



Bookkeeping 101

Setting up your back office to give you the confidence to own your numbers.



Homework Review

Open your QBO account

Enter your business type

Make sure your logo is uploaded to your QuickBooks

Set fonts and colors to your logo colors | Enter your EIN or SSN

Enter your choice of cash or accrual

Enter your appropriate sales locations



Week 1 at a glance...

Intro to Bookkeeping

Bookkeeping vs. Accounting

Account Setup Basics



By the end of today you will be able to:

- Enter your Chart of Accounts
- Enter Client list
- Enter Nested Clients
- Enter Projects
- Enter Tags
- Enter Vendors
- Enter Product List



Setting the Structure

Business reports get really informative when you can narrow them down and sort by useful classifications. Think of it like entering the correct keywords for you to be able to search and sort transactions in a helpful and informative way.

Some questions I want to know from looking at my books:

- Is my business making money?
- Am I on target to meet my financial goals for the year?
- What clients (product type) are the most profitable?
- What bills do I owe?
- Who owes me money?
- How much do I owe in taxes?



Enter Chart of Accounts

Think of your Chart of Accounts as a sort of quick shorthand to classify how you are spending and receiving money.

Set up an appointment with your accountant to discuss your must-have accounts. Beyond that, I would stick by the rule of thumb that the more simple = the more useful and intelligent.



For accounting and tax purposes your chart will look something like:

- Bank accounts
- Credit cards
- Other current liabilities (debts)
- Income
- Cost of goods sold
- Expenses (overhead expenses or expenses not directly related to a product sold)



IRS Expense Accounts Include:

- Advertising
- Car and truck expenses
- Parking fees and tolls
- Commissions and fees
- Contract labor
- Employee benefit programs and health insurance (other than pension and profit-sharing plans)
- Insurance (other than health)
- Interest - mortgage (paid to banks, etc.)
- Interest - other
- Legal and professional fees
- Office expense
- Pension and profit-sharing plans
- Rent or lease - vehicles, machinery and equipment
- Rent or lease - other business property
- Repairs and maintenance
- Supplies (not included in Cost of Goods Sold)
- Taxes and licenses
- Travel
- Meals
- Entertainment (deductible only on some state returns)
- Utilities
- Wages
- Dependent care benefits



Chart of Accounts

Lang Interior Design Inc.

Chart of Accounts

| Name | Type | Detail Type |
|---------------------------|---------------------------|---------------------------|
| Client Deposit | Bank | Checking |
| Operating Account | Bank | Checking |
| Sales Tax Account | Bank | Checking |
| Savings Account | Bank | Savings |
| Accounts Receivable (A/R) | Accounts receivable (A/R) | Accounts Receivable (A/R) |
| Inventory | Other Current Assets | Inventory |
| Inventory Asset | Other Current Assets | Inventory |
| Uncategorized Asset | Other Current Assets | Other Current Assets |
| Vendor Deposits | Other Current Assets | Other Current Assets |
| Accumulated Depreciation | Fixed Assets | Accumulated Depreciation |
| Fixed Asset Computers | Fixed Assets | Fixed Asset Computers |
| Fixed Asset Furniture | Fixed Assets | Fixed Asset Furniture |
| Accounts Payable (A/P) | Accounts payable (A/P) | Accounts Payable (A/P) |
| American Express | Credit Card | Credit Card |
| VISA | Credit Card | Credit Card |
| CA Sales Tax Payable | Other Current Liabilities | Sales Tax Payable |
| Client Deposits | Other Current Liabilities | Other Current Liabilities |
| Line of Credit | Other Current Liabilities | Line of Credit |



| | | |
|---|---------------------------|-----------------------------|
| Massachusetts Department of Revenue Payable | Other Current Liabilities | Sales Tax Payable |
| NM Sales Tax Payable | Other Current Liabilities | Sales Tax Payable |
| Out Of Scope Agency Payable | Other Current Liabilities | Sales Tax Payable |
| Common Stock | Equity | Common Stock |
| Opening Balance Equity | Equity | Opening Balance Equity |
| Owner's Investment | Equity | Owner's Equity |
| Owner's Pay & Personal Expenses | Equity | Owner's Equity |
| Retained Earnings | Equity | Retained Earnings |
| Accessories | Income | Sales of Product Income |
| Billable Expense Income | Income | Sales of Product Income |
| Design Service Fees | Income | Service/Fee Income |
| Design Services Fees - John | Income | Service/Fee Income |
| Fabric | Income | Sales of Product Income |
| Floor Coverings | Income | Sales of Product Income |
| Furniture | Income | Sales of Product Income |
| Lighting | Income | Sales of Product Income |
| Sales | Income | Sales of Product Income |
| Sales of Product Income | Income | Sales of Product Income |
| Uncategorized Income | Income | Sales of Product Income |
| Cost of Goods Sold | Cost of Goods Sold | Supplies & Materials - COGS |

| Name | Type | Detail Type |
|-----------------------------|--------------------|------------------------------------|
| Fabric COGS | Cost of Goods Sold | Supplies & Materials - COGS |
| Floor Coverings - COGS | Cost of Goods Sold | Supplies & Materials - COGS |
| Furniture COGS | Cost of Goods Sold | Supplies & Materials - COGS |
| Lighting COGS | Cost of Goods Sold | Supplies & Materials - COGS |
| Shipping | Cost of Goods Sold | Shipping, Freight & Delivery - COS |
| Advertising & Marketing | Expenses | Advertising/Promotional |
| Ask My Accountant | Expenses | Utilities |
| Bank Charges & Fees | Expenses | Bank Charges |
| Car & Truck | Expenses | Auto |
| Auto Lease | Expenses | Other Business Expenses |
| Gas Expenses | Expenses | Other Business Expenses |
| Parking | Expenses | Other Business Expenses |
| Tolls | Expenses | Other Business Expenses |
| Cell Phone | Expenses | Utilities |
| Charitable Contributions | Expenses | Charitable Contributions |
| Compensation of Officers | Expenses | Payroll Expenses |
| Contractors | Expenses | Payroll Expenses |
| Dues & subscriptions | Expenses | Dues & subscriptions |
| Federal Income Tax Paid | Expenses | Taxes Paid |
| Health and Dental Insurance | Expenses | Payroll Expenses |
| Insurance | Expenses | Insurance |
| Auto Insurance | Expenses | Insurance |
| General Liability Insurance | Expenses | Insurance |
| Interest Paid | Expenses | Interest Paid |
| Job Supplies | Expenses | Supplies & Materials |



| | | |
|-------------------------------|----------|--|
| Legal & Professional Services | Expenses | Legal & Professional Fees |
| Meals & Entertainment | Expenses | Entertainment Meals |
| Office Supplies & Software | Expenses | Office/General Administrative Expenses |
| Office Telephone | Expenses | Utilities |
| Other Business Expenses | Expenses | Office/General Administrative Expenses |
| Parking Tickets | Expenses | Other Business Expenses |
| Payroll Taxes | Expenses | Taxes Paid |
| Postage | Expenses | Office/General Administrative Expenses |
| Property Tangible Tax | Expenses | Taxes Paid |
| Real Estate Taxes | Expenses | Taxes Paid |
| Reimbursable Expenses | Expenses | Supplies & Materials |
| Rent & Lease | Expenses | Rent or Lease of Buildings |
| Equipment Rental | Expenses | Rent or Lease of Buildings |
| Office Rent | Expenses | Rent or Lease of Buildings |
| Repairs & Maintenance | Expenses | Repair & Maintenance |
| Salaries & Wages | Expenses | Payroll Expenses |
| State Corporate Tax | Expenses | Taxes Paid |

| Name | Type | Detail Type |
|---------------------------------|---------------|----------------------------------|
| Storage Expense | Expenses | Other Business Expenses |
| Taxes & Licenses | Expenses | Taxes Paid |
| Travel | Expenses | Travel |
| Uncategorized Expense | Expenses | Other Miscellaneous Service Cost |
| Utilities | Expenses | Utilities |
| Worker's Compensation Insurance | Expenses | Payroll Expenses |
| Other Miscellaneous Expense | Other Expense | Other Miscellaneous Expense |



Enter Chart of Accounts

+ New

Dashboard

Banking >

Expenses >

Sales >

Cash Flow >

Projects >

Payroll >

Time >

Reports >

Taxes >

Mileage >

Accounting >

My Accountant >

Commerce >

Design Business

+ LOGO

Design Business

Get things done

Business overview

SETUP GUIDE

✓ Connect with an accountant

✓ Start invoicing

✓ See how much you're making

✓ Pay your employees

✓ Start tracking time

Get set up right with help from your accountant

Invite them to your books so you can finish setting up together.

Accountant's email

Invite

Your accountant and members of their firm will have admin access to your company data.

No accountant? No worries. [Find a pro to help](#)

Hide

SHORTCUTS

BANK ACCOUNTS

Bank account

Bank balance \$0

In QuickBooks \$0

Bank account

Bank balance \$0

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Need chart of accounts help?
Have a QuickBooks-certified bookkeeper to walk you through a customized setup.
[Find out how it works](#)

Filter by name All

| NAME | TYPE | DETAIL TYPE | QUICKBOOKS BALANCE | BANK BALANCE | ACTION |
|---------------------------------|----------------------|----------------------|--------------------|--------------|-------------------------------|
| Inventory Asset | Other Current Assets | Inventory | 0.00 | | View register |
| Uncategorized Asset | Other Current Assets | Other Current Assets | 0.00 | | View register |
| Undeposited Funds | Other Current Assets | Undeposited Funds | 0.00 | | View register |
| Owner's Investment | Equity | Owner's Equity | 0.00 | | View register |
| Owner's Pay & Personal Expenses | Equity | Owner's Equity | 0.00 | | View register |



Enter Chart of Accounts

Account

Account Type: Bank

*Name: Cash on hand

*Detail Type: Cash on hand

Description:

Use a **Cash on hand** account to track cash your company keeps for occasional expenses, also called petty cash.

To track cash from sales that have not been deposited yet, use a pre-created account called **Undeposited funds**, instead.

☐ Is sub-account

Enter parent account

When do you want to start tracking your finances from this account in QuickBooks?

Choose one

Cancel Save and Close