



QUICKBOOKS 2021 STUDENT GUIDE

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 chequing 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.

1. Express Start will setup a new company file for you based on some standard industry settings.
2. Detailed Start opens the EasyStep Interview and will give you more control over the fine tuning of your company file.
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 setup the following:

- 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

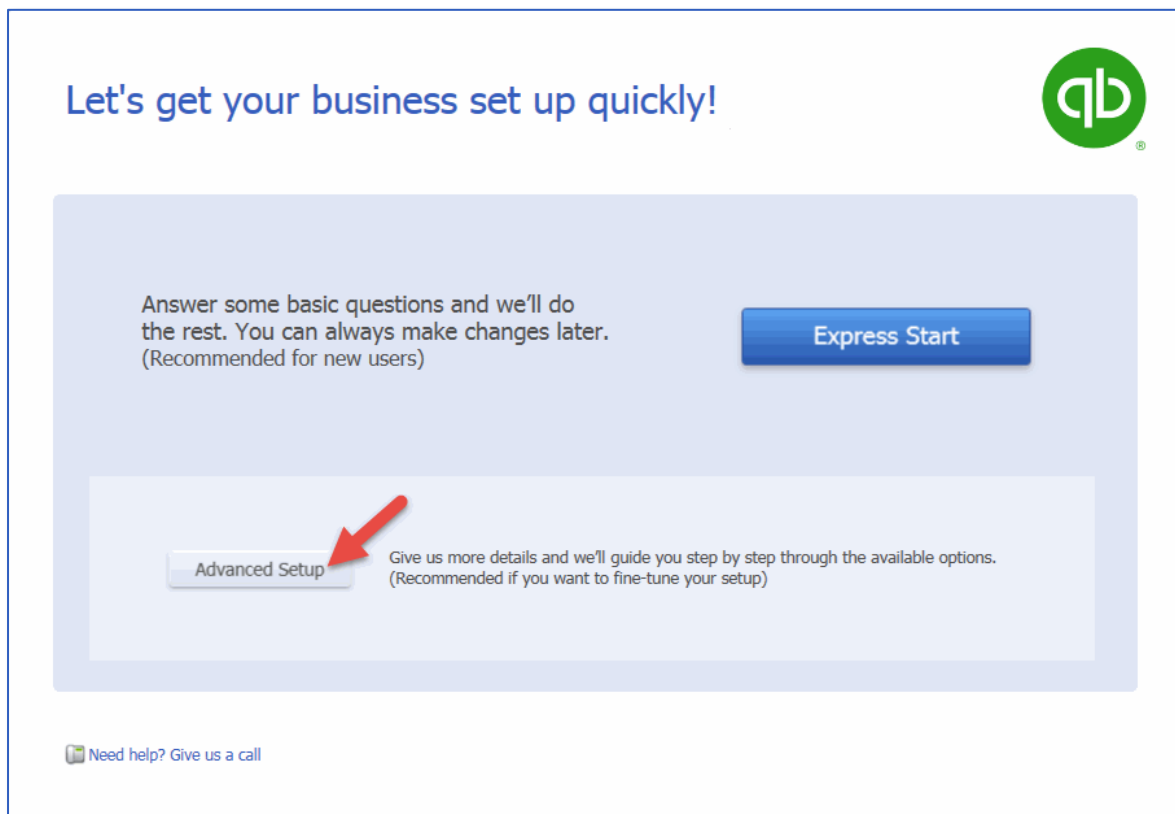


NOTES

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 **Advanced Setup** 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. 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 trade name, this will probably be the same as the company name. [Explain](#)

Street address

City * Province

Postal Code 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 >](#)

4. 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.

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
Accounting or Bookkeeping
Advertising or Public Relations
Agriculture, Farming, or Ranching
Art, Writing, or Photography
Automotive Sales or Repair
Charitable Organization
Church or Religious Organization
Construction General Contractor
Construction Trades (Plumber, Electrician, HVAC, etc.)

Need help setting up? Find a local QuickBooks expert (fees may apply)

How does QuickBooks use my industry selection?

Leave... < Back Next >

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 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 administrator password** window click **Next**.
5. Click **Next** to save the company file.
6. Name your company file and choose the location on your computer to save it to.
7. Click **Save**.



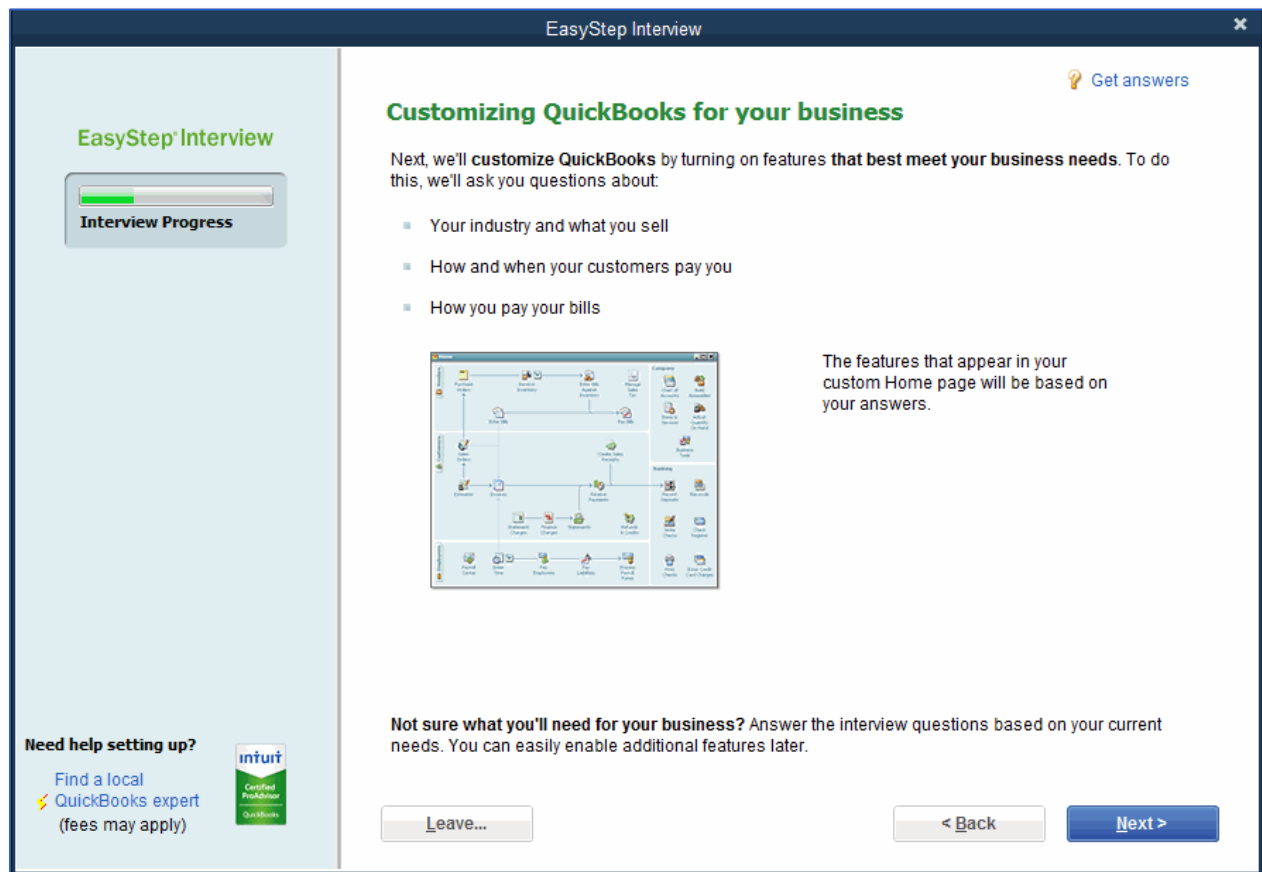
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Customizing QuickBooks for Your Business

The customization section of the EasyStep Interview is 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**.



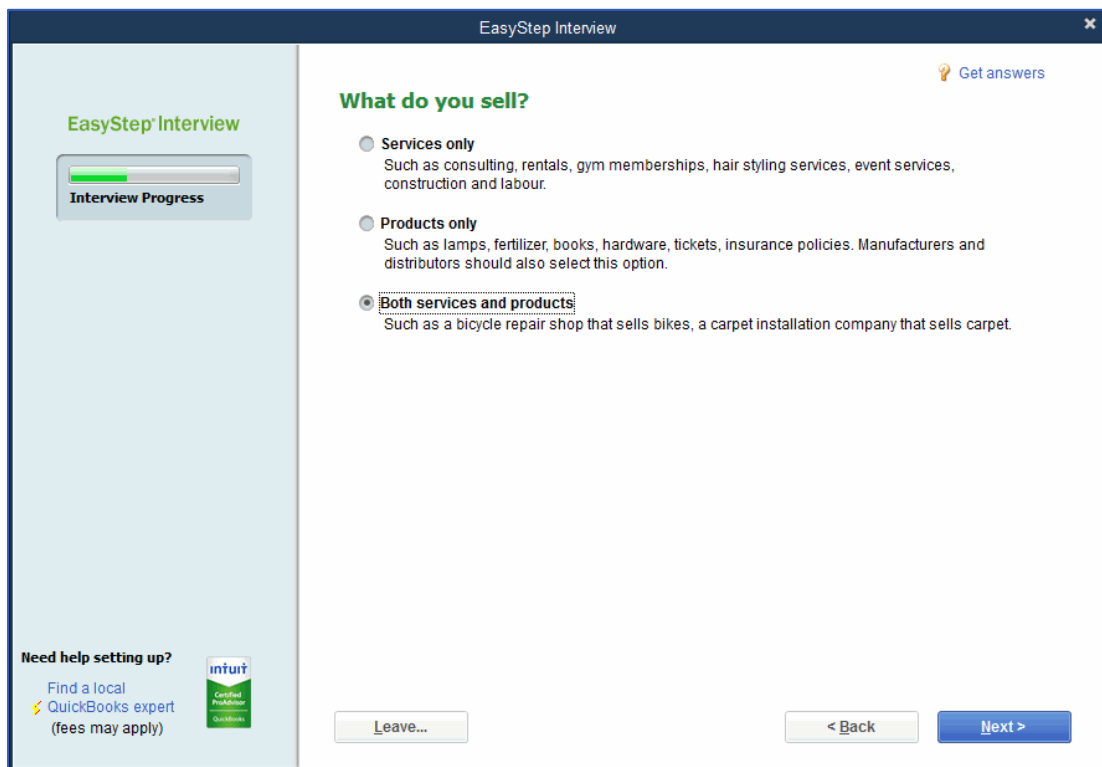
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Setting Up What You Sell

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 specify 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's a sidebar with 'EasyStep Interview' and 'Interview Progress' (a progress bar). Below that, it says 'Need help setting up?' with a link to 'Find a local QuickBooks expert (fees may apply)' and an Intuit Certified ProAdvisor logo. The main area is titled 'What do you sell?' with a 'Get answers' link. It has three radio button options: 'Services only' (Such as consulting, rentals, gym memberships, hair styling services, event services, construction and labour.), '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.). The 'Both services and products' option is selected. 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 **Do you sell products online?** choose the option that best fits the business's needs.

EasyStep Interview

EasyStep Interview

Interview Progress

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Find a local QuickBooks expert (fees may apply)

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Do you sell products online?

☐ I currently sell online.

☐ I don't sell online, but I may want to someday.

☒ I don't sell online and I am not interested in doing so.

QuickBooks will use this answer to display information about services that can help you sell your products on the Web.

Get answers

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.
2. Enter the CRA and registration numbers, if applicable.

The screenshot shows the 'EasyStep Interview' window with the title bar 'EasyStep Interview'. On the left, there's a sidebar with 'EasyStep Interview' and 'Interview Progress' (a green progress bar). The main area is titled 'Do you charge sales tax?' with two radio buttons: 'Yes' (selected) and 'No'. Below this are two input fields: 'CRABusiness Number for GST or HST' (with a sub-label 'RT') and 'PST or QST Registration Number'. Each field has a descriptive text below it. At the bottom left, there's a section 'Need help setting up?' with a link to 'Find a local QuickBooks expert (fees may apply)' and an Intuit logo. At the bottom right, there are 'Leave...', '< Back', and 'Next >' buttons. An inset image shows a QuickBooks menu path: File > Sales Tax > Manage Sales Tax...

3. Click **Next**.



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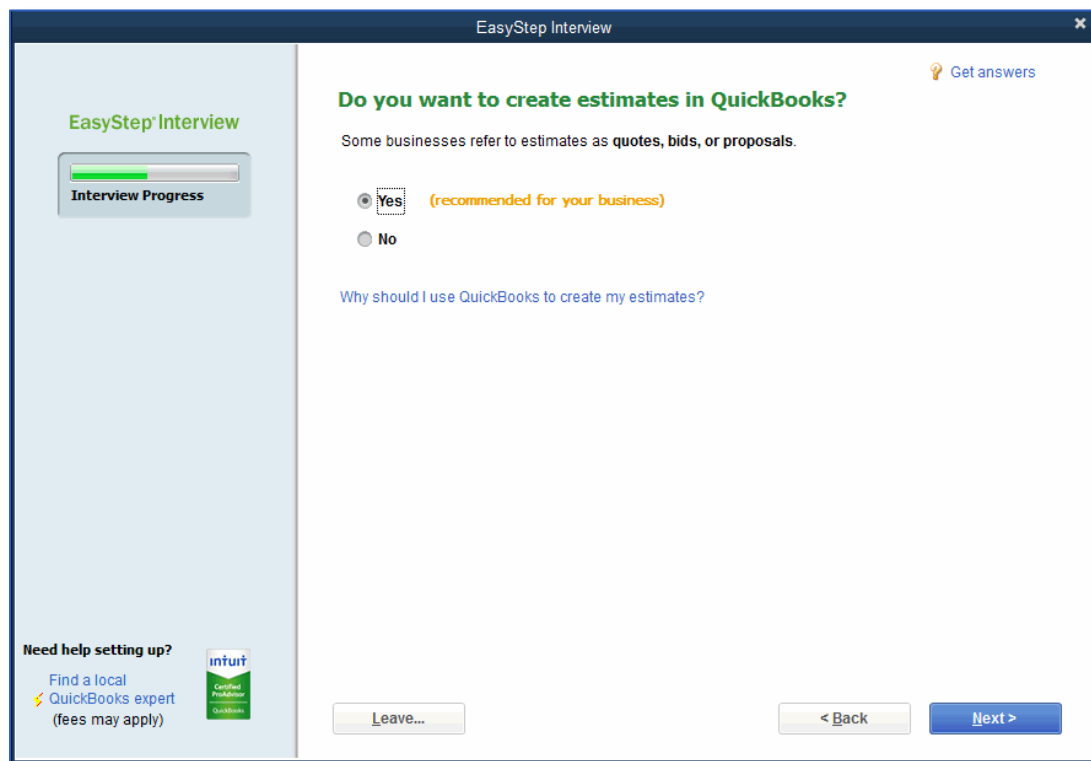
Creating Estimates

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.



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. 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 title 'Tracking customer orders in QuickBooks'. On the left, there is a sidebar with 'EasyStep Interview' and 'Interview Progress' (a progress bar). Below this, it says 'Need help setting up?' with links to 'Find a local QuickBooks expert (fees may apply)' and the 'intuit Certified Professional QuickBooks' logo. The main content area has a 'Get answers' link. The title 'Tracking customer orders in QuickBooks' is followed by instructions: 'Use a sales order to track customer orders that you plan to fill at a later date, such as backorders or special orders.' It then states 'Sales orders can be used to track any of your unfulfilled orders or manage your inventory.' and provides 'Some examples:' with two bullet points: '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.' and 'A wholesaler receives an order for 1,000 couches. The sales order adjusts inventory levels to show these couches are spoken for.' Below this is a question: 'Do you want to track sales orders before you invoice your customers?' with two radio button options: 'Yes' (selected) and 'No'. A 'Tip!' note says 'You can change a sales order to an invoice with one click.' At the bottom, there are three buttons: 'Leave...', '< Back', and 'Next >'.

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

☐ 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

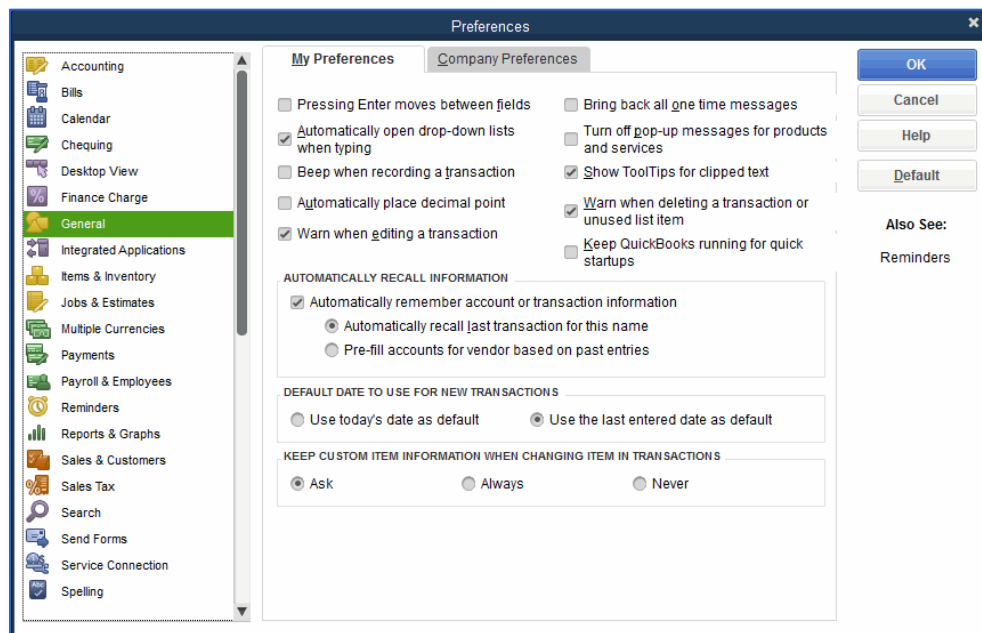
Leave... < Back Next >

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
Cheques	Use the Write Cheques window to print cheques
Inventory	Use inventory module to track inventory quantities and values
Credit Cards	Use Merchant Services to process credit and debit card transactions
Track time	Use timecards to track employee and subcontractor time
Employees	Use payroll module to manage employee information and payroll
Multiple Currencies	Track multiple currencies for buying and selling

You can always change preference settings later, after the EasyStep Interview. Changing the preferences later can be done by accessing the **Edit** menu then choosing **Preferences** and 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.

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.

The screenshot shows the 'EasyStep Interview' window. On the left is a sidebar with 'EasyStep Interview' and 'Interview Progress' (a green progress bar). Below the sidebar, it says 'Need help setting up?' with a link to 'Find a local QuickBooks expert (fees may apply)' and the Intuit logo. The main area is titled 'Select a date to start tracking your finances'. It explains that the selected date will be the start date in QuickBooks. There are two radio button options: 'Beginning of this fiscal year: 01/01/2021' and 'Use today's date or the first day of the quarter or month.' (which is selected). A text box shows '09/01/2021' with a calendar icon. Below this is the question 'What date should I choose?'. At the bottom are three buttons: 'Leave...', '< Back', and '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.

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
✓ Construction Income	Income
✓ Rental Income	Income
✓ Blueprints and Reproduction	Cost of Goods Sold
✓ Bond Expense	Cost of Goods Sold
✓ Construction Materials Costs	Cost of Goods Sold
✓ Equipment Rental for Jobs	Cost of Goods Sold
Other Construction Costs	Cost of Goods Sold
✓ Subcontractors Expense	Cost of Goods Sold
✓ Tools and Small Equipment	Cost of Goods Sold

[Restore Recommendations](#)

Why should I use the recommended accounts?

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)

intuit
Certified Professional
QuickBooks

2. Click **Next**.

Congratulations! You have completed the Easy Step Interview.

3. Click **Go to Setup**.

The QuickBooks setup screen appears.

The screenshot shows the QuickBooks setup screen. At the top, it says "You've got a company file! Now add your info." and "Get your critical info into QuickBooks so you can start working." A progress bar at the top right shows three steps: 1. Tell us, 2. Contact info, and 3. Add info, with an arrow pointing to "Start working". Below this, there are three main sections, each with an icon, a title, a "Why do this?" explanation, and an "Add" button. The first section is "Add the people you do business with" with an orange icon of a person and a document. The second is "Add the products and services you sell" with a blue icon of a box. The third is "Add your bank accounts" with a green icon of a bank building. Each section has a "Why do this?" explanation and a "See how it works" link. At the bottom, there is a "Start Working" button and a message: "No data to enter right now? No problem. You can always add it later."

You've got a company file! Now add your info.
Get your critical info into QuickBooks so you can start working.

1 Tell us → 2 Contact info → 3 Add info → Start working

Add the people you do business with
Why do this? Import or enter your contacts so you can bill your customers, pay your vendors, and track your employees. [See how it works](#) **Add**

Add the products and services you sell
Why do this? So your customers know what they're getting billed for when you send invoices or receipts. [See how it works](#) **Add**

Add your bank accounts
Why do this? So you can track deposits, payments and how much money you have. Don't worry we won't connect to your bank. [See how it works](#) **Add**

No data to enter right now? No problem. You can always add it later. **Start Working**

NOTE: When 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. We recommend consulting your accountant if you aren't sure what balance to use.

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

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 concepts:

-  Accounts
-  Items
-  Customers & Jobs
-  Vendors



NOTES

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 chequing
- 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 a report) 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 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).

The screenshot shows the 'Add New Account' dialog box. At the top, 'Account Type' is set to 'Income'. Below this, the 'Account Name' field contains 'Consulting', with a 'Select from Examples' button to its right. A 'Subaccount of' dropdown menu is positioned below the account name. The 'OPTIONAL' section contains three fields: 'Description', 'Note', and 'Tax-Line Mapping'. The 'Tax-Line Mapping' dropdown is set to 'Schedule C: Gross receipts o...', with a link 'How do I choose the right tax line?' next to it. At the bottom of the dialog are three buttons: 'Save & Close', 'Save & New', and 'Cancel'.

6. 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 account in QuickBooks. Items can be mapped to one, two or three accounts in QuickBooks.

- **One-Sided Items** — These are items we only use 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 one-sided item entry.

To add a One-Sided item:

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



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

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

NOTE: 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.

The screenshot shows the 'New Item' dialog box. The 'TYPE' dropdown is set to 'Service', with a description: 'Use for services you charge for or purchase, like specialized labour, consulting hours, or professional fees.' Below this are fields for 'Item Name/Number' and 'Subitem of'. The 'UNIT OF MEASURE' section has an 'Enable...' button. A checkbox indicates 'This service is used in assemblies or is performed by a subcontractor or partner'. The bottom section has 'Description', 'Rate' (0.00), 'Tax Code' (S), and 'Account' dropdowns. A link at the bottom says 'How can I set rates by customers or employees?'. On the right are buttons for 'OK', 'Cancel', 'Next', 'Notes', 'Custom Fields', and 'Spelling'. An 'Item is inactive' checkbox is also present.

4. Assign an item name or number in the **Item Name/Number** field.
5. In the **Description** field enter the information that you would like to come up by default when this item is used on a form.
6. You can assign a standard rate in the **Rate** field.
7. In the **Tax Code** field assign a standard taxable or non-taxable code.

NOTE: 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.

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



NOTES

Review Activities



Create a NEW company file and walk through the EasyStep Interview process.

Your company should be in the Construction industry and is a sole proprietorship that sells products and services. Your fiscal year should begin at the beginning of the current year.