QuickBooks Online: Comprehensive

Academic Year 2021-2022

Chapter 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

Learning Objectives (cont.)

- 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 refer to items the business plans to use within a 1-year period; they are usually prepaid, such as:
  - Prepaid insurance
  - Prepaid rent
  - Security deposits

Journal Entries and Recurring Transactions

- QuickBooks Online uses journal entries for adjustments.
- Recurring journal entries can be created to save time:
  - Scheduled: record transactions on a fixed schedule
  - Reminder: record transactions on a schedule you set; reminds you to record the transaction
  - Unscheduled: no schedule; data is incomplete, but it’s available whenever you need it

Fixed Assets and Long-Term Liabilities

- Fixed assets are assets that will be used long-term, such as a vehicle.
- Long-term liabilities are liabilities (usually loans for fixed assets) that will be paid over time, such as a vehicle loan.
- QuickBooks Online allows for easy management of both.

Transferring Funds Between Accounts

- Businesses often transfer funds between accounts, such as from checking to savings.
- You can also transfer funds to pay off loan installments or credit card balances.

Petty Cash

- *Petty cash* refers to cash that is kept on hand to pay for small expenses.
- Money from a bank account is usually transferred to petty cash and is then replenished as needed.
- An account for petty cash must be set up in QuickBooks Online in order to track it.

Handling Uncollectible Receivables/ Bad Debts

- Uncollectible accounts refer to sales for which you do not expect to receive payment, such as sales to a recently bankrupt customer.
- These should never be voided or deleted; a record of sale should be kept.
- These are usually written off as bad debt.

Creating and Reviewing Budgets

- Budgets can help businesses plan for future income and expenses.
- Budgets can be created using numbers from a previous year or from scratch.