

QUICKBOOKS ONLINE

8

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

The screenshot shows a form titled "Recurring Journal Entry". It has two main sections. The top section contains "Template name" with the value "Prepaid Auto" and "Type" with a dropdown menu set to "Scheduled". To the right of these is a "Create" button and a field for "days in advance". The bottom section is divided into two parts. The left part is labeled "Interval" and contains a dropdown for "Monthly", followed by "on", a dropdown for "day", a dropdown for "1st", "of every", a dropdown for "1", and "month(s)". The right part is labeled "Start date" and "End". The "Start date" field shows "10/01/2029" with a calendar icon. The "End" section has a dropdown set to "After" and a field for "5" occurrences.

Template name		Type		
Prepaid Auto	Scheduled	▼	Create	days in advance

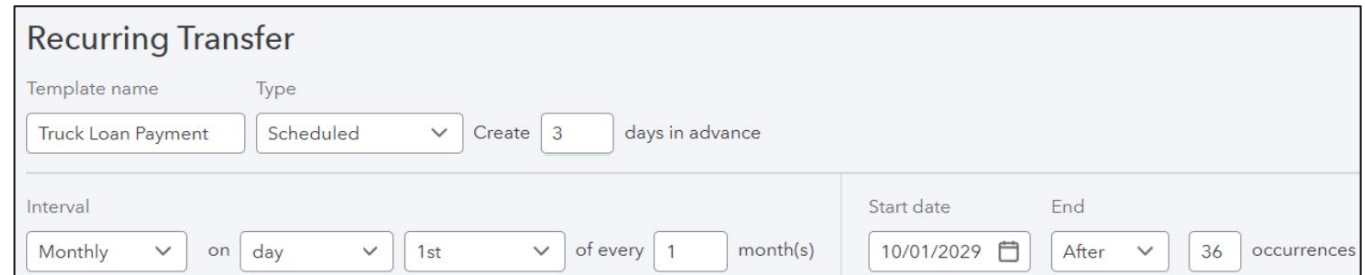
Interval						Start date	End								
Monthly	▼	on	day	▼	1st	▼	of every	1	month(s)	10/01/2029	Calendar icon	After	▼	5	occurrences

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 shows the 'Recurring Transfer' form in QuickBooks. It includes fields for 'Template name' (Truck Loan Payment), 'Type' (Scheduled), and 'Create' (3 days in advance). The 'Interval' section shows 'Monthly' on the '1st' of every '1' month(s). The 'Start date' is '10/01/2029' and the 'End' is 'After 36 occurrences'.

Template name		Type	Create	Interval	Start date	End
Truck Loan Payment		Scheduled	3 days in advance	Monthly on day 1st of every 1 month(s)	10/01/2029	After 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