

JOURNAL ENTRIES

What is a journal entry?

A journal entry is a logging of a transaction into an accounting journal. Each line of a transaction recorded is either a debit or a credit. The total amount for the debits must equal the total amount for the credits.

While most entries are generated automatically in QuickBooks from writing checks, entered deposits, receiving payments, etc., there are a few times why you need to do some of your own accounting using journal entries.

Example of when we use journal entries:

- To set up opening balances in accounts.
- To reassign accounts. Example: You may start out tracking income in one account, but decide you want to divide income into 2 different accounts. To move income from one account to another, you would use a journal entry to debit the income for the first account and credit it to the second.
- To correct account assignments. You can reassign or reclass an expense to another expense account using a journal entry.
- To reassign classes. You can transfer income and expense from one class to another using a journal entry.
- To depreciate assets. You decrease the value of an asset account each year that you own a depreciable asset.
- Record pre-paid payroll and labor distribution
- Record pre-paid expenses. You can record a monthly assignment of the expense using a journal entry.
- Record liability for assessment.
- Record year-end transactions.

Balancing Debits and Credits

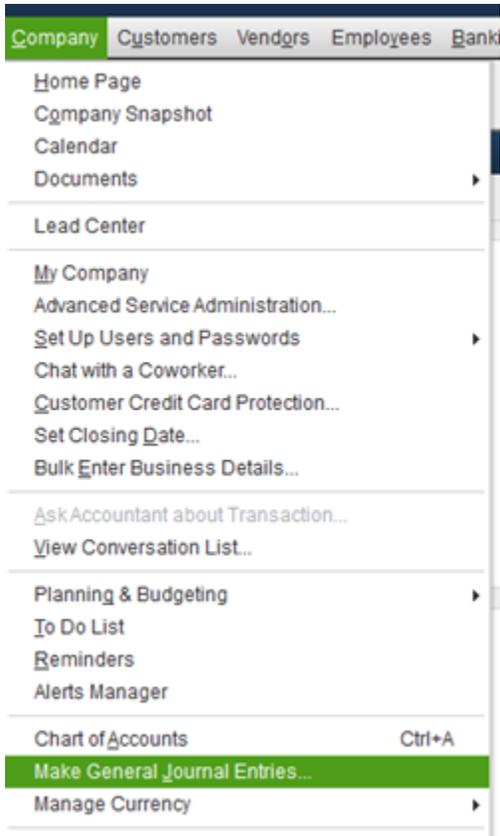
If you increase the amount in one account, you have to decrease it in another. A journal entry transaction must balance. These changes are called debits and credits. Whether the increase or decrease is a debit or credit depends on the type of account.

Account Type	Debit	Credit
Asset Account (100 accounts)	Increase	Decrease
Liability Account (200 accounts)	Decrease	Increase
Equity Account (300 accounts)	Decrease	Increase
Income Account (400 accounts)	Decrease	Increase
Expense Account (500 accounts)	Increase	Decrease

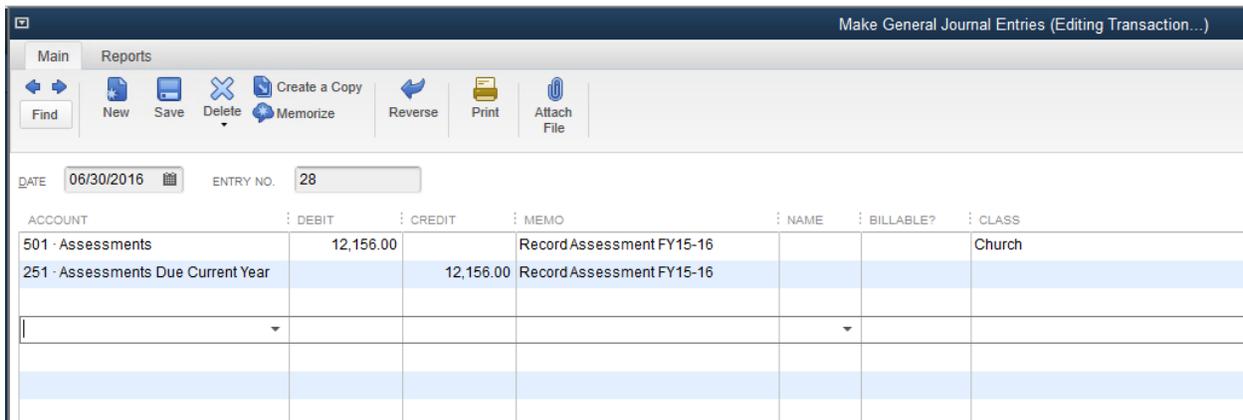
Debits and credits can be confusing because most of us are used to the way the bank uses them. In banking a debit is a decrease and a credit is an increase. As you can see, with accounting it depends on the type of account.

Creating a Journal Entry

To create a journal entry, go to Company > Make General Journal Entries.



You will see the Make Journal Entries window.



Enter Date for the Journal Entry. The date will determine when the adjustment will post to the Ledger. QuickBooks automatically assigns journal entry numbers.

Type account number or select from the drop down box. If you want to debit the account, type the amount under Debit in the same row. If you want to credit, type the amount under credit.

Under Memo, write a description of the journal entry.

Select an option under name if you are debiting or crediting an AR or AP account.

Enter a class if applicable.

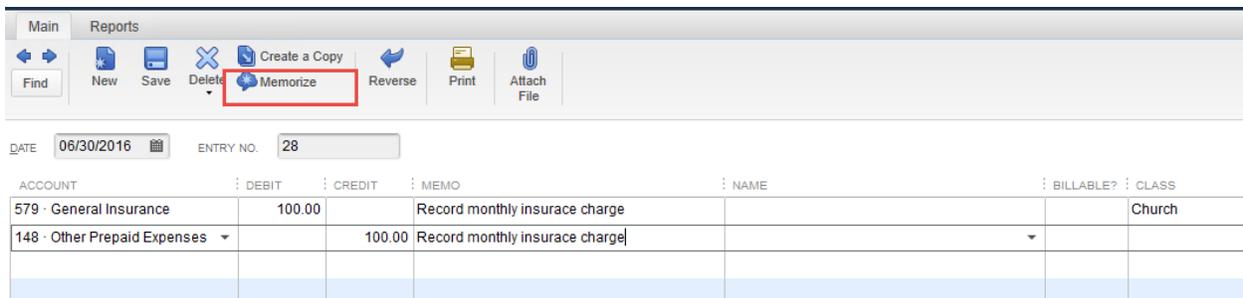
Click Save & Close

Checking Journal Entries

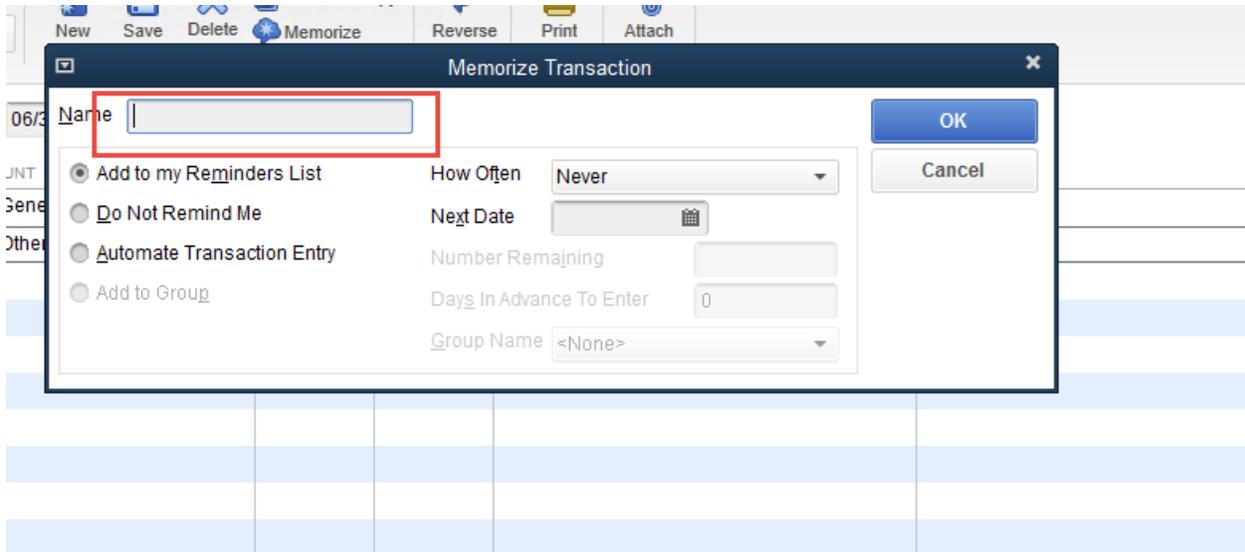
There is an easy way to check your journal entries. Run P&L and/or Balance Sheet to make sure the values were moved around as you intended.

Memorizing A Journal Entry

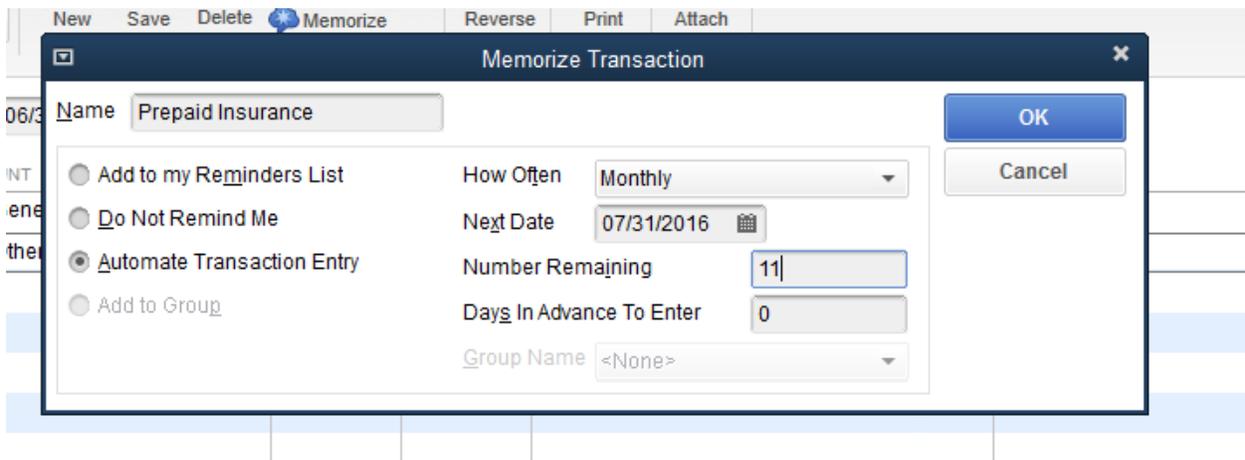
Create Journal Entry. Click Memorize.



A dialogue window will appear. Name the transaction, select how often and complete applicable fields.

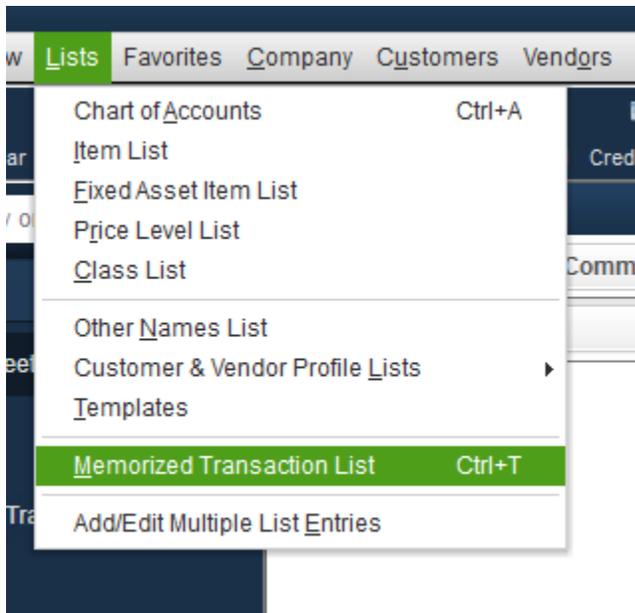


If you want to set up a recurring transaction for a specific amount of time you can check the automate entry. Then chose how often, next date and number of times for entry to automatically process.

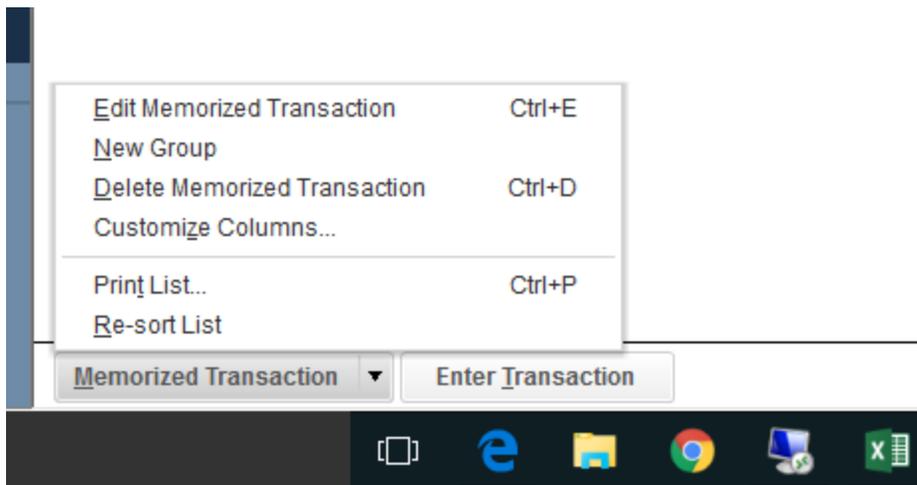


Managing Recurring Journal Entries

To access your list of recurring journal entries, go to List > Memorized Transaction List



To Edit a Transaction – select transaction by clicking once – then click Memorized Transaction box in bottom corner of screen or Edit at top of menu bar.



The schedule memorized transaction screen will appear. Make adjustments and click ok.

Name

Add to my Reminders List How Often

Do Not Remind Me Next Date

Automate Transaction Entry Number Remaining

Add to Group Days In Advance To Enter

Group Name

To adjust a memorized journal entry, double click from the memorized list. Make any changes, then ONLY click the Memorize button and select REPLACE.

DO NOT HIT SAVE! Save will actually create the entry. You only wish to replace the old memorized transaction with a new one.