

## Setting Up Your Company in QuickBooks® Basic 2002

---

You might have wondered if there is an easier way to prepare and keep track of all of your financial records. There are several business accounting software packages available. The package we will introduce is Intuit's QuickBooks® Basic 2002. Business owners can use QuickBooks® Basic 2002 to:

- Keep track of customer accounts
- Keep track of vendor accounts
- Keep track of employee information
- Track inventory
- Track financial information
- Track specific jobs or projects
- Track payroll
- Create charts and graphs of business performance
- Create custom business forms
- Manage online banking accounts

## Setting up Your Business in QuickBooks® Basic 2002

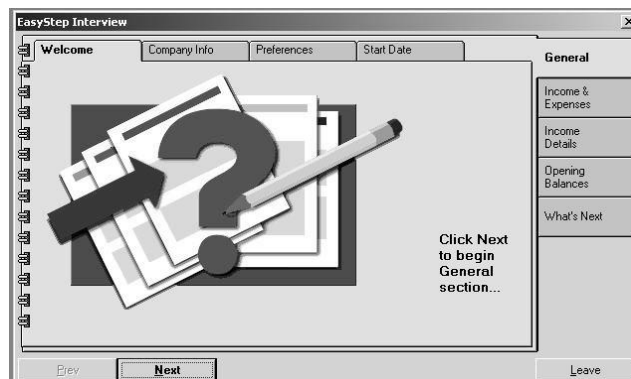
Use the steps below to set up your business in QuickBooks®.

### Part 1. Setting Up Your Company in QuickBooks® Basic 2002®

The following steps will take you through setting up your company in QuickBooks® Basic 2002. We will be using Microsoft® Excel and QuickBooks® Basic 2002 through the rest of the course to organize your business information.

#### General:

1. Open QuickBooks® Basic 2002 and go to **File** → **New Company**. QuickBooks® Basic 2002 will take you through an easy interview about your new company. This is the opening window:



We will work through the interview step by step. Answer the questions as best you can. The first tab is the Welcome section. Read through all six cards in this section by clicking the “Next” button.

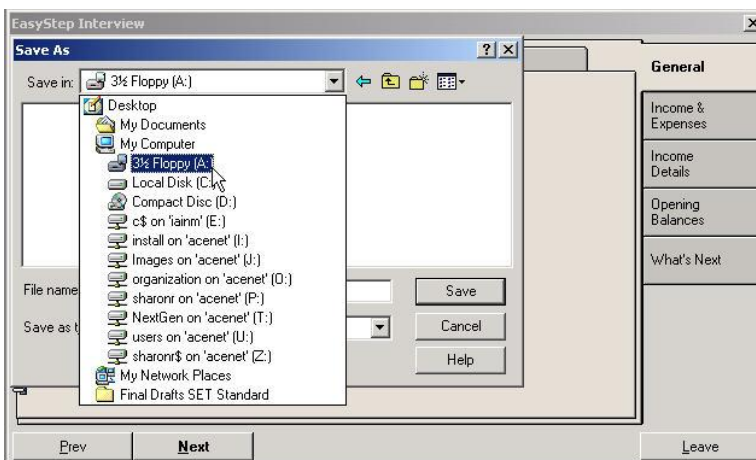
2. Now click “next” to take you on to the Company Info tab. Read the **General: Company Information** card that explains what information you will be asked for in this section. Now click “next” and enter both your company name and your legal name.

If you do not know the answers to some of the questions posed, ask your instructor, or consult an accountant.

3. Next you will have to fill in your company information.

The screenshot shows the 'EasyStep Interview' window with the 'Company Info' tab selected. The 'Your company information' section contains the following fields: Address (11 Shady Lane), City (Athens), State (OH), Zip (45701), Country (U.S.), Phone # (740)555-1111, FAX # (740)555-1112, Email (jandj@best1.org), and Web Site (www.best1.org/jackandjill.htm). A 'General' sidebar on the right lists 'Income & Expenses', 'Income Details', 'Opening Balances', and 'What's Next'. At the bottom are 'Prev', 'Next', and 'Leave' buttons.

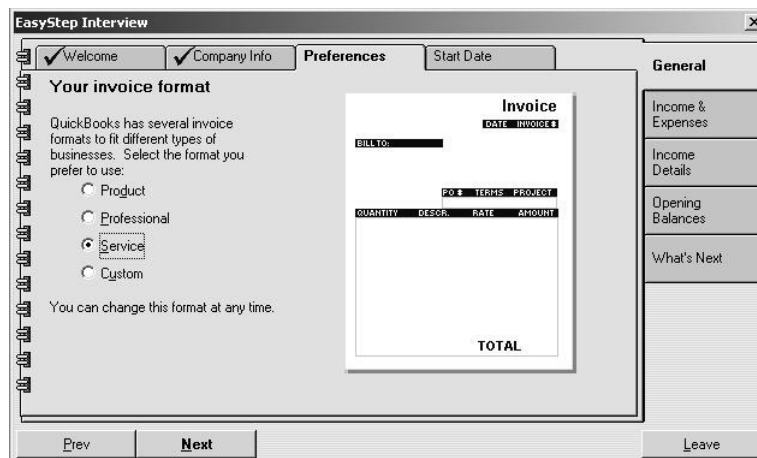
4. Then you will have to input your taxpayer ID number or employer identification number (EIN) and choose when your fiscal year and your tax year start.
5. Next, choose which tax form you use. If you are a sole proprietor you will use the regular 1040. Partnerships use Form 1065. If you are unsure which form to choose, click the "More Info" button. If that doesn't help, then consult with your business counselor, accountant, or attorney.
6. Next, you will have to select your type of business from a list. If you don't see the exact business, choose the one that's nearest.
7. Then QuickBooks Basic® 2002 will create your company file. When you click "Next", QuickBooks® Basic 2002 opens a **Save as** dialog box with your company name already inserted. Click the down arrow next to the "Save in:" bar of the **Save As** dialog box (see diagram on next page). Choose your "A" drive and save it to your floppy for now.



8. Now that QuickBooks® has set up your company file, you will have to choose which accounts you want QuickBooks® Basic 2002 to create for your business. QuickBooks® Basic 2002 generates a list of accounts most suited to your type of business.



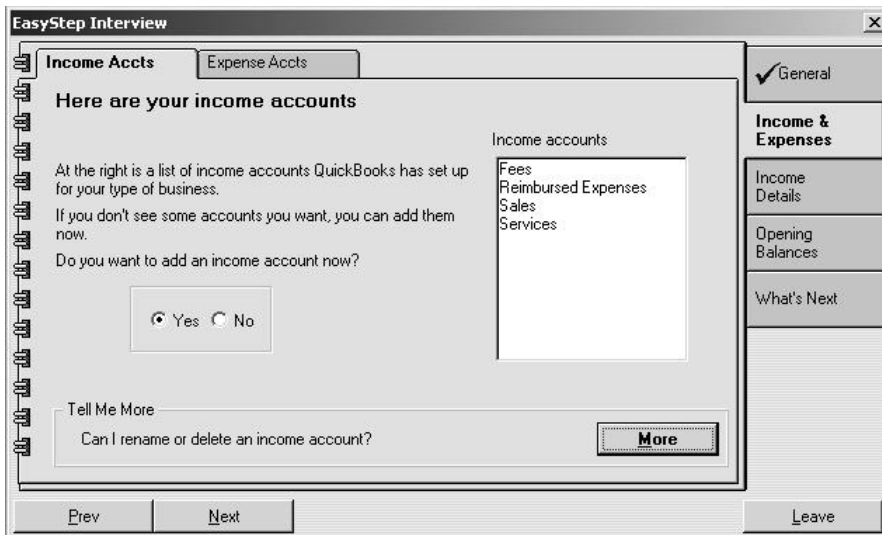
9. Next QuickBooks® Basic 2002 will want to know who will have access to your company files other than you. If you plan to be the only person looking after all of your business affairs, leave the number at zero. Once you've completed that, you are finished entering company information.
10. Next you will set your preferences. First, you will have to decide if your business maintains an inventory. If so, check yes. Click the "More Info" button for more information.
11. Do you collect sales tax from your customers? Check the appropriate answer.
12. Next you choose the layout for your invoice.



13. Next you will have to decide if you will use QuickBooks® Basic 2002 for payroll.
14. Do you prepare written estimates for your customers? Check the appropriate box.
15. Answer the next several questions as best you can. You will be asked if you want to use classes. Since this is a beginning class on QuickBooks® Basic 2002, we recommend choosing “no” on this feature. Once you are familiar with QuickBooks® Basic 2002, then you can go back and modify your preferences.
16. After completing the Preferences section, you choose your start date. QuickBooks® Basic 2002 walks you through this process. Please read the information provided before choosing your start date.

### Income and Expenses:

1. The next section is Income and Expenses. Here you will review accounts and add or delete accounts if necessary.



2. You will be asked if you want to add income and expense accounts. We suggest you choose “no” for now. QuickBooks® Basic 2002 has already created the basic accounts for you. You can add more later.

### **Income Details:**

1. The next section is Income Details. This is where you will set up your accounts receivable (money you expect to receive from other people). In the first card, you are asked whether you always get paid at the time of sale. If you do, no accounts receivable need to be set up. Answer the next questions about your business as best you can.
2. Next, you will be asked if you want to set up service items. If you are setting up a service business, or if your business will sell some services, even if it is mainly a production or retail business, click yes. Type in the name of the service, a description, if needed, and the price you charge for that service. Click Next.
3. If you clicked yes to #2, you will then have to choose which income account to apply the service item. Do this for each service item.
4. You will then be asked if you want to set up non-inventory parts. If you are unsure, click the “more” button to help you decide. However, if you sell any product that you grow or make from scratch, or if you will take special orders for customers, which involves you buying an item and then immediately reselling it to the customer, click yes.
5. If you clicked yes to #2, you will then be asked the name description and price of non-inventory items you will sell. Then you’ll be asked which income account it should be assigned to. Then you’ll be asked if you want to add another non-inventory item. Click no for now. You can add your non-inventory items at a later date. After you have completed this step, it will complete the Items section. Next is Inventory.
6. If you have just a few inventory items, set them up now, following the steps indicated. You will have to determine at what point you want to reorder items and how many you currently have on hand. Do this for each inventory item. After you finish this step you will be done with the Income Details section. The next section is Opening Balances.

## Opening Balances:

You will need bank statements from the time of your start date to complete this section. You will also need customer names and amounts owed to you at the time of your start date. You will also need names of vendors and the amount owed to them.

1. Answer questions as best you can. Next you will have to record information about your business credit card if you have one.
2. The next set of questions is about your business liabilities (loans and notes payable). QuickBooks® Basic 2002 will lead you through setting up any business bank accounts you may have.
3. You will then have to set your asset accounts. This is where you will list your Capital Equipment (as we did earlier in this chapter). Make sure you label each piece of equipment as a fixed asset (or else they shouldn't be listed on your capital equipment list).
4. Decide whether or not you track depreciation for your assets. Record the original price you paid for the asset. If you purchased the item after your start date, enter 0 for original cost.

Homework: Get serial numbers and other financial data on all capital equipment.

## What's Next:

1. Read the information that QuickBooks® Basic 2002 offers for what to do next. Continue to click "next" as you read each card.
2. That's it! Click "Leave" to exit the Interview.



**NOTES:**