Lesson Blueprint

Computerized Accounting with QuickBooks® 2019

# Chapter 1: QuickBooks 2019

## Introduction

* Accounting for the financial records of any company involves repetitive recording of day-to-day business activities.
* Common business activities involve repeating the same steps over and over again when recording activities such as:
* paying bills
* purchasing merchandise
* selling merchandise
* processing payroll
* Many of these activities can occur several times in the course of one day, which involves more repetitive recording.
* When mainframe computers were introduced, certain processes such as payroll became simple to perform.
* Companies were created to use mainframe computers to process payrolls for local businesses.
* Eventually mainframe computers were used to process other accounting activities:
* the general ledger and all the journals
* general, purchases, sales, cash receipts, and cash payments journals
* Advantages: repetitive recording was processed by the computer, which alleviated some bookkeeping work
* Disadvantages: delays in receiving the computer printouts and correcting errors
* As personal computers became more commonplace, several computerized accounting software packages became available.
* The software packages enabled the processing of all routine business activities, from paying bills, to buying and selling merchandise and paying payroll directly on the personal computer.
* As business activities are recorded, all necessary reports from the journals, to the general ledger, to the payroll reports, to the financial statements are instantly prepared, making them available on a timelier basis.
* If an error is noticed, it can be immediately corrected, and a revised report immediately printed.
* Originally, only people trained in accounting commonly used computerized accounting software.
* As more people became familiar with personal computers, business owners and non-accountants started to enter business activities directly on the computer.
* QuickBooks 2019 is an example of an accounting software package used to record all types of business and accounting activities and prepare a variety of reports, including the financial statements.
* The software is designed with the non-accountant in mind.
* Many data entry windows are described in non-accountant terms.
* Behind the scenes QuickBooks uses traditional accounting procedures to record, summarize, and report financial information.
* A basic understanding of accounting terms and procedures allows you to operate the software more efficiently.
* Throughout the text, there are accounting terms and concepts displayed in the sidebars that describe QuickBooks accounting going on behind the scenes.

## Accounting with QuickBooks versus Manual and Other Computerized Accounting Systems

* In accounting, business activities are called *transactions.*
* Every transaction that involves money must be recorded.
* In a manual accounting system, all transactions are recorded chronologically in a journal as they occur.
* At the end of the month, these transactions are posted (rewritten) in a book called the general ledger.
* The general ledger summarizes the information by descriptive names called *accounts*.
* Examples of accounts include
* assets: Cash, Accounts Receivable, Inventory
* liabilities: Accounts Payable, Notes Payable
* equity: Capital and Drawings, or Stock and Retained Earnings
* revenue: Fees Earned, Sales
* expenses: Rent, Insurance, Salaries, Depreciation
* After routine transactions and any necessary adjustments are recorded in the journal and posted to the general ledger, a trial balance is prepared to confirm the general ledger is in balance, and then the financial statements are prepared.
* To facilitate the recording of so many transactions in a manual accounting system, often several journals are used with similar transactions recorded in each journal.
* Typically, these journals, called *special journals*, are used as follows:
* purchases journal: used to record purchases of merchandise on account
* sales journal: used to record sales of merchandise on account
* cash receipts journal: used to record collection of a sale on account, a cash sale, or any other cash receipt activity
* cash payments journal: used to record payment of a purchase on account, a cash purchase, or any other cash payment activity
* Any transaction that is not appropriately recorded in a special journal is recorded in the general journal.
* Month-end adjusting journal entries and fiscal year-end closing entries are always recorded in the general journal.
* Many computerized accounting software packages follow the procedures used in a manual accounting system.
* Transactions are recorded in the special journals and the general journal as is appropriate; transactions from the journals are then posted to the general ledger.
* Users of other accounting software packages need to analyze the transaction and determine the correct journal to record the transaction, enter the data, view the journal entry for correctness, and then post the journal entry to the general ledger.
* QuickBooks, on the other hand, is designed for the non-accountant as well as the accountant.
* QuickBooks does not follow the special journals procedures; therefore, it is not necessary to understand the special journals.
* Instead, transactions are identified by business function: vendors, customers, employees, and banking.
* The language used is common business language: enter bills, pay bills, create an invoice, receive payments, and so on.
* The user simply enters the transaction based on the nature of the activity
* The software will then, behind the scenes, update the appropriate accounting reports—the journal, general ledger, and trial balance—and the financial statements based on the activity entered into the system.

### Four Levels of Operation

* Although much of the accounting is conducted behind the scenes in QuickBooks, an understanding of accounting concepts used by the software will help the user determine how to record financial information correctly.
* QuickBooks can be classified into four levels of operation: New Company Setup, Lists/Centers, Activities, and Reports.

#### New Company Setup

* The first level of operation is creating and setting up a new company file with the background information for the new company.
* involves recording the company name, address, identification numbers, fiscal periods of time, nature of business, accounts, and balances

#### Lists/Centers

* The second level of operation is recording background information in Lists/Centers.

**Lists include Centers include**

* + Chart of Accounts • Customer
  + Item • Vendor
  + Fixed Asset Item • Employee
  + Price Level
  + Billing Rate Level
  + Sales Tax Code
  + Payroll Item
* Information is initially recorded in Lists/Centers as part of New Company Setup.
* later revised by adding, deleting, or editing information
* Lists/Centers function in a way similar to that of a database.
* Certain information is stored on these Lists/Centers.
* As business activities involving any item on the Lists/Centers are processed, the information can simply be recalled and plugged into the windows rather than re-typing the data.
* The difference between Lists and Centers is the manner in which the List information is accessed.
* For the Customer, Vendor, and Employee Lists, the information is accessed through their respective Centers.
* For the Chart of Accounts, Item, Fixed Asset Item, Price Level, Billing Rate Level, Sales Tax Code, and Payroll Item Lists, the Lists are accessed by clicking Lists on the main menu bar.

#### Activities

* The third level of operation is recording daily business activity in QuickBooks.
* where majority of the routine accounting work is processed
* Activities are identified with common language such as:
* enter bills
* write checks
* create invoices
* receive payments
* In addition, the information in Lists/Centers is frequently used to eliminate repetitive typing of data.

#### Reports

* The fourth level of operation is using QuickBooks to display and print an assortment of Reports, such as
* **management** **reports** related to each activity:
* vendor
* customer:job
* inventory
* payroll
* **accounting reports**:
* journal
* general ledger
* trial balance
* **financial statements**:
* income statement
* balance sheet
* Information that appears on the Reports is gathered during other operations within QuickBooks.
* As data is entered in both the New Company Setup, Lists/Centers, and Activities levels of operation, the information is simultaneously recorded in the Reports level.
* QuickBooks provides for simple as well as more elaborate reporting.
* All of the Reports can be customized according to the user’s needs

## Installing the Student Trial Edition of QuickBooks 2019

* Intuit, the maker of QuickBooks, changed the process for downloading trial software in March 2019, and students and instructors must now register through the Intuit Education site to acquire product and license codes. The textbook was developed before this change in late 2018, and the process is slightly different from the steps listed in Chapter 1 on pages 4–5.
* Paradigm will no longer provide license and product codes on a Software card or via email. Instead, students will be directed to the Intuit Education site to register for and download the software. An internet connection is required. To monitor the viability of the link, Paradigm will send students to <https://QB19.ParadigmEducation.com/QuickBooksDownloadPage> , but the actual landing site is <https://www.intuit.com/partners/education-program/registration/students/quickbooks-desktop/>.
  + After registering with Intuit, students will receive a link to install the QuickBooks 2019 software and the codes needed to activate the product. Intuit will also send the same information via email.
  + Students should follow instructions provided by Intuit to download and install the software.
* The Student Trial Edition of QuickBooks 2019 is a complete version of the software.
* The Student Trial Edition of QuickBooks allows you to use the software for five months.
* Instructors should use the link below to register for and download the software. Instructor software does not expire.
  + <https://www.intuit.com/partners/education-program/registration/educators/quickbooks-desktop/>

## Installing the Company Files Needed for this Text

* QuickBooks must be installed on your computer in order for you to use this book.
* Access the Student eResources via the SNAP course, the student ebook (students), or the Instructor eResources (instructors) to download the company files.
* There are company files for all chapters except Chapters 6 and 7 in which students learn how to create a new company file.
* The company files need to be installed on the hard drive or network directory.
* By default, the operating system on your computer determines where QuickBooks stores company files.
* The default path is

C:\Users\Public\Public Documents\Intuit\QuickBooks\Company Files

* The company files can also be installed on some other hard drive or network directory.
* This book will assume the subfolder Company Files is used to store the company files.
* If you use a different subfolder, you must adjust the instructions accordingly.
* See Getting Started instructional document in the Student eResources to properly download and install the company files.

## Opening QuickBooks

* See text for steps to open QuickBooks.
* When QuickBooks is opened, the QuickBooks main window appears.
* In the main window, a window titled No Company Open also appears
* In the No Company Open window there are several choices including:
* Create a new company (Chapters 6 and 7)
* Open or restore an existing company (Chapters 1–5 and 8–12)
* Open a sample file
* If someone has already used QuickBooks on this computer and not closed their file, the last company file used is automatically opened.

## Using Drop-Down Menus and Dialog Boxes

* Regardless of whether or not a company file is open, the QuickBooks main window displays.
* Along the top of the window is the QuickBooks title bar.
* includes the edition of QuickBooks that is currently open
* includes a company name when a company file is open
* Below the title bar is the main menu bar, which includes these menu choices:
* File • Customers
* Edit • Vendors
* View • Employees
* Lists • Banking
* Favorites • Reports
* Accountant • Window
* Company • Help
* When no company is open, only the File and Help menus are active.
* Choose a menu by:
* clicking the menu name, or
* pressing the Alt key and the underlined letter from the menu name on the keyboard.
* Whenever you choose a menu, a drop-down menu appears that lists additional choices or commands.
* Choices on the menus vary at times depending on the data input in the company file and on which of the open windows is active.
* When you choose a command that is followed by an ellipsis (…), a window, called a *dialog box*, appears.
* Additional information must be entered in the dialog box for the command to be processed.
* Included in dialog boxes are command buttons such as Open, Cancel, Help.
* Activate any command button by clicking the button.
* The active command button may have a slightly darker line around it or it may be a different color such as blue.
  + Active command buttons can be activated by pressing the Enter key.
* When you choose a command on the drop-down menu followed by an arrow, an additional drop-down menu, called a *submenu*, appears listing additional commands or choices.

## Versions of QuickBooks

* Intuit, the makers of QuickBooks, offers several versions of QuickBooks software:
* Pro
* Premier
* Enterprise Solutions
* In addition, QuickBooks Premier is available in several editions:
* General Business Edition
* Accountant Edition
* Contractor Edition, and so on
* The fundamentals of each version of the QuickBooks software are the same, but Premier and Enterprise offer additional features.
* Typically, small business owners would use QuickBooks Pro.
* Larger businesses, businesses that have large inventories, or manufacturing companies may use QuickBooks Enterprise Solutions or QuickBooks Premier.
* QuickBooks Premier is often used by accountants who have clients that use various versions of QuickBooks.
* The QuickBooks Premier software allows accountants to toggle (switch) to different versions and editions of QuickBooks to view their clients’ accounting records using the client’s version or edition of QuickBooks.
* QuickBooks also offers online versions of the software for a monthly fee:
* QuickBooks Online Self-Employed
* QuickBooks Online Simple Start
* QuickBooks Online Essentials
* QuickBooks Online Plus
* The functionality of the online versions is similar to the traditional QuickBooks but the graphic interface of the menus, data entry windows, and reports differ significantly.
* This book was written using QuickBooks Premier Accountant Edition.
* The Student’s Trial version of the software is based on QuickBooks Premier Accountant Edition.
* See text for steps to toggle from Premier Accountant Edition to other versions or editions of QuickBooks.
* There are several ways to determine which edition of QuickBooks you are using.
* The QuickBooks edition is listed in the title bar.
* If you toggle to a different edition of QuickBooks, the title bar changes to reflect which edition you are using.
* You can also determine the edition that is currently open in the Select QuickBooks Industry-Specific Edition window.
* The Help menu also displays the edition of QuickBooks you are using.

## Opening a Company File

* The sample company file that came with this textbook, Kristin Raina Interior Designs, is used to illustrate the topics in each chapter.
* See text for steps to open a company file.
* Open CH1 Kristin Raina Interior Designs.
* Once a company file is open, the main window of QuickBooks displays additional items.
* The company name, CH1 Kristin Raina Interior Designs, is now displayed in the title bar.
* At various times when opening a company file or when operating QuickBooks, various pop-up messages will appear.
* In general, simply close the messages.
* On some occasions you may be provided a choice to not show the message again.
* In other situations, the QuickBooks default can be changed so the messages no longer appear, which will be illustrated in various places in this book.
* If the New Feature Tour window appears, click the X to close the window.
* By default, along the left side of the window, the Left Icon bar is displayed, and the remainder of the screen displays the Home page.
* If the WHAT’S NEW box appears on the edge of the Home page, click on the X to close it.
* If the Help message appears, it will fade away in a few seconds.
* Because the Left Icon bar and Home page display the same choices as the main menu bar, only the main menu bar is used in this text, allowing more screen space for the windows.
* You can close the Left Icon bar and the Home page.
* You can also change the defaults so that the Home page does not appear every time you open a company file.
* See text for steps to remove the Left Icon bar, close the Home page, and change the default for the Home page.

## Multi-User and Single-User Mode

* QuickBooks is designed so that many people can use one company file at the same time.
* Assume a business has three bookkeepers, each with their own computer. When using QuickBooks, each bookkeeper can access the company records at the same time on their own computer, referred to as running the software in *multi-user mode*.
* Each bookkeeper can do his or her work individually, but at the same time, all information entered individually updates the company file as a whole.
* This is referred to as *multi-user mode*.
* QuickBooks allows for up to five users at one time.
* When a QuickBooks company file is used only on a single computer it is referred to as *single-user mode*.
* In the computer laboratory environment, you will use QuickBooks in single-user mode because each user is using the company files individually; your work is not connected to anyone else’s work.
* When QuickBooks is in single-user mode, the File menu has an option to *Switch to Multi-user Mode*.
* When in multi-user mode, the menu choice is *Switch to Single-user Mode*.
* Because you should be working in single-user mode, the menu option should be *Switch to Multi-user Mode.*
* See Appendix I for information on setting up multi-users.

## Backing Up a Company File

* In business, it is advisable to make backup copies of records on a regular basis and store the backup copies in a safe place, separate from the business location.
* In the event of damage to a company’s computer and/or files, the backup copies can be used to restore lost or damaged data.

### Why Backing Up a File Is Important

* In this text, the Back Up command is used for two purposes:
* First, backup will be used to make a copy of the original company file.
* Company files are provided for the sample company, Kristin Raina Interior Designs, to illustrate topics in each chapter, and for the two cases problems at the end of each chapter.
* To use the company files for practice, first open the company file and then make a copy of the company file using the Back Up command.
* The backup copy of the company file must then be restored in order to use it as a practice exercise.
* By making a backup copy of a company file and then restoring it, the original copy file is then preserved intact for others to use.
* Second, as in business, the Back Up command is used to make backup copies of the exercise company files on removable storage devices or on a network directory.
* In the event the student exercise company file is deleted from the hard drive the student is working on, the student will have a backup copy.
* also helpful in the event you use a different computer each time in the computer lab

### Naming Backup Files

* Two types of names are used in QuickBooks to identify a company file:
* file name
* company name
* When the backup copy is made and restored, it is recommended that you include your name, or initials, as part of the company file name, to distinguish your individual copy of the file from those of other students.
* In the restored copy (student exercise copy), the company name will also be changed to include your name, or initials, to further identify the exercise copy of the company file as your copy.
* In each chapter, the original company file will be preceded with prefixes such as CH1, CH2, and so on, in which the number represents the chapter number.
* Backup copies will be assigned the prefix EX1, EX2, and so on; *EX* stands for exercise and is the prefix that will be used to identify the company file as a backup copy exercise file.
* QuickBooks automatically assigns the extension .QBB to a backup copy and condenses the file.
* Condensed backup copies cannot be used for work.
* strictly for use as stored copies
* Backup copies can be made to the Company Files subfolder, a subfolder of your choice, or to a removable storage device.
* It is recommended that you create your own subfolder on the hard drive, using File (or Windows) Explorer.
* Use your subfolder to store the backup copy of the company file.
* See text for instructions for backing up a company file.
* By default, the date and time are listed in the file name of the backup copy of a company file.
* When you make many backup copies of a company file, you will have several backup files each with its individual date and time in the backup file name.
* You can remove the date and time option and then you will have only one backup copy of the file which would be replaced each time you updated the backup copy.
* If you use a file name that already exists, a warning appears that indicates this company file exists, and asks you if you want to replace it.
* If you want to replace, or update, the existing file, click Yes.
* If you do not want to replace the existing file, click No and enter the correct file name in the Save Backup Copy dialog box.
* The instructions assume you have created your own individual subfolder.
* After backing up the company file, the original company file, not the backup copy, is still open.
* To work on the backup copy of the company file, you must restore the backup copy.

## Restoring a Company File

* The Restore command is used to *open a backup copy* of a company file.
* Backup copies are automatically assigned the extension .QBB.
* condensed copies of a company file
* cannot work on backup copy
* QuickBooks gives restored copy a .QBW extension.
* denotes the working copies of the company file
* If using removable storage devices to store your backup copies of company files, it is recommended that you use the hard drive for the exercises.
* Use the removable storage device only for back up.
* Restoring a backup file is a two-step process:
* First step: determine which backup copy you wish to *open* (Open backup copy).
* Second step: determine where you wish to restore the backup copy *to* (Save Company File as).
* In business, the backup company file would be restored to the original company file name.
* In this book, the intent is to retain the original company file intact for others to use, so the backup company will not be restored to the original company file name, but rather to your exercise company file name.
* See text for steps to restore the backup copy of the company file.
* If you use a file name that already exists, the message *Confirm Save As* appears which indicates that this company file exists, and then asks if you want to replace it.
* If this is what you want to do, you must click Yes and then type *yes* in the box in the Delete Entire File message and click OK.
* If the name shown is not the correct file name, click No and enter the correct file name in the Save Company File as dialog box.
* See text for comparison of ‘open a company file’ and ‘restore the backup copy of the company file’
* Also, refer to Appendix A.
* After the backup copy is successfully restored, the exercise copy of the company file appears in the QuickBooks window, but the title bar indicates the original company file name.
* Before you begin working, change the company name in the My Company window to match the exercise company file name.
* further identifies this company file as your company file
* See text for steps to change the company name.
* The company name is changed in the title bar.
* This company name will now appear in the heading of the reports.
* The name in the title bar comes from the My Company window.
* The name of the company file in the Open a Company dialog box is based on the file name typed in the Backup and Restore dialog boxes.
* Be careful to type the *same* name in both places.
* This will help to keep track of your files.
* In business, the Back Up command is used to maintain a copy of company financial records.
  + Backup copies should be made on a regular basis.
* You would need to restore the backup copy only in the event your computer or the files were damaged or you upgraded your computer system.
* An accountant may use the backup and restore procedures when reviewing their clients’ accounting records.
* Because you are working in a computer laboratory, where many students are working on the same company files, the backup and restore procedures are used to make your own personal copy of the company file so that you may practice the work in each chapter in your own copy of each company file.
* You also use the backup procedures to make a copy to your personal removable device in case your personal copy in a computer laboratory is deleted.
* If you are unsure of the location of the company file you are working on, click File and then click *Open Previous Company.*
* The file listed at the top of the submenu is the file that is currently open.

## QuickBooks Updates

* QuickBooks occasionally provides product updates to the current version of software that you are using.
* Product updates, sometimes referred to as *maintenance releases* by QuickBooks, are delivered via the internet.
* Your computer can be setup so that the product updates are automatically downloaded (which is the default), or you can disable the automatic updates.
* If the updates are not automatic, when updates are available, a message should appear upon opening QuickBooks inquiring if you wish to update QuickBooks.
* You can also check for QuickBooks updates using the Help menu.
* See text for steps to download QuickBooks updates.
* The product updates are noted by release numbers, such as R2, R3, and so on.
* To determine the most recent update downloaded onto your computer, press the F2 function key or press Ctrl + 1 to display the Product Information window.
* On the first line next to Product, the edition of QuickBooks is displayed along with the latest release number.

## Exiting QuickBooks

* Most work is automatically saved in QuickBooks when the correct command button is chosen.
* At the end of a session, it is recommended to use the Back Up command to save work on a removable storage device or a network directory.
* It is not necessary to make a backup copy of the exercise file for this session.
* See text for steps to close the company file and to close QuickBooks.

The text assumes the Company Files from the Student Resources have been installed in the Company Files subfolder and you are working in your personal subfolder. If you use different folders, use the chart below and fill in the folders for your school, then reproduce for your reference.

## QuickBooks 2019

*Instructions for opening, backing up, and restoring a company file and changing the company name for your personal exercise file.*

To open a company file:

1. Open QuickBooks.

2. At the No Company Open window, click the Open or restore an existing company button, or click File and then click *Open or Restore Company*.

3. At the Open or Restore Company window, choose *Open a company file* and then click Next.

4. In the Open a Company dialog box in the *Look in* text box, choose\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

5. Select the company CH# Company Name.QBW.

6. Click Open.

7. At the QuickBooks Desktop Login window, in the *Password* text box, type\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and then click OK.

8. If the New Feature Tour window appears, click the X (close button) to close the window. If the Help message appears, it will fade away in a few seconds. If the Home page window appears, click the X to close it. If the Left Icon bar appears, click View at the main menu bar and then click *Hide Icon Bar* to remove it.

To make a backup copy of a company file:

1. Click File and then click *Back Up Company*.

2. At the Back Up Company submenu, click *Create Local Backup*.

3. In the Create Backup window at the Do you want to save your backup copy online or locally? page, confirm that *Local backup* is selected and then click Next.

***Note:*** *The first time you make a backup copy of a company file the Backup Options window appears. For subsequent backup copies of the same file, this window will not appear, and you would not need to do Steps 4–7.*

4. At the Backup: Options window, click the Browse button.

5. At the Browse for Folder window, choose \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and then click OK.

6. At the Backup Options window, you can remove the check mark to the left of *Add the date and time of the backup to the file name* and then click OK.

7. At the QuickBooks message, click *Use this Location*.

8. At the Create Backup Copy window, at the When do you want to save your backup copy? page, choose *Save it now*, then click Next.

9. At the Save Backup Copy dialog box, in the *Save in* field, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ should appear, if not, correct it.

10. In the File name text box, type *EX# [Your Name] Company Name*.

11. Click Save. If the QuickBooks message appears, click *Use this Location*.

12. At the QuickBooks Desktop Information message, click OK.

To restore the backup copy of the company file:

1. Click File and then click *Open or Restore Company*.

2. In the Open or Restore Company window, at the What type of file do you want to open or restore? page, choose the *Restore a backup copy* and then click Next.

3. At the Is the backup copy stored online or locally? page, choose *Local backup* and then click Next.

4. At the Open Backup Copy dialog box, in the *Look in* text box, choose \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

5. Select the company file EX# [Your Name] Company Name.QBB.

6. Click Open.

7. At the Where do you want to restore the file? page, click Next.

8. At the Save Company File as dialog box in the *Save in* text box, choose \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

9. In the *File name* text box, key **EX# [Your Name] Company Name**.

10. Click Save.

11. If the QuickBooks Desktop Login window appears, in the *Password* text box, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and then click OK.

To change the company name:

1. Click Company and then click *My* *Company*.

2. At the My Company window, click the Edit icon.

3. In the Company Information dialog box, in the *Company Name* text box, type *EX# [Your Name] Company Name.*

4. Click OK.

5. Close the My Company window.

# Chapter 1 Accounting Terms

**accounting** The process of recording, summarizing, and presenting financial information of a company in the form of financial statements.

**financial statements** Summaries of the financial information of a company. The most common examples are the income statement and the balance sheet.

**general journal** The document in which transactions are initially recorded chronologically; at the end of the month, transactions in the journal are posted (rewritten) to the general ledger.

**general ledger** The document in which transactions are summarized by account.

**multi-user mode** A setting in QuickBooks that allows up to five users to access a company file at the same time, each on their own computer.

**single-user mode** A setting in QuickBooks that allows only one user on a single computer to access a company file.

**special journals** Journals such as the purchases journal, sales journal, cash receipts journal, and cash payments journal that can be used instead of the general journal to chronologically record similar transactions; transactions in the special journals are posted (rewritten) to the general ledger at the end of the month.

**transaction** A monetary business event or activity.

**trial balance** A report containing all the general ledger account names, their respective debit and credit balances, and the total debits and total credits.