



QUICKBOOKS DESKTOP 2017 STUDENT GUIDE

Lesson 2

Setup

Copyright

Copyright 2017 Intuit, Inc.
All rights reserved.

Intuit, Inc.
5601 Headquarters Drive
Plano, TX 75024

Trademarks

©2017 Intuit, Inc. All rights reserved. Intuit, the Intuit logo, Intuit ProLine, Lacerte, ProAdvisor, ProSeries and QuickBooks, among others, are trademarks or registered trademarks of Intuit, Inc. in the United States and other countries. Other parties' marks are the property of their respective owners.

Notice to Readers

The publications distributed by Intuit, Inc. are intended to assist accounting professionals in their practices by providing current and accurate information. However, no assurance is given that the information is comprehensive in its coverage or that it is suitable in dealing with a client's particular situation. Accordingly, the information provided should not be relied upon as a substitute for independent research. Intuit, Inc. does not render any accounting, legal or other professional advice, nor does it have any responsibility for updating or revising any information presented herein. Intuit, Inc. cannot warrant that the material contained herein will continue to be accurate nor that it is completely free of errors when published. Readers should verify statements before relying on them.

Table of Contents

Lesson Objectives.....	5
Create a QuickBooks Company	6
Start the EasyStep Interview.....	7
Enter Company Information	8
Choose your Company Industry	9
Select How Your Company is Organized	10
Customize QuickBooks for Your Business	11
Indicate What You Sell.....	12
Enter Sales Information	13
Enter Sales Tax Information.....	14
Create Estimates.....	15
Create Sales Orders	17
Choose Remaining Preferences.....	18
Choose a Start Date	20
Review the Chart of Accounts.....	21
Enter Bank Accounts and Opening Balances	24
Complete Company File Setup	26
QuickBooks is Based on Four Key List Concepts	26
Add Customers.....	27
Add a Job	30
Add Vendors.....	32

Set Up Additional General Ledger Accounts..... 34

Add Items 36

Enter Historical Transactions 39

Set Up QuickBooks – Review Questions..... 40

Answers to Review Questions 42

Lesson Objectives

- Discuss decisions that must be made before using QuickBooks
- Create a new QuickBooks company using the EasyStep Interview
- Set QuickBooks preferences in the interview
- Record the opening balance for a checking account
- Enter customers, jobs, vendors, accounts and items for a QuickBooks company

Create a QuickBooks Company

A QuickBooks Desktop company contains all the financial records for a single business. Before you can use QuickBooks you need to tell QuickBooks about your business so it can set up your company file properly.

1. Express Start will set up a new company file based on some standard industry settings. (Any fine-tuning of the company file can be done later.)
2. Detailed Start opens the EasyStep Interview and will give you more control over fine-tuning your company file as you set it up.
3. Your other options are to create a file by copying list data from an existing file or by converting data from another accounting system.

In the Detailed Start option you will set up the following using the EasyStep Interview:

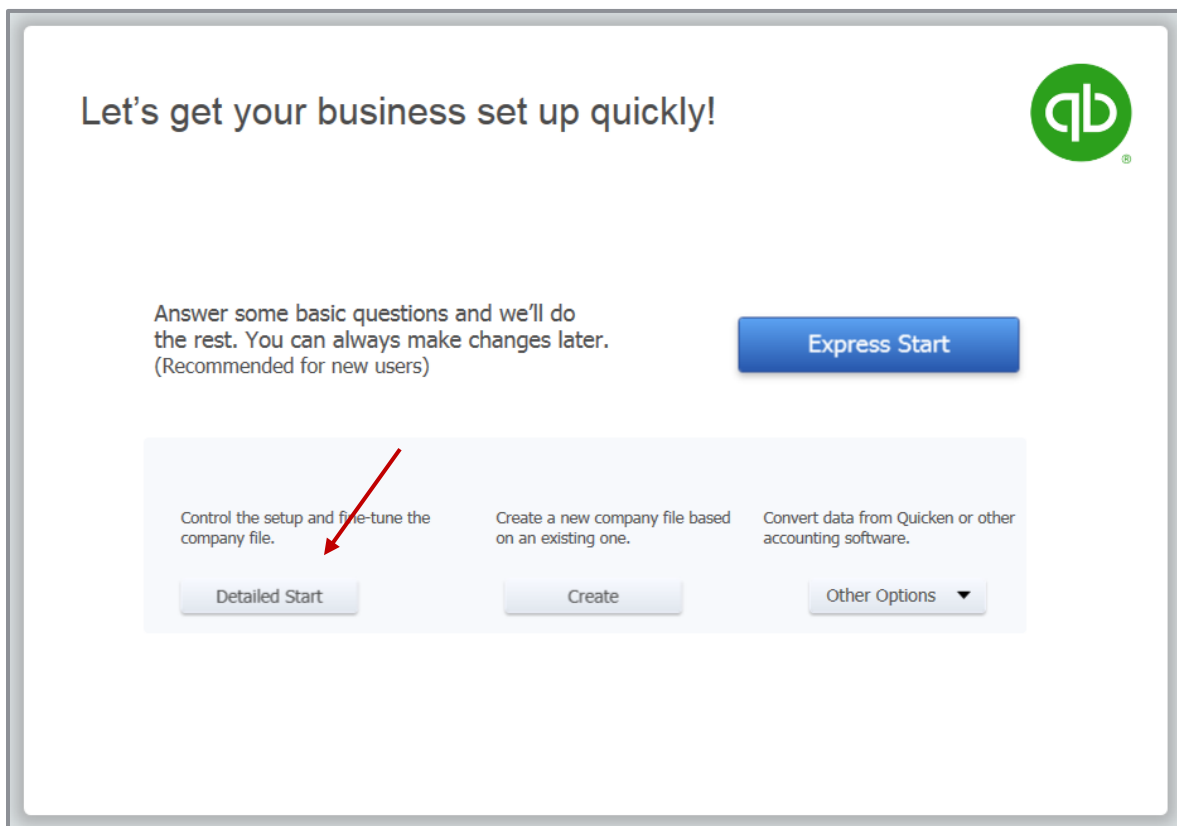
- Company information
- Chart of Accounts based on your industry
- Company organization
- Sales information
- Sales tax information
- Estimates
- Sales receipts
- Preferences
- Business start date
- Create an account and enter the opening balance
- Review the Chart of Accounts
- Complete company file setup

Start the EasyStep Interview



Step-by-Step: Begin to Add a New Company

1. Start QuickBooks.
2. Click the **Create a new company file** button from the No Company Open window or choose **New Company** from the File menu.
3. Click the **Detailed Start** button to start the EasyStep Interview.



4. QuickBooks displays the EasyStep Interview window.

NOTES

Enter Company Information



Step-by-Step: Create a New QuickBooks Company File

1. At the first Welcome window for the EasyStep Interview, the Enter your company information window appears.
2. Enter the business name in the Company name field and press **Tab**.

When you press **Tab** QuickBooks automatically enters that name into the Legal name field. QuickBooks uses the company name on all reports.

3. Press **Tab** again and enter the EIN or SSN in the Tax ID field.
4. Complete the remaining contact information for the company. QuickBooks will pull this information onto sales forms and tax reports when you begin working in the file.

Your screen should resemble the following.

5. Click **Next**.

Choose your Company Industry



Step-by-Step: Choose your Company Industry to Create a Chart of Accounts

1. Choose your industry from the list to help QuickBooks compile a suggested Chart of Accounts for your business.

EasyStep Interview

Get answers

Select your industry

Tell us your industry and we'll customize QuickBooks to work best for you. You will be able to review our recommendations and change them in this interview. And, you can always change each of these settings later. [Explain](#)

Note: Don't see your industry? Choose an industry that is similar to yours. [Examples](#)

Select an industry from the list

INDUSTRY

- Medical, Dental, or Health Service
- Non-Profit
- Professional Consulting
- Property Management or Home Association
- Real Estate Brokerage or Developer
- Rental
- Repair and Maintenance
- Restaurant, Caterer, or Bar
- Retail Shop or Online Commerce**

How does QuickBooks use my industry selection?

Need help setting up? [Find A Local QuickBooks Expert](#) (fees may apply)

Leave... < Back Next >

2. Click **Next**.

NOTES

Select How Your Company is Organized



Step-by-Step: Select your Company Organization

1. Choose the company's entity type. This will allow QuickBooks to create suggested tax mapping for your Chart of Accounts.
2. Click **Next**.
3. Enter the beginning month of the business's fiscal year (commonly January) then click **Next**.
4. In the Set up your administrator password window click **Next**. You can set the password later. If you don't set up a complex password (seven characters, including at least one upper case character and one number) now, you'll be prompted to do so the next time you open this company.
5. Click **Next** to save the company file.
6. Name your company file (it ends in .QBW) and choose the location on your computer where you wish to save it.
7. Click **Save**.

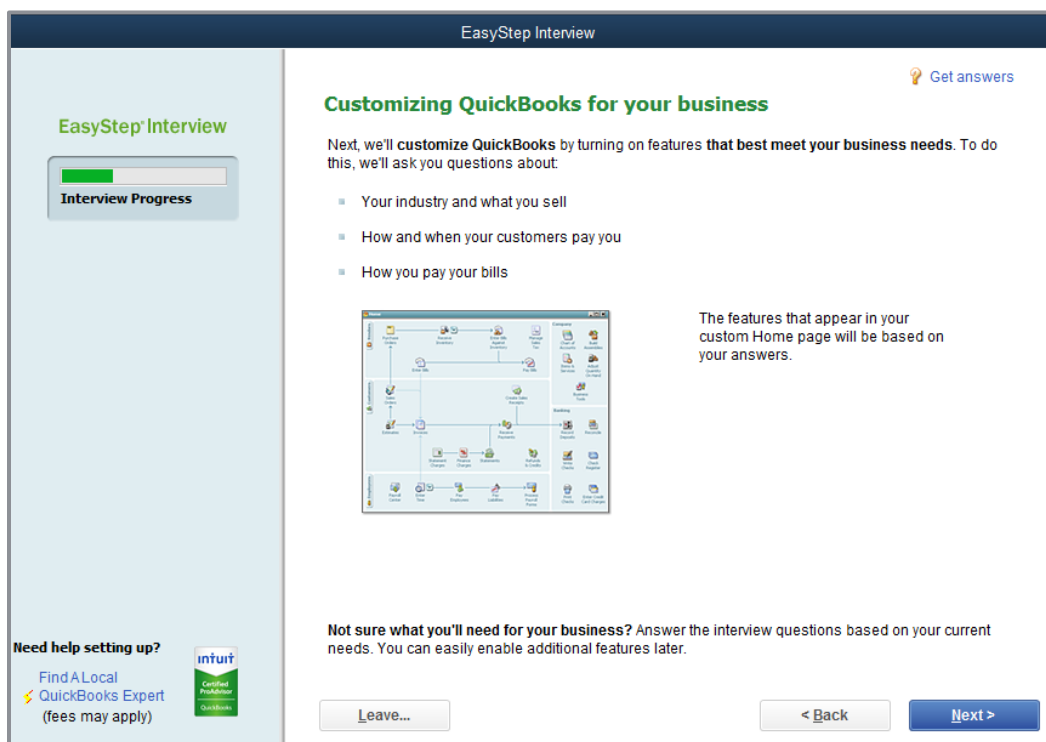
NOTES

Customize QuickBooks for Your Business

After you've saved the company data file, the customization section of the EasyStep Interview appears. It is the place where you indicate:

- What you sell
- How and when your customers pay you
- How you pay your bills

Based on your answers, QuickBooks sets preferences for the company file. The preferences enable certain features of the QuickBooks program.



Click **Next**.

NOTES

Indicate What You Sell

You need to indicate what your business sells. In general, businesses either sell products, services or both. Margaret Lockhart provides consulting services as well as selling products such as fabrics.



Step-by-Step: Indicate What You Sell

1. Click **Next** to move to the What do you sell? window.
2. Choose the appropriate option for the business.

The screenshot shows the 'EasyStep Interview' window. On the left, there is a sidebar with 'EasyStep Interview' and an 'Interview Progress' bar. The main area is titled 'What do you sell?' and contains three radio button options:

- Services only**
Such as consulting, rentals, gym memberships, hair styling services, event services, construction and labor.
- Products only**
Such as lamps, fertilizer, books, hardware, tickets, insurance policies. Manufacturers and distributors should also select this option.
- Both services and products**
Such as a bicycle repair shop that sells bikes, a carpet installation company that sells carpet.

At the bottom, there are buttons for 'Leave...', '< Back', and 'Next >'. A 'Get answers' link is also visible in the top right corner of the main area.

3. Click **Next**.

NOTES

Enter Sales Information

Retail companies need to indicate how they want to enter sales. QuickBooks uses this information to set recommendations for a retail-type business.



Step-by-Step: Indicate How you Enter Sales

1. In the How will you enter your sales in QuickBooks? window, choose the option that best fits the business's needs.

EasyStep Interview

Get answers

How will you enter your sales in QuickBooks?

- Record each sale individually**
You can also print sales receipts to give customers.
- Record only a summary of your daily or weekly sales**
If you use a cash register to ring up individual sales, you can enter the sales totals (for the day, week, etc.) into QuickBooks.
- Use QuickBooks Point of Sale**
You can send the details of each individual sale into QuickBooks—with just one click.

Need help setting up?
Find A Local QuickBooks Expert (fees may apply)
intuit Certified Professional QuickBooks

Leave... < Back Next >

2. Click **Next**.

NOTES

Enter Sales Tax Information

This part of the EasyStep Interview asks whether you charge sales tax. You should turn the sales tax setting off *only* if you never charge sales tax. Sometimes it is even beneficial to turn this feature on for tracking wholesale/retail sales, depending on the tax reporting regulations in your state.



Step-by-Step: Set up QuickBooks to Track Sales Tax

1. Click **Yes** in the Do you charge sales tax? window.

The screenshot shows the 'EasyStep Interview' window. On the left, there is a sidebar with 'EasyStep Interview' and 'Interview Progress' (a progress bar). The main area displays the question 'Do you charge sales tax?' with two radio button options: 'Yes' (selected) and 'No (recommended for your business)'. A 'Get answers' link is in the top right. At the bottom, there are 'Leave...', '< Back', and 'Next >' buttons. A footer section on the left offers help with 'Find A Local QuickBooks Expert' and includes the Intuit Certified Professional QuickBooks logo.

2. Click **Next**.

NOTES

Create Estimates

If you provide any type of estimate or bid – even a verbal quote – there are many reasons to use estimates in QuickBooks.

- Prepare professional-looking itemized estimates, bids, quotes or proposals for your customers
- Create an invoice from the estimate with just one click; QuickBooks then creates an invoice using information from your estimate
- Create reports that compare your estimated costs and revenue against your actual costs and revenue
- Compare your actual costs against what you estimated
- Track which estimates are still active and easily update each estimate as you continue to negotiate with your customers



Step-by-Step: Create Estimates for Your Business

1. On the Do you want to create estimates in QuickBooks? window, choose the option that best fits the business.

EasyStep Interview

Get answers

Do you want to create estimates in QuickBooks?

Some businesses refer to estimates as quotes, bids, or proposals.

Yes

No (recommended for your business)

[Why should I use QuickBooks to create my estimates?](#)

Need help setting up?

Find A Local QuickBooks Expert (fees may apply)

intuit Certified ProAdvisor

Leave... < Back Next >

2. Click **Next**.

NOTES

Create Sales Orders

Sales orders allow you to record an order for a sale before the sale is actually made. These forms are common in businesses that order products to fill orders or that pull orders from inventory before invoicing. (Think of these forms as “incoming purchase orders” from customers.) These forms enable you to create partial invoices for an order if you have inventory items on backorder.



Step-by-Step: Create Sales Orders for Your Business

1. On the Tracking customer orders in QuickBooks window, choose the option that best fits the business.

EasyStep Interview

Get answers

Tracking customer orders in QuickBooks

Use a sales order to track customer orders that you plan to fill at a later date, such as backorders or special orders.

Sales orders can be used to track any of your unfulfilled orders or manage your inventory.

Some examples:

- A bike shop receives an order for a custom-built bike. A sales order is used to track the order and is then converted to an invoice when the customer picks up the finished bike.
- A wholesaler receives an order for 1,000 couches. The sales order adjusts inventory levels to show these couches are spoken for.

Do you want to track sales orders before you invoice your customers?

Yes (recommended for your business)

No

Tip! You can change a sales order to an invoice with one click.

Need help setting up?

Find A Local QuickBooks Expert (fees may apply)

intuit Certified Professional QuickBooks

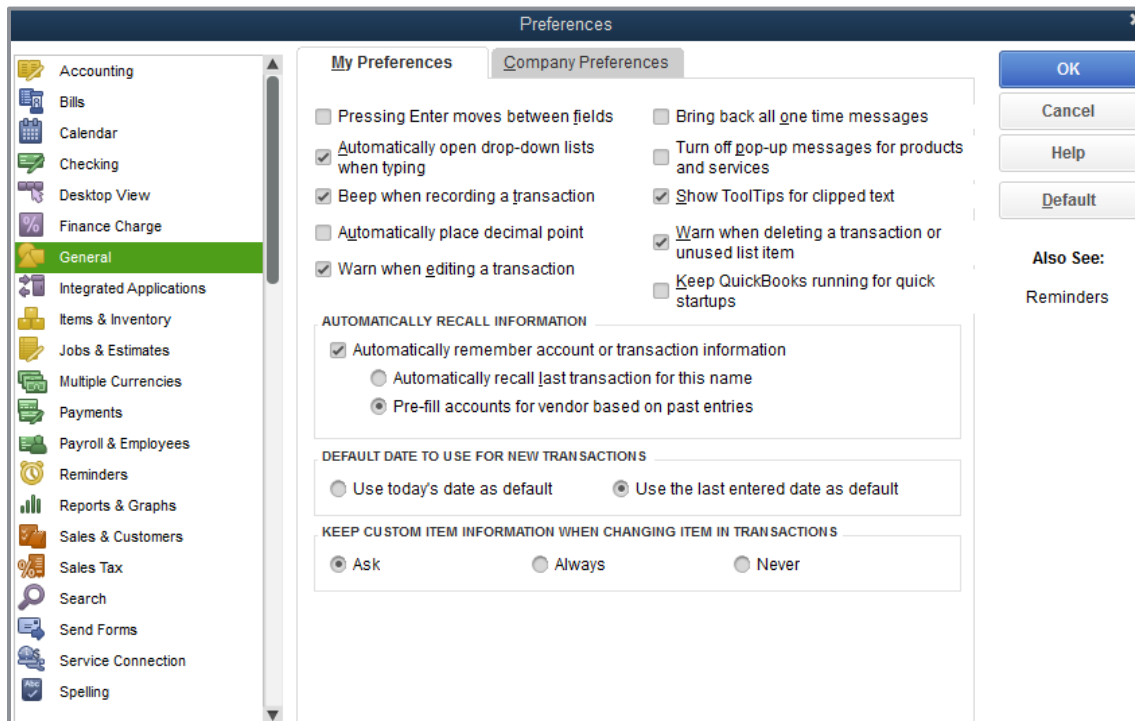
Leave... < Back Next >

Choose Remaining Preferences

The next series of windows asks yes or no questions that either enable or disable different QuickBooks features based on your company's needs. Simply click **Yes** or **No**, then click **Next** to move forward in the Interview.

OPTIONS	DESCRIPTION
BILLING STATEMENTS	Post statement charges independently of invoices and sales receipts
PROGRESS INVOICING	Create single estimates to be invoices in phases
BILL TRACKING	Use the accounts payable module to track bills and bill payments
INVENTORY	Use the inventory module to track inventory quantities and values
TRACK TIME	Use timecards to track employee and subcontractor time
EMPLOYEES	Use payroll module to manage employee information and payroll

You can always change preference settings after the EasyStep Interview. To change the preferences later access the Edit menu, choose **Preferences**, then select the preference type in the left panel.



NOTES

Choose a Start Date

The start date is the date you give QuickBooks a financial snapshot of your company assets and liabilities before you start entering live transactions. It is generally the last day of the previous fiscal period.



Step-by-Step: Choose a Start Date

1. On the Using accounts in QuickBooks window click **Next**.
2. Choose the option that best suits the business setup.

EasyStep Interview

Get answers

Select a date to start tracking your finances

The date you select will be your **start date** in QuickBooks.

- Beginning of this fiscal year: 01/01/2017**
 - In order to complete this year's tax returns, you'll need to enter transactions from the beginning of this fiscal year to today.
- Use today's date or the first day of the quarter or month.**
 - You'll need to enter transactions from this date forward.

02/08/2017

[What date should I choose?](#)

Need help setting up?
Find A Local QuickBooks Expert (fees may apply)

intuit
Certified ProAdvisor
QuickBooks

Leave... < Back Next >

3. Click **Next**.

NOTES

Review the Chart of Accounts

The Chart of Accounts is made up of five types of accounts common to all businesses – the income and expense accounts used by the Profit and Loss Statement, and the asset, liability and equity accounts used by the Balance Sheet. Each time you enter a transaction QuickBooks will prompt you to categorize it into one of these five accounts.

Because you chose an industry from the list earlier in the Interview, QuickBooks has already created income and expense accounts for your company based on that choice. You can add, delete or modify accounts long after you make this choice. QuickBooks is very flexible that way.



Step-by-Step: Review the Chart of Accounts

1. In the Review income and expense accounts window, scroll through the preset accounts to get an idea of what is included. Modify the selections according to your business needs by adding or removing checkmarks.

EasyStep Interview

Review income and expense accounts

Income and expense accounts categorize money your business earns from, or spends on, normal business operations.

✓ **Recommended accounts** for your industry are typically **all you need** for income tax purposes. [Explain](#)

ACCOUNT NAME	TYPE
✓ Merchandise Sales	Income
✓ Sales Discounts	Income
Service Sales	Income
✓ Merchant Account Fees	Cost of Goods Sold
Product Samples Expense	Cost of Goods Sold
Purchase Discounts	Cost of Goods Sold
Purchases - Resale Items	Cost of Goods Sold
✓ Advertising and Promotion	Expense
✓ Automobile Expense	Expense

[Restore Recommendations](#)

Note: You can modify your chart of accounts anytime after completing this interview.

[Leave...](#) [< Back](#) [Next >](#)

EasyStep Interview

Interview Progress

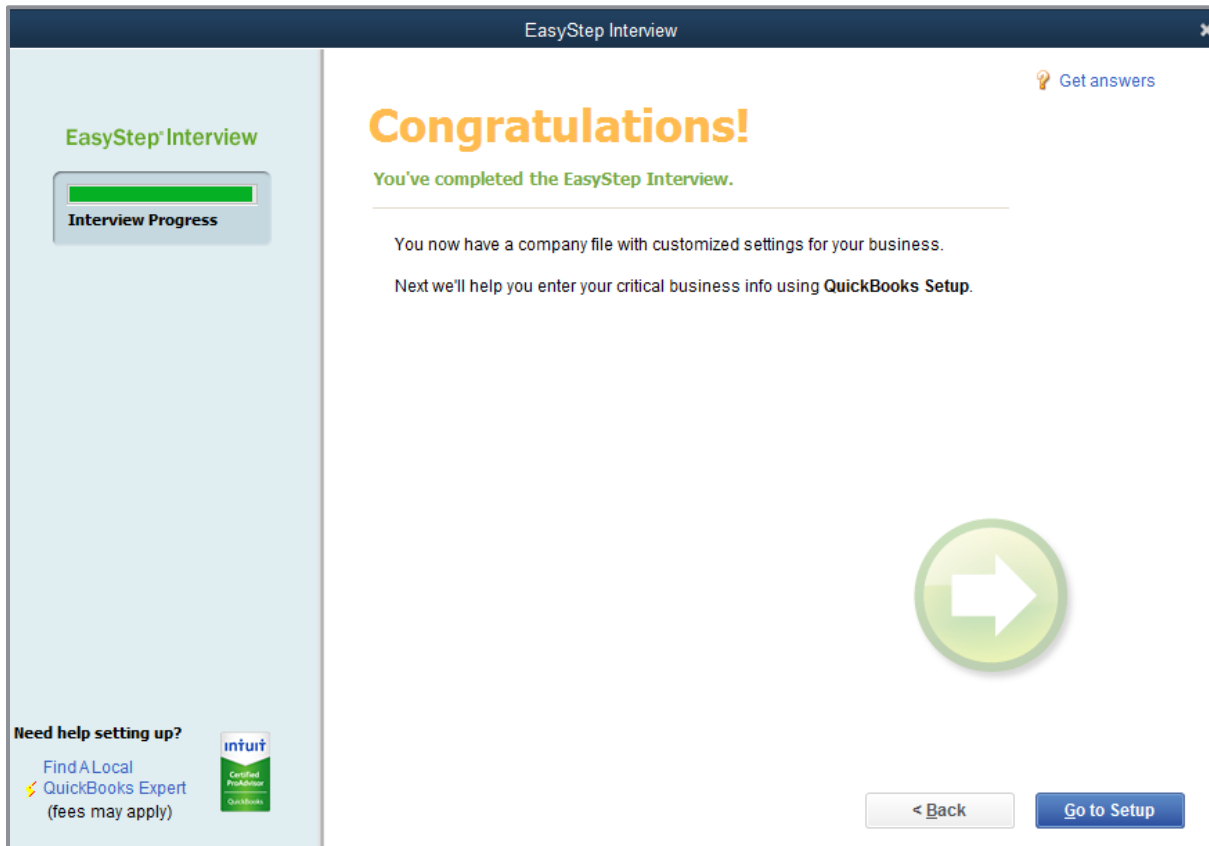
Need help setting up?

Find A Local QuickBooks Expert (fees may apply)

intuit Certified Professional QuickBooks

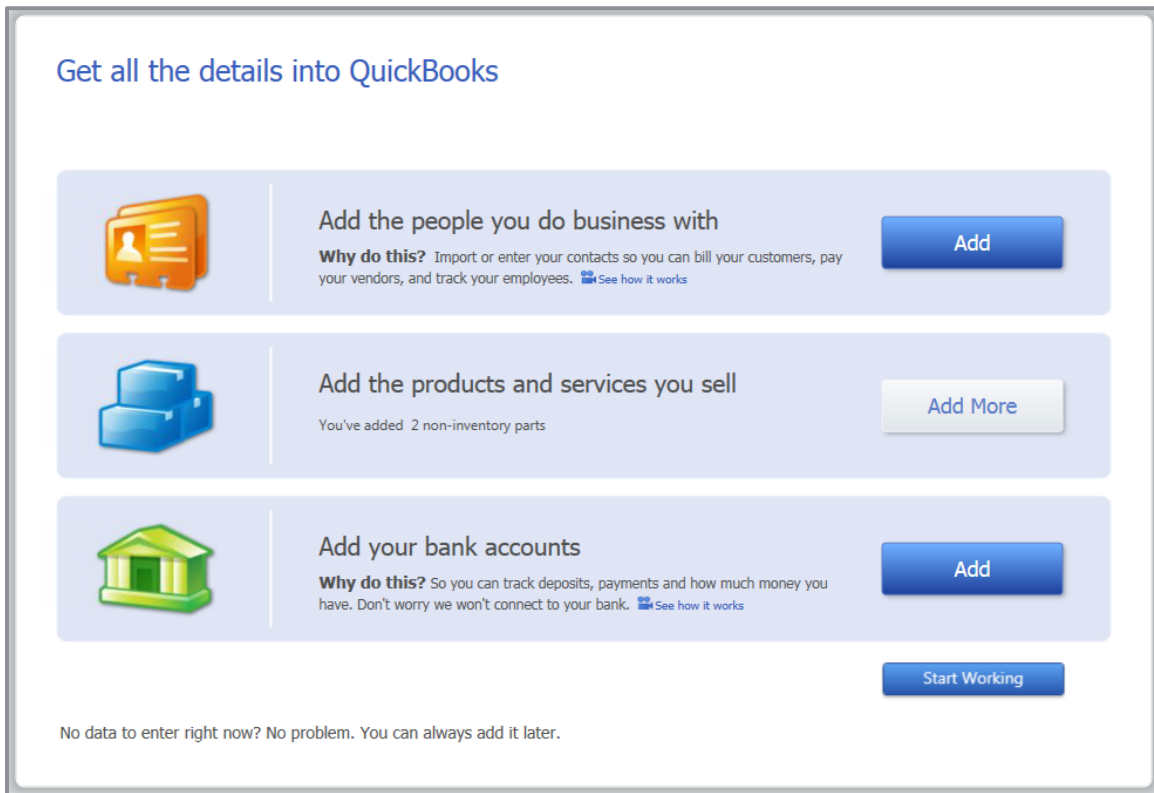
2. Click **Next**.

Congratulations! You have completed the EasyStep Interview.



3. Click **Go to Setup**.

The QuickBooks Setup screen appears.



After you have completed the EasyStep Interview use the information in the Help options described later in this document to help you make changes and adjustments to your company file.

NOTES

Enter Bank Accounts and Opening Balances

The balance sheet accounts in the QuickBooks Chart of Accounts start with an opening balance of zero. Before you begin working in QuickBooks you need to enter an opening balance for each balance sheet account as of your start date.



Step-by-Step: Enter Bank Account Information

1. On the *Add your bank accounts* section of QuickBooks Desktop Setup screen, click **Add**.
2. Name each bank account in the Account name column. Be descriptive with businesses that have multiple bank accounts to eliminate confusion.
3. If you are using account numbers in QuickBooks (to identify the categories in the Chart of Accounts), be sure to enter the corresponding number in the Account number column. *This is not where you enter the actual bank account number from the bank!*
4. For Opening balance, enter the balance in the account as of the date you are beginning the file.
5. For Opening balance date, use the date you are using to begin the file. *The opening balance amount should reflect the balance in the Opening balance date column.*

QuickBooks Desktop Setup

Add your bank accounts 1 Enter accounts Choose options

You can add as many bank accounts as you'd like. The only required info is the account name. We won't actually connect to your bank, we'll just create a register so you can track income and expenses.

Account name	Account number	Opening balance	Opening balance date
Chase Checking	1000	\$2,839.00	12/31/2016
Chase Savings	1001	\$100,202.00	12/31/2016

Cancel Continue



IMPORTANT: *The above action creates an increase to your checking account balance and an increase to your opening balance equity account balance.*

6. Click **Continue**.
7. In the Order Checks screen select **No Thanks** (or Yes, remind me later) then click **Continue**.
8. If you selected **Yes, remind me later**, you will see a Create Alert screen regarding printing checks.
9. Click **Start Working**.
10. Close the Quick Start Center and you're ready to work in QuickBooks.

NOTES

Complete Company File Setup

After you have created your company file using the EasyStep Interview, you can begin using QuickBooks to run your business.

However, there are some additional tasks you might need to do to make sure the company file is properly set up and the data is complete.

QUICKBOOKS IS BASED ON FOUR KEY LIST CONCEPTS

- Accounts
- Items
- Customers & Jobs
- Vendors

NOTES

Add Customers

The Customer Center is the dashboard that can launch sales forms (sales orders, estimates, invoices, sales receipts, statement charges, receive payments and credit memos/refunds) and display accounts receivable.



Step-by-Step: Add a Customer

1. There are multiple ways to do almost anything in QuickBooks. To access the Customer Center you have four options:
 - Click **Customers** from the left-hand or top icon bar (depending on your View settings)
 - Choose **Customer Center** from the Customers drop-down in the menu bar
 - From the Home screen, click the blue **Customers** tab in the Customers section
 - Press **CTRL+j**
2. Click the **New Customer & Job** menu button then choose **New Customer**.
3. In the Customer name field enter the name of the customer as you'd like it to appear on your Customers & Jobs list.
4. Press **Tab** past the Opening balance field to leave this field blank.

The Opening balance field tells you how much each customer owes you on your start date so that when you enter the rest of your transactions from the day after your start date to today, all balances since your start date will be accurate.

It is recommended to enter individual outstanding invoices one by one whenever possible rather than entering the outstanding balance owed in the Opening balance field.

5. Complete the customer contact information appropriately.

You can have and use more than one Ship to address per customer or job. Add them with the **Ship to** drop-down or by clicking the **+** sign in the bottom right corner.

Customer Name: [Text Field]

Opening Balance: [Text Field] **AS OF:** 12/15/2021 [Calendar Icon] [How do I determine the opening balance?](#)

Address Info

COMPANY NAME: [Text Field]

FULL NAME: Mr./Ms./. [Dropdown] First [Text Field] M.I. [Text Field] Last [Text Field]

JOB TITLE: [Text Field]

Main Phone: [Dropdown] [Text Field] **Main Email:** [Dropdown] [Text Field]

Work Phone: [Dropdown] [Text Field] **CC Email:** [Dropdown] [Text Field]

Mobile: [Dropdown] [Text Field] **Website:** [Dropdown] [Text Field]

Fax: [Dropdown] [Text Field] **Other 1:** [Dropdown] [Text Field]

ADDRESS DETAILS

INVOICE/BILL TO: [Text Area] [Edit Icon]

SHIP TO: [Dropdown] [Text Area] [Edit Icon] [Delete Icon] [Add Icon]

[Copy >>]

Default shipping address

Customer is inactive

OK **Cancel** **Help**

6. Click **OK** to add this customer. The Customer Center appears with the Customers & Jobs list along the left side. (New names appear at the top of the list. Right-click on the list and choose **Re-sort List** in order to return all the names on this list to alphabetical order.)

The screenshot shows the 'Edit Customer' window for 'Esther Friedberg Karp'. The window is titled 'Customer Center: Esther Friedberg Karp' and 'Edit Customer'. The 'CUSTOMER NAME' field is filled with 'Esther Friedberg Karp'. The 'CURRENT BALANCE' is 0.00. The 'Address Info' section includes fields for 'COMPANY NAME' (EFK CompuBooks Inc.), 'FULL NAME' (Ms. Esther), 'M.I.' (Friedberg Karp), and 'JOB TITLE' (President). There are also fields for 'Main Phone', 'Work Phone', 'Mobile', and 'Fax'. The 'Main Email' field is filled with 'esther@e-compubooks.com'. The 'ADDRESS DETAILS' section shows the 'INVOICE/BILL TO' address: 'EFK CompuBooks Inc., 91326 Toronto Ave., Northridge, CA 91326, Esther Friedberg Karp'. There is a 'SHIP TO' dropdown menu and a 'Copy >>' button. At the bottom, there is a checkbox for 'Customer is inactive' and buttons for 'OK', 'Cancel', and 'Help'.



IMPORTANT: The Customers & Jobs list is the same list as the Customer/Job list. It is called Customers & Jobs on the Customer Center and called Customer:Job on forms. It is sometimes also referred to as simply the Customer list.

NOTES

Add a Job

You do not need to add jobs to the Customers & Jobs list if your company never does more than one job or project per customer. Jobs in QuickBooks are optional. If you often perform multiple jobs for the same customer you can use jobs in QuickBooks to track the activity for each job separately.

The Customer:Job hierarchy can be customized to meet many different needs and is commonly used in construction. This feature enables you to use the Customer as a parent under which you group multiple jobs. (Another common use of jobs is for attorneys who handle more than one matter for each client.)



Step-by-Step: Add a Job for a Customer

1. In the Customers & Jobs list, right-click on the customer name you would like to add a job for and choose **Add Job**.
2. Name the job in the Job name field.
3. For Opening balance refer to the information in *Add a Customer* in the previous chapter.

Customer Center: Abercrombie, Kristy

Customers & Jobs Transactions

Active Customers

NAME	BALANCE ...	ATT...
▶ Abercrombie, Kristy	0.00	
▶ Family Room	0.00	
▶ Kitchen	0.00	
▶ Remodel Bathroom	0.00	
▶ Allard, Robert	14,510.00	
▶ Remodel	14,510.00	
▶ Babcock's Music Shop	0.00	
▶ Remodel	0.00	
▶ Baker, Chris	0.00	
▶ Family Room	0.00	
▶ Garage Repair	0.00	
▶ Balak, Mike	0.00	
▶ Utility Shed	0.00	
▶ Barley, Renee	0.00	
▶ Repairs	0.00	
▶ Bauman, Mark	0.00	
▶ Home Remodel	0.00	
▶ Bolinski, Rafal	0.00	

NEW JOB

JOB NAME: CUSTOMER:

OPENING BALANCE: AS OF: [How do I determine the opening balance?](#)

Address Info

COMPANY NAME:

PAYMENT SETTINGS

FULL NAME: M.I.:

ADDITIONAL INFO

JOB TITLE:

Main Phone: Main Email:

Work Phone: CC Email:

Mobile: Website:

Fax: Other 1:

ADDRESS DETAILS

INVOICE/BILL TO:
5647 Cypress Hill Rd
Bayshore CA 94326

SHIP TO:

Default shipping address

Job is inactive

4. Click **OK**.

5. The job will now appear under the Customer (also referred to as parent) in the Customer list.
6. Close the Customer Center by clicking the **x** in the top right corner of the Center (not the top right corner of QuickBooks, which will close the program!) or by hitting the **Esc** key.



IMPORTANT: Notice there are more tabs with information you can add for Customer:Job setup. These features include payment information, sales rep and job status. It is important to understand your tracking and reporting goals to ensure these features are set up and utilized properly.

NOTES

Add Vendors

In order to pay your bills with QuickBooks you need to add your vendors (sometimes referred to as suppliers). Nearly everyone you pay, other than employees, is a vendor. Your Vendor list supplies the names available on purchase forms like purchase orders, vendor credits, sales tax payments, payroll tax payments and bills.



Step-by-Step: Add a Vendor

1. Just like the Customer Center, there are multiple ways to access the Vendor Center in QuickBooks.
 - Click on **Vendors** from the left side or top icon bar (depending on your View settings)
 - Choose **Vendor Center** from the Vendors drop-down in the menu bar
 - From the Home screen click on the **Vendors** tab in the Vendors section
2. Click the **New Vendor** button then choose **New Vendor**.
3. In the Vendor name field enter the name of the vendor as you'd like it to appear on your Vendor list.

In the Opening balance field this is treated the same as the Customer Center entries. You can enter a balance owed to the vendor as of the start date of the file, but it is best practice to enter individual open bills whenever possible.

4. Enter the remaining vendor information appropriately.

- Click **OK** to add this vendor.

The new vendor appears on the Vendor list. (New vendors appear in their correct alphabetical order in the Vendor list.)

The screenshot displays the 'Vendor Center: New Vendor' window. On the left, a list of vendors is shown with columns for NAME, BALANCE TOT..., and ATTACH. The 'New Vendor' entry is highlighted. The main area is titled 'Vendor Information' and contains fields for Company Name, Full Name, and Billed From. Below this is a 'NOTE' section with a text area containing 'No note available'. Further down, there are links for 'QuickReport' and 'Open Balance', and a button for 'Order Checks'. At the bottom, there is a 'Transactions' section with tabs for 'Transactions', 'Contacts', 'To Do's', 'Notes', and 'Sent Email'. The 'Transactions' tab is active, showing a table with columns for TYPE, NUM, DATE, ACCOUNT, and AMOUNT. The table is empty, with a message: 'There are no transactions of type "All Transactions", filtered by "All", in date range "This Fiscal Year".' Below the table are buttons for 'Manage Transactions' and 'Run Reports'.

- Close the Vendor Center by clicking the **x** in the top right corner of the Center (not the top right corner of QuickBooks, which will close the program!) or by hitting the **Esc** key.



IMPORTANT: Notice there are additional tabs in the Vendor setup window. Feel free to utilize these features as they apply to your business. Pay special attention to the Tax Settings tab if you would like to run 1099 reports from QuickBooks.

NOTES

Set Up Additional General Ledger Accounts

During the EasyStep Interview you added your bank accounts. Bank accounts are one specific type of general ledger account.

There are two categories of general ledger accounts:

- Balance sheet accounts, which include bank accounts and other asset accounts, liabilities and equity accounts
- Profit and loss (also known as income statement) accounts, such as income and expense accounts

Income and expense accounts track the sources of your income and the purpose of each expense. When you record transactions, you usually assign the amount of the transaction to one or more income or expense accounts.

General ledger accounts are the core of QuickBooks. Every posting transaction (which is a transaction that affects the general ledger) is mapped from one account to another. For example, when you purchase paper for your office printer you are taking money from the bank account and recording it against an office supplies expense account. Your Chart of Accounts is home to all the general ledger accounts (also referred to as categories) that appear on your financial reports.



Step-by-Step: Add an Account

1. From the Lists menu choose **Chart of Accounts** (or press **CTRL+a**).
2. Click the **Account** menu button (at the bottom left of the window) and choose **New** (or press **CTRL+n** from the Chart Accounts window).
3. In the Add New Account window, choose the appropriate account type then click **Continue**.
4. Click in the **Account Name** field and name the account appropriately.
5. From the **Tax Line Mapping** drop-down list choose the appropriate mapping according to the business structure (or leave blank if you are unsure) to help in preparing income taxes for the company.

Account Type: Income

Account Name: Consulting [Select from Examples](#)

Subaccount of: [Dropdown]

OPTIONAL

Description: [Text Area]

Note: [Text Area]

Tax-Line Mapping: Schedule C: Gross receipts o... [How do I choose the right tax line?](#)

Buttons: Save & Close, Save & New, Cancel

6. Click **Save & Close**.

NOTES

Add Items

Items are what we use on sales forms like estimates, sales orders, invoices and sales receipts. Items show the products/services that are sold and each item is mapped to one or more accounts in QuickBooks. Items can be mapped to one, two or three accounts in QuickBooks, depending on the item setup.

- **One-sided Items** - These items are used only on *either* a sale *or* a purchase form, not both. For example, if you sell consulting services, you may have an item named *Consulting* for use on your invoices. This item will be mapped to an income account to view on your Profit & Loss report. If this item were used on a purchase transaction, it would post a negative transaction to your income account.
- **Two-sided Items** - These items are used on *both* a sale *and* a purchase form. The setup for these items allows you to post to an income account when used on a sales form and post to an expense account when used on a purchase form.
- **Three-sided Items** - Three-sided items are used for inventory. The setup of these items allows you to purchase the item and receive it into your Inventory Asset account (part 1). When you sell the inventory, the item posts to your Income account (part 2) and makes a Cost of Goods Sold entry (part 3).

In this section, we will look at a one-sided item entry.



Step-by-Step: Add a One-sided Item

1. From the Lists menu choose **Item List**.

Item List							
Look for	<input type="text"/>	in	All fields	<input type="button" value="Search"/>	<input type="button" value="Reset"/>	<input type="checkbox"/> Search within results	
NAME	DESCRIPTION	TYPE	ACCOUNT	TOTAL	ON SAL	PRICE	ATTACH
Roofing	Roofing	Service	40100 - Construction Incom...			0.00	
Tile & Counter	Install tile or counter	Service	40100 - Construction Incom...			0.00	
Cabinets	Cabinets	Inventory Part	40100 - Construction Incom...	0	0	0.00	
Cabinet Pulls	Cabinet Pulls	Inventory Part	40100 - Construction Incom...	423	0	0.00	
Light Pine	Light pine kitchen cabinet wall unit	Inventory Part	40100 - Construction Incom...	-11	0	1,799.00	
Door Frame	standard interior door frame	Inventory Part	40100 - Construction Incom...	21	0	0.00	
Hardware		Inventory Part	40100 - Construction Incom...	0	0	0.00	
Brass hinges	standard interior brass hinge	Inventory Part	40100 - Construction Incom...	246	0	0.00	
Doorknobs Std	Standard Doorknobs	Inventory Part	40100 - Construction Incom...	124	0	30.00	
Lk Doorknobs	Locking interior doorknobs	Inventory Part	40100 - Construction Incom...	122	0	38.00	
Wood Door	Doors	Inventory Part	40100 - Construction Incom...	1	0	0.00	
Exterior	Exterior wood door	Inventory Part	40100 - Construction Incom...	19	0	120.00	
Interior	Interior wood door	Inventory Part	40100 - Construction Incom...	57	0	72.00	
Interior Door kit	complete Interior door	Inventory As...	40100 - Construction Incom...	20	0	0.00	
Lumber	Lumber	Non-invento...	40100 - Construction Incom...			0.00	
Trim	Trim lumber	Non-invento...	40100 - Construction Incom...			0.00	
Decking	Decking lumber	Non-invento...	40100 - Construction Incom...			0.00	
Rough	Rough lumber	Non-invento...	40100 - Construction Incom...			0.00	
Appliance		Non-invento...	40100 - Construction Incom...			0.00	
Cabinets - Custom	Custom counters	Non-invento...	40100 - Construction Incom...			0.00	
Counter	Custom made counter top	Non-invento...	40100 - Construction Incom...			1,899.98	
Electrical Materials	Electrical Materials	Non-invento...	40100 - Construction Incom...			0.00	

Item Activities Reports Excel Attach Include inactive

2. Click the **Item** menu button at the bottom left of window and choose **New**.

- In the New Item window choose an item type from the Type drop-down list.



IMPORTANT: When you select an item type, a description of how that item should be used will appear to the right of the drop-down box.

- Assign an item name or number in the Item Name/Number field.
- In the Description field, enter the information you would like to appear by default when this item is used on a form. (This default information can be overwritten on any individual transaction.)
- You can assign a standard per unit selling price in the Rate field.
- In the Tax Code field, assign a standard taxable or non-taxable code.



IMPORTANT: Items marked non-taxable in the setup will not accrue sales tax on sales forms. See the Sales Tax training section for additional information.

- In the Account field, choose the appropriate income account to post to when this item is used on sales forms.
- Click **OK** to add the new item to the Item List.
- Close the Item List.

Enter Historical Transactions

If your QuickBooks start date for a new business (starting to record transactions in QuickBooks from the very inception of the business) is before today's date, you need to enter past transactions so you have complete financial records from the start date going forward. (Existing companies that have been in business for some time before starting to use QuickBooks will require more steps.)



Step-by-Step: Enter Historical Transactions *in this Order*

1. All sales (sales receipts, invoices, credit memos or statement charges) issued on or after the start date.
2. Customer payments received for outstanding invoices on or after the start date.
3. Bills and bill credits (also known as vendor credits) received on or after the start date.
4. Bills paid since the start date.
5. Deposits made to any of the accounts on or after the start date.
6. Any other checks written and credit card charges made (other than to pay bills), as well as bank charges and pre-authorized payments on or after the start date.

NOTES

Set Up QuickBooks – Review Questions

1. During the EasyStep Interview, QuickBooks creates income and expense accounts based on your company's _____.
2. When setting up a company file in QuickBooks, what does the start date signify?
 - a. The date the business was created
 - b. The first date of the company's fiscal year
 - c. The date the company purchased QuickBooks
 - d. The date from which you will be entering transactions in QuickBooks
3. When setting up a company file in QuickBooks at the beginning of a fiscal period, you would normally select which of the following as the start date?
 - a. The first day of the current fiscal period
 - b. The last day of the previous fiscal period
4. True or false: Once you have set up the Chart of Accounts, you cannot add, delete or modify accounts.
 - a. True
 - b. False
5. Before working in QuickBooks, you need to enter an _____ _____ for each balance sheet account.
6. True or false: Choosing a company organization associates a tax form with your business in the QuickBooks file.
 - a. True
 - b. False

7. In QuickBooks, linking income and expense accounts with tax lines does which of the following?
- a. Helps keep your company profitable
 - b. Helps in preparing income taxes
 - c. Helps keep track of sales taxes you owe
 - d. Both b and c

Answers to Review Questions

1. During the EasyStep Interview QuickBooks creates income and expense accounts based on your company's *industry*.
2. When setting up a company file in QuickBooks, what does the start date signify?
 - a. The date the business was created
 - b. The first date of the company's fiscal year
 - c. The date the company purchased QuickBooks
 - d. ✓ *The date from which you will be entering transactions in QuickBooks*
3. When setting up a company file in QuickBooks at the beginning of a fiscal period you would normally select which of the following as the start date?
 - a. The first day of the current fiscal period
 - b. ✓ *The last day of the previous fiscal period*
4. True or false: Once you have set up the Chart of Accounts you cannot add, delete or modify accounts.
 - a. True
 - b. ✓ *False*
5. Before working in QuickBooks you need to enter an *opening balance* for each balance sheet account.
6. True or false: Choosing a company organization associates a tax form with your business in the QuickBooks file.
 - a. ✓ *True*
 - b. False

7. In QuickBooks, linking income and expense accounts with tax lines does which of the following?
- a. Helps keep your company profitable
 - b. ✓ *Helps in preparing income taxes*
 - c. Helps keep track of sales taxes you owe
 - d. Both b and c