

COMPUTER ACCOUNTING WITH QUICKBOOKS 2018

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CHAPTER 9

QUICKBOOKS ADJUSTMENTS

SECTION 9.1 SATNAV

Chapter 9 covers adjustments required to ensure we have reliable reports

QB SatNav

QB SETTINGS

Company Settings

Chart of Accounts

QB TRANSACTIONS

> Money in Money out >

Banking

Customers & Sales

Vendors & Expenses

Employees & Payroll

QB REPORTS

Reports

CHAPTER 9 OVERVIEW

- **Accounting Cycle**
- **Using QuickBooks to Make Adjusting Entries**
- **Types of Adjusting Entries**

ACCOUNTING CYCLE

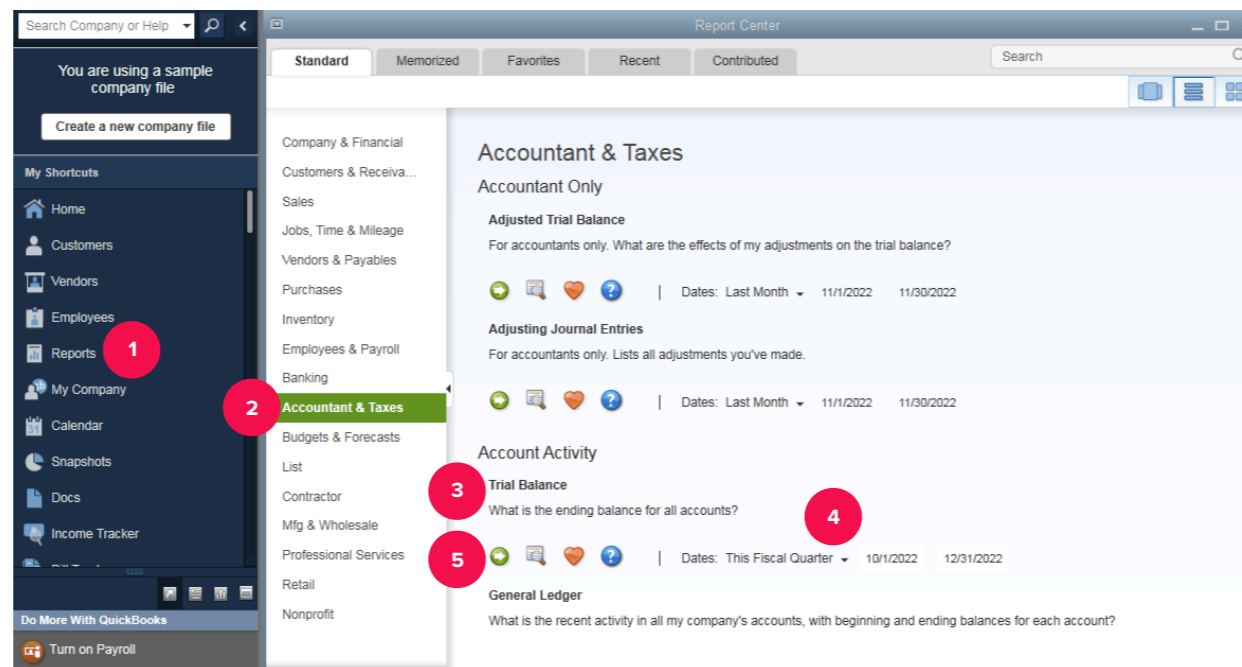
The Accounting Cycle is a series of accounting activities that a business performs each accounting period.

The Accounting Cycle usually consists of the following:

- **Chart of Accounts**
- **Transactions**
- **Trial Balance**
- **Adjustments**
- **Adjusted Trial Balance**
- **Financial Statements**

TRIAL BALANCE

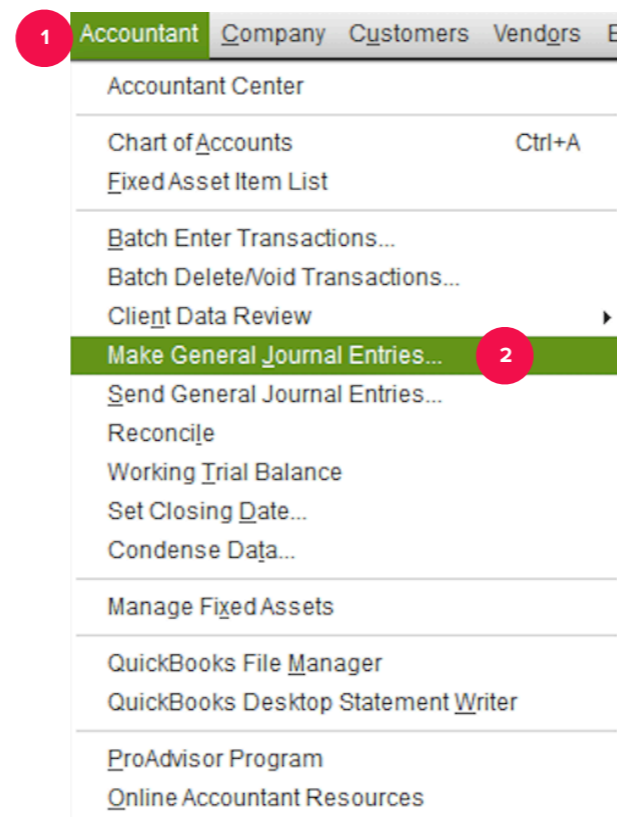
- Trial Balance lists each account and the ending account balance
- Prepare trial balance to verify total debits equal total credits



MAKE ADJUSTING ENTRIES USING QUICKBOOKS JOURNAL

Record adjusting entries with QuickBooks journal to bring accounts up to date:

1. Select Accountant Menu
2. Select Make General Journal Entries
3. Enter adjusting entries into the the QuickBooks Journal



ADJUSTING ENTRIES

- **Adjusting entries are often necessary when the accrual basis of accounting is used.**
- **The Accrual basis:**
 - ▶ **Records revenue (income) when it is earned (when products and services are provided to customers) regardless of when the cash is received from customers**
 - ▶ **Records expense when they are incurred (the benefits have expired) regardless of when the cash is paid.**

ADJUSTING ENTRIES

If the accrual basis is used to calculate profits, the following types of adjusting entries may be necessary:

1. Prepaid items. Items that are prepaid, such as prepaid insurance or prepaid rent.
2. Unearned items. Items that a customer has paid us for, but we have not provided the product or service.
3. Accrued expenses. Expenses that are incurred but not yet paid or recorded.
4. Accrued revenues. Revenues that have been earned but not yet collected or recorded.

ADJUSTED TRIAL BALANCE

- Trial Balance +/- Adjusting Entries = Adjusted Trial Balance
- Adjusted Trial Balance: prepare adjusted trial balance to verify accounting system still balances after adjustments

Adjusted Trial Balance

Customize Report Comment on Report Share Template Memorize Print E-mail Excel Hide Header Collapse Ref

Dates Custom From 12/31/2022 To 12/31/2022 Sort By Default

Report Basis: Accrual Cash Show Filters

YourName Chapter 10 Rock Castle Construction
Adjusted Trial Balance
December 31, 2022

	Unadjusted Balance		Adjustments		Adjusted Balance	
	Debit	Credit	Debit	Credit	Debit	Credit
10300 - Savings	17,910.19				17,910.19	
10400 - Petty Cash	500.00				500.00	
11000 - Accounts Receivable	93,007.93				93,007.93	
11100 - Interest Receivable			400.00		400.00	
12000 - Undeposited Funds	2,440.00				2,440.00	
12100 - Inventory Asset	30,683.38				30,683.38	
12800 - Employee Advances	832.00				832.00	
13100 - Pre-paid Insurance	4,050.00			148.83	3,901.17	
13400 - Retainage Receivable	3,703.02				3,703.02	
15000 - Furniture and Equipment	34,326.00				34,326.00	
15100 - Vehicles	78,936.91				78,936.91	
15200 - Buildings and Improvements	325,000.00				325,000.00	
15300 - Construction Equipment	15,300.00				15,300.00	
16900 - Land	90,000.00				90,000.00	
17000 - Accumulated Depreciation		110,344.60		50,000.00		160,344.60
18700 - Security Deposits	1,720.00				1,720.00	
20000 - Accounts Payable		26,636.92				26,636.92
20500 - QuickBooks Credit Card		94.20				94.20
20600 - CalOil Credit Card		382.62				382.62
20300 - Interest Payable				3,000.00		3,000.00
21000 - Unearned Revenue		3,000.00	1,000.00			2,000.00
24000 - Payroll Liabilities:24010 - Federal Withholding		1,364.00				1,364.00
24000 - Payroll Liabilities:24020 - FICA Payable		2,118.82				2,118.82
24000 - Payroll Liabilities:24030 - AEIC Payable	0.00				0.00	
24000 - Payroll Liabilities:24040 - FUTA Payable		100.00				100.00
24000 - Payroll Liabilities:24050 - State Withholding		299.19				299.19

TO LEARN MORE... SEE CHAPTER 9

