[This is part two of a two part series. Click here to go to What's New in QuickBooks 2007: Part I.]

Intuit recently released the 2007 version of QuickBooks. This version is not nearly as earth shattering as the 2006 version, but there are some very nice enhancements that move the product forward. In this two-part article, I discuss each of the major new features and give you some ideas for how to put QuickBooks to work for your clients. Part I of this column included a review of the following features:

- Accountant's Copy Enhancements
- New Payroll Features in 2007
- Google Search and Marketing Tools
- Shipping Manager Improvements

In this column, I will cover the following features:

- Unit of Measure Conversion
- Improved Default Charts of Accounts
- Several Interface Improvements

> **Note:**
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Unit of Measure Conversion
Small businesses often purchase inventory in different units than they sell

the inventory. For example, the company may purchase widgets by the case but

form even though you are selling only a single case. Regardless, when you create Purchase Orders and Sales forms, either the vendor or the customer sees misleading information on the form for both counts (quantity) and per unit costs (price).

To solve this problem, QuickBooks 2007 now includes a unit of measure conversion tool. This tool allows you to select the unit of measure you are using on any given form. For the example above, you can purchase a single case by entering a quantity of "1" and selecting Change 1 Each to 1 Case as the unit of measure on the purchase transaction. Alternatively, you can also purchase one unit, indicated as .04167 of a case. See Figure 1 (all graphics and figures are viewable in the PDF version of this column, located here — it will open in a seperate window so that you can view both).

When you select Change 1 Each to 1 Case, QuickBooks keeps the quantity at "1," but changes the amount to $142.80 ($5.95 x 24).

Since the base unit of measure for the glass cleaner is "each," the Stock Status by Item report shows 24 units in stock when you receive one case. You can then sell the product as individual units by entering the number of units sold on the sales form and selecting "each" as the unit of measure.

To set up the Unit of Measure preferences, go to the Inventory company preferences as shown in Figure 4. In this preference, you select either Multiple Unit of Measure per Item or Single Unit of Measure per Item.

The setting "Single Unit of Measure Per Item" allows you to assign only one unit of measure to each item. Use this setting when the company uses the same unit of measure for both purchases and sales on every item. For example, the company may purchase and sell widgets by the case but purchase and sell

gadgets by the pound. The company is still using multiple units of measure across

and sells items using another unit of measure. After setting the preference, use the Edit Item window to create a Unit of Measure Set as shown in Figure 5.

Unit of Measure Sets
A Unit of Measure Set defines the relationship between the different measurements so QuickBooks can perform the correct calculations. For example, you would use the Unit of Measure Set to tell QuickBooks that there are 24 individual items in a case, and that you purchase by the case but sell individual units. To set this up, create a new Unit of Measure Set in the U/M Set list, and set the unit of measure type to "count."

In the first step, you select a Unit of Measure Type. The type refers to the basic measurement used to describe a single unit you purchase or sell. The Unit of Measure feature in QuickBooks calculates conversions between different units of measure. For example, if you purchase by the case but sell by the unit, the price of an individual item is multiplied by 24 when you purchase a single case.

Next, select a Base Unit of Measure. The base unit of measure will determine the way QuickBooks displays inventory on hand in inventory reports. This should be the smallest increment you use to track your items. For example, if you purchase by the case, but sell by the unit, the smallest unit would be "each."
Next, select and/or add units to which or from which you will convert the base unit of measure. This example shows how to convert the base unit of "each" to "cases" when purchasing, and then uses the base unit "each" when selling. You can convert to or from more than one related unit of measure if you prefer. You can also add a unit if the one you need is not on the list.

Next, select the default unit of measure QuickBooks will use on purchase forms, sales forms and during the shipping process. You can always override the default

unit of measure on each individual form as necessary.

you can use different base units of measure for different inventory parts. QuickBooks displays the base unit of measure for quick reference on the inventory report as shown in Figure 2 on page 52.

Quantity Based Pricing Not Supported

You cannot automate any quantity-based pricing in QuickBooks, either on the purchasing side or on the sales price side. For example, if you want to have different pricing for single units, six-packs, 12-packs, etc., there is no way to automatically set pricing for these different units of measure. If you have a need to set different pricing (cost or sales price) based on the quantities within a given unit of measure (i.e., quantity-based pricing), you should consider using QuickBooks Point of Sale, which handles these situations very well.

Improved Default Charts of Accounts

QuickBooks 2007 provides 32 new charts of accounts during the setup of a company file. These new charts of accounts were developed for Intuit by a team of practicing accountants and were developed to handle the needs of most companies in each of 32 industries.

Once you select an industry, you can see the "recommended" accounts used by most companies in that industry in a list, and you can also select from several "additional" accounts that are less commonly used by companies in the industry. So you can choose to start with the default (recommended) set or you can modify the list to include alternative accounts for your initial set of accounts. After you complete the Easy Step Interview, you can add, change, merge or delete accounts just as in earlier versions.

The software now sets up the Equity accounts based on the corporate type you select during the Easy Step Interview.

When you select Multi-member LLC on the Window shown in Figure 13, QuickBooks

All of the default charts of accounts use a new five-digit account numbering convention, using account number ranges for each account type as specified in Table 1.

As specified by the table, each account should follow the account numbering guidelines and should implement the following format:

- Account number format is "tmmss," where t is the account type, m is the master account number, and s is the subaccount number.
- The account type is the first digit (assets=1, liabilities=2, equity=3, income=4, COGS=5, expenses=6, other income=7, other expense=8, non-posting=9).
- All of the default master accounts (or other auto-created accounts) use the second two digits only (e.g., tmm00).
- All of the default subaccounts use the fourth digit and increment by 1 (e.g., tmm10, tmm20, etc.).
- To leave room between account numbers so that users can add their own accounts, all default accounts (and all auto-created accounts) leave the last digit set to zero (0).

Price Levels on Estimates
QuickBooks now allows you to use Price Levels on Estimate forms. In previous versions of QuickBooks, Price Levels were available in Sales Orders, Invoices, Credit Memos and Sales Receipts, but not on Estimates. The issue was not oversight on Intuit's part, but rather the complexity of using Price Levels with the markup tools on the Estimate form. Still, the omission made Price Levels difficult for clients who use Estimates as part of the sales process.
To accommodate both Price Levels and the Markup capabilities of the Estimate, the Price Level is part of the Markup drop-down column. If you do not have a

markup column on the Estimate, the Price Level is available through the per

2. Account Setup Enhancements — When a user creates a new account in the Chart of Accounts, QuickBooks now displays a Choose Account Type window that includes a description of each account type.

3. Form Template Customization Enhancements — QuickBooks 2007 also has a new form customization window that allows you to see a preview of the form as you make changes.

4. Recall Account for Vendor — In previous versions, QuickBooks allowed you to recall the entire transaction details you last entered for a particular vendor. This was sometimes too much pre-filling, so QuickBooks 2007 allows you to select two levels of detail to auto-enter. If you prefer, you can set QuickBooks 2007 to use either all of the information or just the GL account information from your last entry for this vendor. See Figure 17.

Summary

QuickBooks 2007 is impressive. I haven't found any bugs, and it's very stable after upgrading data files from earlier versions. Performance is as good as or better than version 2006. It's not as dramatically different as the changes we saw in 2006, and hopefully that means there won't be as many upgrading difficulties as we saw with the 2006 version.

As far as the bigger features, such as the Unit of Measure feature and the Accountant's Copy enhancements, these are great improvements, but they're not quite there yet. For example, the Unit of Measure feature was very difficult to understand fully, and my concern is that even when users finally figure out how to create Unit of Measure Sets correctly, the setup will be too time consuming and confusing if you have hundreds or thousands of items. The Accountant's Copy enhancements are fantastic, but my hesitance about the feature is that the accountant may get halfway into an engagement before discovering that something

that needs to be modified (e.g., a paycheck) cannot be touched. Don't

- The Google search tool, because it dramatically improves the search capabilities.
- The new After-the-Fact Payroll, because it really helps everyone who doesn't already use QuickBooks Payroll.
- The Scheduled Payroll function (I wish there was a better name for it, though), because it streamlines payroll processing and prevents so many mistakes on the Select Employees to Pay screen.
- The new Charts of Accounts, which are much closer to what accountants want to see. And the default account-numbering scheme will help keep the charts sorted both by number and by account name, even as clients add new accounts.

As is often the case, some of the smallest feature changes make the biggest difference to the everyday users of QuickBooks, and to accountants. And these are the things I give the highest marks to because they really make our lives easier.

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