



# QuickBooks Procedures

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## Introduction

The relationship between The Edge and QuickBooks is unidirectional, meaning The Edge posts to QuickBooks but is unaware of any journal entries, additions, or subtractions of data that occurs directly in QuickBooks. This is a procedural document that explains some important manual functions that must be managed directly in QuickBooks regularly. Failure to regularly perform these procedures will result in inaccurate records, difficulty reconciling accounts, and erroneous financial statements.

For example, when an item is returned to the vendor, The Edge posts an entry to QuickBooks reducing the appropriate inventory asset account. The offset posting goes to a special holding account specific to items sent back to the vendor. The Edge has no knowledge of how or when the vendor credits you for this item. When the credit is received, the store bookkeeper must post this credit against the holding account.

When reconciling data between The Edge and QuickBooks, you may encounter records, balances, or entries that seem unexplained. There are four exceptions reports that may help research such anomalies:

- Voided Sales
- Deleted Items
- Item Cost History
- Items Returned by Customer.

These reports are explained in more detail in The Edge User Guide in the section entitled Reports.

### REMEMBER!

**When working with accounts, if you are uncertain which account to use, go to The Edge and select Administrative ► QuickBooks ► Setup QuickBooks Integration. Select the appropriate tab to determine which account in QuickBooks the feature is posting.**

### IMPORTANT!

**Abbott Jewelry Systems, Inc. cannot be held responsible for the maintenance of your QuickBooks financial data. Resolving inaccurate financial information is not something we have the expertise to assist with. You would need to seek assistance from your accountant. Be sure to maintain your books!**

### DISCLAIMER!

**These procedures are based on an integration using the suggested chart of accounts and mapped as outlined in The Edge documentation. The integration between The Edge and QuickBooks is very flexible. Your specific setup and integration may require additional or different account maintenance steps.**

## Daily Posting

Before you do these manual procedures, make sure all transactions in **Post Now** are done:

1. In the **Edge**, select **Administrative ► QuickBooks ► Post to QuickBooks Now**.
2. The Edge will return a message that reads **Done** when it is finished integrating.
3. Select **Close**.
4. In The Edge, select **Administrative ► QuickBooks ► G/L Report**. This will provide all the transactions that were posted from The Edge into QuickBooks. It will also provide data required for manual procedures.
  - a. Enter the required dates.
  - b. If you want to see all transactions, select **Show Details**.

- c. Results appear as follows.

<b>G/L Report</b>						
Yesterday (2/20/2015); Group by G/L Account; Sort by Month, Date, Sale #, VOID Sales, Posted Items						2/21/2015 Page 1 of 1
Date	Sale #	Item/Job #	G/L Account	Debit	Credit	Memo
			G/L Account: *Undeposited Funds	939.16	0.00	939.16
			G/L Account: Accounts Receivable	2,348.96	2,348.96	0.00
			G/L Account: Custom Design	0.00	925.00	-925.00
			G/L Account: Inventory EDGE	1,620.42	1,250.47	369.95
			G/L Account: Inventory QB	771.05	1,620.42	-849.37
			G/L Account: Jewelry Repair	0.00	112.00	-112.00
			G/L Account: Repair Deposits	0.00	34.98	-34.98
			G/L Account: Sales Tax Payable	0.00	130.98	-130.98
			G/L Account: Showcase COGS	305.50	0.00	305.50
			G/L Account: Showcase Sales	0.00	726.00	-726.00
			G/L Account: Special Order & Memo COGS	173.92	0.00	173.92
			G/L Account: Special Order & Memo Sales	0.00	405.00	-405.00
			G/L Account: Special Order Deposit	429.30	0.00	429.30
			G/L Account: Store Credits	980.50	0.00	980.50
			G/L Account: Watch Repair	0.00	15.00	-15.00
			<b>Grand Total...</b>	<b>7,568.81</b>	<b>7,568.81</b>	<b>0.00</b>

## Undeposited Funds

This account is used to manage bank deposits. With daily QuickBooks posting, all your individual deposits will flow through to QuickBooks.

1. Gather together your cash, checks, and your credit card settlement statement from your credit card terminal.
2. To find out what transactions generated undeposited funds, in The Edge, go to **Administrative ► QuickBooks ► G/L Report**.
  - a. Set the date for which you would like to see the report.
  - b. Select **Posted Items, Voided Sales**, and group by **GL Account**.
  - c. Click **OK**. That will show the deposits to be made.
3. To find out how the denominations were recorded into QuickBooks, run the **Daily Activity** report, Go to **Reports ► Activity ► Daily**.
  - a. Enter the same date.
  - b. Select **Show Trades as Tender**, you do not need **Show Details, Page Breaks** or group by the date.
  - c. Select **OK**.
4. In QuickBooks, go to **Banking ► Make Deposit**.
5. Select the bank account, enter date of deposit, and in the memo line, select *Cash/Checks, MC/VISA, AMEX, Discover, etc.* You should deposit your money in QuickBooks in the same way that it will appear on your bank statement for an easy bank reconciliation process.

Deposit To:  Date:  Memo:  [Save time reconciling your merchant service account with QuickBooks. Learn More](#)

Click Payments to select customer payments that you have received. List any other amounts to deposit below.

RECEIVED FROM	FROM ACCOUNT	MEMO	CHK NO.	PMT METH.	AMOUNT
Point of Sale	Undeposited Funds			Visa Card	235.75
Point of Sale	Undeposited Funds			MasterCard	755.00

6. After making your deposit, your Undeposited Funds balance should be \$0. Check this by going to **QuickBooks ► Lists ► Chart of Accounts**. Look at Undeposited Funds to make sure it is \$0. If it is not, look back at your transactions and find the discrepancy.

## Inventory RTV

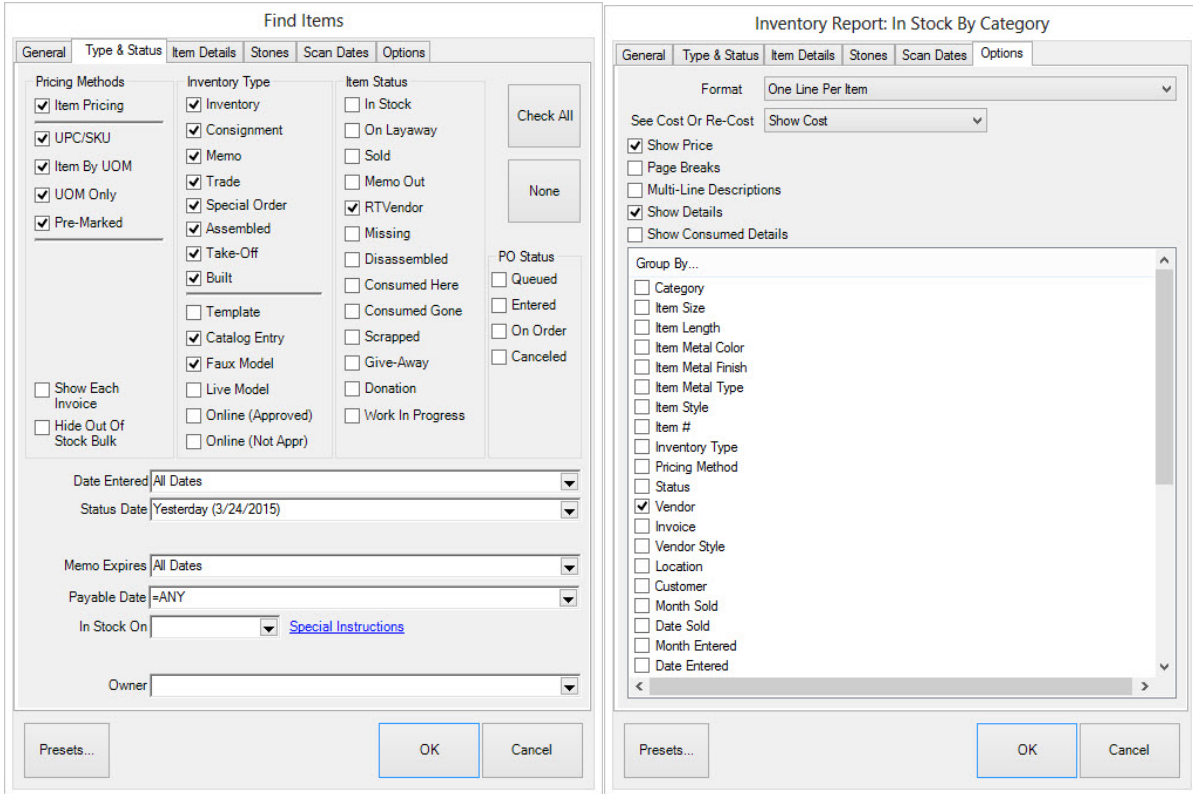
This should be an asset account and is used when an item is marked returned to vendor (RTV). When an item is marked RTV, The Edge is finished with it, so this posting moves the item value from your primary asset account to this temporary sub-asset account. You will have to post your own QuickBooks entries to move assets from this account to other accounts when you receive credit or payment from the vendor for returned items.

## Procedures

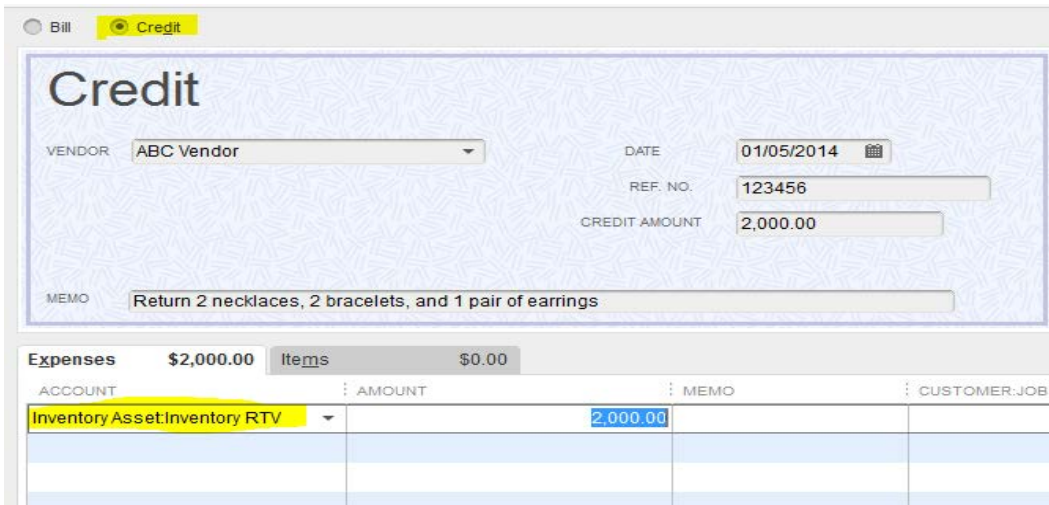
When you enter a Return to Vendor in The Edge, it debits Inventory RTV and credits Inventory Edge.

When you enter the Invoice in QuickBooks, debit Accounts Payable and credit InventoryRTV. To do so:

1. To find items returned in The Edge, go to **Administrative ► QuickBooks ► G/L report**.
  - a. Select the date.
  - b. Group by **G/L Account**.
  - c. Select **Posted Items** and **Voided Sales**.
  - d. Select **OK**.
2. Look for a balance in the Inventory RTV account.
3. Now we run a report to find the items returned and to whom they were returned. Go to **Reports ► Inventory ► In Stock by Category**.
  - a. From the **Type & Status** tab, select **Inventory RTV** as the status.
  - b. Select the date.
  - c. In the **Options** tab, select **One Line per Item** and **Show Cost**. Uncheck **Page Breaks**.
  - d. Group by **Vendor** and **Invoice Number**.
  - e. Select **OK**.



4. To enter a credit payable, go to **QuickBooks ► Vendors ► Enter Bill**.



- a. Select Credit instead of Bill.
- b. Select the vendor.
- c. Enter the date of the credit.
- d. Enter the amount of the credit.
- e. Select Inventory Asset Inventory RTV for the account.

5. Save and close.

## Scrapped Goods

This should be an asset account, and is used when an item is marked scrapped. When items are marked scrapped, The Edge is finished with them; therefore, much like RTV, this posting moves the item value from your primary asset account to this temporary sub-asset account.

You will have to post your own General Ledger entries to move assets from this account to other accounts when you determine the retained value of the scrapped goods and how much to write off.

### Procedures

When you scrap an item in The Edge, it:

1. Debits INV Scrapped Goods
2. Credits Inventory Edge.

If scrapped goods are recovered as materials, and you receive payment, in QuickBooks, you should:

1. Debit Scrap COGS
2. Credit INV Scrapped Goods
3. Debit Cash
4. Credit Scrap Sales.

If the value of these scrapped goods should be recorded as a loss, make your accountant aware of that value so he or she can do so.

#### **NOTE!**

**If you must pay for labor to disassemble a scrapped part, be sure to post for only the actual parts.**



## Missing Inventory

This should be an expense account. When you mark an item lost, stolen, or missing, the cost of that inventory is posted to this account. If an item is later marked found, the value of that item is recouped from this account.

To identify missing items:

Use **Reports ► Inventory** with a **Status** of *Missing*. Set the date range as appropriate. For example, after a physical inventory in January, run an Inventory report for all items with **Status** of *Missing* and dates changed in January. This would tell you what was marked missing during the January inventory.

## Procedures

### For missing items:

1. Mark the item as missing in The Edge inventory. When the item is marked missing in The Edge, the value of the primary inventory asset is already reduced and posted to the designated expense account and the item is no longer available for sale.
2. Make sure your accountant is aware of this expense account to properly record these missing items as a loss. The report above will assist with this.

## Refunds Due

This account represents money that needs to be refunded to the customer in QuickBooks and is a liability account. Refunds need to be handled differently for cash and checks versus credit cards. For example, if you process a return to a customer by check, The Edge posts the check amount to this account. When you write a refund check to a customer, charge it against this account.

Also, for any refunded or voided transaction paid by credit, the value of the transaction will be posted to refunds due. This is because The Edge posts all credit card payments to Undeposited Funds for QuickBooks to process as a bank deposit outside The Edge.

When a credit card refund or void is entered to The Edge, the amount refunded or voided is posted to Refunds Due.

## Procedure

### QuickBooks Procedures for making a refund to a customer by check:

- To find out what transactions generated refunds due, in The Edge, go to **Administrative ► QuickBooks ► G/L Report**.
  - Set the date for which you would like to see the report.
  - Select **Posted Items, Voided Sales**, and group by **GL Account**.
  - Select **OK**. The G/L report will run and show refunds due.
- To identify the recipients of refunds due and amounts so you can process them, run the Daily Activity report with the same parameters and locate the transactions. They should match the total shown in the G/L Report.
- Go to **QuickBooks ► Banking ► Write Checks**.
- Create the refunds for each recipient shown in the **Daily Activity** report.
- Choose the bank account.
- Post against the Refunds Due account.

BANK ACCOUNT: Main Bank Account      ENDING BALANCE: 0.00

PAY TO THE ORDER OF: John Doe      NO. TO PRINT:      DATE: 09/10/2014      \$ 500.00

Five hundred and 00/100\* \*\*\*\*\* DOLLARS

ADDRESS: John Doe

MEMO: Refund of diamond pendant

ACCOUNT	AMOUNT	MEMO
Refunds Due	500.00	

**QuickBooks Procedures for making a refund to a customer by credit card:**

1. Locate refunds due using the G/L report in The Edge.
2. Go to **Banking ► Make Deposits**.
3. Click back arrow until you find the same type of credit card deposit that you need to refund.
4. Tab to the bottom of that page and add another line with the negative amount of the refund.
5. Post against the Refunds Due account.

Make Deposits

Previous Next Save Print Payments History Journal Attach

Deposit To: Undeposited ... Date: 08/06/2014 Memo: M/C/VISA

Click Payments to select customer payments that you have received. List any other amounts to deposit below.

RECEIVED FROM	FROM ACCOUNT	MEMO	CHK NO.	PMT METH.	AMOUNT
Point of Sale				Visa Card	1,000.00
Point of Sale				Visa Card	546.00
Point of Sale		Refund - John Doe		Visa Card	-322.00
Deposit Subtotal					1,224.00

To get cash back from this deposit, enter the amount below. Indicate the account where you want this money to go, such as your Petty Cash account.

Cash back goes to: [dropdown] Cash back memo: [text] Cash back amount: [text]

Deposit Total: 1,224.00

Save & Close Save & New Clear

**NOTES!**

The general ledger will indicate (in the memo field) to which customers the refunds are due.

If you do not use the Banking ► Make Deposits function in QuickBooks, talk to your accountant about how to make these changes. Be sure you manage the funds The Edge is posting to this account so a balance does not accumulate.

## Sales Tax Payable

This should be the actual QuickBooks sales tax payable account. Any sales tax you collect will be posted here and will be payable to your tax agency. This will be depleted when you use the Pay Sales Tax feature in QuickBooks. Mapped correctly, The Edge will continuously post sales tax.

### Procedure

Using the Pay Sales Tax feature in QuickBooks should automatically pay the proper sales tax liability collected from daily postings.

## Inventory QB (Asset)

The (Asset) account is a contra-asset account that posts an off-setting credit for the value of every item entered into The Edge. As vendor invoices are entered into The Edge, the exact value of items entered should be posted into this contra-asset. If all inventory items are accurately entered into The Edge and all bills are accurately entered into QuickBooks, this account should be 0. It is best to update this account every time vendor bills are entered into QuickBooks. When a stock or special order inventory item is added to inventory, the cost of that item is debited to an inventory asset account and credited from this general ledger account.

This is a contra-asset account that must be manually maintained. When inventory is entered into The Edge, the cost of the item is credited to this account. When entering the vendor bill in QuickBooks, you must debit this account to decrease the balance to \$0.

### Procedure

#### NOTE!

**Be mindful of deleted items: If an item is deleted because it was entered in error, The Edge will post an exact opposite entry as was posted when the item was added.**

When you enter inventory in The Edge, it debits InventoryEdge and credits InventoryQB.

When you enter the vendor bill in QuickBooks, it debits InventoryQB and credits Accounts Payable.

1. Go to **Administrative ► QuickBooks ► G/L Report**.
  - a. Select the date for which you are posting.
  - b. Group by **G/L Account**.
  - c. Select **Posted** Items, and **Voided Sales**.
  - d. Select **OK**.

G/L Report

Sale Number  Old Sale #

Sale Date Yesterday (3/24/2015)

Sold To

Sold By

Store  Station

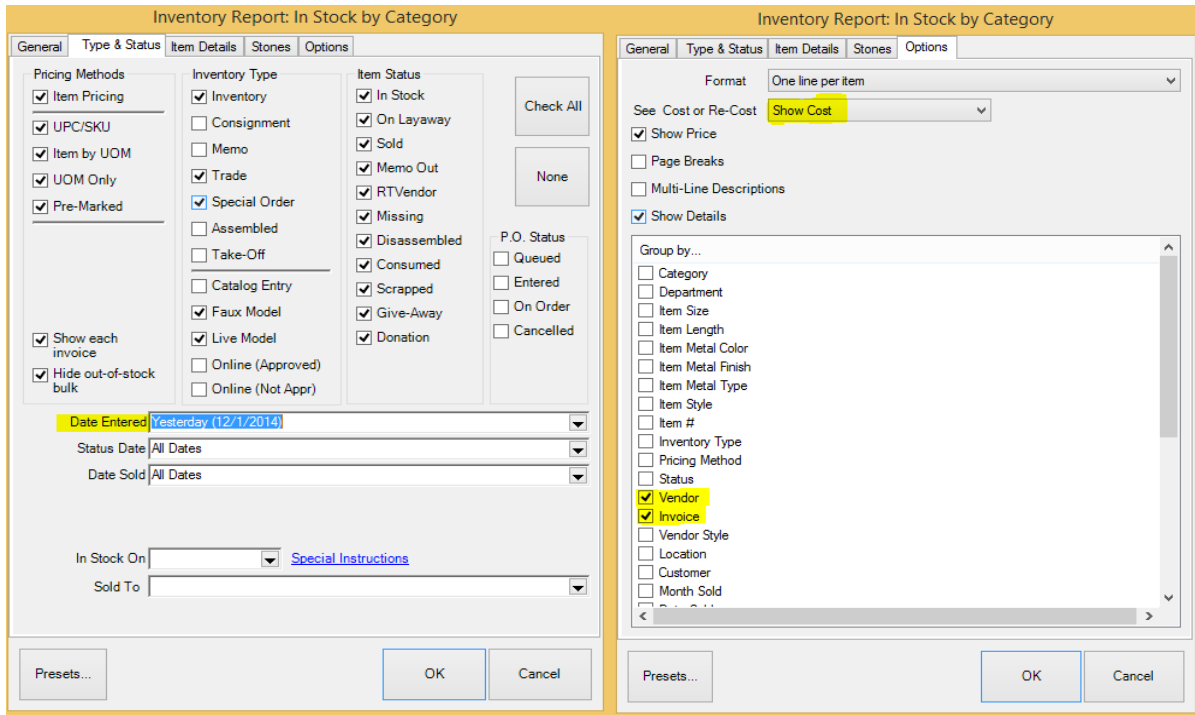
Item Number

Group By...  Store  Month  Date  G/L Account  Sale #

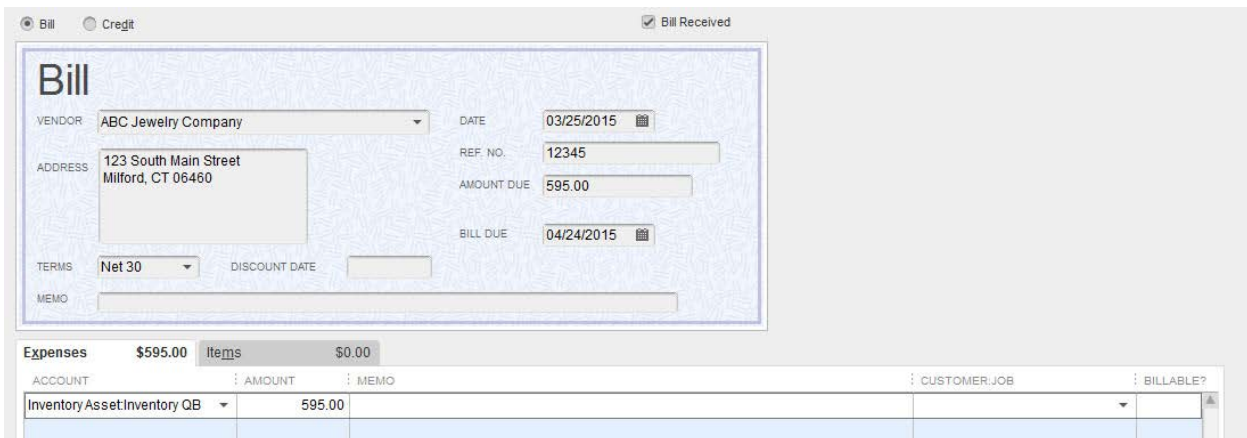
Show Details  Page Breaks  Unposted Items  Posted Items  VOID Sales

Multi-Line Memo  Show Full G/L Account Name

2. To find out what vendors and invoice numbers you entered for the day, go to **Reports ► Inventory ► In Stock by Category**.
  - a. In the **Type & Status** tab, select all of the pricing methods and item types.
  - b. Check all of the item status because an item could have been immediately sold.
  - c. Enter the date the items were entered.
  - d. In the **Options** tab, select **One Line per Item** and **Show Cost**.
  - e. Uncheck **Page Breaks**.
  - f. Group by **Vendor** and **Invoice Number**.
  - g. Select **OK**. This shows the items that were entered and, therefore, which bills need to be entered in QuickBooks.



3. Go to QuickBooks, and select **Vendors ► Enter Bills**.
  - a. Enter the vendor name, the date of the invoice, the invoice number, the amount of the invoice.
  - b. Enter terms, and select the account, *Inventory QB*.
  - c. Anything on the invoice above the cost of the item is probably shipping; but that into Freight In.



**TIP!**

**Manually adjusting quantity down will post to QuickBooks as an item deletion. This manual adjustment is appropriate if you're correcting an entry error that just occurred. If an adjustment is being made to an existing bulk inventory record, use the Supervisor menu and choose Return to Vendor, Missing, or Scrap.**

## Memo Payable

When a memo item is sold, the cost of that item is moved from the Memo Goods Liability account to this Memo Payable Liability account, indicating that the vendor can now be paid. Be sure to use a QuickBooks liability account for this purpose. A balance in this account indicates a memo item has been sold and that a vendor may be paid.

### Procedure

1. To identify memo items sold, go to **Reports ► Inventory ► Sold ► By Category**.
  - a. In the **Type & Status** tab, select **Memo, Sold**.
  - b. Enter the date.
  - c. Select **OK**.

The screenshot shows the 'Inventory Report: Sold by Category' dialog box. The 'Type & Status' tab is selected. The 'Inventory Type' section has 'Memo' checked. The 'Item Status' section has 'Sold' checked. The 'Date Sold' field is set to 'Yesterday (11/22/2014)'. The 'Date Entered' and 'Status Date' fields are set to 'All Dates'. The 'Memo Expires' and 'Payable Date' fields are also set to 'All Dates'. The 'In Stock On' field has a dropdown menu and a 'Special Instructions' link. The 'Sold To' field has a dropdown menu. At the bottom, there are buttons for 'Presets...', 'OK', and 'Cancel'.

2. To enter the vendor bill in QuickBooks, go to QuickBooks, go to **Vendors ► Enter Bills** and enter the bill. Be sure to offset the Memo Payments Due account to reduce the balance accordingly.



Bill  Credit  Bill Received

**Bill**

VENDOR: ABC Vendor      DATE: 11/23/2014

ADDRESS: ABC Vendor      REF. NO.: 123456

AMOUNT DUE: 5,000.00

TERMS:      BILL DUE: 12/03/2014

MEMO: Sold memo bracelet

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Expenses \$5,000.00    Items \$0.00

ACCOUNT	AMOUNT	MEMO
Memo Payments Due	5,000.00	

**NOTE!**

When a memo item is sold, the item record gets updated with a payable date to reflect that The Edge has posted to Memo Payments Due.

**NOTE!**

If a sold memo item is returned to stock, it is assumed the item is now owned merchandise. A supervisory function is available to remove the payable if appropriate. If you remove the payable, The Edge will post to QuickBooks removing the item as an owned stock item and then post adding it as memo.

To help identify such items, do an Items ► Find and check the option for memo and in-stock, with Payable Date of ANY.

## Consignment Payable

Consignment goods work much like memo goods, with one exception: For consignment items, there is a System Option, which, if enabled, will post a credit memo to the consignor (customer) on file. This would result in a posting to the liability account where store credit is mapped. The item record will be updated with a payable date just like a memo item; however, the payable date will indicate the date the store credit was applied to the customer account.

### Procedure

1. In The Edge, run the same report as we did for Memo Payments Due, except in the **Type & Status** tab, the **Inventory Type** will be **Consignment** rather than **Memo**.
2. In QuickBooks, enter a bill to the customer, and the offsetting account will be **Consignment Payments Due**.

#### If Consignor Store Credit is set to **True** in System Options ► **Consignment Options:**

Selling an item posts a store credit immediately, therefore, there are no manual procedures required.

#### Consignment items Returned to Stock

Much like memo, you can remove the payable if an item is returned within the terms of your consignment agreement. However, you should check to be certain the credit has not already been redeemed.

#### If Consignor Store Credit is set to **False** in System Options ► **Consignment Options:**

When a sold consignment item is returned to stock, the item is assumed owned and posts to QuickBooks as if it were a typical stock item. If this item is still within the terms of consignment, you must adjust the item to signify the item is still in fact on consignment. Do this with a procedure called **Remove Payable**.

1. Run a report for **Inventory ► In Stock** with the payable date on the **Type & Status** tab for **Consignment, In Stock**, and **Payable Date = ANY**. This will return a list of in-stock consignment items that have been returned to stock.
2. Research each item to determine whether the item should remain as Payable or if Payable should be removed.
3. Any items which are determined to be on consignment from the vendor, edit the item and remove the payable using the **Supervisor** menu.

#### NOTE!

**When a consignment item is sold, the item record gets updated with a payable date to reflect that The Edge has posted to **Consignment Payments Due**.**

## Other Considerations

### Bulk Item Adjustments

Adjustments to bulk inventory to reduce stock quantity post just like an item delete. You should beware that anytime someone manually adjusts a quantity record on a bulk item, a posting reversing the item add will be sent to QuickBooks. Therefore, reverse management of inventory-contra account may be required.

### Repair Parts

If you maintain inventory counts for parts in the shop, be certain that the records are counted and maintained regularly. If records are not consistent, postings to QuickBooks can be very difficult for the bookkeeper reconcile.

The Edge allows the management of parts cost with or without the maintenance of the records as inventory. Because some stores manage these parts as part of inventory and some do not, on the **Repair** tab of **QuickBooks Integration**, there are mapping functions for **Parts** and **Parts (Consumed From Inventory)**.