
7 STEPS TO CONFIGURING QUICKBOOKS FOR EASY ROYALTIES

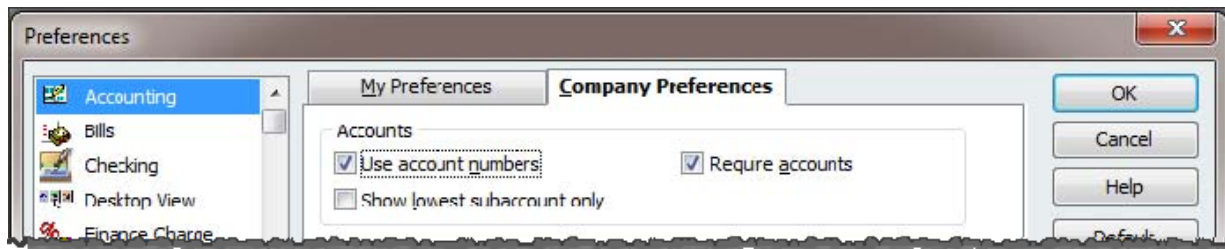
A major advantage of Easy Royalties is that you can export products, royalty recipients, and sales from QuickBooks and import this information into Easy Royalties. You can export payments from Easy Royalties and import these payments; using a 3rd party application, into QuickBooks.

The document covers the steps for configuring QuickBooks for use with Easy Royalties.

1. Activate accounting numbering
2. Configure product records
3. Activate and create pricing levels
4. Configure vendor records
5. Configure customer records
6. Create general ledger accounts for royalties
7. Create export reports

STEP 1: ACTIVATE ACCOUNT NUMBERING

Activate account numbering for your chart of accounts from Edit > Preferences > Company Preferences.



STEP 2: CONFIGURE PRODUCT RECORDS

Each product that you sell is an item in QuickBooks. You can access a list of these products from the Lists > Item List menu.

For each item the item name/number field will contain the unique code that you use to identify each product you sell. For publishers this is the ISBN. For music publishers this is the ISRC code. For manufacturers this will be the EAN number. The description field for an item contains the name of the product and the Sales Price field shows the list price of the item.

You will define additional fields to help you track royalties and sales. Use the custom fields button to add; for a book publisher), these fields:

Title Code – This required field will link all related products to a single title (property) in Easy Royalties. The paper, hardcover and eBook editions of a single title should share the same title code.

Format – This required field allows you create royalty rules based on format. Examples of format include; paper, hardcover, audio, ebook, toys, music, digital.

Publication Date – This optional field allows you to track when a product (book) was first launched.

Subject – This optional field allows you to generate sales reports based on subject.

List Price – This optional field allows you to create a customer invoice format that contains the list price and discounted price for a product. Without this information you can only show the discounted sales price of an item on a QuickBooks invoice or use an invoice that shows the total discount for all line items as a single discount line item on the invoice.

The screenshot shows the 'Edit: Item' window in QuickBooks. The window title is 'Edit: Item'. The 'Type' dropdown is set to 'Inventory Part' with the description 'Use for goods you purchase, track as inventory, and resel.'. The 'Item Name/Number' is '345786', 'Subitem of' is unchecked, and 'Manufacturer's Part Number' is '87694012945X'. The 'Unit of Measure' is 'U/M' with 'each (ea)' selected. The 'Purchase Information' section has an empty 'Description on Purchase Transactions' field. The 'Sales Information' section has 'Lion Feeding 102' in the 'Description on Sales Transactions' field. The 'Cost' is '10.00 per ea' and the 'Sales Price' is '14.00 per ea'. The 'COGS Account' is '50000 : Cost of Goods' and the 'Tax Code' is 'Tax'. On the right side, there are buttons for 'OK', 'Cancel', 'Custom Fields' (highlighted with a red arrow), and 'Spelling'. There is also an unchecked checkbox for 'Item is inactive'.

Tip: Assign a common title code to items on which you do not pay royalties. This will allow you to create; in Easy Royalties a single title that contains all of your non-royalty sales items.

STEP 3: ACTIVATE AND CREATING PRICING LEVELS

By default QuickBooks shows a single discount line item for an entire invoice. To show discounted net prices by line item you need to a) activate price levels and b) create pricing levels.

To activate price levels go to Edit > Preferences > Sales & Customers > Company Preferences tab and select Use price levels.

To create price levels go to Lists > Price Levels and create the price levels that you will use in your invoices.

Edit Price Level

Price Level Name: Wholesale 55% Price Level is inactive

Price Level Type: Fixed % Use this type of price level to apply a fixed percentage increase or decrease to all your standard sales prices when setting up prices for different customers or jobs.

This price level will: decrease item prices by 55.0%

Round up to nearest: no rounding

[How do I print a report?](#)

STEP 4: CONFIGURE VENDOR RECORDS

Each entity; individual or company, which receives a royalty payment, is a vendor in QuickBooks. Each of these vendor records should be assigned a vendor type: **royalty recipient**. This will allow you to export a filtered list of vendors that includes only royalty recipients.

If you pay royalties to non-US residents that receive IRS form 1042 in lieu of form 1099-MISC we recommend that you define a new field in the vendor record to indicate which recipients are form 1042 recipients. This will allow you to generate a separate payables listing for IRS Form 1042 reporting.

If you intend to import payments owed into QuickBooks from an Easy Royalties payments file we recommend that you populate the QuickBooks Vendor Account No. (Number) field with the Author Code (i.e. contributor) code field in Easy Royalties. This will ensure that each vendor has a unique ID number.

Edit Vendor

Vendor Name: Beth Smith

Current Balance: 0.00 [How do I adjust the current balance?](#)

Address Info **Additional Info** Account Pre fill

Account No.: A00005 Billing Rate Level: (empty dropdown)

Categorizing and Defaults Type: Royalty Recipient Custom Fields 1042 (Y/N): (empty text box)

Vendor is inactive

Another option is to enter (or import) the QuickBooks Vendor Name field into the Accounting system ID field in Easy Royalties.

STEP 5: CONFIGURE CUSTOMER RECORDS

Your customer accounts need to configure to support your royalty in accordance with your royalty rules and your reporting requirements. If you royalty rules are based on sales type or territory you can define new fields for these customer types.

Example: If royalty rates are determined by a customer's territory; i.e. domestic vs. foreign, you should define a new field: Territory in the customer record. You can include this field in the customer file and sale file exports from QuickBooks.

STEP 6: CREATE GENERAL LEDGER ACCOUNTS FOR ROYALTIES

We recommend that your chart of accounts include accounts for royalties payable (liability) and accrued royalties (liability). This separates liabilities for royalties (payable and accrued) from your liabilities for general operating expenses.

Asset Accounts

1. Royalty Advances – Advances to the recipient against future royalty earnings. Ties to the amount of royalty advances reported by Easy Royalties
2. Advance Write-offs (contra-account) – Shows the allowance for uncollectable advances that you do not expect to collect.
3. Unearned Royalties – Non-advance royalty payments made in excess of royalties earned. Ties to the amount of unearned royalties reported by Easy Royalties.
4. Unearned Royalty Write-offs (contract account): Shows the allowance for unearned royalties that you do not expect to collect.

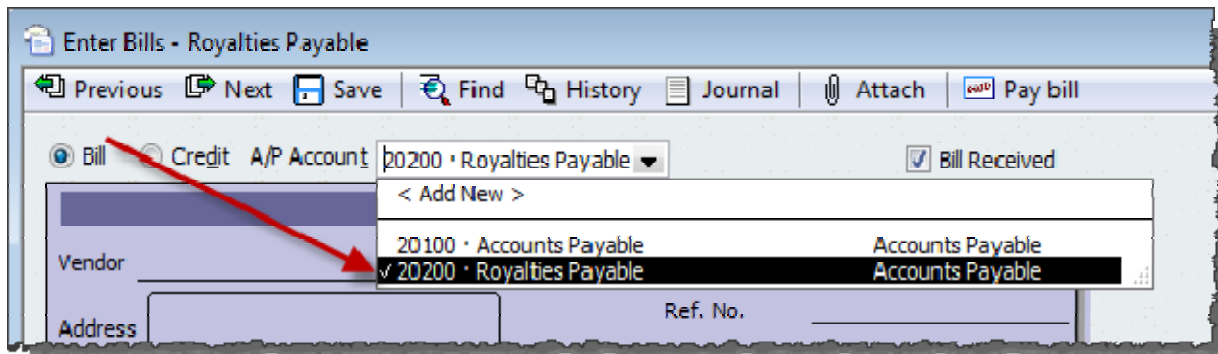
Example:

1900b · Furniture and Equipment	Fixed Asset	0.00
19000 · Royalty Advance	Other Asset	27,201.00
19010 · Royalty Advances	Other Asset	28,500.00
19020 · Advance Write-Offs	Other Asset	-1,299.00
20100 · Accounts Payable	Accounts Payable	0.00

Liability Accounts

1. Royalties Payable – Royalty expenses that are payable
2. Royalties Accrued – Royalty expenses accrued, but not yet payable
3. Reserve for Returns – Royalties withheld for payment during the next royalty period

When creating vendor bills (invoices) for royalties owed; manually or via a file import, assign these bills to the Royalties payable account.



Tip: Modify the existing A/P Aging Summary report to create an A/P Aging Summary for Royalties Payable.

STEP 7: CREATE EXPORT REPORTS

You should modify existing QuickBooks reports to export data that you wish to import into Easy Royalties. Most users will create reports to export: royalty recipients, products and sales.

Products: Modify the existing **Item Listing** report.

Royalty Recipients: Modify the existing **Vendor Contact List** report and filter this report to show only Vendor Type = Royalty Recipient. Add the Vendor Account No. field to this report.

Sales Export: Modify the existing **Sales by Item Detail** report

QUESTIONS?

If you have any questions about this information you can email: Edwin@kensai.net.

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