

QUICKBOOKS 2010: THE BASICS



Lesson 4 - Balances

In this lesson, you will learn how to:

- Choose a start date
- Enter opening balances
- Correct account balances
- Transfer account balances

COMPUTER TRAINING CENTER

3506 S. EXPRESSWAY 77 SUITE A
HARLINGEN, TEXAS 78552
(956) 428-7777

Choose a Start Date

DISCUSSION

Before you start entering your company's financial data, you need to choose a QuickBooks start date. This is the starting point you want to use for all your QuickBooks accounts. The start date is the date for which you give QuickBooks a financial snapshot of your company assets and liabilities.

Once you decide on a start date, you enter all your company's transactions since that date. That's why you should choose a start date that's not too far back in the past for you to handle. Many business owners like to use the last day of a financial period as their start date, such as the end of last fiscal year, last quarter, or last month. You need to enter all historical transactions from the day after your start date up through today.

Entering Opening Balances

DISCUSSION

The Opening Balances section is where you enter the amounts currently owed you by customers as of your start date, the amounts you currently owe vendors as of your start date, and the balances in your balance sheet accounts as of your start date. It is recommended that you provide the opening balances from within the Interview; that makes it easier when you're ready to use QuickBooks for your daily business transactions.

The balance sheet accounts in the QuickBooks chart of accounts start with an opening balance of zero. Before you begin working in QuickBooks, you need to enter an opening balance for each balance sheet account as of your start date.

The opening balance is important because QuickBooks can't give you an accurate balance sheet (what your company owns and what it owes) without it. An accurate balance sheet gives you a true picture of your company's finances. Also, if you start with an accurate balance as of a specific date, you can reconcile your QuickBooks bank statements, and your QuickBooks checking accounts will show the actual amount of money you have in the bank.

The easiest way to determine an account's opening balance is to work from an accurate balance sheet. If you have a balance sheet as of your start date, you can take the opening balance from there.

Example of opening balances would be when we created the three various bank accounts, we entered their opening balance as of the first of this month.

Correcting Account Balances

DISCUSSION

QuickBooks may automatically place opening balances where we do not want them, or we may need to make changes to accounts at some later date. For instance, QuickBooks has entered an offsetting balance amount in the Opening Balance Equity for the opening balance of the Money Market Fund.

Since the equity came from the owner we will transfer the amount to the Owners Equity account.



Step-by-Step

Transfer money from one account to another. Open the Chart of Accounts if not already open.

<u>Steps</u>	<u>Practice Data</u>
<ul style="list-style-type: none"> • Double-click the account to open. 	<ul style="list-style-type: none"> • Double-click Open Balance Equity to open the register

Notice there is an opening balance for Money Market Fund.

<ul style="list-style-type: none"> • Enter the date of the transaction. 	<ul style="list-style-type: none"> • Type 12-31-06 in the date field
<ul style="list-style-type: none"> • Enter the decrease amount. 	<ul style="list-style-type: none"> • Type 16566.89 in the decrease column
<ul style="list-style-type: none"> • Enter the account to post the transaction to. 	<ul style="list-style-type: none"> • Type Owner's Equity in the account field
<ul style="list-style-type: none"> • Select Record. 	<ul style="list-style-type: none"> • Click Record

Close the Open Balance Equity account and open the Owner's Equity account to view the transaction.

Transferring Account Balances

DISCUSSION

You can also transfer amounts from one account to another. The following example is a monthly transfer from the Checking account to the Money Market Fund account.



Step-by-Step

Transfer the monthly contribution from checking to Money Market Fund.

<u>Steps</u>	<u>Practice Data</u>
<ul style="list-style-type: none"> • Double-click the account to open. 	<ul style="list-style-type: none"> • Double-click Money Market Fund to open register
<ul style="list-style-type: none"> • Enter the Date of the transaction. 	<ul style="list-style-type: none"> • Type 1-10-06 in Date field
<ul style="list-style-type: none"> • Enter the transaction number. 	<ul style="list-style-type: none"> • Accept given number
<ul style="list-style-type: none"> • Enter the Deposit amount. 	<ul style="list-style-type: none"> • Type 500.00 in the Deposit field
<ul style="list-style-type: none"> • Enter the transaction account. 	<ul style="list-style-type: none"> • Type Checking
<ul style="list-style-type: none"> • Select Record. 	<ul style="list-style-type: none"> • Click Record

Close the Money Market Fund account. Open the Checking account and notice a decrease on 1-10-06 which reflects the transaction just made. Close the register and the Chart of Accounts.

