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# QuickBooks® 2019

for  
**dummies**®  
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Manage your business  
finances in one place

Record sales receipts, pay the  
bills, and create invoices

Monitor business transactions  
and inventory

**Stephen L. Nelson**

MBA, CPA, MS in Taxation and  
bestselling author of *QuickBooks*  
2019 *All-In-One For Dummies*



# QuickBooks® 2019

for  
**dummies**®  
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# QuickBooks<sup>®</sup> 2019

by Stephen L. Nelson, MBA, CPA, MS  
in Taxation

for  
**dummies**<sup>®</sup>  
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## QuickBooks® 2019 For Dummies®

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# Contents at a Glance

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<b>Introduction</b> .....	1
<b>Part 1: Quickly into QuickBooks</b> .....	5
CHAPTER 1: QuickBooks: The Heart of Your Business .....	7
CHAPTER 2: The Big Setup .....	17
CHAPTER 3: Populating QuickBooks Lists .....	35
<b>Part 2: Daily Entry Tasks</b> .....	81
CHAPTER 4: Creating Invoices and Credit Memos .....	83
CHAPTER 5: Reeling in the Dough .....	109
CHAPTER 6: Paying the Bills .....	133
CHAPTER 7: Inventory Magic .....	157
CHAPTER 8: Keeping Your Checkbook .....	177
CHAPTER 9: Paying with Plastic .....	195
<b>Part 3: Stuff You Do from Time to Time</b> .....	205
CHAPTER 10: Printing Checks .....	207
CHAPTER 11: Payroll .....	219
CHAPTER 12: Building the Perfect Budget .....	231
CHAPTER 13: Online with QuickBooks .....	239
<b>Part 4: Housekeeping Chores</b> .....	249
CHAPTER 14: The Balancing Act .....	251
CHAPTER 15: Reporting on the State of Affairs .....	263
CHAPTER 16: Job Estimating, Billing, and Tracking .....	279
CHAPTER 17: File Management Tips .....	289
CHAPTER 18: Fixed Assets and Vehicle Lists .....	303
<b>Part 5: The Part of Tens</b> .....	315
CHAPTER 19: Tips for Handling (Almost) Ten Tricky Situations .....	317
CHAPTER 20: (Almost) Ten Secret Business Formulas .....	325
<b>Part 6: Appendixes</b> .....	341
APPENDIX A: Installing QuickBooks in Ten Easy Steps .....	343
APPENDIX B: If Numbers Are Your Friends .....	347
APPENDIX C: Sharing QuickBooks Files .....	367
<b>Index</b> .....	377





# Table of Contents

---

<b>INTRODUCTION</b> .....	1
About This Book .....	1
Foolish Assumptions .....	2
Icons Used in This Book .....	3
Beyond the Book .....	3
Where to Go from Here .....	3
<b>PART 1: QUICKLY INTO QUICKBOOKS</b> .....	5
<b>CHAPTER 1: QuickBooks: The Heart of Your Business</b> .....	7
Why QuickBooks? .....	7
Why you need an accounting system .....	8
What QuickBooks does .....	9
Why not QuickBooks online? .....	10
What Explains QuickBooks' Popularity? .....	11
What's Next, Dude? .....	12
How to Succeed with QuickBooks .....	13
Budget wisely, Grasshopper .....	13
Don't focus on features .....	14
Outsource payroll .....	15
Get professional help .....	16
Use both the profit and loss statement and the balance sheet .....	16
<b>CHAPTER 2: The Big Setup</b> .....	17
Getting Ready for QuickBooks Setup .....	17
The big decision .....	18
The trial balance of the century .....	19
The mother of all scavenger hunts .....	22
Stepping through QuickBooks Setup .....	23
Starting QuickBooks .....	23
Using the Express Setup .....	25
The Rest of the Story .....	32
Should You Get Your Accountant's Help? .....	32
<b>CHAPTER 3: Populating QuickBooks Lists</b> .....	35
The Magic and Mystery of Items .....	35
Adding items you might include on invoices .....	37
Creating other wacky items for invoices .....	45
Editing items .....	48

Adding Employees to Your Employee List . . . . .	49
Customers Are Your Business . . . . .	51
It's Just a Job . . . . .	55
Adding Vendors to Your Vendor List . . . . .	58
The Other Lists. . . . .	62
The Fixed Asset Item list . . . . .	63
The Price Level list . . . . .	64
The Billing Rate Levels list . . . . .	64
The Sales Tax Code list . . . . .	64
The Class list . . . . .	64
The Other Names list . . . . .	65
The Sales Rep list . . . . .	65
Customer, Vendor, and Job Types list . . . . .	66
The Terms list . . . . .	66
The Customer Message list . . . . .	66
The Payment Method list . . . . .	67
The Ship Via list . . . . .	67
The Vehicle list . . . . .	67
The Memorized Transaction list . . . . .	68
The Reminders list . . . . .	68
Organizing Lists . . . . .	68
Printing Lists . . . . .	69
Exporting List Items to Your Word Processor . . . . .	69
Dealing with the Chart of Accounts List . . . . .	70
Describing customer balances . . . . .	70
Describing vendor balances . . . . .	70
Camouflaging some accounting goofiness . . . . .	71
Supplying the missing numbers . . . . .	77
Checking your work one more time . . . . .	79

**PART 2: DAILY ENTRY TASKS . . . . . 81**

<b>CHAPTER 4: Creating Invoices and Credit Memos . . . . .</b>	<b>83</b>
Making Sure That You're Ready to Invoice Customers . . . . .	84
Preparing an Invoice . . . . .	84
Fixing Invoice Mistakes . . . . .	91
If the invoice is still displayed onscreen . . . . .	91
If the invoice isn't displayed onscreen . . . . .	91
Deleting an invoice . . . . .	92
Preparing a Credit Memo . . . . .	92
Fixing Credit Memo Mistakes . . . . .	96
Printing Invoices and Credit Memos . . . . .	97
Loading the forms into the printer . . . . .	97
Setting up the invoice printer . . . . .	97

	Printing invoices and credit memos as you create them . . . . .	100
	Printing invoices in a batch . . . . .	102
	Printing credit memos in a batch . . . . .	103
	Sending Invoices and Credit Memos via Email . . . . .	104
	Customizing Your Invoices and Credit Memos . . . . .	105
<b>CHAPTER 5:</b>	<b>Reeling in the Dough . . . . .</b>	<b>109</b>
	Recording a Sales Receipt . . . . .	110
	Printing a Sales Receipt . . . . .	114
	Special Tips for Retailers . . . . .	116
	Correcting Sales Receipt Mistakes . . . . .	117
	Recording Customer Payments . . . . .	118
	Correcting Mistakes in Customer Payments Entries . . . . .	122
	Making Bank Deposits . . . . .	123
	Improving Your Cash Inflow . . . . .	126
	Tracking what your customers owe . . . . .	126
	Assessing finance charges . . . . .	128
	Dealing with deposits . . . . .	132
<b>CHAPTER 6:</b>	<b>Paying the Bills . . . . .</b>	<b>133</b>
	Pay Now or Pay Later? . . . . .	133
	Recording Your Bills by Writing Checks . . . . .	134
	The slow way to write checks . . . . .	134
	The fast way to write checks . . . . .	140
	Recording Your Bills the Accounts Payable Way . . . . .	142
	Recording your bills . . . . .	143
	Entering your bills the fast way . . . . .	146
	Deleting a bill . . . . .	148
	Remind me to pay that bill, will you? . . . . .	149
	Paying Your Bills . . . . .	150
	Tracking Vehicle Mileage . . . . .	154
	Paying Sales Tax . . . . .	155
<b>CHAPTER 7:</b>	<b>Inventory Magic . . . . .</b>	<b>157</b>
	Setting Up Inventory Items . . . . .	158
	When You Buy Stuff . . . . .	159
	Recording items that you pay for up front . . . . .	159
	Recording items that don't come with a bill . . . . .	159
	Paying for items when you get the bill . . . . .	161
	Recording items and paying the bill all at once . . . . .	163
	When You Sell Stuff . . . . .	163
	How Purchase Orders Work . . . . .	164
	Customizing a purchase order form . . . . .	165
	Filling out a purchase order . . . . .	165

Checking up on purchase orders . . . . .	168
Receiving purchase order items . . . . .	168
Assembling a Product . . . . .	169
Identifying the components . . . . .	169
Building the assembly . . . . .	170
Time for a Reality Check . . . . .	172
Dealing with Multiple Inventory Locations . . . . .	173
Manually keep separate inventory-by-location counts . . . . .	174
Use different item numbers for different locations . . . . .	174
Upgrade to QuickBooks Enterprise Solutions . . . . .	174
The Lazy Person's Approach to Inventory . . . . .	175
How periodic inventory systems work in QuickBooks . . . . .	175
The good and bad of a periodic inventory . . . . .	176
<b>CHAPTER 8: Keeping Your Checkbook . . . . .</b>	<b>177</b>
Writing Checks . . . . .	177
Writing checks from the Write Checks window . . . . .	178
Writing checks from the register . . . . .	179
Changing a check that you've written . . . . .	181
Packing more checks into the register . . . . .	181
Depositing Money in a Checking Account . . . . .	183
Recording simple deposits . . . . .	183
Depositing income from customers . . . . .	184
Transferring Money between Accounts . . . . .	186
Setting up a second bank account . . . . .	187
Recording deposits into the new account . . . . .	187
About the other half of the transfer . . . . .	188
Changing a transfer that you've already entered . . . . .	189
Working with Multiple Currencies . . . . .	189
To Delete or to Void? . . . . .	190
Handling NSF Checks from Customers . . . . .	192
The Big Register Phenomenon . . . . .	192
Moving through a big register . . . . .	193
Finding that darn transaction . . . . .	193
<b>CHAPTER 9: Paying with Plastic . . . . .</b>	<b>195</b>
Tracking Business Credit Cards . . . . .	195
Setting up a credit card account . . . . .	196
Selecting a credit card account so that you can use it . . . . .	197
Entering Credit Card Transactions . . . . .	198
Recording a credit card charge . . . . .	199
Changing charges that you've already entered . . . . .	201
Reconciling Your Credit Card Statement and Paying the Bill . . . . .	202
So What about Debit and ATM Cards? . . . . .	203
So What about Customer Credit Cards? . . . . .	203

<b>PART 3: STUFF YOU DO FROM TIME TO TIME</b> .....	205
<b>CHAPTER 10: Printing Checks</b> .....	207
Getting the Printer Ready .....	207
Printing a Check .....	210
A few words about printing checks .....	211
Printing a check as you write it .....	211
Printing checks by the bushel .....	213
What if I make a mistake? .....	215
Oh where, oh where do unprinted checks go? .....	216
Printing a Checking Register .....	216
<b>CHAPTER 11: Payroll</b> .....	219
Getting Ready to Do Payroll without Help from QuickBooks .....	219
Doing Taxes the Right Way .....	220
Getting an employer ID number .....	220
Signing up for EFTPS .....	221
Employees and employers do their part .....	221
Getting Ready to Do Payroll with QuickBooks .....	221
Paying Your Employees .....	223
Paying Payroll Liabilities .....	226
Paying tax liabilities if you use a full-meal-deal payroll service .....	226
Paying tax liabilities if you don't use a full-meal-deal payroll service .....	226
Paying other nontax liabilities .....	227
Preparing Quarterly Payroll Tax Returns .....	227
Using the Basic Payroll service .....	228
Using a full-meal-deal payroll service .....	228
Using the QuickBooks Enhanced Payroll service .....	228
Filing Annual Returns and Wage Statements .....	229
The State Wants Some Money, Too .....	230
<b>CHAPTER 12: Building the Perfect Budget</b> .....	231
Is This a Game You Want to Play? .....	231
All Joking Aside: Some Basic Budgeting Tips .....	232
A Budgeting Secret You Won't Learn in College .....	233
Setting Up a Secret Plan .....	234
Adjusting a Secret Plan .....	237
Forecasting Profits and Losses .....	237
Projecting Cash Flows .....	237
Using the Business Planner Tools .....	238

<b>CHAPTER 13: Online with QuickBooks</b> .....	239
Doing the Electronic Banking Thing .....	239
So what's the commotion about? .....	239
A handful of reasons to be cautious about banking online .....	240
Making sense of online banking .....	242
Signing up for the service .....	243
Making an online payment .....	243
Transferring money electronically .....	245
Changing instructions .....	246
Transmitting instructions .....	246
Message in a bottle .....	247
A Quick Review of the Other Online Opportunities .....	248
<b>PART 4: HOUSEKEEPING CHORES</b> .....	249
<b>CHAPTER 14: The Balancing Act</b> .....	251
Balancing a Bank Account .....	252
Giving QuickBooks information from the bank statement .....	252
Marking cleared checks and deposits .....	254
Eleven Things to Do If Your Non-Online Account Doesn't Balance .....	259
<b>CHAPTER 15: Reporting on the State of Affairs</b> .....	263
What Kinds of Reports Are There, Anyway? .....	264
Creating and Printing a Report .....	266
Visiting the report dog-and-pony show .....	268
Editing and rearranging reports .....	269
Reports Made to Order .....	273
Processing Multiple Reports .....	275
Your Other Reporting Options .....	275
Last but Not Least: The QuickReport .....	276
<b>CHAPTER 16: Job Estimating, Billing, and Tracking</b> .....	279
Turning On Job Costing .....	279
Setting Up a Job .....	280
Creating a Job Estimate .....	281
Revising an Estimate .....	284
Turning an Estimate into an Invoice .....	284
Comparing Estimated Item Amounts with Actual Item Amounts .....	286
Charging for Actual Time and Costs .....	287
Tracking Job Costs .....	288

<b>CHAPTER 17: File Management Tips</b> .....	289
Backing Up Is (Not That) Hard to Do .....	289
Backing up the quick-and-dirty way .....	291
Getting back the QuickBooks data you backed up .....	295
Using the Accountant's Copy .....	298
Working with Portable Files .....	299
Using an Audit Trail .....	300
Using a Closing Password .....	300
<b>CHAPTER 18: Fixed Assets and Vehicle Lists</b> .....	303
What Is Fixed-Assets Accounting? .....	303
Fixed-Assets Accounting in QuickBooks .....	305
Setting Up a Fixed Asset List .....	306
Adding items to the Fixed Asset list .....	306
Adding fixed-asset items on the fly .....	308
Editing items in the Fixed Asset list .....	309
Tracking Vehicle Mileage .....	310
Identifying your vehicles .....	310
Recording vehicle miles .....	312
Using the vehicle reports .....	313
Updating vehicle mileage rates .....	313
<b>PART 5: THE PART OF TENS</b> .....	315
<b>CHAPTER 19: Tips for Handling (Almost) Ten Tricky Situations</b> .....	317
Tracking Depreciation .....	317
Selling an Asset .....	318
Selling a Depreciable Asset .....	319
Owner's Equity in a Sole Proprietorship .....	320
Owner's Equity in a Partnership .....	320
Owner's Equity in a Corporation .....	321
Multiple-State Accounting .....	322
Getting a Loan .....	322
Repaying a Loan .....	323
<b>CHAPTER 20: (Almost) Ten Secret Business Formulas</b> .....	325
The First "Most Expensive Money You Can Borrow" Formula .....	326
The Second "Most Expensive Money You Can Borrow" Formula .....	328
The "How Do I Break Even?" Formula .....	328
The "You Can Grow Too Fast" Formula .....	331
How net worth relates to growth .....	331
How to calculate sustainable growth .....	332
The First "What Happens If . . .?" Formula .....	333

The Second “What Happens If . . .?” Formula . . . . .	335
The Economic Order Quantity (Isaac Newton) Formula . . . . .	337
The Rule of 72 . . . . .	338
<b>PART 6: APPENDIXES . . . . .</b>	<b>341</b>
<b>APPENDIX A: Installing QuickBooks in Ten Easy Steps . . . . .</b>	<b>343</b>
<b>APPENDIX B: If Numbers Are Your Friends . . . . .</b>	<b>347</b>
Keying In on Profit . . . . .	347
Let me introduce you to the new you. . . . .	347
The first day in business. . . . .	348
Look at your cash flow first . . . . .	348
Depreciation is an accounting gimmick . . . . .	349
Accrual-basis accounting is cool . . . . .	350
Now you know how to measure profits. . . . .	351
Some financial brain food . . . . .	352
In the Old Days, Things Were Different . . . . .	352
What Does an Italian Monk Have to Do with Anything? . . . . .	355
And now for the blow-by-blow . . . . .	357
Blow-by-blow, Part 2 . . . . .	360
How does QuickBooks help? . . . . .	362
Two Dark Shadows in the World of Accounting . . . . .	363
The first dark shadow . . . . .	363
The second dark shadow . . . . .	364
The Danger of Shell Games . . . . .	364
<b>APPENDIX C: Sharing QuickBooks Files . . . . .</b>	<b>367</b>
Sharing a QuickBooks File on a Network . . . . .	367
User permissions. . . . .	367
Record locking . . . . .	369
Installing QuickBooks for Network Use . . . . .	370
Setting User Permissions . . . . .	371
User permissions in Enterprise Solutions . . . . .	371
User permissions in QuickBooks Pro and Premier. . . . .	373
Specifying Multiuser Mode. . . . .	375
Working in Multiuser Mode . . . . .	375
<b>INDEX . . . . .</b>	<b>377</b>



# Introduction

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**R**unning a small business is one of the coolest things a person can do. Really. I mean it. Sure, sometimes the environment is dangerous — kind of like the Old West — but it's an environment in which you have the opportunity to make tons of money. And it's also an environment in which you can build a company or a job that fits you perfectly.

By comparison, many brothers and sisters working in big-company corporate America are furiously trying to fit their round pegs into painfully square holes. Yuck.

You're wondering, of course, what any of this has to do with this book or with QuickBooks. Quite a lot, actually. The whole purpose of this book is to make it easier for you to run (or work in) a small business by using QuickBooks.

## About This Book

---

As you start your reading, though, I want to tell you a couple of things about this book.

First off, know that I fiddled a bit with the Windows and QuickBooks display settings. I noodled around with the font settings and some of the colors, for example. The benefit is that the pictures of the QuickBooks windows and dialog boxes in this book are easier to read. And that's good. But the cost is that my pictures look a little bit different from what you see on your screen. And that's not good. In the end, however, what the publisher found is that people are happier with increased readability.

Next point: To make the best use of your time and energy, you should know about the conventions that I use in this book. Those conventions are as follows:

- » When I want you to type something, such as **With a stupid grin, Martin watched the tall blonde strut into the bar and order grappa**, it's in bold type. When I want you to type something that's short and uncomplicated, such as **Jennifer**, it still appears in boldface type.

- » Except for passwords, you don't have to worry about the case of the letters you type in QuickBooks. If I tell you to type **Jennifer**, you can type **JENNIFER** or follow poet e. e. cummings's lead and type **jennifer**.
- » Whenever I tell you to choose a command from a menu, I say something like "Choose Lists ⇨ Items," which simply means to first choose the Lists menu and then choose Items. The ⇨ separates one part of the command from the next part.
- » You can choose menus, commands, and dialog-box elements with the mouse. Just click the thing you want.
- » When I provide step-by-step descriptions of tasks — something I do regularly within the pages of this tome — I describe the tasks by using bold text and then, below the boldfacing, give a more detailed explanation. You can skip the text that accompanies the step-by-step boldface directions if you already understand the process.

## Foolish Assumptions

I make three assumptions about you:

- » You have a PC running Microsoft Windows. (I took pictures of the QuickBooks windows and dialog boxes while using Windows 10, in case you're interested.)
- » You know a little bit about how to work with your computer.
- » You have or will buy a copy of QuickBooks for each computer on which you want to run the program.



TIP

This book works for QuickBooks 2019 (and with the equivalent version of QuickBooks Enterprise Solutions, which is named Enterprise Solutions 19), although in a pinch, you can probably use it for QuickBooks 2017 or 2018 too. (I have to say, however, that if you have QuickBooks 2017, you may want to return this book and trade it in for *QuickBooks 2017 For Dummies* by yours truly. Furthermore, even though I'm no fortune-teller, I'm willing to predict that you'll be able to buy a *QuickBooks 2020 For Dummies* book when QuickBooks 2020 comes out.)

# Icons Used in This Book



TIP

The Tip icon marks tips (duh!) and shortcuts that you can use to make QuickBooks easier.



REMEMBER

Remember icons mark the information that's especially important to know. To siphon off the most important information in each chapter, just skim these icons.



TECHNICAL  
STUFF

The Technical Stuff icon marks information of a highly technical nature that you can normally skip.



WARNING

The Warning icon tells you to watch out! It marks important information that may save you headaches when working with QuickBooks.

# Beyond the Book

This book is packed with information about using and benefiting from QuickBooks. But you'll be glad to know, I'm sure, that you can find additional relevant content at the [www.dummies.com](http://www.dummies.com) website. Type *QuickBooks 2019* in the Search field on the site to see a list of relevant articles.

There's also an online Cheat Sheet, which is a handy reference that you'll use over and over, and you can refer to it when you don't have the book handy. Just type *QuickBooks 2019 For Dummies Cheat Sheet* in the Search field at [www.dummies.com](http://www.dummies.com).

# Where to Go from Here

This book isn't meant to be read from cover to cover like some James Patterson page-turner. Instead, it's organized into tiny, no-sweat descriptions of how you do the things you need to do. If you're the sort of person who just doesn't feel right not reading a book from cover to cover, you can (of course) go ahead and read this thing from front to back. You can start reading Chapter 1 and continue all the way to the end (which means through Chapter 20 and the appendixes).



TIP

I don't think this from-start-to-finish approach is bad, because I tell you a bunch of stuff (tips and tricks, for example) along the way. I tried to write the book in such a way that the experience isn't as rough as you may think, and I really do think you get good value from your reading.

But you also can use this book the way you'd use an encyclopedia. If you want to know about a subject, you can look it up in the table of contents or the index; then you can flip to the correct chapter or page and read as much as you need or enjoy. No muss, no fuss.

I should mention one thing, however: Accounting software programs require you to do a certain amount of preparation before you can use them to get real work done. If you haven't started to use QuickBooks yet, I recommend that you read the first few chapters of this book to find out what you need to do first.

Finally, if you haven't already installed QuickBooks and need help, jump to Appendix A, which tells you how to install QuickBooks in ten easy steps. And if you're just starting with Microsoft Windows, peruse Chapter 1 of the *Windows User's Guide* or one of these books on your flavor of Windows: *Windows 7 For Dummies*, *Windows 8.1 For Dummies*, or *Windows 10 For Dummies*, all by Andy Rathbone (and all from John Wiley & Sons, Inc.).

# 1

## **Quickly into QuickBooks**

## **IN THIS PART . . .**

Understand the big picture stuff about why, how, and when you install the QuickBooks accounting software.

Get practical stratagems and commonsense tactics for quickly getting your accounting system up and running.

Load the QuickBooks master files with startup information so you're productive and efficient from day one.

#### IN THIS CHAPTER

- » Benefiting from a tool like QuickBooks
- » Discovering what QuickBooks actually does
- » Understanding why QuickBooks is a popular choice
- » Getting started (in general) with QuickBooks
- » Succeeding in setup and use of QuickBooks

## Chapter **1**

# QuickBooks: The Heart of Your Business

I want to start this conversation by quickly covering some basic questions concerning QuickBooks, such as these: Why even use QuickBooks? Where and how does a guy or gal start? And — most important — what should I *not* do?

This little orientation shouldn't take more than a few minutes. Really. And the orientation lets you understand the *really* big picture concerning QuickBooks.

## Why QuickBooks?

Okay, I know you know that you need an accounting system. Somebody (maybe your accountant or spouse) has convinced you of this fact. And you, being the team player that you are, have accepted this conventional viewpoint as the truth.

But just between you and me, why do you *really* need QuickBooks? And what does QuickBooks do that you really, truly need done? Heck, just to be truly cynical, also ask the question “Why QuickBooks?” Why not use some other accounting software program?

## Why you need an accounting system

Start with the most basic question: Why do you even need an accounting system like QuickBooks? It’s a fair question, so let me supply the two-part answer.

The first reason is that federal law requires your business to maintain an accounting system. Specifically, Section 446 (General Rule for Methods of Accounting) of Title 26 (Internal Revenue Code) of the United States Code requires that you have the capability to compute taxable income by using some sort of common-sense accounting system that clearly reflects income.

If you decide to blow off this requirement — after all, you got into business so that you could throw off the shackles of bureaucracy — you might get away with your omission. But if the Internal Revenue Service (IRS) examines your return, and you ignored Section 446, the IRS gets to do your accounting the way *it* wants. And the IRS way means that you pay more in taxes and that you also pay taxes earlier than you would have otherwise.

Here’s the second reason for maintaining an accounting system. I’m sort of going out on an editorial limb here, but I’m going to do it anyway. My strong belief — backed by more than three decades of business experience and close observation of several hundred business clients — is that you can’t successfully manage your business without a decent accounting system. Success requires accurately measuring profits or losses and reasonably estimating your financial condition.

This second reason makes sense, right? If your friend Kenneth doesn’t know when he’s making money, which products or services are profitable, and which customers are worth keeping (and which aren’t), does he really have a chance?

I don’t think he does.

To summarize, your business must have a decent accounting system, no matter how you feel about accounting and regardless of how time-consuming and expensive such a system is (or becomes). The law requires you to have such an accounting system. And successful business management depends on such an accounting system.



# What QuickBooks does

Go on to the next question that you and I need to discuss: What does QuickBooks do to help you maintain an accounting system that measures profits and losses and other stuff like that?

QuickBooks truly makes business accounting easy by providing windows that you use to record common business transactions. QuickBooks has a window (you know, a Windows window that appears on your monitor's screen) that looks like a check, for example. To record a check you write, you fill in the blanks of the window with bits of information, such as the date, amount, and person or business you're paying.

QuickBooks also has a handful of other windows that you use in a similar fashion. It supplies an invoice window, for example, that looks like an invoice you might use to bill a customer or client. You fill in the invoice window's blanks by recording invoice information, such as the name of the client or customer, invoice amount, and date by which you want to be paid.

Here's the neat thing about these check and invoice windows: When you record business transactions by filling in the blanks shown onscreen, you collect the information that QuickBooks needs to prepare the reports that summarize your profits or losses and your financial situation.

If you record two invoices (for \$10,000 each) to show amounts that you billed your customers, and then you record three checks (for \$4,000 each) to record your advertising, rent, and supplies expenses, QuickBooks can (with two or three mouse clicks by you) prepare a report that shows your profit, as shown in Table 1-1.

**TABLE 1-1**

## A Profit and Loss Report

	Amount
Revenue	\$20,000
Advertising	(\$4,000)
Rent	(\$4,000)
Supplies	(\$4,000)
Total expenses	(\$12,000)
Profit	\$8,000



REMEMBER

The parentheses, by the way, indicate negative amounts. That's an accounting thing, but back to the real point of my little narrative.

Your accounting with QuickBooks can be just as simple as I describe in the previous paragraphs. In other words, if you record just a handful of business transactions by using the correct QuickBooks windows, you can begin to prepare reports like the one shown in Table 1-1. Such reports can be used to calculate profits or (ugh) losses for last week, last month, or last year. Such reports can also be used to calculate profits and losses for particular customers and products.

I know I'm kind of harsh in the first part of this chapter — bringing up that stuff about the IRS and business failure — but this accounting stuff is neat! (For the record, that's the only exclamation point I use in this chapter.) Good accounting gives you a way to manage your business for profitability. And obviously, all sorts of good and wonderful things stem from operating your business profitably: a materially comfortable life for you and your employees; financial cushioning to get you through the tough patches; and profits that can be reinvested in your business, in other businesses, and in community charities.

Let me mention a couple other darn handy things that QuickBooks (and other accounting systems, too) do for you, the overworked business owner or bookkeeper:

- » **Forms:** QuickBooks produces, or prints, forms such as checks and invoices by using the information you enter in those check windows and invoice windows that I mention earlier. So that's neat, and a true time-saver. (See Chapter 4.)
- » **Electronic banking and billing:** QuickBooks transmits and retrieves some financial transaction information electronically. It can email your invoices to customers and clients, for example, which can save you both time and money. And QuickBooks can share bank accounting information with most major banks, making it easy to make payments and transfer funds electronically. (See Chapter 13.)

## Why not QuickBooks online?

Now for an awkward question: Should you be using the desktop version of QuickBooks, or do you need to get with the program and use the online version of QuickBooks? Good question.

My suggestion is that you work with the desktop version of QuickBooks — the subject of this book. I base this suggestion on two factors:

- » The desktop version probably becomes significantly more economical over the years you use QuickBooks. I've blogged about this topic (not in a bitter, grumpy-old-man way, I hope) at our CPA firm's website, [www.evergreensmallbusiness.com](http://www.evergreensmallbusiness.com). The problem with these subscription-type pricing models is that you pay — over time — way, way more for an item. And I believe that this is true with QuickBooks.
- » At least currently, the desktop version of QuickBooks provides more functionality and a richer feature set. I'm not going to list what's included in the desktop version and what's missing in the online version, but I see holes. (I'm happy to stipulate that at some point, Intuit will surely plug these holes. But in the meantime, why pay more for less?)

Can I point out one scenario in which the online version *does* make sense in spite of its greater cost and lesser functionality? If you need to have people in different locations (across town, across the country, around the globe, and so on) share QuickBooks, the online version of QuickBooks rocks. It *really* rocks.

*Note:* If your CPA can support your use of QuickBooks simply because you're using the online version, that may justify the extra cost and lighter feature set.

## What Explains QuickBooks' Popularity?

No question about it — you need a good accounting system if you're in business. But you know what? That fact doesn't explain why QuickBooks is so popular or why you should use QuickBooks. (I ignore for one moment the fact that you've probably already purchased QuickBooks.) Therefore, let me suggest to you three reasons why QuickBooks is an excellent choice to use as the foundation of your accounting system:

- » **Ease of use:** QuickBooks historically has been the easiest (or one of the easiest) accounting software programs to use. Why? The whole just-enter-transaction-information-into-windows-that-resemble-forms thing (which I talk about earlier) makes data entry a breeze. Most businesspeople already know how to fill in the blanks in these forms. That means that most people — probably including you — know almost everything they need to know to collect the information that they need to do their books with QuickBooks. Over time, other software programs have tended to become more QuickBooks-like in their ease of use. The folks at Intuit have truly figured out how to make and keep accounting easy.



WARNING

I should tell you, because I'm an accountant, that the ease-of-use quality of QuickBooks isn't all good. Part of the reason why QuickBooks is easy to use is that it doesn't possess all the built-in internal control mechanisms that some more traditional accounting systems have. Those internal control mechanisms make your financial data more secure, of course, but they also make the accounting software more complicated to use.

- » **Expense:** QuickBooks, especially compared with the hard-core accounting packages that accountants love, is pretty darn inexpensive. Different versions have different prices, but for a ballpark figure, you can get an excellent accounting software solution for a few hundred bucks. Not to go all grandfatherly on you or anything, but when I was a young CPA, inexpensive accounting software packages often cost several thousand dollars, and it was easy to spend tens of thousands of dollars.
- » **Ubiquity:** The ubiquity issue relates to the ease of use of QuickBooks and the cheap price that Intuit charges for QuickBooks. Oddly enough, the ubiquity of QuickBooks becomes its own benefit, too. You'll find it very easy to find a bookkeeper who knows QuickBooks, for example. And if you can't, you can hire someone who doesn't know QuickBooks and then send that person to a QuickBooks class at the local community college (because that class will be easy to find). You'll also find it very easy to find a CPA who knows QuickBooks.

Now, you might choose to use some other, very good piece of accounting software. Almost assuredly, however, what you'll discover is that it's tougher to find people who know the software, tougher to find classes for the software, tougher to find CPAs who know the software, and even tougher to find books about the software.

## What's Next, Dude?

At this point, presumably, you know why you need accounting software and why QuickBooks is probably a reasonable and maybe even an excellent choice. In other words, you swallowed my line about QuickBooks hook, line, and sinker. That decision on your part leaves the question of what you should do next. Let me say this. In a nutshell, before you can begin working with QuickBooks, you need to do the following:

1. **Install the QuickBooks software, as I describe in Appendix A.**
2. **Run through the QuickBooks Setup process, which I describe in Chapter 2.**
3. **Load the master files, as I describe in Chapter 3.**

If you're thinking "Whoa, cowboy, that seems like a bit more work than what's involved in installing spreadsheet software or a new word processor," you're right. You may as well hear from me the ugly truth about accounting software: Accounting software, all of it, requires quite a bit of setup work to get things running smoothly. You need to build a list of expense categories (accounts) to use for tracking expenses, for example. You also need to set up a list of the customers you invoice.

Rest assured, however, that none of the setup work is overly complex; it's just time-consuming. Also know from the very start that QuickBooks provides a tremendous amount of hand-holding to help you step through the setup process. Remember, too, that you have your new friend — that's me — to help you whenever the setup process gets a little gnarly.

## How to Succeed with QuickBooks

Before I wrap up the little why, what, and how discussion of this chapter, I ought to provide a handful of ideas about how to make your experience with QuickBooks a successful one.

### Budget wisely, Grasshopper

Here's my first suggestion: Please plan on spending at least a few hours to get the QuickBooks software installed, set up, and running. I know you don't really want to do that. You have a business to run, a family to take care of, a dog to walk, and so on.

But here's the reality sandwich you probably need to take a big bite of: It takes half an hour just to get the software installed on your computer. (This installation isn't complicated, of course. You'll mostly just sit there, sipping coffee or whatever.)

But after the QuickBooks software is installed, unfortunately, you still have to run through the QuickBooks Setup process. Again, this work isn't difficult, but it does take time. Setting up QuickBooks for a very simple service business probably takes at least an hour. If your business owns inventory, or if you're a contractor with some serious job-costing requirements, the process can take several hours.

Therefore, do yourself a favor: Give yourself adequate time for the job at hand.

## Don't focus on features

Now let me share another little tip about getting going with QuickBooks. At the point where you install the QuickBooks software and start the program, you'll be in shock about the number of commands, whistles, bells, and buttons that the QuickBooks window provides. But you know what? You can't focus on the QuickBooks features.

Your job is simply to figure out how to record a handful — probably a small handful — of transactions with QuickBooks. Therefore, what you want to do is focus on the transactions that need to be recorded for you to keep your books.

Suppose that you're a one-person consulting business. In that case, you may need to figure out how to record only the following three transactions:

- » Invoices
- » Payments from customers (because you invoiced them)
- » Payments to vendors (because they sent you bills)

So all you need to do is discover how to record invoices (see Chapter 4), record customer payments (see Chapter 5), and record checks (see Chapter 6). You don't need to worry about much else except maybe how to print reports, but that's easy. (See Chapter 15 for the click-by-click.)

"Oh, Steve," you're saying, "you just intentionally picked an easy business. I'm a retailer with a much more complicated situation."

Okay, well, you're right that I picked an easy business for my first example, but I stand by the same advice for retailers. If you're a retailer, you probably need to figure out how to record only four transactions:

- » Sales receipts
- » Bills from your suppliers
- » Payments to your vendors
- » Employee payroll checks

In this example, then, all you need to do is find out how to record sales receipts — probably a separate sales receipt for each bank deposit you make (see Chapter 5) — how to record bills from vendors, how to record checks to pay your bills (see Chapter 6), and how to handle employee payroll (see Chapter 11).