QuickBooks® - The Basics

Using QuickBooks® to Better Manage Your Business

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Loading the Program on Your Computer

1) After you have purchased a copy of QuickBooks Pro, take the CD out of the box and insert it into your CD-ROM drive.

2) Follow the simple on-screen instructions.

The software will walk you through each step of the installation.

If the software does not start automatically:
- Click **Start** on the Windows taskbar
- Choose **Run**
- Type `D:\setup.exe` (where D is your CD-ROM drive)
- Click **OK**

At the QuickBooks Installation screen, enter the License Number and Product Number from the yellow sticker. Then click through the screens until the installation is complete.

3) Start QuickBooks by double-clicking the desktop icon
Setting up Your Company

When you open QuickBooks for the first time, the Welcome screen will appear.

Click on Create a new company file.

The EasyStep Interview screen appears and will step you through the setup process.
COMPANY INFORMATION

Enter your company information.

Select your industry

On the Select your industry screen, choose the industry that best describes your business. We’ll choose General Product-based Business near the bottom of the list for our example.
Select your type of organization

We will select Sole Proprietorship for our example.

Filename for New Company

QuickBooks will store all your accounting information in computer files. The default name of the files is your company name. You can change it if you wish.
What do you sell?

For our example, we will be selling both services and products.

Do you charge sales tax?

If you sell things retail, you must charge sales tax.
Sales Receipts

We will show you how to enter a sale where your customer pays in full at the time of the sale.

Managing Bills

We want to keep track of the bills we owe. We’ll choose yes.
Tracking Inventory

We are going to be selling things from inventory.

Start Date

We’ll use the beginning of the year. Or you could enter the first date of the month of the first transaction you’ll be entering into QuickBooks.
Bank Account

Add your bank account

You should add one bank account to the QuickBooks chart of accounts for each checking, savings, or money market account your company has. We recommend you add at least one bank account now. You can always add more accounts in QuickBooks later.

Would you like to add an existing bank account?

- [x] Yes
- [ ] No, I'll add a bank account later.

How can I add my bank accounts later?

We can set up our checking account now.
QuickBooks suggests some general income and expense accounts to save us time during set up. We’ll put check marks beside the ones we like and set up the rest next.

**EDITING THE CHART OF ACCOUNTS**

From the Lists menu, select Chart of Accounts.
QuickBooks has setup a number of accounts for us.

We will now create the rest of the accounts we will need.

Click on the Account button.

Then click New.
Add New Account:
Choose Account Type

Designate the Visa card as a Credit Card and press Continue.

Add New Account

Enter the account name as Visa, and then press Save & New.
Set up the Bank Loan as a Long Term Liability.

Consulting, Sales - Gadgets, Sales - Gizmos, and Shipping/Handling are all income accounts.
QuickBooks® The Basics

Costs - Gadgets, Costs - Gizmos, Costs - Shipping/Handling, and Freight are all Cost of Goods Sold accounts. We are done setting up new accounts, so press Save & Close.

EDITING ACCOUNTS

Highlight the account to be edited, then click on Account, and then Edit Account.
On the Edit Account screen, we can change the name of the Owners Draw account to Owners Contribution/Draw.

CREATING ITEMS

Everything you sell must be set up in QuickBooks as an item.

From the Lists menu, select Item List.
When the Item List screen appears, click on the Item button, and then New.

Consulting is a Service. Enter an item Name, Description, and Rate that you want to appear on your invoices. Enter the income account where you want the income for this item to appear on your Profit and Loss Statement. When done, click Next.
Gadget is an Inventory Part. As such, it has both Purchase and Sales Information to be entered. The same applies for setting up Gizmo.
Shipping & Handling would be an Other Charge and would be set up like Consulting.

Sales tax is also set up as an item with the State Board of Equalization as the Tax Agency. When you attempt to exit the Tax Agency field, the Vendor Not Found screen appears. Click on Quick Add.
Entering Transactions

1) Open Checking Account

From the Banking menu, select Make Deposit.

Fill in the date of the deposit and the off-setting account (where the money came from).

Complete the rest of the deposit information and press Save & Close.
To see the results of our entry, press Reports, Company & Financial, then Balance Sheet Standard.

Standard Balance Sheet

G&G Enterprises
Balance Sheet
As of February 5, 2003

ASSETS
Current Assets
Checking/Savings
Checking 100.00
Total Checking/Savings 100.00
Total Current Assets 100.00

TOTAL ASSETS 100.00

LIABILITIES & EQUITY
Equity
Owner Contribution/Draw 100.00
Total Equity 100.00

TOTAL LIABILITIES & EQUITY 100.00
2) Deposit Bank Loan into the Checking Account

From the Banking menu, select Make Deposit.

At the Make Deposits screen, fill in the account of our bank loan.

And complete the rest of the deposit information. Press Save & Close to record it.
Our Balance Sheet now looks like this.

<table>
<thead>
<tr>
<th>G&amp;G Enterprises</th>
<th>Balance Sheet</th>
<th>As of February 5, 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Checking/Savings</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Checking</td>
<td>1,000.00</td>
<td></td>
</tr>
<tr>
<td>Total Checking/Savings</td>
<td>1,000.00</td>
<td></td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>1,000.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>1,000.00</td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities &amp; Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Term Liabilities</td>
<td>900.00</td>
<td></td>
</tr>
<tr>
<td>Bank Loan</td>
<td>300.00</td>
<td></td>
</tr>
<tr>
<td>Total Long Term Liabilities</td>
<td>900.00</td>
<td></td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>900.00</td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owner Contribution/Draw</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>Total Equity</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities &amp; Equity</strong></td>
<td>1,000.00</td>
<td></td>
</tr>
</tbody>
</table>
3) Credit Card Purchase of Desk, Computer, and Phone System

From the Banking menu, click on Enter Credit Card Charges.

Enter the store name.
The store name we entered doesn’t exist in QuickBooks, so we’re prompted to create it.

A Quick Add will do for now. QuickBooks prompts us to Select Name Type.

Office Depot is a Vendor.

Back at the Enter Credit Card Charges screen; fill in the rest of the purchases.

You can even break out the detail so you can easily identify how much you paid for each.
4) Purchase Inventory on Terms (2% 10 net 30)

To enter a vendor bill for inventory you purchased, select Enter Bills from the Vendors menu.

On the Enter Bills screen, enter the Vendor’s name.

We need to set up our vendor. Since we’ll be using him often, select Set Up rather than Quick Add.
The Vendor name field is for the vendor code. Use the vendor’s name. If the vendor is an individual, the vendor code can be the vendor’s last name, first name (i.e. Johnson, Robert for Robert Johnson). This will keep your vendors in alphabetic order. Fill in the rest of the Address Info, and then click on Additional Info.

Enter your account number with your vendor (if you have one), the terms he offers you, and your Credit Limit. If this vendor is providing you services and is not a corporation, enter his Tax ID number and check the Vendor eligible for 1099 box. Press OK.
Back on the Enter Bills screen, enter the invoice number and click on the Items tab. Then enter the Item and Quantity of each product purchased.

QuickBooks fills in the rest. To enter the freight charge, click on Expenses.
On the expense tab of the Enter Bills screen, enter the amount of the Freight and double check that your total now matches the total on the vendor’s bill. Click on Save & Close.
The Balance Sheet now looks like this:

![Balance Sheet](image)

**ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checking/Savings</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Total Checking/Savings</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td></td>
</tr>
<tr>
<td>Inventory Asset</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Total Other Current Assets</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>2,000.00</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td></td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>3,600.00</td>
</tr>
<tr>
<td>Total Fixed Assets</td>
<td>3,600.00</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>5,700.00</td>
</tr>
</tbody>
</table>

**LIABILITIES & EQUITY**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>1,225.00</td>
</tr>
<tr>
<td>Total Accounts Payable</td>
<td>1,225.00</td>
</tr>
<tr>
<td>Credit Cards</td>
<td></td>
</tr>
<tr>
<td>Visa</td>
<td>3,200.00</td>
</tr>
<tr>
<td>Total Credit Cards</td>
<td>3,200.00</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>4,725.00</td>
</tr>
<tr>
<td>Long Term Liabilities</td>
<td></td>
</tr>
<tr>
<td>Bank Loan</td>
<td>900.00</td>
</tr>
<tr>
<td>Total Long Term Liabilities</td>
<td>900.00</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>5,625.00</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
</tr>
<tr>
<td>Owners Contribution/Draw</td>
<td>100.00</td>
</tr>
<tr>
<td>Net Income</td>
<td>-25.00</td>
</tr>
<tr>
<td>Total Equity</td>
<td>75.00</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES &amp; EQUITY</strong></td>
<td>5,700.00</td>
</tr>
</tbody>
</table>
5) Invoice a Sale (terms net 30)

From the Customers menu, select Create Invoices.

When we enter our new Customer on the Create Invoices screen:

QuickBooks prompts us to set them up. Choose Set Up.
Fill in the information on the Address Info screen, then click on the Additional Info tab.

Choose the terms you’re offering and whether or not the customer is taxable. If the customer is not taxable, be sure to get a resale certificate from them or you could get into trouble with the State Board of Equalization. By entering their Resale Number here, you can keep track of who you’ve received resale certificates from. Press OK.
Back on the Create Invoices screen, enter the quantities and item codes. QuickBooks fills in the rest and calculates the sales tax. Press Save & Close.

6) Transfer the Cost of the Items Sold out of Inventory

Done. When we saved the invoice, QuickBooks automatically reduced inventory by the cost of the items sold and expensed it to Cost of Goods Sold. We'll see it when we run our Profit and Loss Statement.

7) Enter a Check you wrote for Rent

From the Banking menu, select Write Checks.
Since we hand wrote this check, take the checkmark out of the To be printed box.

This allows you to enter the check number. Then Quick Add the landlord as a Vendor.

Enter the Account, the Amount, and then press Save & Close.
# Balance Sheet

**G&G Enterprises**  
**Balance Sheet**  
**As of February 28, 2010**

### Assets

**Current Assets**
- Checking/Savings
  - Checking: 600.00
  - Total Checking/Savings: 600.00
- Accounts Receivable
  - Total Accounts Receivable: 1,490.50
- Other Current Assets
  - Inventory Asset: 650.00
  - Total Other Current Assets: 650.00
- Total Current Assets: 2,736.50

**Fixed Assets**
- Furniture and Equipment: 3,500.00
- Total Fixed Assets: 3,500.00

**Total Assets:** 6,236.50

### Liabilities & Equity

**Liabilities**
- Current Liabilities
  - Accounts Payable
    - Accounts Payable: 1,225.00
    - Total Accounts Payable: 1,225.00
  - Credit Cards
    - Visa: 3,500.00
    - Total Credit Cards: 3,500.00
- Other Current Liabilities
  - Sales Tax Payable: 101.50
  - Total Other Current Liabilities: 101.50
- Total Current Liabilities: 4,828.50

**Long Term Liabilities**
- Bank Loan: 900.00
- Total Long Term Liabilities: 900.00

**Total Liabilities:** 5,728.50

**Equity**
- Owners Contribution/Draw: 100.00
- Net Income: 410.00
- Total Equity: 510.00

**Total Liabilities & Equity:** 6,236.50
For the detail of our Net Income, press Reports, Company & Financial, and then Profit & Loss Standard.
Answering Key Questions

1) Who Owes You Money?

From the Reports menu, select Customers & Receivables and then A/R Aging Summary.

The Accounts Receivable Aging Summary report details who owes you money. The total on this report equals the amount shown on the Balance Sheet for Accounts Receivable.
2) Who Do You Owe Money To?

From the Reports menu, select Vendors & Payables and then A/P Aging Summary.

The Accounts Payable Aging Summary report details who you owe money to. The total on this report equals the amount shown on the Balance Sheet for Accounts Payable.
3) How Much Money Do You Have?

From the Lists menu, select Chart of Accounts.

On the Chart of Accounts list, double click on Checking to bring up the register.

Checking account register

The check register shows you how much money you have.
4) Are You Making Any Money?

The Profit and Loss Statement we looked at earlier answered that question.

5) What Do You Have Available to Sell?

From the Reports menu, select Inventory and then Inventory Valuation Summary:

This report shows how many items are On Hand and what each cost. The total Asset Value equals the Inventory amount on the Balance Sheet.
**Entering Other Transactions**

1) **Make a Cash Sale**

From the Customers menu, select Enter Sales Receipts.

Enter Sales Receipts

Add the sales information. QuickBooks will add this amount to our Undeposited Funds account to be deposited later. Press Save & Close.
2) Receive a Payment from a Customer

From the Customers menu, select Receive Payments.

When you enter the Customer name, QuickBooks displays that customer’s Outstanding Invoices. Fill in the Amount, Pmt. Method, and Check No. QuickBooks automatically applies it to the invoice and places this amount with the other undeposited funds to be deposited later. Press Save & Close.
3) Multiple Check Deposit

From the Banking menu, select Make Deposit.

Payments to Deposit

QuickBooks lists each amount in Undeposited Funds. Check off the ones we’re going to group together in this bank deposit. We’re going to deposit both. Press OK.
Back on the Make Deposits screen, QuickBooks automatically enters the checks we selected. Here, we have the opportunity to add any other checks we’re including with this deposit. In this example, the owner is going to deposit another personal check.

The reason for grouping undeposited funds is to simplify reconciling your checking account. Your bank statement will only list the total deposit amount. By grouping your deposits together, your check register will also list the total deposit.
4) Enter a Vendor Bill (not for inventory Items)

From the Vendors menu, select Enter Bills.

Enter the Vendor name and Quick Add or Set up if needed. Enter the Invoice number, Account (type of expense) and Amount for this expense. Save & Close.
5) Pay Bills

From the Vendors menu, select Pay Bills.

Click on Assign check no. (these are manual checks) and then click on Show all bills. QuickBooks lists all the bills that have been entered. Click the ones we want to pay. Since Giz Mo's Gadgets offers a discount, we need to set our discount information. Press the Set Discount button.
Discount and Credits

In the Discount Account field, select Purchase Discounts, and then press Done.

Pay Bills

QuickBooks has subtracted the discount from our Amt. To Pay. Press Pay Selected Bills to assign your check numbers.
Assign Check Numbers

Click on Let me assign the check numbers below.

Then enter the check numbers.

And press OK.

Checking register

In the check register, QuickBooks has automatically entered the bill payment checks.
6) Reconcile the checking account

From the Banking menu, select Reconcile.

Enter the Account to reconcile, the Ending Balance from your bank statement, and any Service Charges (or Interest Earned) not previously entered.

Press Continue.

QuickBooks will list all outstanding transactions.

Check off the transactions listed on the bank statement.

Correct any mistakes you find by editing the transactions, or entering them if needed.

When the Difference is zero, review the uncleared transactions for anything weird, and you’re done.

Press Reconcile Now.
Checking register

QuickBooks places checkmarks beside each transaction cleared.

To ensure the accuracy of your accounting records, you must reconcile all your balance sheet accounts and review all your income and expense accounts every month. Think of it as monthly R&R - reconcile and review.

If your accounting records aren’t accurate, they can’t help you manage your business better.
7) Backing Up Your Data

Your accounting records can’t help you if they are stolen with your computer, damaged in a fire, or corrupted from a power outage. Protect them by Backing Up regularly.

From the File menu,
Select Save Copy or Back Up.

Save Copy or Backup
Select Backup copy.
Then click Next.
Save Copy or Backup

Select Local backup.

Then click Next.

Leave the default selections on the Backup Options screen.

Insert a flash drive in a USB port.

Click on Browse to tell QuickBooks where the flash drive is located.
At the Browse for Folder screen, click on the flash drive. Then click OK.

QuickBooks now knows where to back up your data.

Click OK.
Click Save it now, and then click Next.

Click Save.
QuickBooks tells you when it’s done.

How often should you back up your data? Whenever you’ve done more work than you’d care to do over again. Label five flash drives (one for each day of the week) and back up onto them religiously. Keep the latest in your purse or briefcase. You don’t want it to burn up with your computer in the event of a fire. If you ever have data problems, you will be glad you followed these backup procedures.

In Closing…

The only way to understand QuickBooks is by using it. With this workbook, you can step through this entire workshop again on your own at your computer. After that, you’ll be ready to set up your company and start entering transactions.

So, good luck and go to it.