

Making Everything Easier!™

QuickBooks® 2015

ALL-IN-ONE

FOR
DUMMIES®
A Wiley Brand

8 BOOKS
IN **1**

- Getting Started with an Accounting Primer
- Getting Ready to Use QuickBooks
- Bookkeeping Chores
- Accounting Chores
- Financial Management
- Business Plans
- Care and Maintenance
- Additional Business Resources

Stephen L. Nelson, MBA, CPA

Author of Quicken For Dummies®



QuickBooks® 2015
All-in-One

FOR
DUMMIES®
A Wiley Brand

by Stephen Nelson, MBA, CPA

FOR
DUMMIES®
A Wiley Brand

QuickBooks® 2015 All-in-One For Dummies®

Published by: **John Wiley & Sons, Inc.**, 111 River Street, Hoboken, NJ 07030-5774, www.wiley.com

Copyright © 2015 by John Wiley & Sons, Inc., Hoboken, New Jersey

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 Intuit, Inc. 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>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 SPECIFICALLY DISCLAIM ALL WARRANTIES, INCLUDING WITHOUT LIMITATION WARRANTIES</p>
--

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.

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.

Library of Congress Control Number: 2014940496

ISBN 978-1-118-92017-6 (pbk); ISBN 978-1-118-92018-3 (epub); ISBN 978-1-118-92031-2 (epdf)

Manufactured in the United States of America

10 9 8 7 6 5 4 3 2 1

QuickBooks® 2015 All-in-One For Dummies®

Visit

www.dummies.com/cheatsheet/quickbooks2015aio 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](#)

Book I: An Accounting Primer

Chapter 1: Principles of Accounting

The Purpose of Accounting

[The big picture](#)

[Managers, investors, and entrepreneurs](#)

[External creditors](#)

[Government agencies](#)

[Business form generation](#)

Reviewing the Common Financial Statements

[The income statement](#)

[Balance sheet](#)

[Statement of cash flows](#)

[Other accounting statements](#)

[Putting it all together](#)

The Philosophy of Accounting

[Revenue principle](#)

[Expense principle](#)

[Matching principle](#)

[Cost principle](#)

[Objectivity principle](#)

[Continuity assumption](#)

[Unit-of-measure assumption](#)

[Separate-entity assumption](#)

[A Few Words about Tax Accounting](#)

Chapter 2: Double-Entry Bookkeeping

[The Fiddle-Faddle Method of Accounting](#)

[How Double-Entry Bookkeeping Works](#)

[The accounting model](#)

[Talking mechanics](#)

[Almost a Real-Life Example](#)

[Recording rent expense](#)

[Recording wages expense](#)

[Recording supplies expense](#)

[Recording sales revenue](#)

[Recording cost of goods sold](#)

[Recording the payoff of accounts payable](#)

[Recording the payoff of a loan](#)

[Calculating account balance](#)

[Using T-account analysis results](#)

[A Few Words about How QuickBooks Works](#)

Chapter 3: Special Accounting Problems

[Working with Accounts Receivable](#)

[Recording a sale](#)

[Recording a payment](#)

[Estimating bad debt expense](#)

[Removing uncollectible accounts receivable](#)

[Recording Accounts Payable Transactions](#)

[Recording a bill](#)

[Paying a bill](#)

[Taking some other accounts payable pointers](#)

[Inventory Accounting](#)

[Dealing with obsolete inventory](#)

[Disposing of obsolete inventory](#)

[Dealing with inventory shrinkage](#)

[Accounting for Fixed Assets](#)

[Purchasing a fixed asset](#)

[Dealing with depreciation](#)

[Disposing of a fixed asset](#)

[Recognizing Liabilities](#)

[Borrowing money](#)

[Making a loan payment](#)

[Accruing liabilities](#)

[Closing Out Revenue and Expense Accounts](#)

[The traditional close](#)

[The QuickBooks close](#)

[One More Thing . . .](#)

Book II: Getting Ready to Use QuickBooks

Chapter 1: Setting Up QuickBooks

Planning Your New QuickBooks System

[What accounting does](#)

[What accounting systems do](#)

[What QuickBooks does](#)

[And now for the bad news](#)

Installing QuickBooks

Dealing with the Pre-Setup Jitters

[Preparing for setup](#)

[Seeing what happens during setup](#)

Running the QuickBooks Setup Wizard

[Getting the big welcome](#)

[Supplying company information](#)

[Customizing QuickBooks](#)

[Setting your start date](#)

[Reviewing the suggested chart of accounts](#)

[Adding your information to the company file](#)

Identifying the Starting Trial Balance

[A simple example to start](#)

[A real-life example to finish](#)

Chapter 2: Loading the Master File Lists

Setting Up the Chart of Accounts List

Setting Up the Item List

Working with the Price Level List

Using Sales Tax Codes

Setting Up a Payroll Item List

Setting Up Classes

Setting Up a Customer List

Setting Up the Vendor List

Setting Up a Fixed Assets List

Setting Up a Price Level List

Setting Up a Billing Rate Level List

Setting Up Your Employees

Setting Up an Other Names List

Setting Up the Profile Lists

Chapter 3: Fine-Tuning QuickBooks

Accessing the Preferences Settings

Setting the Accounting Preferences

[Using account numbers](#)

[Setting general accounting options](#)

Setting the Bills Preferences

Setting the Calendar Preferences

[Setting the Checking Preferences](#)
[Changing the Desktop View](#)
[Setting Finance Charge Calculation Rules](#)
[Setting General Preferences](#)
[Controlling Integrated Applications](#)
[Controlling Inventory](#)
[Controlling How Jobs and Estimates Work](#)
[Dealing with Multiple Currencies](#)
[Starting Integrated Payment Processing](#)
[Controlling How Payroll Works](#)
[Telling QuickBooks How Reminders Should Work](#)
[Specifying Reports & Graphs Preferences](#)
[Setting Sales & Customers Preferences](#)
[Specifying How Sales Are Taxed](#)
[Setting the Search Preferences](#)
[Setting the Send Forms Preferences](#)
[Fine-Tuning the Service Connection](#)
[Controlling Spell Checking](#)
[Controlling How 1099 Tax Reporting Works](#)
[Setting Time & Expenses Preferences](#)

Book III: Bookkeeping Chores

Chapter 1: Invoicing Customers

[Choosing an Invoice Form](#)
[Customizing an Invoice Form](#)
 [Choosing a template to customize](#)
 [Reviewing the Additional Customization options](#)
 [Moving on to Basic Customization](#)
 [Working with the Layout Designer tool](#)
 [Working with the web-based Forms Customization tool](#)
[Invoicing a Customer](#)
[Billing for Time](#)
 [Using a weekly time sheet](#)
 [Timing single activities](#)
 [Including billable time on an invoice](#)
[Printing Invoices](#)
[E-Mailing Invoices](#)
[Recording Sales Receipts](#)
[Recording Credit Memos](#)
[Receiving Customer Payments](#)
[Assessing Finance Charges](#)
 [Setting up finance charge rules](#)
 [Calculating finance charges](#)

[Using Odds and Ends on the Customers Menu](#)

[Chapter 2: Paying Vendors](#)

[Creating a Purchase Order](#)

[Creating a real purchase order](#)

[Using some purchase order tips and tricks](#)

[Recording the Receipt of Items](#)

[Simultaneously Recording the Receipt and the Bill](#)

[Entering a Bill](#)

[If you haven't previously recorded an item receipt](#)

[If you have previously recorded an item receipt](#)

[Paying Bills](#)

[Reviewing the Other Vendor Menu Commands](#)

[Vendor Center](#)

[Sales Tax menu commands](#)

[Inventory Activities menu commands](#)

[Print/E-file 1099s](#)

[Item List](#)

[Chapter 3: Tracking Inventory and Items](#)

[Looking at Your Item List](#)

[Using the Item Code column](#)

[Using the Item List window](#)

[Using inventory reports](#)

[Adding Items to the Item List](#)

[Adding an item: Basic steps](#)

[Adding a service item](#)

[Adding an inventory part](#)

[Adding a non-inventory part](#)

[Adding an other charge item](#)

[Adding a subtotal item](#)

[Adding a group item](#)

[Adding a discount item](#)

[Adding a payment item](#)

[Adding a sales tax item](#)

[Setting up a sales tax group](#)

[Adding custom fields to items](#)

[Editing Items](#)

[Adjusting Physical Counts and Inventory Values](#)

[Adjusting Prices and Price Levels](#)

[Using the Change Item Prices command](#)

[Using price levels](#)

[Managing Inventory in a Manufacturing Firm](#)

[Handling manufactured inventory the simple way](#)

[Performing inventory accounting in QuickBooks](#)

[Managing multiple inventory locations](#)

[Chapter 4: Managing Cash and Bank Accounts](#)

[Writing Checks](#)

[Recording and printing a check](#)

[Customizing the check form](#)

[Making Bank Deposits](#)

[Transferring Money between Bank Accounts](#)

[Working with the Register](#)

[Recording register transactions](#)

[Using Register window commands and buttons](#)

[Using Edit Menu Commands](#)

[Reconciling the Bank Account](#)

[Reviewing the Other Banking Commands](#)

[Order Checks & Envelopes command](#)

[Enter Credit Card Charges command](#)

[Bank Feeds command](#)

[Loan Manager](#)

[Other Names list](#)

[Chapter 5: Paying Employees](#)

[Setting Up Basic Payroll](#)

[Signing up for a payroll service](#)

[Setting up employees](#)

[Setting up year-to-date amounts](#)

[Checking your payroll setup data](#)

[Scheduling Payroll Runs](#)

[Paying Employees](#)

[Editing and Voiding Paychecks](#)

[Paying Payroll Liabilities](#)

[Book IV: Accounting Chores](#)

[Chapter 1: For Accountants Only](#)

[Working with QuickBooks Journal Entries](#)

[Recording a journal entry](#)

[Reversing a journal entry](#)

[Editing journal entries](#)

[Updating Company Information](#)

[Working with Memorized Transactions](#)

[Reviewing the Accountant & Taxes Reports](#)

[Creating an Accountant's Copy of the QuickBooks Data File](#)

[Creating an accountant's copy](#)

[Using an accountant's copy](#)

[Reusing an accountant's copy](#)

[Exporting client changes](#)

[Importing accountant's changes](#)

[Canceling accountant's changes](#)

[Using the Client Data Review Commands](#)

[Chapter 2: Preparing Financial Statements and Reports](#)

[Some Wise Words Up Front](#)

[Producing a Report](#)

[Working with the Report Window](#)

[Working with Report window buttons](#)

[Using the Report window boxes](#)

[Modifying a Report](#)

[Using the Display tab](#)

[Using the Filters tab](#)

[Using the Header/Footer tab](#)

[Formatting fonts and numbers](#)

[Processing Multiple Reports](#)

[A Few Words about Document Retention](#)

Chapter 3: Preparing a Budget

[Reviewing Common Budgeting Tactics](#)

[Top-line budgeting](#)

[Zero-based budgeting](#)

[Benchmarking](#)

[Putting it all together](#)

[Taking a Practical Approach to Budgeting](#)

[Using the Set Up Budgets Window](#)

[Creating a new budget](#)

[Working with an existing budget](#)

[Managing with a Budget](#)

[Some Wrap-Up Comments on Budgeting](#)

Chapter 4: Using Activity-Based Costing

[Reviewing Traditional Overhead Allocation](#)

[Understanding How ABC Works](#)

[The ABC product line income statement](#)

[ABC in a small firm](#)

[Implementing a Simple ABC System](#)

[Seeing How QuickBooks Supports ABC](#)

[Turning On Class Tracking](#)

[Using Classes for ABC](#)

[Setting up your classes](#)

[Classifying revenue amounts](#)

[Classifying expense amounts](#)

[After-the-fact classifications](#)

[Producing ABC reports](#)

Chapter 5: Setting Up Project and Job Costing Systems

[Setting Up a QuickBooks Job](#)

[Tracking Job or Project Costs](#)

[Job Cost Reporting](#)

[Using Job Estimates](#)

[Progress Billing](#)

Book V: Financial Management

Chapter 1: Ratio Analysis

[Some Caveats about Ratio Analysis](#)

[Liquidity Ratios](#)

[Current ratio](#)

[Acid test ratio](#)

[Leverage Ratios](#)

[Debt ratio](#)

[Debt equity ratio](#)

[Times interest earned ratio](#)

[Fixed-charges coverage ratio](#)

[Activity Ratios](#)

[Inventory turnover ratio](#)

[Days of inventory ratio](#)

[Average collection period ratio](#)

[Fixed-asset turnover ratio](#)

[Total assets turnover ratio](#)

[Profitability Ratios](#)

[Gross margin percentage](#)

[Operating income/sales](#)

[Profit margin percentage](#)

[Return on assets](#)

[Return on equity](#)

Chapter 2: Economic Value Added Analysis

[Introducing the Logic of EVA](#)

[Seeing EVA in Action](#)

[An example of EVA](#)

[Another example of EVA](#)

[Reviewing Some Important Points about EVA](#)

[Using EVA When Your Business Has Debt](#)

[The first example of the modified EVA formula](#)

[Another EVA with debt example](#)

[Presenting Two Final Pointers](#)

[And Now, a Word to My Critics](#)

Chapter 3: Capital Budgeting in a Nutshell

[Introducing the Theory of Capital Budgeting](#)

[The big thing is the return](#)

[One little thing is maturity](#)

[Another little thing is risk](#)

[The bottom line](#)

[Calculating the Rate of Return on Capital](#)

[Calculating the investment amount](#)

[Estimating the net cash flows](#)

[Calculating the return](#)

[Measuring Liquidity](#)

[Thinking about Risk](#)

[What Does All This Have to Do with QuickBooks?](#)

Book VI: Business Plans

Chapter 1: Profit-Volume-Cost Analysis

[Seeing How Profit-Volume-Cost Analysis Works](#)

[Calculating Break-even Points](#)

[Using Real QuickBooks Data for Profit-Volume-Cost Analysis](#)

[Sales revenue](#)

[Gross margin percentage](#)

[Fixed costs](#)

[Recognizing the Downside of the Profit-Volume-Cost Model](#)

[Using the Profit-Volume-Cost Analysis Workbook](#)

[Collecting your inputs](#)

[Understanding the break-even analysis](#)

[Understanding the profit-volume-cost forecast](#)

[Looking at the profit-volume-cost charts](#)

Chapter 2: Creating a Business Plan Forecast

[Reviewing Financial Statements and Ratios](#)

[Using the Business Plan Workbook](#)

[Understanding the Workbook Calculations](#)

[Forecasting inputs](#)

[Balance Sheet](#)

[Common Size Balance Sheet](#)

[Income Statement](#)

[Common Size Income Statement](#)

[Cash Flow Statement](#)

[Inventory Investments](#)

[Financial Ratios Table](#)

[Customizing the Starter Workbook](#)

[Changing the number of periods](#)

[Performing ratio analysis on existing financial statements](#)

[Calculating taxes for a current net loss before taxes](#)

[Combining this workbook with other workbooks](#)

Chapter 3: Writing a Business Plan

[What the Term “Business Plan” Means](#)

[A Few Words about Strategic Plans](#)

[Cost strategies](#)

[Differentiated products and services strategies](#)

[Focus strategies](#)

[Look, Ma: No Strategy](#)

[Two comments about tactics](#)

[Five final strategy pointers](#)

[A White Paper Business Plan](#)

[A New Venture Plan](#)

[Is the new venture's product or service feasible?](#)
[Does the market want the product or service?](#)
[Can the product or service be profitably sold?](#)
[Is the return on the venture adequate for prospective investors?](#)
[Can existing management run the business?](#)
[Some final thoughts](#)

Book VII: Care and Maintenance

Chapter 1: Administering QuickBooks

Keeping Your Data Confidential

[Using Windows security](#)
[Using QuickBooks security](#)

Using QuickBooks in a Multi-User Environment

[Setting up additional QuickBooks users](#)
[Changing user rights in Enterprise Solutions](#)
[Changing user rights in Premier](#)

Using Audit Trails

[Turning on audit trail tracking](#)
[Producing an Audit Trail report](#)

Enabling Simultaneous Multi-User Access

Maintaining Good Accounting Controls

Chapter 2: Protecting Your Data

Backing Up the QuickBooks Data File

[Backing-up basics](#)
[What about online backup?](#)
[Some backup tactics](#)

Restoring a QuickBooks Data File

Condensing the QuickBooks Company Files

[Cleanup basics](#)
[Some cleanup and archiving strategies](#)

Chapter 3: Troubleshooting

[Using the QuickBooks Help File and This Book](#)
[Browsing Intuit's Product-Support Website](#)
[Checking Another Vendor's Product-Support Website](#)
[Tapping into Intuit's Online and Expert Communities](#)
[Trying an Internet Newsgroup](#)
[When All Else Fails . . .](#)

Book VIII: Appendixes

Appendix A: A Crash Course in Excel

[Starting Excel](#)
[Stopping Excel](#)
[Explaining Excel's Workbooks](#)
[Putting Text, Numbers, and Formulas in Cells](#)
[Writing Formulas](#)

[Scrolling through Big Workbooks](#)

[Copying and Cutting Cell Contents](#)

[Copying cell contents](#)

[Moving cell contents](#)

[Moving and copying formulas](#)

[Formatting Cell Contents](#)

[Recognizing That Functions Are Simply Formulas](#)

[Saving and Opening Workbooks](#)

[Saving a workbook](#)

[Opening a workbook](#)

[Printing Excel Workbooks](#)

[One Other Thing to Know](#)

[Appendix B: Government Web Resources for Businesses](#)

[Bureau of Economic Analysis](#)

[Finding information at the BEA website](#)

[Downloading a BEA publication](#)

[Uncompressing a BEA publication](#)

[Using a BEA publication](#)

[Bureau of Labor Statistics](#)

[Finding information at the BLS website](#)

[Using BLS information](#)

[Census Bureau](#)

[Finding information at the Census Bureau website](#)

[Using the Census Bureau's publications](#)

[Using the Census Bureau search engine](#)

[Using the Census Bureau Subjects index](#)

[Securities and Exchange Commission](#)

[Finding information through EDGAR](#)

[Searching the EDGAR database](#)

[Federal Reserve](#)

[Finding information at the Federal Reserve website](#)

[Using the Federal Reserve website's information](#)

[Government Printing Office](#)

[Information available at the GPO Access website](#)

[Searching the GPO Access database](#)

[Internal Revenue Service](#)

[Appendix C: Glossary of Accounting and Financial Terms](#)

[About the Author](#)

[Cheat Sheet](#)

[More Dummies Products](#)

Introduction

Few people read introductions to reference books, so I'll make this very brief. I just want to tell you which versions of QuickBooks this book works for, what's in the reference, what it assumes about your existing skills, and what conventions I use.

About This Book

QuickBooks comes in several flavors, including QuickBooks Simple Start, QuickBooks Pro, QuickBooks Premier, and QuickBooks Enterprise Solutions. This reference talks about QuickBooks 2015 Enterprise Solutions, which is a superset of QuickBooks Premier and QuickBooks Pro. If you're using QuickBooks Simple Start — which is the simplest, most bare-bones version of QuickBooks — you shouldn't use this book. Sorry. Fortunately, I have a solution of sorts for you. You may want to get another book I've written: *QuickBooks Simple Start For Dummies*. That book covers the Simple Start version of QuickBooks in friendly detail.

On the other hand, even though this book is written for QuickBooks Enterprise Solutions, if you're using QuickBooks Premier or QuickBooks Pro, don't worry. You're just fine with this book. And don't freak out if you're using some version of QuickBooks that's very similar to QuickBooks 2015, such as QuickBooks 2014 or QuickBooks 2016. Although this reference is about QuickBooks 2015, it also works just fine for the 2013, 2014, and probably 2016 versions of QuickBooks because QuickBooks is a very mature product at this point. The changes from one year to the next are modest. This means that if you're using QuickBooks 2013, stuff

may look a little different if you closely compare the images in this book with what you see on your screen, but the information in this reference will still apply to your situation.

Note, too, that specialty versions of QuickBooks, such as QuickBooks Accountants Edition and QuickBooks Contractor, also work almost identically to QuickBooks Premier.



If you use QuickBooks Pro and see some whistle or bell that you really want to use but that isn't available in your version of QuickBooks, you'll know that you should upgrade to the Premier version or Enterprise Solutions version of QuickBooks.



The bottom line? Yes, QuickBooks comes in several flavors. Yes, Intuit publishes new editions of its QuickBooks products every year. But you can use this book for any recent version of QuickBooks Pro, Premier, or Enterprise Solutions.

To make the best use of your time and energy, you should know about the conventions I use in this book:

- ✓ When I want you to type something such as **Jennifer**, it's in bold letters.
- ✓ By the way, except for passwords, you don't have to worry about the case of the stuff you type in QuickBooks. If I tell you to type Jennifer, you can type **JENNIFER**. Or you can 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 \Rightarrow separates one part of the command from the next part.

- ✓ You can choose menus and commands and select dialog-box elements with the mouse. Just click the thing that you want to select.
- ✓ While I'm on the subject of conventions, let me also mention something about QuickBooks conventions because it turns out that there's really no good place to point this out. QuickBooks doesn't use document windows the same way that other Windows programs do. Instead, it locks the active window into place and then displays a list of windows in its Navigator pane, which is like another little window. To move to a listed window, you click it.



You can tell QuickBooks to use windows like every other program does, however, by choosing View \Rightarrow Multiple Windows. You can even remove the Navigator pane by choosing View \Rightarrow Open Window List.

Foolish Assumptions

I'm making only three assumptions about your QuickBooks and accounting skills:

- ✓ You have a PC with Windows Vista, Windows 7, or Windows 8. (I took pictures of the QuickBooks windows and dialog boxes in Windows 8.1, 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 Pro, QuickBooks Premier, or QuickBooks Enterprise Solutions for each computer on which you want to run the program.

In other words, I don't assume that you're a computer genius or an MBA, or that you're super-experienced in the arcane rules of accounting. I assume that QuickBooks and accounting are new subjects to you. But I also assume that you want to understand the subjects because you need to do so for your job or your business.

Icons Used in This Book

Like many computer books, this book uses icons, or little pictures, to flag things that don't quite fit into the flow of things.



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 these icons.



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



The Warning icon tells you to watch out! It marks important information that may save you headaches when using QuickBooks 2015.

Beyond the Book

QuickBooks 2015 All-in-One For Dummies includes some extra content that you bought with your book but didn't actually get inside the book. Okay, I know that sounds bad at first blush. But don't worry. This extra, premium stuff is available online:

✓ **Online articles covering additional topics at**

www.dummies.com/extras/quickbooks2015aio

Here, you'll find easy-to-digest articles that cover a variety of topics related to more smoothly implementing QuickBooks in your small business. Topics covered range from researching business decisions to good accounting controls and clever budgeting tricks.

✓ **The Cheat Sheet for this book is at**

www.dummies.com/cheatsheet/quickbooks2015aio

✓ **Updates to this book, if we have any, are at**

www.dummies.com/extras/quickbooks2015aio

Where to Go from Here

This reference combines eight short books, including a minibook about accounting, one about setting up the

QuickBooks system, one for bookkeepers using QuickBooks, one for accountants and managers using QuickBooks, a minibook about small-business financial management, a minibook about business planning, a minibook about taking care of a QuickBooks accounting system, and a minibook of appendixes of further useful information.

I'm not going to go into more detail here about what's available in the book. If you have a specific question about what's covered or where some topic is covered, refer to the Table of Contents in the front of this reference. Also remember that the book provides an Index to help you find just the page or pages that have the information you need.

While I'm on the subject of what's in this book and how to find information, let me make four tangential points:

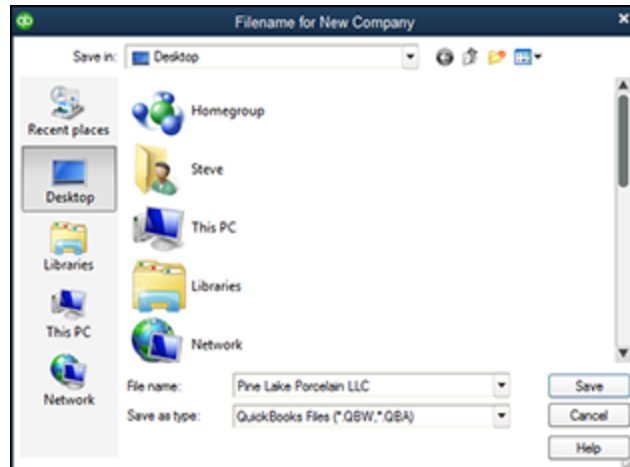
- ✓ You'll never read this book from cover to cover unless you're someone who has an obsessive-compulsive personality (like me) and many hours to devote to reading. But that's okay. This reference isn't meant to be read from cover to cover like some Stieg Larsson page-turner. Instead, chapters within the eight minibooks are organized into largely self-contained descriptions of how you do the things that you need to do. You just read the paragraph, page, or chapter that provides the information you want.
- ✓ I haven't discussed in any detail how to use the QuickBooks Premier and QuickBooks Enterprise Solutions features for business planning. The wizard-based approach that QuickBooks Premier and QuickBooks Enterprise Solutions provide for business planning is not, in my humble opinion, the right way to do this. Instead, I discuss in detail alternative, superior approaches to business planning and budgeting (using

spreadsheets) in Book VI. (Just so you know: The approach I describe and recommend here is the same one that any business school teaches its students.)

- ✓ At a few points in the book, you'll find me saying things like "Well, I really don't think you should use this part of the product." I just want to explain here, up front, where I'm coming from on this. First, know that I think QuickBooks is an outstanding product. But not every feature and every command is good. I've already mentioned that the new business planning tools aren't ones that I can recommend. And payroll, very frankly, is another pain-in-the-butt feature that most businesses should avoid. (I do briefly discuss payroll in Book III, Chapter [5](#).) So if I think that a particular feature is one that you shouldn't use, I don't take up page space (or much page space) describing the feature. I'd rather use that page space to describe other stuff that I believe is going to be valuable to you and other readers.
- ✓ I should also mention one final 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 skim Book [I](#) and then read Book [II](#) to find out what you need to do first.

Book I

An Accounting Primer



For more great content online, go to
www.dummies.com/extras/quickbooks2015aio.

Contents at a Glance

[Chapter 1: Principles of Accounting](#)

[Chapter 2: Double-Entry Bookkeeping](#)

[Chapter 3: Special Accounting Problems](#)

Chapter 1

Principles of Accounting

In This Chapter

- ▶ **Figuring out the purpose of accounting**
 - ▶ **Taking a look at the common financial statements**
 - ▶ **Understanding the philosophy of accounting**
 - ▶ **Discovering income tax accounting and reporting**
-

Any discussion of how to use QuickBooks to better manage your business begins with a discussion of the basics of accounting. For this reason, in this chapter and the next two, I attempt to provide the same information that you would receive in an introductory college accounting course. Of course, I tailor the entire discussion to QuickBooks and the small-business environment. What you'll read about here and in the next chapters of this book pretty much describes how accounting works in a small-business setting using QuickBooks.

If you've had some experience with accounting, if you know how to read an income statement and balance sheet, or if you know how to construct a journal entry, you don't need to read this chapter or the next. However, if you're new to accounting and business bookkeeping, take the time to read this chapter carefully. I start the chapter by giving a high-level overview of the purpose of accounting. Then I review the common financial statements that any accounting system worth its salt

produces. I also discuss some of the important principles of accounting and the philosophy of accounting. Finally, I talk a little bit about income tax law and tax accounting.

The Purpose of Accounting

In the movie *Creator*, Peter O'Toole plays an eccentric professor. At one point, O'Toole's character attempts to talk a young student into working as an unpaid research assistant. When the student protests, noting that he needs 15 credit hours, O'Toole creates a special 15-credit independent study named "Introduction to the Big Picture." In the next section, I describe the "[big picture](#)" of accounting. At its very core, accounting makes perfect, logical sense.

The big picture

The most important thing to understand about accounting is that it provides financial information to stakeholders. *Stakeholders* are the people who do business with or interact with a firm; they include managers, employees, investors, banks, vendors, government authorities, and agencies that may tax a firm. Stakeholders and their information requirements deserve a bit more discussion. Why? Because the information needs of these stakeholders determine what an accounting system must do.

Managers, investors, and entrepreneurs

The first category of stakeholders includes the firm's managers, investors, and entrepreneurs. This group needs financial information to determine whether a business is making money. This group also wants any information that gives insight into whether a business is

growing or contracting and how healthy or sick it is. To fulfill its obligations and duties, this group often needs detailed information. For example, a manager or entrepreneur may want to know which customers are particularly profitable — or unprofitable. An active investor may want to know which product lines are growing or contracting.

A related set of information requirements concerns asset and liability record keeping. An *asset* is something that the firm owns, such as cash, inventory, or equipment. A *liability* is some debt or obligation that the firm owes, such as bank loans and accounts payable.

Obviously, someone at a firm — perhaps a manager, bookkeeper, or accountant — needs to have very detailed records of the amount of cash that the firm has in its bank accounts, the inventory that the firm has in its warehouse or on its shelves, and the equipment that the firm owns and uses in its operations.

If you look over the preceding two or three paragraphs, nothing I've said is particularly surprising. It makes sense, right? Someone who works in a business, manages a business, or actively invests in a business needs good general information about the financial affairs of the firm and, in many cases, very detailed information about important assets (such as cash) and liabilities (such as bank loans).

External creditors

A second category of stakeholders includes outside firms that lend money to a business and credit-reporting agencies that supply information to these lenders. For example, banks want to know about the financial affairs and financial condition of a firm before lending money. The accounting system needs to produce the financial

information that a bank requires in order to consider a loan request.

What information do lenders want? Lenders want to know that a business is profitable and enjoys a positive cash flow. Profits and positive cash flows allow a business to easily repay debt. A bank or other lender also wants to see assets that could be liquidated, in a worst-case scenario, to pay a loan — and other debts that may represent a claim on the firm's assets.

Vendors also typically require financial information from a firm. A vendor often lends money to a firm by extending trade credit. What's noteworthy about this is that vendors sometimes require special accounting. For example, one of the categories of vendors that a company such as John Wiley & Sons, Inc., deals with is authors. To pay an author the royalty that he or she is entitled to, Wiley puts in a fair amount of work to calculate royalty-per-unit amounts and then reports and remits these amounts to authors.

Other firms sometimes have similar financial reporting requirements for vendors. Franchisees (such as the man or woman who owns and operates the local McDonald's) pay a franchise fee based on revenues. Retailers may perform special accounting and reporting in order to enjoy rebates and incentives from the manufacturers of the products that they sell.

Government agencies

Predictable stakeholders that require financial information from a business also include the federal and state government agencies with jurisdiction over the firm. For example, every business in the United States needs to report on its revenues, expenses, and profits so that the firm can correctly calculate income tax due to

the federal government (and often the state government too) and then pay that tax.

Firms with employees must also report to the federal and state governments on wages paid to those employees, and pay payroll taxes based on metrics, such as number of employees, wages paid to employees, and unemployment benefits claimed by past employees.

Providing this sort of financial information to government agencies represents a key duty of a firm's accounting system.

Business form generation

In addition to the financial reporting described in the preceding paragraphs, accounting systems typically perform a key task for businesses: producing business forms. For example, an accounting system almost always produces the checks needed to pay vendors. In addition, an accounting system prepares the invoices and payroll checks. More sophisticated accounting systems, such as those used by large firms, prepare many other business forms, including purchase orders, monthly customer statements, credit memos to customers, sales receipts, and so forth.



Every accounting function that I've described so far is performed ably by each of the versions of QuickBooks: QuickBooks Simple Start, QuickBooks Pro, QuickBooks Premier, and QuickBooks Enterprise.

Reviewing the Common Financial Statements