

Learning QuickBooks Glossary

Term	Definition
1099-Misc.	Tax form used to report money paid to subcontractors, vendors, and individuals to whom you pay rents or royalties.
Account	Used to categorize/label and record financial transactions for your company. Accounts are organized by account type in the chart of accounts.
Account Type	Identifies the financial statement to which an account flows. Also defines where the account appears on the financial statement. Examples include assets, liabilities, equity, income, and expense.
Accounting	A reliable, accurate record of business activity that helps you understand what's going on in your business. A business in terms of money, worth, and profit or loss.
Accounts Payable	Tracks money owed to others. Accounts payable flows to the liabilities section of the Balance Sheet.
Accounts Receivable	Tracks money owed by customers. Accounts receivable accounts flow to the assets section of the Balance Sheet.
Accrual Basis	The method of accounting that records income at the time of sale and expenses when they are incurred.
Asset	Resource owned by a business. Examples include cash, inventory, and equipment.
Balance Sheet	A financial statement that shows a company's financial position at one moment in time.
Bank Reconciliation	Matching a company's bank records against the bank statement. The objective is to make sure the balances match.
Bill	A document from a vendor showing what is owed to them.
Bookkeeping	The recording of business transactions.
Cash Basis	A bookkeeping method recognizing income or expenses at the time you actually receive a payment or pay a bill.
Chart of Accounts	The list of all accounts used to categorize/label transactions for a company
CPA	Certified Public Accountant. An accountant that meets various state requirements to be licensed in that state.
Current Ratio	Financial ratio showing ability to pay current debts with current assets. Calculated by dividing current assets by current liabilities. Sometimes called the "Acid Test"
Equity	What a business is worth to the owner. Examples include Retained Earnings and Common Stock.

Term	Definition
Expenses	Operating expenses other than cost of goods sold such as rent and utilities. Expenses flow to the expense section of the Profit and Loss Statement.
Fiscal Year	A 365 day accounting period not necessarily starting on January 1.
Gross Profit Margin %	Financial ratio calculating gross profit per dollar of total sales. Calculated by dividing gross profit by total sales.
Income	Sources of a company's revenue such as service income and parts sales. Income Accounts flows to the income section of the Profit and Loss Statement.
Invoice	A document given to a customer showing what they bought, and how much they owe. In QuickBooks an Invoice represents a transaction that typically affects Income, Accounts Receivable, and Sales Tax accounts. You should record this transaction in QuickBooks even if you don't intend to send the paper document to a customer.
Items	A line item on income (e.g. invoice) and expense forms (e.g. purchase order). Items act as "pointers" to specific accounts.
Liabilities	Amounts owed to others. Examples include accounts payable, credit card debt, and loans.
Net Profit Margin	Financial ratio that calculates net profit per dollar of total sales. Calculated by dividing net profit by total sales.
Opening Balance Equity	A special account in QuickBooks that shows account opening balances and bank reconciliation adjustments. Balance should represent total Equity in a company as of the start date.
Profit and Loss Statement	A financial statement showing company results for a period. The bottom line of the Profit and Loss Statement is Net Income/Loss. Calculate Net Income by taking income, minus any cost of goods sold, minus expenses.
QuickZoom	Double click the cursor when it looks like a "magnifying glass" to display more detail about the number or transaction under the QuickZoom icon.
Register	A record of all transactions in a Balance Sheet type account.
Return on Equity	Financial ratio that calculates the return per dollar of owner investment. Calculated by dividing net income by average equity over a period.
Subaccounts	Accounts grouped under a "Parent" account. Used to group similar accounts, or provide more detail about the "parent" account. Reports display a total for the "parent" account, and sub totals for each subaccount.
Undeposited Funds	A Current Asset type account QuickBooks uses to group multiple payments before making a deposit to the checking account. Think of this account as where you place checks and cash before taking them to the bank.