QuickBooks Overview for Small Business

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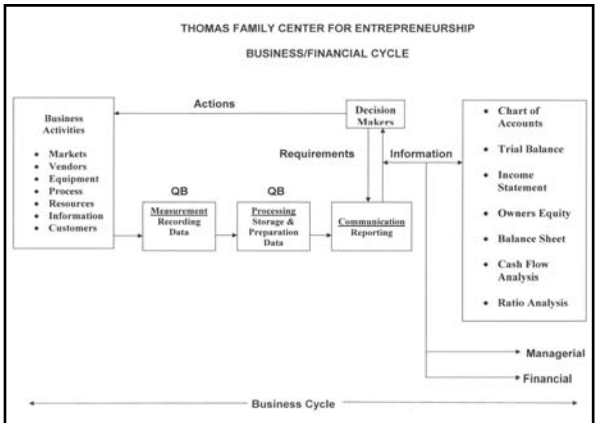

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Presentation Objectives

- 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

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Presentation Objectives

- To gain an overview of the QuickBooks program
- To know how QuickBooks works and how to get around in QuickBooks
- To learn common business terms used by QuickBooks
- To review the QuickBooks Help tools
- To see how to exit QuickBooks properly

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Who uses QuickBooks?

- The QuickBooks Financial Software family consists of a range of products to meet the needs of a variety of small businesses.
- Although QuickBooks works for companies of various sizes and across many industries, there are a few situations in which QuickBooks may not be the best solution for a client.

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Who uses QuickBooks?

- If the business generates more transactions than QuickBooks can handle, performance may be affected. Technically, QuickBooks Pro and Premier can handle two billion transactions in a single company file. In practice, however, tasks like running reports and finding transactions can take longer if the file grows too large. Clients who outgrow Pro or Premier consider upgrading to Enterprise Solutions.
- Companies that require more users simultaneously accessing the company data file than QuickBooks supports may not be suited for QuickBooks.

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Who uses QuickBooks?

- QuickBooks Pro and Premier support up to five simultaneous users; Enterprise Solutions is scalable up to 30 people accessing the file at the same time; and QuickBooks Online supports up to 25 simultaneous users.

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Who uses QuickBooks?

- Companies that require an inventory method other than average cost (such as FIFO or LIFO) may want to use QuickBooks with an add-on software for the inventory feature. An exception is QuickBooks Online Plus offers Inventory using the FIFO cost method.
- Companies with list requirements that exceed those in the *QuickBooks might not be a good fit. T*he limits are "in combination" with each other. As example – in Premier, you can have *14,500 customers, vendors and items COMBINED*. It is still a big number, but customers need to be aware that because of list limitations overall, Enterprise is sometimes the best choice.

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Creating a QuickBooks Company

EasyStep Interview involves setting up a business:

- Company Information
- Your industry
- Your company organization
- Sales information
- Sales tax information
- Estimates
- Sales orders
- Sales receipts
- Preferences
- Business start date
- Creating an account and entering an opening balance
- Reviewing the chart of accounts based on your industry
- Completing company file setup

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Starting the EasyStep Interview

To begin adding a new company:

1. Start QuickBooks.
2. Select Create a new company, click the Start your new company file now button, or choose New Company from the File menu. QuickBooks displays the EasyStep Interview window.
3. “”””OPEN SAMPLE FILE””””
4. Give handout

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New File Creation

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Entering Company Info

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 company name and press Tab.
3. Press Tab again and type the Tax ID number.

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Entering Company Info

4 Type the following information in the address, city, state, and ZIP fields:

5 Enter the following information in the Phone # and Fax # fields:

6 Next enter the email and Web addresses

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Entering Company Info

8. In the "Select your industry" window, scroll down the list until you find the industry of which you are part, then select it.
9. In the "How is your company organized?" window, select Sole Proprietorship, LLC, S or C corp.
10. In the "Select the first month of your fiscal year" window, make sure January is selected.

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Entering Company Info

11. In the "Set up administrator password" window, click Next.
12. Click Next to save the company file.
13. In the "Filename for New Company" window, make sure that QuickBooks is set to save the file in the QB folder you set up during the introduction to the guide.
14. Click Save to accept the company's name.

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Indicating what you sell

1. Click Next to display the "What do you sell?" window.
2. Select Both services and products.
3. Click Next.

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Entering sales information

To indicate how you enter sales:

1. In the "How will you enter your sales in QuickBooks?" window, click Record each sale individually.
2. Click Next.
3. In the "Do you sell products online?" window, indicate what you do.

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Entering sales tax information

To set up 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.

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Creating estimates

To create estimates for your business:

1. In the "Do you want to create estimates in QuickBooks?" window, click Yes.
2. Click Next.

Using sales orders and sales receipts

To set up sales orders and receipts:

1. Click Yes, if the "Tracking customer orders in QuickBooks" window displays, then click Next.

   This screen appears if you are using QuickBooks Premier Edition or higher.
2. In the "Using sales receipts in QuickBooks" window, click yes or no.
3. Click Next.

Choose remaining preferences

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

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. In the “Using Accounts in QuickBooks” window, click Next.
2. In 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. In the date field, type 12/31/2010 and then click Next.

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Entering opening balances

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 and click Next.
3. For “When did you open this bank account?,” click Before.
4. Click Next.

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Reviewing the chart of accounts

To review the chart of accounts:

1. In the “Review income and expense accounts” window, scroll through the recommended accounts to get an idea of what is included.

   You can remove or add accounts from this list. Clear the checkmark to remove an account; click in the checkmark column to add an account.
2. Click Next.

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Finishing the Interview

3. To leave the EasyStep Interview and save your changes, click Finish.
4. If the QuickBooks Learning Center appears, click Go to QuickBooks.
5. If the QuickBooks Coach appears, click Start Working.

After you have completed the EasyStep Interview, Intuit recommends that you not use the Interview to make changes to your company file.

Use the information in the help options described later to help you make changes and adjustments to your company file.

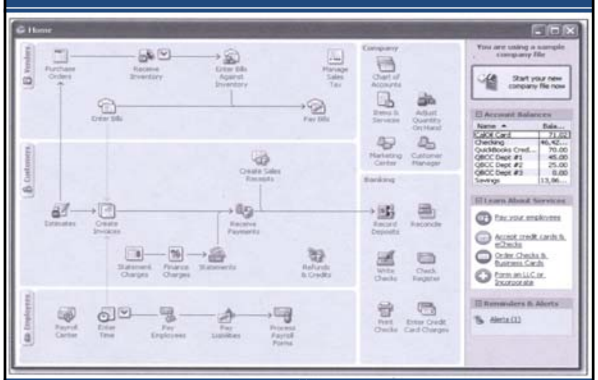
Completing company file setup

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

QuickBooks Home Page



Getting Around in QuickBooks

- Making the Home page your starting point
  - The Home page provides a graphical representation of the workflow, organized in logical groups.
- Using the QuickBooks Coach
  - The QuickBooks Coach guides you through business workflows.
- Getting an overview of your company
  - The Company Snapshot gives you real-time information about how your company is doing and provides a location where you can keep track of the tasks you need to perform.

Getting Around in QuickBooks

- Manage your open windows
  - QuickBooks displays one window at a time.
- Using the menu bar
  - You can find all commands on the menu bar.
- Using the icon bar
  - The icon bar allows you to manage your business more quickly and provides quick access to the Centers.
- Using Centers
  - The Customers, Vendors, Employees, and Reports centers give you quick access to common tasks.

Adding customers

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

To add a customer:

1. Click Customer Center in the icon bar.
2. Click the New Customer & Job menu button, and then choose New Customer.
3. In the Customer Name field, enter the name of the customer as you would like it to appear on your Customers & Jobs list.

Adding customers

4. 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.
5. In Address Info tab, click in the First Name field and type name.
6. Press tab and type M. as the middle initial and in the Last Name field.

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Adding customers

7. Press Tab to go to the Address field, and then press Enter
8. Type address and press Enter.
9. Type cty, state and zip code.
10. Click Copy to copy the address to the Ship To field. Click OK in the Add to Ship To Address Information window.
11. Click OK to add this customer.
    The Customer Center appears, with the Customers & Jobs list along the left side.
    The Customers & Jobs list is the same list as the Customer:Job list. It is called Customers & Jobs on the Customer Center, and it is called Customer:Job on forms.

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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.

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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 would like it to appear on your Vendor list, then press Tab.
4. One option is In the Opening Balance field, type the amount owed this vendor as of the start date. Press Tab.

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Adding vendors

5. In the As Of field, enter the date
6. In Address Info tab, click in the First Name field and type first name.
7. Press tab and type the middle initial and the Last Name field.
8. Press Tab to go to the Address field, and enter address
9. Click in the “Print on Checks As” field.
10. Click OK to add this vendor.
11. If you see a message about a past or future transaction, click Yes.
12. Close the Vendor Center.

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Setting up additional accounts

During the EasyStep Interview, you added one checking account.

There are two basic types of accounts: balance sheet accounts, such as savings or checking, and 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.

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Setting up additional accounts

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.

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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 or purchase 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.

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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 item.
5. In the Description field, type description

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Adding items

6. Click in the Rate field, and type value.
7. In the Tax Code field, choose Non-Taxable Sales from the drop-down list.
8. In the Account field, choose Add New.
9. In the new Account screen, enter Consulting as the income account, then click Save and Close.
10. Click OK to add the new item to the Item List.
11. Close the Item List.

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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

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All the Accounting Needed to Know

- About the chart of accounts
  - The chart of accounts is a complete list of your business' accounts and their balances.
- When you keep books for a company, you want to track:
  - Where your income comes from
  - Where you put it
  - What your expenses are for
  - And what you use to pay them
- You track this flow of money through the chart of accounts

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All the Accounting Needed to Know

- Assets
  - Includes what you have and what people owe you.
- Liabilities
  - What your company owes to other people.
- Equity
  - Equity is the difference between what you have and what you owe.
  - Equity = Assets – Liabilities

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All the Accounting Needed to Know

Cash versus accrual bookkeeping

- Cash basis
  - Income is recorded when money from sales is received and expenses when bills are paid.
- Accrual basis
  - Income is recorded at the time of the sale and expenses when you receive the bill.
- When you create reports in QuickBooks, you can switch between cash and accrual reports at any time, regardless of which bookkeeping method you have chosen for tax purposes.

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All the Accounting Needed to Know

Top Three Reports to assess performance

- The balance sheet
  - A snapshot of company on one date. It shows:
    - What you have (assets)
    - What people owe you (accounts receivable)
    - What your business owes (liabilities and accounts payable)
    - The net worth of your business (equity)
- The profit and loss statement (income statement)
  - A profit and loss statement or income statement shows income, expenses, and net profit or loss
- Statement of cash flows
  - Shows receipts and payments during a specific accounting period

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All the Accounting Needed to Know

- General journal transactions
  - Traditional accounting method
  - Total amount in the Debit column equals the total amount in the Credit column
  - Each amount is assigned to an account in the chart of accounts
  - Must balance equation

    ASSETS = LIABILITIES + EQUITY

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Getting help while using QuickBooks

- 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. Instant access to frequently asked questions and experts who can answer your own questions.

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Getting help while using QuickBooks

To find a topic in onscreen Help:

1. From the Help menu, choose QuickBooks help, and then click the Search tab.
2. Type customers and click the arrow button.
3. Click Edit or change customer information.

   QuickBooks displays the topic in the lower portion of the help window.
4. Show the help on home page (Critical)

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Exiting QuickBooks

- To exit QuickBooks
  - From the File menu, choose Exit.
- To make a back copy of a data file
  - From the File menu, choose Save Copy or Backup
  - ALWAYS BACKUP ON AN EXTERNAL SOURCE

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Final Comment

QuickBooks and Accounting is an information system that measures, processes, and communicates information, primarily financial in nature, about an identifiable entity for the purpose of making economic decisions. It is not an end in itself but is a tool to be used in providing information that is useful in making reasoned choices among alternative uses of scarce resources in the conduct of business and economic activities.

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