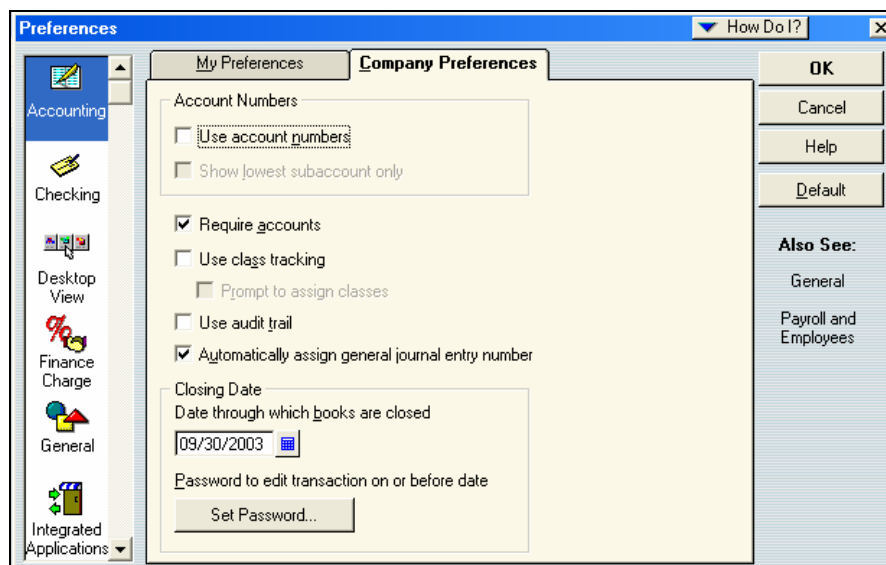


QUICKBOOKS IN-DEPTH

SETTINGS & PREFERENCES

CHAPTER 7

SETTINGS & PREFERENCES



Use Account Numbers – This gives you the ability to assign numbers to your accounts, instead of alphanumeric characters. When this preference is in effect, a Number field appears in the New Account and Edit Account windows. QuickBooks includes your account numbers in the Chart of Accounts, in all Account fields, and on reports and graphs. However, you are limited to only 7 digits when numbers are used.

Show Lowest Subaccount Only – This controls how QuickBooks displays subaccounts when you choose a subaccount in the Account field of a transaction. This preference is available only if you select Use Account Numbers. When this preference is on, QuickBooks displays only the lowest subaccount. For example, if the account you select is 5400·Rent:5410·Office:5411·Main; then QuickBooks displays 5411·Main. When this preference is off, QuickBooks displays the parent accounts along with the subaccount.

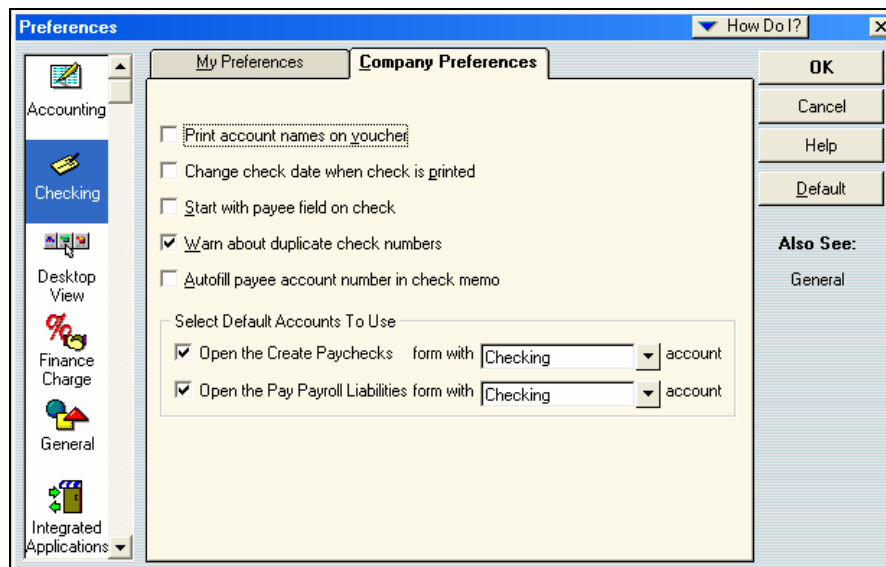
Class Tracking (Or “Departmental Tracking”) – this lets you categorize transactions by assigning them to the classes on your Class list. In QuickBooks, classes give you a way to classify your transactions. You can use classes to classify your income and expenses by department, business office or location, separate properties you own, or any other meaningful breakdown of the business you do. For example, a general contractor might classify all income and expenses as relating to either residential or commercial work. At the end of an accounting period, the contractor could create separate reports for the residential and commercial parts of the business.

Use Audit Trail - Automatically logs all transaction changes in the audit trail report. This gives you a running account of how each transaction has changed. When this preference is off,

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QuickBooks logs only the most recent version of each transaction in the audit trail report. However, this feature also causes QuickBooks performance to slow down considerably.

Closing Date/Set Password – This sets a password-protected closing date for your company file. To set the closing date, enter the date through which you want your books to be closed. Then click “Set Password” to create the password. Once you've set a password, QuickBooks requires the password to make any changes that would alter balances for the accounting period you have closed. This includes editing or deleting transactions entered on or before the closing date, and entering new transactions dated on or before the closing date.

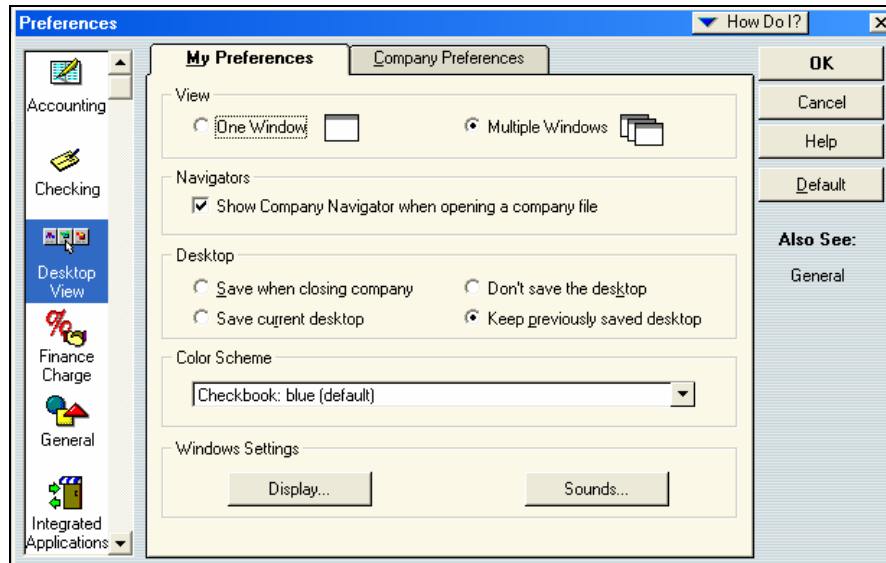


Print Account Names On Voucher – This applies to both voucher and payroll checks, and allows you to control the information that prints on the voucher portion of each check. QuickBooks prints the name of the payroll item on payroll checks and the name of the inventory item on checks for inventory purchases. When this preference is off, QuickBooks omits the account (or item) names.

Change Check Date When Check Is Printed – This feature changes the date on a check to today's date when you print the check. When this preference is off, QuickBooks retains the date you wrote the check.

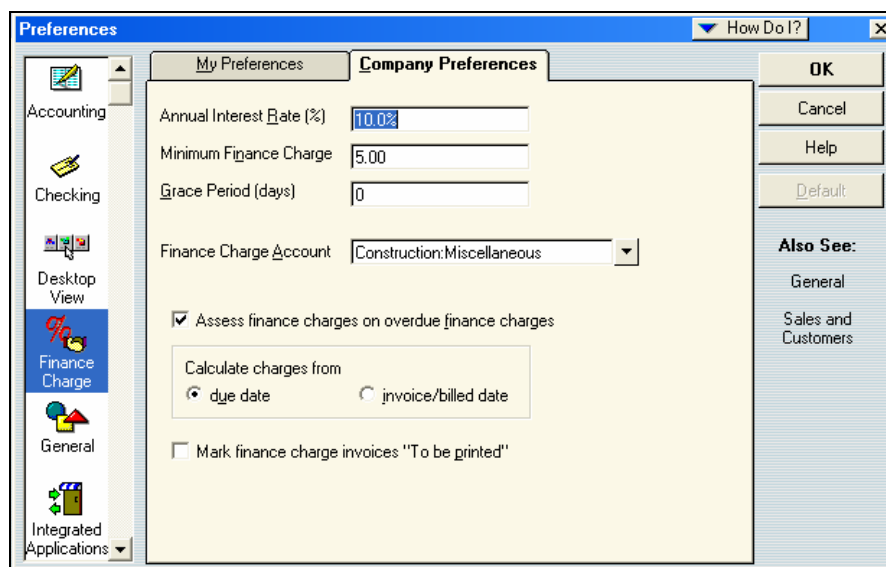
Warn About Duplicate Check Numbers – This feature is obvious, but the user should be aware that this warning causes QuickBooks to take more time to record a check.

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Desktop Options – These features allow you to specify which windows (if any) automatically open on the desktop when you open your company file. You can also tell QuickBooks to save the desktop positioning when closing company, and upon reopening that company file, QuickBooks will display the desktop exactly as it was.

Sounds - You can choose a different sound for QuickBooks events, such as deleting a transaction. This feature may be useful when the sounds your computer makes can distract or irritate other users in a given work area.



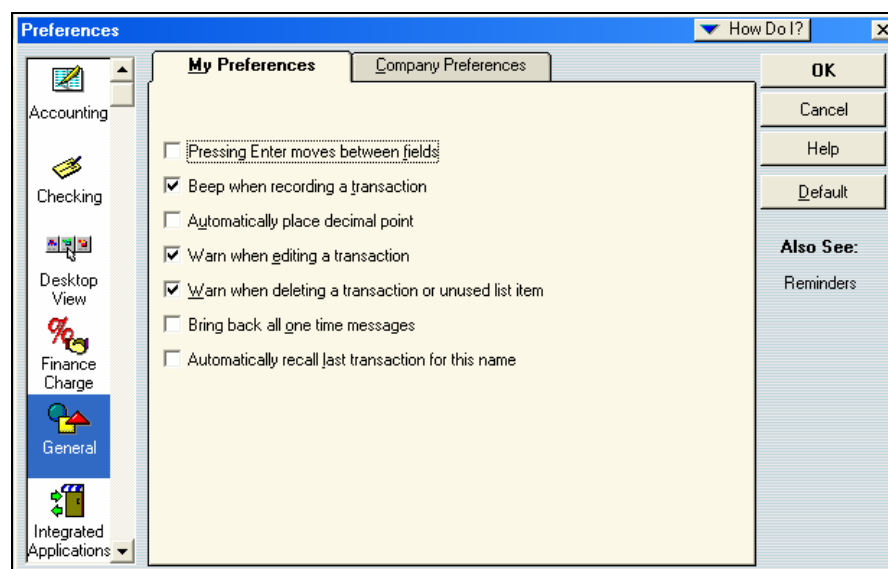
Annual Interest Rate - The interest rate is used to calculate finance charges. QuickBooks assumes the rate is a percentage. For example, type 12.5 if your rate is 12.5%.

Minimum Finance Charge - If you want QuickBooks to apply a minimum finance charge regardless of the amount overdue, enter the minimum charge here.

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Grace Period (Days) - If you want to give your customers a grace period before finance charges apply, enter the length of the grace period in days. This delays the application of finance charges. For example, if the starting date is June 1st and the grace period is 3 days, QuickBooks waits until June 4th to assess finance charges. QuickBooks also allows you to assess finance charges on overdue finance charges. You should be aware that some laws prohibit charging interest on overdue interest payments.

Calculate Finance Charges From – QuickBooks allows you to specify whether interest charges should start the day the invoice or statement is due. For example, if a customer is 5 days overdue on an invoice that was due in 30 days, QuickBooks assesses finance charges on the 5 overdue days, but not the original 30 days.



Pressing Enter Moves Between Fields - Normally, pressing Enter is the equivalent of clicking OK or Record (both of which close the current window). If you select this preference, the text cursor moves to the next field when you press Enter. When this preference is on, you can press Enter to move between fields, but you must record transactions by clicking OK, Record, Save & Close, Save & New, or by pressing Ctrl+Enter. When this preference is off, you must press Tab or click in a field to move from field to field.

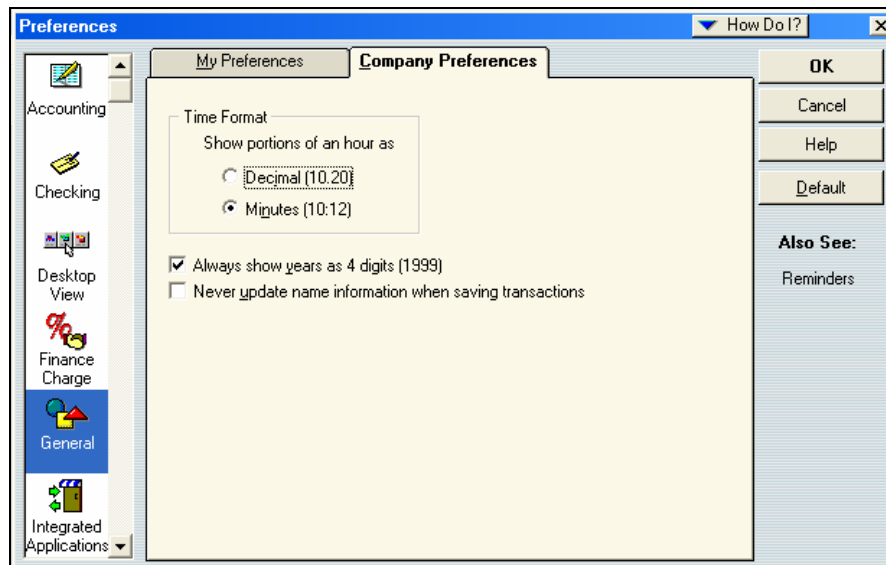
Automatically Place Decimal Point – QuickBooks automatically inserts a decimal point between the second and third digit from the right when you enter a number with no decimal point. For example, if you type 4995, the number becomes 49.95. When this preference is off, QuickBooks places a decimal point at the end when you enter a number with no decimal point. For example, if you type 4995, the number becomes 4995.00.

Warn When Editing A Transaction - Warns you when you change a transaction and then try to leave it without recording the change. When this preference is off, QuickBooks allows you to change a transaction and then leave it without warning. QuickBooks automatically records the

QuickBooks for CPAs 2005

change if the transaction does not have links to other transactions. (If the transaction has links, QuickBooks asks if you want to record the changes.)

Automatically Recall Last Transaction For This Name – This feature turns on AutoRecall. Thereafter, when you enter a name, QuickBooks automatically completes the transaction by filling in what you entered in the last transaction of that type for that person. For example, when you enter a vendor's name on a bill and press Tab, QuickBooks fills in the entire bill, just like the last one you entered for that vendor. If you have more than one previous bill from the vendor, QuickBooks bases the new bill on the bill with the most recent date. When this preference is off, QuickBooks does not complete transactions automatically. You still have the ability to recall a transaction from the Memorized Transaction list, however. AutoRecall works only with bills, checks, or credit card charges. You cannot use AutoRecall with purchase orders, invoices, sales receipts, payroll liability checks, or credit memos. Also, you cannot AutoRecall a transaction from one account to another. For example, if you have two checking accounts, you cannot write a check in one account, go to the other account, and then AutoRecall the check in the other account.



Time Format – This option sets the format for time entries in QuickBooks. When you select the decimal format, QuickBooks automatically interprets time entries as decimal fractions. For example, when you enter 4:30, QuickBooks converts your entry to 4.5 (4 and one-half hours). When you select the Minutes format, QuickBooks automatically interprets time entries as hours and minutes. For example, when you enter 4.5, QuickBooks converts your entry to 4:30 (4 hours and 30 minutes).

Date Format – This option sets the format for date entries in QuickBooks. When you select "Always show years as 4 digits," QuickBooks automatically displays the year as four digits. When "Always show years as 4 digits" is not selected, QuickBooks displays the year as two digits, that is "00" for 2000, "01" for 2001, and so on. If you enter a year using two digits, for example, "98" or "99," QuickBooks uses the following convention to determine the four-digit year.

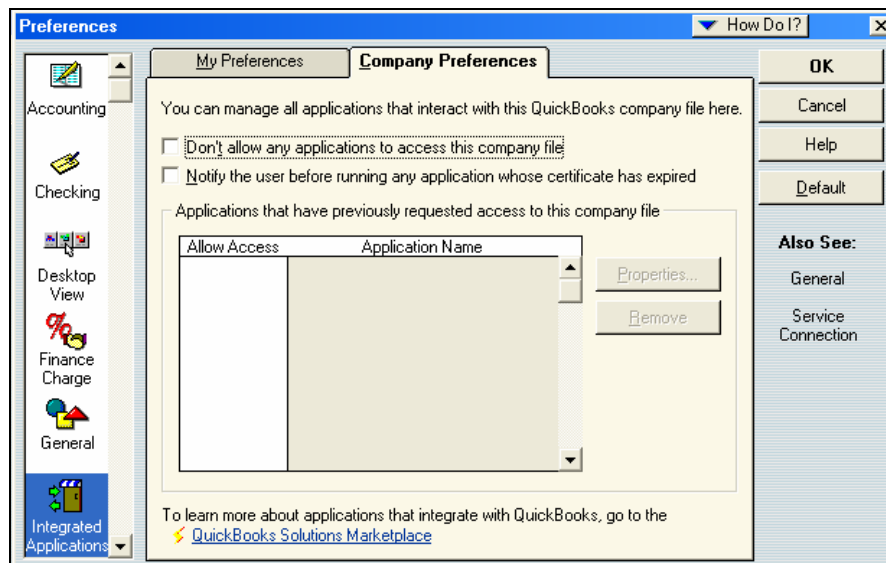
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If you type a two-digit number between, QuickBooks uses:

28-99 1928-1999
00-27 2000-2027

You can verify the four-digit year by clicking the calendar icon to bring up the current month's calendar.

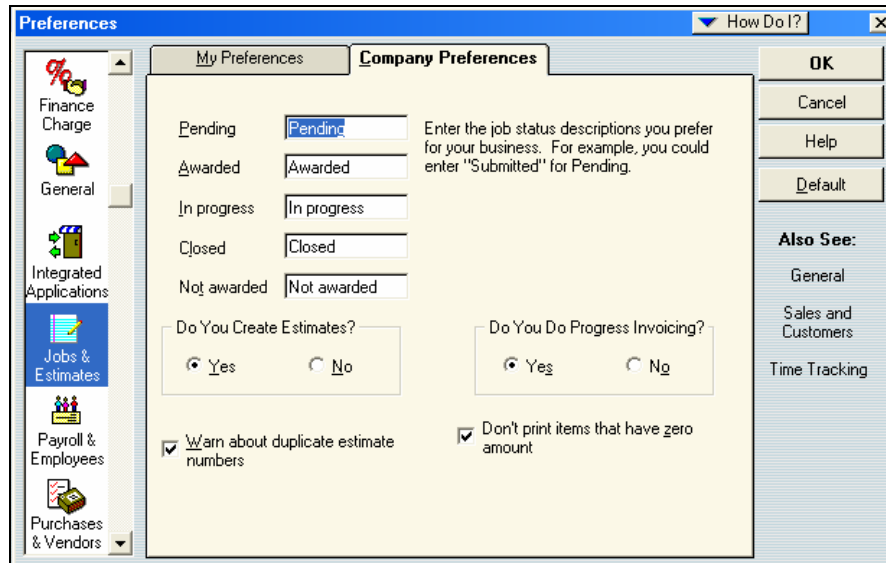
Never Update Name Information When Saving Transactions - Does not update name information when you enter a change in a transaction. Normally, QuickBooks asks if you want to update information about a name when you change the information in a transaction. For example, if you enter a new billing address for a customer on an invoice, QuickBooks asks if you want to update the billing address on your Customer:Job list.



Here, you can set preferences that govern the way integrated applications are allowed to access the current QuickBooks company file. The preferences set in this window apply to all integrated applications seeking to access the company file. You can allow or deny access to individual applications by clicking in the Allow Access column of the "Applications that have previously requested access" table. You can set other preferences for individual applications by using the Application properties window.

Don't Allow Any Applications - Checking this box will prevent all integrated applications that use the QuickBooks Software Development Kit from accessing the company file. If you check this box, neither the administrator nor the user will see access screens or have the opportunity to allow applications to access a company file. Un-checking the box will permit administrators and users (if permitted by the administrator) to authorize access.

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Job Status Descriptions – These options allow you to record the progress of a job. If any of the default descriptions are inappropriate for your business, you can change them. For example, you could change "Pending" to "Submitted," or "Awarded" to "Accepted."

How To Use The Descriptions - When you set up a job or are editing information about a job, you can choose one of the status descriptions and apply it to the job. The status you assign to a job appears in the Customer:Job list. If a job's status changes, you must edit the job information and assign a new status description to the job. QuickBooks will not do this for you.

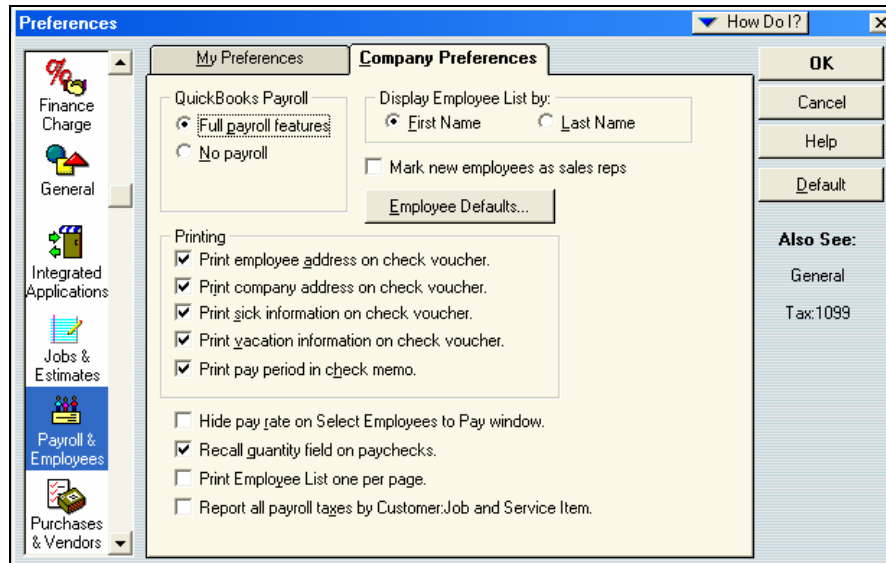
Create Estimates - If you create estimates, you must make sure that "Yes" is selected in response to the question "Do you create estimates?" Many companies go years without ever turning this feature on, and have no idea that they can create estimates in QuickBooks.

Progress Invoicing - Also called progress billing or partial billing, is invoicing from an estimate in stages instead of for the full estimate. When you turn progress invoicing on in QuickBooks, you can create an invoice for part of an estimate. QuickBooks gives you the choice of invoicing either for a fixed percentage of the entire estimate, or for different percentages of each line item on the estimate. You can also show on the invoice how much of the estimate you have previously billed to the customer. If you decide to turn progress invoicing off in QuickBooks, you can still create an invoice from an entire estimate and then edit the invoice. The invoice, however, will not include previous totals billed for the job or comparisons to the estimate.

Don't Print Zero Amounts - Select this checkbox to indicate that you do not want line items that have zero amounts to print on your progress invoices.

Warn About Duplicate Estimate Numbers – This feature is obvious, but you should be aware that using this feature causes QuickBooks to take more time to record an estimate.

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No Payroll - QuickBooks allows you to turn off payroll, in which case you will not see any of the payroll-related commands on the Employees Navigator. Many companies use an outside payroll service, and turning off payroll provides hides the payroll screens from view and allows QuickBooks to perform a little faster. Turning payroll off does not cause you to lose any data. If you have previously entered payroll information, your records will retain that information.

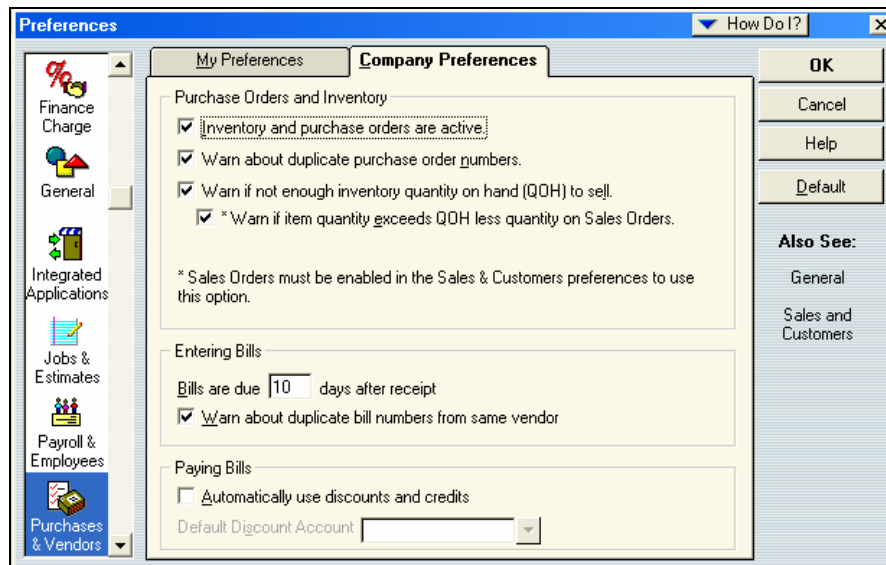
Employee Defaults – This option allows you to enter payroll information that most employees have in common, such as deductions for taxes, health insurance, or union dues. QuickBooks saves the information so that you won't have to re-enter it when you set up the payroll record for an individual employee. If there are a few exceptions, you can change them on an individual basis whenever you need to. Any changes you make to the default setup will appear every time you enter information for a new employee.

Preferences For Printing Paychecks – This option allows you to control the printing of employee address on checks; the printing of company address on checks; the printing of sick information on checks; the printing of vacation information on checks; and the printing of pay periods in the check memo field.

Recall Quantity Field On Paychecks – This option determines whether QuickBooks automatically carries forward quantities from the last pay period's paychecks. If you add a payroll item to a paycheck and answer "No" when QuickBooks asks you if you want to add the item to the employee's record, QuickBooks does not carry the quantity forward to the next paycheck.

Print Employee List One Per Page – This option determines whether QuickBooks prints each employee's payroll information on a separate page when you print your Employee list. This is handy for filing each employee's page with your other paper records for the employee.

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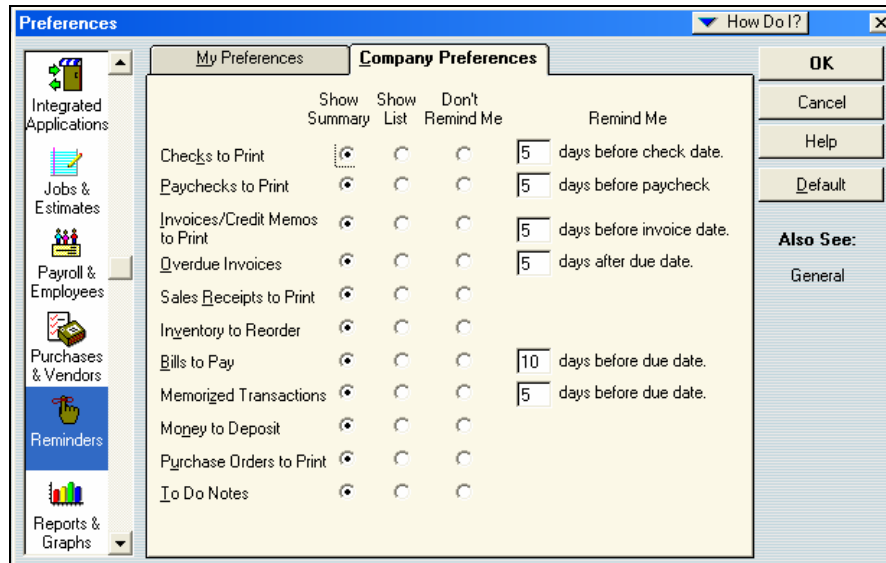
Inventory And Purchase Orders Are Active – This option allows you to create inventory part items, write purchase orders, and create inventory-related reports.

Warn If Item Exceeds Amount on Hand Less Quantity On Sales Orders - QuickBooks warns you when the quantity you try to sell plus the quantities already on sales orders is more than the quantity you currently have in stock.

Bills Are Due X Days After Receipt - QuickBooks assumes that bills are due 10 days after receipt. This means that if you enter a bill dated January 1, QuickBooks will show January 11 as the due date. QuickBooks uses the due date to determine when to add the bill to the "Bills to pay" section of your Reminders list.

Automatically Use Discounts And Credits - QuickBooks automatically applies any vendor discount or credits to the bill that you are paying in the Pay Bills window. You can choose the Default Discount Account that you want to use to track your vendor discounts.

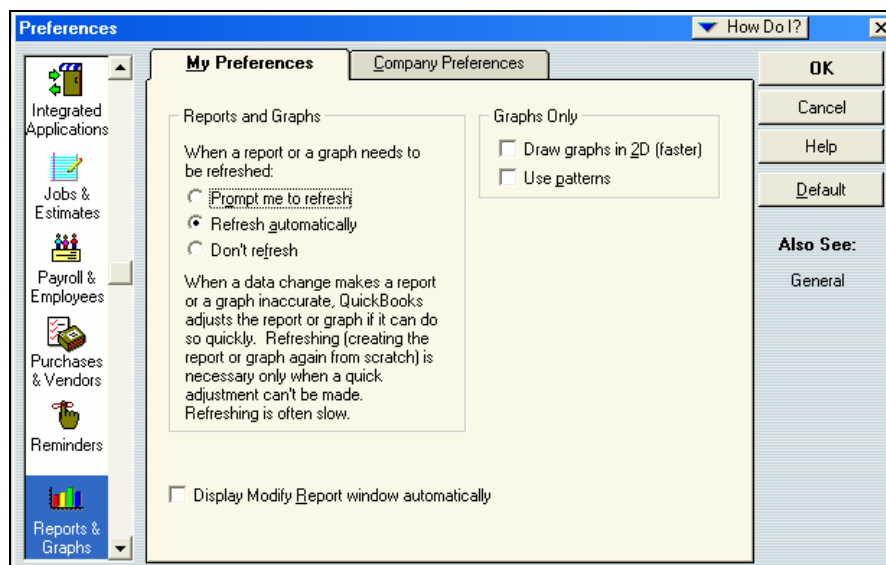
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Show Summary – This option selects the least amount of detail: a one-line summary that shows the total amount of the transactions due. For example if your company has \$500 worth of bills to pay, the Reminders list represents the bills as follows: Bills to pay -\$500.00. If you want the list to show more detail, select "Show list" instead of "Show summary."

Don't Remind Me – This option removes the activity from the Reminder's list. For example if your company doesn't send out invoices, selecting "Don't remind me" for "Overdue invoices" removes the entry for overdue invoices from the list. To add an activity back to the list select either "Show list" or "Show summary."

Remind Me – This option allows you to enter the number of days in advance that you need to be reminded about handling a particular type of transaction.



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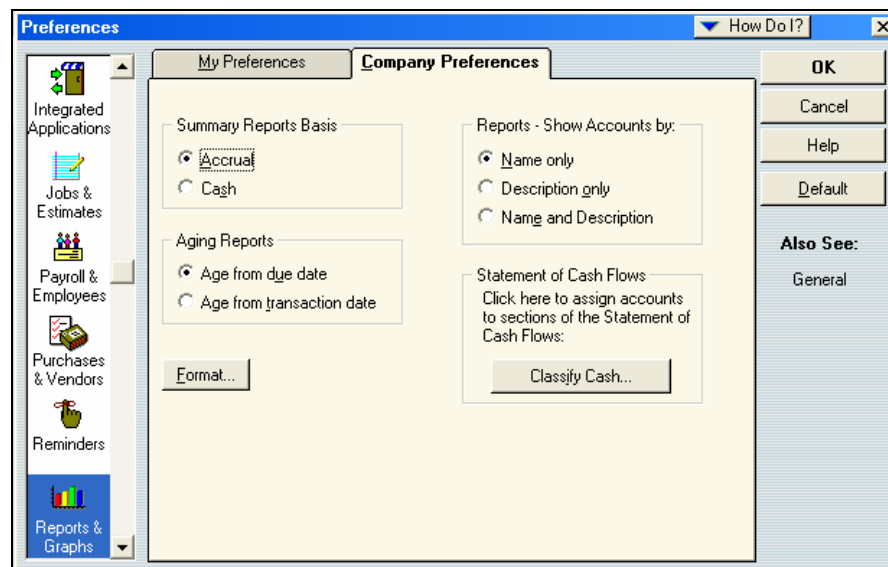
Reports And Graphs - This preference applies only when QuickBooks can't make an automatic adjustment and the entire report or graph needs to be refreshed. Because refreshing a report or graph often takes much longer than an automatic adjustment, this preference gives you control over when and how refreshing occurs. Normally, QuickBooks adjusts a report or graph automatically when a change occurs. The three options are discussed below:

Refresh Automatically - This option provides up-to-the-minute accuracy but is the slowest of the three options.

Don't Refresh - This option is the fastest of the three options, but you must remember to manually refresh your graphs when needed.

Graphs Only – This option determines how QuickBooks draws graphs on your screen – 2D or 3D. QuickBooks draws the 2D graphs faster. Additionally, QuickBooks draws 2D graphs by using black-and-white patterns to differentiate bars, pie segments, and legend entries. When this preference is off, QuickBooks uses color instead of patterns (if you do not have a color monitor, QuickBooks uses shades of gray).

Display Modify Report Window Automatically – This option opens the Modify Report window automatically when you create a report. You use this window to change the date range of the report, add or delete columns, and change appearance of the report in other ways. When this preference is off, the Modify Report window doesn't appear automatically. To display the window, you must click “Modify Report” on the report's button bar.



Summary Reports Basis - For summary reports, this option determines when income counts as income and expenses count as expenses. The accrual option produces reports to show sales as income from the date of a sale, and bills as expenses from the date of a bill. The cash option causes your reports to show sales as income from the date you receive payment, and bills as expenses from the check date when you pay them. For example, a cash basis profit and loss report does not show outstanding invoices as income, or unpaid bills as expenses. This

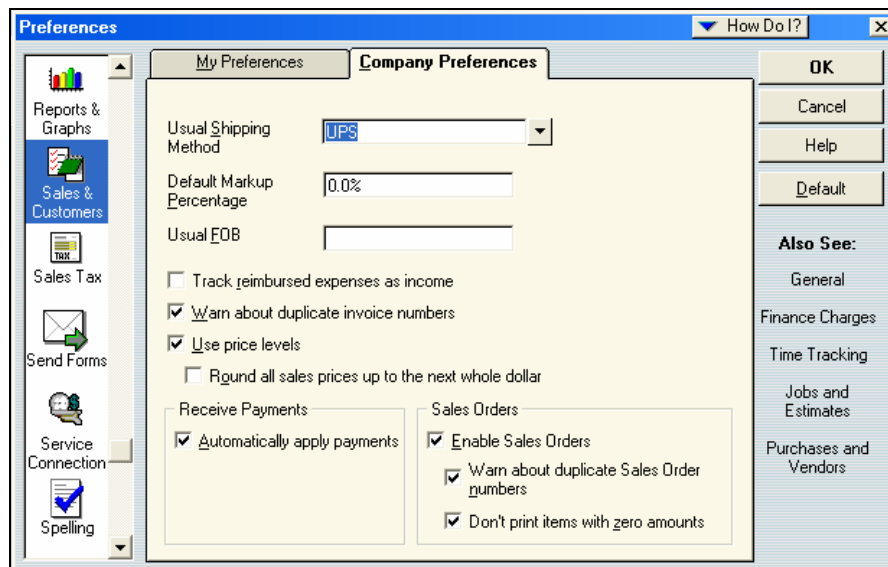
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preference affects most summary reports (reports that summarize amounts and do not list transactions). It does not affect reports that list individual transactions, 1099 reports, or sales tax liability reports. You can change the report basis of sales tax liability reports in the Sales Tax section of the Preferences window. Transaction reports and 1099 reports are always on a cash basis.

Aging Reports – This option sets the starting point for counting the number of overdue days on aging reports. These reports track unpaid invoices or bills by showing how much is currently due and how much is overdue. This preference affects all aging reports as well as the accounts receivable and accounts payable graphs. **Age from due date** – Select this option if you want the overdue days to start from the due date that appears on an invoice, statement, or bill. **Age from transaction date** – Select this option if you want the overdue days to start from the date you wrote an invoice, wrote a statement, or received a bill.

Format – This option allows you to change the appearance of the report, including fonts, negative amounts, rounding to thousands of dollars, eliminating cents, and eliminating all zero amounts.

Show Accounts By - Normally, accounts appear by name in reports. Alternatively, you can have your reports list accounts by the descriptions you entered when you created the accounts.



Usual Shipping Method - If you use a particular shipping method regularly, you can have QuickBooks automatically fill in that shipping method on sales forms where the Ship Via field appears.

Default Markup Percentage - QuickBooks uses this percentage to calculate the sales price of items that have both a cost and a sales price. You will see the effect of the default markup percentage when you create inventory part, non-inventory part, service, and other charge items. When you enter the item's cost, QuickBooks automatically calculates the sales price and enters it in the Sales Price field. For example, entering a cost of \$10.00 when the markup is 25% causes

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QuickBooks to fill in the sales price as \$12.50. If you don't want to use the default markup for a particular item, simply change the sales price that QuickBooks fills in.

Usual FOB - FOB, which stands for "free on board," refers to the site from which you usually ship your invoiced products. It has no accounting implications within QuickBooks. You can specify an FOB site, to be filled in automatically on sales forms where the FOB field appears.

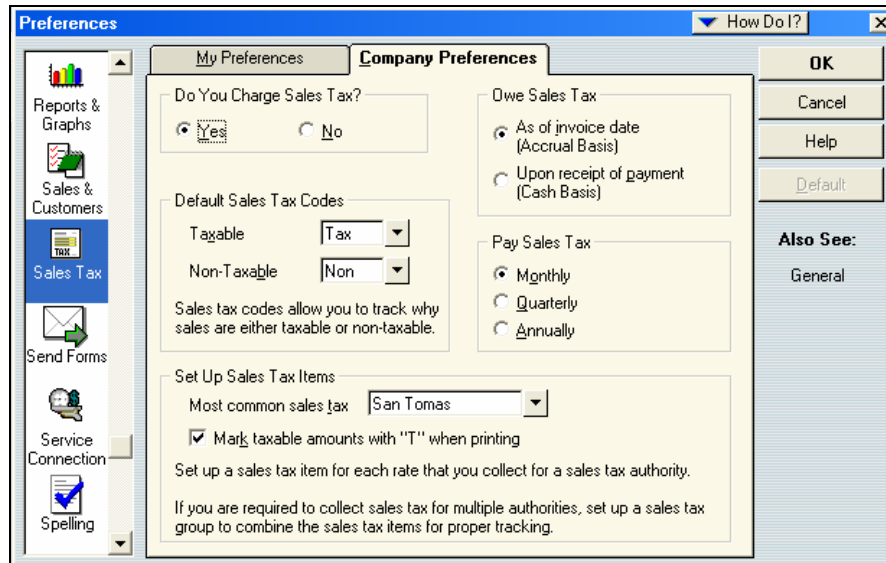
Track Reimbursable Expenses As Income - This preference lets you track an expense and your customer's reimbursement for the expense in separate accounts. When this preference is on, QuickBooks adds this checkbox and field to the New and Edit Account windows for expense accounts so you can select an income account to track reimbursable income. When you bill a customer for this type of expense, QuickBooks records the customer's payment in the income account. This is useful when you charge sales tax on reimbursement income. When this preference is off, QuickBooks does not let you track customer reimbursements in a separate income account. The income you receive for reimbursable expenses posts to the expense account, thus canceling the original expense.

Price Levels - Price levels let you automatically increase or decrease inventory, non-inventory, and service item prices. You create price levels, then use them on sales forms to adjust the price of an item. For example, you might create a price level called "wholesale" and specify a decrease of 20%. Then when you sell an item and attach the "wholesale" price level, the amount of that item is automatically reduced by 20%. For each price level you create, you assign a name and percentage of increase or decrease. You can use price levels on invoices, sales receipts, or credit memos. When you apply a price level to an item on a sales form, the adjusted price appears in the Rate column.

You can assign price levels to customers and jobs. Then, whenever you use that customer and job on a sales form, the associated price level is automatically used to calculate the item price. Price levels associated with customers will not automatically be used when reimbursable items are added to invoices or sales receipts or when invoices are created from estimates. In both cases, the item amount you originally entered will be carried over. You can then manually adjust the rate, using price levels, after the invoice or sales receipt has been created.

Automatically Apply Payments - QuickBooks automatically applies a customer's payment to the outstanding invoices for that customer. If the amount received is less than the customer's outstanding balance, QuickBooks applies the payment to the oldest invoices first. When this preference is off, QuickBooks does not automatically apply customer payments. You must specify how to apply each payment when you are in the Receive Payments window.

QuickBooks for CPAs 2005



Default Sales Tax Codes - At initial setup, items marked non-taxable are identified as “Non”, and those marked taxable are identified as “Tax”. You can subsequently set up your own tax codes to accommodate any situation for which you collect sales tax. If you never collect sales tax, QuickBooks assigns a default code of “Non” just for reporting purposes.

Owe Sales Tax - Select As of invoice date if you owe sales tax from the moment you write an invoice or make a sale. QuickBooks handles your sales tax liability on an accrual basis even if the accounting basis for your reports is set to cash. Select Upon receipt of payment if you owe sales tax only when you finally receive cash from a customer. QuickBooks handles your sales tax liability on a cash basis even if the accounting basis for your reports is set to accrual.

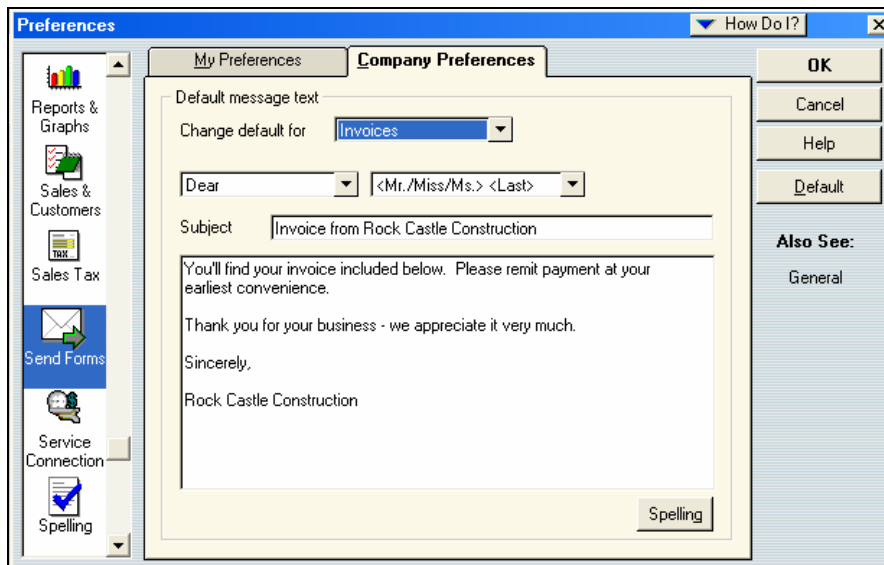
Pay Sales Tax - No matter which choice (monthly, quarterly, or annually) you make, you can pay sales tax at any time. Your choice sets up the period of time covered by your sales tax reports. You should always use the Pay Sales Tax window to pay your sales tax, not the Write Checks window. For example, if you select Monthly, QuickBooks uses the previous month as the base for your sales tax reports (you can change the date range of the report if you need to). In the Pay Sales Tax window, QuickBooks displays the sales tax due through the end of the previous month.

Mark Taxable Amounts With "T" When Printing – If a line item on a sales form is taxable, QuickBooks places a "T" next to the amount on the printed form, for example:

Description	Qty	Rate	Amount
T-shirts	5	10.00	50.00T

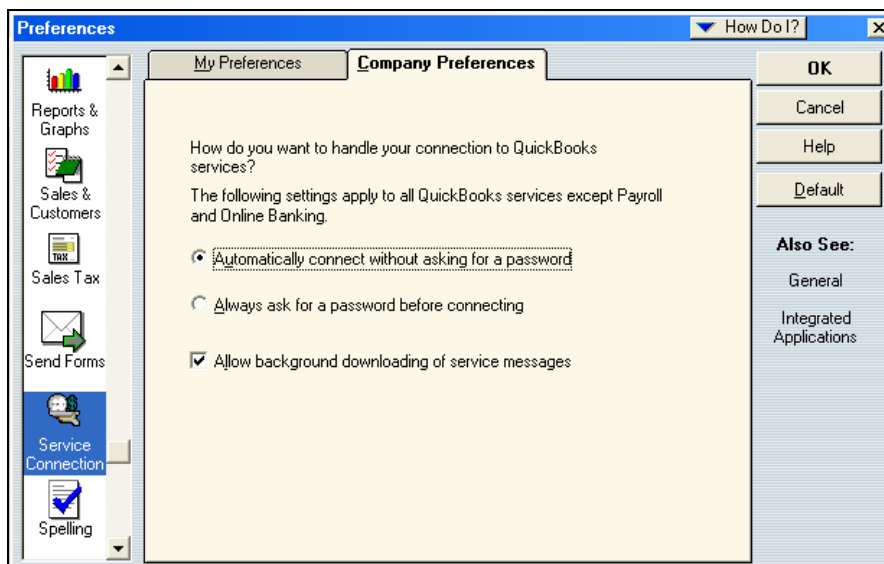
If you don't want the Ts to print on your sales forms, clear the checkbox.

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These preferences change the default cover note for business forms you send by e-mail. For example, you can have one cover note for invoices or statements and a separate one for estimates. You can choose whether you want the new note to be the default for invoices, estimates, statements, sales orders, sales receipts, credit memos, purchase orders, or reports. You can also use the drop-down lists to change the salutation ("Dear," etc.) and the format (<First> <Last> etc.) of the customer's name. Following are examples of how the salutation and name format options work together:

Dear Kristy Abercrombie
To Kristy Abercrombie
Dear Ms. Abercrombie
To Ms. Abercrombie
Dear Kristy
To Kristy

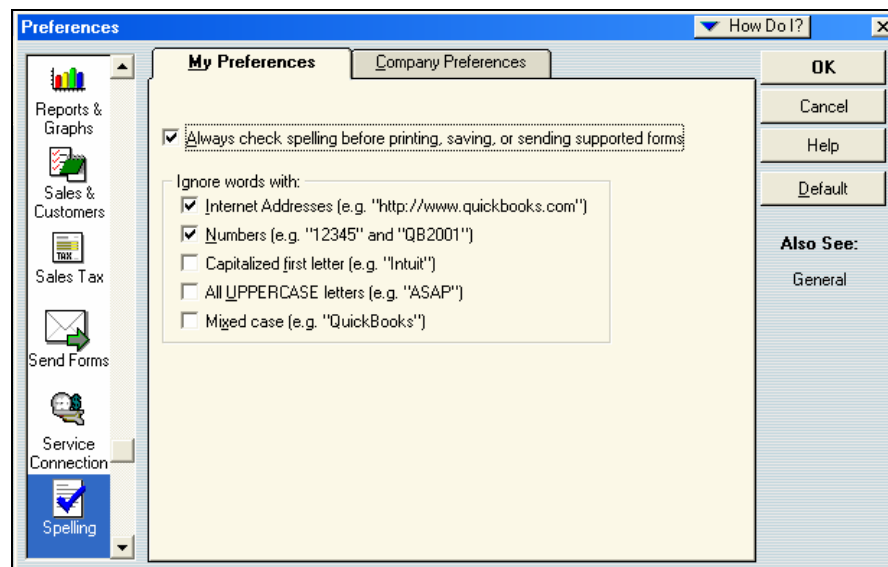


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You can specify how you (and other company file users) log in to QuickBooks Business Services. You must be the company administrator in order to change this preference. This option allows you to automatically connect without asking for a password. All users of the same company file will automatically be logged in to the QuickBooks Business Services network. When you make this selection, you are automatically logged in without having to provide a Login name or password.

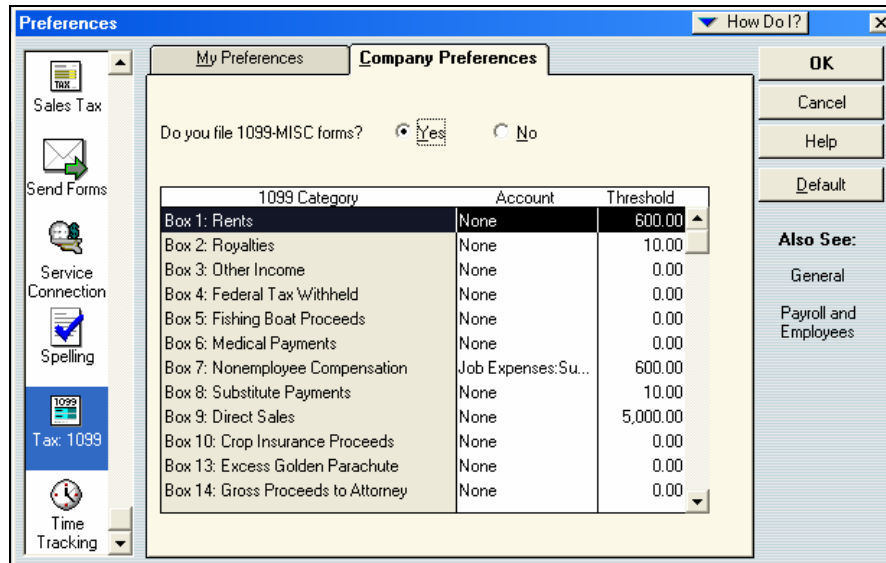
Alternatively, you can always ask for a password before connecting. Users of the same company file will be required to provide a Login name and password each time they access QuickBooks Business Services. Choose this option if you've granted individual service access rights to other company file users or if you have multiple employees using the same company file.

You can also control the background downloading of service messages. When you select this checkbox, service updates are automatically downloaded from the Intuit server to your computer. QuickBooks periodically checks the Intuit server for new updates, and downloads information gradually when your open Internet connection is not being used by another process or application.

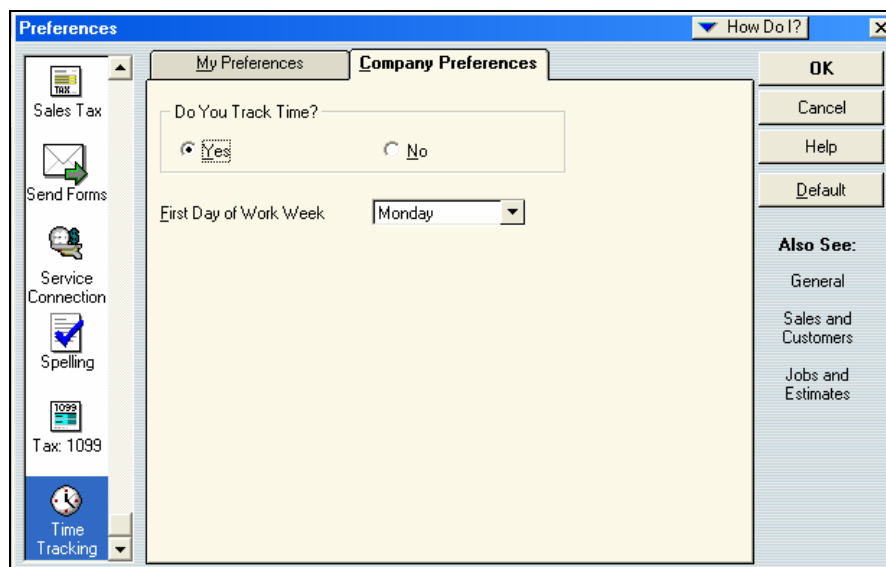


Spell Checker - Spell Checker can check the spelling in the Description, Memo, and Message fields of most sales forms invoices, estimates, sales receipts, credit memos, and purchase orders, and text fields on certain forms and lists. The Spell Checker does not have the broad functionality of other spell checkers you may have used. It is intended to help you quickly check the spelling of words in most fields in which text can be entered. You can run Spell Checker automatically by checking "Always check spelling before printing, saving, or sending supported forms." When you click Save & New or Save & Close, Spell Checker runs automatically. If you want to run Spell Checker manually, clear the checkbox. Then, when you create a sales form, click Spelling in the toolbar. In the "Ignore words with" area, you can tell Spell Checker when to skip special spelling cases.

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1099 Category, Account, And Threshold Table - For each 1099 category you report to the IRS, select the QuickBooks account you use to track 1099 vendor payments and the minimum (threshold) amount you must report to the IRS. If you track 1099 vendor payments in more than one QuickBooks account, identify each account by choosing "Selected accounts" from the top of the Account list. An account can belong to only one 1099 category. For example, if you set up an expense account named "Payments to Subcontractors" and you've selected it to track the 1099 category "Non employee Compensation," you can't use "Payments to Subcontractors" for any other 1099 category. You can track 1099 categories in these types of accounts: expense, other expense, other current asset, fixed asset, other asset, other current liability, and long-term liability. Many businesses report amounts only for Box 7: Non-employee compensation.



Time Tracking – This option allows you to track time for yourself, employees, owners, partners, and vendors. For entering time information, QuickBooks offers either single activity forms or weekly timesheets.

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You can use the Stopwatch to time a current activity, such as when you answer a phone call from a client. You can assign time to particular jobs and then bill those hours back to the customer.

You can preview your employees' time information along with their paychecks when you pay them. You can edit the hours to be paid; the original record of time worked remains unchanged. You can create four customizable time reports to break down your company's time spent by employee, by job, or by the type of work or services your company provides.

When you track time, QuickBooks displays a Time Tracking submenu on the Customers and Employees menus and four time-related reports on the Jobs & Time submenu of the Reports menu. If you answer No, you can always turn on time tracking later by clicking Yes in this window.

First Day of Work Week - QuickBooks adjusts your timesheets so that each weekly period begins with the day of the week you select. If a timesheet happens to be open when you make this change, the change does not occur in the timesheet until you close and reopen it.