Working with QuickBooks
Lesson 1 - Introducing QuickBooks

WORKBOOK
Introducing QuickBooks
2014
Topics
The QuickBooks Product Line
QuickBooks Files
Opening Portable Company Files
Restoring Backup Files
Entering Transactions in QuickBooks
QuickBooks User Interface Features
QuickBooks Help
Accounting 101
## Editions of QuickBooks

<table>
<thead>
<tr>
<th>Pro</th>
<th>Industry Editions (Premier and Enterprise)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premier</td>
<td>◦ General Business</td>
</tr>
<tr>
<td>Accountant</td>
<td>◦ Contractor</td>
</tr>
<tr>
<td>Enterprise</td>
<td>◦ Manufacturing &amp; Wholesale</td>
</tr>
<tr>
<td>Online</td>
<td>◦ Nonprofit, Professional</td>
</tr>
<tr>
<td></td>
<td>◦ Services Retailers</td>
</tr>
</tbody>
</table>
QuickBooks Releases

Patches provided by Intuit
Fixes problems with earlier release
To verify the release level, press Ctrl+1 (or F2) while QuickBooks is running
About QuickBooks Files

QuickBooks has three primary types of files:

Data files (extension “.QBW”)
◦ To enter data or create reports

Backup files (extension “.QBB”)
◦ A condensed, stable version of the data file
◦ Restore into a .QBW file before using

Portable files (extension “.QBM”)
◦ Very condensed
◦ To move your QuickBooks data to another computer
◦ Restore into a .QBW file before using
Open QuickBooks Data Files

Launch the QuickBooks program
Previously opened data file will be opened
To open a different file, select the File menu and then select
Open or Restore Company
Steps to Restore a Portable File

Launch QuickBooks
File menu > Open or Restore Company
Follow on screen directions
New “.QBW” file
Backup Files

Ensures safety of your data file
Scheduled backups
Online backup safer than local
Restoring Backup Files

Main reasons for restoring backup files in QuickBooks to recover damaged or lost data files
Restoring does not add information to your file
QuickBooks User Interface Features

There are various methods for entering information and transactions:

- Home Page
- Centers
- Snapshots
- Icon Bar
- Calendar
Home Page

Common tasks are shown as icons.

Five regions:
◦ Vendors
◦ Customers
◦ Employees
◦ Company
◦ Banking
Snapshots

- Income and Expense Trend
- Prior Year Income Comparison
- Customer Who Owe Money
- Prior Year Expense Comparison

Account Balances:
- Accounts Receivable: $3,907.00
- Checking: $2,999.70
- Accounts Payable: $29,930.52
- Cash On Hand: $1,715.10
- Prepaid Insurance: $842.40
Entering Transactions in QuickBooks

Forms
Lists
Accounts
Registers
Items
Support Resources

Variety of support resources
To access the support resources, select the Help menu and then select QuickBooks Help
QuickBooks Learning Center
Accounting’s Focus

To assess:
• The financial position of the organization relative to its debts (liabilities)
• Its capabilities to satisfy those debts and continue operations (assets), and
• The difference between liabilities and assets (net worth or equity)

The Accounting Equation,
Assets = Liabilities + Equity
Accounts and Chart of Accounts

Business transactions are recorded in several types of ledgers, called accounts.

The summary of all transactions is called the General Ledger.

A listing of every account is called the Chart of Accounts.

Each account has a type (i.e., asset, liability, equity, income, or expense).
Accounting Types

Primarily five account types:
1. Asset
2. Liability
3. Equity
4. Income
5. Expense
Double-entry Accounting

Total debits must always equal total credits
- Debits = Credits

Double Entry Accounting
- Every transaction creates a debit in one or more accounts and a credit in one or more accounts.

A debit might increase or decrease an account; the same is true of credits
- Depending on the type of account
- Debits are not always “bad” and credits are not always “good”
The Accounting in QuickBooks

Transactions are entered in forms
- Invoices, Bills and Checks

QuickBooks handles the debits and credits
Cash Versus Accrual

The *accrual basis* method
- Revenues and expenses are recognized when the transaction occurs

The *cash basis* method
- Revenues and expenses are recognized when the cash changes hands

With QuickBooks, you can create reports for either method
Summary of Key Points

- The QuickBooks Product Line
- QuickBooks Files
- Opening Portable Company Files
- Restoring Backup Files
- Entering Transactions in QuickBooks
- QuickBooks User Interface Features
- QuickBooks Help
- Accounting 101
Questions and Answers
Review Questions:

1. QuickBooks is:
   A. A job costing system
   B. A payroll system
   C. A double entry accounting system
   D. All of these options

2. The fundamental accounting equation that governs all accounting is:
   A. Net income = Revenue - Expenses
   B. Assets + Liabilities = Equity
   C. Assets = Liabilities + Equity
   D. Assets = Liabilities - Equity

3. Under accrual accounting:
   A. A sale is not recorded until the customer pays the bill
   B. Income and expenses are recognized when transactions occur
   C. An expense is not recorded until you write the check
   D. You must maintain two separate accounting systems

4. Which is not a method of accessing the data entry screens?
   A. Menus
   B. Company navigator
   C. Shortcut keys
   D. Data entry button

5. Which of the following statements is true?
   A. Debits are bad because they reduce income
   B. Equity is increased by a net loss
   C. Debit - credit = 0
   D. Assets are increased with a credit entry
Answer Key:

1. D
   This is incorrect because QuickBooks is all three: a job costing system, a payroll system, and a double entry accounting system.

2. C
   This is incorrect because Assets = Liabilities + Equity.

3. B
   This is incorrect because the correct statement describing accrual accounting is income and expenses are recognized when transactions occur.

4. D
   This is incorrect because the data entry button does not exist in QuickBooks.

5. C
   This is incorrect because debit - credit = 0 is a true statement.