

*Using*  
QuickBooks Accountant<sup>®</sup>  
**FOR ACCOUNTING**  
2015



**GLENN OWEN**

*Using*  
**QuickBooks Accountant**  
**FOR ACCOUNTING**  
**2015**

**Glenn Owen**  
*Allan Hancock College*



Australia • Brazil • Mexico • Singapore • United Kingdom • United States

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# Preface

What if you could integrate a popular computerized accounting program into your classroom without using complicated and confusing manuals? What if your students could use this program and reinforce basic accounting concepts in an online and interactive case setting? What if you could accomplish both without spending a fortune and a vast amount of time preparing examples, cases, and illustrations? In fact, *Using QuickBooks Accountant® 2015 for Accounting* by Owen is a textbook that fulfills and expands upon all three of these “what ifs.”

## Why Is This Textbook Needed?

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The first course in accounting has evolved significantly over the last several years. Educators are responding to the demand of accounting and nonaccounting faculty who rely on this course to lay a foundation for other courses. Moreover, the accounting profession relies on this course to attract the “best and the brightest” to become accounting majors. The evolution of this course has also put pressure on instructors to integrate computers into the classroom and, in so doing, develop students’ skills in intelligently using and interpreting accounting information.

Faculty often want to incorporate computerized accounting into the first course but are reluctant to invest the time and effort necessary to accomplish this laudable goal. Existing materials are often “preparer” driven in that they focus on the creation of financial reports only. Students are often discouraged in their use of computers in the first accounting course because of the confusing and complicated accounting software manuals that concentrate on accounting mechanics.

This text responds to all of these needs. It provides a self-paced, step-by-step environment in which students use *QuickBooks® Pro 2015* or *QuickBooks® Accountant 2015* to create financial statements and other financial reports, to reinforce the concepts they learn in their first course, and to see how computer software can be used to make business decisions.

## QuickBooks Pro vs. QuickBooks Accountant

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This text includes a student version of *QuickBooks® Accountant 2014*. However, it can be toggled between various editions: General Business, Contractor, Manufacturing & Wholesale, Nonprofits, Professional Services, Retail, and Pro. The text itself will focus on the Accountant version.

## New Features in This Edition of the Textbook?

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New to this edition is Assignment 4, found in Chapters 6 through 12, called Drone City. This is a sole proprietor providing drone consulting and sales.

## What Are the Goals of This Textbook?

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This textbook takes a user perspective by illustrating how accounting information is both used and created. QuickBooks Accountant is extremely user friendly and provides point-and-click simplicity with excellent and sophisticated accounting reporting and analysis tools. The textbook uses a proven and successful pedagogy to demonstrate the software's features and elicit student interaction.

The text's first and foremost goal is to help students learn or review fundamental accounting concepts and principles through the use of QuickBooks Accountant and the analysis of business events. The content complements the first course in accounting and thus should be used in conjunction with a core text on accounting.

A second goal is to enable students to view financial statements from a user perspective. After an initial tour of QuickBooks Accountant, students learn how to use QuickBooks Accountant to understand and interpret financial statements.

A third goal of the text is to provide students a means to investigate the underlying source documents that generate most financial accounting information, such as purchase orders, sales invoices, and so on. Students will experience this process by entering a few business events for later inclusion in financial reports.

A fourth goal is to provide students a means of exploring some managerial aspects of accounting by performing financial analysis and comparisons. Budgets are created and compared to actual operating results, and receivables and payables are aged for the purpose of analyzing cash management and cash flow projections.

A fifth goal of this text is to reduce the administrative burdens of accounting faculty by providing a self-paced environment, data sets, cases, and a correlation table describing how this book might be used with a variety of popular accounting texts.

## What Are the Key Features of This Textbook?

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This text is designed to work with *QuickBooks® Accountant 2015*. It can be used with other versions of QuickBooks, but the screen shots and instructions are based entirely on *QuickBooks® Accountant 2015*.

The text is divided into two parts. Part 1 is designed to help you navigate through QuickBooks Accountant. It provides a foundation for Part 2, which will show you how to create new QuickBooks Accountant files and to record a variety of operating, investing, and financing transactions. Part 2 consists of seven chapters, each with its own set of questions, assignments, and case problems. All chapters in Part 1 revolve around Larry's Landscaping & Garden Supply. Larry's specializes in landscaping new and existing homes and is well known in town for its high-quality work and timely completion of projects. You've answered an ad for a part-time administrative assistant and are about to learn more about what QuickBooks Accountant can do for a business. Chapter 1 gives you a quick interactive tour of QuickBooks Accountant, in which you will restore data files and become familiar with QuickBooks Accountant's essential features. Chapters 2, 3, 4, and 5 introduce you to creating and preparing the balance sheet, the income statement, the statement of cash flows, and supporting reports.

Part 2 is designed to teach you how to use QuickBooks Accountant and the accounting methods and concepts you've learned in your introductory

accounting course. This part is divided into seven chapters, each with its own set of questions, assignments, and case problems. You will follow the adventures of Donna and Karen at Wild Water Sports, who have hired you to help them set up their business in QuickBooks Accountant, capture various business transactions, make adjusting entries, set up and use budgets, and generate key business reports. You will utilize QuickBooks Accountant's EasyStep Interview to establish accounts, customers, vendors, items, and employees and then record business transactions using key source documents like sales receipts, invoices, bills, deposit forms, and checks. You will learn how to create journal entries in QuickBooks Accountant to accrue revenues and expenses, adjust deferred assets and liabilities, and record depreciation of long-lived assets. Finally, you will learn how QuickBooks Accountant's budgeting and reporting process can help Wild Water Sports plan and control their business activities.

A tested, proven, step-by-step methodology keeps students on track. Students enter data, analyze information, and make decisions all within the context of the case. The text constantly guides students, letting them know where they are in the course of completing their accounting tasks.

Numerous screen shots include callouts that direct students' attention to what they should look at on the screen. On almost every page in the book, you will find examples of how steps, screen shots, and callouts work together.

**Trouble?** paragraphs anticipate the mistakes that students are likely to make—or problems they might encounter—and then help them recover and continue with the chapter. This feature facilitates independent learning and frees you to focus on accounting concepts rather than on computer skills.

With very few exceptions, QuickBooks Accountant does not require the user to record journal entries to record business events. An appendix on traditional accounting records gives you the flexibility to teach journal entries at your discretion. It provides the information necessary for students to make journal entries to record the events described in Chapters 6 through 12.

Questions begin the end-of-chapter material. They are intended to test students' recall of what they learned in the chapter.

Matching exercises follow the questions. Each matching exercise lists key concepts/terms used or introduced in each chapter, terms that the student must match with the appropriate definition. This helps reinforce the student's grasp of the accounting and QuickBooks Accountant concepts.

Assignments follow the matching exercises. In the first five chapters, the assignments involve continuing the students' exploration of QuickBooks Accountant by viewing Larry's information. Three additional cases are used to extend their practice and exploration of QuickBooks Accountant files. The first is Sierra Marina, a sole proprietorship renting boats in the Sierra Mountains. The second is Kelly Jennings, an advertising agency doing business as a corporation. The third is Jason Galas Attorney at Law PC, a law firm doing business as a professional corporation.

In Chapters 6–11, exercises follow the matching exercises. Each exercise revolves around Boston Catering where students are asked to add customers, vendors, items, employees, and operating, investing, and financing activities. Each exercise stands alone and does not require completion of the previous exercise.

In Chapter 12, the end-of-chapter material includes questions, matching exercises, and three assignments. These are designed to help students apply the knowledge gained in the chapter on managing a firm's fixed assets including

creating a new client, creating a fixed asset item list, depreciating fixed assets, and recording a journal entry in QuickBooks Accountant.

In Chapters 6–11, four assignments follow the exercises. Each assignment in Chapters 7–11 includes a beginning backup data file, which is used to get the student started. This includes an extension of the Wild Water Sports continuing business problem used in the chapter, followed by the Central Coast Cellular, Santa Barbara Sailing, and Drone City assignments. Three additional cases follow these assignments. None of these cases include a beginning data file; students continue the case from the previous chapter. These include the Forever Young, Ocean View Flowers, and Aloha Properties cases.

Five comprehensive problems appear at the end of Chapters 7 and 11. These problems provide an opportunity for students to demonstrate their comprehensive understanding of QuickBooks Accountant procedures and accounting knowledge.

The Student version of the text web site includes all beginning data files for each chapter and for each assignment. Students should navigate their browser to <http://www.cengage.com>. Click Higher Education, then type Glenn Owen in the Search for Books or Materials text box, and then click Find. Locate and then click the QuickBooks 2015 text from the listing provided. Click the text **Students: Access Free Companion Content**. Click **Access**. Book resources should be listed including student data files.

The Instructor’s Manual includes solutions to all questions, matching exercises, assignments, cases, and comprehensive problems. Completed QuickBooks Accountant backup files are provided for the assignments, cases, and comprehensive problems to enable instructors to see what the student completed data file should look like after each chapter. The instructor’s section of the text web site includes student data files and instructor completed data files. Instructors should navigate their browser to <http://www.cengage.com>. Click Higher Education, then type Glenn Owen in the Search for Books or Materials text box, and then click Find. Locate and then click the QuickBooks 2015 text from the listing provided. Click the text **Instructor Companion Site**. Book resources should be listed including both student and instructor data files. Instructor completed backup files, solution manual, rubrics, etc., are locked and require registration and login available at this site.

## Dates

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QuickBooks Accountant, like all accounting programs, is extremely date sensitive. This follows from the accounting periodicity concept, which requires accounting information to be organized by accounting periods such as months, quarters, or years. It is most important that, when using this text, you enter the proper dates to record business transactions or view business reports. For example, if you are using this book in 2016 (and thus your computer has a system date of 10/1/16, for example) then you will need to adjust the date references. In the Employee Center, for instance, the concept of “The Calendar Year” means 2016. However, if you are using this book in 2017 (and thus your computer has a system date of 2/1/17, for example) then the reference to “The Calendar Year” refers to 2017. The Larry’s Landscape & Garden Supply file used in Chapters 1–5 is a sample file created by Intuit which automatically sets the system date to 12/15/2014. Thus you won’t have to worry about differences in report dates.

The end-of-chapter assignments, cases, and comprehensive problems often have dates that differ from the date you might be entering business transactions. For example, the Central Coast Cellular assignment is dated 2014. When entering dates for transactions, QuickBooks Accountant automatically warns you of transactions being recorded more than 30 days into the future or more than 90 days in the past as shown by the following windows:

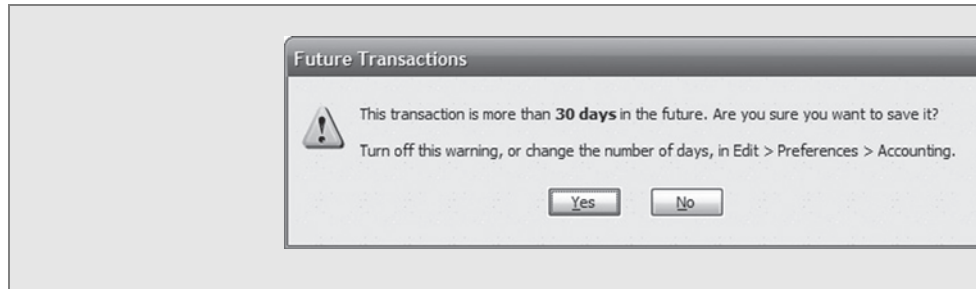


Figure P.1

Future Transactions Warning

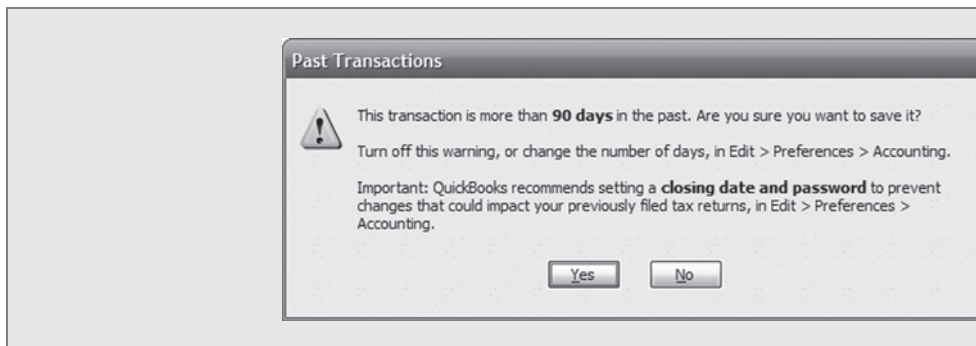


Figure P.2

Past Transactions Warning

Click the **Yes** button when this occurs and then go to the Edit menu, click **Preferences**, click **Accounting**, and then click the **Company Preferences** tab. Uncheck the two check boxes located in the Date Warnings section as shown below.

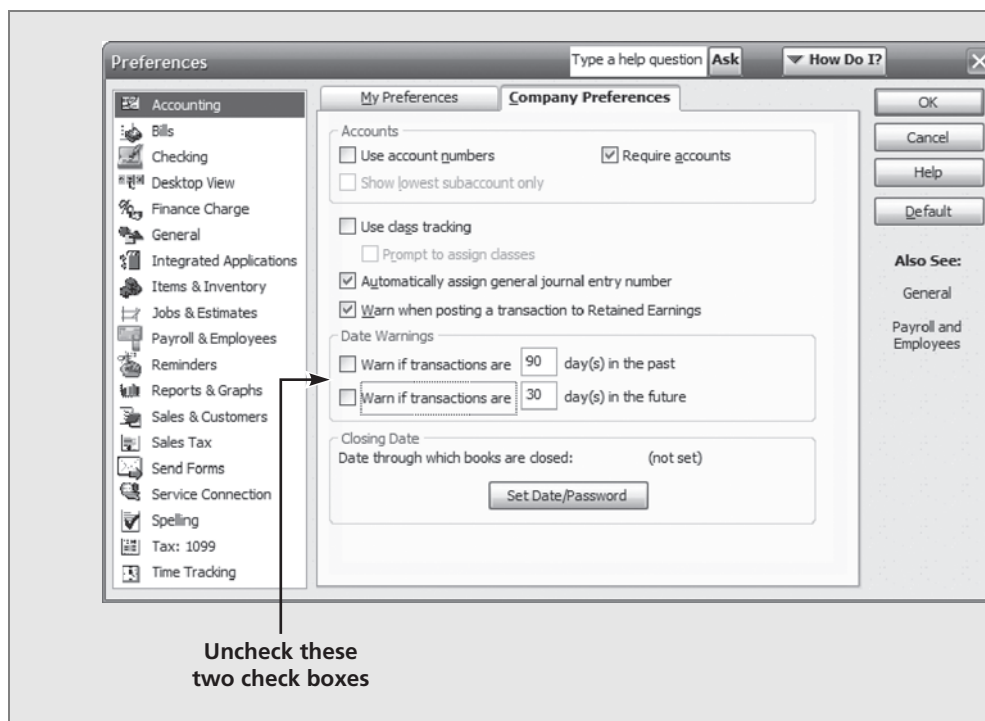


Figure P.3

Turning Off Date Warnings

# About the Author

**Glenn Owen** is a tenured member of Allan Hancock College's Accounting and Business faculty, where he has lectured on accounting and information systems since 1995. In addition, he is a retired lecturer at the University of California at Santa Barbara, where he taught accounting and information systems courses from 1980 to 2011. He has also been a lecturer at the Orfala College of Business at Cal Poly San Luis Obispo teaching financial and managerial accounting courses. His professional experience includes five years at Deloitte & Touche as well as vice president of finance positions at Westpac Resources, Inc., and Expertelligence, Inc. He has authored many Internet-related books and accounting course supplements and is currently developing online accounting instruction modules for his Internet-based financial accounting courses. Mr. Owen previously released a 2013 edition of his Excel and Access in Accounting text, which gives accounting students specific, self-paced instruction on the use of spreadsheets (Excel 2013) and database applications (Access 2013) in accounting. His innovative teaching style emphasizes the decision maker's perspective and encourages students to think creatively. His graduate studies in educational psychology and his 39 years of business experience yield a balanced blend of theory and practice.

## Dedication

I would like to thank my wife Kelly for her support and assistance during the creation of this and previous editions of this text. While our boys are now out of the house and pursuing their own interests she continues to listen to my often crazy ideas for new cases and experiences with college students, providing an excellent sounding board and reality check. You and the boys continue to be what life is all about.



# Note to the Student and Instructor

## QuickBooks Version and Payroll Tax Tables

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The text and related data files created for this book were constructed using *QuickBooks® Accountant 2015* release R4P. To check your release number, open *QuickBooks® Accountant 2015* and type **Ctrl 1**. If your release is less than number R5, use the QuickBooks Update Service under the Online menu to update your version. This is a free service to version 2015 users and requires an Internet connection. The files accompanying this text can be used in any *QuickBooks® Accountant 2015* release R5 or higher. If you are using a higher release number, QuickBooks Accountant will automatically offer to update your file when you try and restore from the Data Files CD. Click **Yes** in the corresponding Update Company window.

In this version of QuickBooks Accountant, Intuit continues its use of a basic payroll service. This is a requirement in order to use the QuickBooks Accountant payroll features that automatically calculate taxes due to federal or state agencies. QuickBooks Accountant initially comes with the current tax tables; however, these tables soon become outdated, and the payroll feature is disabled unless the user subscribes to the payroll service.

Some previous versions of this text applied whatever tax tables were in effect at the time of publication. Users who had different tax tables often noted differences in solutions as a result. This new requirement solves that problem. The author decided to use the manual payroll tax feature, which requires that students manually enter the tax deductions. This alleviates the discrepancies between the solutions manual and the students' data entry and removes the burden of having to purchase the tax table service for each copy of QuickBooks Accountant installed in a lab environment. Instructions on how to set up payroll for manual calculation of payroll taxes are provided in the text. For more information, see your QuickBooks Accountant documentation.

All reports have a default feature that identifies the basis in which the report was created (e.g., accrual or cash) and the date and time the report was printed. The date and time shown on your report will, of course, be different from that shown in this text.



# Getting Started with QuickBooks Accountant

part

1

*In this Part, you will:*

- Take an interactive tour of QuickBooks Accountant
- Create a balance sheet and modify its presentation
- Create an income statement and modify its presentation
- Create a statement of cash flows and modify its presentation
- Create supporting reports and modify their presentation

**P**art 1 is designed to help you navigate through QuickBooks Accountant. It provides a foundation for Part 2, which shows you how to create a new QuickBooks Accountant file and record a variety of operating, investing, and financing transactions.

This part is divided into five chapters—each with its own set of questions, assignments, and case problems. Chapter 1 gives you a quick interactive tour of QuickBooks Accountant, in which you will become familiar with the essential features of QuickBooks Accountant. Chapters 2, 3, 4, and 5 introduce you to creating and preparing the balance sheet, the income statement, the statement of cash flows, and supporting reports.

# An Interactive Tour of QuickBooks Accountant

## *Student Learning Outcomes*

*Upon completion of this chapter, the student will be able to:*

- Discuss QuickBooks Accountant's basic features
- Restore, open, back up, and close a QuickBooks Accountant file
- Identify the components and menus available in the QuickBooks Accountant window
- Use QuickBooks Accountant Help resources
- Examine a few forms and reports available in QuickBooks Accountant

## **Case: Larry's Landscaping & Garden Supply**

You've been working in a part-time job at a restaurant, and today you decide that you've served your last hamburger. You want a new part-time job—one that's more directly related to your future career in business. As you skim the want ads, you see an ad for an administrative assistant at Larry's Landscaping & Garden Supply. The ad says that job candidates must have earned or be earning a business degree, have some computer skills, and be willing to learn on the job. This looks promising. And then you see the line "Send a résumé to Scott Montalvo." You know Scott! He was in one of your marketing classes two years ago; he graduated last year with a degree in business. You decide to send your résumé to Scott right away.

A few days later you're delighted to hear Scott's voice on the phone. He remembers you well. He explains that he wants to hire someone to help him with clerical and other administrative tasks. He asks if you could start right away. When you say yes, he offers you the job on the spot! You start next Monday.

When you arrive Monday morning, Scott explains that the first thing he needs you to learn is how to use a software package called QuickBooks Accountant. You quickly remind Scott that you're not an accounting major. Scott laughs as he assures you that you'll have no problem with QuickBooks Accountant because it is so user oriented. He chose QuickBooks Accountant exactly for that reason and has been using it for about three months. Scott wants accurate, useful, and timely financial information to help him make sound business decisions—and he's not an accountant, either.

Scott explains that the company has been using QuickBooks Accountant since its inception. He has become so busy at the company that he needs someone else in the office who can enter transactions, generate reports for the managers, and so on. So he says that today he will give you a tour of QuickBooks Accountant and teach you some of the basic features and functions of this package. You tell him that you're familiar with Windows and you're ready to start.

(Note: The file used in Chapters 1 through 5 is a service-based practice file created by Intuit. This file is used because it automatically sets the system date and no changes are made to the data.)

## Using This Text Effectively

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Before you begin the tour of QuickBooks Accountant, note that this textbook assumes that you are familiar with the basics of Windows: how to control windows, how to choose menu commands, how to complete dialog boxes, and how to select directories, drives, and files. If you do not understand these concepts, please consult your instructor. Also note that this book is designed to be used with your instructor's and/or another textbook's discussion of essential accounting concepts.

The best way to work through this textbook is to read the text carefully and complete the numbered steps, which appear on a shaded background, as you work at your computer. Read each step carefully and completely before you try it.

As you work, compare your screen with the figures in the chapter to verify your results. You can use QuickBooks Accountant with any Windows operating system. The screen shots used in this book were captured in a Windows 7 environment. So, if you are using an earlier or later version of Windows, you may see some minor differences between your screens and the screens in this book. Any significant differences that result from using QuickBooks Accountant within different operating systems will be explained.

Don't worry about making mistakes—that's part of the learning process. The *Trouble?* paragraphs identify common problems and explain how to correct them or get back on track. Follow those suggestions *only* if you are having the specific problem described.

After completing a chapter, you may do the questions, assignments, and case problems found at the end of each chapter. They are carefully structured so that you will review what you have learned and then apply your knowledge to new situations.

## Demonstrations

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Demonstrations are available throughout this text and are referenced by a Video Demonstration Icon in the margin. These demonstrations are stand-alone full-action videos with audio showing step-by-step illustrations of business processes explained in this text.

All of these are available via the text's companion web site located at <http://www.cengagebrain.com>. Navigate your browser to <http://www.cengagebrain.com>. Type Glenn Owen in the Search for Books or Materials text box, and then click Find. Locate and then click the QuickBooks 2015 text from the listing provided. Click the **Free Materials** tab and then click **Access Now**. Book resources should be listed including Student Data Files and Video Demonstrations.

When you navigate your browser to the student companion site for the text, you should see two Book Resources: Student Data Files and Video Demonstrations.

Student Data Files are addressed in the next section of this text. Video Demonstrations need to be downloaded from the companion site to your computer by clicking the Video Demonstrations text. Usually these files are downloaded to a folder on your computer called Downloads. In some cases you may be asked where you want these files downloaded.

The file you download is a very large compressed zip file. When you double-click the file downloaded you'll see a list of files. All of these need to be

Video Demonstration



extracted (decompressed) first before you can view them. Click **Extract to a folder** and then create a folder on your computer or flash drive that you want to contain all of your demonstration files. Remember where you extracted these files so you can find them later.

## QuickBooks Accountant Application Installation CD

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To complete the chapters and exercises in this book, you must have access to the QuickBooks Accountant application. Your instructor might make the application available in a lab environment or you may already own the software. Alternatively, the CD located in the inside back cover of this text, labeled “Intuit Quickbooks Accountant 2015,” contains all the files you need to run QuickBooks Accountant on your computer. Insert the CD in your computer and the setup installation program should begin automatically. Follow the instructions provided to install the QuickBooks Accountant application onto your computer. If it does not start automatically, use Windows Explorer to open the CD and double-click the setup application.

In this edition of the textbook, Intuit provides a student trial version of QuickBooks: Premier Accountant 2015. If you use the Premier Accountant 2015 version of the software, the figures in this book will match what you see on your computer screen. You may also use QuickBooks Pro 2015. In this case, some of the figures in the text may not match what you see on-screen. However, the differences are minor. The backup and restoration process is the same for both QuickBooks Pro 2015 or QuickBooks: Premier Accountant 2015 and student data files can be restored in either version. The only exception is that the newly added Chapter 12 contains material that is only available in the Accountant version.

## Data Files

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To complete the chapters and exercises in this book, you must have access to data files. Download the data files from the text’s companion site at <http://www.cengagebrain.com>. Navigate your browser to <http://www.cengagebrain.com>. Type Glenn Owen in the Search for Books or Materials text box, and then click Find. Locate and then click the QuickBooks 2015 text from the listing provided. Click the **Free Materials** tab and then click **Access Now**. Book resources should be listed including student data files.

The file you download is a very large compressed zip file. When you double-click the file downloaded you’ll see a list of files. All of these need to be extracted (decompressed) first before you can restore them to QuickBooks. Click **Extract to a folder** and then create a folder on your computer or flash drive that you want to contain all of your student data files. Remember where you extracted these files so you can find them later.

You will then need to restore the backup files to their original format. (As a reminder, there are no differences in the restoration of backup files in QuickBooks Pro and QuickBooks: Premier Accountant versions and student data files can be restored in either version.) The files are named to correspond to chapters and sessions in this book.

Working from your computer’s hard drive is the most efficient way to use the QuickBooks Accountant program. However, if you are in a lab environment and want to take your file with you when you leave, you’ll need to copy that file to a removable disk (ideally a portable USB drive). More on this later.

## What Is QuickBooks Accountant?

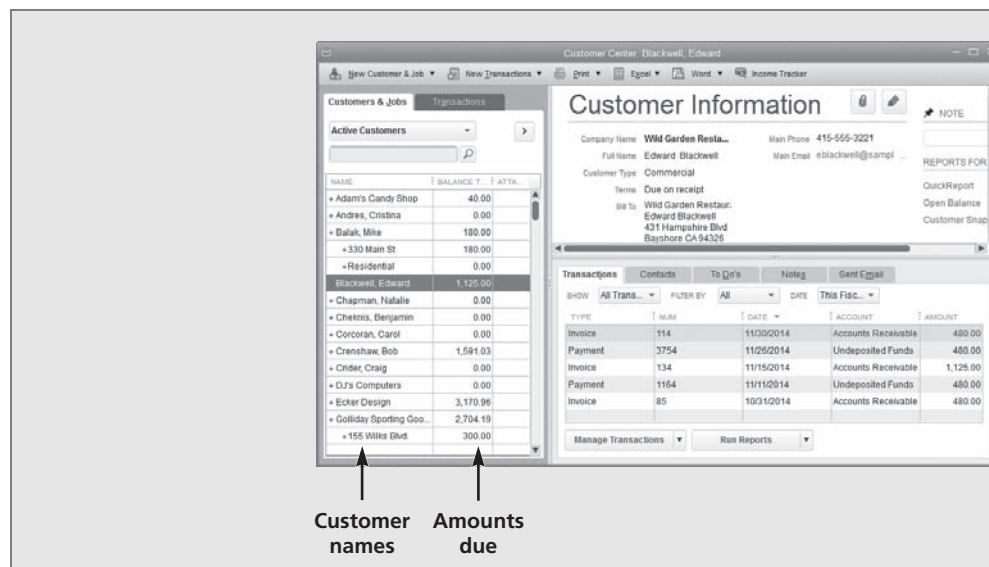
Scott is excited about using QuickBooks Accountant because it is the best-selling small business accounting software on the market today. He explains that QuickBooks Accountant is an automated accounting information system that describes an entity's financial position and operating results and that helps managers make more effective business decisions. He also likes the QuickBooks Accountant reports and graphs, which quickly and easily organize and summarize all the data he enters.

Scott says he especially likes QuickBooks Accountant because it can handle all of the company's needs to invoice customers and maintain receivables and can also be used to pay bills and maintain payables. It can track inventory and create purchase orders using on-screen forms—all without calculating, posting, or closing. Scott can correct any previously recorded transaction, and an “audit trail” automatically keeps a record of any changes he makes.

Scott explains further that QuickBooks Accountant has four basic features that, when combined, help manage the financial activity of a company. The four features—lists, forms, registers, and reports and graphs—work together to create an accounting information system. Let's take a closer look at each of these four features. Don't start the QuickBooks Accountant program yet. Just read through the following to better understand QuickBooks Accountant's features.

### Lists

**Lists** are groups of names—such as customers, vendors, employees, inventory items, and accounts—and information about those names. Lists are created and edited from a list window or while completing a form, such as an invoice, bill, or time sheet. Figure 1.1 shows a list of customer names with jobs for each of these customers, balances owed for each job, and any explanatory notes.



### Video Demonstration



### DEMO 1A - Overview and Introduction

Figure 1.1

A Customer List

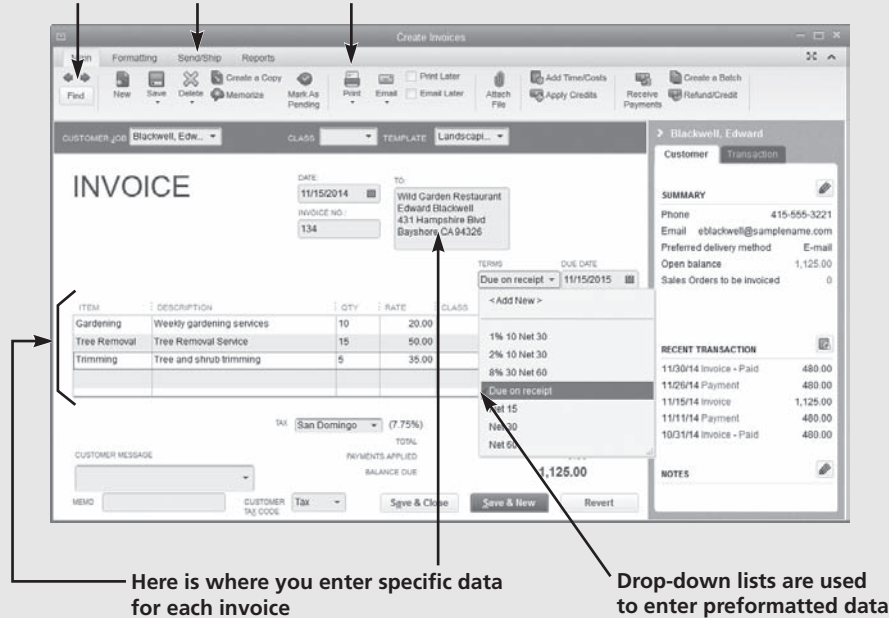
### Forms

**Forms** are QuickBooks Accountant's electronic representations of the paper documents used to record business activities, such as customer invoices, a vendor's bill for goods purchased, or a check written to a vendor. The customer invoice form in Figure 1.2 contains many **fields**, or areas on the form that you can fill in.

If you fill in a field, such as the Customer: Job field, QuickBooks Accountant often automatically fills in several other fields with relevant information to speed up data entry. In Figure 1.2, for example, the Bill To, Terms, and Invoice # fields are filled in as soon as the Customer: Job field is entered.

**Figure 1.2**  
An Invoice Form

Your screen may show the words Print, Send, Ship, and Find if your Create Invoices window is expanded. QuickBooks Accountant automatically removes words to save space when the window size is reduced.

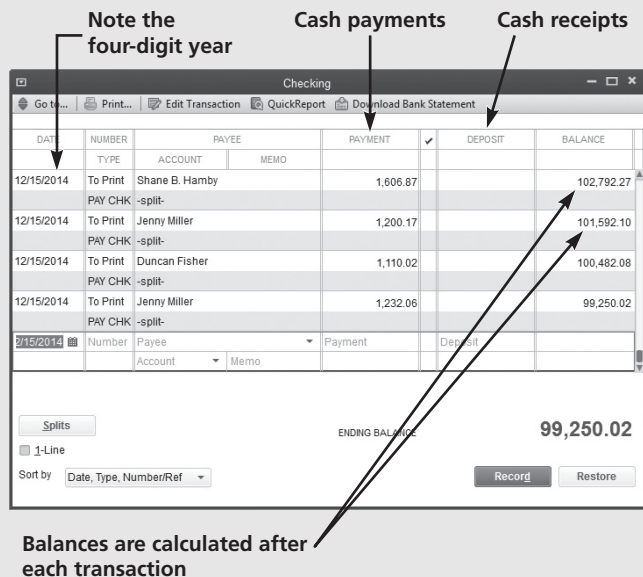


Also, filling in a field is made easier through the use of drop-down lists. Whenever you see an arrow next to or in a field, that field is a drop-down list.

### Registers

A QuickBooks Accountant **register** contains all financial activity for a specified balance sheet account. Examples of registers include checking (cash), accounts receivable, inventory, and accounts payable. The checking register in Figure 1.3

**Figure 1.3**  
A Section of the Checking Register





shows some cash payments and cash receipts; it also provides cash balances after each transaction.

The financial effects of business transactions may be entered directly into the register or into the forms that automatically record the effects of these transactions in the relevant register. For example, if an owner's cash contribution is recorded on a Deposit form, the increases in both the checking account and relevant owner's equity account are simultaneously recorded in the Checking register and Contributed Capital register.

## Reports and Graphs

QuickBooks Accountant **reports** and **graphs** present the financial position and the operating results of a company in a way that makes business decision making easier. The Profit and Loss report in Figure 1.4 shows the revenues and expenses for a specific period of time. Note that QuickBooks Accountant uses the title "Profit & Loss," but the generally accepted accounting title for this report is "Income Statement." Titles for this and other reports are all changeable using QuickBooks Accountant's Header/Footer tab. You can modify

The screenshot shows the Profit & Loss report for Larry's Landscaping & Garden Supply for the period of December 1 to 15, 2014. The report is displayed on the Accrual Basis. The interface includes a toolbar with options like 'Customize Report', 'Share Template', 'Memorize', 'Print', 'E-mail', 'Excel', 'Hide Header', 'Expand', and 'Refresh'. The report is organized into several sections: Ordinary Income/Expense, Cost of Goods Sold, Expense, and Other Income/Expense. The total net income for the period is 383.75.

Larry's Landscaping & Garden Supply	
Profit & Loss	
December 1 - 15, 2014	
Dec 1 - 15, 14	
Ordinary Income/Expense	
Income	
Landscaping Services	16,991.40
Markup Income	120.00
Retail Sales	89.37
Service	1,500.00
Total Income	18,700.77
Cost of Goods Sold	
Cost of Goods Sold	1,777.46
Total COGS	1,777.46
Gross Profit	16,923.31
Expense	
Payroll Expenses	15,425.97
Automobile	50.00
Delivery Fee	-25.00
Insurance	545.00
Job Expenses	-420.00
Mileage Reimbursement	0.00
Rent	800.00
Utilities	205.77
Total Expense	16,581.74
Net Ordinary Income	341.57
Other Income/Expense	
Other Income	
Interest Income	42.18
Total Other Income	42.18
Net Other Income	42.18
Net Income	383.75

Figure 1.4

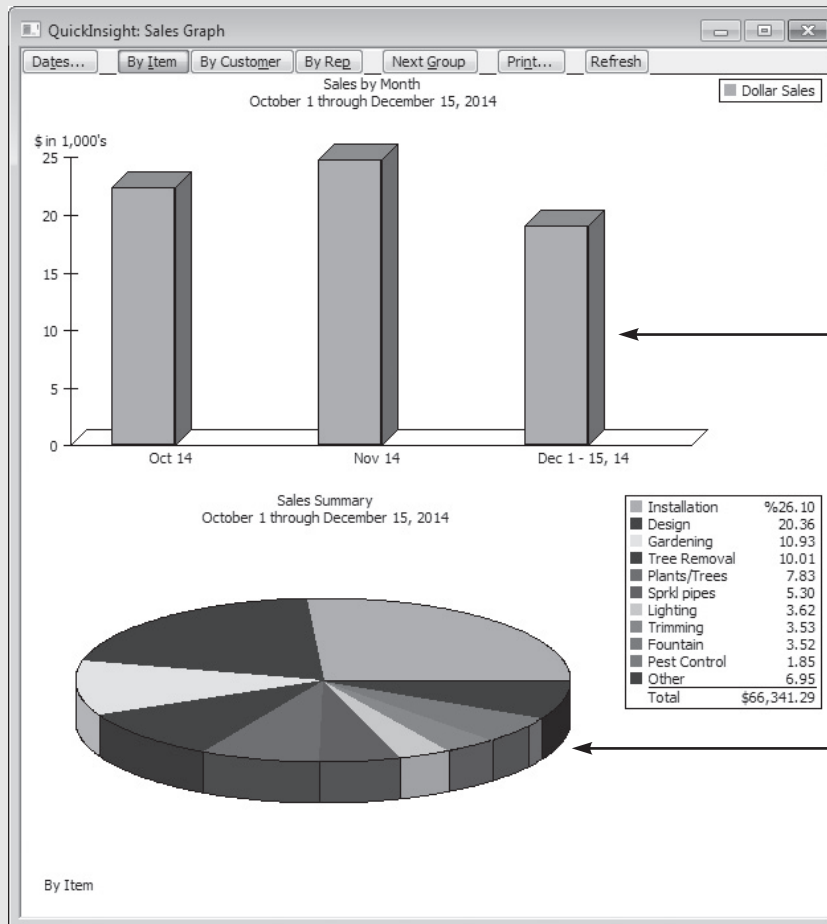
A Profit and Loss Report  
(Income Statement)

reports in many other ways, such as by comparing monthly periods, comparing this year with prior years, or examining year-to-date activity.

QuickBooks Accountant can also graph data to illustrate a company's financial position and operating results. For example, the bar chart in Figure 1.5 illustrates sales by month, and the pie chart illustrates sales by construction category.

**Figure 1.5**

A Sales Graph



A bar chart helps you quickly see relative sales by month

A pie chart helps you quickly see relative percentages

## Launching QuickBooks Accountant

Now that you know about lists, forms, registers, and reports and graphs, you are ready to launch QuickBooks Accountant. Scott invites you to join him in his office and use his large-screen monitor to start your tour. You open Windows, and Scott tells you how to launch QuickBooks Accountant.

**To launch QuickBooks Accountant in Windows:**

- 1 Click the **Start** button.
- 2 Select the **Programs** menu and look down the list for QuickBooks Accountant.
- 3 Once you've located the QuickBooks Accountant program, click the QuickBooks Accountant icon or name.  
**Trouble?** If, when QuickBooks Accountant was last used, the file being worked on was closed, you will see a No Company Open window. If, however, a QuickBooks Accountant file is open, click **File**, and then click **Close Company**. Be sure to close any open files before you proceed to the next set of steps.

Now that you have launched QuickBooks Accountant, you can begin to learn how to use it.

## Restoring and Opening a QuickBooks Accountant File

Scott hands you a disk and asks you to restore the Larry's Landscaping & Garden Supply QuickBooks Accountant file. (*Note:* This file is one of the files you already downloaded and extracted from Cengage.)

Video Demonstration



DEMO 1C - Restoring and backing up a file

**To restore a backup file to its original format:**

- 1 Download the data files from the textbook's web site as previously described.
- 2 Launch QuickBooks Accountant if you closed it above. (*Note:* if a QuickBooks Setup window appears, close it.)
- 3 Click **File** and then click **Open or Restore Company** or, if a QuickBooks Setup window appears, click the **Other Options** tab and then click **Open Existing File**.
- 4 Choose the **Restore a backup copy** option button and then click **Next**.
- 5 Choose the **Local backup** option button and then click **Next**.
- 6 Locate the Larry's Landscaping & Garden Supply (Backup) file wherever you downloaded the file from the textbook's web site. Select it and then click **Open**.
- 7 Click **Next** in the Restore Backup: To Location window, which appears next.
- 8 Navigate the Save Company File as window to the location where you want the file to be restored on your computer's hard drive. Be sure to note its location for future use. In the example shown in Figure 1.6, we chose to save the restored file in a folder called "Restored QuickBooks Accountant files."