



QUICKBOOKS 2016 STUDENT GUIDE

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## Lesson 2

### Setting Up

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## 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 for a QuickBooks company

## 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 properly.

1. Express Start will set up a new company file for you 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 the fine tuning of 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 (option #2 above) 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
- ◆ Creating an account and entering the opening balance
- ◆ Reviewing the Chart of Accounts
- ◆ Completing company file setup



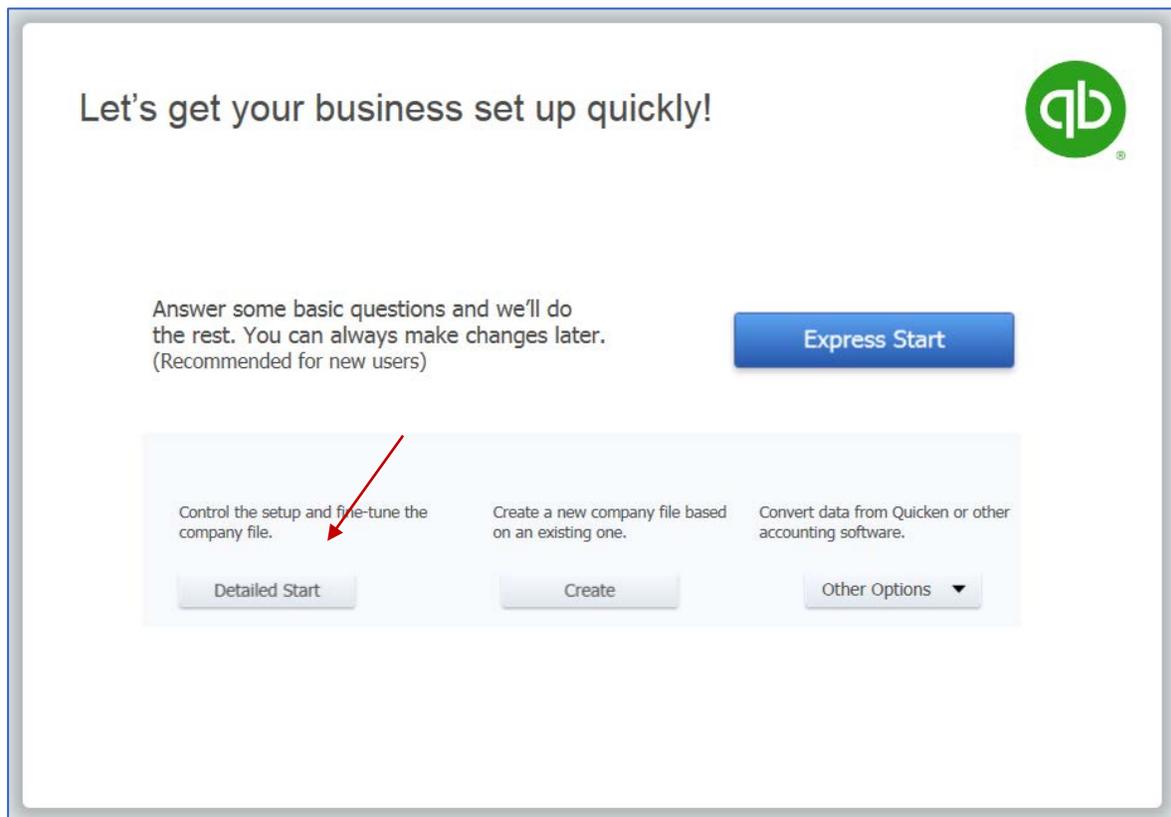
### NOTES

## Starting the EasyStep Interview



### To begin adding a new company:

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



QuickBooks displays the EasyStep Interview window.



### NOTES

## Entering Company Information



### To 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 the same name you typed into the Legal Name field. QuickBooks uses the company name on all reports.
3. Press **Tab** again and enter the EIN or SSN in **Tax ID** field.
4. Complete the remaining contact information for the company, as QuickBooks will pull this information on to sales forms and tax reports when you begin working in the file.

Your screen should resemble the following.

**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?](#)

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

**Need help setting up?**  
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intuit Certified Professional Consultant

5. Click **Next**.



### NOTES

## Choosing your Company Industry



### To 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.

The screenshot shows the 'EasyStep Interview' window. On the left, there is a sidebar with 'EasyStep Interview' and an 'Interview Progress' indicator. The main content area is titled 'Select your industry' and includes a 'Get answers' link. Below the title, there is a message: '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'. A note states: 'Note: Don't see your industry? Choose an industry that is similar to yours. Examples'. Below this is a section 'Select an industry from the list' with a scrollable list of industries. The list includes: Rental, Repair and Maintenance, Restaurant, Caterer, or Bar, Retail Shop or Online Commerce (highlighted in green), Sales: Independent Agent, Transportation, Trucking, or Delivery, Wholesale Distribution and Sales, General Product-based Business, and General Service-based Business. At the bottom of the main area, there is a question 'How does QuickBooks use my industry selection?' and two buttons: 'Leave...' and '< Back'. The bottom right corner has a 'Next >' button. In the bottom left corner, there is a 'Need help setting up?' section with links for 'Find A Local QuickBooks Expert (fees may apply)' and an 'Intuit Certified Professional' logo.

2. Click **Next**.



### NOTES

## Selecting how Your Company is Organized



### To select your company organization:

1. Choose the company's entity type. This will allow QuickBooks to create a suggested tax mapping for your Chart of Accounts.
2. Click **Next**.
3. Enter the beginning month of the businesses fiscal year (most commonly January), and click **Next**.
4. In the **Set up your administrator password** window click **Next**. (You can set the password at any time.)
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**.



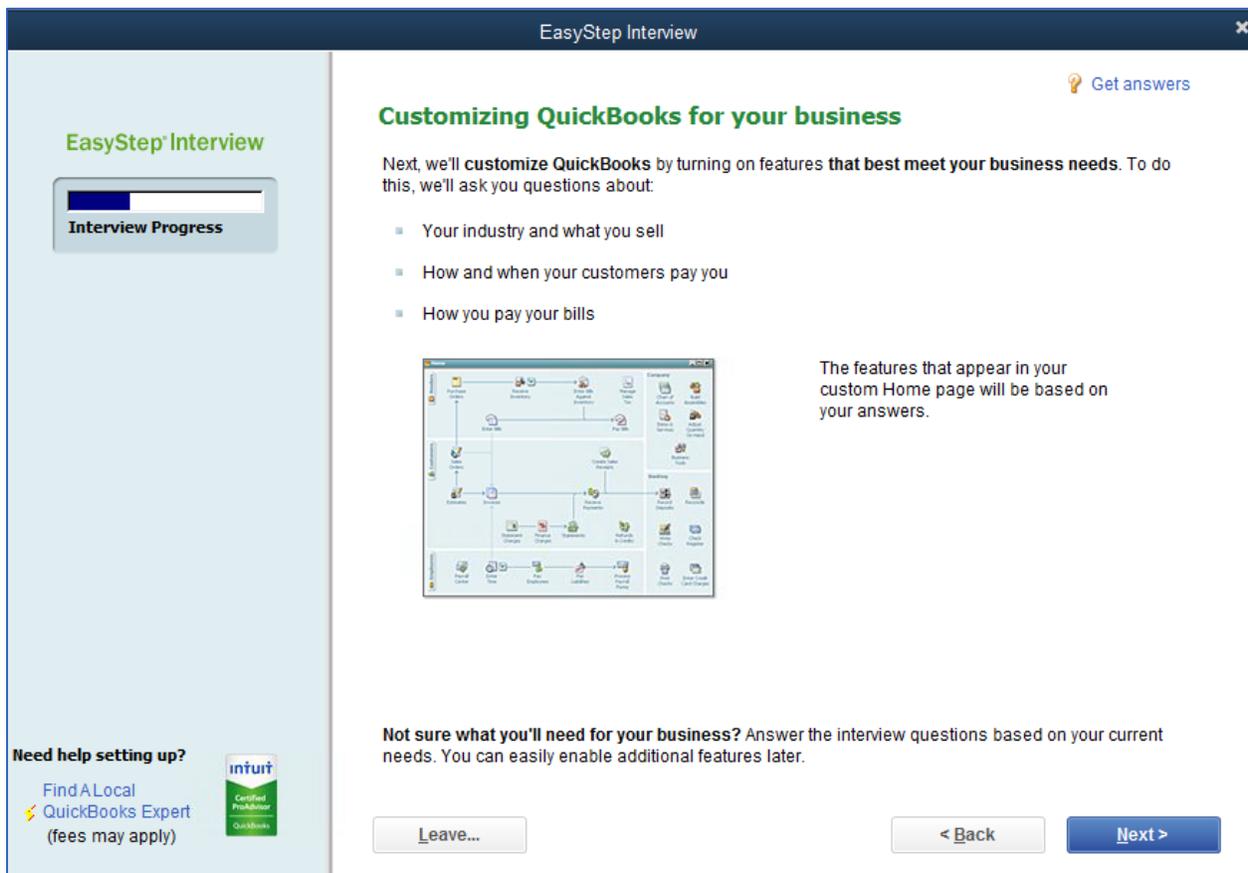
### NOTES

## Customizing 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

## Indicating 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.



### To 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 'Interview Progress' (a progress bar). Below the sidebar, there is a link for 'Need help setting up?' with 'Find A Local QuickBooks Expert (fees may apply)' and the Intuit logo. The main area is titled 'What do you sell?' and has a 'Get answers' link. There are 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.), and '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 'Leave...', '< Back', and 'Next >' buttons.

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.



### To 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 ProAdvisor QuickBooks

Leave... < Back Next >

2. Click **Next**.



### NOTES

## Entering 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.



### To 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 highlighted in orange with the text '(recommended for your business)') and 'No'. A 'Get answers' link is in the top right. At the bottom, there are 'Leave...', '< Back', and 'Next >' buttons. A 'Need help setting up?' section at the bottom left includes 'Find A Local QuickBooks Expert (fees may apply)' and the Intuit Certified Professional QuickBooks logo.

2. Click **Next**.



### 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 choose the option that best fits the business.

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 content area has the title 'Do you want to create estimates in QuickBooks?' and a sub-header 'Some businesses refer to estimates as quotes, bids, or proposals.' Below this are two radio button options: 'Yes' (selected) and 'No (recommended for your business)'. A link 'Why should I use QuickBooks to create my estimates?' is visible. At the bottom, there are buttons for 'Leave...', '< Back', and 'Next >'. A 'Get answers' link is in the top right corner. The bottom left corner contains 'Need help setting up?' with links for 'Find A Local QuickBooks Expert (fees may apply)' and the Intuit logo.

2. Click **Next**.

## Creating Sales Orders

Sales orders allow you to record an order for a sale before the sale is actually made. These forms are common in business 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.



### To create sales orders for your business:

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

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

- EasyStep Interview** (header)
- Interview Progress** (progress bar)
- Tracking customer orders in QuickBooks** (title)
- Get answers** (help icon)
- 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 logo
- Leave...** (button)
- < Back** (button)
- Next >** (button)

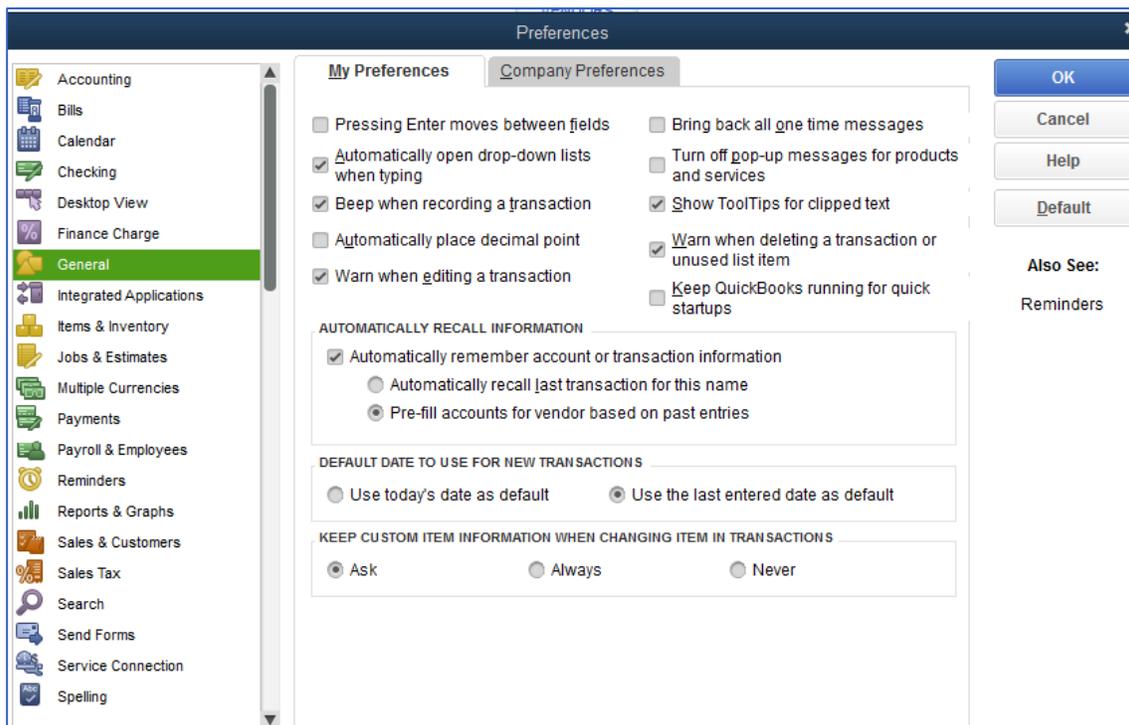
2. Click **Next**.

## Choosing Remaining Preferences

The next series of windows ask Yes or No questions that either 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.

Options	Description
Billing statements	Post statement charges independently of invoices & 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 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 later, after the EasyStep Interview. Changing the preferences later can be done by accessing the **Edit** menu, choosing **Preferences**, then selecting the preference type in the left panel.



## Choosing a Start Date

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



### To 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: 01/01/2015
  - 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.

04/23/2015

What date should I choose?

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Leave... < Back Next >

3. 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 based on that choice.



### 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. Modify the selections according to your business needs by adding or removing checkmarks.

**EasyStep Interview**

**Review income and expense accounts** [Get answers](#)

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 >](#)

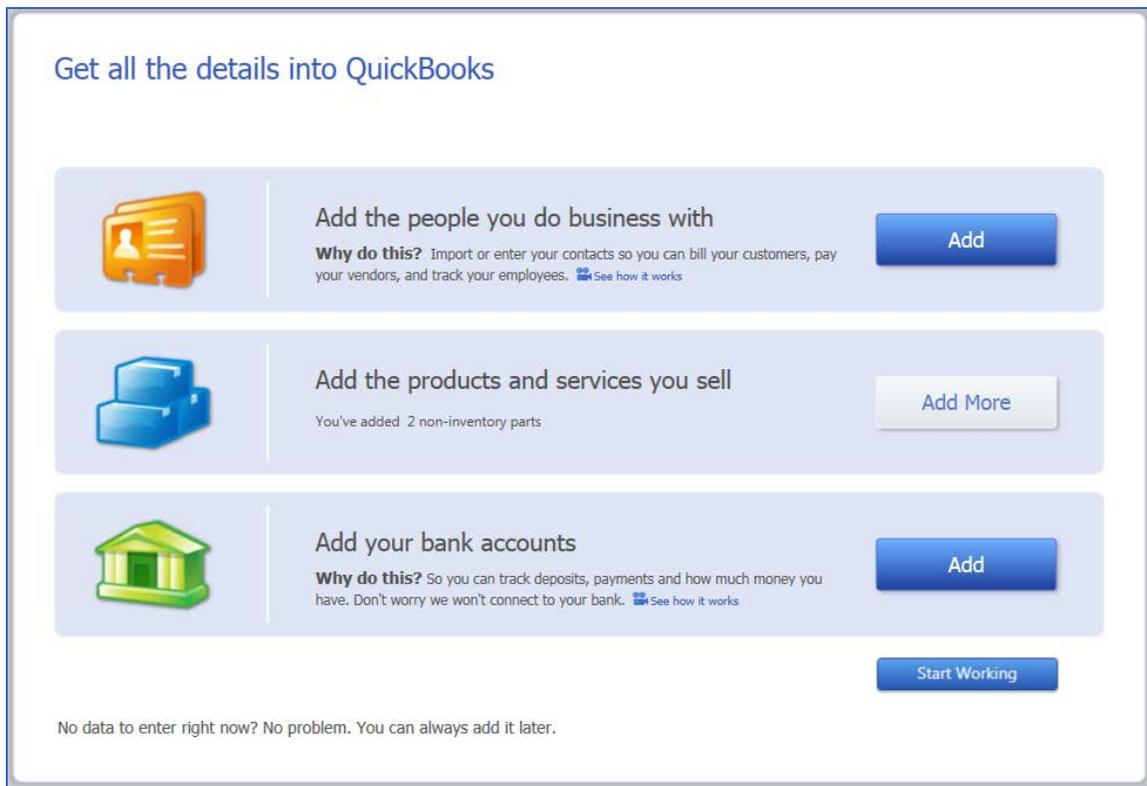
**Need help setting up?**  
[Find A Local QuickBooks Expert](#) (fees may apply)

2. Click **Next**.

*Congratulations!* You have completed the Easy Step 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

## Entering 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.



### To enter bank account information:

1. On the **Add your bank accounts** section of QuickBooks 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. *Note: 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 that you are using to begin the file. *Note: The opening balance amount should reflect the balance in the opening balance date column.*

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	52,829.00	12/31/2015
Chase Savings	1001	100,202.00	12/31/2015

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**) and 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.



#### 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 do to make sure the company file is properly set up and that the data is complete.

### QUICKBOOKS IS BASED ON FOUR KEY LIST CONCEPTS

- Accounts
- Items
- Customers & Jobs
- Vendors



#### NOTES

## Adding Customers

Your Customer list is the list that will display sales forms (sales orders, estimates, invoices, sales receipts) and Accounts Receivable.



### To 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 on 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** in 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 generally recommended entering 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.

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

The Customer Center appears with the Customers & Jobs list along the left side.



**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

## Adding a Job

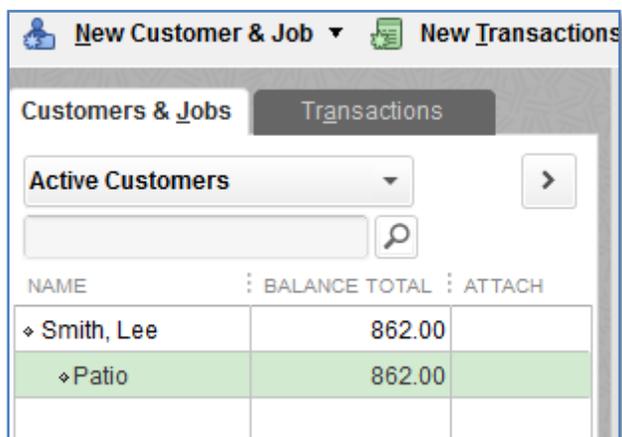
You do not need to add jobs to the Customers & Jobs list if your company never does more than one job or project per customer. Jobs in QuickBooks are optional. If you often perform multiple jobs for the same customer you can use jobs in QuickBooks to track the activity for each job separately.

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 to group multiple jobs. (Another common use of jobs is for attorneys, who handle more than one matter for each client.)



### To add a job for a customer:

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



4. Click **OK**.
5. If you see a message about a past or future transaction click **Yes** to save the transaction.

The job will now appear under the Customer (also referred to as parent) in the Customer list.



**IMPORTANT:** Notice that there are more tabs with information that 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 that these features are set up and utilized properly.

## Adding 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.



### To 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.
4. 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 when you can.
5. Enter the remaining vendor information appropriately.
6. Click **OK** to add this vendor.

The new vendor appears on the Vendor list.

NAME	BALANCE TOTAL	ATTACH
Fay, Maureen Lynn ...	350.00	

7. Close the Vendor Center.



**IMPORTANT:** Notice that 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.

## Setting Up Additional Accounts

During the EasyStep Interview you added your bank accounts.

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.

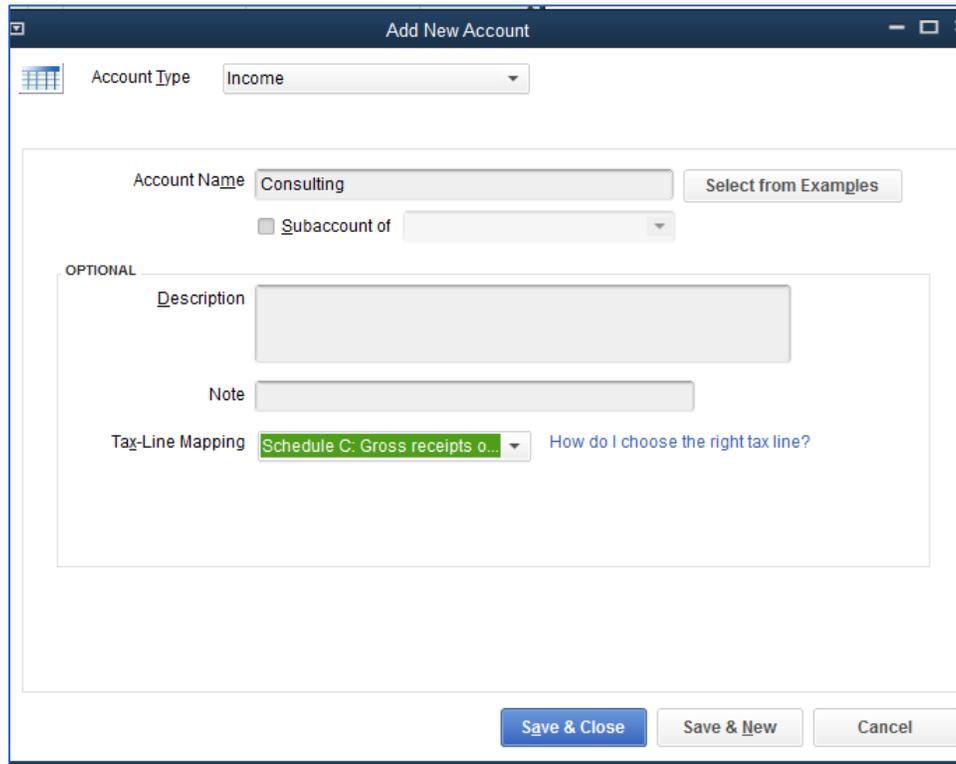
Accounts are the core of QuickBooks. Every posting transaction (which is a transaction that affects the general ledger) is mapped from one account to another. For example, when you purchase paper for your office printer you are taking money from the bank account and recording it against an office supplies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



### To 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.

- From the **Tax Line Mapping** drop-down list choose the appropriate mapping according to the business structure (or leave blank if you are unsure).



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 an 'Account Name' field with 'Consulting' entered, a 'Select from Examples' button, and a 'Subaccount of' dropdown menu. Below this is an 'OPTIONAL' section with a 'Description' field, a 'Note' field, and a 'Tax-Line Mapping' dropdown menu set to 'Schedule C: Gross receipts o...'. A link 'How do I choose the right tax line?' is visible next to the dropdown. At the bottom, there are three buttons: 'Save & Close' (highlighted in blue), 'Save & New', and 'Cancel'.

- Click **Save & Close**.



NOTES

## Adding 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 are items we use only on *either* a sale *or* purchase form, but 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 for you 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 are items we use 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 the item is 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 also makes a Cost of Goods Sold entry (part 3).

In this section, we are going to look at a one-sided item entry.



## To add a One-Sided item:

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

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	

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 that you would like to appear by default when this item is used on a form.
- 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 as *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 which to post when this item is used on sales forms.
- 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 going forward. It is important to enter historical transactions *in this order*:

1. All sales (sales receipts, invoices, credit memos, or statement charges).
2. Customer payments received for outstanding invoices after the Start Date.
3. Bills and Bill Credits (also known as Vendor Credits) 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 and credit card charges made (other than to pay bills), as well as bank charges and pre-authorized payments since the Start Date.



### NOTES

## Setting 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 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 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