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Stephen L. Nelson, MBA, CPA
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**by Stephen L. Nelson, CPA, MBA (finance),
MS (taxation)
and Loredana Stroup, DPhil, MBA**

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About the Authors

Stephen L. Nelson, CPA, MBA (finance), MS (taxation), has a simple purpose in life: He wants to help you (and people like you) manage your business finances by using computers. Oh, sure, this personal mandate won't win him a Nobel Prize or anything, but it's his own little contribution to the world.

Steve's experiences mesh nicely with his special purpose. A CPA in Redmond, Washington, his past small business experience includes a stint as an adjunct professor of taxation (S corporations and limited liability companies) at Golden Gate University graduate tax school and a few years working as a senior consultant and CPA with Arthur Andersen & Co. (er, yeah, *that* Arthur Andersen — but, hey, it was nearly 30 years ago). Steve, whose books have sold more than 4 million copies in English and have been translated into 11 other languages, is also the bestselling author of *Quicken 2012 For Dummies*.

Loredana Stroup, DPhil (Oxon), MBA, has over a decade of experience working with businesses in various capacities including management consulting, software training, and technology systems design and integration. Her passion is to help people run their businesses more efficiently and effectively, especially through the use of proven digital technologies. She founded and runs Alta Training Limited which specialises in QuickBooks setups, training, and troubleshooting. Intuit, the maker of QuickBooks, has recognised her expertise and tapped it in the development, testing and launching of QuickBooks (UK), and also in engaging her to write training materials and deliver training programmes across the country.

Dedications

To the entrepreneurs and small-business people of the world. You folks create most of the new jobs.

– Stephen L. Nelson

To my family.

– Loredana Stroup

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Hey, reader, lots of folks spent lots of time working on this book to make QuickBooks easier for you. You should know who these people are. You may just possibly meet one of them someday at a produce shop, squeezing cantaloupe, eating grapes, and looking for the perfect peach.

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– Loredana Stroup

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Introduction

Running or working in a small business is one of the coolest things a person can do. Really. We mean it. Sure, sometimes the environment is difficult – but it’s an environment in which you have the opportunity to make a lot of money. And it’s also an environment in which you can build a company or a job that fits you. In comparison, those working in the big-company, corporate world are furiously trying to fit their round pegs painfully into 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 QuickBooks

Let us start off with a minor but useful point. QuickBooks comes in three different flavours: QuickBooks SimpleStart, QuickBooks Pro, and QuickBooks Premier. QuickBooks SimpleStart is a much simpler version of QuickBooks Pro. In fact, it’s so simple you won’t need much help using it. But if you do, this book can help guide you. QuickBooks Pro is a good choice for established businesses where fancier features like stock item backorders, multiple units of measure, tracking time and expenses by customer (or job) and using that information to invoice customers, are not important. And of course, QuickBooks Premier is the top of the range flavour – it has all the bells and whistles. We should also mention that up to three users can be working in QuickBooks Pro simultaneously, while up to 30 users can work with QuickBooks Premier at the same time.

To write this book, we used the QuickBooks Premier Accountant Edition, which is just QuickBooks Premier by another name. By describing how you use QuickBooks Premier, we also tell you how to use QuickBooks Pro. That’s because most things we talk about in this book apply both to QuickBooks Premier and to QuickBooks Pro. Where there are differences, we point them out.



The bottom line? Yes, there are several flavours of QuickBooks, but if you’re just trying to get started and want to use QuickBooks, this book works for both QuickBooks Pro and QuickBooks Premier.

About This Book

This book isn't meant to be read from cover to cover, like some Stieg Larsson page-turner. Instead, it's organised 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 19 and the appendixes).



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

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

We 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, we recommend that you read through the first few chapters of this book to find out what you need to do first.



Hey. There's something else you should know. We fiddled a bit with the Windows display settings. For example, we messed about with the font settings and most of the colours. The benefit is that the pictures in this book are easy to read. And that's good. But the cost of all this is that our 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. Anyway, we just thought we should mention it here, upfront, in case you have any questions about it.

What You Can Safely Ignore

Sometimes we provide step-by-step descriptions of tasks. We feel very bad about having to do this so, to make things easier for you, we describe the tasks using bold text. That way, you know exactly what you're supposed to do. We also provide 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.

Here's an example that shows what we mean:

1. Press Enter.

Find the key that's labelled Enter. Extend your index finger so that it rests ever so gently on the Enter key. In one sure, fluid motion, press the Enter key with your index finger. Then remove your finger from the key.

Okay, that example is extreme. We never go into that much detail, but you get the idea. If you know how to press Enter, you can just do that and not read further. If you need help – maybe with the finger part or something else – just read the nitty-gritty details.



Can you skip anything else? Let's see now. . . . You can skip the Technical Stuff icons, too. The information next to these icons is intended only for those of you who like that kind of technical stuff.



For that matter, we suppose that you can safely ignore the stuff next to the Tip icons, too – even if our accumulated wisdom, gleaned from long hours slaving over a hot keyboard, can save you much weeping and gnashing of teeth. If you're someone who enjoys trying to do something another way, go ahead and read the tips.



Sometimes, we use made-up examples (along with examples from our own experience) to help you understand how some topic or area of QuickBooks helps you and your business. We mark these examples with the Case Study icon. This is just our way of continuing the giving. But sure, you can skip them.

What You Should Not Ignore (Unless You're a Masochist)



Don't skip the Warning icons. They're the ones flagged with the picture of a 19th century bomb. They describe some things that you *really* shouldn't do.

Out of respect for you, we don't put advice like 'Don't smoke!' next to these icons. We figure that you're an adult and you can make your own lifestyle decisions. So we reserve the Warning icons for more urgent and immediate dangers – things akin to 'Don't smoke while you're filling your car with petrol.'



This icon is a friendly reminder to do something. Not to be too pushy, but it's probably not a good idea to ignore these icons.

Three Foolish Assumptions

We make three assumptions about you:

- ✓ **You have a PC running Microsoft Windows.** (We took pictures of the QuickBooks windows and dialog boxes while using Windows 7, 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 2012, although in a pinch, you can probably also use it for QuickBooks 2010.

By the way, 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.

How This Book Is Organised

This book is divided into six mostly coherent parts.

Part I: Quickly into QuickBooks

Part I covers some upfront tasks that you need to take care of before you can start using QuickBooks. We promise we don't waste your time here. We just want to make sure that you get off to a good start.

Part II: Daily Entry Tasks

The second part of this book explains how to use QuickBooks for your daily financial record keeping: preparing customer invoices, recording sales, and paying bills – that sort of stuff. Oh, and yes, multicurrency is covered here too.

Just so you know, you'll be amazed at how much easier QuickBooks makes your life. QuickBooks is a really cool program.

Part III: Stuff You Do from Time to Time

Part III talks about the kinds of things that you should do at the end of the week, the end of the month or the end of the year. This part explains, for example, how to manage your VAT, do payroll, and create a business budget.

While we're on the subject, we also want to categorically deny that Part III contains any secret messages that you can decipher by reading backwards. Yllaeer.

Part IV: Housekeeping Chores

Part IV talks about some of the maintenance tasks that you need (or someone needs) to perform to keep your accounting system shipshape: account reconciliations, financial report generation, job-costing mechanics, and file management.

Part V: The Part of Tens

Gravity isn't just a good idea; it's a law.

By tradition, the same is true for this part of a *For Dummies* book. The Part of Tens provides a collection of lists: ten tricky situations and ways to handle them, ten things to do when you next visit the Canary Islands – oops, sorry, wrong book.

Also by tradition, these ten-item lists don't need to have exactly ten items. You know the concept of a baker's dozen, right? You order a dozen scones but get 13 for the same price. Well, *For Dummies* ten-item lists have *roughly* ten items. (If the Dummies Man – the bug-eyed, pale-faced guy suffering from triangle-shape-head syndrome who appears on the back cover of this book and on icons throughout these pages – were running the bakery, a 10-scone order might mean that you get anywhere from 8 to 13 scones.) So exacting that it's scary.

Part VI: Appendixes

An unwritten rule says that computer books have appendixes, so we include four. Appendix A tells you how to install QuickBooks in ten easy steps. Appendix B explains small business accounting, provides a short biography

of an Italian monk, and explains double-entry bookkeeping. Appendix C describes how to set up QuickBooks for use by multiple users – and for multiple users on a network. Yikes! Last but not least, Appendix D describes how to print cheques using pre-printed cheques.

Cheat Sheet

We have also included an online Cheat Sheet packed with top secret codes to help you become a more efficient QuickBooks user. You'll find things like fast ways to open and close windows, enter dates, perform calculations, edit transactions, and so on. You can find the Cheat Sheet at this (top secret) url: www.dummies.com/cheatsheet/quickbooks2012uk.

Conventions Used in This Book

To make the best use of your time and energy, you should know about the conventions that we use in this book.

When we want you to type something, such as **Few would dispute that Marmite is an acquired taste**, it's in bold type. When we 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 we tell you to type **Jennifer**, you can type **JENNIFER** or follow poet e. e. cummings' lead and type **jennifer**.

Whenever we tell you to choose a command from a menu, we 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.

Part I

Quickly into QuickBooks

The 5th Wave

By Rich Tennant



"I bought a software program that should help us monitor and control our spending habits, and while I was there, I picked up a few new games, a couple of screensavers, four new mousepads, this nifty pullout keyboard cradle..."

In this part . . .

All accounting programs – including QuickBooks – make you do a bunch of preliminary stuff. This may be a bit of a downer, but getting depressed about it won't make things go any faster. So if you want to quickly get up and go with QuickBooks, peruse the chapters in this first part. We promise that we get you through this stuff as quickly as possible.

Chapter 1

QuickBooks: The Heart of Your Business

In This Chapter

- ▶ Why you need a tool like QuickBooks
 - ▶ What QuickBooks actually does
 - ▶ Why QuickBooks is a good choice
 - ▶ What you need to do (in general) to get started
 - ▶ How to succeed in setting up and using QuickBooks
-

We'll start this conversation by quickly covering some basic questions concerning QuickBooks, such as “Why even use QuickBooks?”, “Where and how do I 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, we know you know that you need an accounting system. Somebody, maybe your accountant, friend, 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 us, why do you *really* need QuickBooks? What does QuickBooks do that you really, truly need done? And just to be truly sceptical, also ask the question “Why QuickBooks?” Why not, for example, use some other accounting software?

Why you need an accounting system

Let's start with the most basic question: why do you even need an accounting system? It's a fair question, so let us supply you with the two-part answer.

The first reason is that it is a legal requirement that you keep accounting records for tax purposes. Maintaining an accounting system – be it a paper-based ledger system, a spreadsheet or fully fledged accounting software – will help you meet your legal obligations. 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 HM Revenue & Customs (HMRC) examines your return and you cannot prove the numbers, HMRC gets to do your accounting the way *it* wants. And you can bet the HMRC way means that you pay more in taxes.

Here's the second reason for maintaining an accounting system. Our strong belief – backed by more than 35 years 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 position.

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?

We don't think he does.

To summarise, 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. Successful business management depends on such an accounting system.

What QuickBooks does

Okay, let's go on to the next question that we 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