

*Making Everything Easier!™*

# QuickBooks® 2014

## FOR DUMMIES®

A Wiley Brand

### **Learn to:**

- Organize all your business finances in one place
- Create invoices and credit memos, record sales receipts, and pay the bills
- Track inventory, figure job costs, and monitor your business with reports
- Make tax time easier

**Stephen L. Nelson, MBA, CPA**  
*Author of Quicken For Dummies*



**QuickBooks® 2014**

FOR  
**DUMMIES®**  
A Wiley Brand

**by Stephen L. Nelson, CPA,  
MBA (finance), MS (taxation)**

FOR  
**DUMMIES®**  
A Wiley Brand

## **QuickBooks® 2014 For Dummies®**

Published by: **John Wiley & Sons, Inc.**, 111 River Street, Hoboken, NJ 07030-5774, [www.wiley.com](http://www.wiley.com)

Copyright © 2013 by John Wiley & Sons, Inc., Hoboken, New Jersey

Media and software compilation copyright © 2013 by John Wiley & Sons, Inc. All rights reserved.

Published simultaneously in Canada

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning or otherwise, except as permitted under Sections 107 or 108 of the 1976 United States Copyright Act, without the prior written permission of the Publisher. Requests to the Publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, (201) 748-6011, fax (201) 748-6008, or online at <http://www.wiley.com/go/permissions>.

**Trademarks:** Wiley, For Dummies, the Dummies Man logo, Dummies.com, Making Everything Easier, and related trade dress are trademarks or registered trademarks of John Wiley & Sons, Inc. and may not be used without written permission. QuickBooks is a registered trademark of the Intuit Corporation. All other trademarks are the property of their respective owners. John Wiley & Sons, Inc. is not associated with any product or vendor mentioned in this book.

<p><b>Limit of Liability/Disclaimer of Warranty: The publisher and the author make no representations or warranties with respect to the accuracy or completeness of the contents of this work and</b></p>
---

**specifically disclaim all warranties, including without limitation warranties of fitness for a particular purpose. No warranty may be created or extended by sales or promotional materials. The advice and strategies contained herein may not be suitable for every situation. This work is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional services. If professional assistance is required, the services of a competent professional person should be sought. Neither the publisher nor the author shall be liable for damages arising herefrom. The fact that an organization or Website is referred to in this work as a citation and/or a potential source of further information does not mean that the author or the publisher endorses the information the organization or Website may provide or recommendations it may make. Further, readers should be aware that Internet Websites listed in this work may have changed or disappeared between when this work was written and when it is read.**

For general information on our other products and services, please contact our Customer Care Department within the U.S. at 877-762-2974, outside the U.S. at 317-572-3993, or fax 317-572-4002. For technical support, please visit [www.wiley.com/techsupport](http://www.wiley.com/techsupport).

Wiley publishes in a variety of print and electronic formats and by print-on-demand. Some material included with standard print versions of this book may not be included in e-books or in print-on-demand. If this book refers to media such as a CD or DVD that is not included in the version you purchased, you may download this material at <http://booksupport.wiley.com>. For more information about Wiley products, visit [www.wiley.com](http://www.wiley.com).

Library of Congress Control Number: 2013944874

ISBN 978-1-118-72005-9 (pbk); ISBN 978-1-118-72110-0  
(ebk); ISBN 978-1-118-72123-0 (ebk); ISBN 978-1-118-  
72102-5 (ebk)

Manufactured in the United States of America

10 9 8 7 6 5 4 3 2 1

# QuickBooks "X" For Dummies®

*Visit*

*[www.dummies.com/cheatsheet/quickbooks2014](http://www.dummies.com/cheatsheet/quickbooks2014) to view this book's cheat sheet.*

## Table of Contents

### Introduction

[About This Book](#)

[Foolish Assumptions](#)

[Icons Used in This Book](#)

[Beyond the Book](#)

[Where to Go from Here](#)

## Part I: Quickly into QuickBooks

### Chapter 1: QuickBooks: The Heart of Your Business

[Why QuickBooks?](#)

[Why you need an accounting system](#)

[What QuickBooks does](#)

[What Explains QuickBooks' Popularity?](#)

[What's Next, Dude?](#)

[How to Succeed with QuickBooks](#)

[Budget wisely, Grasshopper](#)

[Don't focus on features](#)

[Outsource payroll](#)

[Get professional help](#)

[Use both the profit and loss statement and the balance sheet](#)

## [Chapter 2: The Big Setup](#)

[Getting Ready for the QuickBooks Setup](#)

[The big decision](#)

[The trial balance of the century](#)

[The mother of all scavenger hunts](#)

[Stepping through the QuickBooks Setup](#)

[Starting QuickBooks](#)

[Using the Express Setup](#)

[The Rest of the Story](#)

[Should You Get Your Accountant's Help?](#)

## [Chapter 3: Populating QuickBooks Lists](#)

[The Magic and Mystery of Items](#)

[Adding items you might include on invoices](#)

[Creating other wacky items for invoices](#)

[Editing items](#)

[Adding Employees to Your Employee List](#)

[Customers Are Your Business](#)

[It's Just a Job](#)

[Adding Vendors to Your Vendor List](#)

[The Other Lists](#)

[The Fixed Asset Item list](#)

[The Price Level list](#)

[The Billing Rate Levels list](#)

[The Sales Tax Code list](#)

[The Class list](#)

[The Other Names list](#)

[The Sales Rep list](#)

[Customer, Vendor, and Job Types list](#)

[The Terms list](#)

[The Customer Message list](#)

[The Payment Method list](#)

[The Ship Via list](#)

[The Vehicle list](#)

[The Memorized Transaction list](#)

[The Reminders list](#)

[Organizing Lists](#)

[Printing Lists](#)

[Exporting List Items to Your Word Processor](#)

[Dealing with the Chart of Accounts List](#)

[Describing customer balances](#)

[Describing vendor balances](#)

[Camouflaging some accounting goofiness](#)

[Supplying the missing numbers](#)

[Checking your work one more time](#)

## [Part II: Daily Entry Tasks](#)



## Chapter 4: Creating Invoices and Credit Memos

[Making Sure That You're Ready to Invoice Customers](#)

[Preparing an Invoice](#)

[Fixing Invoice Mistakes](#)

[If the invoice is still displayed onscreen](#)

[If the invoice isn't displayed onscreen](#)

[Deleting an invoice](#)

[Preparing a Credit Memo](#)

[Fixing Credit Memo Mistakes](#)

[History Lessons](#)

[Printing Invoices and Credit Memos](#)

[Loading the forms into the printer](#)

[Setting up the invoice printer](#)

[Printing invoices and credit memos as you create them](#)

[Printing invoices in a batch](#)

[Printing credit memos in a batch](#)

[Sending Invoices and Credit Memos via E-Mail](#)

[Customizing Your Invoices and Credit Memos](#)

## Chapter 5: Reeling In the Dough

[Recording a Sales Receipt](#)

[Printing a Sales Receipt](#)

[Special Tips for Retailers](#)

[Correcting Sales Receipt Mistakes](#)

[Recording Customer Payments](#)

[Correcting Mistakes in Customer Payments Entries](#)

[Making Bank Deposits](#)

[Improving Your Cash Inflow](#)

[Tracking what your customers owe](#)

[Assessing finance charges](#)

[Dealing with deposits](#)

## [Chapter 6: Paying the Bills](#)

[Pay Now or Pay Later?](#)

[Recording Your Bills by Writing Checks](#)

[The slow way to write checks](#)

[The fast way to write checks](#)

[Recording Your Bills the Accounts Payable Way](#)

[Recording your bills](#)

[Entering your bills the fast way](#)

[Deleting a bill](#)

[Remind me to pay that bill, will you?](#)

[Paying Your Bills](#)

[Tracking Vehicle Mileage](#)

[Paying Sales Tax](#)

[A Quick Word on the Vendor Center Window](#)

## [Chapter 7: Inventory Magic](#)

[Setting Up Inventory Items](#)

[When You Buy Stuff](#)

[Recording items that you pay for upfront](#)

[Recording items that don't come with a bill](#)

[Paying for items when you get the bill](#)

[Recording items and paying the bill all at once](#)

[When You Sell Stuff](#)

[How Purchase Orders Work](#)

[Customizing a purchase order form](#)

[Filling out a purchase order](#)

[Checking up on purchase orders](#)

[Receiving purchase order items](#)

[Assembling a Product](#)

[Identifying the components](#)

[Building the assembly](#)

[Time for a Reality Check](#)

[Dealing with Multiple Inventory Locations](#)

[Manually keep separate inventory-by-location counts](#)

[Use different item numbers for different locations](#)

[Upgrade to QuickBooks Enterprise Solutions](#)

[The Lazy Person's Approach to Inventory](#)

[How periodic inventory systems work in QuickBooks](#)

[The good and bad of a periodic inventory](#)

## [Chapter 8: Keeping Your Checkbook](#)

[Writing Checks](#)

[Writing checks from the Write Checks window](#)

[Writing checks from the register](#)

[Changing a check that you've written](#)

[Packing more checks into the register](#)

[Depositing Money into a Checking Account](#)

[Recording simple deposits](#)

[Depositing income from customers](#)

[Transferring Money between Accounts](#)

[Setting up a second bank account](#)

[Recording deposits into the new account](#)

[About the other half of the transfer](#)

[Changing a transfer that you've already entered](#)

[Working with Multiple Currencies](#)

[To Delete or to Void?](#)

[Handling NSF Checks from Customers](#)

[The Big Register Phenomenon](#)

[Moving through a big register](#)

[Finding that darn transaction](#)

## [Chapter 9: Paying with Plastic](#)

[Tracking Business Credit Cards](#)

[Setting up a credit card account](#)

[Selecting a credit card account so that you can use it](#)

[Entering Credit Card Transactions](#)

[Recording a credit card charge](#)

[Changing charges that you've already entered](#)

[Reconciling Your Credit Card Statement and Paying the Bill](#)

[So What about Debit and ATM Cards?](#)

[So What about Customer Credit Cards?](#)

## [Part III: Stuff You Do from Time to Time](#)

## Chapter 10: Printing Checks

[Getting the Printer Ready](#)

[Printing a Check](#)

[A few words about printing checks](#)

[Printing a check as you write it](#)

[Printing checks by the bushel](#)

[What if I make a mistake?](#)

[Oh where, oh where do unprinted checks go?](#)

[Printing a Checking Register](#)

## Chapter 11: Payroll

[Getting Ready to Do Payroll without Help from QuickBooks](#)

[Doing Taxes the Right Way](#)

[Getting an employer ID number](#)

[Signing up for EFTPS](#)

[Employees and employers do their part](#)

[Getting Ready to Do Payroll with QuickBooks](#)

[Paying Your Employees](#)

[Paying Payroll Liabilities](#)

[Paying tax liabilities if you use the full-meal-deal Payroll service](#)

[Paying tax liabilities if you don't use the full-meal-deal Payroll service](#)

[Paying other nontax liabilities](#)

[Preparing Quarterly Payroll Tax Returns](#)

[Using the Basic Payroll service](#)

[Using the Assisted Payroll service](#)

[Using the QuickBooks Enhanced Payroll service](#)

[Filing Annual Returns and Wage Statements](#)

[The State Wants Some Money, Too](#)

## [Chapter 12: Building the Perfect Budget](#)

[Is This a Game You Want to Play?](#)

[All Joking Aside: Some Basic Budgeting Tips](#)

[A Budgeting Secret You Won't Learn in College](#)

[Setting Up a Secret Plan](#)

[Adjusting a Secret Plan](#)

[Forecasting Profits and Losses](#)

[Projecting Cash Flows](#)

[Using the Business Planner Tools](#)

## [Chapter 13: Online with QuickBooks](#)

[Doing the Electronic Banking Thing](#)

[So what's the commotion about?](#)

[A handful of reasons not to bank online](#)

[Making sense of online banking](#)

[Signing up for the service](#)

[Making an online payment](#)

[Transferring money electronically](#)

[Changing instructions](#)

[Transmitting instructions](#)

[Message in a bottle](#)

[Using the Intuit PaymentNetwork](#)

[A Quick Review of the Other Online Opportunities](#)

# Part IV: Housekeeping Chores

## Chapter 14: The Balancing Act

Balancing a Bank Account

Giving QuickBooks information from the bank statement

Marking cleared checks and deposits

Eleven Things to Do If Your Non-Online Account Doesn't Balance

## Chapter 15: Reporting on the State of Affairs

What Kinds of Reports Are There, Anyway?

Creating and Printing a Report

Visiting the report dog-and-pony show

Editing and rearranging reports

Reports Made to Order

Processing Multiple Reports

Your Other Reporting Options

Last but Not Least: The QuickReport

## Chapter 16: Job Estimating, Billing, and Tracking

Turning On Job Costing

Setting Up a Job

Creating a Job Estimate

Revising an Estimate

Turning an Estimate into an Invoice

Comparing Estimated Item Amounts with Actual Item Amounts

Charging for Actual Time and Costs

[Tracking Job Costs](#)

## [Chapter 17: File Management Tips](#)

[Backing Up Is \(Not That\) Hard to Do](#)

[Backing up the quick-and-dirty way](#)

[Getting back the QuickBooks data you backed up](#)

[Accountant's Copy](#)

[Working with Portable Files](#)

[Using an Audit Trail](#)

[Using a Closing Password](#)

## [Chapter 18: Fixed Assets and Vehicle Lists](#)

[What Is Fixed Assets Accounting?](#)

[Fixed Assets Accounting in QuickBooks](#)

[Setting Up a Fixed Asset List](#)

[Adding items to the Fixed Asset list](#)

[Adding fixed asset items on the fly](#)

[Editing items on the Fixed Asset list](#)

[Tracking Vehicle Mileage](#)

[Identifying your vehicles](#)

[Recording vehicle miles](#)

[Using the vehicle reports](#)

[Updating vehicle mileage rates](#)

## [Part V: The Part of Tens](#)



## Chapter 19: Tips for Handling (Almost) Ten Tricky Situations

[Selling an Asset](#)

[Selling a Depreciable Asset](#)

[Owner's Equity in a Sole Proprietorship](#)

[Owner's Equity in a Partnership](#)

[Owner's Equity in a Corporation](#)

[Multiple-State Accounting](#)

[Getting a Loan](#)

[Repaying a Loan](#)

## Chapter 20: (Almost) Ten Secret Business Formulas

[The First "Most Expensive Money You Can Borrow" Formula](#)

[The Second "Most Expensive Money You Can Borrow" Formula](#)

[The "How Do I Break Even?" Formula](#)

[The "You Can Grow Too Fast" Formula](#)

[How net worth relates to growth](#)

[How to calculate sustainable growth](#)

[The First "What Happens If . . . ?" Formula](#)

[The Second "What Happens If . . . ?" Formula](#)

[The Economic Order Quantity \(Isaac Newton\) Formula](#)

[The Rule of 72](#)

## Part VI: Appendixes

### Appendix A: Installing QuickBooks in a Dozen Easy Steps

## Appendix B: If Numbers Are Your Friends

[Let me introduce you to the new you](#)

[The first day in business](#)

[Look at your cash flow first](#)

[Depreciation is an accounting gimmick](#)

[Accrual-basis accounting is cool](#)

[Now you know how to measure profits](#)

[Some financial brain food](#)

[And now for the blow-by-blow](#)

[Blow-by-blow, Part II](#)

[How does QuickBooks help?](#)

[The first dark shadow](#)

[The second dark shadow](#)

## Appendix C: Sharing QuickBooks Files

[User permissions](#)

[Record locking](#)

## About the Author

## Cheat Sheet

## Connect with Dummies

# Introduction

---

Running or working in 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 perfectly fits you.

In 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 display settings. For example, I noodled around with the font settings and some of the colors. 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 of all this 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, which 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 in the text that follows the step. 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 8, 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.**



This book works for QuickBooks 2014, although, in a pinch, you can probably also use it for QuickBooks 2013 or 2015. (I have to say, however, that if you have QuickBooks 2013, you may instead want to return this book and trade it in for *QuickBooks 2013 For Dummies* by yours truly. Furthermore, even though I'm no fortuneteller, I'm willing to predict that you'll be able to buy a *QuickBooks 2015 For Dummies* book when QuickBooks 2015 comes out.)

## *Icons Used in This Book*



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



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



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



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 learn, I'm sure, that you can find additional relevant content at the [www.dummies.com](http://www.dummies.com) website:

✓ The online **Cheat Sheet is available at**

[www.dummies.com/cheatsheet/quickbooks2014](http://www.dummies.com/cheatsheet/quickbooks2014)

✓ This cheat sheet is a handy reference that you'll use over and over, or you can refer to it when you don't have the book handy.

✓ **Online articles covering additional topics at**

[www.dummies.com/extras/quickbooks2014](http://www.dummies.com/extras/quickbooks2014)

Here you can find tangential articles about minimizing (legally) your business's tax burden, tricks for increasing your business's profitability, and ways to speed up the way that QuickBooks works.

✓ **Updates to this book, if any exist, are at**

[www.dummies.com/extras/quickbooks2014](http://www.dummies.com/extras/quickbooks2014)

## ***Where to Go from Here***

This book isn't meant to be read from cover to cover like some Stieg Larsson 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 21](#) and the appendixes).



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 might 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, however, mention one thing: 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 through 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 out with Microsoft Windows, peruse [Chapter 1](#) of the *Windows User's Guide* or one of these books on your flavor of Windows: *Windows XP For Dummies*, 2nd Edition; *Windows Vista For Dummies*; *Windows 7 For Dummies*; or *Windows 8 For Dummies*, all by Andy Rathbone.

Part I  
**Quickly into QuickBooks**



Check out the web extras online at <http://www.dummies.com/extras/quickbooks2014> to ease your setup workload with handy tricks.



## *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.

# Chapter 1

## QuickBooks: The Heart of Your Business

---

### ***In This Chapter***

- ▶ Benefitting 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
- 

I want to start this conversation by quickly covering some basic questions concerning QuickBooks, such as “Why even use QuickBooks?” and “Where and how does a guy or gal start?” — and, most importantly, “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. And you, the team player that you are, have just 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? And heck, just to be truly cynical, also ask the question, “Why QuickBooks?” Why not, for example, 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 you with the two-part answer.

The first reason is that federal law requires your business to maintain an accounting system. More 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 just 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 sort of go out on an editorial limb, but I’m going to do it anyway. My strong belief — backed by more than three decades of business experience and close-hand observations 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. For example, QuickBooks has a window (you know, a Windows window that appears on your monitor's screen) that looks like a check. 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. For example, QuickBooks supplies an invoice window 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.

And 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.

For example, 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 from you) prepare a report that shows your profit, as shown in [Table 1-1](#).

**Table 1-1 A Profit and Loss Report**

	<i>Amount</i>
<i>Revenue</i>	\$20,000
Advertising	(\$4,000)
Rent	(\$4,000)
Supplies	(\$4,000)
<i>Total Expenses</i>	(\$12,000)
<b>Profit</b>	\$8,000



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 also 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 or invoices, by using the information you enter into those check windows and invoice windows that I mention earlier. So that's neat. And a true timesaver. (See [Chapter 4](#).)
- ✓ **Electronic banking and billing:** QuickBooks transmits and retrieves some financial transaction information electronically. For example, QuickBooks can e-mail your invoices to customers and clients. (That 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](#).)