Introduction

About This Book

QuickBooks for the Restaurant is a step-by-step guide written expressly for current and future food and beverage operators. It provides detailed instructions and immediate application of various QuickBooks functions. The book guides the reader through a series of activities, including setup of a restaurant's company file in QuickBooks; daily business transactions for a restaurant, including purchases, payables, sales, receivables, and payroll; and the preparation of financial statements. Practical, realistic, industry-specific scenarios are used throughout this book to reinforce the reader's understanding and application of the topics covered. Each chapter provides chapter objectives, step-by-step instructions, and end-of-chapter practice problems. Helpful Tips, QuickBooks Tips, Accounting Tips, and Food and Beverage Industry Facts are also included in many chapters. The practice problems reinforce concepts covered in each chapter. A comprehensive project, simulating one month of financial activity of a restaurant, is included at the end of the book. This project supports the key skills and concepts in the text. Individuals using this text should have a basic business background as well as an understanding of basic accounting concepts. Computer skills are also needed in order to achieve an optimal learning experience from the topics covered in the text. This text reinforces previously learned accounting principles and financial statement analysis while exposing the learner to one of the most widely used accounting applications on the market today. Special emphasis has been placed on critical thinking and decision making necessary for individuals to become successful managers in the restaurant industry.

This text is not a comprehensive guide of all the features and capabilities of the QuickBooks software. It is designed to expose

the learner to QuickBooks functions most relevant to the operation of a modern restaurant.

Throughout this text, readers will "operate" a fictitious restaurant named Aroma Ristorante, which is located in Capital City, New York. Aroma Ristorante is a table service restaurant that operates as a privately held corporation. The restaurant provides a lunch and dinner menu, a full-service bar including wine selections, as well as off-site catering. Aroma Ristorante sells a variety of retail items, including cookbooks and specialty food items.

RESTAURANT PROFILE	
Name:	Aroma Ristorante, Inc.
Location:	Capital City, New York
Type:	Northern Italian
Hours of operation:	Lunch and Dinner Served Daily, Tuesday through Sunday, 11:00 AM –11:00 PM (Kitchen closes at 10:00 PM)
Number of seats:	122
Number of employees:	13
Projected check average:	Lunch $19.00 Dinner $32.00
Projected weekly covers:	550
Services provided:	Lunch and dinner menu, full-service bar, wine list, take out, off-site catering
Retail items sold:	Cookbooks, specialty food items, etc.
Projected food vs. beverage sales:	70%, 30%
Type of business organization:	Corporation (privately held)
Operating cycle:	Calendar year
Business start date:	January 1, 2008
Employee benefits:	Health and dental benefits start upon employment for full-time employees. Both the company and the employee contribute. No retirement benefits are offered. Sick and vacation paid time off begins at 90 days of employment for full-time employees. Payroll tax calculations include tip income, and tips are disbursed daily and are not included in employee paychecks.

While generally most restaurants outsource their payroll functions, this text provides readers with a comprehensive set of instructions to manually process payroll. Chapter 6 outlines the various levels of payroll services offered by Intuit, the company that provides software products including QuickBooks.

Numerous software solutions are available for food and beverage operators. These include front of house applications, such as point-of-sale systems, and back of house applications, including accounting and inventory management software. Many of these software solutions meet the needs of a variety of businesses, while others are industry-specific software. QuickBooks is used by many types of businesses and can be customized to meet the specific needs of each business. QuickBooks is a user-friendly, cost-effective option for computerized accounting. QuickBooks files can be customized to meet the needs of different types of food and beverage operations, including table service and quick service restaurants, bars, and catering operations.

QuickBooks Versions

Intuit offers Simple Start, Pro, Premier, Enterprise, and Online versions of QuickBooks software. See *www.intuit.com* for details on each version. This text uses QuickBooks Pro 2009. This version is suitable for restaurants with fewer than twenty employees and annual sales of less than $1 million. QuickBooks offers annual updates to each version of the software. These updates to the software are forward compatible. QuickBooks files can be upgraded to newer versions, but newer files cannot be used with older versions of QuickBooks. The primary functions of the different versions of the software are fundamentally similar. This text can still be used with other QuickBooks versions in addition to Pro 2009.

QuickBooks Data Files—Using Data Files Along with This Text

This text is designed to be used in conjunction with QuickBooks chapter data files. These files will enable the learner to engage in hands-on activities that are designed to meet the objectives outlined in each chapter. It is necessary for learners using this text to access the QuickBooks data files from the CD that accompanies this book or download the files from the web site. Data files are available for most chapters of the text. When prompted at the beginning of each chapter, you should download the chapter data file and use the file to follow the step-by-step instructions. These data files were created to reduce the amount of data entry required and allow the user to focus on the specific learning objectives within the chapter. Use of the data files allows flexibility by enabling you to focus on specific areas within the text. We strongly suggest that you use the data files and complete each chapter in sequential order.

Data files for certain versions are available online. Check *www.wiley.com/college/murphy* for additional data files.

Overview of QuickBooks Software
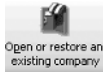
Open the QuickBooks software.

Click **Start.**

Click **All Programs.**

Click **QuickBooks.**

Click **QuickBooks Pro.**

In the No Company Open window, click the **Open or Restore an Existing Company** icon.

In the What Type of File Do You Want to Open or Restore? window, select **Open a Company File** and then click **Next.**

Navigate to the location where you saved the downloaded data file.

Select **AromaRistorante.QBW.**

Click **Open.**

> **QUICKBOOKS TIP**
> QuickBooks uses two types of file extensions, .QBW and .QBB:
> - **QuickBooks Working File .QBW:** A QuickBooks company file.
> - **QuickBooks Backup File .QBB:** An additional, compressed file that is created for use when a working QuickBooks file is compromised. Backup files should be stored in a location separate from the working file. Backup files must be restored using the QuickBooks application prior to use.

After opening the company file, the QuickBooks Home page is displayed on the desktop. This Home page displays an overview of the major components of the business cycle. These components are broken up into the following sections: Vendors, Customers, Employees, Company, and Banking (see Figure 1-1).
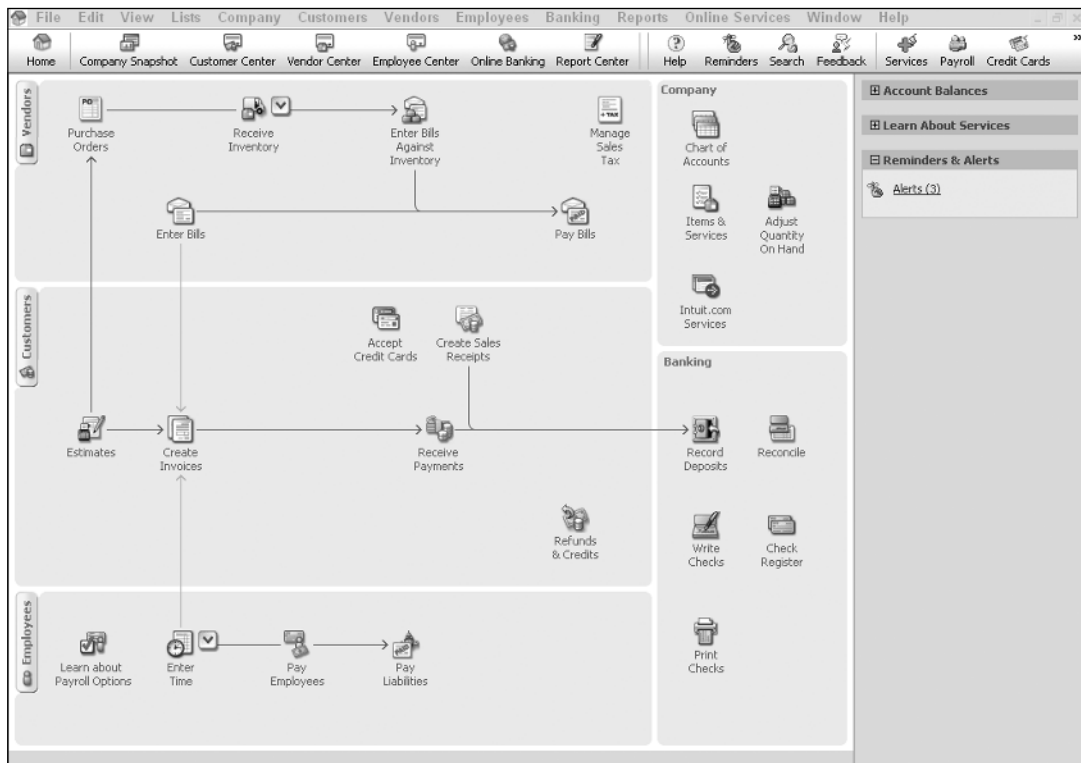
Figure 1-1.

Several of these sections display a flow chart showing the natural progression of the major tasks in each area. It is not necessary to perform these tasks in sequential order. They can be performed in the order most beneficial to the needs of the restaurant operator.

Explore the following sections by clicking the Customer Center, Vendor Center, Employee Center, and Report Center icons.

Information and transactions for all customers are located in the Customer Center, which can be accessed and edited by using the drop-down lists or by clicking specific tabs or icons. The Customers & Jobs tab displays a list of customers, customer information, and balances. The Transactions tab displays a history of customer transactions, such as estimates, invoices, and payments received. New customers and transactions are entered using the Customer Center. Various customer-related reports can be generated from the Reports Center.

Vendor Center

Information and transactions for all vendors are located in the Vendor Center, which can be accessed and edited by using the drop-down lists or by clicking specific tabs or icons. The Vendors tab displays a list of vendors, vendor information, and balances. The Transactions tab displays a history of vendor transactions, such as purchase orders, bills, and checks. New vendors and transactions are entered using the Vendor Center. Various vendor-related reports can be generated from the Reports Center.

Employee Center

Employee information is located in the Employee Center, which can be accessed and edited by using the drop-down lists or by clicking specific tabs or icons. The Employees tab displays a list of employees and employee information. The Transactions tab displays specific transactions for payroll activities such as paychecks and liability checks. Various employee-related reports can be generated from the Reports Center.

Report Center

All QuickBooks reports can be easily generated from the Reports Center. This includes company reports such as the Profit & Loss, Balance Sheet, Statement of Cash Flows, and Tax Reports. Customer, vendor, and employee reports can also be generated from the Reports Center. Reports can be customized to meet the unique needs of an individual restaurant.

Importance of the Accounting Process to the Restaurant Manager

What do aircraft manufacturers, accounting firms, used car dealerships, pizza parlors, and florists all have in common? They all share a common business language: the language of accounting. The foundation on which every business operates is the recording and reporting of its sales, expenses, and net profit or loss. When any business owner or manager responds to the question "How is your business doing?" the answer is most often expressed in financial terms: "Our sales are up," "Our new products have been well received in the market," "We are experiencing higher turnover this quarter," and so on. All of these responses are a direct reflection of the financial challenges and opportunities in every business. It is imperative for successful restaurant operators to understand financial reports, use the information to enable better management decisions, and take ownership of the financial performance of the operation.

Restaurant operators focus on menu items, controlling costs, customer attraction and retention, supplier relationships, and employee relations issues.

Each of these challenges, and a restaurant operator's response to them, is affected by or has an impact on the financial structure of the business. Menu items drive inventory costs; the location of the restaurant affects the rent or lease expenses of the operation; and turnover drives recruiting and training costs. The list of examples is endless.

Restaurant operators can be overwhelmed by the complexity and details of finance, and, as a result, they do not give this critical issue the time and attention it deserves and requires. Business operators may focus on things they know best and ignore things with which they are less familiar. In the case of accounting, a lack of attention can be fatal to any business. QuickBooks can provide the appropriate tools to allow a business operator to focus on customers, employees, and the local marketplace with the confidence that all the necessary and important financial data are being collected and reported in a timely fashion. Accurate and timely data allow a restaurant operator to adjust the business to the inevitable changes in the marketplace. This information allows a restaurant operator to make timely changes to better serve customers, maintain required compliance and tax data, and keep an accurate analysis of the performance of the operation. An easy to use, accurate, and current set of financial and operational reports from QuickBooks will enable a restaurant operator to confidently adopt the universal language of accounting. QuickBooks can turn the mystery and overwhelming process of accounting and financial reporting into the most valuable resource for the restaurant.

Obtaining QuickBooks Help

Several options are available to obtain help with QuickBooks. Some of these options are identified below.

QuickBooks Help Using Search

QuickBooks will search its database and return related topics. The returned data will include step-by-step instructions on how to perform a specific task or will give the user further details on a QuickBooks topic. You can print this information by clicking the Print Topic icon.
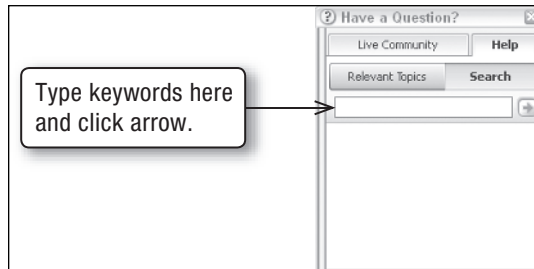
Accessing This Tool

Click the **Help** drop-down menu.

Click **QuickBooks Help** from the menu.

Click the **Search** tab.

Type in keywords related to your question and click the **Arrow** icon (see Figure 1-2).

Figure 1-2.

Learning Center Tutorials (Audio and Internet Connection May Be Required)

Users can watch and listen while QuickBooks Tutorials communicate features and step-by-step instructions on how to perform tasks. Learning Center categories include: QuickBooks Installation, Update and Conversion, Working with a Data File, Journal Entries and Accounting Tasks, Paying Bills and Managing Vendors, and Receiving Money and Managing Customers. Each category includes several video tutorials related to the topic.

QuickBooks Coach (Audio and Internet Connection May Be Required)

QuickBooks Coach is a tool that walks a user through business transactions located on the Home page's flowchart. Coach communicates tips on how to use QuickBooks to meet individual business needs and provides tutorials to explain how to perform certain transactions.

QuickBooks Live Community

Users can find answers to questions by accessing the live community. Resources include QuickBooks forums, blogs, and a library.

Turning Coach and/or Live Community On/Off

Click the **Edit** drop-down menu.

Click **Preferences.**

Click **Desktop View** from the menu on the left side of the window.

Click the **My Preferences** tab.

Select (or clear) the **Show Coach window and features and/or Live Community** option.

Using Coach

Click either **View Tutorials** or **View Coach Tips** located on the top-right of the desktop. Tutorials provide information on how to use the features of QuickBooks and how to perform specific QuickBooks functions. The Coach Tips feature provides further detail and tips on how to use the business functions located on the Home page's flowchart.

Aroma Ristorante's Operating Processes and Activities

Each restaurant operator may use different features and functions of QuickBooks to best meet their individual needs. For users to fully understand how and why the software is used to meet the needs of Aroma Ristorante, it is important to identify the operating processes and activities of this restaurant. The following is an outline of Aroma Ristorante's operating processes and activities.

Aroma Ristorante's Purchases and Payables

Fixed Assets

Fixed assets (over $1000 value) must be added to the Fixed Asset Items list ➜ Purchase Orders Created ➜ Goods are Received and Recorded in Fixed Asset Account ➜ Purchase Order turned into Bill ➜ Bills are Paid

Food and Beverage

Items (including cost) must be added to the Items list as Inventory Parts ➜ Purchase Orders Created ➜ Goods are Received and Recorded in Inventory Account ➜ Purchase Order turned into Bill ➜ Bills are Paid

Retail Items

Items (including cost) must be added to the Items list as Inventory Parts → Purchase Orders Created → Goods are Received and Recorded in Inventory Account → Purchase Order turned into Bill → Bills are Paid

Other Purchases

Noninventory Items (such as floral arrangements or office supplies) are purchased by Entering Bill and Paying Bills or Writing Checks.

Aroma Ristorante's Sales and Receivables

Food and Beverage Sales

Sales transactions are recorded via a point-of-sale system. Using a point-of-sale report, data is recorded in QuickBooks using a journal entry. Inventory levels are adjusted at month end, and the related cost of goods sold is recorded by adjusting the quantity on hand

Retail Sales

Sales transactions are recorded via a point-of-sale system. Using a point-of-sale report, data is recorded in QuickBooks using a journal entry. Inventory levels are adjusted at month end, and the related cost of goods sold is recorded by adjusting the quantity on hand

Catering Sales

Catering food and beverage items (including selling price) are added to the Items list as service items → Catering customers must be added to the Customer list → Estimates can be created → Estimates can be turned into Customer Invoices or Customer Invoices can be created without Estimates → Customer Payments are received and recorded

Employees

QuickBooks must be set up to manually accept payroll → Payroll setup must be completed → Employee list must be created including payroll and compensation information → Hours worked and applicable deductions are entered → Paychecks are created