

CHAPTER TWO



Objectives

After completing this chapter, you should be able to:


- **write** cheques to vendors for purchases
- **enter** sales receipts to customers
- **customize** QuickBooks forms
- **add** an icon to the Icon bar
- **add** new vendors and customers
- **correct** cheques and receipts before recording
- **review** transaction journals after recording transactions
- **edit** sales receipts and cheques after recording
- **display** and **print** reports
- **display** and **print** graphs


Company Information

Company Profile

Chelsea's Chocolates, located in Victoria, British Columbia, is a sole proprietorship owned and operated by Chelsea Truffles. After finishing high school in Victoria, Chelsea pursued her dream. She studied at one of Belgium's culinary schools specializing in candy and apprenticed with several famous Belgian chocolatiers to build her experience. Then she returned to Victoria to start her own business, initially selling chocolate truffles from her home, gradually expanding her business, and finally opening her own store. She has maintained several of her Belgian contacts and still imports all her chocolate and cocoa ingredients directly from Belgium.

Chelsea operates a cash business — all customers pay at the time of the sale, mostly in cash. A few customers who place large or special orders pay by cheque. All vendors who supply the store require payment immediately on receipt of merchandise, and Chelsea always pays by cheque so that she will have a complete record of her business transactions.

 **Notes**
Chelsea's Chocolates
350 Godiva Ave.
Victoria, BC V7H 3L8
Tel: (250) 286-6199
Fax: (250) 288-6387
Email: ct@chelseas.com
Web: www.chelseas.com
Business No.: 448 399 844

 **Notes**
The business number is the CRA (Canada Revenue Agency) number for the company that applies to all federal returns. It is also the GST/HST number for the business and, for non-profits if applicable, the charitable tax number.

Her store is busiest in advance of major holiday seasons — chocolates are favourite gifts for Easter and Christmas — and she caters to special occasions for all religions. Originals, a major craft show in early April and late November, precedes some of these major holidays, and Chelsea is usually very successful at both shows, selling chocolates directly to customers and discussing special orders for future business. She has just purchased a large inventory of candy ingredients to prepare candy for the November craft show.

Over time, Chelsea acquired the capital equipment needed for her business, including the stove tops for making chocolates, refrigerators for food supplies, and customized refrigerated display shelves to keep the prepared candy fresh while on display. She keeps a minimum inventory on hand so that candy ingredients such as butter, cream, nuts, dried fruits, and marzipan are always fresh. She uses a variety of sugars to flavour the candy and also keeps these as regular inventory items. Her non-food inventory includes packaging materials, such as waxed tissue paper, paper and plastic bags, boxes in all sizes, and decorative gift tins, and supplies of plastic and vinyl gloves for serving customers.

Chelsea pays monthly rent for store space that includes heat and hydro. Her rent is higher than average for the store space to cover her above-average usage of hydro. She also pays rent for her booth at the Originals craft show.

On November 1, Chelsea's Chocolates is ready to use QuickBooks for accounting transactions after using the following information to convert the accounting records to QuickBooks:

- Chart of Accounts
- Trial Balance
- List of Vendors, Customers, and Items
- Accounting Procedures

Chart of Accounts

Chelsea's Chocolates

ASSETS

Bank

Bank Chequing
Bank Savings

Current Assets

Inventory:Chocolate
Inventory:Other Candy Ingredients
Inventory:Packaging Material
Supplies

Fixed Assets

Automobile
Candy Making Equipment
Computer/Cash Register
Display Cabinets & Shelves
Range/Ovens
Refrigerators

LIABILITIES

Current Liabilities

GST/HST Payable
PST Payable (BC)

Long Term Liabilities

Long Term Loan

EQUITY

Capital, Chelsea Truffles
Retained Earnings

INCOME

Revenue from Candy Sales
Revenue from Interest

EXPENSE

Cost of Goods Sold
Cost of Candy Ingredients

Expenses

Advertising
Insurance
Maintenance and Repairs
Packaging Materials Used
Rental Expense
Supplies Expense
Utilities

Trial Balance

Chelsea's Chocolates

AS AT OCTOBER 31, 2017

	Debits	Credits
Bank Chequing	\$ 29,200.00	
Bank Savings	18,580.00	
Inventory:Chocolate	5,150.00	
Inventory:Other Candy Ingredients	3,450.00	
Inventory:Packaging Material	600.00	
Supplies	1,500.00	
Automobile	14,000.00	
Candy Making Equipment	5,000.00	
Computer/Cash Register	4,500.00	
Display Cabinets & Shelves	3,800.00	
Range/Ovens	3,300.00	
Refrigerators	26,000.00	
GST/HST Payable	\$ 450.00	
Long Term Loan		\$ 24,000.00
Capital, Chelsea Truffles		57,940.00
Revenue from Candy Sales		88,500.00
Revenue from Interest		2,000.00
Cost of Candy Ingredients	8,300.00	
Advertising	2,100.00	
Insurance	1,700.00	
Packaging Materials Used	3,900.00	
Rental Expense	34,000.00	
Supplies Expense	1,710.00	
Utilities	5,200.00	
	\$172,440.00	\$172,440.00

Notes

Only active accounts are selected by default to be displayed on the Trial Balance.

Vendor, Customer, and Item Lists

Chelsea's Chocolates

VENDORS

Belgian's Finest
Covers
Fournier's Fine Foods
Minister of Finance (BC)
NuTel
Originals (Craft Show)
Receiver General
Suite Properties
SuperSacs

CUSTOMERS

Craft Show Customers
Store Customers

ITEMS

Candy Sold in Store
Craft Show Sales
Special Orders

Accounting Procedures



Notes

Refer to the Tax Appendix (found on the DVD that accompanies this text) for details on sales taxes.

Taxes: GST and PST

Chelsea's Chocolates pays 5 percent GST and 7% PST on most goods and services that it buys except zero-rated items, including the imported products, and charges GST on all chocolate sales and GST and PST on all other services. It uses the regular method for remittance of the GST. GST collected from customers is recorded as a liability in the *GST/HST Payable* account. GST paid to vendors is recorded in the *GST/HST Payable* account as a decrease in liability to the Canada Revenue Agency. The report is filed with the Receiver General for Canada by the last day of the month for the previous quarter, either including the balance owing or requesting a refund. PST collected from customers is recorded as a liability in the *PST Payable (BC)* account. PST paid to vendors is expensed along with the expense account used on the vendor bill. The *GST/HST Payable* account shows a debit balance in the Trial Balance as of October 31, 2017, because Chelsea has recently submitted a tax return and paid the amount owing. She has made a large number of purchases to prepare for the craft show.

Customer and Vendor Account Terms

Most customers pay in cash. Cash received from customers is deposited immediately and is recorded in the *Bank Chequing* account. It is not held for later deposit. Some special order customers pay for their purchases by cheque.

All vendors demand payment on receipt of merchandise. All payments are made by cheque.

Cost of Goods Sold

Most food items and supplies are used shortly after purchase, so these amounts are entered directly as expenses rather than as assets. At the end of the fiscal year, adjusting entries are made for unused food inventory that is available for future periods. This amount is debited to the appropriate asset account and the expense account is reduced.

Instructions



Notes

If you would prefer to skip the step-by-step instructions and work only with a list of source documents, refer to the DVD in the back of the textbook for the list of source documents for this chapter.



Notes

Instructions for reports begin on page 82.

1. Using the Chart of Accounts, Trial Balance, and other information, record entries for the source documents for November 2017 by using QuickBooks. You will find the source documents marked with an SD beside them and listed as you work through the chapter. The procedures for entering each new type of transaction are outlined in step-by-step instructions in the chapter. Additional source documents will be provided, allowing you to have more practice entering transactions.
2. After you have finished making your entries, print the reports and graphs for November 2017 indicated on the following printing form:

REPORTS FOR NOVEMBER 2017

Company & Financial

- Balance Sheet Standard: Nov. 30
- Profit & Loss Standard (Income Statement) from Nov. 1 to Nov. 30

Accountant & Taxes

- Trial Balance from Nov. 1 to Nov. 30
- General Ledger from Nov. 1 to Nov. 30
- Journal from Nov. 1 to Nov. 30

GRAPHS

- Income and Expense
- Net Worth

Entering Transactions in QuickBooks

Entering transactions in QuickBooks involves entering information on different types of forms. Many of these look like the regular forms that a business uses every day — cheque registers, journal ledgers, customer invoices and vendor bills, cheques, and so on. Other than in a journal entry, you do not need to enter debit and credit amounts. QuickBooks creates the debit and credit entries for the journal behind the scenes so you see them only when you look at the journal reports. In many cases, you do not even need to add the account because the account is preselected as a default for the item or transaction. Intuitive, non-accounting terms are generally used.

Command words are in bold black type; the object of the command is shown in colour.

Opening Data Files

1. **Open** **Chelsea.qbw** or **Chelsea**, the data file for Chelsea's Chocolates using the instructions for accessing a data file in **Chapter 1, page 3**.
2. Follow the steps under the "Required Steps to Use the QuickBooks Student Edition with This Textbook" heading on page 4 in Chapter 1.
3. The QuickBooks Home page is displayed as shown:

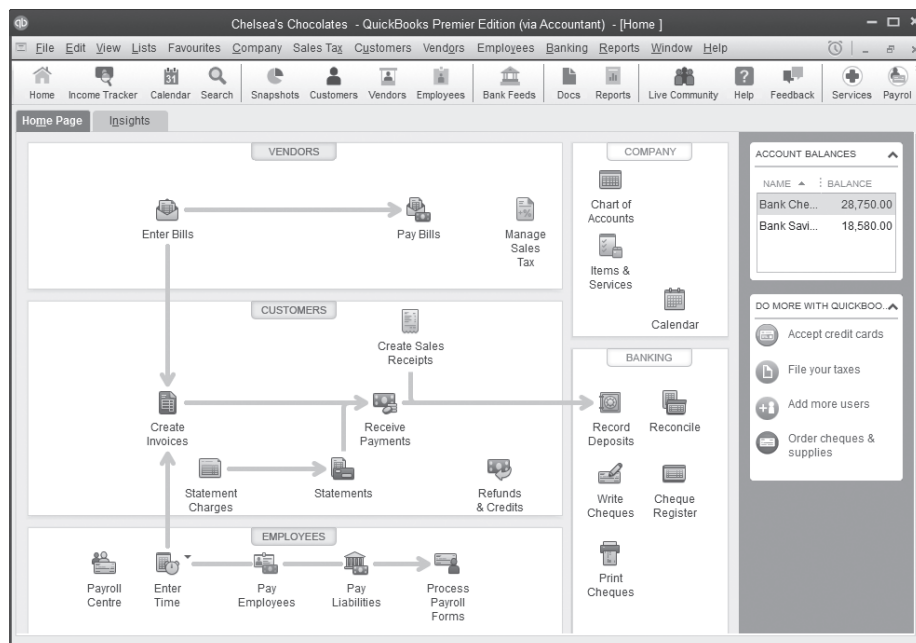


Figure 2-1

Cash Purchases: Writing Cheques

The first transaction that we will enter in this company file is a purchase that was paid by cheque. Refer to the following source document as we work through the steps to enter it:

Notes
Your computer setup may not show the file extension .qbw.

WARNING!
You must follow the steps under the "Required Steps to Use the QuickBooks Student Edition with This Textbook" heading on page 4 of Chapter 1 for every QuickBooks company file used with this textbook.

Notes
Keystroke instructions that you must use are shown in highlighted text in indented paragraphs like the one below the heading above, starting with Open.

Notes
Make sure your Home page looks the same as the one in Figure 2-1 before continuing. The Icon bar should be displayed at the top of the screen and the icons should be in colour, and the title bar should indicate that you are using the QuickBooks Premier Edition via the Accountant Edition.

Source Docs
Refer to the following source document and then follow the step-by-step instructions to enter it.

Notes
When payments are made on account, invoices are recorded first and payments are recorded later.

SDI: Write Cheque

Dated November 1, 2017

To pay cash for purchase received with Bill #BF-3367 from Belgian's Finest in the amount of \$450.00 for cocoa, dark chocolate, and cocoa butter, ingredients for chocolate candy. Ingredients are zero rated for both GST and PST (BC). Write Cheque #235 to pay the bill in full.

Chelsea pays for all purchases immediately by cheque. This combines the steps of entering the bill followed by a payment.

You can access the form for writing cheques in different ways.

We will begin from the Banking section of the Home page shown below:

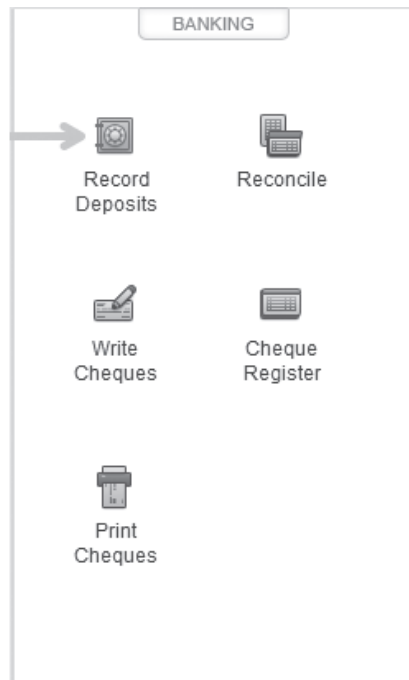


Figure 2-2

The Banking section of the Home page is the starting point for all activities involving the bank accounts. Paying for purchases that have not been entered first as vendor bills involves writing cheques.

1. **Open** the **Write Cheques form** by using one of the following options:



- a) **Click** the **Write Cheques icon** in the Banking section of the Home page; or
- b) **Press** **Ctrl + W**, the keyboard shortcut; or
- c) **Choose** the **Banking menu** and **click Write Cheques**

2. The Write Cheques form will be displayed as shown:

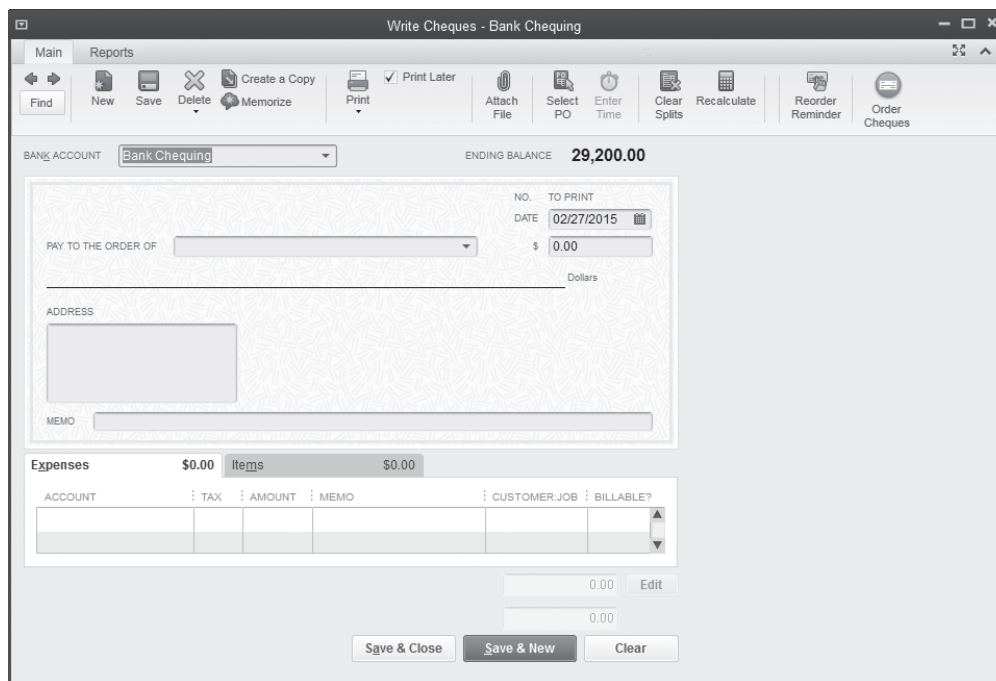


Figure 2-3

The Write Cheques form opens with the *Bank Chequing* account displayed in the Bank Account field. The form includes an upper cheque portion and a lower portion where the details of the purchase are entered. Together they provide a complete record of the purchase.

The initial default date for transactions is always your current computer date, so we need to change it for this transaction. Once you begin to enter transactions, today's date or the last date entered will appear as the default date depending on how the default date to use for new transactions preference is set until you close and re-open the company data file.

3. **Press** Tab to advance to the date field
4. **Type** 11/01/17
5. **Click** the **drop-down arrow** in the **Pay to the Order of field** to view the company's list of vendors:

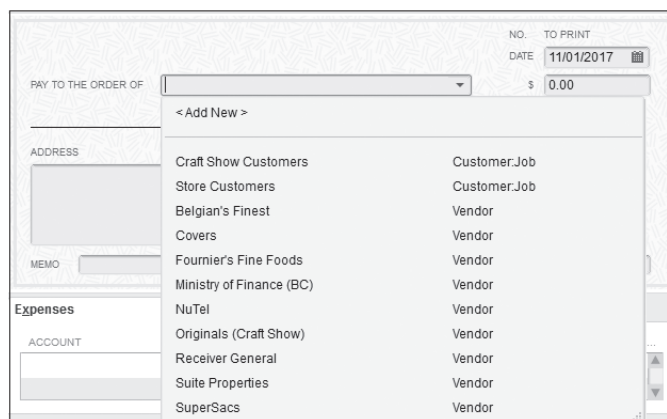


Figure 2-4

WARNING!
As you open forms in QuickBooks, the date displayed in the date field will be your current system date and not the one shown in the print screen.

Notes

The Bank Chequing account is automatically displayed in the Bank Account field because it was selected in the Chequing preferences in this QuickBooks company file. You will learn how to set this preference in Chapter xxx.

Notes

You can select to use today's date or the last date entered for new transactions in the General preferences. This preference is set to display the last date entered in this QuickBooks company file. You will learn how to set this preference in Chapter xxx.

This is a list of all payees that includes all customers and jobs, vendors, employees, or others such as the owner and tax agencies — because you can write a cheque to any of these payees.

6. **Click** **Belgian's Finest**
7. **Click** the **Account field** to display the drop-down arrow
8. **Click** the **drop-down arrow** in the **Account field** to view the following list of accounts:

Notes
If you need to see additional accounts, you can scroll up the list to view the asset accounts.

Automobile	Fixed Asset
Candy Making Equipment	Fixed Asset
Computer/Cash Register	Fixed Asset
Display Cabinets & Shelves	Fixed Asset
Range/Ovens	Fixed Asset
Refrigerators	Fixed Asset
GST/HST Payable	Other Current Liability
PST Payable (BC)	Other Current Liability
Long Term Loan	Long Term Liability
Capital, Chelsea Truffles	Equity
Retained Earnings	Equity
Revenue from Candy Sales	Income
Revenue from Interest	Income
Cost of Candy Ingredients	Cost of Goods Sold
Advertising	Expense
Insurance	Expense
Maintenance and Repairs	Expense
Packaging Materials Used	Expense
Rental Expense	Expense
Supplies Expense	Expense

Figure 2-5

Expense accounts are frequently used for vendor purchases, so the account list opens at a point where all the expense accounts are displayed. Accounts are then displayed up the list by type — Income Statement followed by Balance Sheet accounts. Most candy ingredients purchased are used immediately, so the expenses associated with sales are entered directly as the cost of sales. Costs are not tracked separately because it is difficult to record the cost of each candy sold.

9. **Click** **Cost of Candy Ingredients**
10. **Press** **Tab** to advance to the Tax field
11. **Click** the **drop-down arrow** in the **Tax field** to view the tax codes available for purchases:

Notes
Adjusting entries are made at the end of a business period for supplies on hand that can be carried forward to the next period.


Notes
An HST (BC) Only tax code was created in the company file when British Columbia used HST as their tax calculation. It is now inactive, so it cannot be selected in transactions.

< Add New >	
G	GST Only
P	PST Only
S	Standard
Z	GST Zero
E	Tax Exe

Figure 2-6

The tax codes available include GST Only, PST Only, Standard Taxes (GST/PST), GST Zero Rated, and Tax Exempt.

12. **Click** **Z - GST Zero Rated**

13. **Press**  to advance to the Amount field where you will enter the amount of the purchase before taxes

Do not type dollar signs when you enter amounts. For whole numbers, you do not need to enter the decimals.

14. **Type** **450**

15. **Press**  to advance to the Memo field so you can enter a description for the purchase

16. **Type** **Cocoa and other chocolate ingredients**

If additional items were purchased from the vendor, enter them on the following lines of the form by repeating the steps for the first purchase.

We still need to add the vendor's bill number to include it in the journal records.

17. **Click** the **Memo field** in the cheque portion just below the Address text box

18. **Type** **Inv BF-3367**

19. **Click** the **Print Later check box** in the Write Cheques form Icon bar to remove the checkmark

When you deselect the Print Later check box, the To Print entry beside the No. field in the top right-hand corner of the cheque portion of the window opens up allowing you to enter a cheque number as shown in the updated cheque portion below:



Figure 2-7

We need to enter a beginning cheque number to start the automatic numbering sequence for cheques. The first cheque we are writing is number 235. Once you enter a cheque number, QuickBooks will update the subsequent cheque numbers automatically.

20. **Highlight** **To Print** in the **No. field** in the cheque portion of the window

21. **Type** **235**

We have set up the company data files to use the *Bank Chequing* account as the default account when entering cheques in the Write Cheques form. You can select a different bank account by clicking the drop-down arrow in the Bank Account field in the upper left section of the window. All accounts defined as bank accounts will be available for selection. For this transaction, the default account is correct.



WARNING!

Do not enter the amount in the cheque portion of the form. It is updated as you enter expenses and items. Notice that \$450.00 is now displayed in the Amount field in the cheque portion of the form.

Notes

We will show how to print cheques and other forms in later chapters.

Notes

Compare the No. field in Figure 2-7 to the No. field in Figure 2-4. Notice that in Figure 2-4 you cannot enter a number in the field.

Your completed transaction should look like the one that follows:

Figure 2-8

22. **Review** the **transaction** and **make corrections** if necessary

WARNING!
When you change a cheque amount, you must click the **Recalculate** button on the form's Icon bar to update the cheque portion of the form.

CORRECTING CHEQUES OR CASH PURCHASES

Click a field to return to the error. Press **Tab** to move forward from one field to the next. Highlight the incorrect information. With the incorrect information highlighted, type the correct information to replace it. After changing an amount, press **Tab** and click the **Recalculate** button on the form's Icon bar if necessary to update the amount in the cheque portion of the form.

If you want to start the transaction over, you can click the **Clear button** in the lower right-hand corner of the Write Cheques form. The transaction information will be removed, leaving you with a blank Write Cheques form.

In the next step, we will preview the transaction journal for this transaction, so leave the Write Cheques form open. The **Save & Close** button will save the transaction and close the form, while the **Save & New** button will save the transaction and leave the form open. Alternatively, you can click the **Save** icon on the **Main** tab of the Write Cheques form and save the transaction and leave it displayed on the form.

23. **Click** **Save & New** or **press** **Alt + S** (the underlined letter on the **Save & New** button) to save the transaction and open a blank cheque form


24. After saving the transaction, a blank Write Cheque form is displayed with the cheque number automatically updated to 236 and the bank account ending balance updated as shown here:

Figure 2-9


Reviewing the Transaction Journal Report

To view the journal entry created by the transaction, we can look at the Transaction Journal report. You can view the Transaction Journal report created by the transaction from the Write Cheques form after recording the transaction and displaying it back on the screen. Therefore, we need to display the transaction again before we can display the Transaction Journal report.

A blank Write Cheques form should be displayed on the screen.

1. **Click** the **Previous icon**  on the Main tab to display Cheque #235 in the Write Cheques form:
2. Display the Transaction Journal report for this transaction by performing one of the following steps:

Using the Transaction Journal icon:

- i) **Click** the **Reports tab** at the top left-hand corner of the screen
- ii) **Click** the **Transaction Journal icon** ; OR

Using the keyboard shortcut:

- i) **Press**  + **Y** to display the Transaction Journal report:

Type	Date	Num	Name	Item	Account	Sales Price	Amount
Cheque	11/01/2017	235	Belgian's Finest		Bank Chequing		-450.00
			Belgian's Finest		Cost of Candy Ingredients	450.00	450.00
			Receiver Gen...	GST (ITC) Zero Rated ...	GST/HST Payable	0.0%	0.00
							0.00
TOTAL							0.00

Figure 2-10

Notes The columns in the Transaction Journal reports in this chapter have been adjusted to fit within the textbook; therefore, you will have additional columns in your reports.



Notes

Throughout the textbook, we have customized the Transaction Journal reports by hiding unused columns on the report. Refer to page 89 for more information on modifying reports.

QuickBooks automatically creates a journal entry each time you complete a transaction by debiting and crediting the appropriate accounts. The *Bank Chequing* account is credited for the transaction, reducing the bank account balance, and the *Cost of Candy Ingredients* account, the expense account, has been debited or increased for the amount of the purchase. The *GST/HST Payable* amount is zero because we chose Z as the tax code (zero-rated GST 0%). When you choose tax exempt as the code, there is no amount calculated for the *GST/HST Payable* account.

3. **Click**  to close the Transaction Journal report
4. **Click** **No** when asked to memorize the report if you made any changes to the report
5. **Click** the **Main tab** in the top left-hand corner (if you printed the Transaction Journal from the Reports tab)
6. **Click** the **Next icon**  on the Write Cheques icon bar or **press** **Ctrl + N** to close the cheque for Belgian's Finest and open a blank Write Cheques form

The second transaction that we will enter is a cheque for purchases received from SuperSacs. Refer to the following source document as we work through the steps to enter it:



Source Docs

Refer to the following source document and then follow the step-by-step instructions to enter it.

SD2: Write Cheque Dated November 1, 2017

To pay cash for purchase received with Bill #SS-1197 from SuperSacs in the amount of \$540.00 plus \$27.00 GST and \$37.80 PST for plastic carrier bags imprinted with logos for store and Originals craft show. The total of the bill is \$604.80. Wrote Cheque #236 to pay the bill in full.

6. **Click** the **drop-down arrow** in the **Pay to Order of field** to view the list of vendors
7. **Click** **SuperSacs**
8. **Type** **11/01/2017** as the date
9. **Type** **Inv SS-1197** in the **Memo field**
10. **Click** the **Account field** to display the drop-down arrow
11. **Click** the **drop-down arrow** to view the list of accounts
12. **Choose** **Packaging Materials Used** as the account
13. **Choose** **Tax Code S - Standard Taxes (GST/PST)** as the tax code so that the GST and PST will be automatically calculated and included on the bill total
14. **Enter** **540** as the amount
15. **Press** **Tab** to advance to the Memo field
16. **Type** **Plastic bags for store and Originals craft show**
17. **Click** **Save & Close** or **press** **Alt + A** to close the Write Cheques form

Entering Sales Receipts

Chelsea's Chocolates is a cash business. Customers do not have accounts and always pay for purchases immediately. Most of the sales are for very small amounts that would

involve a large number of transactions in QuickBooks. Therefore, we have chosen to show the sales as bi-weekly summaries of total sales for the period. The transactions for smaller individual sales would be entered in exactly the same way as the ones we show. Cash receipts are always deposited immediately to the *Bank Chequing* account.

The next transaction that we will enter is a Sales Receipt. Refer to the following source document as we work through the steps to enter it:

SD3: Sales Receipt #2092 Dated November 1, 2017

To store customers, \$870.00 plus \$43.50 GST for chocolate sold in the store in the past three days. All customers paid cash for their purchases. Sales total \$913.50 was deposited to the *Bank Chequing* account.

Because Chelsea accepts only immediate payment for all sales, most of the transaction functions in the Customer section of the Home page are not used. We have customized the Home page to make it more suitable for Chelsea's Chocolates. Some of the icons, such as Estimates and Sales Orders, have been removed because they are not needed. These types of transactions will be covered in later chapters.

Two icons in the Customer section of the Home page can be used to enter sales transactions: Create Invoices and Create Sales Receipts. However, because customers pay immediately and do not have accounts set up with the chocolatier, sales are entered as Sales Receipts rather than as invoices. We are bypassing the invoice entry step just as we bypassed the bill entry step for purchases.

We will enter the sales receipt by selecting the Create Sales Receipts icon from the Customers section of the Home page.

1. To access the Create Sales Receipts form:

- a) **Click the Create Sales Receipts icon** in the Customers section of the Home page as shown:

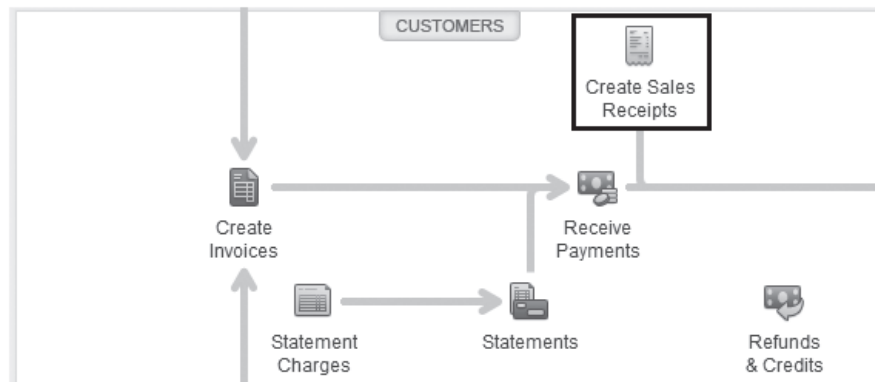


Figure 2-11

OR

- b) **Choose the Customers menu and click Enter Sales Receipts**

Source Docs
Refer to the following source document and then follow the step-by-step instructions to enter it.

Notes
Some QuickBooks functions can be hidden on the Home page depending on the options selected in QuickBooks Preferences. We will learn how to customize Preferences in Chapter 4.

2. The Enter Sales Receipts form will be displayed as shown:

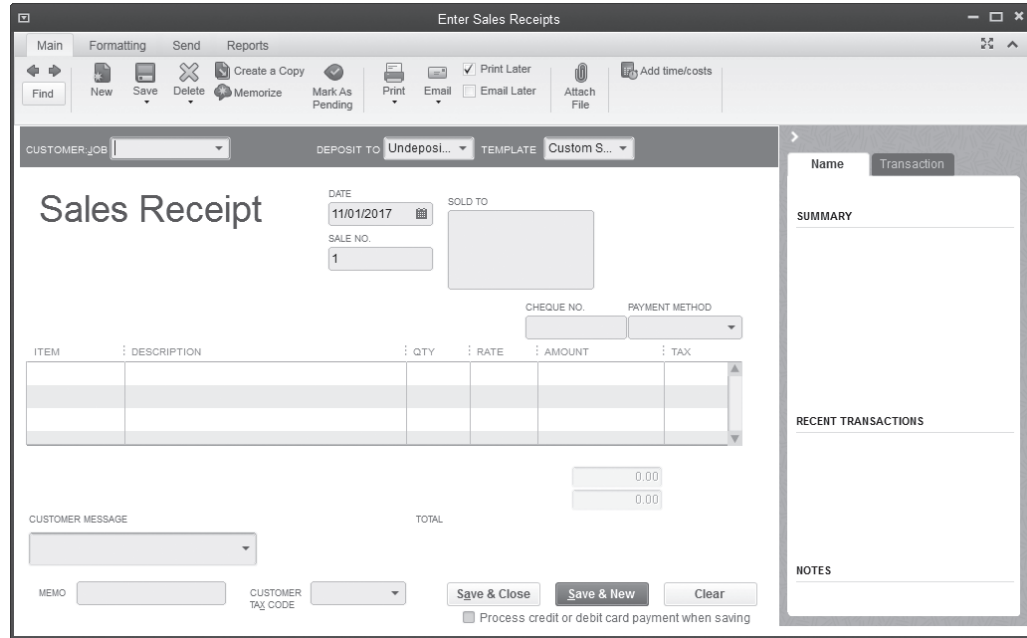


Figure 2-12

The Sales Receipts form looks just like a sales invoice; however, unlike an invoice, when you enter a sales receipt you enter both the invoice information and the payment information together on the form. The form includes some columns that we do not need. We will customize the form after completing the sales entry.

The history tab, displayed to the right of the Sales Receipts form, will display customer and transaction information for the customer when one is selected for the transaction. This tab can be closed by clicking on the Hide history arrow in the top left-hand corner of the tab. Since Chelsea's Chocolates does not have individual customers, we will discuss the history tab in more detail in Chapters 5 and 6.

The customer name field is always named Customer:Job in QuickBooks because companies may work on more than one job at once for a customer. You may want to track these jobs separately. When you add a customer, you can also add a job name, and you can add new jobs for existing customers.

3. **Click** the **drop-down arrow** in the **Customer:Job field** to view the list of customers:

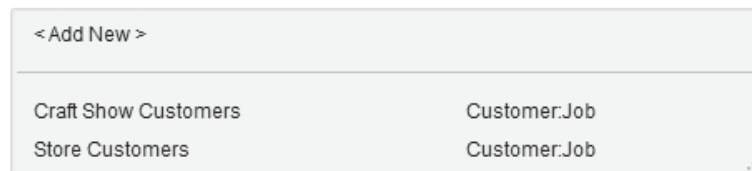


Figure 2-13

We have created two summary level customers that will separate the sales in the store from the sales at the Originals craft show.

4. **Click** **Store Customers** to add the name to the sales receipt

In the Deposit To field, you need to select the account to which the receipt will be posted. By default, the cash receipt will be grouped with other undeposited funds and recorded as a debit entry to the *Undeposited Funds* account. This step would be

Notes

We will close the history tab before taking most transaction print screens for this textbook. You can close the history tab by clicking the Hide history arrow in the top left-hand corner of the history tab.

If you want to open the history tab after closing it, click the Show history arrow in the top right-hand corner of the transaction screen.

Notes

Although you do not need to select a customer to complete a Sales Receipt, choosing a customer allows more detailed reporting because several reports can be prepared by customer.



Choosing a customer also allows the automatic entry of additional information for the customer, such as the method of payment and payment terms.

followed by a separate transaction that deposits the funds to the bank account. Instead, we will record the deposit to the bank account directly. In Chapter 6, you will learn the procedure for grouping undeposited funds and then making a deposit to the bank account.

5. **Click** the **drop-down arrow** in the **Deposit To field**
6. **Choose** the **Bank Chequing** account

The *Bank Chequing* account will remain selected as the default account to deposit funds into for future sales receipts, so you will not have to change it again unless you need to select a different account.

For each customer, we have entered a default method of payment in their customer record. All store and craft show customers pay cash, so this is the default method of payment selected. The sale number is updated automatically by the program. Because no sales have been entered yet, 1 appears as the default starting sale number. We need to change it.

7. **Press**  to advance to the date field
8. **Accept** **11/01/2017** as the date of the sales receipt
9. **Press**  to advance to the Sale No. field
10. **Type** **2092**
11. **Click** the **drop-down arrow** in the **Payment Method field** to view the payment method options:

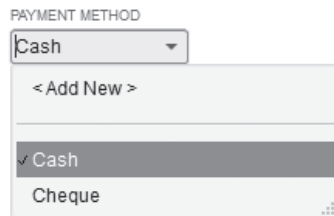


Figure 2-14

Only cash and cheque, two immediate payment methods, are listed because account terms are not offered and credit cards are not accepted. Cash is selected automatically because it is the default payment method for store customers and it was entered in the customer record. If you need to change the payment method for the Sales Receipt you can choose it from the drop-down list.

12. **Click** **Cash** or **press**  to close the Payment Method list
13. **Press**  to advance to the Item field

Items in QuickBooks

Items are central to QuickBooks. Sales forms can be completed only by selling items. Items may be created for services, inventory that is tracked, store merchandise that is sold but not tracked as individual items, and even items that are purchased but not sold, such as regular supplies. Taxes are also set up as items.

Items are linked directly to accounts — revenue accounts for items that are sold and expense or asset accounts for items that are purchased. Tax codes are also set up as part of the item record. Prices for items may be set up in individual item records as defaults, or they can be omitted from the item records and entered on invoices or sales receipts.

Notes

The date displayed on the Sales Receipt form should be 11/01/2017 because it was the date entered on the previous cheque. As previously mentioned, the default date to use for new transactions in the General preferences is set to use the last date entered.

Notes

We will use different kinds of items in later chapters and learn how to create items when we complete a company setup in Chapter 4.

You can change the price of an item when entering forms regardless of whether it has a default price assigned to it or not.

14. **Click** the **drop-down arrow** in the **Item field** to view the items created for the store:

Notes
Only the items available for sale and the GST Adjustments item are available for selection on the Sales Receipt.

< Add New >		
Candy Sold in Store	Non-inventory Part	
Craft Show Sales	Non-inventory Part	
Special Orders	Non-inventory Part	
GST Adjustments	Sales Tax Item	GST Adjustments on sales (Line 104)

Figure 2-15

We have set up three items for the store to record sales: sales in the store, sales at the craft show, and sales from special or customized orders. Inventory is not tracked and no prices are entered because items are individually priced.

15. **Click** **Candy Sold in Store** to select this item

16. **Press** **Tab** to advance to the Description field

Notes
In British Columbia, food for human consumption is not charged PST; however, GST is applicable.

Notice that tax code G is added automatically in the Tax column for this item. The G tax code has been selected as the default tax code in both the customer and the Candy Sold in Store item record. You can select another tax code from the list by clicking on the drop-down arrow in the Tax field and selecting a different tax code if needed.

17. **Type** **sale of chocolates**

18. **Double click** **0.00** in the **Rate field** to highlight it

19. **Type** **870**

20. **Press** **Tab** to update the sales receipt with the tax amounts

21. **Click** **OK** if you receive the price level message

In QuickBooks Premier, you can add custom pricing for customers and jobs by creating price level lists. We will not be using the price level feature.

You can enter the sale of additional items on the sales receipt by adding more item detail lines. To do so, repeat the steps described for the first item.

Next, we will choose a comment for the sales receipt. Again, you can create a list of predefined comments for the company to choose from, or create a new comment when entering the transaction.

22. **Click** the **drop-down arrow** in the **Customer Message field** at the bottom left-hand corner of the form to view the list of predefined comments:

CUSTOMER MESSAGE

▼

< Add New >

All work is complete!

It's been a pleasure working with you!

Please remit to above address.

Thank you for your business.

We appreciate your prompt payment.

Figure 2-16

23. **Click** **Thank you for your business.** to add that comment to the sales receipt

The next choice you need to make is whether you want to print the sales receipt. You can also choose to email the sales receipt to your customer, which we will discuss in Chapter xxx. If you want to print all sales receipts together in a batch, leave the *Print Later* option on the Sales Receipts Icon bar checked. Depending on how the preferences for the QuickBooks reminders are set up, you may be reminded to print the sales receipt on the Reminders list. Printing sales receipts is similar to printing customer invoices. Printing invoices is covered in Chapter 6.

24. **Click** the **Print Later check box** on the Main tab of the forms Icon bar to remove the checkmark

25. The transaction is now complete and should look like the one that follows:

Notes
We assume that in most cases when you are practising, you will not want to print all the sales receipts.

Figure 2-17

26. **Check** the **form** carefully


CORRECTING SALES RECEIPTS

Click a field to return to the error or press **Tab** to move forward from one field to the next. Highlight the incorrect information and enter the correct information. Press **Tab** if necessary to update the information.

If the incorrect information was selected from a list, click the drop-down arrow again and select the correct item from the list. If you select a different item, you must re-enter the sales amount. If you change the amount press **Tab** to update the taxes and totals.

If you want to begin again without saving any information on the form click the Clear button.

The next transaction is also a sales receipt. Before entering the next sales receipt, we will save the current transaction and review the Transaction Journal report for the sale we just completed.

27. **Click** the **Save icon**  on the Main tab of the Sales Receipts Icon bar to save the transaction and leave it displayed on the screen

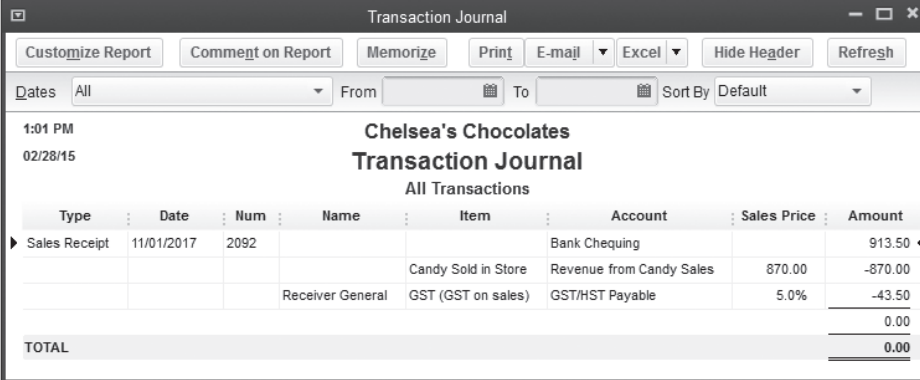
28. **Click** **No** on the Information Changed screen (if displayed)

Notes
By clicking the Save icon to save the transaction, the transaction remains displayed on the form.

Reviewing the Transaction Journal Report

The procedure for reviewing a Transaction Journal report for a sales receipt is the same procedure we used to display the Transaction Journal report for the cheque we entered earlier. However, because we clicked the Save icon to save the Sales Receipts form we do not have to click the Previous icon to display it back on the screen. You can click the Transaction Journal icon on the Reports tab or press **Ctrl + Y** to view the Transaction Journal report.



1. Press **Ctrl + Y** to view the Transaction Journal report:



Type	Date	Num	Name	Item	Account	Sales Price	Amount
Sales Receipt	11/01/2017	2092			Bank Chequing		913.50
				Candy Sold in Store	Revenue from Candy Sales	870.00	-870.00
			Receiver General	GST (GST on sales)	GST/HST Payable	5.0%	-43.50
							0.00
TOTAL							0.00

Figure 2-18

Again, QuickBooks has created the proper journal entry for the transaction behind the scenes and debited and credited all the appropriate accounts. The sale has increased the balance for the *Bank Chequing* account for the total sale amount. The sale amount net of taxes is entered as a credit to increase the *Revenue from Candy Sales* account. The tax code, G, included GST on the sale, so the tax amount will increase the *GST/HST Payable* account balance. We must pay the taxes that we collect from customers to the appropriate federal and provincial tax agencies, depending on the province that we are in. The net effect of these debits and credits is a zero balance owed from the customers.

2. Click  to close the Transaction Journal report
3. Click **No** if prompted to memorize the report
4. Click the **New icon**  on the Main tab of the Enter Sales Receipts Icon bar or press **Ctrl + N** to close the sales receipt for the Store Customers and open a blank Sales Receipt form

Customizing QuickBooks Forms

We will now customize the Custom Sales Receipt template to best reflect the items we sell to customers. We will be entering a large number of sales receipts, so we will modify the Sales Receipt form by removing columns that we do not need and then we will add a Sales Receipts icon to the Icon bar for quick access to the Sales Receipt form.



Customizing the Sales Receipt Form

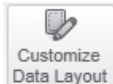
The template selected in the Template field on the Sales Receipt form is the template that will be used when entering information on the form and when printing or emailing the sales receipt.

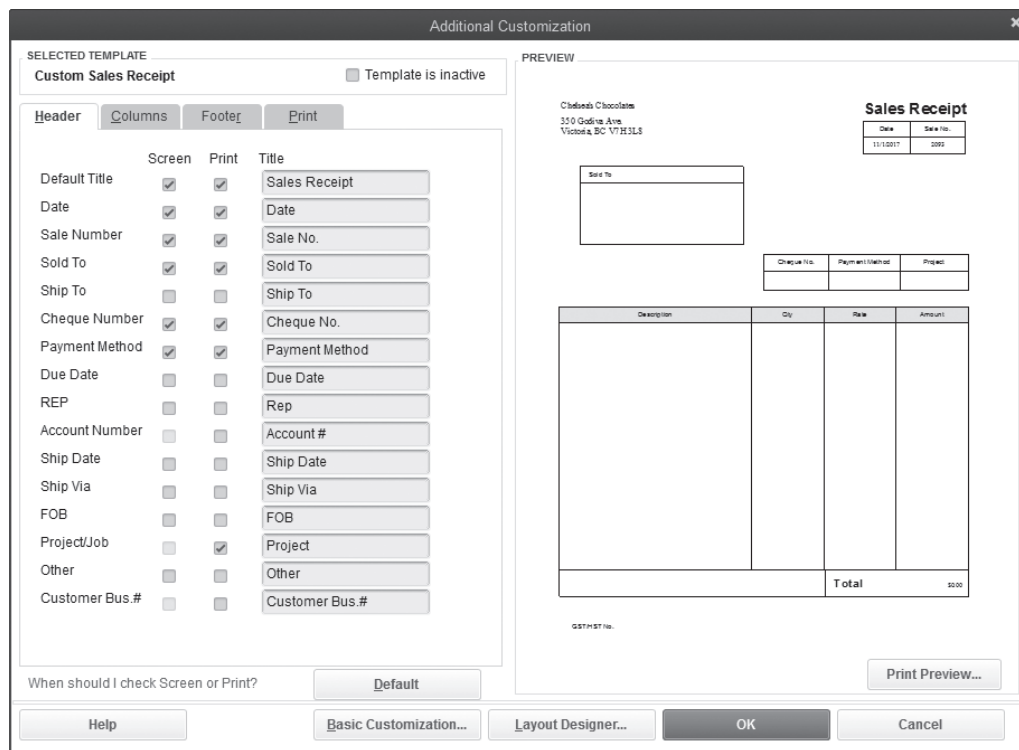
1. **Click** the **drop-down arrow** beside the Template field

You can see that the Custom Sales Receipt is currently selected for the Sales Receipt form.

2. **Click** the **Custom Sales Receipt template** to close the template list

You can customize the Custom Sales Receipt template by clicking on the Customize Data Layout icon  on the Formatting tab on the forms Icon bar. You can also display all templates and select the one you want to customize by clicking on the Manage Templates icon .

3. **Click** the **Customize Data Layout icon**  from the Formatting tab on the Sales Receipts Icon bar to open the Additional Customization window:



Notes
If you try to modify a default template that is supplied with QuickBooks, you will be asked to first make a copy of the template before you can modify it.

Figure 2-19

Notice Custom Sales Receipt is the selected template (displayed in the top left-hand corner of the window) and it is the one we want to edit.

On the Additional Customization screen, you can edit many areas of the Sales Receipt form by selecting the appropriate tab. We want to edit the form by removing the columns that do not apply to Chelsea's Chocolates.

4. Click the **Columns tab**:

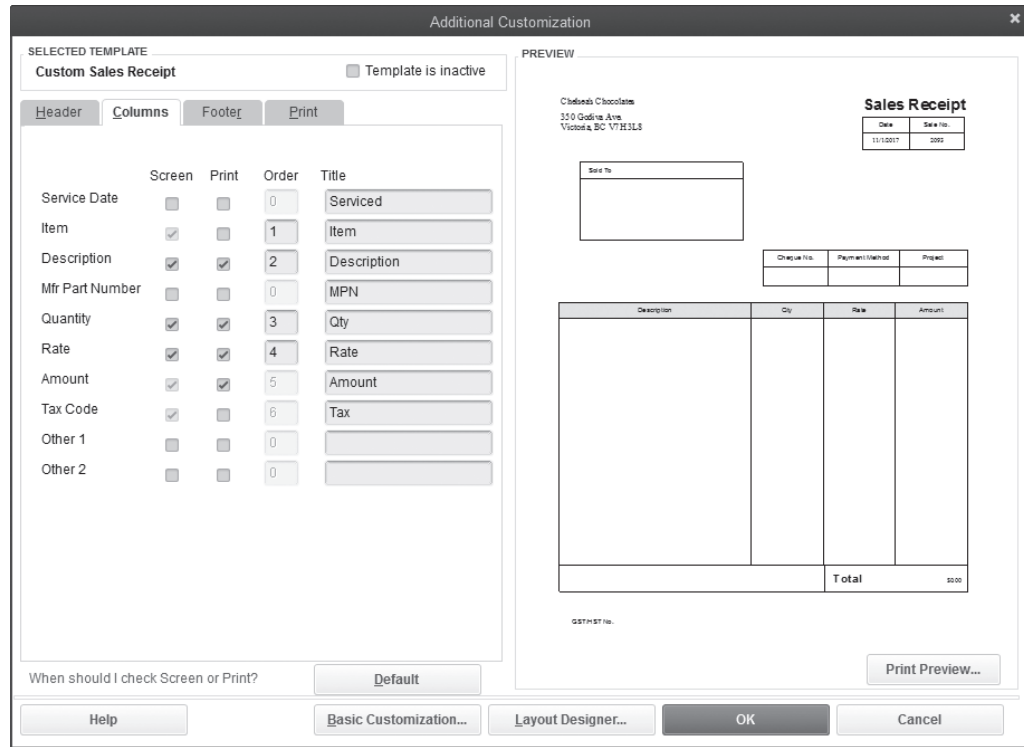


Figure 2-20

The available columns on the form are all listed. Each column can be displayed on the screen, printed on the print form, or both. A ✓ indicates the column is included. Only three columns are mandatory and must be displayed on the screen — Item, Amount, and Tax Code — and the checkmarks for these columns under the screen heading are dimmed because they cannot be changed. You can change the order of the items on the forms by entering a number in the Order field for each item, and you can also change the title displayed for each item.

We do not need Rate or Quantity displayed on our screen or printed form so we will remove them.

5. Click **Quantity** under the **Screen column** to remove the ✓

The Layout Designer screen is displayed, indicating that you should use the Layout Designer to reposition overlapping fields or make other changes to the layout of your form.

6. Click the **Do not display this message in the future option** so this message will not be displayed again and **click OK**

7. Click **Rate** under the **Screen column** to remove the ✓

8. Click **Quantity** under the **Print column** to remove the ✓

9. Click **Rate** under the **Print column** to remove the ✓

10. Click the **Basic Customization button**  to display the Basic Customization Window:

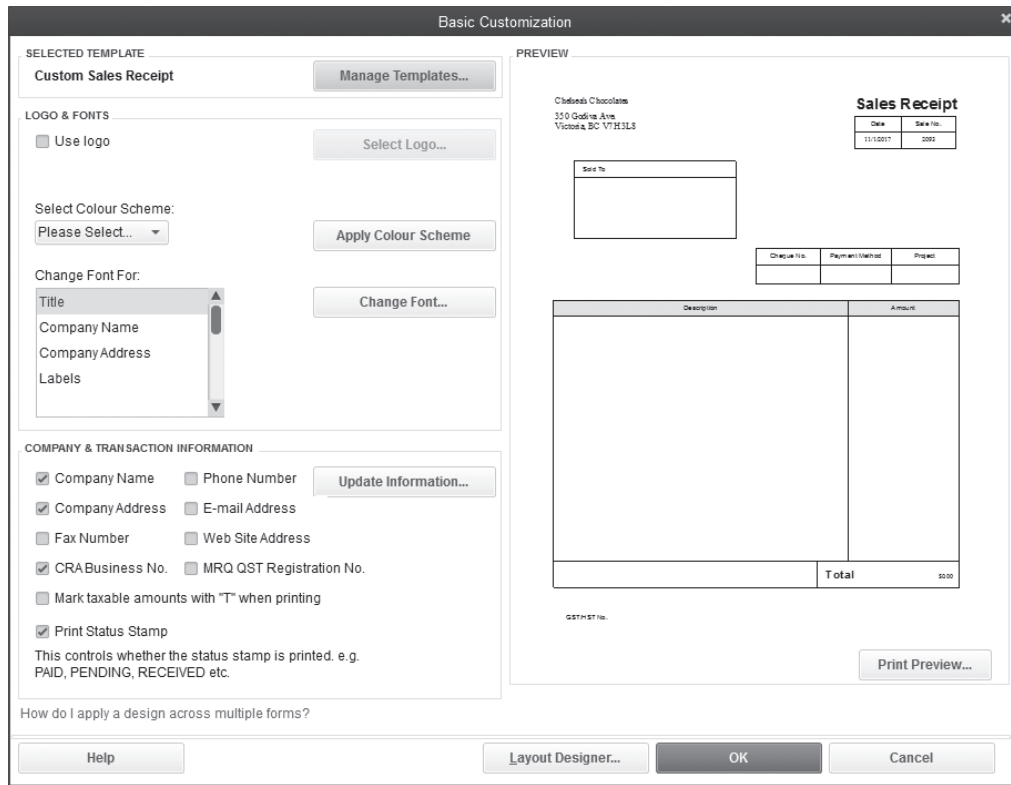


Figure 2-21

On the Basic Customization window, you can change the colour scheme, change the font for various headings, and add or exclude company and transaction information from the selected template.

11. **Click** **OK** to close the Basic Customization screen
12. **Click** **OK** to exit the Additional Customization screen and return to the revised form:

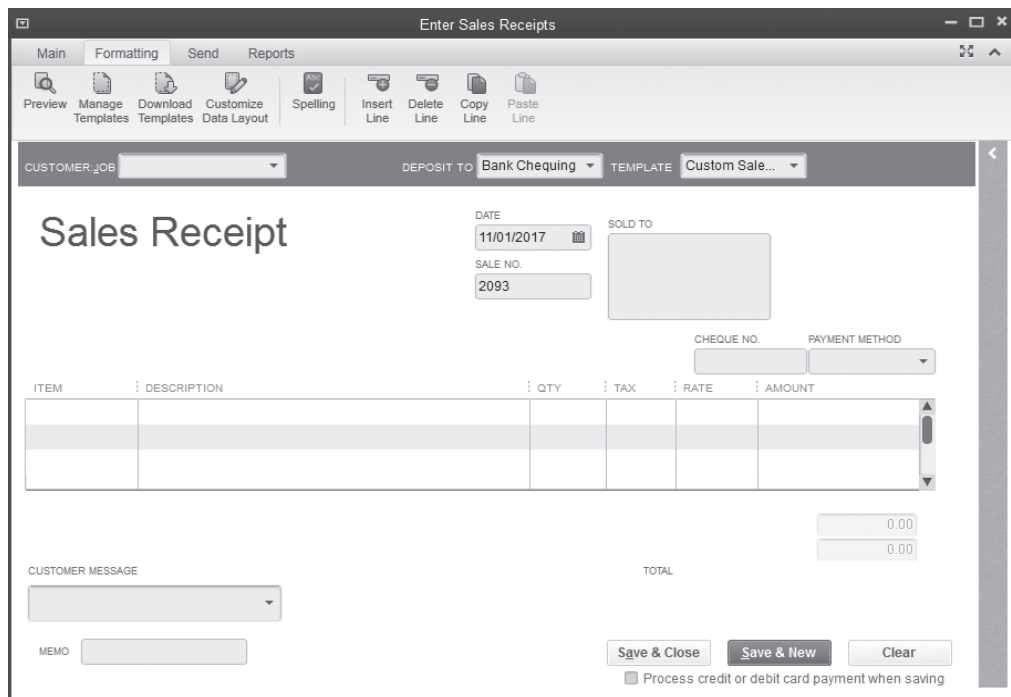


Figure 2-22

Compare the differences between the form displayed in Figure 2-22 (after the modification) with the form displayed in Figure 2-17 (before the modification). Both the quantity and rate columns have been removed in Figure 2-22.

Adding an Icon to the Icon Bar



Notes
You can also add an icon to the Icon bar without opening a form first by selecting the View menu, then Customize Icon bar, and then selecting the item you want to add.

When a form is open, you can add an icon for it directly to the Icon bar for easy access.

1. **Display** the **Enter Sales Receipt form** from the previous exercise (open it if it is not displayed)
2. **Choose** the **View menu** and **click Add "Enter Sales Receipts" to Icon Bar...** as shown:

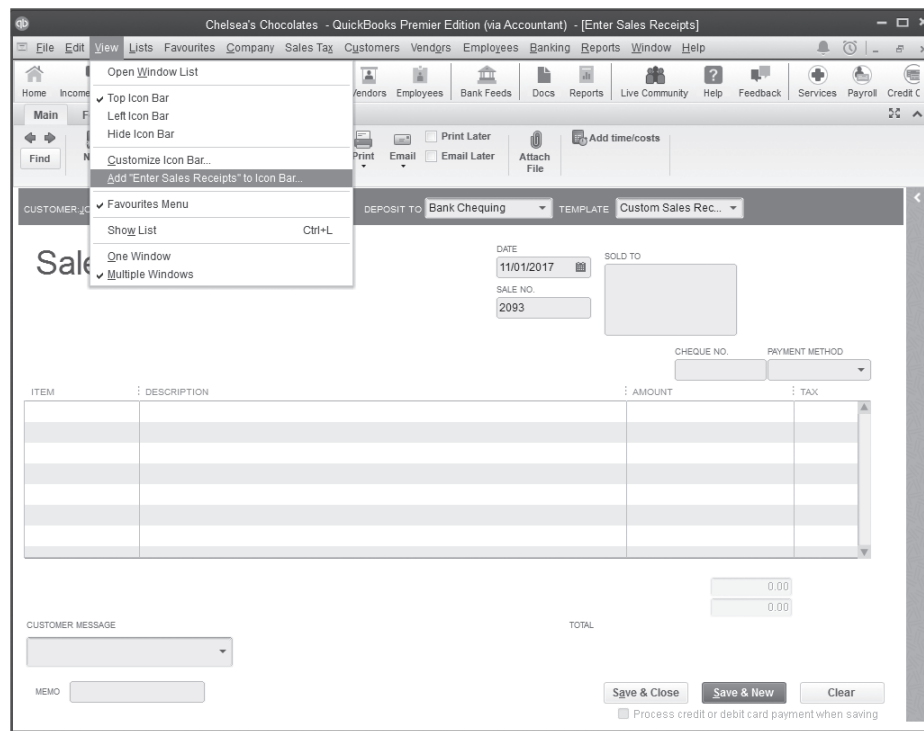


Figure 2-23

3. The Add Window to Icon Bar dialogue box opens:

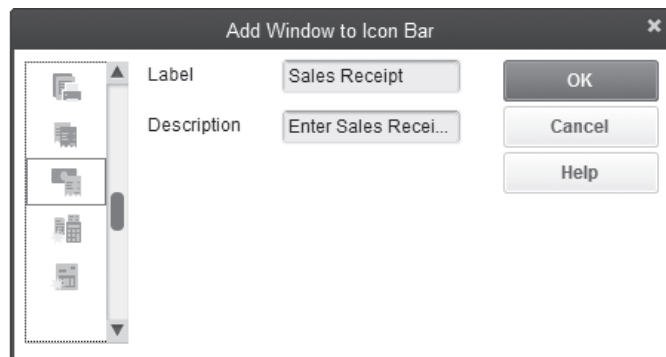


Figure 2-24

An icon image, a label, and a description are suggested for the new icon. You can accept these or change them. We will accept the label and description but choose an invoice icon in a different colour than the default selected.

4. **Click** a coloured **Invoice icon** of your choice
5. **Click** **OK** to return to the program and you'll see that a Sales Receipt icon has been added to the far right-hand side of the Icon bar (you may have to maximize your QuickBooks screen to view the Sales Receipt icon on the Icon bar). We have only shown the last half of the Icon bar in the screen below to make sure it fits in the textbook:

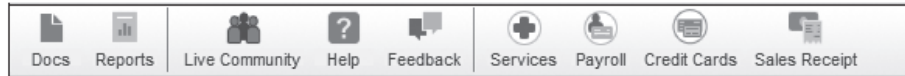


Figure 2-25

As you work through the remaining transactions for this company, the changes you made to the Sales Receipt form and the Icon bar will remain in effect for this QuickBooks company file unless you change them again.

Source Document

Now that you have learned some of the new concepts introduced in this chapter, enter the following source document. You may need to refer to the instructions in this chapter for additional information:

SD4: Sales Receipt #2093

Dated November 5, 2017

To store customers, \$990.00 plus \$49.50 GST for chocolate sold in the store in the past three days. All customers paid cash for their purchases. The sales total of \$1,039.50 was deposited to the *Bank Chequing* account.

Notes
We will select a coloured icon because the Icon bar is displayed in coloured icons.

Notes
You can also change the location or order of icons on the Icon bar. Choose Customize Icon Bar from the View menu to view the changes that you can make.

Source Docs for Practice
Continue to develop your skills by entering the following source document.

Adding New List Items

Most businesses have the need to add new records for customers, vendors, or accounts after they set up their QuickBooks company file. QuickBooks allows users to add these new accounts in their respective Centres or on the fly while entering transactions.

Adding New Vendors

The next purchase is from a vendor whose name is not yet listed in the company file; therefore, we must add the name. We can do this directly from the Write Cheques input form. Refer to the following source document as we work through the steps to enter it:

SD5: Write Cheque

Dated November 5, 2017

To pay cash for purchase received with Bill #SW-444 from Spread the Word (use Quick Add to add the new vendor) in the amount of \$980.00 plus \$49.00 GST and \$68.60 PST for posters to be placed in the store to advertise upcoming Originals craft show, business cards for use at craft show, and promotional flyers with discount coupons attached for craft show customers to use in the store after the craft show. The bill totalled \$1,097.60. Wrote Cheque #237 to pay the bill in full.

Source Docs
Refer to the following source document and then follow the step-by-step instructions to enter it.

1. **Click** the **Write Cheques icon**  to open the Write Cheques form

The cheque number is correct because the program updates it automatically. If necessary, it can be changed.

Notes
Remember that you can also open the Write Cheques form by choosing the Banking menu and clicking Write Cheques or by using the keyboard shortcut **Ctrl + W**.

The date on the blank Write Cheques form should be 11/05/2017. If you have a different date, it is because you either changed it since you completed the previous cheque entry or you closed the QuickBooks company file and your current computer date is now displayed.

2. **Double click** the **date field** and **type 11/05/2017** if necessary
3. **Click** the **Pay to the Order of field**
4. **Type** **Spread the Word**

Notice that as you type the vendor name, the Vendor list is displayed.

5. **Press** **Tab** to view the following message:

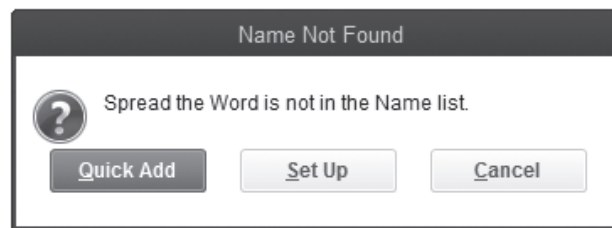


Figure 2-26

This message gives you three different options. Choosing **Quick Add** allows you to add only the vendor's name to the list of vendors. You can add the remaining vendor details later if necessary. **Set Up** allows you to create a complete record for the new vendor by opening all the vendor record fields, and **Cancel** allows you to return to the cheque without creating a record if you have typed the vendor name incorrectly. For now we will add only the vendor's name; we will set up a complete vendor record in Chapter 5.

6. **Click** **Quick Add** or press **Enter** to display the following screen:

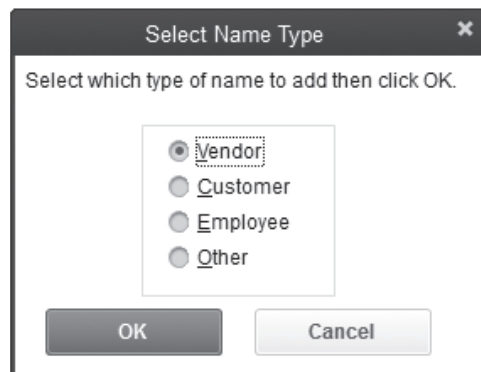



Figure 2-27

You must indicate what type of name you are creating. Remember that you can write cheques to any payee, so several name types are listed. Because this is a cheque, QuickBooks selects Vendor as the default name type, and this is correct.

7. **Click** **OK** or **press Enter** to proceed
8. **Click** the **Memo field** below the vendor address box
9. **Type** **SW-444** — the bill number
10. **Click** the **drop-down arrow** in the **Account field** to view the account list
11. **Choose** **Advertising** from the list of accounts

Notes
Pressing **Enter** is the same as clicking a button when that button is selected. Because Quick Add is the selected button, you can press **Enter** to choose it.

Notes
OK is the selected button, so you can press **Enter** to choose it.



12. **Click** the **drop-down arrow** in the **Tax field** to display the tax codes list
13. **Choose** **S - Standard Taxes (GST/PST)**
14. **Click** in the **Amount field** to highlight it
15. **Type** **980**
16. **Press**  to advance to the Memo field
17. **Type** **posters to advertise craft show**
18. **Review** the **transaction** and **make corrections** if necessary before saving the entry
The next transaction is a sales receipt, so we should close the cheque window.
19. **Click** **Save & Close** to return to the Home page

Adding New Customers

Just as we can add vendors while entering transactions, we can add new customers on the fly from any Customer:Job field.

When you enter the next source document, Sales Receipt #2094, you will see that the customer named in the transaction is not on the Customer list. We must add the customer. Refer to the following source document as we work through the steps to enter it:

SD6: Sales Receipt #2094 **Dated November 5, 2017**
To Swete Tough (use Quick Add to add the new customer) for \$520.00 plus \$26.00 GST for a special order of theme chocolate decorations for an anniversary party. Sales total \$546.00 was paid by Cheque #599 and deposited to the *Bank Chequing* account.

1. **Click** the **Sales Receipt icon**  on the Icon bar — the icon we added in a previous exercise
2. **Accept** **11/05/2017** as the transaction date in the **Date field**
3. **Click** the **Customer:Job field**
4. **Type** **Swete Tough**
5. **Press**  to see the following message:

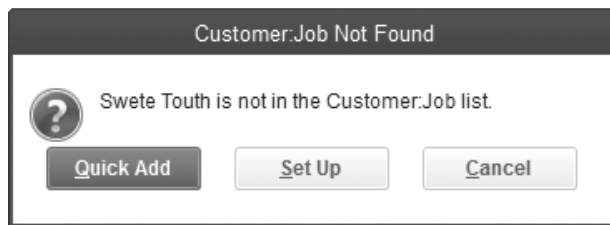






Figure 2-28

This screen gives you the same three options that we saw for vendors: choosing **Quick Add** allows you to add only the customer's name and add the other record details later if necessary, **Set Up** allows you to create a complete customer record, and **Cancel** allows you to return to the form without creating a record if you have typed the name incorrectly. For now, we will add only the customer's name; we will set up a complete customer record in Chapter 6.

 **Source Docs**
Refer to the following source document and then follow the step-by-step instructions to enter it.

 **Notes**
Remember that you can also access the Enter Sales Receipts form from the Customer Centre or from the Customers menu.

 **Notes**
A colon separates a customer name from a job name and cannot be used as part of the customer name.

6. **Click** **Quick Add** or **press**  to return to the Enter Sales Receipts form

Notice that the payment method is not selected because we did not set up a complete customer record that includes this information.

7. **Click** the **drop-down arrow** in the **Payment Method field** and **choose** **Cheque**
8. **Type** **599** in the **Cheque No. field**
9. **Enter** the rest of the **transaction details**. **Choose** **Special Orders** as the Item, **add** a **description for the sale**, **enter** **520** as the amount, **choose** **G** as the tax code if this is not entered as the default, and **choose** a **Customer Message**
10. **Click** **Save & Close** to save the transaction and close the Enter Sales Receipts form

Source Document

Now that you have learned some of the new concepts introduced in this chapter, enter the following source document. You may need to refer to the instructions in this chapter for additional information:



Source Docs for Practice

Continue to develop your skills by entering the following source document.

SD7: Write Cheque

Dated November 6, 2017

To pay cash for purchase received with Bill #C-784 from Covers in the amount of \$610.00 plus \$30.50 GST and \$42.70 PST for paper bags, foils, and boxes of various sizes for packaging chocolates purchased by customers. The bill totalled \$683.20. Wrote Cheque #238 to pay the bill in full.



WARNING!

The audit trail is always on while working in QuickBooks and records all business transactions for a company. Using the audit trail, an auditor can confirm which records have been modified and that records have not been altered dishonestly.

Correcting Entries after Recording

Correcting entries after saving them is very simple in QuickBooks. You can find the transaction and display it on the form on which it was entered, make any necessary corrections, and then save the transaction again. The procedure is essentially the same for correcting all kinds of transactions.

Audit Trail


When you make changes in accounting records, you must leave a complete record of all changes so that an auditor will know that all changes were entered honestly. Pencils and erasers are not allowed in accounting. In a manual accounting system, you would make a correction by completing a reversing entry and then entering the correct entry to provide a complete audit trail. As soon as you save the changes to a transaction that you saved before, QuickBooks will save both entries because of the built-in audit trail. The original entry and the correction will be included in the Audit Trail report. The audit trail is always on while you are working in QuickBooks and cannot be turned off.

Correcting Purchase Entries after Recording

The purchase from Spread the Word for advertising was entered with an incorrect amount, so we need to correct it. The transaction was entered as a cheque, so we will


open the Write Cheques form to find the cheque and correct it. Refer to the following source document as we work through the steps to enter it:

SD8: Memo #1 **Dated November 7, 2017**
 From Owner: Cheque #237 to pay Bill #SW-444 from Spread the Word was entered incorrectly. The correct bill amount was \$995.00 plus \$49.75 GST and \$69.65 PST. The bill totalled \$1,114.40. Edit Cheque #237 to make the correction.

1. Press  + **W** to open the Write Cheques form

There are two methods of opening the transaction that has the error. If the transaction you need was entered recently, you can use the Previous and Next icons on the Main tab on the forms Icon bar to scroll through the transactions. Each form also has a Find tool to assist you in finding the form that you want to view or correct. If you have a large number of transactions of the same type, it is faster to use the Find tool to access the transaction you want to correct. Using the Find tool will be covered in a later chapter.

We have entered only three cheques, so we can scroll through all the cheques using the Previous icon.

2. Click the **Previous icon**  on the Main tab of the Write Cheques Icon bar

The last cheque we entered, Cheque #238 to Covers, appears on the screen. This is not the one we need.

3. Click the **Previous icon**  on the Icon bar again. Cheque #237 to Spread the Word is displayed:

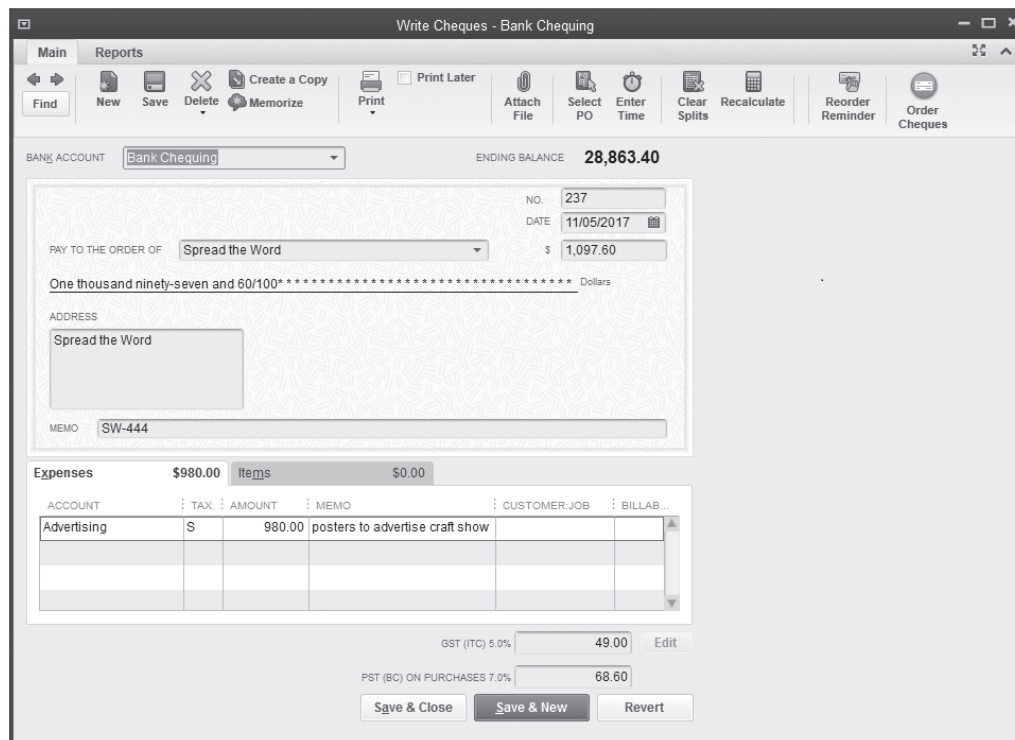





Figure 2-29

With the transaction displayed on the screen, you can modify it, delete it, or void it. The delete and void options are available from the Edit menu or on the shortcut menu


 **Source Docs**
 Refer to the following source document and then follow the step-by-step instructions to enter it.

 **Notes**
 You may use one of the other methods to open the Write Cheques form. See page 56.


 **Notes**
 Deleted entries are also listed in the Audit Trail report.

displayed by right clicking in the transaction. The menu options change to match the window that is currently open, so the menu options for this window appear as Delete Cheque and Void Cheque. Both actions will change all amounts for the transaction to zero. Voiding a cheque will leave a record of the transaction in QuickBooks while deleting it will not.

Notice that the Clear button from the original cheque form has been replaced by Revert. If you make a change to the transaction and do not want to save it, choosing Revert will restore the recorded transaction and you can begin the edit process again or close the form.

4. **Double click** **980.00** in the **Amount field** to highlight it
5. **Type** **995**
6. **Press**  to enter the amount and update the taxes

Notice that the amount in the cheque portion has not yet changed. Currently, it is \$1,097.60.

7. **Click**  the **Recalculate icon** on the Main tab of the forms Icon bar to complete the revision and update all amounts as shown:

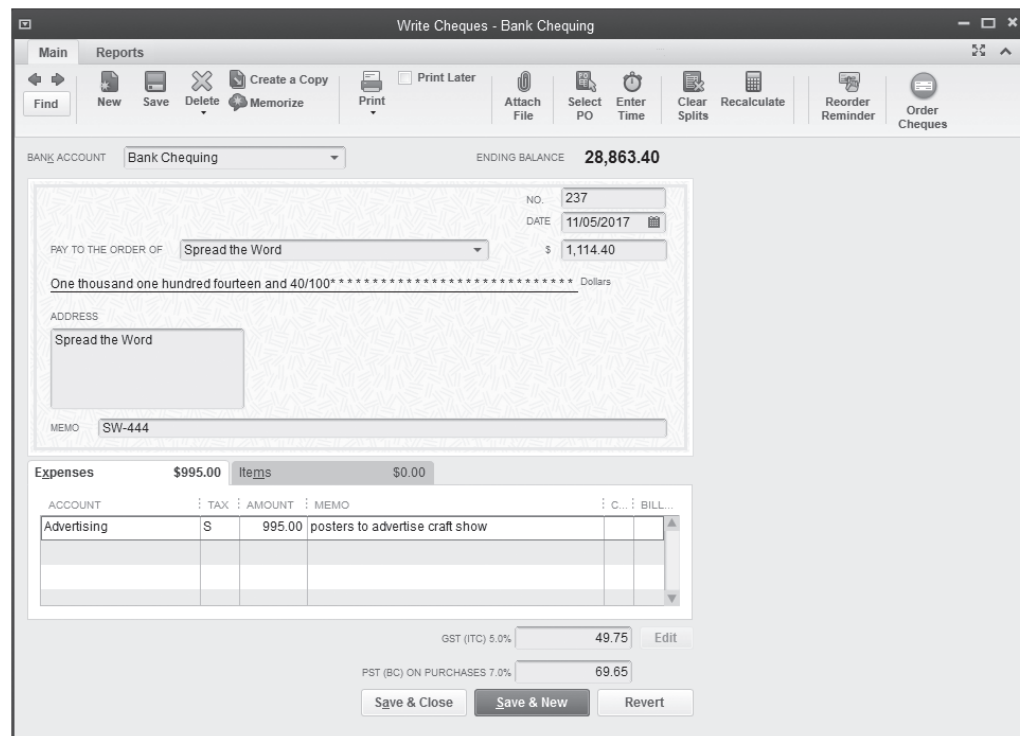


Figure 2-30

8. **Check** your **work** to be sure that you made the changes correctly
9. **Click** **Save & Close** to save the correction

10. The following warning message will be displayed:

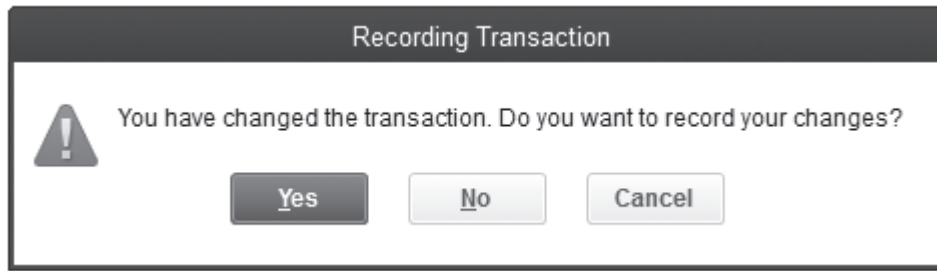


Figure 2-31

The *Warn when editing a transaction* preference in QuickBooks preferences is selected by default so that changes are not made to recorded entries accidentally. Choosing **No** will clear the form without saving the changes. Choosing **Cancel** will leave the form open for further changes. Choosing **Yes** will save the changes, and the new revised form will replace the previous one.

11. **Click Yes** to save the changes and **close** the **Write Cheques form**

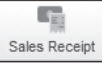



Correcting Sales Receipts after Recording

Correcting sales receipts is similar to correcting cheques. You access the completed sales receipt on the Enter Sales Receipts form, make the changes, and save the revised form. There is no need to make a reversing journal entry.

For this next source document, we need to correct the amount on Sales Receipt #2092. Refer to the following source document as we work through the steps to enter it:

SD9: Memo #2 Dated November 7, 2017

From Owner: Sales Receipt #2092 was entered incorrectly. The actual sales total amount was \$910.00 plus \$45.50 GST for chocolate sold in the store. Sales total was \$955.50. Edit the Sales Receipt to make the correction.

1. **Click** the **Sales Receipt icon**  that you added to the Icon bar in a previous exercise
2. **Click** the **Previous icon**  on the Main tab of the Sales Receipt Icon bar. You should see Sales Receipt #2094
3. **Click** the **Previous icon**  two more times until you reach Sales Receipt #2092
4. **Double click** **870.00** in the **Amount field** to highlight it
5. **Type** **910**
6. **Press**  to update the taxes and total amount

If you make a mistake, you can click the Revert button to restore the original recorded transaction without saving any changes. You can then begin the edit process again. For practice, you can click Revert and then make the correction again.

Notes

To view this QuickBooks preference, select Edit from the menu and then Preferences. Select the General heading on the left-hand side of the screen. On the My Preferences tab, a checkmark should be displayed in the box beside the **Warn when editing a transaction** preference.

Source Docs

Refer to the following source document and then follow the step-by-step instructions to enter it.

Notes

Remember that you can also choose the Customers menu and click Enter Sales Receipts, or click the Create Sales Receipts icon in the Customers section of the Home page to open the Sales Receipts form.

Your corrected receipt should look like the one shown here:

Figure 2-32

7. **Check** your **work** carefully and make additional corrections if necessary
8. **Click** **Save & Close** to record the correction and close the Enter Sales Receipts form

Because you have made changes to the transaction, the program asks you to confirm that you want to record the changes. The Recording Transaction screen that you saw in Figure 2-31 will be displayed.

9. **Click** **Yes** to record the changed sales receipt and continue

Backing Up and Verifying Your Company File

Now that we have completed one week of transactions, we should back up the company file. Refer to Chapter 1, page 40, for complete instructions on backing up a company file if you need further assistance. Refer to the following source document as we work through the steps to perform a backup:

Source Docs
Refer to the following source document and then follow the step-by-step instructions to enter it.

SDI0: Memo # 3

Dated November 7, 2017

From Owner: Back up and verify the data file. Continue to back up and verify on a weekly basis.

1. **Choose** the **File menu** and **click Create Backup**
2. **Accept** **Local backup** and **click the Options button**
3. **Click** **Browse** and **choose a drive** and **folder** to save the backup file
4. **Accept** **Complete Verification** (it should already be selected as the default) and accept the rest of the defaults on this screen

5. **Click** **OK** to exit the Backup Options window
6. **Click** the **Use this Location button** if you have selected to save the backup onto the same hard drive that contains your company file
7. **Click** **Next**
8. **Accept** **Save it now** and **click Next**
You can change the drive, folder, and file name on this screen if necessary.
9. **Click** **Save** to begin the backup process
10. **Click** **OK** when you see the message that a backup of the company file has been saved


Notes

It is not recommended to save your company file onto the same hard drive that contains your current QuickBooks company file.

Source Documents

Now that you have learned some new concepts taught in this chapter, continue to develop your skills by entering the following source documents in QuickBooks. Use the information in this chapter as a guide if necessary:

- SD11: Sales Receipt #2095** **Dated November 9, 2017**
To store customers, \$960.00 plus \$48.00 GST for chocolate sold in the store in the past three days. All customers paid cash for their purchases. Sales totalling \$1,008.00 were deposited to the *Bank Chequing* account.
- SD12: Sales Receipt #2096** **Dated November 12, 2017**
To store customers, \$1,075.00 plus \$53.75 GST for chocolate sold in the store in the past three days. All customers paid cash for their purchases. Sales totalling \$1,128.75 were deposited to the *Bank Chequing* account.
- SD13: Write Cheque** **Dated November 13, 2017**
To pay cash for purchase received with Bill #SP-11-14 from Suite Properties in the amount of \$3,400.00 plus \$170.00 GST for monthly store rent. The bill totalled \$3,570.00. Wrote Cheque #239 to pay the bill in full.
- SD14: Write Cheque** **Dated November 15, 2017**
To pay cash for purchase received with Bill #PPC-44998 from Pacific Power Corp. (use Quick Add to set up the new vendor) in the amount of \$480.00 plus \$24.00 GST and \$33.60 PST for monthly hydro expense. The bill totalled \$537.60. Wrote Cheque #240 to pay the bill in full.
- SD15: Sales Receipt #2097** **Dated November 15, 2017**
To Originals craft show customers, \$2,045.00 plus \$102.25 GST for chocolate sold at Originals show in first three days. All customers paid cash for their purchases. Sales totalling \$2,147.25 were deposited to the *Bank Chequing* account.
- SD16: Sales Receipt #2098** **Dated November 15, 2017**
To store customers, \$560.00 plus \$28.00 GST for chocolate sold in the store in the past three days. All customers paid cash for their purchases. Sales totalling \$588.00 were deposited to the *Bank Chequing* account.

 **Source Docs for Practice**
Continue to develop your skills by entering the following source documents.

SD17: Sales Receipt #2099**Dated November 18, 2017**

To Originals craft show customers, \$1,930.00 plus \$96.50 GST for chocolate sold at Originals show in past three days of the show. All customers paid cash for their purchases. Sales totalling \$2,026.50 were deposited to the *Bank Chequing* account.

SD18: Sales Receipt #2100**Dated November 19, 2017**

To store customers, \$995.00 plus \$49.75 GST for chocolate sold in the store in the past three days. All customers paid cash for their purchases. Sales totalling \$1,044.75 were deposited to the *Bank Chequing* account.

SD19: Write Cheque**Dated November 20, 2017**

To pay cash for purchase received with Bill #FFF-216 from Fournier's Fine Foods in the amount of \$910.00 for sugar, cream, nuts, and other food ingredients for making chocolates. Ingredients are zero rated for tax purposes. The bill totalled \$910.00. Wrote Cheque #241 to pay the bill in full.

SD20: Write Cheque**Dated November 21, 2017**

To pay cash for purchase received with Bill #NT-9023 from NuTel for \$180.00 plus \$9.00 GST and \$12.60 PST for telephone, cell phone, and Internet service for one month. The bill totalled \$201.60. Wrote Cheque #242 to pay the bill in full. Choose the *Utilities* account.

SD21: Sales Receipt #2101**Dated November 22, 2017**

To Originals craft show customers, \$1,675.00 plus \$83.75 GST for chocolate sold at Originals show in the past three days. All customers paid cash for their purchases. Sales totalling \$1,758.75 were deposited to the *Bank Chequing* account.

SD22: Sales Receipt #2102**Dated November 22, 2017**

To store customers, \$1,180.00 plus \$59.00 GST for chocolate sold in the store in the past three days. All customers paid cash for their purchases. Sales totalling \$1,239.00 were deposited to the *Bank Chequing* account.

SD23: Sales Receipt #2103**Dated November 25, 2017**

To store customers, \$1,660.00 plus \$83.00 GST for chocolate sold in the store in the past three days. All customers paid cash for their purchases. Sales totalling \$1,743.00 were deposited to the *Bank Chequing* account.

SD24: Sales Receipt #2104**Dated November 25, 2017**

To Originals craft show customers, \$1,990.00 plus \$99.50 GST for chocolate sold at Originals show in the past three days. All customers paid cash for their purchases. Sales totalling \$2,089.50 were deposited to the *Bank Chequing* account.

SD25: Write Cheque**Dated November 25, 2017**

To pay cash for purchase received with Bill #GW-1649 from GlassWorks (use Quick Add to add the new vendor) for \$550.00 plus \$27.50 GST and \$38.50 PST to replace glass and repair display cabinet frames in the store. A customer dropped a box and cracked the glass. The bill totalled \$616.00. Wrote Cheque #243 to pay the bill in full.

SD26: Sales Receipt #2105**Dated November 29, 2017**

To store customers, \$1,485.00 plus \$74.25 GST for chocolate sold in the store in the past three days. All customers paid cash for their purchases. Sales totalling \$1,559.25 were deposited to the *Bank Chequing* account.

SD27: Sales Receipt #2106**Dated November 30, 2017**

To Originals craft show customers, \$4,350.00 plus \$217.50 GST for chocolate sold at Originals show in the final three days of the show. All customers paid cash for their purchases. Sales totalling \$4,567.50 were deposited to the *Bank Chequing* account.

SD28: Sales Receipt #2107**Dated November 30, 2017**

To Birdsell Book Club (use Quick Add to add the new customer) for \$1,310.00 plus \$65.50 GST for special order of theme chocolate decorations for 40th anniversary celebration. Sales total of \$1,375.50 was paid by Cheque #104 and deposited to the *Bank Chequing* account.

SD29: Write Cheque**Dated November 30, 2017**

To pay cash for purchase received with Bill #O-2009 from Originals (Craft Show) for \$3,000.00 plus \$150.00 GST and \$210.00 PST for booth rental at craft show. The bill totalled \$3,360.00. Wrote Cheque #244 to pay the bill in full.

SD30: Write Cheque**Dated November 30, 2017**

To pay cash for purchase received with Bill #AP-3883 from Ads Plus (use Quick Add to add the new vendor) for \$1,250.00 plus \$62.50 GST and \$87.50 PST for advertising, posters, brochures, and business cards for store. The bill totalled \$1,400.00. Wrote Cheque #245 to pay the bill in full.

SD31: Write Cheque**Dated November 30, 2017**

To pay cash for purchase received with Bill #CP-1649 from Car Protectors (use Quick Add to add the new vendor) for \$185.00 plus \$9.25 GST and \$12.95 PST for business automobile insurance. The bill totalled \$207.20. Wrote Cheque #246 to pay the bill in full.


Reports

For the last source document, you will need to learn how to print the Income Statement, verify the Sales Receipts amount, and adjust any errors. Refer to the following source document as we work through the steps to perform the various steps:

SD32: Memo #4**Dated November 30, 2017**

From Owner: Display the Income Statement and verify the Sales Receipt amounts. Correct the final sales entry for craft show sales (#2106). The correct revenue amount was \$2,350.00 plus \$117.50 GST. Sales total of \$2,467.50 was deposited to the *Bank Chequing* account.

QuickBooks offers a wide range of reports for companies. We will not cover all the reports in any one chapter. Instead, we will focus on the reports most relevant to the company in the chapter. There are many similarities in the way you display, modify, and print various reports, so once we cover the basics you should be able to use the rest

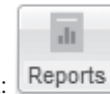
 **Source Docs**
Refer to the following source document and then follow the step-by-step instructions to enter it.

on your own. In this chapter, we will display five basic reports: the Journal, the Income Statement (Profit & Loss), the Balance Sheet, the Trial Balance, and the Audit Trail.

Reports can be accessed in a variety of ways: from the Reports menu, from the Report Centre, and from the Reports button on list windows within a list window (like the Chart of Accounts list). The list windows include only the reports that relate directly to that list. For example, from the Chart of Accounts list window, you can display reports related to the Chart of Accounts. When you click the Reports button, you can see the reports that are available. These are the QuickReport for the selected account, the Income Tax Preparation report, the Account Listing, as well as some reports that affect all accounts, like the Profit & Loss report and the Balance Sheet. Other list windows also have a Reports button with related reports.

The Report Centre is a useful tool for accessing reports when you are learning the program because it includes all reports and shows a sample report with a brief description of the report. To access the Report Centre:


1. **Click** the **Reports icon** on the Icon bar as shown:




You can also access the Report Centre as well as individual reports from the Reports menu.

The Report Centre lists reports by the same categories used in the Reports menu. Generally, the reports within each category are the same as the ones on the Reports menu submenus. An advantage to using the Report Centre is the sample report that shows what your report will look like and what the contents of the reports will show. The list of Company & Financial reports is shown initially. You can see that many of the reports in this category are variations of the Income Statement. Since the Balance Sheet is also displayed, we will begin there.

In general, to see any report or graph in any of the report categories or groupings:


- a) **Choose** the **report category** from the left-hand side of the screen. While in Grid View (the default view when you open the Report Centre), a sample of each report is displayed on the screen
- b) **Double click** the **sample report** or **click** on the **Run icon**  to display the report on the screen
- c) **Enter** the **dates** for your report and make any other necessary modifications

 **Notes**
For detailed instructions on how to use the Report Centre, refer to Chapter 1, pages 20–25.





Income Statement (Profit & Loss Statement)


The Income Statement shows how much income a business has earned after taking into account the expenses for a specific period. You can show the statement for any period you choose. In QuickBooks, the Income Statement is named the Profit & Loss report. You can see the report as a summary (standard), in detail with all transactions listed individually, in comparative format that shows two different income periods, for individual customers and jobs, and so on. In this chapter, we will cover the standard or summary reports. In the next chapter, we will examine other reports that deal with all accounts.


The report dates can be changed after you display the report on the screen. Your computer's calendar date is the default date used for reports. Since the company files

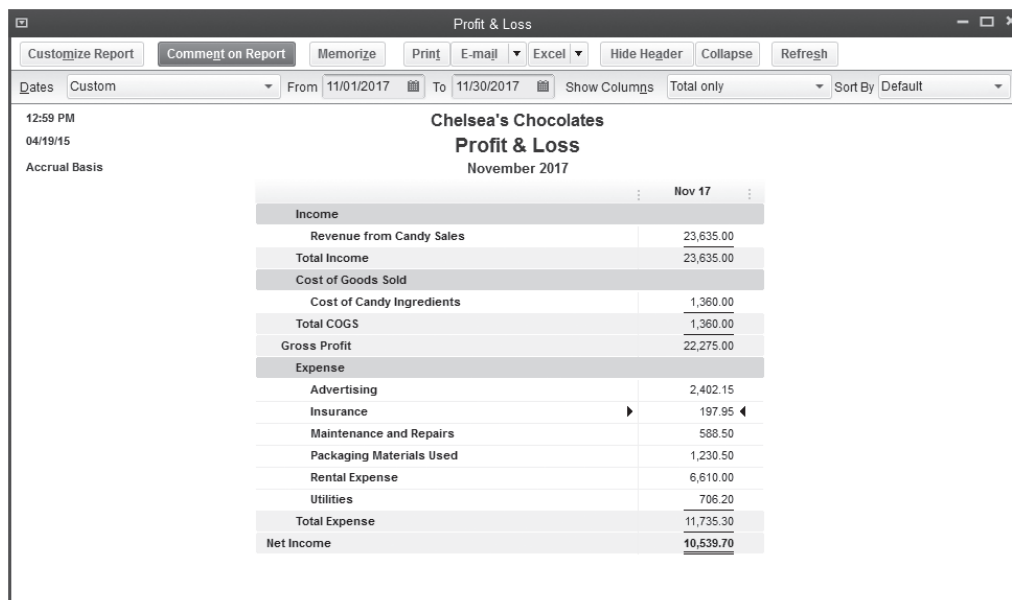
 **Notes**
Depending on your current calendar date, your default report dates will be different from the ones shown in the textbook.

in this textbook have been created for the year 2017, you can use the custom date filter to enter the required dates or simply enter the required dates in the From and To date fields.

2. **Click** the **Company & Financial heading** on the left-hand side of the screen
3. **Review** the **sample Profit & Loss Standard report** under the Profit & Loss (income statement) heading
4. **Click** on the **Run icon**  to display the report
5. **Click** on the **drop-down arrow** beside the **Dates field**
6. **Scroll down** the **list of dates** and **select Custom**
7. **Press**  to advance to the From date field and **enter 11/01/17**
8. **Press**  to advance to the To date field and **enter 11/30/17**
9. **Press**  or **click** on the **Refresh button** to display the updated amounts:

 **Notes**
Of course, if you complete this chapter in November 2017, you will see data for your current month and won't have to change the dates for the report.

 **Notes**
The report dates in the upper left corner of your reports will be different from the ones shown in the textbook because your current calendar date will be different from ours.



Chelsea's Chocolates		Nov 17
Profit & Loss		
November 2017		
Income		
Revenue from Candy Sales		23,635.00
Total Income		23,635.00
Cost of Goods Sold		
Cost of Candy Ingredients		1,360.00
Total COGS		1,360.00
Gross Profit		22,275.00
Expense		
Advertising		2,402.15
Insurance		197.95
Maintenance and Repairs		588.50
Packaging Materials Used		1,230.50
Rental Expense		6,610.00
Utilities		706.20
Total Expense		11,735.30
Net Income		10,539.70


Figure 2-33

For each account, the total income or expense for the period we selected is shown. Gross Profit — total revenue minus the cost of goods sold — is reported separately from Net Income. The revenue amount appears to be suspiciously high. We can zoom in to see the details of this amount.

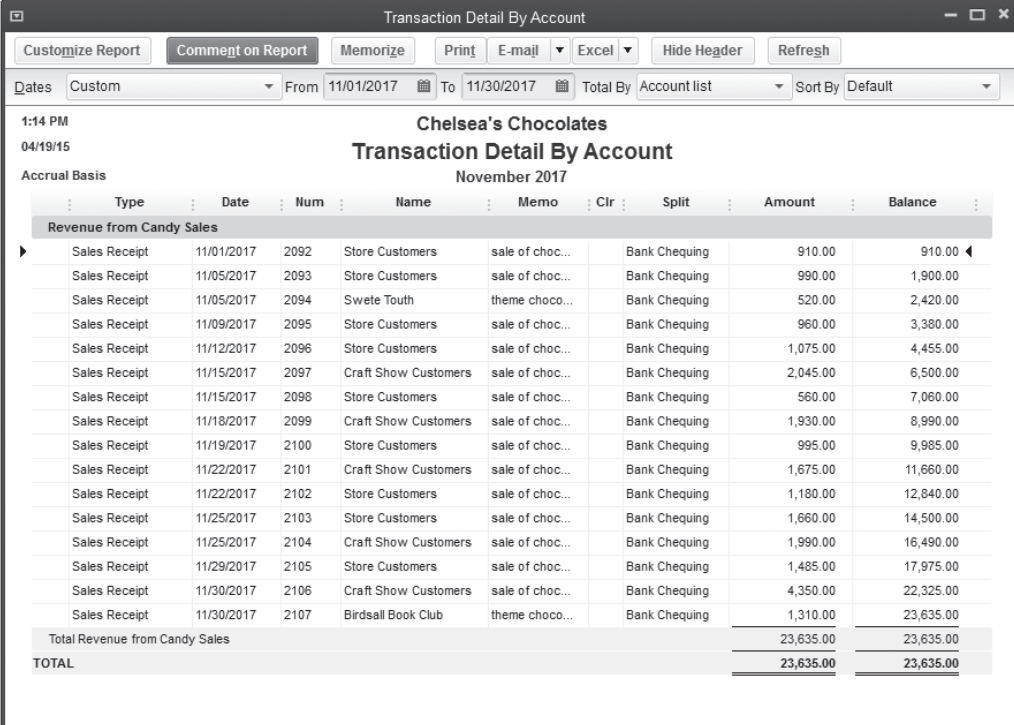
The dates drop-down list shows the entry Custom because we entered our own range of dates. When you are using current calendar dates for your company, you can choose a date range from the drop-down list.

Zooming In for More Detail

The Income Statement from the previous exercise should still be open on the screen. If not, please open it.

A magnifying glass icon  appears over areas in reports whenever you are able to drill down to view more details for an amount or a transaction. If you hold the mouse over different parts of the report the magnifying glass will appear, and double clicking on an amount will display the transaction or a detailed report.


1. **Double click** the **amount** for Revenue from Candy Sales to view the Transaction Detail By Account report for this account:




Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
Revenue from Candy Sales								
Sales Receipt	11/01/2017	2092	Store Customers	sale of choc...		Bank Chequing	910.00	910.00
Sales Receipt	11/05/2017	2093	Store Customers	sale of choc...		Bank Chequing	990.00	1,900.00
Sales Receipt	11/05/2017	2094	Swete Tough	theme choco...		Bank Chequing	520.00	2,420.00
Sales Receipt	11/09/2017	2095	Store Customers	sale of choc...		Bank Chequing	960.00	3,380.00
Sales Receipt	11/12/2017	2096	Store Customers	sale of choc...		Bank Chequing	1,075.00	4,455.00
Sales Receipt	11/15/2017	2097	Craft Show Customers	sale of choc...		Bank Chequing	2,045.00	6,500.00
Sales Receipt	11/15/2017	2098	Store Customers	sale of choc...		Bank Chequing	560.00	7,060.00
Sales Receipt	11/18/2017	2099	Craft Show Customers	sale of choc...		Bank Chequing	1,930.00	8,990.00
Sales Receipt	11/19/2017	2100	Store Customers	sale of choc...		Bank Chequing	995.00	9,985.00
Sales Receipt	11/22/2017	2101	Craft Show Customers	sale of choc...		Bank Chequing	1,675.00	11,660.00
Sales Receipt	11/22/2017	2102	Store Customers	sale of choc...		Bank Chequing	1,180.00	12,840.00
Sales Receipt	11/25/2017	2103	Store Customers	sale of choc...		Bank Chequing	1,660.00	14,500.00
Sales Receipt	11/25/2017	2104	Craft Show Customers	sale of choc...		Bank Chequing	1,990.00	16,490.00
Sales Receipt	11/29/2017	2105	Store Customers	sale of choc...		Bank Chequing	1,485.00	17,975.00
Sales Receipt	11/30/2017	2106	Craft Show Customers	sale of choc...		Bank Chequing	4,350.00	22,325.00
Sales Receipt	11/30/2017	2107	Birdsall Book Club	theme choco...		Bank Chequing	1,310.00	23,635.00
Total Revenue from Candy Sales							23,635.00	23,635.00
TOTAL							23,635.00	23,635.00

Figure 2-34

The last sales receipt for the craft show was entered incorrectly. The amount should be \$2,350.00, not \$4,350.00. We can drill down directly to the sales receipt transaction from here to make the correction.

2. **Double click** **Sales receipt #2106** (you can click anywhere on the line) to drill down to the transaction
3. **Double click** the amount **4,350.00**
4. **Type** **2350**
5. **Press**  to update the tax amounts. The GST should now be \$117.50
6. **Click** **Save & Close**
7. **Click** **Yes** when asked if you want to save the changed transaction

You will return to the Transaction Detail By Account report. Notice that the report has changed to include the correction we made.

8. **Click**  to close the Transaction Detail By Account report and return to the Profit & Loss Statement. You will see this warning message:

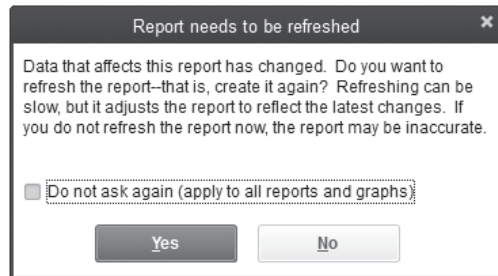



Figure 2-35

9. **Click** the **Do not ask again check box** so that all reports and graphs will be refreshed or updated automatically when we make a change
10. **Click** **Yes** to update the report

You will return to the Profit & Loss report. Notice that this report has also changed to include the correction we made.

11. **Click**  to close the Profit & Loss report and return to the Report Centre
12. You will see the following message:

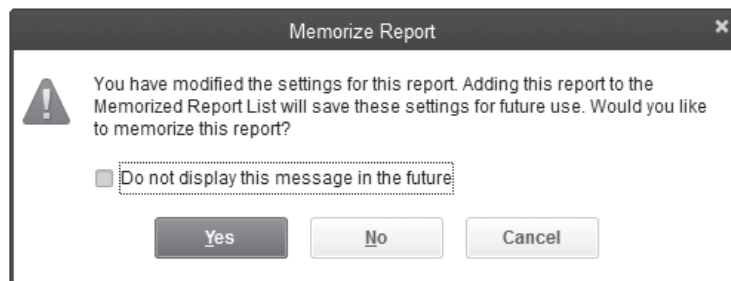



Figure 2-36

Since you have modified the report settings, you can create a memorized report so you can access the report with these new settings in the future. We will learn how to create memorized reports in a later lesson.

13. **Click** the **Do not display this message in the future check box**
14. **Click** **No**

Displaying Profit & Loss Reports from the Reports Menu

1. **Choose** the **Reports menu**
2. **Click** **Company & Financial**
3. **Click** **Profit & Loss Standard**


 **Notes**
You cannot view a sample report when you select reports from the Report menu.




Depending on your system date, there may be no information displayed on the report because there is no data for the date range displayed by default. We need to change the dates in the report first.

In the dates field, the date range *This Month-To-Date* is displayed. When you are using current calendar dates for your company, you can choose a date range from the drop-down list. Because we have not used the current calendar dates, we need to customize the date range by modifying the From and the To date fields.



Notes

As soon as you type a date in the From field and press , **Custom** is automatically displayed in the Dates field.

4. **Double click** the **date** in the **From field**
5. **Type** **11/01/2017**
6. **Press**  to advance to the To date field
7. **Type** **11/30/2017**
8. **Click** the **Refresh button** or **press**  to update the report
9. **Click**  to close the Income Statement when you have finished viewing it

We will access the remaining reports from the Report Centre.


Balance Sheet

The Balance Sheet is also listed with the Company & Financial reports. This report shows the financial state of the company at a particular point in time. The balances for all asset, liability, and equity accounts are shown for a selected date. In QuickBooks, you can display the Balance Sheet for any date that the company was active.



Notes

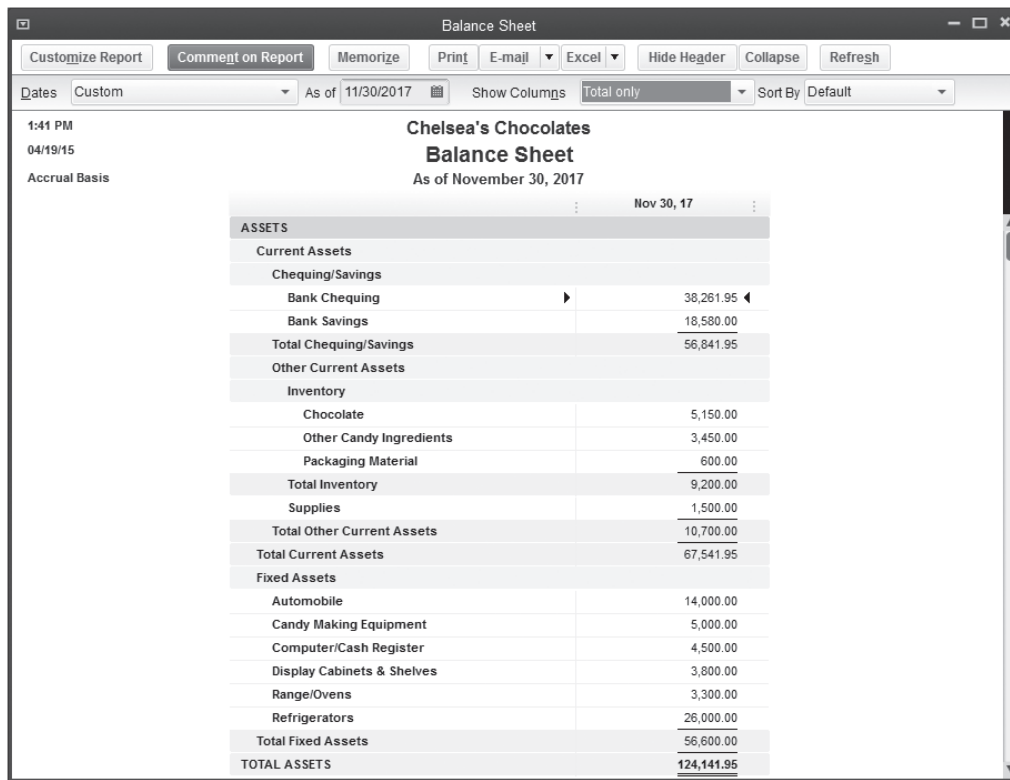
To display the Balance Sheet from the Reports menu, choose the Reports menu, then choose Company & Financial, and then click Balance Sheet Standard. With the Balance Sheet displayed on the screen, you can drill down to the transaction details as you did for the Profit & Loss report. You can view the Transactions by Account report when you double click an amount. When you double click a line in the Transactions by Account report you can drill down to the transaction.

1. **Click** the **Reports icon** on the Icon bar
2. **Click** the **Company & Financial heading** on the left-hand side of the screen (it may already be selected because this is the default)
3. **Scroll down** to the **Balance Sheet Standard report** under the Balance Sheet & Net Worth heading
4. **Review** the sample **Balance Sheet report**
5. **Click** the **Run icon**  to display the report on the screen

The Balance Sheet will be displayed. We need to change the report date because there are no data for the current date.

6. **Press**  to advance to the As of date field and **enter 11/30/2017**

7. Press  to refresh the report:



Chelsea's Chocolates		Nov 30, 17
Balance Sheet		
As of November 30, 2017		
ASSETS		
Current Assets		
Chequing/Savings		
Bank Chequing		38,261.95
Bank Savings		18,580.00
Total Chequing/Savings		56,841.95
Other Current Assets		
Inventory		
Chocolate		5,150.00
Other Candy Ingredients		3,450.00
Packaging Material		600.00
Total Inventory		9,200.00
Supplies		1,500.00
Total Other Current Assets		10,700.00
Total Current Assets		67,541.95
Fixed Assets		
Automobile		14,000.00
Candy Making Equipment		5,000.00
Computer/Cash Register		4,500.00
Display Cabinets & Shelves		3,800.00
Range/Ovens		3,300.00
Refrigerators		26,000.00
Total Fixed Assets		56,600.00
TOTAL ASSETS		124,141.95

Figure 2-37

8. Click  to close the Balance Sheet when you have finished viewing it

Trial Balance Report

The Trial Balance shows the account balances for both Balance Sheet and Income Statement accounts at a specific date in two columns of debit and credit balances.

As you have seen, you can access all reports from the Report Centre. However, the Trial Balance report is not found in the Company & Financial heading, so we need to choose a different report group. The Trial Balance and the next two reports we will look at are found within the Accountant & Taxes heading.

For the following exercise, you need to have the Report Centre open.



1. **Click** the **Accountant & Taxes heading** on the left-hand side of the screen to view the list of reports found in this report category
2. **Find** the **Trial Balance report** under the Account Activity heading (it should be the first report in the group)
3. **Review** the **sample Trial Balance report**

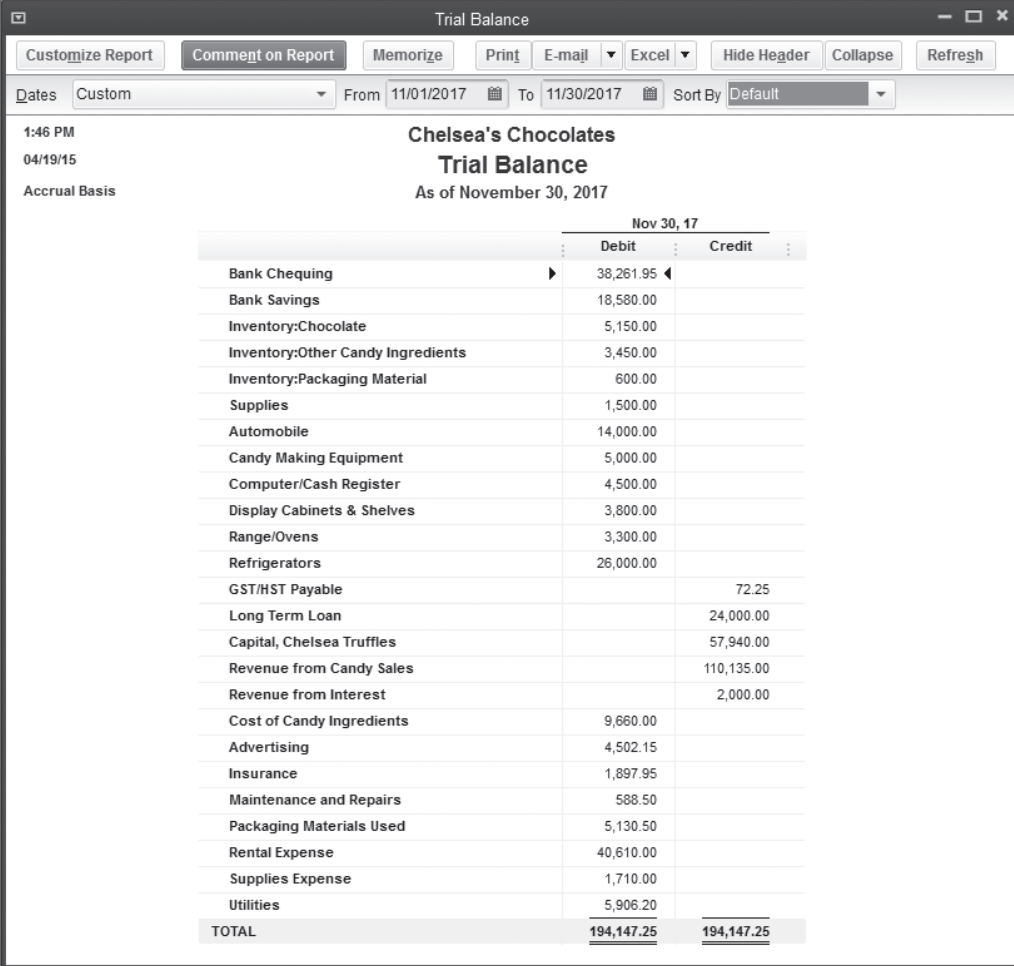
We need to change the report dates because there is no data for the current month.

4. **Click** the **Run icon**  to display the report on the screen

Notes

To access the Trial Balance from the Reports menu, choose the Reports menu, then choose Accountant & Taxes, and then click Trial Balance.

5. **Press**  to advance to the date in the From field
6. **Type** **11/01/2017**
7. **Press**  to advance to the date in the To field
8. **Type** **11/30/2017**
9. **Press**  to refresh the report:



Chelsea's Chocolates
Trial Balance
As of November 30, 2017

Accrual Basis

	Nov 30, 17	
	Debit	Credit
Bank Chequing	38,261.95	
Bank Savings	18,580.00	
Inventory:Chocolate	5,150.00	
Inventory:Other Candy Ingredients	3,450.00	
Inventory:Packaging Material	600.00	
Supplies	1,500.00	
Automobile	14,000.00	
Candy Making Equipment	5,000.00	
Computer/Cash Register	4,500.00	
Display Cabinets & Shelves	3,800.00	
Range/Ovens	3,300.00	
Refrigerators	26,000.00	
GST/HST Payable		72.25
Long Term Loan		24,000.00
Capital, Chelsea Truffles		57,940.00
Revenue from Candy Sales		110,135.00
Revenue from Interest		2,000.00
Cost of Candy Ingredients	9,660.00	
Advertising	4,502.15	
Insurance	1,897.95	
Maintenance and Repairs	588.50	
Packaging Materials Used	5,130.50	
Rental Expense	40,610.00	
Supplies Expense	1,710.00	
Utilities	5,906.20	
TOTAL	194,147.25	194,147.25

Figure 2-38

With the Trial Balance displayed on the screen, you can drill down to the transaction details as you did for the Profit & Loss report and the Balance Sheet. You can view the Transactions by Account report when you double click an amount. When you double click a line in the Transactions by Account report you can drill down to the transaction.

10. **Click**  to close the Trial Balance when you have finished viewing it

Journal Report






Notes


There are also journal entries for October 31, 2017, but these entries were created to set up the company file.


The Journal Report shows all transactions that have taken place within the range of dates you enter for the report. Transactions are displayed in traditional accounting journal format as debit and credit entries.

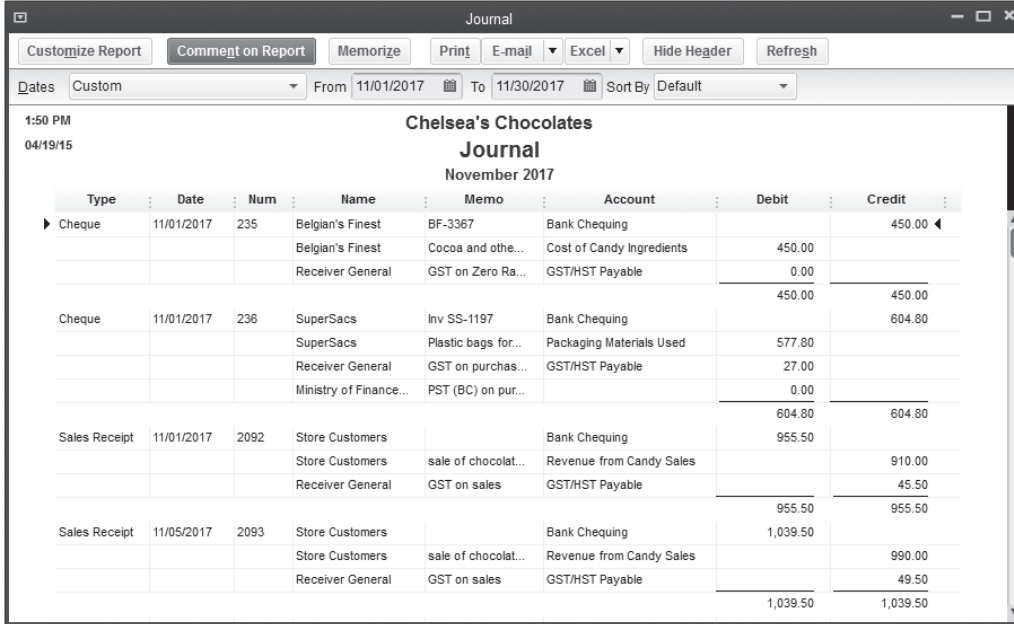
We need to modify the default dates to include the dates for the transactions we entered, that is, November 1, 2017, to November 30, 2017.

For the following exercise, you need to have the Report Centre open. The Accountant & Taxes heading should still be selected in the Report Centre.

1. **Scroll down** (if necessary) to display the **Journal report** under the Account Activity heading
2. **Double click** on the sample **Journal report**
3. **Press**  to advance to the From date field
4. **Type** **11/01/2017**
5. **Press**  to advance to the To date field
6. **Type** **11/30/2017**
7. **Press**  or **click** the **Refresh button** to update the report:

 **Notes**
To access the Journal report from the Reports menu, choose the Reports menu, then choose Accountant & Taxes, and then click Journal.

 **Notes**
You can double click on a sample report to display it on the screen or, as we have done for all the other reports in this chapter, you can click the Run icon.



Type	Date	Num	Name	Memo	Account	Debit	Credit
Cheque	11/01/2017	235	Belgian's Finest	BF-3367	Bank Chequing		450.00
			Belgian's Finest	Cocoa and othe...	Cost of Candy Ingredients	450.00	
			Receiver General	GST on Zero Ra...	GST/HST Payable	0.00	
						450.00	450.00
Cheque	11/01/2017	236	SuperSacs	Inv SS-1197	Bank Chequing		604.80
			SuperSacs	Plastic bags for...	Packaging Materials Used	577.80	
			Receiver General	GST on purchas...	GST/HST Payable	27.00	
			Ministry of Finance...	PST (BC) on pur...		0.00	
						604.80	604.80
Sales Receipt	11/01/2017	2092	Store Customers		Bank Chequing	955.50	
			Store Customers	sale of chocolat...	Revenue from Candy Sales		910.00
			Receiver General	GST on sales	GST/HST Payable		45.50
						955.50	955.50
Sales Receipt	11/05/2017	2093	Store Customers		Bank Chequing	1,039.50	
			Store Customers	sale of chocolat...	Revenue from Candy Sales		990.00
			Receiver General	GST on sales	GST/HST Payable		49.50
						1,039.50	1,039.50

Figure 2-39

Modifying Reports

When you view a report on the screen, it may not fit the window size you are using. Frequently, a report includes columns that are empty or not needed. Resizing the columns will also help to fit the printed report on a page.

1. **Click** the **Maximize icon**  to maximize the report on the screen

We will now modify the report so that it does not include information we do not want in the final report. We do not need the transaction number because these numbers include the historical setup transactions that you did not enter. We can drag a column

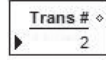


heading to make the column narrower or to remove the entire column. Dragging to the right will make the column wider.



Notes
When you drag the column divider to the left as far as you can, the column disappears.

- 2. Drag** the **column divider** to the right of the **Trans #** column heading



to the left as far as possible

The column is removed (it's actually hidden) from the report. Since the Debit and Credit columns are wider than needed, and the Account column is too narrow to fit the entire account name, we will change the width of these columns.

- 3. Drag** the **column divider** for both the Debit and Credit columns to the left a small amount to make the columns narrower
- 4. Drag** the **column divider** for Account to the right a small amount to make this column wider
- 5. Change** the **size of other columns** that do not fit the contents or are wider than needed
- 6. Close** the **report** when you have finished modifying it
7. Do not memorize the report when prompted

Audit Trail Report

The Audit Trail report shows the journal transactions with additional information — the date that the transaction was modified most recently. The audit trail is “always on,” which means that it cannot be turned off. You will find all transactions that have been added, deleted, and modified in the audit trail. If each QuickBooks user is set up with their own user name and password, the user that modified the transactions will be displayed under the *Last modified by* column.

The Accountant & Taxes heading should still be selected in the Report Centre.

- 1. Scroll down** to the **Audit Trail report** under the Account Activity heading
- 2. Review** the **sample report** displayed on the screen

- 3. Click** the **Run icon**  to open the report

Audit Trail dates are linked to the current calendar date because they show the date and time that the entry was recorded.

- 4. Click** the **drop-down arrow** in the **Date Entered/Last Modified field**



Notes
The Audit Trail report is based on the date the transactions were entered rather than the dates of the transactions. The dates in the Enter/Last Modified column will be different on your report.
Your Audit Trail may be different from the one displayed depending on the changes you have made to the transactions in your company file.



Notes
To access the report from the Reports menu, choose Accountant & Taxes, and then click Audit Trail.



5. Click **This Fiscal Year** to display the report:

Chelsea's Chocolates							
Audit Trail							
Entered/Last Modified January through December 2015							
Last modified by	State	Date	Name	Memo	Account	Split	Amount
Transactions entered or modified by Admin							
Cheque 235							
Admin	Latest	11/01/2017	Belgian's Finest	BF-3367	Bank Chequing	-SPLIT-	<i>-450.00</i>
			Belgian's Finest	Cocoa and other choc...	Cost of Candy Ingr...	Bank Chequing	450.00
			Receiver General	GST on Zero Rated pu...	GST/HST Payable	Bank Chequing	0.00
Cheque 236							
Admin	Latest	11/01/2017	SuperSacs	Inv SS-1197	Bank Chequing	-SPLIT-	<i>-604.80</i>
			SuperSacs	Plastic bags for store ...	Packaging Materia...	Bank Chequing	577.80
			Receiver General	GST on purchases (In...	GST/HST Payable	Bank Chequing	27.00
			Ministry of Finance...	PST (BC) on purchases		Bank Chequing	0.00

Figure 2-40

The Audit Trail report is similar to the Journal report. It shows each accounting transaction that was entered. The audit trail shows the current journal entry (marked as Latest) for a transaction as well as any previous journal entries (marked as Prior) for the same transaction. Deleted entries are marked as Deleted. The calendar date and time are entered for each transaction.

6. Close the **report** when you have finished viewing it

Notes

New transactions are automatically assigned the status of "Latest" by QuickBooks. As transactions are deleted or modified, the original version and any subsequent versions of the transaction will be assigned the status of "Prior" while the updated transaction will be assigned the status of "Latest." The amounts that have been modified are highlighted in bold and italic type.

Notes

Click on any transaction with a status of "Latest" to drill down to the updated transaction.


Graphs

You can also display graphs easily in QuickBooks in the same way that you display reports: from the Report Centre or from the Reports menu. Sometimes information is easier to understand when we look at it in a different format, and graphs offer this opportunity.

Income and Expense Graph



We can display the Profit & Loss report information as a graph. This graph is accessed from the Company & Financial report group.

The Report Centre should still be open from the previous exercise.

1. Click the **Company & Financial heading** on the left-hand side of the screen to change the list of reports
2. Scroll down to the **Income & Expense Graph** under the Income & Expenses heading
3. Click the **Run icon**  under the **Income & Expense Graph** to display it on the screen

Notes

You can also access the graph from the Reports menu by selecting Reports from the menu, choosing Company & Financial, and then clicking Income & Expense Graph.

4. **Click** the **Dates button**
5. **Press**  to advance to the From date
6. **Type** **11/01/2017**
7. **Press**  to advance to the To date
8. **Type** **11/30/2017**
9. **Click** **OK** to update and display the graph:

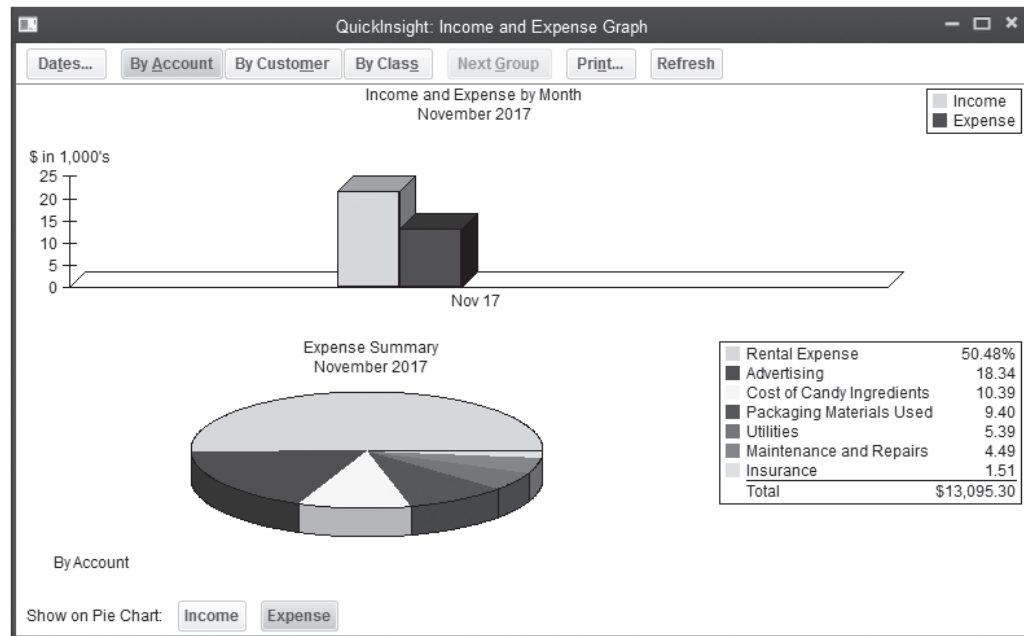


Figure 2-41

Two graphs are displayed: the bar chart of total income and expense amounts for the month and the pie chart of expenses for the month. The summary key on the right shows individual expense accounts, their percentage of total expenses, and the total amount. You can zoom in on more detail from graphs, just as you do for reports.



Double click either the Income or Expense bar of the graph to show, in a pie chart, how that single amount is broken down. Double click a part of the detail pie chart to see a bar chart for the amount. Double click the bar chart to see the transaction details. Double click a transaction detail line to drill down to the current transaction.


Double click any part of the Expense pie chart to show a bar chart for that amount. Double click the bar chart to view the transactions for that account. Double click any transaction to drill down to the current transaction.

10. **Click** on the **graph** to display the information described above
11. **Close** the **graph** when you have finished viewing it to return to the Report Centre

Net Worth Graph

The Net Worth graph is the pictorial equivalent of the Balance Sheet — it shows the financial position at a selected point in time.

1. **Click** the **Net Worth Graph** in the Company & Financial heading under the Balance Sheet & Net Worth section. You may need to scroll down the list of reports to see this graph
2. **Click** the **Dates button**
3. **Press**  to advance to the From date
4. **Type** **11/01/2017**
5. **Press**  to advance to the To date
6. **Type** **11/30/2017**
7. **Click** **OK** to update and display the graph:

 **Notes**
To access the graph from the Reports menu, choose Company & Financial, and then click Net Worth Graph.

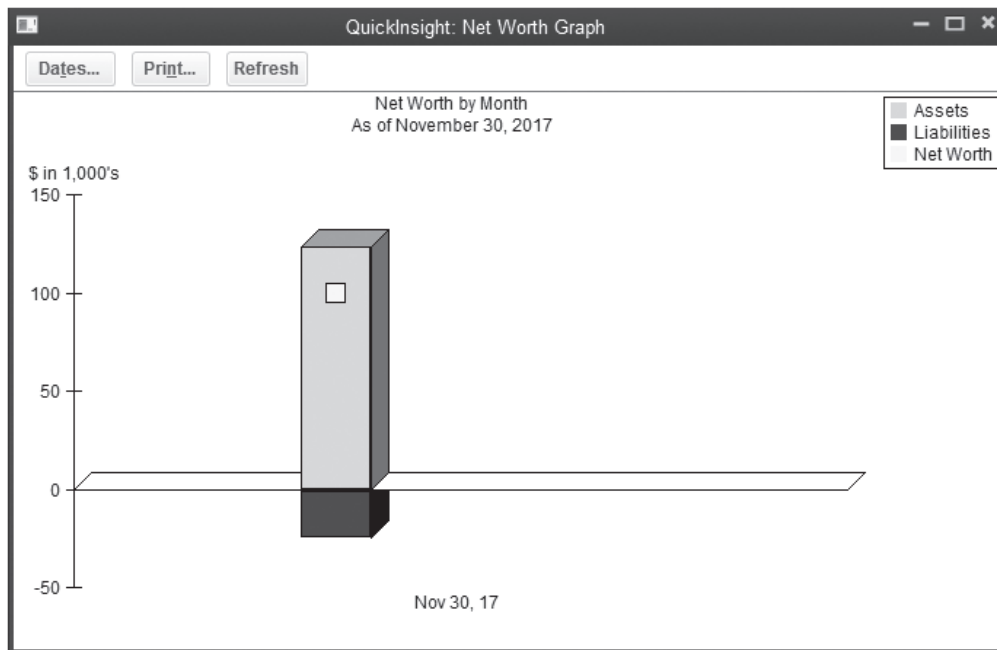


Figure 2-42

The bar graph shows assets above the line, liabilities below the line, and net worth, the difference between them, as a point on the asset portion. Again, you can zoom in on more detail from graphs.

Double click any portion of the graph to show, in a pie chart, how that single amount is broken down. Double click a part of the detail pie chart to see a bar chart for the amount, and then double click that bar chart to see the transaction details. Double click a transaction detail line to drill down to the current transaction.

8. **Double click** the **graph** to display the information described above
9. **Close** the **graph** when you have finished to return to the Report Centre

Printing Reports and Graphs

You can print any report that you can display. The instructions that follow apply to printing any report, so we will not repeat them for all reports. We will work with the Standard Profit & Loss Statement.

Notes
We understand that printing facilities may be limited in the classroom. Your instructor will tell you which reports to print and which ones to display.

Notes
To display the Profit & Loss Standard report from the Reports menu:

- Choose Company & Financial and click Profit & Loss Standard
- Enter 11/01/17 in the From date field and 11/30/17 in the To date field

1. **Display** the **Profit & Loss Standard report for Nov. 1–Nov. 30, 2017**. (Refer to page 83 for instructions if necessary)
2. **Click** the **Print button** in the report window. You will see the following Print Reports dialogue box:

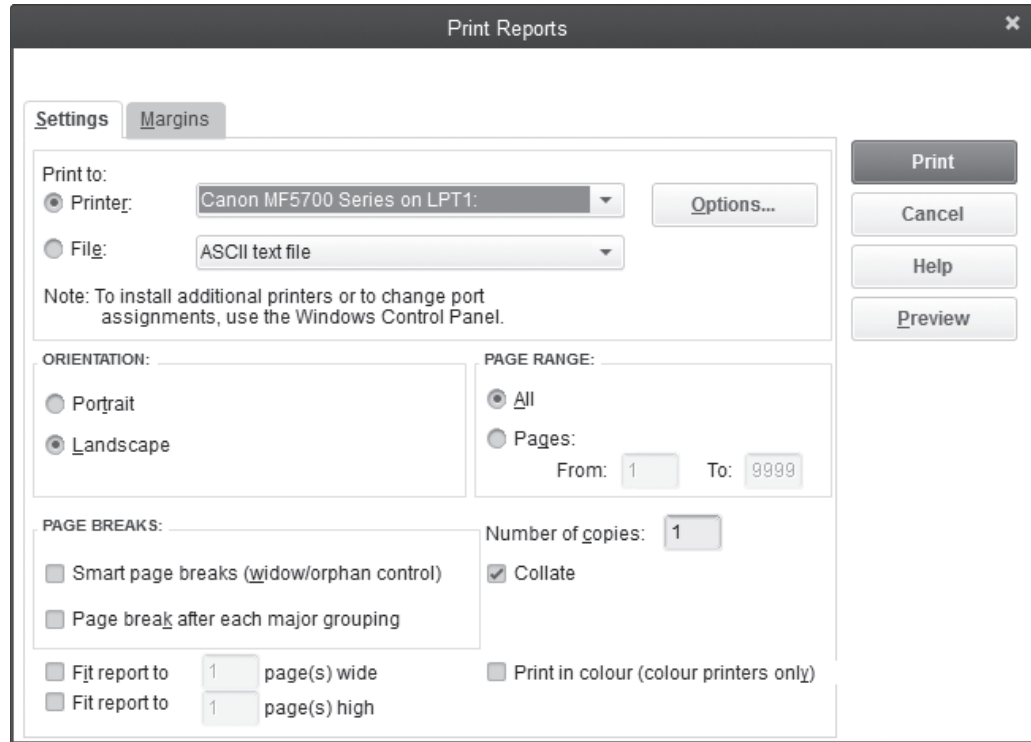


Figure 2-43

This Settings tab allows you to select the printer you are using, the number of copies you want to print, the pages you want to print, and the page orientation (portrait or landscape) — upright or sideways on the page. You can also choose whether to allow the program to apply “smart” page breaks (such as starting a new page between sections), to print in colour (if you have a colour printer), or to shrink the report so that it fits on a single page. If you have a very wide report, you may prefer to print in landscape orientation.

The remaining control options are more advanced and the default settings are usually appropriate. You can access other settings by clicking the Options button and scrolling through the various tabs. You should review these settings but you do not need to change them.

Notes
The Options button will show printer options that are specific to your own printer.

3. **Click** the **Margins tab** to view the options for changing the page margins:

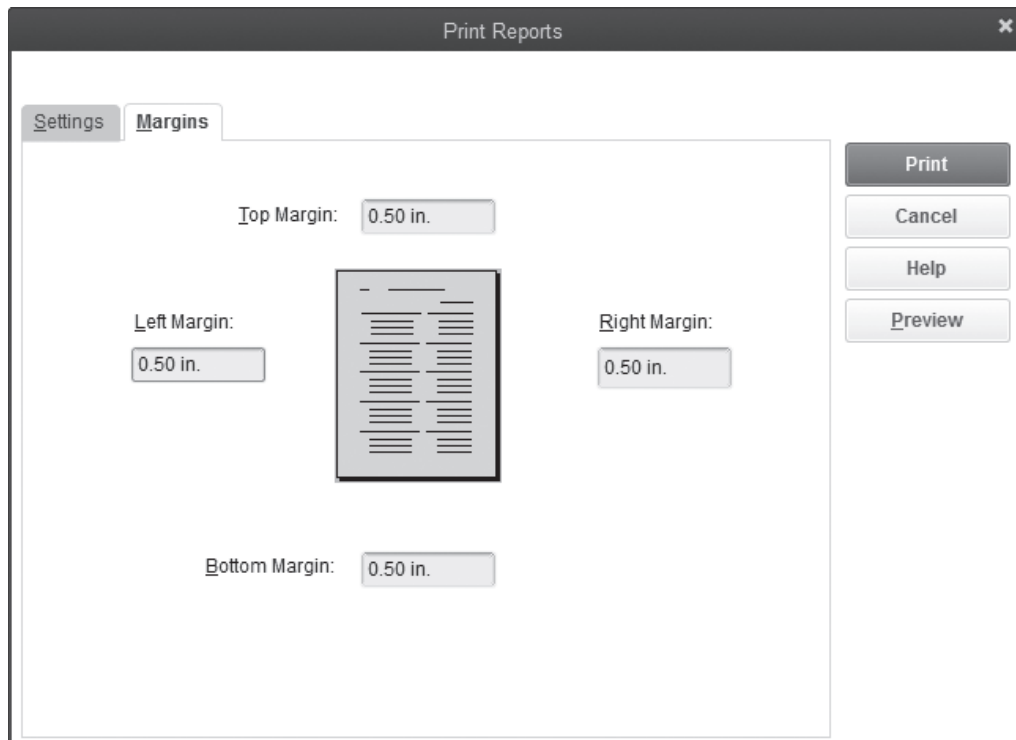


Figure 2-44

From this window you can change the side, top, and bottom margins to suit your printer's capabilities or your desired report appearance. The default margins may be set for the limits of your printer.

4. **Change** the **margins** to suit your printing needs
You can click Cancel to close a settings window without making any changes
5. **Click** the **Preview button** to view what the report will look like when you print it
6. **Click** **Close** to close the preview. The Printer Settings window will open where you can make additional printer adjustments before printing
7. **Click** the **Print button** to begin printing
8. **Close** the **displayed report**
9. **Close** the **Report Centre**

Notes
The default margins at 0.50 inches may be too small to allow for three-hole punching or binding.

Notes
You should preview the report before printing to see whether you need to make additional changes to the report options.

Finishing Your Session

1. **Back up** the **company data file**
2. **Close** the **company file**
3. **Close** the **QuickBooks program**