

Correcting year end amounts in QuickBooks To match with Jewelry Shopkeeper



intuit. QuickBooks

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David Geller
(404) 255-9565
David@JewelerProfit.com

This report shows what the bookkeeper needs to do in QuickBooks and Jewelry Shopkeeper to make sure year end numbers are correct for the upcoming income tax preparation.

If you'd rather have me do this for you go to the last page for more information. This report is very detailed and should be easy to follow. David Geller

Reports to run to get sales, sales tax collected and shop sales figures to match against QuickBooks

If you export from Jewelry Shopkeeper to QuickBooks do that **before** running these reports. This will get your numbers more in sync. If you hand enter your QuickBooks numbers this report is the same for you. In addition you need to have everything entered in both programs.

If you don't export directly into QuickBooks but make manual entries into QuickBooks this will show you how to run reports to "fix" the way you've done this for the year.

All information shown is done using the Windows version of Compulink's *Visual Jewelry Shopkeeper*. For those using an old DOS version of *Jewelry Shopkeeper* you can choose different menu choices to run similar reports which will give you the same accounting values. Visual Jewelry Shopkeeper runs on all versions of 32-bit or 64-bit Windows, but the older DOS version runs only under 32-bit Windows. I run only 64-bit Windows. Before you upgrade or replace any computer speak to Mark & Louis at Compulink to ask about compatibility (914) 725-7400

You should get your total inventory figure in both programs up to date. So as an example if you have 3 vendors' invoices of jewelry to enter into Jewelry Shopkeeper and print tags, do it. Then go into QuickBooks and enter the 3 bills for each vendor which will increase inventory in QuickBooks to match Jewelry Shopkeeper.

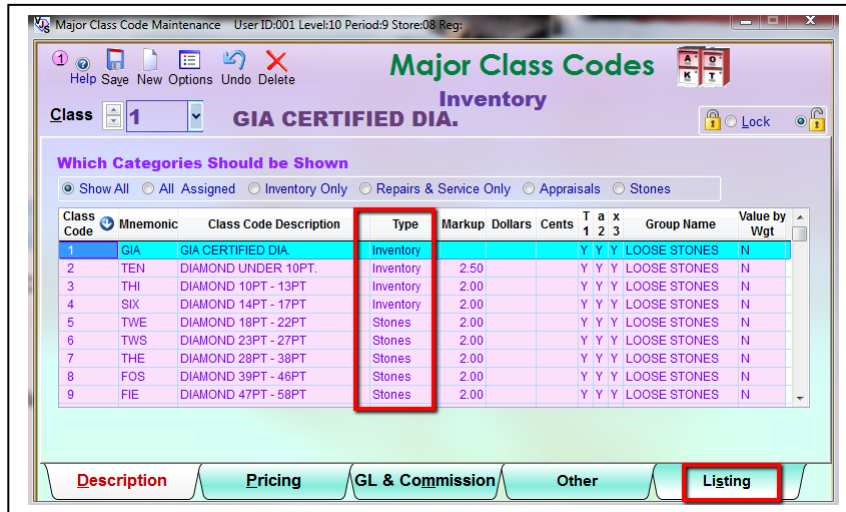
FIRST REPORT: Checking Product Sales and Cost of Good sold in Jewelry Shopkeeper versus QuickBooks.

Shopkeeper has sales categories called "Class Codes". The initial setup you did years ago is crucial to being able to print a report and really understand it. Sadly many jewelers don't set class codes up correctly in the beginning or just add on class codes to suit a situation on the spur of the moment.

You will have to run several reports and add them up on paper or a spread sheet if your books are not setup similar to this example.

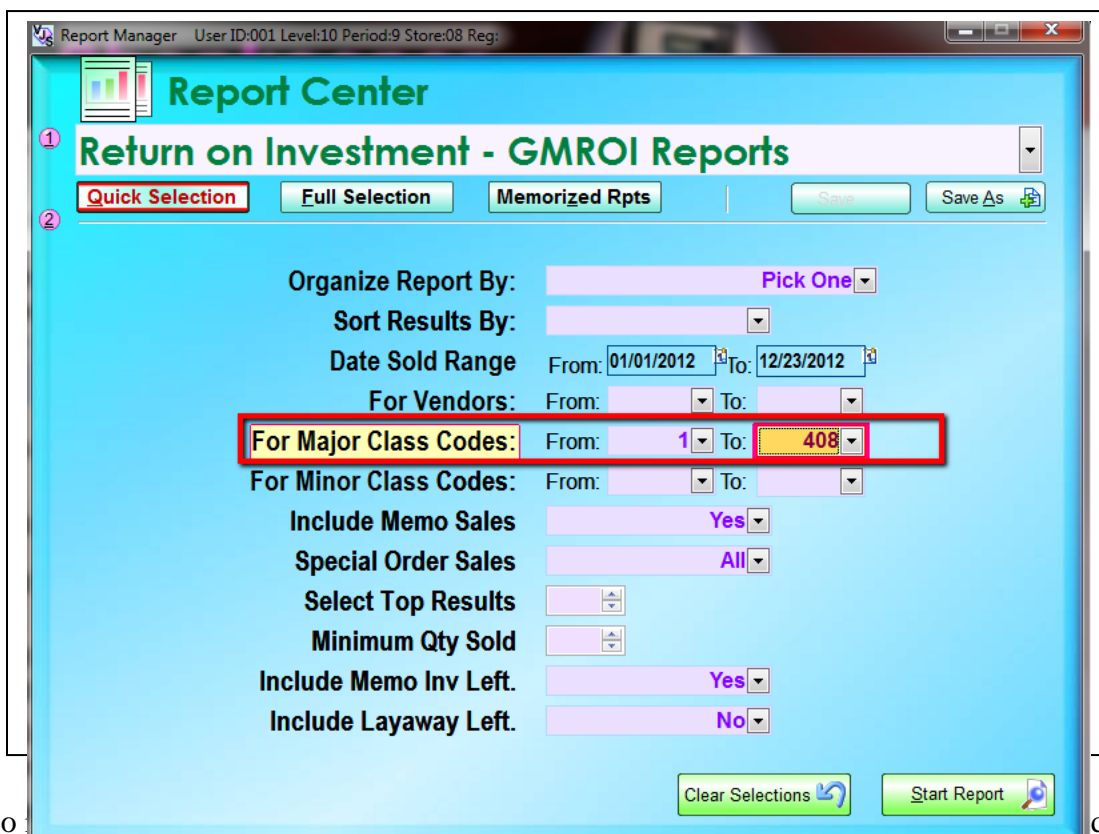
David Geller Examples and How Shopkeeper Should Be Setup:

Class codes 001 through 899 are all inventory or stone sales, no repair, custom or appraisal sales. Whether its diamonds, fashion jewelry or watches every class code in these numbers should be an inventory type. If you run a report list of class codes you'll see in a column



Notice the red box above, only items carried in inventory (stones are inventory as well). But "Repairs"; "Custom" and "Appraisals" are not inventory sales and in Shopkeeper you can only ask for a report from one class code to another. It's a problem if you've put a Repair class code right in the middle of inventory class codes.

Example = the report boxes below that you can only ask for class codes from one number to another:

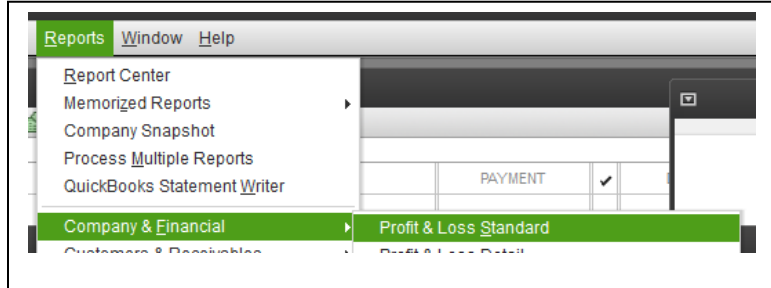


So with product sales. You'd then have to run this report separately to get only product sales:

1st run of the above report: Class codes 1 thru 299
 2nd run of the report: Class codes 301 thru 408

Depending upon how you set yours up will depend upon how easy this procedure will be for you. This will be explained as if you have things setup correctly.

Looking in QuickBooks:



On your Profit & Loss statement **Showcase & Special Order Sales** in QuickBooks (without shop sales/appraisals/gold refiner's check) should match Jewelry Shopkeeper. In QuickBooks (I'll call this program "QB") go to the top menu choice "Reports" and choose "Company & Financial" then Profit & Loss Standard. Choose at the top "this years" dates which will start with January 1st and ending date should be "yesterday" or if you're doing this in January it would be "December 31st". On this report you will probably have this setup on your report:

PRODUCT SALES:

- Showcase and Special Order Sales
- Memo and Consignment Sales

PRODUCT COST OF GOODS:

- Showcase and Special Order COGs
- Memo and Consignment COGs

Shop sales will be below this but at the moment we're focusing on Product Sales.

Print this report so you can write correcting numbers on the sheet. In my QuickBooks setup the top portion of the P&L looks like this:

SALES	
Enter By Point of Sale Program	4000 · PRODUCT SALES
	4001 · Showcase -Special Order Sales
	4002 · Memo Sales
	4003 · SHOP SALES
	4004 · Jewelry Repair
	4005 · Custom Design
	4006 · Watch Repair-Batteries
	4010 · Appraisals
	4020 · Shipping Income
	4025 · Scrap Gold & Diamond Sales
B'keeper	4030 · Purchases Discounts
COST OF GOODS	
Enter POS System	5000 · PRODUCT COST OF GOODS
	5001 · Showcase-Special Order COGs
	5002 · Memo COGs

Jewelry Shopkeeper Reports

We now run our Jewelry Shopkeeper reports to see what it has for totals.

In Visual Jewelry Shopkeeper (main menu) go to:

- Sales Reports Menu
- Itemized Sales Reports
- Hit at the top "Full Selection"
- In Class Codes select the very first and very last inventory and/or stone type class codes. (Remember that you might have to run several reports if you have repairs mingled in the middle of the list rather than at the top.)
- On "Report Org" choose "Summary" ("Org" stands for "organization")
- If you have memo & Consignment sales separate on your P&L in QB then under "Show Memo Items" select "Exclude".
- "Show Cost" needs to be checked.
- "Dates Sold" should be the same dates you selected in QB.

Here's a look at the report filled out:

Report Manager User ID:001 Level:10 Period:9 Store:08 Reg:

Report Center

Itemized Sales Report

Quick Selection **Full Selection** Memorized Rpts Save Save As

Vendors To: Special Orders All

Brands To: Archived Data Current

Major Class Codes: 1 To: 890 Which State Exclude

Minor Class Codes: To: Returns? All

Periods To: Weights To:

Turnover Speed To: Show Pictures

Dates Sold 01/01/2011 To: 12/31/2011 Components No

Dept Code include Prices To: Customer Number

Prices To: Initial Date To:

Show Cost Rec'd Dates To:

Open Layaways Exclude Location

Sort By Sku No

Incl. Taxable Sales: ALL

Report Org: Summary

Show Memo Items Exclude

Clear Selections Start Report

[From the DOS Jewelry Shopkeeper Main Menu use menu choices 6,2,3]

Here's the report. Write down the Cost and the Retail numbers:

MAJOR CLASS CODE	QTY SOLD	WEIGHT SOLD	TOTAL COST	TOTAL RETAIL	NO. DAYS TO SELL	DISCOUNT DOLLARS	MARKUP %	TAX	SALE NO.
Major Class Group: BABY									
750 SCRAP GOLD	-1	0.0	-50.00	-100.00		0.00		0.00	
770 FINDINGS	4	0.0	22.62	74.80		0.00		5.31	
Major Class Group: METAL									
820	1	0.0	64.86	129.99		0.00		9.07	
824	2	0.0	26.24	40.00		11.98		11.91	
825	1	0.0	16.47	37.50		24.47		14.57	
852 TIE CHAINS	2	0.0	13.50	26.20		28.17		16.41	
854 TIE PINS	4	0.0	37.50	103.69		59.32		23.77	
858 PENS @ PENCILS	1	0.0	7.64	37.47		71.80		26.43	
860 MONEY CLIPS	5	0.0	75.00	157.31		124.24		37.54	
862 CUFF LINKS	2	0.0	55.00	139.09		170.60		47.33	
JC 875 JEWELRY CLEANER	0	0.0	0.00	0.00		170.60		47.33	
PCL 876 POLISHING CLOTH	6	0.0	11.28	25.95		168.59		49.16	
880 GENERAL MERCHANDISE	2	0.0	5.00	7.74		170.83		49.71	
Major Class Group: GIFTWARE & OTHER									
	26		312.49	704.94					
*** TOTAL ***									
	1,815	315.8	155,086.02	360,135.19				25,274.65	

A special note here about staff and owner "screw-ups". There's not an example above but Jewelry Shopkeeper will allow you to enter the sale of product **without entering a cost!** If you use the default class code number (ex: "302-00001") then you can sell a diamond you just got in at the selling price and by-pass entering a cost. **This is a "no-no"**. Everything item that gets a sku number and is not for the shop needs a cost in Jewelry Shopkeeper. Otherwise that sale will look like 100% profit.

This is wrong! But it's done a lot. The staff should always enter a cost, if you use the dummy sku number by clicking on the options button. You don't need to enter anything else if you do this for things entered on the fly:

ns Undo Delete X-Search **Cash Sale** 4 Sale # 9844 Date 12/02/2013 Clerk 001 Period 9 Dept QuickSale

Price Each	Description	Quantity / Weight	Total Price	Tax
1525.00	LOOSE DIAMOND (3.01 CT)		\$0.00	

ok Options:

- Add Special order
- Discount
- Payments
- New inv item
- Return to stock
- clerks & Commission
- Change Cost**
- Change Msrp
- Backout tax
- View details
- Item history
- Remove this item
- Repair Billing, Ctrl-R
- Change Location

If you enter a sale on the fly w/out a sku/ inventory number enter the cost as well by clicking the OPTIONS button and choosing "change cost". Add the cost here.

Qty 0.00 0.000

8 Subtotal \$0.00 Tax \$0.00 Total \$0.00 Paid to date \$0.00

Then as you scroll up on this report if you see "stupid numbers" then you can't take your Jewelry Shopkeeper report as 100% correct. Anything sold as an inventory item must have a cost. Look for profit margins that are awfully high.

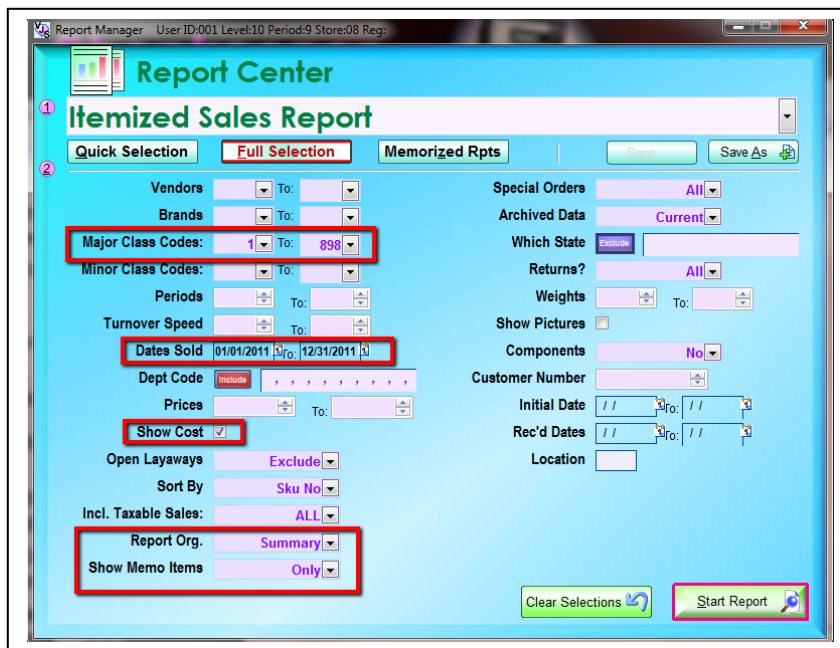
You might see as an example "Loose Diamond" class code with:

Total Retail Sales: \$105,500.00
Total Costs: \$32,6400.00

Really? You get better than a 3 time markup on all loose diamond sales? I think not. I can't explain on this "how to" report to fix these things but can help your one on one.

But let's continue on.

To get Memo & Consignment sales alone (if you have it listed separately in QB) you'll need to run the sales report again with everything the same **except for the bottom boxes referring to Memo Sales:**



So now go to the P&L from QB and write next to its sales and cog's numbers what you found in Jewelry Shopkeeper. Also write the difference.

Now we need to run reports for

- Appraisals
- Shipping
- Repairs
- Custom Designing

This is pretty much "sales that aren't product sales."

You'd go back to Itemized Class Code Reports and run several reports to find these individual totals. Here's an example of shop sales:

The screenshot shows a software interface with several input fields and a dropdown menu. The 'Major Class Codes' field is highlighted with a red box and contains the value '899'. Below it, a dropdown menu is open, displaying a list of codes and descriptions: 901 WATCH REPAIR, 902 JEWELRY REPAIR, 903 CROWNS LABOR, 904, 905 JEWELRY FINDINGS (highlighted in blue), 906, and 907. Other fields include 'Brands', 'Minor Class Codes', 'Periods', 'Turnover Speed', 'Dates Sold', and 'Dept Code'.

As you can see "901-Watch Repair" is smack in the middle of Jewelry Repairs. So we'd have to run a report:

899-903 For Repair Sales
then run
903-905 For more Repair Sales

Then run the report again with just 901-901 for just Watch Repair Sales.

We are looking at shop **Retail Sales ONLY**, no costs. Costs are entered in QB only for the shop, not in Jewelry Shopkeeper.

So write the costs on the P&L you printed from QB.

Sales tax:

We're looking to get the balance in the **Sales Tax Payable** liability account to be correct in QB. If you go to a Balance Sheet report in QB (Reports>Company & Financial>Balance Sheet Standard and use the last day of the year in the date box you'll see how much Sales tax you owe today.

NOTE: Your sales tax payable shows how much you owe as of today.

If you look at a date of 12/12/2013 and you see \$3,567.90 and you **have not yet** paid November's tax then you have to factor this in. If you **have** already paid November then the balance shows is what you owe so far for December.

To get the correct amount of sales tax you owe in Jewelry Shopkeeper go to the same Itemized Sales Reports screen as above and click these boxes. Remember if you're doing this in January you want the dates to be Dec 1st thru Dec 31st.



You'll notice above we did not choose **any class codes** because we want ALL sales that we charged tax on to the customers. Just follow above.

This is the report and tax owed on the last page:

Report Preview - Sales Report 10:40:26 - Page 2

PAGE NO. 2
12/23/2012

SALES TAX REPORT BY MAJOR CLASS CODE

JewelerPro®
FROM CURRENT SALES FILES ONLY
DATES SOLD: 12/01/2011 - 12/31/2011
EXCLUDING PENDING ENTRY & SPECIAL ORDERS

MAJOR CLASS CODE	QTY SOLD	TOTAL COST	TOTAL RETAIL	State Tax SALES TAX 1	County Tax SALES TAX 2	City Tax SALES TAX 3
PCL 876 POLISHING CLOTH	2	3.76	9.99	0.71	0.00	0.00
900 RING REPAIR	64	571.99	1,143.83	81.26	0.00	0.00
901 WATCH REPAIR	10	228.50	457.00	32.46	0.00	0.00
902 JEWELRY REPAIR	17	243.51	487.01	34.60	0.00	0.00
912 APPRAISALS	3	17.50	35.00	2.49	0.00	0.00
ZZZ 999 TRADE IN	0	0.00	0.00	0.00	0.00	0.00
*** TOTAL ***	255	18,650.75	39,807.46	2,823.96	0.00	0.00
Total Tax:						2,823.96

Print this report or write the **Cost** number down on paper to have it to fix the numbers in QB.

Other Balances:

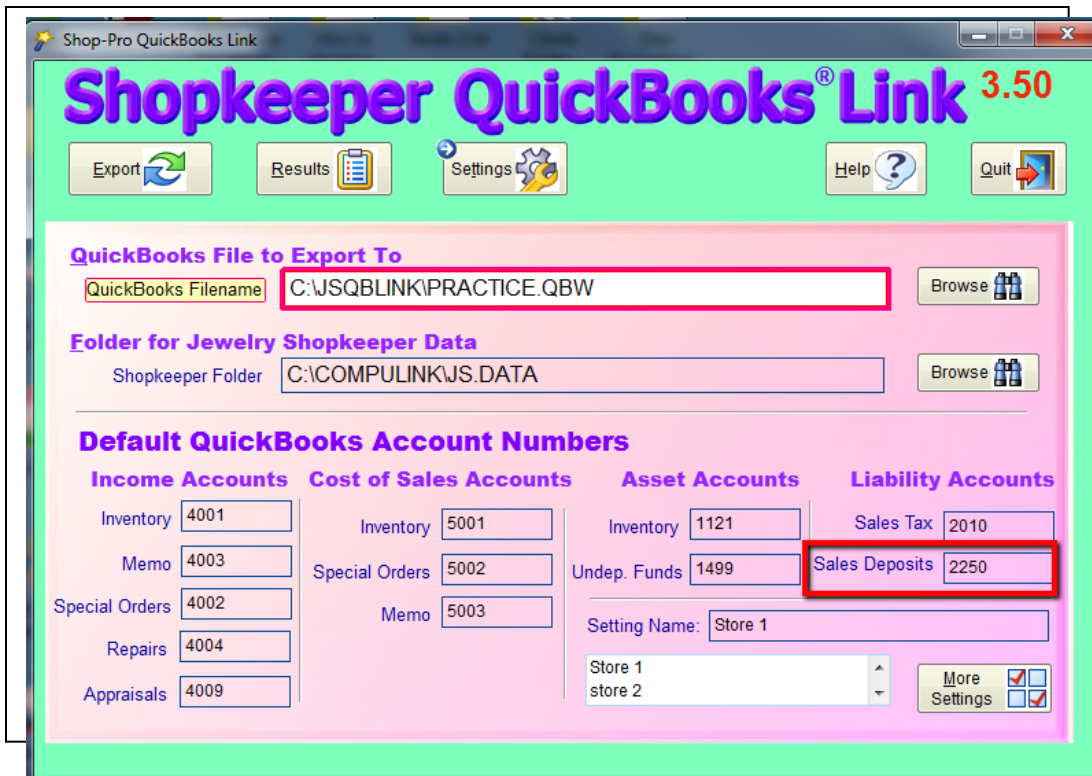
There are other Jewelry Shopkeeper balances you should find but they "typically" don't export separately into QB.

- Open gift certificates (gift certificates you sold but customers have not redeemed.)
- Accounts Receivables (You allowed people to walk out of the store without paying with a promise to send you money after receiving a statement from Jewelry Shopkeeper.)
- Customer Deposits
- Store Credits (They returned an item and you will not give a refund so they have a store credit.)

When you export to QB, Jewelry Shopkeeper does not send these to separate chart of accounts in QB. See below (this assumes you export from Jewelry Shopkeeper to QB) there is only one single account where all of these post to:

Sales Deposits or Customer Deposits. It's an "other current liability" type in QuickBooks. You can see the current total by either looking near the bottom of the balance sheet or if you look at your chart of accounts (hit "control+a" in QuickBooks) you'll look for all of the "other current liabilities" account.

When you export your account number is listed in this box I've marked in red on the Wand on your desktop. Click the "settings" box to see it.



This account in QB is an "other current liability" account. This one account holds many Jewelry Shopkeeper accounts in this one single account. Your mission is to run reports once a year and separate these totals. This account holds:

- Other current liability account
- Other current asset account
- Accounts receivable

So this account won't be accurate as it combines 3 types into one account. In QB it's typically called

Customer Deposits

or

Sales Deposits.

If I set you up it's called "Customer Deposits".

To run these reports in Jewelry Shopkeeper remember your location of a certain report may be in a different location than my setup. So just look for these reports: In testing I found putting in dates gave different results while leaving dates blank gave you the amount people owed you **today**. It would be best to run this on the last day of the year or darn close to it.

Run the **Accounts Receivable Aging Report** to get the total value of the amount owed to you (assets) on in-house charge accounts. (Note that the amounts due on layaways and

repairs are not technically receivables because you have not yet delivered and finalized those sales.)

From the Main Menu, choose Accounts Receivable Menu



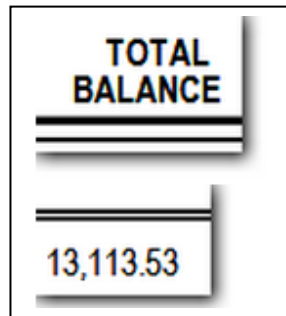
Then A/R Aging Reports



Without any selections just Start Report



and find the total in the Total Balance column.



If you want a modified Accounts Receivable total where you ignore the balances of customers with certain **customer types** (e.g. WO for Write-Off or BD for Bad Debt – make up your own **customer types**) you can exclude one or more customer types before starting the report.



[In older DOS versions of Shopkeeper, a similar report can be run via menu choice 4,4]

Run the **Simple Layaway Report** to get the total value of customer deposits on pending layaways, repairs and special orders. This value is technically a liability because you are holding the customers' money yet you still own the merchandise and have not yet finalized (delivered) the sales.

From the Main Menu choose Sales Reports Menu



Then Simple Layaway Reports



Without any selections just Start Report



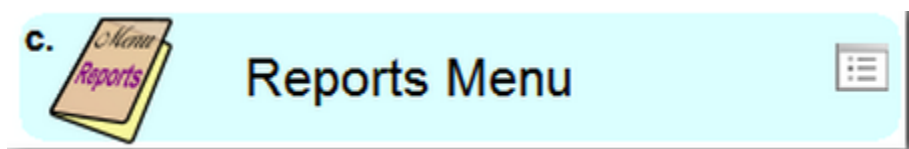
and find the total in the Amount Paid column.

AMOUNT PAID
14,669.73

[In older DOS versions of Shopkeeper, a similar report can be run via menu choice 1,7]

Run the **Credit Slip and Gift Certificate Report** to get the total value of outstanding gift certificates and credit slips (liabilities). You might take this opportunity to review the list to see if there are obsolete credits that you want to void. This would especially be the case if you issued promotional gift certificates with limited-time validity. I.e., you could mark them as Used to make them no longer report as an outstanding liability.

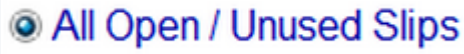
From the Main Menu choose Reports Menu



Then Credit Slip and Gift Certificate Reports



Leave the option set to the default of All Open / Unused Slips



Then choose OK to start the report



and find the total in the Remaining Credit column.

**Remaining
Credit**

6,133.63

You can also get this report via the Gift & Credit Certificates Screen



Where you choose Options, then Report Credit Slips



FINDING INVENTORY LEVELS:

In QB we are only concerned about inventory we own. We **do not own memo nor consignment inventory**. In QB on the Balance Sheet as well as visible from the chart of accounts (Control+A) is our current inventory level. You have to take into consideration if there are any items not yet entered into Jewelry Shopkeeper but more importantly if any bills have not been entered into Jewelry Shopkeeper but items have been entered into Jewelry Shopkeeper.

Also consider that in Jewelry Shopkeeper you may have removed some inventory by "Return to vendor" but in QB have not entered any vendor credits as of yet. If that's the case make a note on paper as you go through these exercises to get your numbers correct as you might be entering a credit after the first of the year.

This next item is best done after you take inventory. If your year ends December 31st it should be done **ASAP** in January. If your fiscal year ends in another month you can just continue on.

It is important to run this report right after you have entered all your December sales and transactions, **not** later on.

For example, running this report in February and specifying a date range such as 01/01/1990 to 12/31/2013 **will not** show you the inventory level as of 12/31/2013. (It would show you the inventory you have now in February minus the items you received so far this year.)

To reconstruct the inventory level as of a month or so ago would require running a few different reports.

We exclude memo because it's not at all in QB. Just run the report as above.

To get the most summarized report showing total inventory value, from the Main Menu or the Reports Menu, choose **Inventory Reports**



Set the Itemized or Summarized option to Snapshot Aging Summary



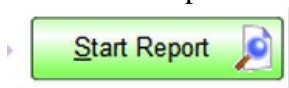
Choose Full Selection



So that you can choose to exclude the value of memorandum merchandise which is not to be counted as your asset.



Then Start Report



The report should look like this. Find the total at the bottom of the Total Cost Value column.

PAGE NO. 1		Inventory Aging Snapshot		
11/29/2013		<i>Evaluation Copy</i> EXCLUDING MEMOS		
Age:	Total Units	Total Cost Value	% of Total Cost	Total Retail Value
Under 3 Months:	788	\$212,683	53.25 %	\$435,483
Under 6 Months:	39	\$3,177	0.80 %	\$7,601
Under 12 Months:	90	\$13,747	3.44 %	\$31,826
Under 18 Months:	62	\$9,611	2.41 %	\$19,132
Under 24 Months:	44	\$3,132	0.78 %	\$11,883
Over 24 Months:	955	\$157,070	39.32 %	\$359,417
TOTALS	1,978	\$399,423	100.00 %	\$865,345
	Units	Cost		Retail

[From the DOS Shopkeeper Main Menu use menu choices 6,5, Snapshot]

By the way, while you have the Inventory Aging Snapshot in hand, check if you have any inventory over 24 months old. If so, get rid of it at ANY COST as it is cancer to your business!

You now have all of the report totals you need. Now we go into QuickBooks and adjust our numbers.

ADJUSTING SALES TAX IN QuickBooks:

To adjust the sales tax go to the chart of accounts in QuickBooks (Control+A) and find "Sales Tax Payable" it's an "other current liability" account. Double click to open it and it will look like your check register. In the "increase" column is each days sales tax collected. In the decrease column are usually checks you write to the sales tax folks.

Something to remember: You ran the report in Jewelry Shopkeeper for a period of time. On the report you ran it shows "this month". If you have not paid November's sales tax yet then the amount you OWE in QuickBooks will be all of November's sales tax plus all of December.

The easiest way to adjust your sales tax balance to match a certain date is to open the chart of account, choose a date to adjust on the left and in either the *increase or decrease column* choose a number that will adjust the balance. The *Payee* should be whoever you make the payment to (Ex: Missouri Dept of Revenue). On the 2nd line (account) choose the Balance Adjustment Equity account. (Might be "Open Balance Equity"). In the memo

fields add an explanation of why you are doing this, along with your initials. Example: "To adjust QB to Jewelry Shopkeeper year-end sales tax owed." Then save & close.

ADJUSTING SALES & COST OF GOODS in QuickBooks:

This is done with a journal entry. In QB go to top

- Company
- Make General Journal Entries

Here's a cheat sheet for you:

BALANCE SHEET ACCOUNTS			
ASSETS ACCOUNTS		LIABILITIES & EQUITY ACCOUNTS	
DEBIT	CREDIT	DEBIT	CREDIT
<i>Increases</i>	<i>Decreases</i>	<i>Decreases</i>	<i>Increases</i>
PROFIT & LOSS ACCOUNTS			
SALES/INCOME		COST OF GOODS/EXPENSES	
DEBIT	CREDIT	DEBIT	CREDIT
<i>Decreases</i>	<i>Increases</i>	<i>Increases</i>	<i>Decreases</i>

Change the date of the journal entry to the date of all of your reports.

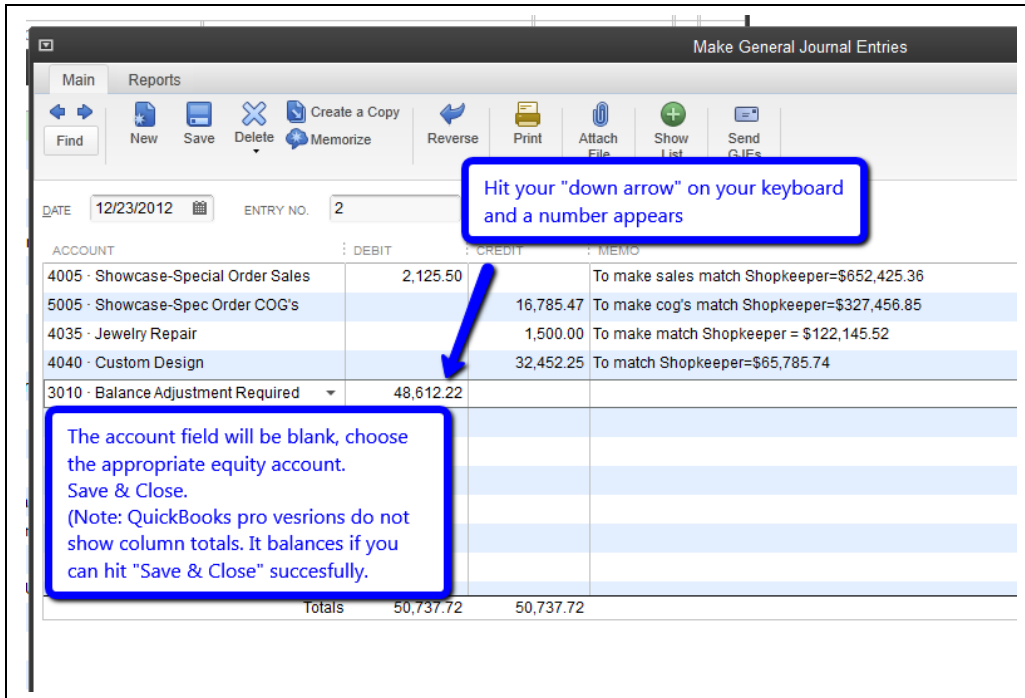
You're going to either increase or decrease product sales in QB to match Jewelry Shopkeeper. To increase sales put a number in the "Credit" column. To decrease sales put a number in the "debit" column.

You're going to either increase or decrease cost of goods sold for product only in QB to match Jewelry Shopkeeper. To decrease COGS put a number in the "Credit" column. To increase cog's put a number in the "debit" column.

It might look like this:

ACCOUNT	DEBIT	CREDIT	MEMO
4005 - Showcase-Special Order Sales	2,125.50		To make sales match Shopkeeper=\$652,425.36
5005 - Showcase-Spec Order COG's		16,785.47	To make cog's match Shopkeeper=\$327,456.85
4035 - Jewelry Repair		1,500.00	To make match Shopkeeper = \$122,145.52
4040 - Custom Design		32,452.25	To match Shopkeeper=\$65,785.74

I added in the memo field **WHY** we did this along with the numbers from the reports we ran. You'll notice the totals of the 2 columns don't match. After entering these items with your cursor in the LAST NUMBER hit the down arrow on your keyboard and QB will balance the number. On the far left column (account) choose the Equity account "Balance adjustment Needed" or if you don't have one choose the QB default "Opening Balance Equity" account. This account is where we'll put all of these "errors" we've found.



cost of these

The remaining accounts you "may" want to adjust are

- Gift certificates
- Store Credits
- Accounts Receivable
- Customer Deposits

Jewelry Shopkeeper sends all of these into the one single account in QuickBooks:

♦2440 - Local Payroll Taxes Payable	Other Current Liability
♦2445 - Employee Benefits Payable	Other Current Liability
♦2450 - Other Taxes Payable	Other Current Liability
♦ 2460 - COMPANY TAXES PAYABLE	Other Current Liability
♦2470 - Federal Corp Income Tax Payable	Other Current Liability
♦2475 - State Income Tax Payable	Other Current Liability
♦ 2500 - Customer Deposits	Other Current Liability
♦ 2550 - Sales Tax Payable	Other Current Liability
♦ 2720 - Line of Credit	Other Current Liability
♦ 2750 - Officer/Owner Loan to Co.	Other Current Liability
♦ 2800 - Long term Loan	Long Term Liability
♦ 3000 - Opening Balance Equity	Equity
♦ 3010 - Balance Adjustment Required	Equity
♦ 3020 - Capital Stock	Equity
♦ 3030 - Shareholder Distributions	Equity

Customer Deposits.

Some store will just leave this number here and not adjust it. It depends a lot on whether or not the accountant adjusts your QuickBooks file after doing the tax return or just "grabs" a copy of your P&L and Balance Sheet to file your return. If it's a "grab a copy" you may want it to be left alone here. But it should be a positive number unless you have a large outstanding accounts receivable.

So if you want to go further and you have your balance sheet have these numbers you'll do the following:

Change the date of the journal entry to the date of all of your reports.

You're going to either increase or decrease Accounts Receivables in QB to match Jewelry Shopkeeper. To do this you first must have a Customer. QB requires any adjustments to A/R to be towards a customer. In QB we don't care about the **REAL customer** names only a single line name. So first go to the TOP menu choice in QB

- Customers
- Customer Center
- New Customer & Job
- New Customer
- Type "Shopkeeper A/R Customer"
- Save & Close

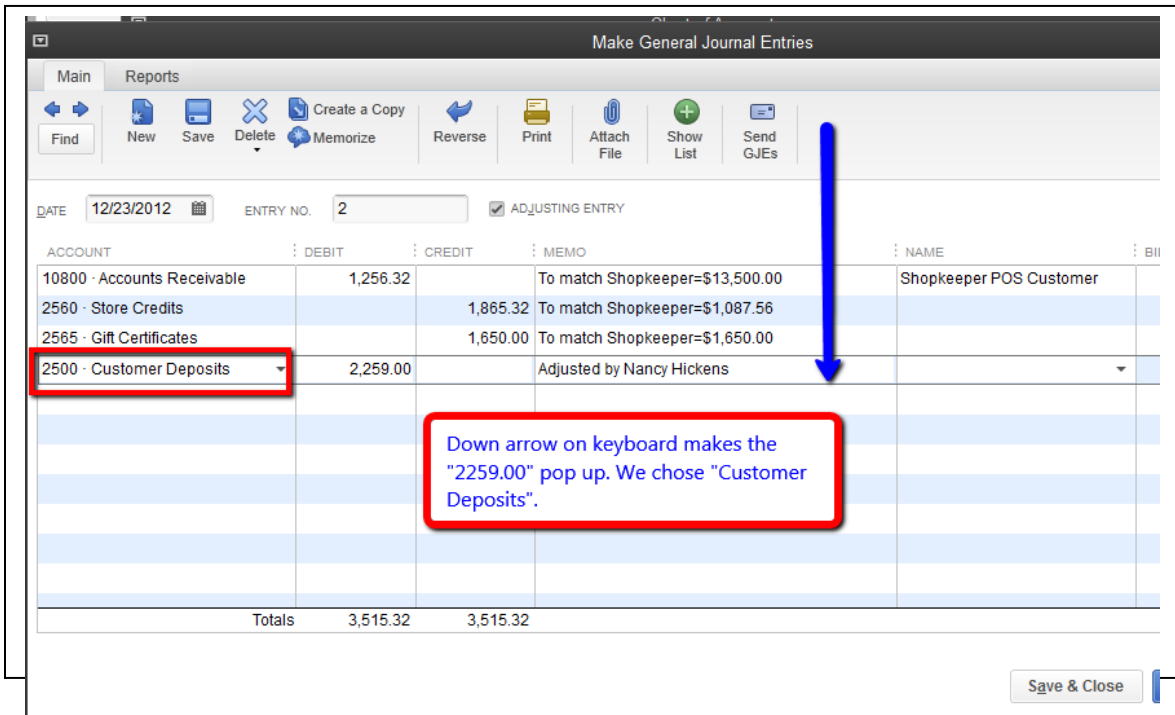
Now you can adjust using a journal entry.

To increase Accounts Receivable put a number in the "Debit" column. In the right hand "Name" column choose "Shopkeeper POS Customer". To decrease put a number in the "Credit" column.

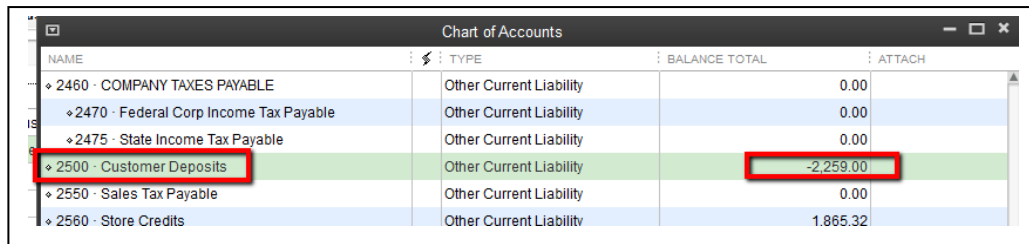
You're going to either increase or decrease Gift Certificates or Store Credits in QB to match Jewelry Shopkeeper you may add this to the next line below. To decrease Store Credits or Gift Certificates put a number in the "Credit" column. To increase Store Credits or Gift Certificates put a number in the "debit" column.

Again hit the down arrow on the keyboard and when a number appears on the left choose but this time choose the **Customer** Deposits account. This is pulling these numbers out of the customer deposit account and we'll adjust that account in a moment to be accurate.

It might look like this:

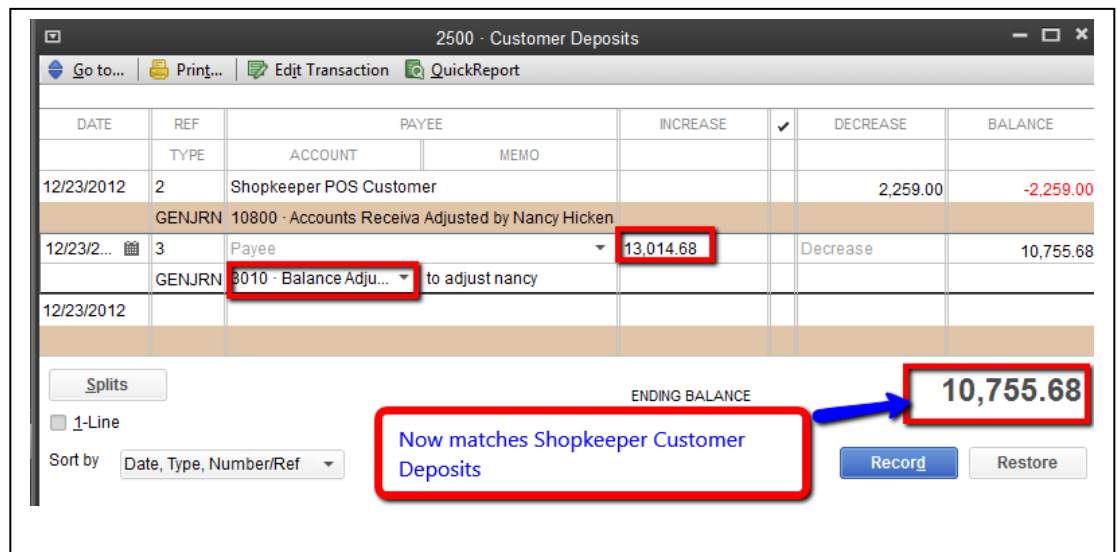


Now look at the customer deposits account on the chart of accounts. It has a balance number of some type. Now make this number balance with the Jewelry Shopkeeper balance. In our example it was \$10,755.68. We need to adjust this number:



Double click on the account and type a number in either the "Increase" or "Decrease" number to adjust the balance on the lower right hand side to make it equal to the Jewelry Shopkeeper number. Change the date and on the 2nd account line choose an appropriate Equity account. Put your name and reason why in the Memo field.

Example:



You're done! Congrats.

What to do if the number in customer deposits is off from what you figure it should be? There could be many reasons why this number may not match and the biggest reason is sale staff mistakes in Jewelry Shopkeeper or bookkeeper mistakes (sorry). To adjust this number while the Customer Deposit account is open (like picture above) type a number in the increase or decrease number field and on the 2nd line "account" use the Equity account called "Balance Adjustment Needed" or if you don't one with that name use the "Opening Balance Equity" account to adjust this and in the memo field type why you're doing this and your initials. Hit Record. At the end of this paper are instructions how to clear out the equity account you just posted this amount to.

Now what is left is:

Understanding what we are planning to do:

Getting a correct set of books has some advantages and some requirements:

Requirements

Your accountant wants and needs correct financial information.

The U.S. Government requires it so you can file a legal and accurate tax return.

Advantages:

Once you learn how to look at and read your financial statements (Profit & Loss Statement, Balance Sheet, Accounts Payables) you'll be better able to run your store more profitably and with less stress.

Accounting is not one sided. If you write a check for rent two things occur:

1. Bank account balance decreases because of the check written.
2. Rent expense increases because a check was written for rent.

If you buy a new laser welding machine two things occur:

1. Your Fixed Asset account "Equipment, furniture & fixtures" increases by the whole cost of the laser machine and has nothing to do with whether you paid for it in full or not.
2. If you borrowed the money to buy the laser than "Long term liability account for the bank loan increased.

So when we adjust our inventory levels, store credits and such usually no one knows where the money or numbers came from or the original numbers were never entered into QuickBooks. So in QuickBooks we put all of these numbers into a temporary holding account that doesn't affect the profit & Loss statement but does affect the balance sheet. These numbers are in one of the two "holding accounts". Either the:

1. 3000-Opening Balance Equity Account (A QuickBooks account)
2. 3010-Balance Adjustment Needed account (A David Geller account)

Your numbers could be different, it's unimportant. After the numbers are adjusted your Adjustment Equity account will have a balance in it.

Your accountant will then decide how to zero out the Balance Adjustment Equity account. Sadly I find many accountants never adjust the stores books so I zero out this equity account to

1. Retained Earnings, or
2. Owner's Equity

Because you are making individual entries in the accounts and the opposite entry will show up in the 3000 or 3010 account the accountant will be able to see your entries in detail.

Now that we've written these numbers down, let's get started.

Now in QuickBooks all of "fixed accounts" numbers have ended up in the "Opening Balance Equity Account of the David Geller "Balance Adjustment Needed account". Both serve the same purpose. See next page.

Find the Equity Account, double click and open it up to see what you've done:

Below you can see on Dec 21st ALL of the entries were made. Some increased and some decreased this equity account. Your accountant can see what accounts were adjusted. If he/she wants to change to a different account other than the Equity account, they can.
 If your accountant fixes your QuickBooks file after doing your tax return then they will need to zero out this account.
 On the other hand if your accountant only requests a copy of your QuickBooks file or profit and loss and balance sheets you can zero this account out to either "Retained Earnings" if you're a Corporation or "Owner's Equity" if you're not. See picture attached below this one.

Date	Type	Account	Amount	Debit	Credit	Balance
12/21/2011	4	1210 · Inventory Edge	118,865.14			244,517.44
12/21/2011	6	1550 · Store Charges	638.96			245,156.40
12/21/2011	4	2505 · Store Credits			2,662.44	242,493.96
12/21/2011	6	2500 · Customer Deposits			7,801.61	234,692.35
12/21/2011	8	2510 · Gift Certificates Issued			1,721.64	232,970.71
Ending balance						232,970.71

This is important. The balance, whether a negative or positive is the amount of mistakes that have been made in QuickBooks. This can come from:

- Beginning balances for these accounts mentioned were **never corrected** in QuickBooks
- Store credits and deposits were never really verified in Shopkeeper.
- Bookkeeper puts bills in that are inventory as cost of goods sold (incorrect).
- Extra money goes into "Sales" but there's no record in Shopkeeper.
- Staff does things wrong in Jewelry Shopkeeper.
- The owner adjusts inventory levels & cost of goods in QuickBooks to save taxes.
- The staff doesn't put the cost of an inventory item in Shopkeeper (Uses the default class code number "0001".)
- The staff doesn't put a sale in Shopkeeper but just runs the credit card through in the credit card terminal. "I got their money, what else do you want from me?"
- Plus anything else you can think of.

So in the equity account is the sum total of the mistakes. These mistakes could be for this year or over **many years of mistakes**.

This account should be "zero" at year end. No balance in it.

If you accountant takes your QuickBooks numbers, does your tax return and **does not** tell you to adjust the numbers in QuickBooks to match the tax return I would suggest zeroing out this account to retained Earnings or Owners Equity, whichever is in your QuickBooks.

To zero out this account, open up the equity account in the chart of accounts. Enter on a blank line and type in the "Ending balance" number in the bottom right hand corner of the account in either the Increase or Decrease column and chose on the account line either Retained Earnings or Owner's Equity. When you do you'll get

This warning message, just click "OK".

The Equity Account will now be zero.
Remember only do this if your accountant **does not** adjust your QuickBooks file at year end.



Date	Number	Type	Account	Payee	Memo	Increase	Decrease	Balance
05/01/2011	3	GENJRNL	1215 - Inventory Scrap		Account Opening Balance		1,250.33	124,401.67
06/01/2011	2	DEP	1210 - Inventory Edge			1,250.63		125,652.30
12/21/2011	4	DEP	1210 - Inventory Edge			118,865.14		244,517.44
12/21/2011	6	DEP	1550 - Store Charges			638.96		245,156.40
12/21/2011	4	GENJRNL	2505 - Store Credits				2,662.44	242,493.96
12/21/2011	6	GENJRNL	2500 - Customer Deposits				7,801.61	234,692.35
12/21/2011	8	GENJRNL	2510 - Gift Certificates Issued				1,721.64	232,970.71
12/21/2011	9	GENJRNL	3200 - Retained Earnings		To zero out DSG		232,970.71	0.00
12/21/2011								Ending balance 0.00

If your accountant **does adjust your QuickBooks file** after doing your tax return then you cannot zero this equity account to Retained Earnings or Owners Equity. That's because these two accounts are "calculated" and are shown each year on your tax return as an ongoing number and in QuickBooks on your Balance Sheet.

So if your accountant adjusts the numbers in your QuickBooks file the only thing you can adjust is the Profit & Loss Statement.

If the Equity account is a negative number you will zero this out to an expense account. This will in effect lower your taxable income (and less income tax paid).

If the equity account is a positive number you'll zero this out to an income account. This will increase your taxable income and thus increase your income taxes.

If you go to your chart of accounts (Control+A) and go to the bottom you'll see in the 7000 and 8000 numbers:

Other Income (usually a "7000" number)
 Other Expenses (usually an "8000" number)

To zero these out open up the Opening Balance Equity account of the David Geller account "Balance Adjustment Needed" account. Type the total balance number in the appropriate column.

If it's a positive number type it in the "decrease" column.
 If it's a negative number type it in the "increase" column.

On the next page is a worksheet you can print out and handwrite in your Edge totals so you can adjust your year end numbers to be accurate.

Here are the totals you should have written down on your pad and you can write them all here on this page if you like:

AS OF THIS DATE (Typically today") _____

INVENTORY SALES

Showcase/Special Orders/Trade	\$ _____
Memo & Consignment	\$ _____
Totals up to:	\$ _____

SHOP SALES

Jewelry Repair	\$ _____
Custom Design	\$ _____
Watch Repair & Battery Sales	\$ _____

OTHER SALES:	\$ _____
STORE CHARGES:	\$ _____

HOUSE ACCOUNT BALANCES:

STORE CREDITS:

Customer Deposits:	\$ _____
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GIFT CERTIFICATES:	\$ _____
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If after reading this pamphlet you need some questions answered you can email me at: David@JewelerProfit.com

or contact Mark & Louis at Compulink: compulink@jewelryshopkeeper.com

If you'd rather have me do all of this for you I can connect directly to your computer though the internet and run these report, enter the numbers and look for any other problems along your way. There's an hourly fee charged to your credit card. There's only a charge when I connect, no charge for email or phone questions.

Connecting can also help you understand and learn the proper bookkeeping methods to help keep your "system" running smooth all year long and keep you from having year end surprises.

By the way when you do your inventory count (usually in January, depends when your year end comes up) the easiest way is to use your bar code scanner and Jewelry

Shopkeeper will tell you what items have **not been counted**. This is essentially the same thing as saying these items:

- Were sold without using Jewelry Shopkeeper
- Returned to vendor and no one told that fact to the Shopkeeper software
- Taken apart and remade and not one told Shopkeeper
- Stolen
- Just plain missing

I want you to **immediately** go to Jewelry Shopkeeper, find each one and mark them as missing by changing the Qty field to zero or you could mark them all as "Return to vendor" and notate that these items were not found in Jewelry Shopkeeper for an inventory count.

These items will be taken OUT of Jewelry Shopkeeper but will be in QB.

So in QB do 2 things:

1. If you don't have one, make a new chart of account,
Type: "Cost of Goods"
Name: "Adjusted Inventory"
2. When you figure out the amount that was not found, go into the Inventory Asset account, open it by double clicking and add a new line. change the date to the last date of your period (Ex: 12/31/2013) and add a number in the increase or decrease column to make the inventory level now match Jewelry Shopkeeper after you've taken inventory. On the account field choose the Equity Account as above and you might have to redo your change to Retained Earnings as mentioned above.

You might say "but we'll find them, many are sitting on someone's desk". That might be true but its so easy **later** if you find the item, go into Jewelry Shopkeeper, edit that item and click "Qty" and it add it back into inventory.

I hope this has helped you, need any help please let me know and I hope you had a terrific year!

David Geller
Director of Profit
www.JewelerProfit.com

David@JewelerProfit.com
(404) 255-2543
Hours: 1:00 to 5:30, est
Saturday by Appointment