

QuickBooks Preferences & Lists (Module #2)

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Navigating QuickBooks

File Edit View Lists Company Customers Vendors Employees Banking Reports Window Help Special Offers **Menu Bar** **Customize Icon Bar**

Home Customer Center Vendor Center Employee Center Report Center Reminders Search Feedback Services Payroll Credit Cards

Home **Navigation Bar** **Icon Bar** Type a help question **Ask** **How Do I?**

Centers

Vendors

Customers

Employees

Company

- Chart of Accounts
- Items & Services
- Marketing Tools

Banking

- Record Deposits
- Reconcile
- Write Checks
- Check Register
- Print Checks

Enter Bills → Pay Bills

Invoices → Receive Payments

Create Sales Receipts → Receive Payments

Refunds & Credits

Learn about Payroll Options

Account Balances

Name	Balance
State Bank - Che...	1,545.36

Get Started

- [QuickBooks First Steps](#)
- [Customize QuickBooks](#)

Learn About Services

- [Pay your employees](#)
- [QuickBooks latest upgrade](#)
- [Order Checks & Business Cards](#)
- [Other services...](#)

Last Updated 01/03/2011 [When?](#)
You have no reminders.

The “Ground Rules”

- **QuickBooks menu commands** are printed in sequence, each separated from the next by a (/). For example, File/Open means to select File command from QuickBooks Main Menu bar, then the Open command from the drop-down menu.
- **Control key commands** are written like this: “Ctrl-C”, which means press the “C” key while holding down the key labeled Ctrl on the keyboard.

Setting Preferences

- ***Preferences*** are program settings which determine how QuickBooks operates, what info is displayed/hidden, which accounting method is used, etc.
- Many preferences are initially set “behind the scenes”, based on answers in the EasyStep Interview process

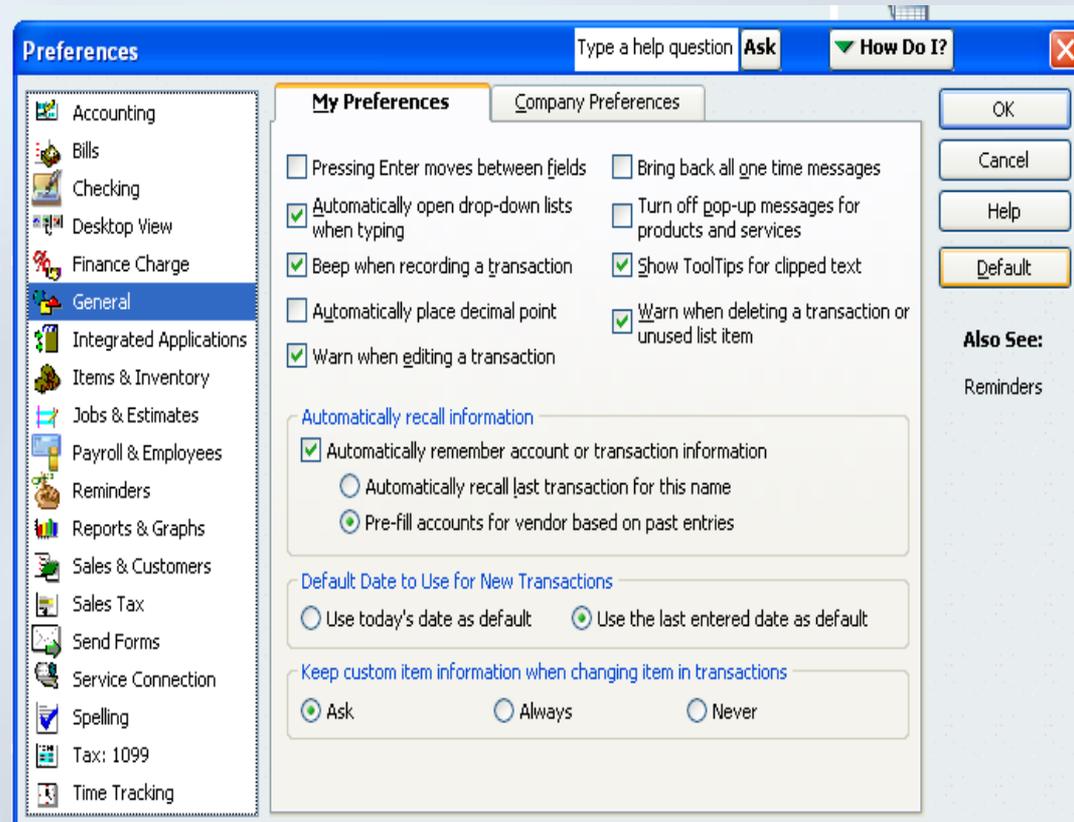
Preference Window

- QuickBooks main “control center”

- Choose Edit/Preferences from Menu bar

- Two main parts:

- Scrollable box of icons along left side
- Panel of preference settings on the right
 - My Preferences
 - Company Preferences



Important Preferences

- Accounting/Company Preferences/Require Accounts
 - Requires selecting an account before leaving a transaction
- Accounting/Company Preferences/Use Class Tracking
- Checking/Company Preferences/Warn about duplicate check numbers
- General/My Preferences/Pressing Enter moves between fields
 - Tab & Shift are standard keys for moving between fields

Important Preferences

- General/My Preferences/Automatically recall last transaction for this name
 - Most valuable, useful & highly recommended automation feature
- Payroll & Employees/Company Preferences/[*various QuickBooks Payroll options*]
 - To use payroll activities you must turn them on
- Reminders/My Preferences/Show Reminders list when opening a Company File
- Reminders/My Company/[*various Reminder settings*]

Important Preferences

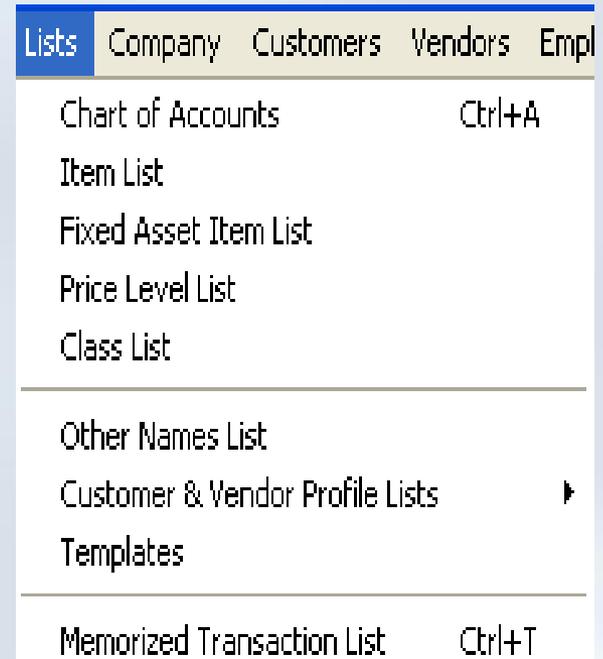
- Items & Inventory/Company Preference/Inventory and purchase orders are active
 - If you can't access the Item List or the inventory features
- Reports & Graphs/Company Preferences/Summary Reports Basis (Choose Accrual or Cash)
 - Regardless of whether you do cash or accrual, QuickBooks can generate reports for both at any time
- Tax:1099/Company Preferences/Do you file 1099-MISC forms? (Choose Yes or No)
 - If you pay individuals for custom services, like hay hauling, fence building, custom harvesting, or rent paid to landlords

Lists

About QuickBooks Lists

- Most of what's involved when you enter transactions in QuickBooks is making selections from various lists:

- Chart of Accounts
- Class List
- Customer List
- Vendor List
- Item List
- Other Names List



List Basics

- New list entries can be made at any time
- List entries can be renamed at any time
- **“In use”** list entries cannot be deleted
- List entries can be “hidden” by marking them inactive
- Best place to do list management is in the Lists window
- **A name can only be used once on any list**

Chart of Accounts

All the Accounting You Need to Know

- Assets*
- Liabilities*
- Equity*
- Income**
- Expenses**

* $\text{Assets} - \text{Liabilities} = \text{Equity}$ (Balance Sheet Accounts)

** Profit & Loss (P&L) Accounts

Guidelines for Creating Accounts

- **Let each account represent a broad category of info**
 - KISS method
 - Example: Repairs vs. Tractor Repairs, Barn Repairs, Combine Repairs
 - Use Classes if you want to be specific
- **Classes = Enterprise codes**
 - think of them as a second set of accounts that match transactions to specific farm enterprises
 - Examples: Produce, Free-Range Chickens, Dairy Goats, Grass-Fed Beef

Golden Rule of Account & Class Setup:

Use accounts to identify the “what” of a transaction and classes to identify the “why” or “what for”

Example:

You buy fertilizer to apply to corn

The “what” is fertilizer (Account)

The “what for” is corn (Class)

Guidelines for Creating Accounts Cont.

■ Resist temptation to set up subaccounts

- Id enterprises with Classes NOT Accounts when possible
- Example Accounts vs Subaccounts:

Fertilizer

Chemicals

Instead, use the following classes:

Corn

Soybean

Fertilizer

Corn Fertilizer

Soybean Fertilizer

Chemicals

Corn Chemicals

Soybean Chemicals

Guidelines for Creating Accounts Cont.

- **Let accounts represent categories of income/expense that are meaningful**
- Before adding a new account, give it some thought
 - Do I really need a new account or should I use an existing one?
 - Should I add the new account as a main account or as a subaccount?
 - How will the new account affect the way info is shown in reports?

Chart of Accounts for a Typical Farm (Lists/Chart of Accounts)

Our Farm - QuickBooks Pro 2007 - [Chart of Accounts] Type a help question Ask How Do I?

File Edit View Lists Customers Vendors Employees Banking Reports Window Help Special Offers

Home Customer Center Vendor Center Employee Center Report Center Reminders Search Feedback Services Payroll Credit Cards

Name	Type	Balance Total
State Bank - Checking	Bank	1,545.36
Accumulated Depreciation	Fixed Asset	0.00
Furniture and Equipment	Fixed Asset	0.00
Payroll Liabilities	Other Current Liabi...	0.00
Opening Bal Equity	Equity	1,545.36
Owners Draw	Equity	0.00
Owners Equity	Equity	
Agricultural Program Payments	Income	
Commodity Credit Loans	Income	
Cooperative Distributions	Income	
Crop Insurance Proceeds	Income	
Crop Sales	Income	
Farmers Market Sales	Income	
Fuel Tax Credits and Other Inc.	Income	
Livestock Sales	Income	
Bank Service Charges	Expense	
Car and Truck Expenses	Expense	
Chemicals Purchased	Expense	
Computer and Internet Expenses	Expense	
Custom Hire and Contract Labor	Expense	
Depreciation Expense	Expense	
Dues and Subscriptions	Expense	
Equipment Rental	Expense	
Feed Purchased	Expense	
Fertilizers and Lime	Expense	
Freight and Trucking	Expense	
Gasoline, Fuel and Oil	Expense	
Insurance Expense	Expense	
Health Insurance	Expense	
Interest Expense	Expense	
Miscellaneous Expense	Expense	
Office Supplies	Expense	
Payroll Expenses	Expense	
Postage and Delivery	Expense	
Professional Fees	Expense	
Rent Expense	Expense	
Repairs and Maintenance	Expense	
Seeds and Plants Purchased	Expense	
Small Tools and Equipment	Expense	
Storage and Warehousing	Expense	
Taxes - Property	Expense	
Telephone Expense	Expense	
Utilities	Expense	
Veterinary, Breeding, Medicine	Expense	
Proceeds from Sale of Assets	Other Income	
Ask My Accountant	Other Expense	

Account Activities Reports Include inactive

QuickBooks Account Types

Asset Accounts

- **Assets** – things of value that a business possesses – land, buildings, machinery, livestock, supplies, cash, etc.
 - **Current Assets** – “cash on hand” – bank accounts, money market accounts, accounts receivable
 - Things you expect to sell/use up in less than a year
 - **Other Current Assets** – assign to current assets which are neither accounts receivable nor bank accounts
 - prepaid expenses, inventories, feed, market livestock, supplies, etc.

Example of Other Current Asset Accounts

Market Livestock Inventory

Chickens

Layers

Broilers

Dairy Goats

Lambs

Does

Bucks

Grass Fed Beef Cattle

Calves

Stocker Calves

Chemicals Inventory

Supplies Inventory

Feed Inventory

Fixed Asset Accounts

■ “Plant and Equipment”

- Things owned/used for more than one year/production cycle
 - Examples: vehicles, machinery, equipment, land, & breeding livestock
 - Maintaining fixed asset accounts only necessary if you want to print balance sheets

Examples of Fixed Asset Accounts

Breeding Livestock

Machinery

Land & Improvements

Breeding Livestock

Dairy Cows

Other

Machinery

JD 7600 1996

Case-IH Disk 1994

Buildings

Machine Shed 1990

Free Stall Barn 1990

Land

Home Farm 200 acres

Grant place 10 acres

Other Asset Accounts

■ “Catch all”

- Some users apply this to all non-depreciable fixed assets, such as land, and reserve Fixed Asset accounts for depreciable fixed assets
- The choice is yours!

Liability Accounts

- **Liabilities** – financial obligations (debts) to others – loans, notes, lines of credit, credit cards, etc.
 - **Current Liabilities** – debts that are paid within a year (accounts payable, credit cards)
 - **Other Current Liabilities** - operating notes, short-term lines of credit
 - **Long-Term Liabilities** – debts paid off over a period of more than one year
 - Example: machinery, breeding livestock, land

Example Liability Accounts

Current Liability

FirstBank Visa

BankOnUs Mastercard

Other Current Liability

Credit Line \$20,000

Operating Note
\$10,000

Hay Rake Note, \$3,000

Long-Term Liability

Tractor Note \$45,000

Land Note \$150,000

Equity Accounts

- **Equity** – value of the owner's stake in the business (amount left over after subtracting liabilities from assets)
 - **Opening Balance Equity**
 - **Retained Earnings** – represent accumulated value of net income from all prior years of operating business (NOT displayed in Chart of Accounts)
 - **Owners Draws**
 - **Owners Equity**

QuickBooks automatically creates equity accounts during the EasyStep Interview based on business structure for tax purposes.

Income Accounts

Custom Work Income

Tillage

Planting

Baling

Combining

Sales

Hay

Alfalfa

Grass

Produce

Poultry

Broilers

Layers

Sales

Cattle

Weaned Calves

Stockers

Raised

Purchased for Resale

Sales

Cost

Hogs

Feeder Pigs

Market Hogs

Other Income Accounts

- This account is for recording income that is unusual or extraordinary income
 - Income that is outside the normal flow of income from farm operations
 - Interest income, gain on the sale of an asset, insurance settlement, rent from property that you own

Expense Accounts

Chemical Expense

- Herbicide
- Insecticide
- Other

Feed Expense

- Grain
- Hay
- Premix
- Supplements

Fuel & Lubricants

- Gasoline
- Diesel
- Grease

Fertilizers

Interest Expense

- Interest & Finance Charges
- Mortgage Interest

Machine & Labor Hired

- General Labor
- Hay Baling/Hauling
- Spraying
- Harvesting
- Other Custom Work

Veterinary Expense

- Vet Fees
- Supplies & Medicine

Other Expense Accounts

- **Cost of Goods Sold** – meant for use with QuickBook's inventory feature. (NOT easy to use for all farming situations)
- **Other Expense** – for recording expenses that are unusual or extraordinary
 - Example: cost of a major building repair due to uninsured damage from tornado
 - Example: Loss on the sale of a cow (asset)

Setting Up the Chart of Accounts

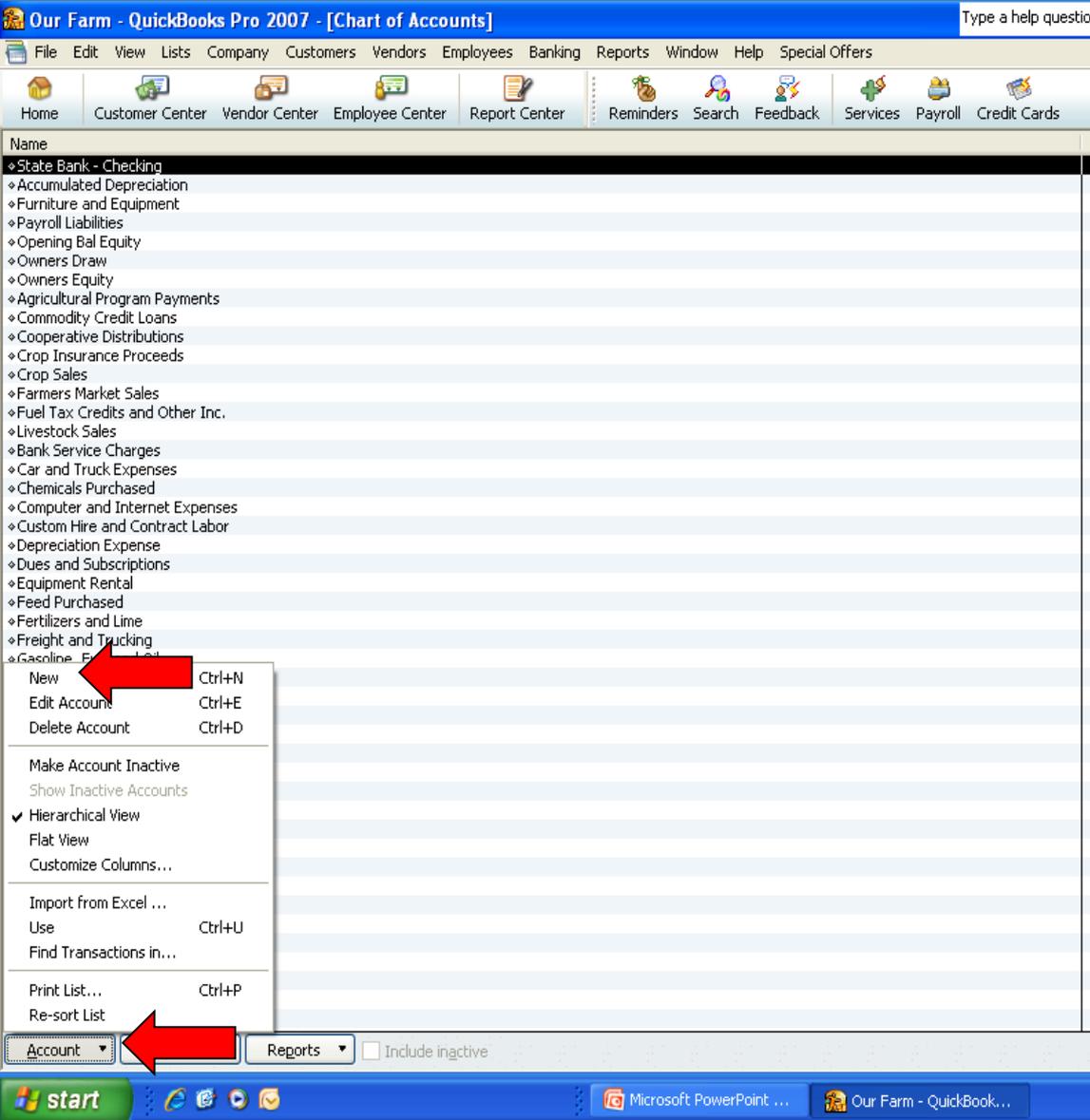
Adding an Account to Chart of Accounts

- Open the Chart of Accounts window
Choose Lists/Chart of Accounts

The screenshot shows the QuickBooks Pro 2007 interface. The title bar reads "Our Farm - QuickBooks Pro 2007 - [Home]". The menu bar includes "File", "Edit", "View", "Lists", "Company", "Customers", "Vendors", "Employees", "Banking", "Reports", "Window", "Help", and "Special Offers". The "Lists" menu is open, showing options: "Chart of Accounts" (Ctrl+A), "Item List", "Fixed Asset Item List", "Price Level List", "Class List", "Other Names List", "Customer & Vendor Profile Lists", "Templates", and "Memorized Transaction List" (Ctrl+T). The "Chart of Accounts" option is highlighted. The main workspace contains several panels: "Company" with "Chart of Accounts" and "Items & Services"; "Banking" with "Record Deposits" and "Reconcile"; "Vendors" with "Pay Bills"; and "Customers" with "Invoices" and "Receive Payments". A right-hand sidebar contains "Account Balances" (a table), "Get Started" (links to "QuickBooks First Steps" and "Customize QuickBooks"), and "Learn About Services" (links to "Pay your employees", "QuickBooks latest upgrade", "Order Checks & Business Cards", and "Other services...").

Name	Balance
State Bank - Chec...	1,545.36

Adding an Account to Chart of Accounts



From the:



Button,
Select
"New"

Adding an Account to Chart of Accounts



Choose **one** account type and click Continue.

Categorize money your business earns or spends

Income

Expense

Or, track the value of your assets and liabilities

Fixed Asset (major purchases)

Bank

Loan

Credit Card

Equity

Other Account Types

<select>

Click an account type on the left to see a description here.

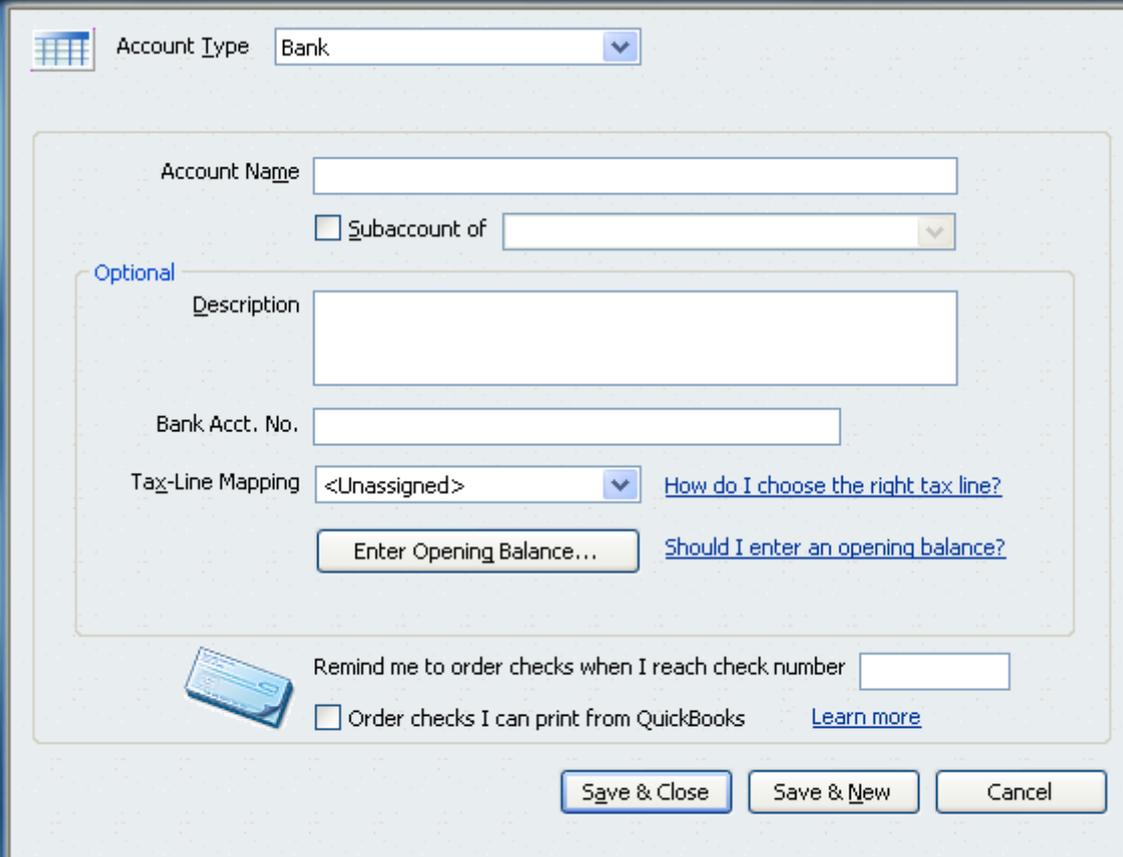
[Help me choose the right account type.](#)

Continue

Cancel

Choose an account type and click "Continue"

Adding an Account to Chart of Accounts



The screenshot shows the 'Add New Account' dialog box in QuickBooks. At the top, 'Account Type' is set to 'Bank'. The main form contains the following fields and options:

- Account Name:** A text input field.
- Subaccount of:** A checkbox followed by a dropdown menu.
- Optional Section:** A box containing:
 - Description:** A large text input field.
 - Bank Acct. No.:** A text input field.
 - Tax-Line Mapping:** A dropdown menu currently set to '<Unassigned>', with a link to 'How do I choose the right tax line?'.
 - Enter Opening Balance...:** A button with a link to 'Should I enter an opening balance?'.
- Check Ordering:** A checkbox 'Order checks I can print from QuickBooks' with a link to 'Learn more'. Above it is a field for 'Remind me to order checks when I reach check number'.

At the bottom, there are three buttons: 'Save & Close', 'Save & New', and 'Cancel'.

- 1. Enter the name of the account**
- 2. Bank Acct. No. is optional**
- 3. Tax-Line Mapping primarily for Income & Expense accounts**
- 4. Click "Save & Close"**

Add the Following Asset Accounts:

- Market Livestock Inventory

 - Poultry

 - Broilers

 - Layers

 - Beef Cattle

 - Calves

 - Steers

 - Cows

Classes – Enterprise Accounting

Setting Up Classes

■ Is Class Tracking turned on???

- You can only assign classes to transactions if the class tracking preference is turned on. To check, open the Write Checks window (Banking/Write Checks) and look for a Class column. If you don't find one, turn on class tracking as follows:
 - Edit/Preferences (Menu Bar)
 - In Preferences window, select Accounting icon
 - Choose Company Preferences tab
 - Select "Use Class Tracking"
 - Click "Ok"

Classes

- There is no right/wrong way to set up classes, only different ways
- Each class should represent a profit center or a cost center, or should be a “parent” class for a group of profit/cost centers
- Class names should not serve more than one informational goal

Note: *To avoid duplication in tax reports, do NOT assign tax lines to both the parent & subaccounts. Assign tax lines only to subaccounts.*

Example Class Setups

Crops (*Parent Acct.*)

Spring (*Sub acct.*)

Summer (*Sub acct.*)

Fall (*Sub acct.*)

Farm

CSA

Farm stand

Farmers' Markets

Chickens

Broilers

Layers

Equipment

7120 Case IH

F150 Pickup Truck

2000 Exiss Gooseneck
Trailer

Setting Up New Classes

- Open the Class List window
 - Choose Lists/Class List

The screenshot shows the QuickBooks Pro 2007 interface. The title bar reads "Our Farm - QuickBooks Pro 2007 - [Home]". The menu bar includes "File", "Edit", "View", "Lists", "Company", "Customers", "Vendors", "Employees", "Banking", "Reports", "Window", "Help", and "Special Offers". The "Lists" menu is open, showing options: "Chart of Accounts" (Ctrl+A), "Item List", "Fixed Asset Item List", "Price Level List", "Class List" (highlighted), "Other Names List", "Customer & Vendor Profile Lists" (with a right-pointing arrow), "Templates", and "Memorized Transaction List" (Ctrl+T). The main workspace is divided into several sections: "Company" (Chart of Accounts, Items & Services, Marketing Tools), "Banking" (Record Deposits, Reconcile), "Vendors" (Pay Bills), and "Customers" (Invoices, Receive Payments, Create Sales Receipts). On the right, there is a "Account Balances" table and a "Get Started" section with links to "QuickBooks First Steps" and "Customize QuickBooks".

Name	Balance
State Bank - Chec...	1,545.36

Get Started

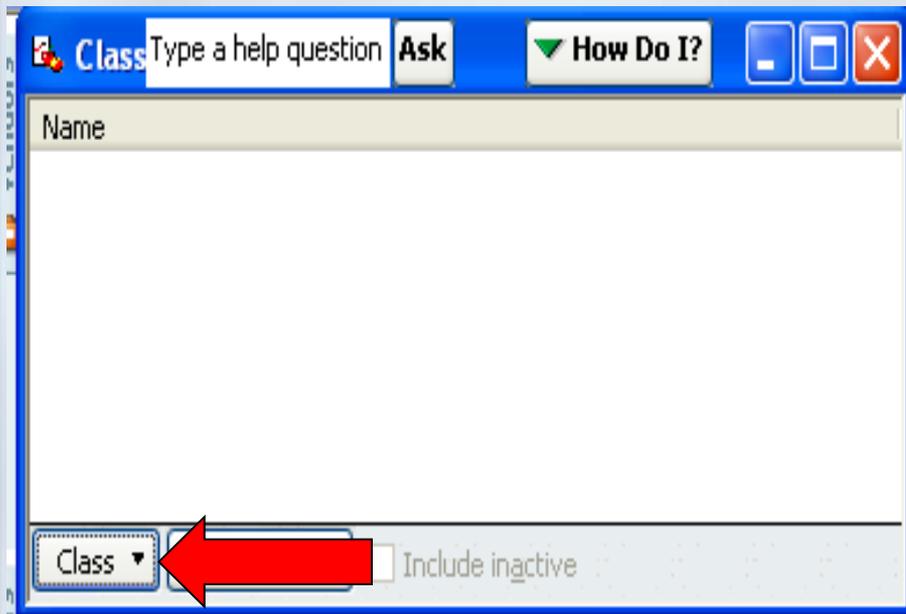
- [QuickBooks First Steps](#)
- [Customize QuickBooks](#)

Learn About Services

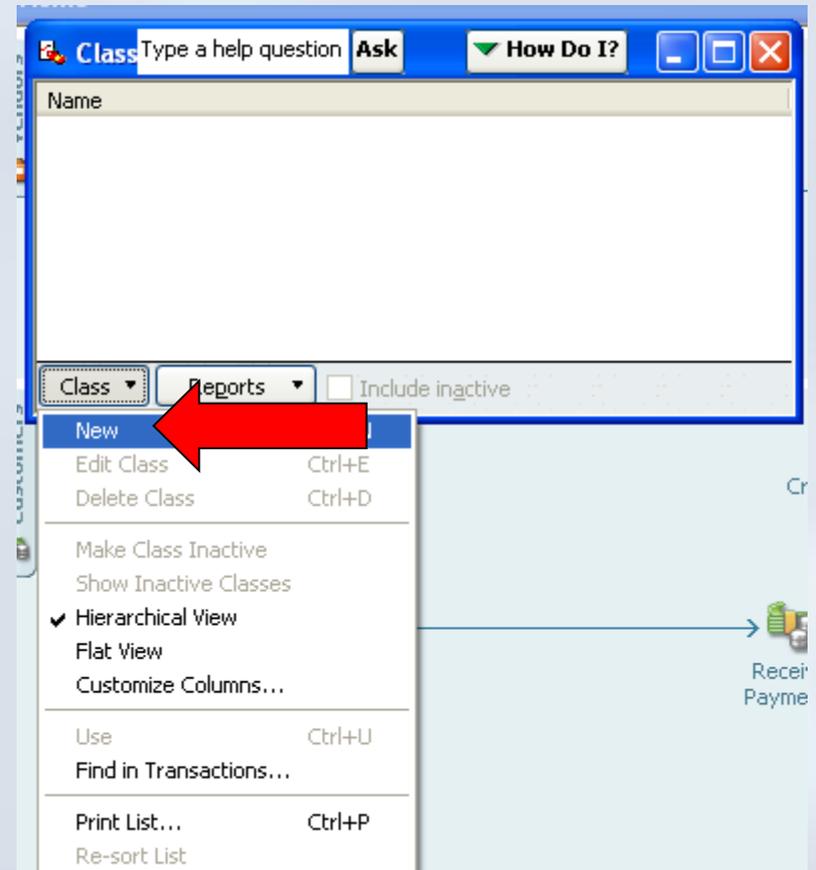
- [Pay your employees](#)
- [QuickBooks latest upgrade](#)
- [Order Checks & Business Cards](#)
- [Other services...](#)

Setting Up New Classes

- Click on the Class button at the bottom of the window

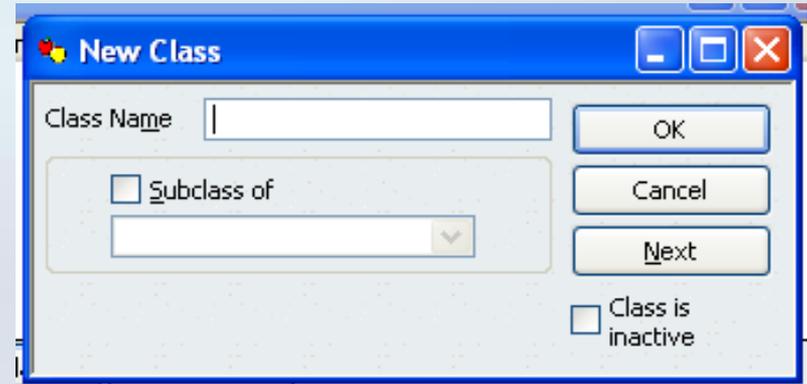


- Click on New in the pop-up menu



Setting Up New Classes

- Fill in info about the new class
 - Class Name
 - Subclass of
- Click "Ok" or "Next" to save



Add the Following Classes:

Farm

CSA

Farm Stand

Farmers' Market

Crops

Spring

Summer

Fall

**Name Lists:
CUSTOMERS, VENDORS &
MORE**

Name Lists

- **Customers** – any person or business who pays money to the farm business
 - **Examples:** livestock auction, businesses and individuals who buy your products
- **Vendors** – any person or business to whom the farm business pays money
 - **Examples:** feed dealer, machinery dealer, bank, credit card co., tax collector agencies, seed companies, etc.

Name Lists

- **Employees** – person to whom the farm business has issued a check to
- **Other Names** – names which are not customers, vendors, or employees
 - May be used for keeping a small mailing list

Why Spend Time Entering Names???

- Identify customer/vendor by name in a transaction adds useful details
- Identifying customers/vendors by name makes it easy to search for transactions
- Supplying a mailing address when you add a name to the Vendors List lets you mail out checks in windowed envelopes
- You can do a customer mailing if you entered addresses for customers

Adding Customer/Vendor/Employee Names

- Type a name in the Customer/Vendor/Employee Centers where you are entering a transaction

The screenshot displays the QuickBooks Pro 2007 interface. At the top, the title bar reads "Our Farm - QuickBooks Pro 2007 - [Home]" and includes a search box for help questions. Below the title bar is a menu bar with options: File, Edit, View, Lists, Company, Customers, Vendors, Employees, Banking, Reports, Window, Help, and Special Offers. A secondary navigation bar contains icons for Home, Customer Center, Vendor Center, Employee Center, Report Center, Reminders, Search, Feedback, Services, Payroll, and Credit Cards. The main dashboard is divided into three horizontal sections: Vendors, Customers, and Employees. The Vendors section contains "Enter Bills" and "Pay Bills" icons. The Customers section contains "Invoices" and "Receive Payments" icons. The Employees section contains "Learn about Payroll Options". A central flow diagram shows arrows connecting "Enter Bills" to "Pay Bills", "Enter Bills" to "Invoices", and "Invoices" to "Receive Payments". On the right side, there are three vertical panels: "Company" with icons for "Chart of Accounts", "Items & Services", and "Google Marketing Tools"; "Banking" with icons for "Record Deposits", "Reconcile", "Write Checks", "Check Register", and "Print Checks"; and "Refunds & Credits". The Windows taskbar at the bottom shows the Start button and several open applications, including Microsoft PowerPoint and the current QuickBooks window.

Adding Customer/Vendor/Employee Names

- Click "New Customer/Vendor/Employee"

The screenshot displays the QuickBooks Pro 2007 interface. The title bar reads "Our Farm - QuickBooks Pro 2007 - [Customer Center: (All Transactions)]". The menu bar includes File, Edit, View, Lists, Company, Customers, Vendors, Employees, Banking, Reports, Window, Help, and Special Offers. The toolbar contains icons for Home, Customer Center, Vendor Center, Employee Center, Report Center, Reminders, Search, Feedback, Services, Payroll, and Credit Cards. The "New Customer & Job" button is highlighted with a red arrow. Below the toolbar, the "Customers & Jobs" section is active, showing a "View" dropdown set to "Active Customers" and a table with columns "Name" and "Balance Total". The "Customer Information" section is also visible, with fields for Customer Name, Customer Type, Company Name, Billing Address, Contact, Phone, Alt Phone, Fax, Email, Terms, and Price Level. The "Notes" section is empty. At the bottom, the "Show" dropdown is set to "All Transactions", "Filter By" is "All", and "Date" is "This Fiscal Year" (01/01/2011 - 12/31/2011). A message states: "There are no transactions of type 'All Transactions', filtered by 'All', in date range 'This Fiscal Year'."

Adding Customer/Vendor/Employee Names

Our Farm - QuickBooks Pro 2007 - [New Customer]

File Edit View Lists Company Customers Vendors Employees Banking Reports Window He

Home Customer Center Vendor Center Employee Center Report Center Reminders Search

Customer Name **1**

Opening Balance as of 01/04/2011 [How do I determine the opening balance?](#)

Address Info Additional Info Payment Info Job Info

Company Name <input type="text"/>	Contact <input type="text"/>
Mr./Ms./... <input type="text"/> 2	Phone <input type="text"/>
First Name <input type="text"/> M.I. <input type="text"/>	FAX <input type="text"/> 3
Last Name <input type="text"/>	Alt. Phone <input type="text"/>
	Alt. Contact <input type="text"/>
	E-mail <input type="text"/>
	Cc <input type="text"/>

Customer is inactive

Addresses

Bill To **4**

Ship To

Copy >>

Edit Add New Edit Delete

Default shipping address

OK
Cancel
Help

Go to Customer Manager

1. Enter name
2. Enter name details
3. Enter contact info
4. Enter address details
5. Select "Ok" or "Next" to save

Any Questions???