Setting Up QuickBooks PART 1 CHAPTER 1: Creating a Company File CHAPTER 2: Getting Around in QuickBooks CHAPTER 3: Setting Up a Chart of Accounts CHAPTER 4: Setting Up Customers, Jobs, and Vendors CHAPTER 5: Setting Up Items CHAPTER 6: Data Entry Shortcuts for Lists CHAPTER 7: Setting Up Other QuickBooks Lists

Choosing a Start Date To keep your entire financial history at your fingertips, you need to put every transaction and speck of financial information in your QuickBooks company file. But you have better things to do than enter years’ worth of checks, invoices, and deposits, so the comprehensive approach is practical only if you just recently started your company. The more realistic approach is to enter your financial data into QuickBooks starting as of a specific date and, from then on, add all new transactions to QuickBooks. The date you choose is called the start date. (The start date isn’t something that you enter in a field in QuickBooks; it’s simply the earliest transaction date in your company file.) You shouldn’t choose it randomly. Here are your start date options and the ramifications of each one: • The last day of the previous fiscal year. The best choice is to fill in your records for the entire current fiscal year. To do that, use the last day of your company’s previous fiscal year as the company file start date. That way, the account balances on your start date are like the ending balances on a bank statement, and you’re ready to start bookkeeping fresh on the first day of the fiscal year. Yes, you have to enter checks, credit card charges, invoices, payments, and other transactions that have happened since the beginning of your fiscal year (see the box on page 6), but that won’t take as much time as you think. And you’ll regain those hours when tax time rolls around, as you nimbly generate the reports you need to complete your tax returns. If more than half of your fiscal year has already passed, the best approach is to be patient and postpone your QuickBooks setup until the next fiscal year. (Intuit releases new versions of QuickBooks in October or November each year for just that reason.) But waiting isn’t always feasible. In cases like that, go with

om individual transactions, your account balances will be accurate and ready for tasks like creating financial reports and filing taxes. First, you need to know your income and expense accounts’ totals. To get those numbers, generate an income statement from your previous accounting system. (Run a cash-basis or accrual-basis report based on which method you use. See page xxiii to learn about cash versus accrual accounting.) To record those year-to-date income and expense numbers in QuickBooks, create a journal entry (page 436). Fill in the Date field with the last day of the historical period, such as 6/30/14 to record financial results for the first half of the calendar year. In the journal entry table, add a line for each income and expense account, as shown in Figure 1-2. Enter values for income accounts in the Credit column, and values for expense accounts in the Debit column. FIGURE 1-2 A journal entry that records income and expense totals is a compromise you can make when you must start using QuickBooks midyear. Each journal entry table row allocates funds to an income or expense account. Enter an income account total in the Credit cell. Enter an expense account total in the Debit cell. If total expense is less than total income, assign the leftover amount in the debit column to the Opening Balance Equity account. (That remaining amount is profit, which becomes your equity in the company, as described on page 461.) QuickBooks makes it easy to create a company file from scratch. (The box on page 9 tells you how to find someone who can help you create one.) You can opt for a short and sweet process, which asks you for the bare minimum of info before it creates your file. Or you can use a wizard that guides you through the process with a series of questions that takes about 15 minutes to answer. The questions cover the basics of creating and customizing a company file to fit your business. QuickBooks needs to know some company information, the industry you’re in, and the features you