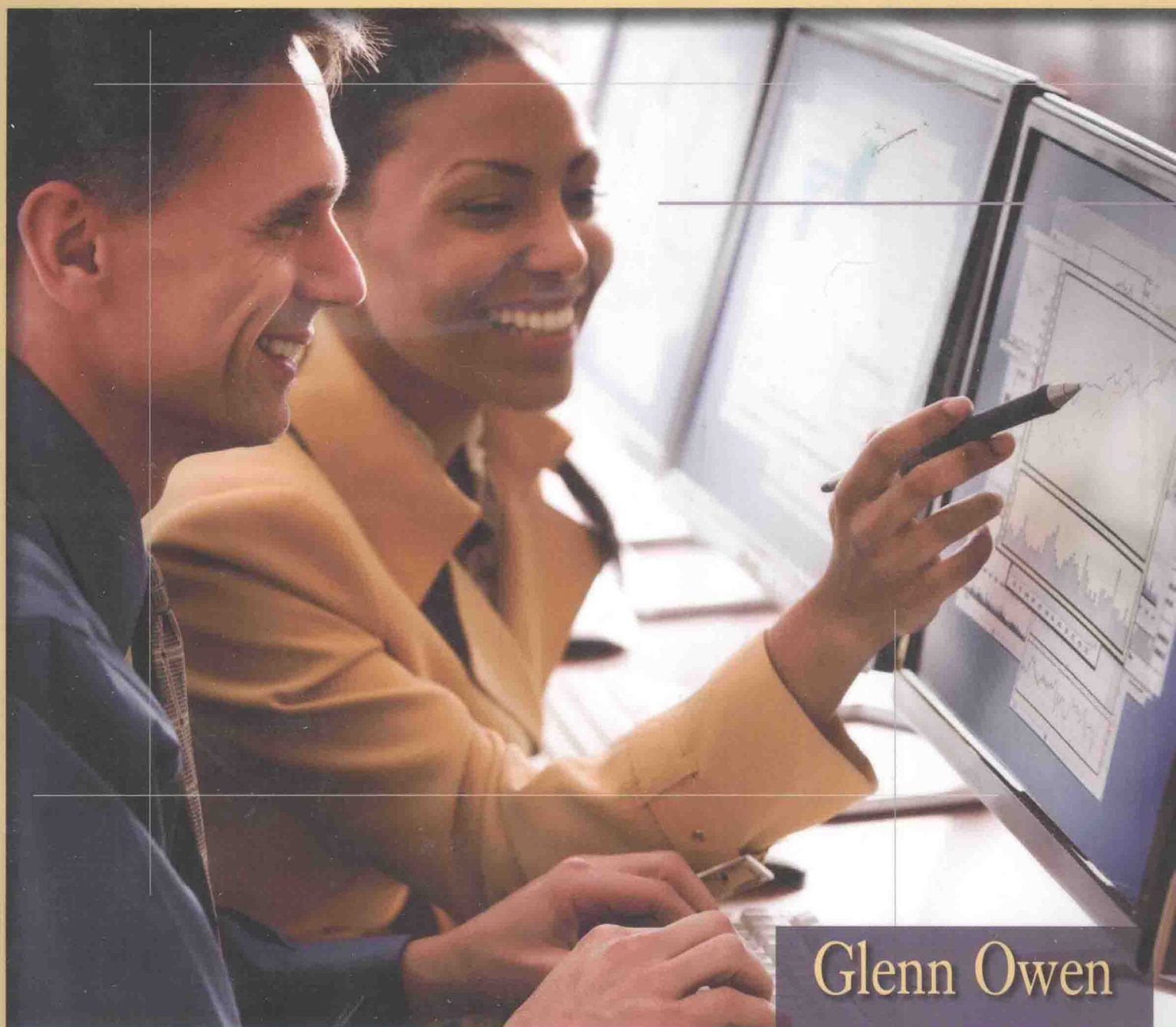
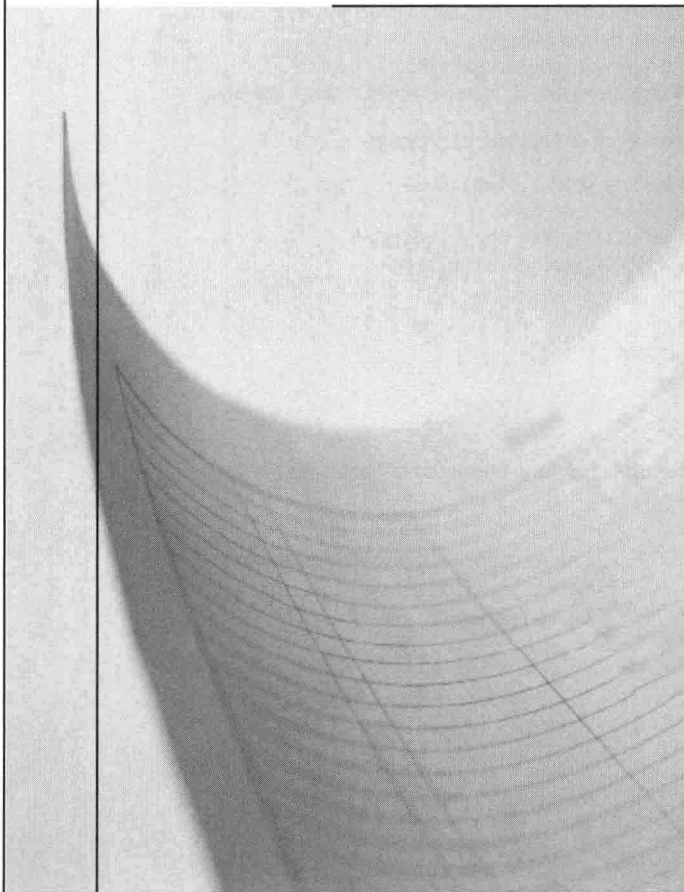


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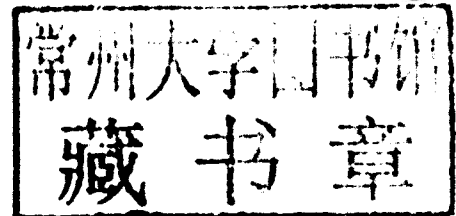
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FOR ACCOUNTING
2012



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**Using QuickBooks Accountant for
Accounting, 11th edition**

Glenn Owen

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Preface

What if you could integrate a popular computerized accounting program into your classroom without using complicated and confusing manuals? What if your students could use this program and reinforce basic accounting concepts in an online and interactive case setting? What if you could accomplish both without spending a fortune and a vast amount of time preparing examples, cases, and illustrations? In fact, *Using QuickBooks Accountant® 2012 for Accounting* by Owen is a textbook that fulfills and expands upon all three of these “what ifs.”

Why Is This Textbook Needed?

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

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

This text responds to all of these needs. It provides a self-paced, step-by-step environment in which students use *QuickBooks® Pro 2012* or *QuickBooks® Accountant 2012* to create financial statements and other financial reports, to reinforce the concepts they learn in their first course, and to see how computer software can be used to make business decisions.

QuickBooks Pro vs. QuickBooks Accountant

This text includes a student version of *QuickBooks® Accountant 2012*. However, it can be toggled between various editions: General Business, Contractor, Manufacturing & Wholesale, Nonprofits, Professional Services, Retail, and Pro. The text itself will focus on the Accountant version.

New Features in This Edition of the Textbook?

New to this edition is Chapter 12 – Managing Fixed Assets. In this chapter, the author explores the added functionality provided by the Accountant edition supplied with the text.

This chapter will teach the student how to utilize QuickBooks Accountant's Fixed Asset Manager to maintain fixed assets details, generate depreciation adjusting journal entries and post them to QuickBooks Accountant, account for the disposal of a fixed asset, generate projections of future depreciation, and print a fixed asset schedule.

What Are the Goals of This Textbook?

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

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

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

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

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

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

What Are the Key Features of This Textbook?

This text is designed to work with *QuickBooks® Accountant 2012*. It can be used with other versions of QuickBooks, but the screen shots and instructions are based entirely on *QuickBooks® Accountant 2012*.

The text is divided into two parts. Part 1 is designed to help you navigate through QuickBooks Accountant. It provides a foundation for Part 2, which will show you how to create new QuickBooks Accountant files and to record a variety of operating, investing, and financing transactions. Part 2 consists of seven chapters, each with its own set of questions, assignments, and case problems. All chapters in Part 1 revolve around Larry's Landscaping & Garden Supply. Larry's specializes in landscaping new and existing homes and is well known in town for its high-quality work and timely completion of projects. You've answered an ad for a part-time administrative assistant and are about to

learn more about what QuickBooks Accountant can do for a business. Chapter 1 gives you a quick interactive tour of QuickBooks Accountant, in which you will restore data files and become familiar with QuickBooks Accountant's essential features. Chapters 2, 3, 4, and 5 introduce you to creating and preparing the balance sheet, the income statement, the statement of cash flows, and supporting reports.

Part 2 is designed to teach you how to use QuickBooks Accountant and the accounting methods and concepts you've learned in your introductory accounting course. This part is divided into seven chapters, each with its own set of questions, assignments, and case problems. You will follow the adventures of Donna and Karen at Wild Water Sports, who have hired you to help them set up their business in QuickBooks Accountant, capture various business transactions, make adjusting entries, set up and use budgets, and generate key business reports. You will utilize QuickBooks Accountant's EasyStep Interview to establish accounts, customers, vendors, items, and employees and then record business transactions using key source documents like sales receipts, invoices, bills, deposit forms, and checks. You will learn how to create journal entries in QuickBooks Accountant to accrue revenues and expenses, adjust deferred assets and liabilities, and record depreciation of long-lived assets. Finally, you will learn how QuickBooks Accountant's budgeting and reporting process can help Wild Water Sports plan and control their business activities.

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

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

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

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

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

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

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

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

In Chapter 12, the end-of-chapter material includes questions, matching exercises, and three assignments. These are designed to help students apply the knowledge gained in the chapter on managing a firm's fixed assets including creating a new client, creating a fixed asset item list, depreciating fixed assets, and recording a journal entry in QuickBooks Accountant.

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

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

The Student version of the text web site includes all beginning data files for each chapter and for each assignment. Students should navigate their browser to <http://www.cengage.com>. Click Higher Education, then type Glenn Owen in the Search for Books or Materials text box, and then click Find. Locate and then click the QuickBooks 2012 text from the listing provided. Click the text **Students: Access Free Companion Content**. Click **Access**. Book resources should be listed including student data files.

The Instructor's Manual includes solutions to all questions, matching exercises, assignments, cases, and comprehensive problems. Completed QuickBooks Accountant backup files are provided for the assignments, cases, and comprehensive problems to enable instructors to see what the student completed data file should look like after each chapter. The instructor's section of the text web site includes student data files and instructor completed data files. Instructors should navigate their browser to <http://www.cengage.com>. Click Higher Education, then type Glenn Owen in the Search for Books or Materials text box, and then click Find. Locate and then click the QuickBooks 2012 text from the listing provided. Click the text **Instructor Companion Site**. Book resources should be listed including both student and instructor data files. Instructor completed backup files, solution manual, rubrics, etc. are locked and require registration and login available at this site.

Dates

QuickBooks Accountant, like all accounting programs, is extremely date sensitive. This follows from the accounting periodicity concept, which requires accounting information to be organized by accounting periods such as months, quarters, or years. It is most important that, when using this text, you enter the proper dates to record business transactions or view business reports. For example, if you are using this book in 2012 (and thus your computer has a system date of 10/1/12, for example) then you will need to adjust the date references. In the Employee Center, for instance, the concept of “The Calendar Year” means 2012. However, if you are using this book in 2013 (and thus your computer has a system date of 2/1/13, for example) then the reference to “The Calendar Year” refers to 2013. The Larry’s Landscape & Garden Supply file used in Chapters 1–5 is a sample file created by Intuit which automatically sets the system date to 12/15/2014. Thus you won’t have to worry about differences in report dates.

The end-of-chapter assignments, cases, and comprehensive problems often have dates that differ from the date you might be entering business transactions. For example, the Central Coast Cellular assignment is dated 2009. When entering dates for transactions, QuickBooks Accountant automatically warns you of transactions being recorded more than 30 days into the future or more than 90 days in the past as shown by the following windows:

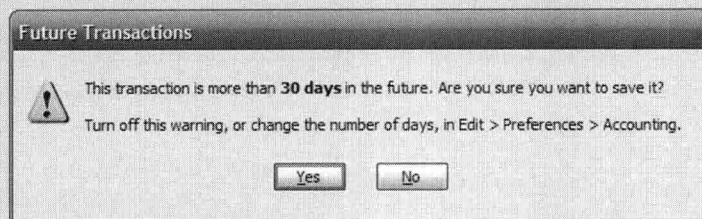


Figure P.1

Future Transactions Warning

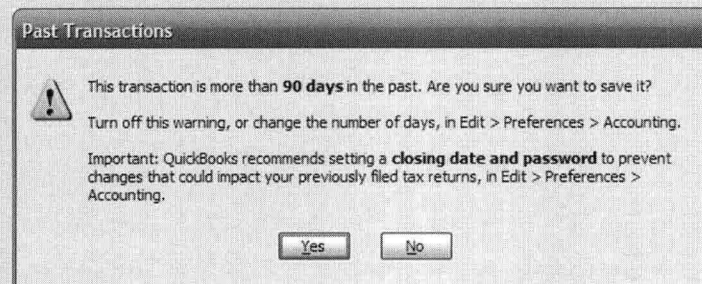
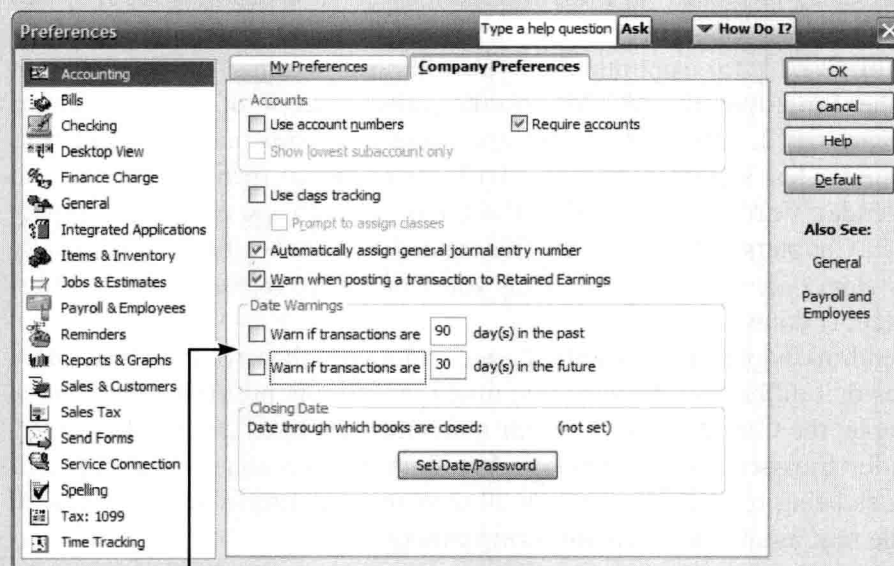


Figure P.2

Past Transactions Warning

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

Figure P.3
Turning Off Date Warnings



Uncheck these
two check boxes

About the Author

Glenn Owen is a tenured member of Allan Hancock College's Accounting and Business faculty, where he has lectured on accounting and information systems since 1995. In addition, he is a retired lecturer at the University of California at Santa Barbara, where he taught accounting and information systems courses from 1980 to 2011. He has also been a lecturer at the Orfala College of Business at Cal Poly San Luis Obispo teaching financial and managerial accounting courses. His professional experience includes five years at Deloitte & Touche as well as vice president of finance positions at Westpac Resources, Inc., and Expertelligence, Inc. He has authored many Internet-related books and accounting course supplements and is currently developing online accounting instruction modules for his Internet-based financial accounting courses. Mr. Owen has released a new 2010 edition of his Excel and Access in Accounting text, which gives accounting students specific, self-paced instruction on the use of spreadsheets (Excel 2010) and database applications (Access 2010) in accounting. His innovative teaching style emphasizes the decision maker's perspective and encourages students to think creatively. His graduate studies in educational psychology and his 36 years of business experience yield a balanced blend of theory and practice.

Dedication

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

Note to the Student and Instructor

QuickBooks Version and Payroll Tax Tables

The text and related data files created for this book were constructed using *QuickBooks® Accountant 2012* release R5P. To check your release number, open *QuickBooks® Accountant 2012* and type **Ctrl 1**. If your release is less than number R5P, use the QuickBooks Update Service under the Online menu to update your version. This is a free service to version 2012 users and requires an Internet connection. The files accompanying this text can be used in any *QuickBooks® Accountant 2012* release R5P or higher. If you are using a higher release number, QuickBooks Accountant will automatically offer to update your file when you try and restore from the Data Files CD. Click **Yes** in the corresponding Update Company window.

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

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

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

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Getting Started with QuickBooks Accountant

part

1

In this Part, you will:

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

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

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