

## QuickBooks Helpful Tips

**Fixed Assets** – A tangible piece of property that a firm owns and uses in the production of its income and is not expected to be consumed or converted into cash in less than at least one year's time.

- Set up general accounts (buildings, equipment & furniture) instead of accounts for each asset
- These should only be for purchases larger than \$500
- They will be depreciated over the life of the asset

**Sales Tax** – A tax collected by all retailers and certain service providers when they make taxable retail sales. Sales taxes could include state, county, municipality and local taxes.

- To pay sales taxes go to Vendors – Sales Tax – Pay Sales Tax, never pay sales tax through the write checks window

**Retained Earnings** – The net earnings of a company over the life of the company that is reinvested in the company (cumulated net income over the life of the company)

- Never make any transactions through this account unless your accountant tells you otherwise

**Close Year End** – This feature allows you to lock previous years so changes are not accidentally made. This feature still allows you to make changes, but you must enter the password. It should be done at the end of each year after all adjusting entries have been made and tax returns are filed. To do this:

- Go to Company – Set Closing Date – Set Date/Password
  - Set the closing date as the last day of your fiscal year and set a password and click OK

**Loans** – Money borrowed that is usually repaid with interest.

- Each loan should be set up individually on the balance sheet as either an Other Current Liability (if you plan on repaying in less than one year) or as a Long Term Liability (paid back over a year).
- Whenever you repay the loan the principal repayment should be charged against the Liability account you created and the interest amount should go to Interest Expense.
- At the end of the year, you should check the balance of the loan in QuickBooks against the balance of the loan according to the bank.

**Reconciliations** - Analysis and adjustment of differences between the cash balance shown on a bank statement, and the amount shown in the account holder's records. This matching process involves making allowances for checks issued but not yet presented, and for checks deposited but not yet cleared or credited. And, if discrepancies persist, finding the cause and bringing the records into agreement.

- All bank, credit card, and cash accounts should be reconciled monthly.

- To perform a bank reconciliation go to Reconcile on the Home page – Choose the account you wish to reconcile – Put in the statement date and ending balance according to the statement – click continue
  - Now go through and check each of the transactions that appears on the bank statement
  - If there is a transaction on the bank statement that needs to be recorded you can click Leave and it will save your progress automatically
  - When all of the transactions have been checked (the difference should say 0.00) click on Reconcile Now
  - Print off the reconciliation statements and attach them to the bank statement

**Accountant's Copy** – An accountant's copy allows your accountant to make changes prior to a dividing date and still allows you to continue working on current year bookkeeping. When your accountant is finished you can merge the two files.

- Go to File – Accountant's Copy – Send to Accountant...
  - Set the dividing date as of the end of your fiscal year and set a transfer password (be sure to send this password to your accountant separately)
- To receive an outstanding Accountant's Copy go to File – Accountant's Copy – Import Accountant's Changes...

**Recording Adjusting Journal Entries** – When you do not use an Accountant's Copy, your accountant may wish for you to make some adjusting journal entries for the end of the year.

- Go to Company – Make General Journal Entries...
  - Set the date for the end of your fiscal year and make sure Adjusting Entry is checked
  - Enter the journal entry(s) your accountant gave you

**Cleaning Up Chart of Accounts** – Sometimes there will be multiple expense accounts for the same items (example two Rent Expenses, etc.). In order to make sure this does not happen, check your chart of accounts every so often to make sure you only have one of each account.

- If you do have multiple accounts for the same purposes try to reclassify all of the transactions from one account to the other.
  - When you are finished go to your Chart of Accounts – Click on the account you will not be using anymore – Click Account – Edit Account – Check the box in the lower left corner Account is inactive

**Intercompany Accounts** – if you have multiple entities and you have transactions between the entities you will need to set up intercompany accounts. All intercompany accounts should tie.

- For example – if Entity 1 pays rent to Entity 2, make sure that Entity 1 Rent Expense is equal to Entity 2 Rent Income.
- This should also be the case when you have intercompany loans. The liability on Entity 1 should equal the asset on Entity 2 or vice versa.

**Record Sale/Disposition of an Asset** – When you sell a fixed asset you need to record the sale and any gain/loss from the sale or disposition.

- To record the sale/disposition of an asset you need to make a journal entry that looks like:

○ Cash (if sold)	XX	
Accumulated Depreciation (for the Asset)	XX	
Fixed Asset (you are selling/disposing of)		XX
Gain/Loss (this will be a plug number)	XX (loss)	XX (gain)

**Closing Distributions at Year-End** – At the end of the year after you have recorded any adjusting journal entries your accountant may give you, you will need to close distributions to retained earnings. This should be the last thing you do before you close and lock the year.

- To do this, go to Company – Make General Journal Entries... and record the following journal entry for the amount of Current Year Distributions

○ Retained Earnings	XX	
Distributions		XX

**Expenses Paid Personally** – When you pay business expenses personally or take money out of the business for personal expenses, consult your accountant on the treatment of these transactions.

**Separately Stated Items** – There are certain transactions that have special income tax implications and should be specifically broken out on the Profit & Loss Statement

- Officer Health Insurance, Officer Salary, Officer Life Insurance, Penalties & Fines, Meals and Entertainment, and Interest paid to/received from a related party