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# Accounting All-in-One

3rd Edition

**by Michael Taillard**

for  
**dummies**<sup>®</sup>  
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## Accounting All-in-One For Dummies® 3<sup>rd</sup> Edition

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# Introduction

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**T**he process of accounting is often somewhat mysterious to the general public. Mentioning it may conjure thoughts of Bob Cratchit (from Charles Dickens' *A Christmas Carol*) scribbling away in books, or perhaps something more exciting like the forensic accounting detectives featured in movies such as *The Untouchables*. Odds are good, though, that a person's exposure to actual accountants has been something a bit more commonplace, such as getting taxes done or sitting through treasury reports at council meetings. In any of these cases, people are given just enough information to understand that accounting is something that they should probably learn more about while simultaneously being obscure and quantitative enough to discourage them from trying.

Accounting is much more than just keeping the books and completing tax returns. Sure, those tasks are a large part of the job, but in the business world, accounting also includes setting up an accounting system, preparing financial statements and reports, analyzing financial statements, planning and budgeting for a business, attracting and managing investment capital, securing loans, analyzing and managing costs, making purchase decisions, providing financial insight and advice to business owners and management, and preventing and detecting fraud.

Although no single book can help you master everything there is to know about all fields of accounting, this book provides the information you need to get started in the most common areas.

## About This Book

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*Accounting All-In-One For Dummies*, 3rd Edition, expands your understanding of what accounting is and provides you the information and guidance to master the skills you need in various areas of accounting. This book, which is nine books in one, covers everything from setting up an accounting system to preventing and detecting fraud:

- » Book 1: Accounting for Financial Systems
- » Book 2: Recording Transactions

- » Book 3: Adjusting and Closing Entries
- » Book 4: Preparing Income Statements and Balance Sheets
- » Book 5: Reporting Your Statements
- » Book 6: Planning and Budgeting for Your Business
- » Book 7: Making Savvy Business Decisions
- » Book 8: Handling Cash and Making Purchase Decisions
- » Book 9: Auditing for Financial Fraud

## Foolish Assumptions

To narrow the scope of this book and present information and guidance that's most useful for you, the reader, we had to make a few foolish assumptions about who you are:

- » **You're an accountant, accountant wannabe, a businessperson who needs to know about some aspect of business accounting, or an investor who needs to know how to make sense of financial statements.** This book doesn't cover how to budget for groceries or complete your 1040 tax return. In other words, this book is strictly business. Some chapters are geared more toward accountants; others primarily address business owners and managers.
- » **You're compelled to or genuinely want to find out more about accounting.** If you're not motivated by a need or desire to acquire the knowledge and skills required to perform fundamental accounting tasks, you probably need to hire an accountant instead trying to do this stuff on your own.
- » **You can do the math.** You don't need to know trigonometry or calculus, but you do need to be able to crunch numbers by using addition, subtraction, multiplication, and division. As for that higher-level math, that's why we have accounting software.

# Icons Used in This Book

Throughout this book, icons in the margins cue you in on different types of information that call out for your attention. Here are the icons you'll see and a brief description of each.



REMEMBER

These items are your “walking-away points” — the things you really should keep in your brain.



TIP

Tips provide insider insight. When you're looking for a better, faster way to do something, check out these tips.



WARNING

There are real consequences to making decisions with money. The Warning icon lets you know that you may want to get a professional opinion on something before you put your money where your mouth is.



TECHNICAL  
STUFF

Technical Stuff items are things you don't necessarily need to know if you're an average business student, but they add context for those who will be managing money.

## Beyond the Book

In addition to the abundance of information and guidance on accounting that's provided in this book, you're entitled to some online material:

» **Quizzes:** Each of the nine books that comprise this book has an online quiz you can use to self-evaluate the knowledge and skills you acquired or at least see how much of the information you can recall. After completing each book, test your knowledge with the corresponding quiz.

To gain access to the quizzes and videos, all you have to do is register. Just follow these simple steps:

1. **Go to [www.dummies.com/go/getaccess](http://www.dummies.com/go/getaccess) to register your book.**
2. **Choose your product from the drop-down list on that page.**
3. **Follow the prompts to validate your product.**
4. **Check your email for a confirmation message that includes your personal identification number (PIN) and instructions for logging in.**

If you don't receive this email within two hours, please check your spam folder before contacting us through <http://support.wiley.com> or by phone at (877) 762-2974.

Now you're ready to go! You can come back to the practice material as often as you want; simply log on with the username and password you created during your initial login. You don't need to enter the access code a second time. Your registration is good for one year from the day you activate your PIN.

» **Video presentations:** Ken Boyd, former CPA, current online accounting trainer, and one of the many authors who contributed to this mini accounting library, has contributed several videos on various accounting topics covered in this book. To view these engaging and educational videos, go to <http://www.dummies.com/go/accountingvideos3e>.

You can also access a free Cheat Sheet at [www.dummies.com](http://www.dummies.com) (enter **Accounting All-in-One For Dummies Cheat Sheet** in the search box). The Cheat Sheet features key accounting terms, tips for controlling cash, essential formulas for cost accounting, and definitions of key financial accounting terms. It also explains the relationship between cash flow and profit.

## Where to Go from Here

Although you're certainly welcome to read *Accounting All-In-One For Dummies*, 3rd Edition, from start to finish (probably not at a single sitting), feel free to skip and dip, focusing on whichever area of accounting and whichever topic is most relevant to your current needs and interests. If you're getting started, books 1 to 3 may be just what you're looking for. If you're facing the daunting challenge of preparing financial statements for a business, consult books 4 and 5. If you own or manage a business, check out books 6 to 8 for information and guidance on managerial accounting. And if you're in charge of preventing and detecting incidents of fraud, or if you just want to know more about accounting fraud so that you can do your part to prevent it, check out the chapters in Book 9.

Wherever you go, you'll find the information and guidance you need in an engaging, easily accessible format.