
QuickBooks 2009

Setting Up a QuickBooks File



Lesson Objectives

- To discuss decisions that must be made before using QuickBooks
- To create a new QuickBooks company using the EasyStep Interview
- To set QuickBooks preferences in the Interview
- To record the opening balance for a checking account
- To enter customers, jobs, vendors, accounts, and items
- To practice using the QuickBooks Help tools

Notes

Creating a QuickBooks Company

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

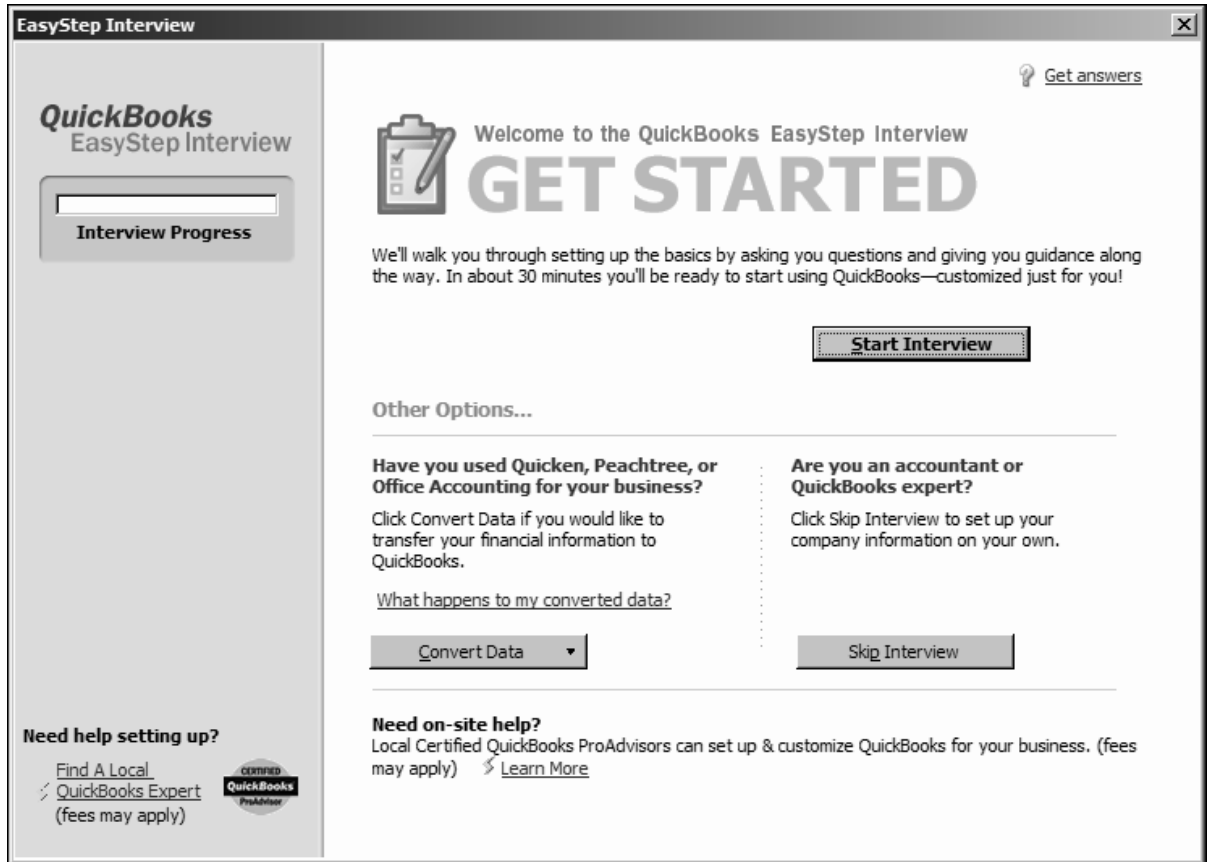
- EasyStep Interview walks you through setting up your business:
 - Company Information
 - Chart of accounts based on your industry
 - Company organization
 - Sales information
 - Sales tax information
 - Estimates
 - Sales receipts
 - Preferences
 - Business start date
 - Creating an account and entering the opening balance
 - Reviewing the chart of accounts
 - Completing company file setup

Notes

Starting the EasyStep Interview

To begin adding a new company:

1. Start QuickBooks.
2. Select **Create a new company** or choose **New Company** from the File menu. QuickBooks displays the EasyStep Interview window.



Notes

Entering Company Information

To create a new QuickBooks company file:

1. At the Welcome window for the interview, click **Start Interview** to begin.
2. In the Company Name field, type **Lockhart Design** and press Tab.
3. Press Tab again and type **94-1234567** as the Tax ID number.

Notes

Entering Company Information

4. Type the following information in the Street address, City, State, and Zip fields:

**1239 Bayshore Road
Middlefield, CA 94432**

5. Now enter the following information in the Phone and Fax fields:

Phone: **650-555-1234**
Fax: **650-555-5678**

6. Next enter the email and Web addresses for Lockhart Design.

Email: **margaret@samplename.com**
Web site: **lockhart_design@samplename.com**

EasyStep Interview

QuickBooks EasyStep Interview

Enter your company information

QuickBooks uses this information on your tax forms and forms you use to communicate with your customers and vendors.

* Company name

Legal name
The name you use on your tax and legal forms. Unless you use a DBA name, this will probably be the same as the company name. [Explain](#)

Tax ID
Your Federal Employer Identification Number (EIN) or Social Security Number. Used only on tax forms.

Street address

City State Zip

Country

Phone Fax
Use the format you would like displayed on your forms, e.g. (555) 555-1212

E-mail address

Web site

* required field [What if I have more than one business?](#)

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

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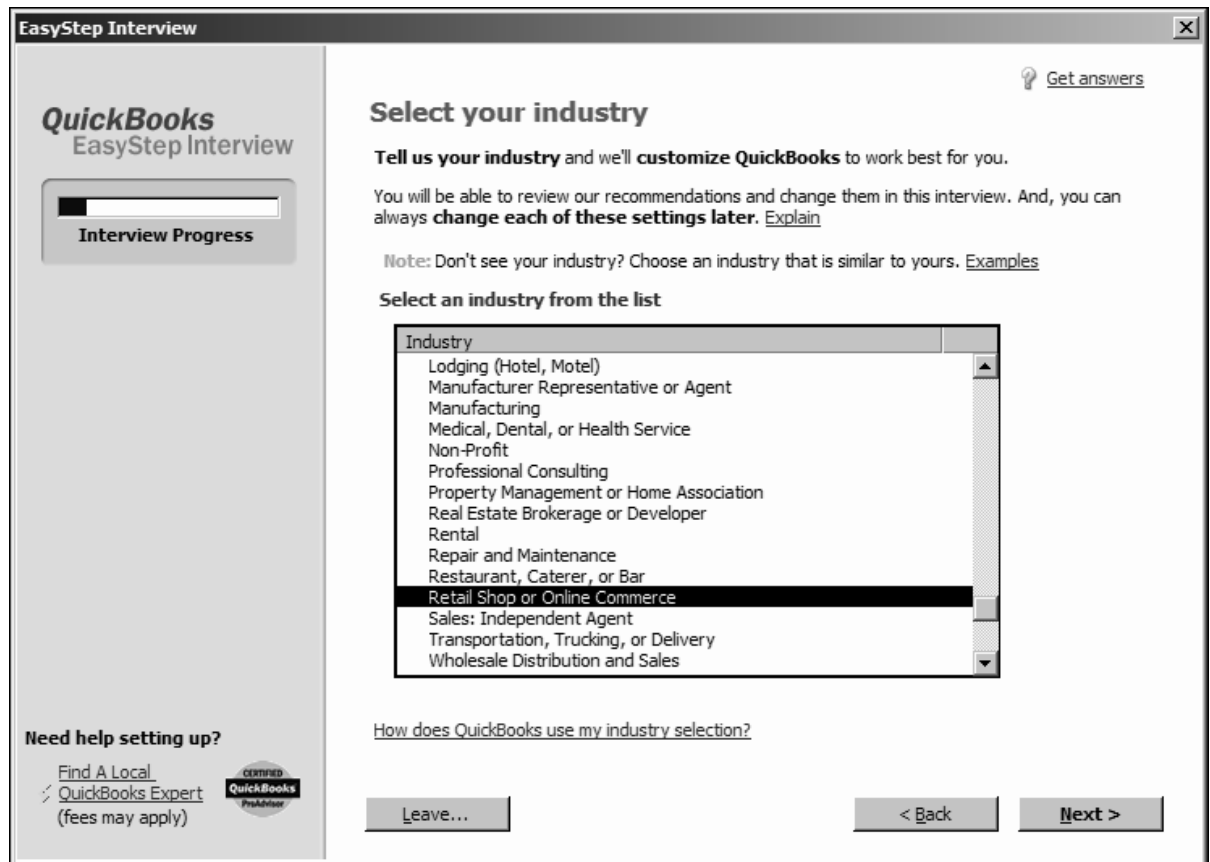
7. Click **Next**.

Notes

Using a Preset Chart of Accounts

To choose your company industry to create a chart of accounts:

1. In the “Select your industry” window, scroll down the list and select **Retail Shop or Online Commerce** from the industry list.



2. Click **Next**.

Notes

Selecting How Your Company Is Organized

To select your company organization:

1. Click **Sole Proprietorship** to select it.
2. Click **Next**.
QuickBooks needs to know the starting month of your fiscal year.
3. Since Lockhart Design's fiscal year started in January, leave January selected and click **Next**.
4. In the Set up administrator password window, click **Next**.
5. Click **Next** to save the company file.
6. Make sure that QuickBooks is set to save the file in the QBTrain folder you set up in the first lesson.
7. In the "Filename for New Company" window, select **Save** to accept the default filename of "Lockhart Design."

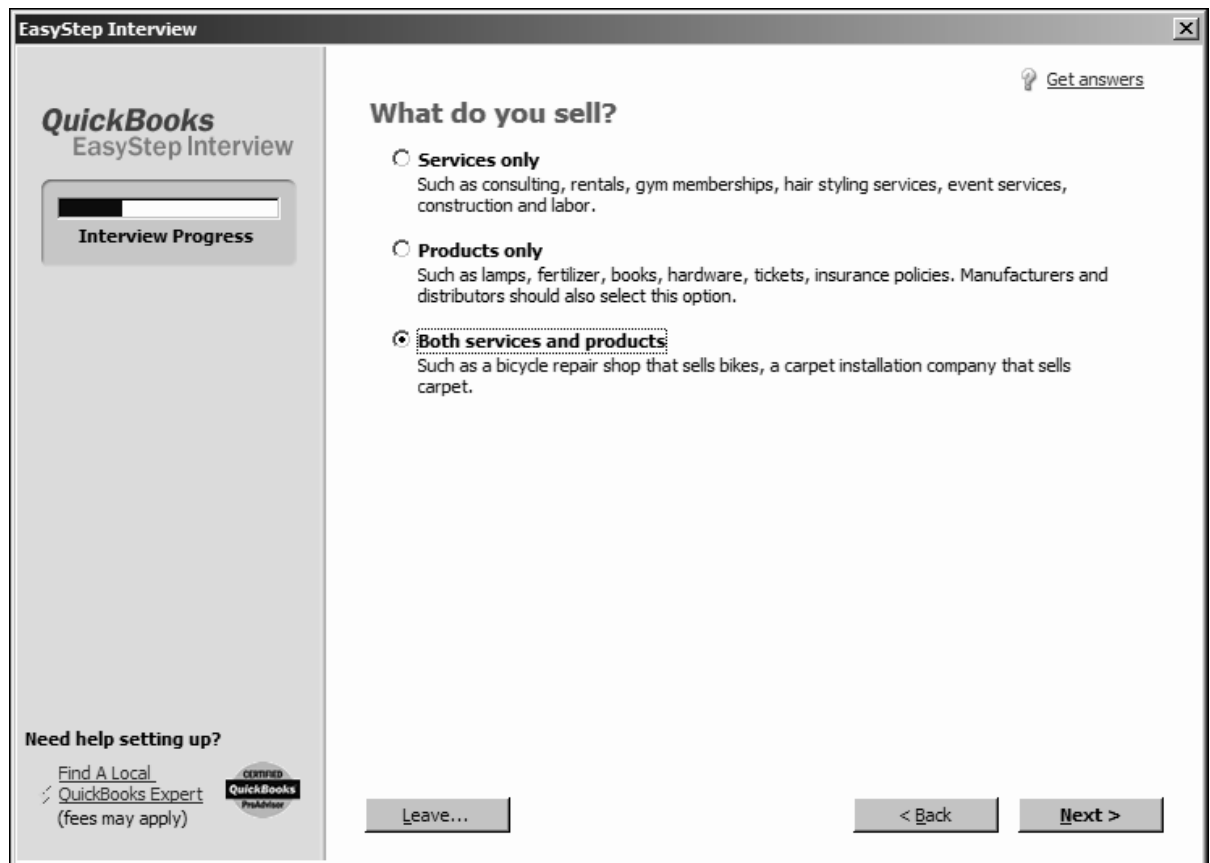
Notes

Indicating What You Sell

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

To indicate what you sell:

1. Click **Next** in the “Customizing QuickBooks for your business” window.
2. On the “What do you sell?” window, click **Both services and products**.



The screenshot shows the 'EasyStep Interview' window for QuickBooks. The title bar reads 'EasyStep Interview'. On the left side, there is a sidebar with the 'QuickBooks EasyStep Interview' logo and an 'Interview Progress' bar. Below the progress bar, there is a link for 'Need help setting up?' with options for 'Find A Local QuickBooks Expert (fees may apply)' and a 'QuickBooks ProAdvisor' logo. The main content area is titled 'What do you sell?' and features three radio button options: 'Services only' (with examples like consulting, rentals, gym memberships, hair styling services, event services, construction and labor), 'Products only' (with examples like lamps, fertilizer, books, hardware, tickets, insurance policies, and a note that manufacturers and distributors should also select this option), and 'Both services and products' (with examples like a bicycle repair shop that sells bikes, and a carpet installation company that sells carpet). The 'Both services and products' option is selected. At the top right of the main area, there is a 'Get answers' link. At the bottom, there are three buttons: 'Leave...', '< Back', and 'Next >'.

3. Click **Next**.

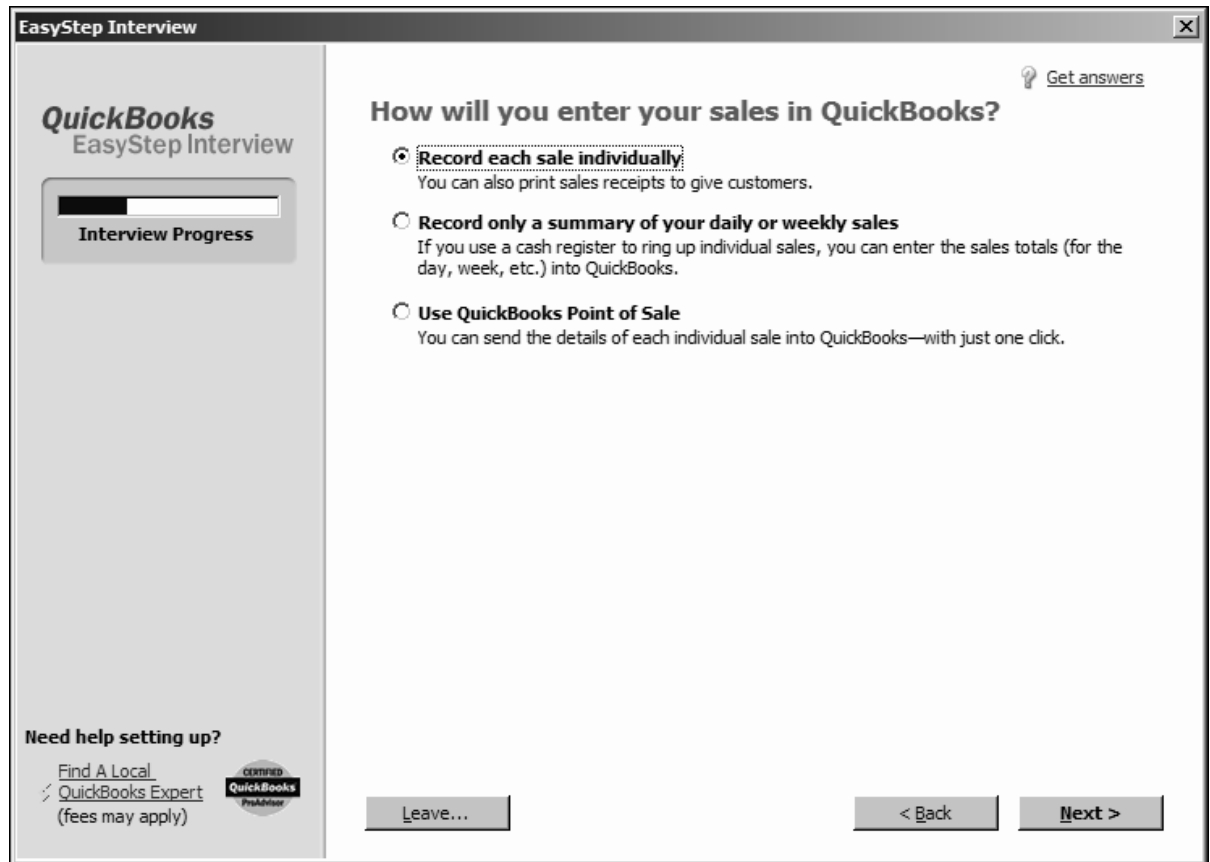
Notes

Entering Sales Information

For retail companies, you need to indicate how you want to enter sales. QuickBooks uses this information to set recommendations for a retail-type business. Margaret Lockhart does not do retail sales on a daily basis, so she will record her sales as they occur.

To indicate how you enter sales:

1. On the “How will you enter your sales in QuickBooks?” window, click **Record each sale individually**.



2. Click **Next**.
3. On the “Do you sell products online?” window, click **I don’t sell online and I am not interested in doing so**.

Notes

Entering Sales Tax Information

You should turn the sales tax setting off only if you *never* charge sales tax. Margaret Lockhart typically charges sales tax, so we'll turn on sales tax in her company file.

To setup QuickBooks to track sales tax:

1. Click **Next** to move to the “Do you charge sales tax?” window.
2. Click **Yes** for the question, “Do you charge sales tax?” Then click **Next**.

QuickBooks automatically creates a current liability account, called Sales Tax Payable, that keeps track of the sales tax you collect in your business.

Notes

Creating 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.

To create estimates for your business:

1. On the “Do you want to create estimates in QuickBooks?” window, click **Yes**.
2. Click **Next**.

Notes

Using sales orders

If your customers sometimes place orders for items that you don't have in stock or are not yet ready to invoice for, use a sales order in QuickBooks to track the sale.

To set up sales orders:

3. On the “Tracking customer orders in QuickBooks” window, click **Yes**.
4. Click **Next**.

Notes

Using Sales Receipts

If your customers pay you in full at the time of purchase, use a sales receipt in QuickBooks to track the sale.

You can use a sales receipt to:

- Track each sale
- Calculate sales tax
- Print a sales receipt
- Create a summary of sales income and sales tax owed
- Summarize daily or weekly sales on a sales receipt

To set up sales receipts:

1. On the “Using sales receipts in QuickBooks window, click **No**.
2. Click **Next**.

Notes

Choosing Remaining Preferences

The next series of windows ask “yes or no” questions that enable or disable different QuickBooks features, based on your company needs. Simply click Yes or No, then click Next to move forward in the Interview. For Lockhart Design, complete the preferences by giving the following responses:

For this item...	Select...
Billing statements	No
Progress invoicing	Yes
Bill tracking	Yes
Do you print checks?	I print checks.
Inventory	No
Credit and debit cards	I accept credit cards and debit cards
Track time	Yes
Employees	No
Track multiple currencies	No

You can always change preference settings later, after the EasyStep Interview. From the Edit menu, choose Preferences, and then select the preference type in the left panel.

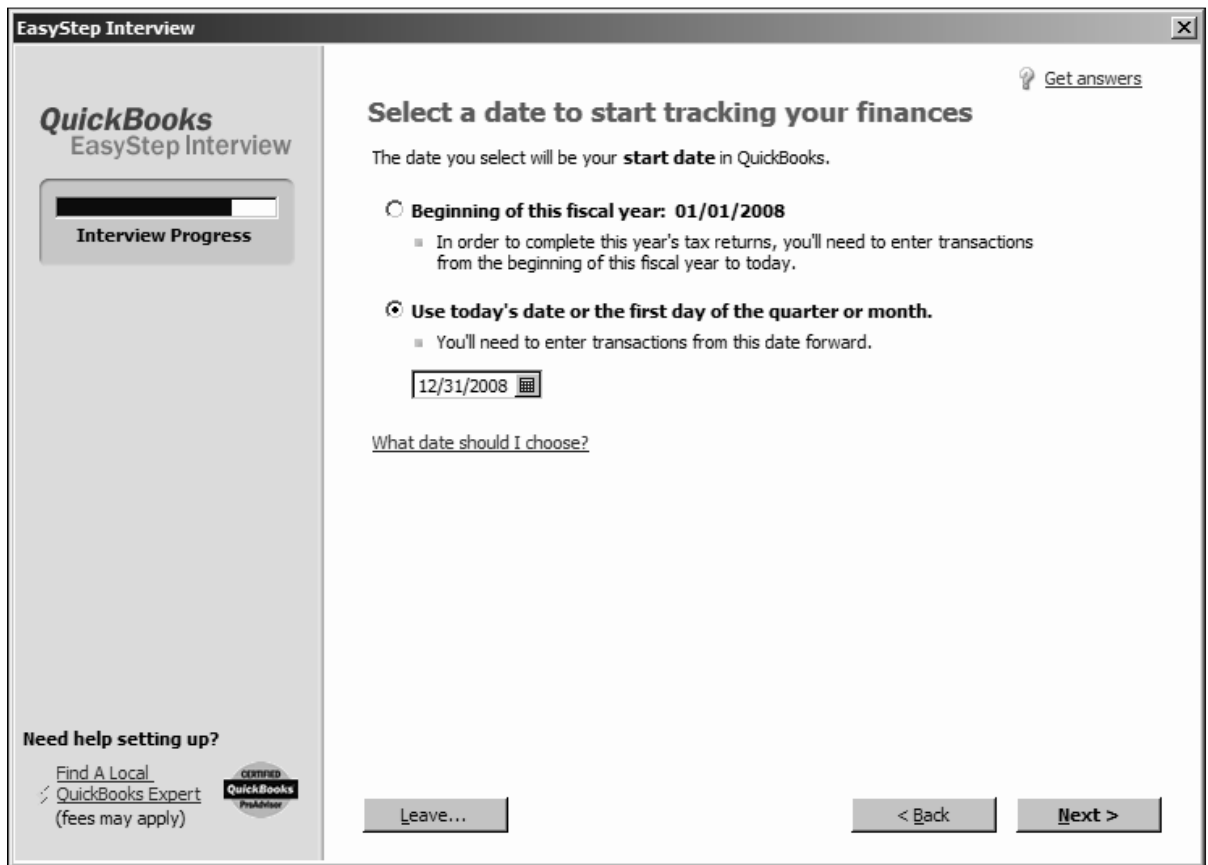
Notes

Choosing a Start Date

The start date is the date for which you give QuickBooks a financial snapshot of your company assets and liabilities.

To choose a start date:

1. On the “Using Accounts in QuickBooks” window, click **Next**.



2. On the “Select a date to start tracking your finances” window, select “Use today’s date or the first day of the quarter or month.”
3. Enter **12/31/2008** and then click **Next**.

Notes

Entering 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.

To enter the checking account opening balance:

1. On the “Add your bank account” window, make sure **Yes** is selected and then click **Next**.
2. Type **Checking** as the name of the account.
3. For “When did you open this bank account?,” click **Before**.

The screenshot shows the 'EasyStep Interview' window with the title 'QuickBooks EasyStep Interview'. On the left, there is a progress bar and the text 'Interview Progress'. The main content area is titled 'Enter your bank account information' and includes a 'Get answers' link. Below the title, it says 'This information will help you identify your bank account while using QuickBooks.' There are three input fields: 'Bank account name' (containing 'Checking'), 'Bank account number', and 'Bank routing number'. A link 'How do I find this?' is next to the routing number field. Below these fields is a section titled '* When did you open this bank account?' with two radio button options: 'Before' (selected) and 'On or after', both with the date '12/31/2008'. A note '* required fields' is at the bottom left. At the bottom, there are three buttons: 'Leave...', '< Back', and 'Next >'. On the left side of the window, there is a 'Need help setting up?' section with links for 'Find A Local QuickBooks Expert (fees may apply)' and a 'CERTIFIED QuickBooks ProAdvisor' logo.

4. Click **Next**.

Notes

Entering Opening Balances

1. For Statement Ending Date, type **12/28/2007**.
2. In the Statement Ending Balance field, type **8359.00**.

The screenshot shows the 'EasyStep Interview' window with the following content:

- QuickBooks EasyStep Interview** logo and 'Interview Progress' bar on the left.
- Enter your bank statement information** title.
- Step 1:** Find the **last bank statement** you received with an ending date prior to **12/31/2008** (your start date).
- Step 2:** Enter the **ending date** of this bank statement:
 - * Statement ending date:
- Step 3:** Enter the **ending balance** on this bank statement:
 - Statement ending balance:
- Link: [Where do I find this rate?](#)
- * required fields
- Bottom left: **Need help setting up?** with links for 'Find A Local QuickBooks Expert (fees may apply)' and 'QuickBooks ProAdvisor'.
- Bottom center:
- Bottom right: and

3. Click **Next**.
4. When QuickBooks asks if you want to add another bank account, click **No**. Then click **Next**.

Notes

Reviewing 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 types of accounts.

Because you chose an industry from the list earlier in the Interview, QuickBooks has already created income and expense accounts for your company.

To 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.
2. Click **Next**.

Notes

Finishing the Interview

- To leave the EasyStep Interview and save your changes, click **Finish**.

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

Next, you'll complete the company file setup.

Notes

Completing 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 that the data is complete.

QuickBooks is based on four key concepts:

- Customers & jobs
- Vendors
- Accounts
- Items

Notes

Adding Customers

In order to bill customers with QuickBooks, you need to add your customers.

Note: You can also add customers and vendors as you perform everyday tasks. For example, if you enter the name of a new customer when filling out an invoice, QuickBooks will prompt you to enter information about this customer. You can choose from two quick setup options: Quick Add and Set Up. Quick Add adds the name to the list and you add details later. Set Up lets you enter the details right away.

To add a customer:

1. First, close the QuickBooks Learning Center and the QuickBooks Coach, if either is open.
2. Click **Customer Center** in the icon bar.
3. Click the **New Customer & Job** menu button, and then choose **New Customer**.
4. In the Customer Name field, enter the name of the customer as you'd like it to appear on your Customers & Jobs list. For this exercise, type **Smith, Lee**, and then press Tab.
5. Press Tab in the Opening Balance field to leave this field blank.
For now, leave this field blank. Lockhart Design is planning to set up one or more jobs for this customer. QuickBooks will calculate and track the overall balance for this customer from the balances you enter for the individual jobs.
6. In Address Info tab, click in the First Name field and type **Lee**.
7. Press Tab and type **M.** as the middle initial and in the Last Name field, type **Smith**.

Notes

Adding Customers

8. Press Tab to go to the Address field, and then press Enter after Lee M. Smith.
9. Type **43 Hampshire Blvd** and press Enter.
10. Type **East Bayshore, CA 94327**.
11. Click the **Copy** button to copy the address to the Ship To field. Click **OK** in the Add to Ship To Address Information window.

The screenshot shows the 'New Customer' dialog box with the following details:

- Customer Name:** Smith, Lee
- Opening Balance:** [Empty] as of 09/06/2007
- Address Info Tab:**
 - Company Name:** [Empty]
 - Mr./Ms./...:** [Empty]
 - First Name:** Lee
 - Last Name:** Smith
 - M.I.:** M
 - Contact:** Lee M. Smith
 - Phone:** [Empty]
 - FAX:** [Empty]
 - Alt. Phone:** [Empty]
 - Alt. Contact:** [Empty]
 - E-mail:** [Empty]
 - Cc:** [Empty]
- Addresses:**
 - Bill To:** Lee M. Smith, 43 Hampshire Blvd, East Bayshore, CA 94327
 - Ship To:** Ship To 1, Lee M. Smith, 43 Hampshire Blvd, East Bayshore, CA 94327
- Buttons:** OK, Cancel, Next, Help, Go to Client Manager, Edit, Add New, Edit, Delete
- Other:** Customer is inactive (checkbox), How do I determine the opening balance? (link), Copy >> (button), Default shipping address (checkbox, checked)

12. Click **OK** to add this customer.

Notes

Adding 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.

Lockhart Design wants to track jobs for Lee Smith.

To add a job for a customer:

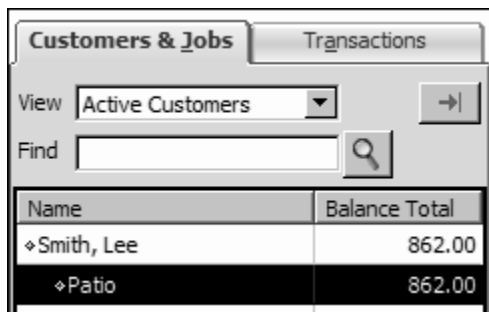
1. In the Customers & Jobs list, right-click **Smith, Lee** and choose **Add Job**.
2. In the Job Name field, type **Patio**, and press Tab.
3. In the Opening Balance field, type **862** and press Tab.
4. Enter **12/31/2008** in the As Of field to indicate that this was the balance outstanding for this job as of the QuickBooks start date.

Notes

Adding a Job

5. Click the Job Info tab and choose **In Progress** from the Job Status drop-down list.
Job status information is for your records—it gives you a way to keep track of each job.
6. For the Start Date, type **12/15/08** and press Tab.
7. In the Projected End date, type **3/15/09** and press Tab.
8. Click **OK**.
9. If you see a message about a past or future transaction, click Yes to save the transaction.

The job now appears under Smith, Lee in the Customers & Jobs list.



Name	Balance Total
♦Smith, Lee	862.00
♦Patio	862.00

10. Close the Customer Center.

Notes

Adding Vendors

In order to pay your bills with QuickBooks, you need to add your vendors. Nearly everyone you pay, other than employees, are vendors.

To add a vendor:

1. Click **Vendor Center** in the icon bar.
2. Click **New Vendor** in the button bar.
3. In the Vendor Name field, enter the name of the vendor as you'd like it to appear on your Vendor list. For this exercise, type **Fay, Maureen Lynn, CPA**, and then press Tab.
4. In the Opening Balance field, type **350**, which is the amount you owed this vendor as of the start date. Press Tab.
5. In the As Of field, enter **12/31/06**.
6. In Address Info tab, click in the First Name field and type **Maureen**.
7. Press tab and type **L.** as the middle initial and in the Last Name field, type **Fay**.
8. Press Tab to go to the Address field, and then press Enter after Maureen L. Fay.
9. Type **200 Royal Rd.** and press Enter.
10. Type **Bayshore, CA 94326**.
11. Click in the "Print on Checks As" field, and type **Maureen Fay**.
12. Click OK to add this vendor.
13. Close the Vendor Center.

Notes

Setting Up Additional Accounts

During the EasyStep Interview, you added one checking account for Lockhart Design.

There are two basic types of accounts:

- Balance sheet accounts, such as savings or checking
- Accounts used to group transactions for reporting purposes, 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.

Notes

Setting Up Additional Accounts

In the EasyStep Interview, you selected “Retail Shop or Online Commerce” as the industry for Lockhart Design. QuickBooks created a chart of accounts based on the retail industry. However, Margaret Lockhart also receives income from design consulting. She needs to modify the chart of accounts to add an income account for consulting.

Notes

Setting Up Additional Accounts

You may need to add one or more of the following accounts:

- Income accounts to track new sources of income
- Expense accounts to track new types of expenses
- Bank accounts when you open new checking, savings, or money market accounts at your bank
- Credit card accounts when you acquire new credit cards
- Other kinds of balance sheet accounts to track specific assets, liabilities, or equity

A complete list of your business' accounts and their balances appear in the chart of accounts. You use a chart of accounts to track how much money your company has, how much money it owes, how much money is coming in, and how much is going out.

For Lockhart Design, you'll add an income account for her consulting income.

Notes

Setting Up Additional Accounts

To add an income account:

1. From the Lists menu, choose **Chart of Accounts**.
2. Click the **Account** menu button and choose **New**.
3. In the Add New Account window, choose **Income** and then click **Continue**.
4. Click in the Account Name field, and type **Consulting**.
5. From the Tax Line Mapping drop-down list, choose **Sch C: Other business income**.

The screenshot shows the 'Add New Account' dialog box. At the top, the title bar reads 'Add New Account'. Below the title bar, there is a grid icon and a dropdown menu for 'Account Type' set to 'Income'. The main area contains the following fields and controls:

- Account Name:** A text box containing 'Consulting' and a 'Select from Examples' button.
- Subaccount of:** A checkbox labeled 'Subaccount of' followed by an empty dropdown menu.
- Optional:** A section containing:
 - Description:** A large empty text box.
 - Note:** A smaller empty text box.
 - Tax-Line Mapping:** A dropdown menu set to 'Schedule C: Other busines...' with a link 'How do I choose the right tax line?' next to it.

At the bottom of the dialog box, there are three buttons: 'Save & Close', 'Save & New', and 'Cancel'.

6. Click **Save & Close**, and then close the Chart of Accounts.

Notes

Adding Items

In QuickBooks, an item is anything that your company buys, sells, or resells in the course of business, such as products, shipping and handling charges, discounts, and sales tax (if applicable). You can think of an item as something that shows up as a line on an invoice or other sales form.

QuickBooks provides several different types of items. Some—such as the service item or the inventory part item—help you record the services and products your business sells. Others—such as the subtotal item or discount item—are used to perform calculations on the amounts in a sale.

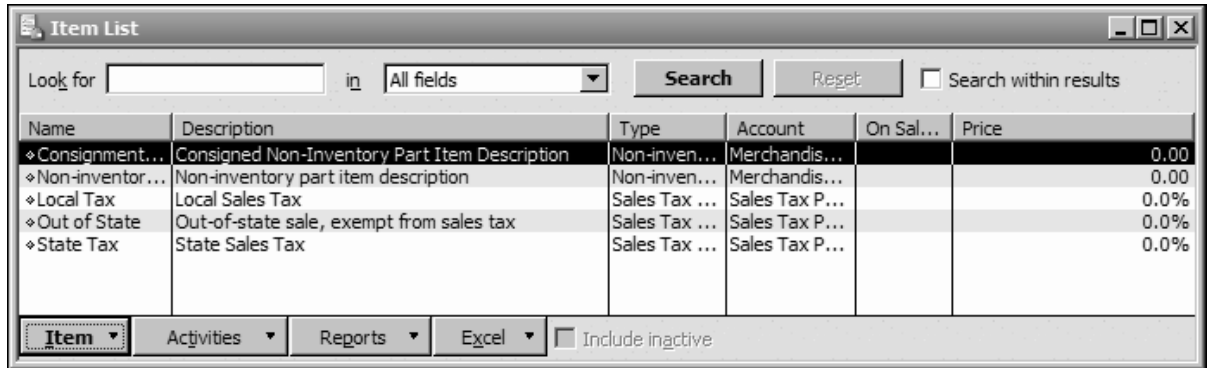
For Lockhart Design, you'll set up a service item for billing the time used for initial consultation for a design project. You'll assign it to the new Consulting income account.

Notes

Adding Items

To add an item:

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



2. Click the Item menu button, and choose **New**.
3. In the New Item window, choose **Service** from the Type drop-down list.
4. Click in the Item Name/Number field and type **Initial Design Consultation**.
5. In the Description field, type **Initial design consulting**.

Notes

Adding Items

- Click in the Rate field, and type **40**.
- In the Tax Code field, choose **Non-Taxable Sales** from the drop-down list.
- In the Account field, choose **Add New**.
- In the Add New Account screen, enter **Consulting** in the Account Name field, then click Save and Close.

The screenshot shows the 'New Item' dialog box with the following details:

- Type:** Service (dropdown menu)
- Item Name/Number:** Initial Design Con... (text field)
- Unit of Measure:** Enable... (button)
- Description:** Initial design consulting (text field)
- Rate:** 40.00 (text field)
- Tax Code:** Non (dropdown menu)
- Account:** Consulting (dropdown menu)
- Buttons:** OK, Cancel, Next, Custom Fields, Spelling
- Checkboxes:** Subitem of, This service is used in assemblies or is performed by a subcontractor or partner, Item is inactive

- Click **OK** to add the new item to the Item List.
- Close the Item List.

Notes

Entering Historical Transactions

If your QuickBooks start date is before today's date, you need to enter past transactions so that you have complete financial records from the start date forward. It is important to enter historical transactions in this order:

1. All sales (sales receipts, invoices, or statement charges)
2. Customer payments received for outstanding invoices after the start date
3. Bills received since the start date
4. Bills paid since the start date
5. Deposits made to any of the accounts since the start date
6. Any other checks written (other than bills) since the start date

Notes

Getting Help While Using QuickBooks

QuickBooks provides extensive help in various formats. When you have questions, QuickBooks provides:

- Onscreen Help to provide conceptual information and step-by-step instructions.
- Tutorials on key tasks. These are available by choosing Learning Center Tutorials from the Help menu.
- Live Community to provide instant access to frequently asked questions and experts who can answer your own questions.

The onscreen Help provides several different types of information:

- Conceptual explanations of how to apply QuickBooks to your particular business situation.
- Step-by-step instructions.
- A search engine that provides you with a list of topics related to the word or phrase you enter.
- Information relevant to the task you are currently performing.

Notes

Getting Help While Using QuickBooks

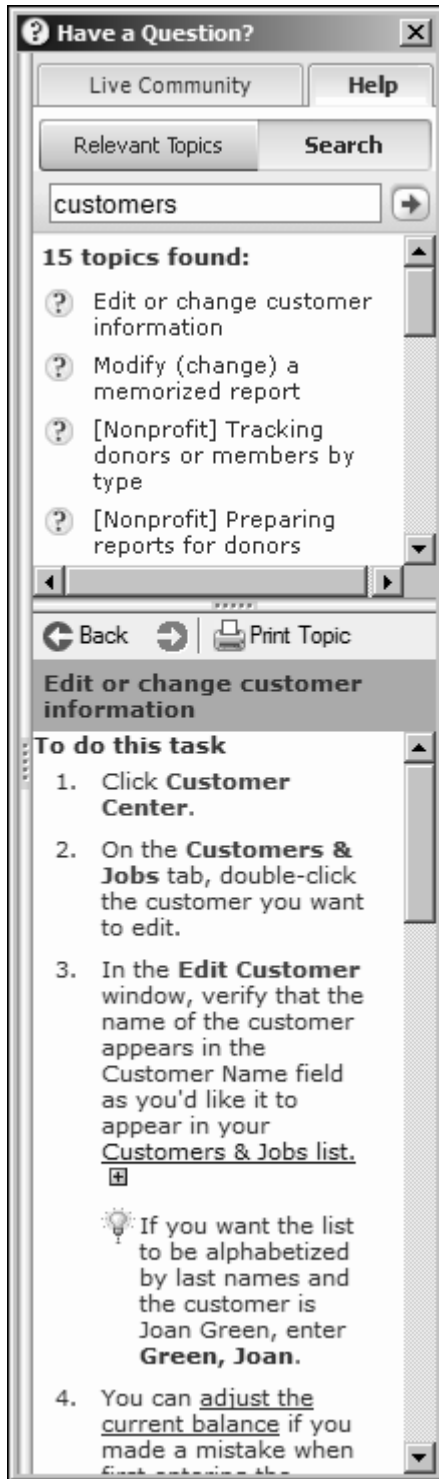
To find a topic in onscreen Help:

1. From the Help menu, choose **QuickBooks Help**.
2. Click the **Search** tab.
3. Type **customers** and click the arrow button.

QuickBooks Help displays a list of topics related to customers.

4. Click **Edit or change customer information**.

QuickBooks displays the topic in the screen lower portion of the help window.



5. Close the Help window.

Notes