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Working with Balance Sheet Accounts and Budgets

Learning Objectives

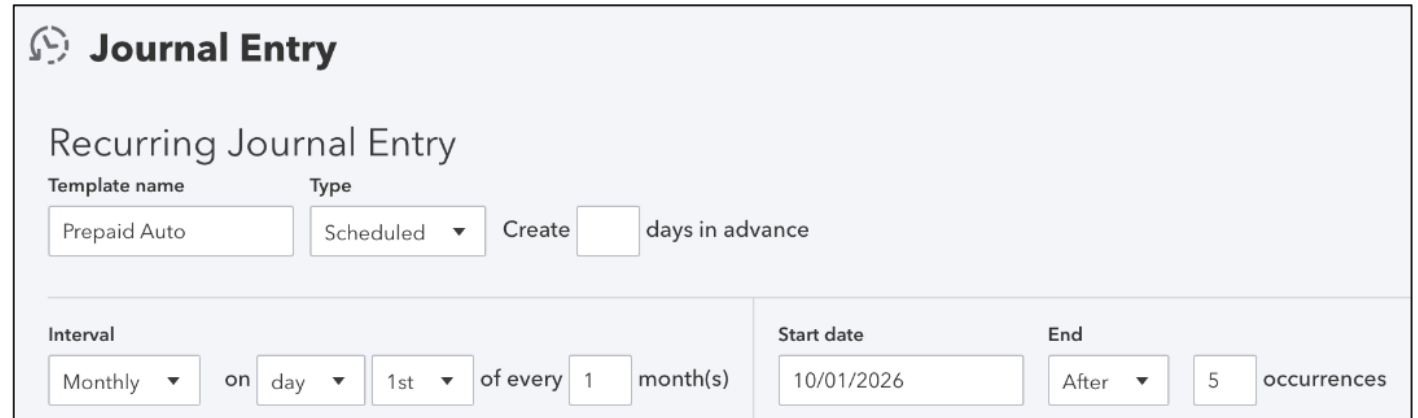
- Manage other current assets
- Prepare journal entries
- Create recurring entries
- Set up fixed-asset purchases
- Set up long-term liabilities
- Transfer funds between accounts
- Set up and manage petty cash
- Write off uncollectible receivables (bad debts)
- Set up budgets and view budget reports

Recording Other Current Assets

- Other current assets - items the business plans to use within a one-year period
- Usually prepaid, such as:
 - Prepaid insurance
 - Prepaid rent
 - Security deposits
- Usually recorded at time of purchase
 - Each period a portion is used, an entry is made to decrease the asset and increase the expense

Journal Entries and Recurring Transactions

- Use journal entries for adjustments
- Recurring journal entries save time
 - Scheduled – record transactions on a fixed schedule
 - Reminder – record transactions on a set schedule; includes reminders
 - Unscheduled – no schedule; data is incomplete but always available



Journal Entry

Recurring Journal Entry

Template name: Type: Create days in advance

Interval: on of every month(s)

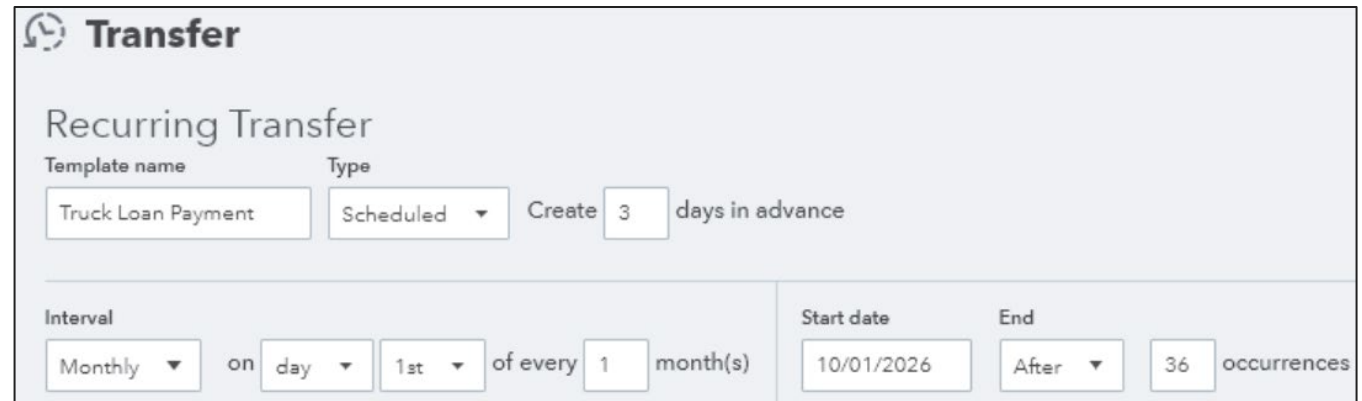
Start date: End: occurrences

Fixed Assets and Long-Term Liabilities

- Fixed assets are used long term
 - Examples
 - Company vehicle
 - Buildings
 - Machinery
- Long-term liabilities are paid over time
 - Usually loans for fixed assets, such as a vehicle loan
- Both are balance sheet accounts

Transferring Funds Between Accounts

- Transfers between business accounts are common
 - Examples:
 - Savings to checking
 - Checking to credit card or loan installment
- QuickBooks provides a Transfer form that can also be made recurring



The screenshot displays the 'Transfer' form in QuickBooks, specifically the 'Recurring Transfer' section. The form is titled 'Transfer' with a clock icon. Below the title, it says 'Recurring Transfer'. The 'Template name' field contains 'Truck Loan Payment'. The 'Type' dropdown is set to 'Scheduled'. To the right, it says 'Create 3 days in advance'. Below this, the 'Interval' section shows 'Monthly' in a dropdown, followed by 'on day' in a dropdown, '1st' in a dropdown, 'of every 1 month(s)'. The 'Start date' field contains '10/01/2026'. The 'End' section shows 'After' in a dropdown, followed by '36 occurrences'.

Petty Cash

- Cash kept on hand to pay for small expenses
- Funded by bank account; replenished as needed
- Must set up a bank account for petty cash in QuickBooks

Handling Uncollectible Receivables/ Bad Debts

- Uncollectible accounts – sales for which you don't expect to receive payment
 - Examples:
 - Bankruptcy
 - Dispute
 - Cannot locate the customer
 - Etc.
- Do not void or delete
 - Better to maintain a record of the sale and do the following:
 - Create a product or service for the bad debt
 - Create an expense account in your Chart of Accounts
 - Record a credit memo for the bad debt

Creating and Reviewing Budgets

- Budgets help plan for future income and expenses
- Allow a business to measure performance against prediction
- Ways to create a budget:
 - Using numbers from a previous year
 - From scratch
- QuickBooks has a Budgeting feature and various budget reports