cheque is*

*drawn and the allocation of the expenses is done through the cheque section of the program. The advance to be set up is \$200, the amounts spent out of this amount to \$75*

To establish the petty cash advance, use **Banking, Write cheques**, key in the date **15/03/03**, and make out a cheque for **Petty Cash** (this will need to be added to the list as 'other'). In the Account field a new account for **Petty Cash** needs to be set up as a **Bank** account. The amount is **\$200** (chq 988)  
Click on **Save & New**

For the reimbursement, draw a cheque on **31/03/03** to Petty Cash for **\$75** (chq 989).  
The item allocations are

	\$
<b>Filing fees</b>	<b>20</b>
<b>Supplies – office</b>	<b>30</b>
<b>Postage</b>	<b>25</b>

New accounts will be needed for **Filing fees** and **Supplies – office** (expenses).

Click on **Save & Close**.

## 11 CORRECTIONS

### *To cancel cheques*

Use **Lists, Chart of Accounts**, select **Eastpak Bank**, click on **Activities**, use **Register OR** click on the **Register** on the icon bar and select **Eastpac Bank**  
Scroll to find the cheque to be cancelled. Pull down **Edit** from the *menu bar* and select **Void cheque**. This will change the amount of the cheque to Nil. Click on the **Record** button at the bottom of the box and the bank balance will change to reflect the cancelled cheque.

### *To adjust incorrect postings*

General journal entries can be done where the entry doesn't affect the items of stock.

### *To correct the amount on an invoice*

The invoice which was issued can be altered or a credit can be issued.

Pull down **Customers, Create invoice** use the **Previous** button to find the invoice to be adjusted. Make the adjustment and record it

OR

Pull down **Customers** and select **Create Credit memos/refunds**, to issue a credit note for the incorrect invoice then process a new invoice for the correct items.

### *If the wrong amount is recorded as received*

*Use **Customers, Receive payment, Previous** to find the receipt and adjust the amount.*