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CCI Learning™

# QuickBooks

Premier 2013

Level 2

USA Edition



Courseware  
1741-1

MasterTrak Accounting Series

# Lesson 2: Banks and Credit Cards

## Lesson Objectives

In this lesson you will learn how to set up and use the bank reconciliation feature in QuickBooks. You will also work with credit cards for sales and purchases, and reconcile credit card statements. Upon successful completion of this lesson, you will be able to:

- ☐ reconcile a bank account
- ☐ download and import online statements
- ☐ create credit card accounts
- ☐ set up credit cards for sales and purchases
- ☐ account for customer sales on credit cards
- ☐ account for purchases on credit and debit cards
- ☐ reconcile credit card accounts for sales and purchases
- ☐ create banking reports

## To Start This Lesson

Before proceeding to the following steps, make sure the exercise file has been properly installed on your hard drive. See "Working with the Data Files" in the Preface to this manual. The .QBB file that you copy to your hard disk is a QuickBooks backup copy.

It is recommended that you make a copy of the exercise file and store it in a safe place in case the original becomes damaged.

## Using the Exercise File in Each Lesson

For the remaining lessons in this courseware you'll use the exercise file *Classic Interiors Ltd. - your name.qbw* to complete the lessons. Each lesson will build on the previous lesson. At the end of each lesson (or class), it is recommended that you back up the file for safety's sake. Therefore, at the beginning of each lesson (or class) it will be necessary to open (or restore) the *Classic Interiors Ltd.* data file saved (or backed up) after the previous lesson (or class).

## Restoring the Exercise File

1. From the **File** menu in QuickBooks, choose **Open or Restore Company**.  
QuickBooks displays the Open or Restore Company window.
2. Select **Restore a backup copy** and click **Next**.

3. Select **Local backup** and click **Next**.
4. In the Open Backup Copy window navigate to your *1741 Student Files* folder.
5. Select the *Classic Interiors Ltd.qbb* file and then click **Open**.
6. In the Open or Restore Company window, click **Next**.
7. Navigate to your *1741 Student Files* folder.
8. In the File name field of the Save Company File as window, type: *Classic Interiors Ltd.-your name* and then click **Save**. Be sure to replace your name with your own name so that when you print your reports to a shared printer in the classroom, you will recognize which pages belong to you.
9. Click **OK** when you see the message that the file has been successfully restored.

## Bank Account Reconciliation

The task of reconciling bank statements is typically tedious, but very necessary. QuickBooks has a built-in reconciliation function that makes the task much easier to perform. It has the ability to identify the transactions that affect the bank account because you have been entering all the transactions up to this point.

QuickBooks has some important reconciliation features. Reconciliation reports can be saved in PDF (Portable Document Format) format so they can be sent by email and are viewable by the free Adobe Reader program. In QuickBooks Premier and Enterprise editions all reconciliation reports are saved as PDF files for you, and they can be accessed through QuickBooks at any time.

## Discrepancies

If there is a difference in balances during the reconciliation process, there is a Reconciliation Discrepancy Report that lists transactions affecting the balance. The following is a list of the types of transaction that can affect the balance:

- Deleted transactions.
- Transactions manually un-cleared in the register.
- A change to a previously cleared amount.
- The date of a transaction was changed to a different statement period.

## Resolution Process

If you do have a problem reconciling an account, here are some suggestions to assist you:

- Review the deposit and/or payment totals on both the bank statement and the QuickBooks reconciliation screen to determine if you are missing either a deposit or a payment.
- Compare the number of transactions on the bank statement to the number of cleared items in QuickBooks.
- Look for a transaction with the same amount as the difference and ensure whether or not it should be cleared.
- Determine if it is a bank error. If so, you can create an adjustment in QuickBooks, notify the bank, and then reverse the adjustment transaction after the bank corrects the error.

- Verify the amount of each transaction listed on the bank statement compared to the entry in QuickBooks. QuickBooks helps you reconcile your bank statement to the transactions recorded in the system. To use this reconciliation facility, you must set up the account to do this.

Your bank will most likely offer you the ability to access your accounts online and download your monthly statement to your computer. As long as your bank uses the standard *Open Financial Exchange* (OFX) data format, you will be able to load this data directly into QuickBooks and further streamline your bank statement reconciliation process.

This function cannot be replicated in this courseware as it would require linking to a live bank account.

Find the most recent statement for the bank or credit card account you want to reconcile. If you have never reconciled this account, find all the statements you have received for it. If the bank was last reconciled many months ago, find all the statements for the months since then. You cannot reconcile a bank statement for any month unless all months prior to it have been reconciled.

It is a good habit to produce a transaction list report of the account you want to reconcile.

The process of reconciling a bank account is quite simple:

- In the Banking section of the Home page, click the **Reconcile** icon (or click **Banking, Reconcile** on the menu bar).
- Choose the account you want to reconcile.
- Make sure that the opening balance for the period according to QuickBooks is correct as indicated on the statement.
- Enter the Statement (End) Date and the Ending Balance as indicated on the statement.
- Enter bank charges and other expenses from the bank or credit card company, either by entering the amount in the Service Charge area of the Begin Reconciliation window or by posting a check (or credit card charge if you are reconciling a credit card statement) to the bank or credit card company from that account for the service charges.
- Enter interest earned and any other income from the bank or credit card company, either by entering the amount in the Interest Earned area of the Begin Reconciliation window or by posting a deposit (if it is a bank account you are reconciling) or a credit card credit (if it is a credit card account you are reconciling).
- Click **Continue**, and then select the **Hide transactions after the statement end date** check box. This prevents post-dated items that cannot possibly clear the account during the statement period from populating that screen, making it easier for you to perform the reconciliation, especially if you are several months behind.
- Review the list of transactions in the Reconcile window and find them on the bank statement. If the transaction has cleared the bank or credit card company, mark it cleared (click beside it in the ☒ column or anywhere in the row where that transaction appears); if a transaction has not yet cleared the bank, leave it unmarked. You can clear the checkmark if you make an error. You can also use the arrow keys to navigate the list of transactions on either side of the Reconciliation window, and you can use the  to place or clear checkmarks.

- The transactions in the Checks and Payments section are generally sorted by number, not by date. However, each column that is available for display can be used to sort your data by clicking the top of the title bar for the column you wish to sort by.
- If you make an error when starting the reconciliation process, such as entering the wrong statement date or ending balance, you can click **Modify** in the bottom right section of the Reconcile window, which will take you back to the Begin Reconciliation window where you can make your changes, and then click **Continue**.
- When you have matched all transactions on the screen and on the statement, the **Difference** value in the bottom right-hand corner of the Reconciliation window should be zero. If not, look for unmatched items, such as service charges or interest earned. Enter these amounts in the fields provided.
- If there are other unmatched transactions, exit the Reconcile window. Restart the Reconcile function when you have resolved those issues. You will not have lost any of your reconciliation work in progress. **Do not click Reconcile Now until the difference is \$0.00.**



## Learn the Skill

*In this exercise you will learn how to perform a reconciliation between a bank account and a bank statement.*

- If necessary, start QuickBooks and open the *Classic Interiors Ltd.* - your name company data file.

For the purpose of this exercise only, you will display a report on the bank account to familiarize yourself with the beginning balance and the transactions that have been processed through it.

- Click **Lists, Chart of Accounts** to display the Chart of Accounts.
- Select the **US Bank Checking**, and then click **Reports** on the bottom of the Chart of Accounts window.
- Click **QuickReport: US Bank Checking**. Set the dates to display from **Feb 1, 2013** to **Feb 28, 2013** and click **Refresh**.

Classic Interiors Ltd. Account QuickReport As of February 28, 2013							
Accrual Basis	Type	Date	Num	Name	Memo	Split	Amount
US Bank Checking							72,268.49
	Check	02/01/2013	258	Axiom Real Estate	Rent Expense		-2,000.00
	Bill Pmt - Check	02/01/2013	259	Persia Carpets	-SPLIT-		-12,642.00
	Deposit	02/04/2013			-SPLIT-		17,684.98
	Bill Pmt - Check	02/04/2013	260	Artworks Inc.	-SPLIT-		-2,029.50
	Bill Pmt - Check	02/07/2013	261	Fine Furniture Designers	-SPLIT-		-2,646.00
	Journal	02/11/2013	14		Transfer to Chase Payroll Checking	Chase Payroll Checking	-8,500.00
	Bill Pmt - Check	02/13/2013	262	Custom Craft Woodworks	Accounts Payable		-2,495.00
	Bill Pmt - Check	02/13/2013	263	Markam's Furnishings Ltd.	Accounts Payable		-5,925.00
	Bill Pmt - Check	02/13/2013	264	Vision Lighting Co.	Accounts Payable		-717.00
	Liability Check	02/13/2013	265	Internal Revenue Service (940)	Payroll Liabilities		-79.48
	Bill Pmt - Check	02/14/2013	266	Markam's Furnishings Ltd.	Accounts Payable		-2,925.00
	Bill Pmt - Check	02/14/2013	267	Pacific Bell	Accounts Payable		-129.50
	Deposit	02/14/2013			Deposit	-SPLIT-	21,188.96
	Bill Pmt - Check	02/18/2013	268	Petroleum Hydro	Accounts Payable		-225.00
	Deposit	02/20/2013			Deposit	-SPLIT-	12,402.85
	Transfer	02/25/2013			Funds Transfer	Chase Payroll Checking	-7,500.00
	Bill Pmt - Check	02/25/2013	269	Black's Janitorial Services	Accounts Payable		-300.00
	Bill Pmt - Check	02/25/2013	270	Imperial Oil	Accounts Payable		-284.68
	Total US Bank Checking						2,878.63
	TOTAL						75,147.12

You will note that the account had an opening balance of \$72,268.49 at the beginning of February 2013.

- Close the QuickReport and the Chart of Accounts window.

Now assume that you have just received the bank statement for the US Bank Checking account.

US Bank Of California				
Customer Name:		Class Interiors, Ltd.		
Month Ended February 28, 2013				
Bank Statement				
Date	Description	Deposits	Checks	Balance
Opening Balance				\$ 74,283.49
02/02/13	Loan Payment		\$ 2,015.00	\$ 72,268.49
02/04/13	Deposit	\$ 17,684.98		\$ 89,953.47
02/05/13	Check #258		\$ 2,000.00	\$ 87,953.47
02/06/13	Check #259		\$12,642.00	\$ 75,311.47
02/08/13	Check #261		\$ 2,646.00	\$ 72,665.47
02/11/13	Check #260		\$ 2,029.50	\$ 70,635.97
02/11/13	Funds Transfer		\$ 8,500.00	\$ 62,135.97
02/13/13	Check #265		\$ 79.48	\$ 62,056.49
02/14/13	Deposit	\$ 21,188.96		\$ 83,245.45
02/15/13	Check #263		\$ 5,925.00	\$ 77,320.45
02/16/13	Check #262		\$ 2,495.00	\$ 74,825.45
02/17/13	Check #264		\$ 717.00	\$ 74,108.45
02/17/13	Check #266		\$ 2,925.00	\$ 71,183.45
02/20/13	Check #268		\$ 225.00	\$ 70,958.45
02/20/13	Check #267		\$ 129.50	\$ 70,828.95
02/21/13	Deposit	\$ 12,402.85		\$ 83,231.80
02/26/13	Funds Transfer		\$ 7,500.00	\$ 75,731.80
02/26/13	Check #269		\$ 300.00	\$ 75,431.80
02/26/13	Service Charge		\$ 15.00	\$ 75,416.80

For the purpose of this exercise, you will now use this Bank Statement to perform the bank reconciliation for the month of February 2013. Note that the Bank Statement Opening Balance is different from that of the QuickBooks report. This is caused by some transaction(s) being processed by the bank at a later date than that entered into the data file.

- 6 Select **Banking, Reconcile** from the menu bar. The Begin Reconciliation window is displayed.
- 7 In the Begin Reconciliation window ensure that the **US Bank Checking** is selected in the Account field. You will note that QuickBooks has filled in the **Statement Date**, and the **Beginning Balance** amount.

Begin Reconciliation

Select an account to reconcile, and then enter the ending balance from your account statement.

Account: US Bank Checking last reconciled on 01/31/2013.

Statement Date: 02/28/2013

Beginning Balance: 74,283.49 [What if my beginning balance doesn't match my statement?](#)

Ending Balance:

Enter any service charge or interest earned.

Service Charge: Amount: 0.00, Date: 02/28/2013, Account:

Interest Earned: Amount: 0.00, Date: 02/28/2013, Account:

Locate Discrepancies Undo Last Reconciliation Continue Cancel Help

<b>Account</b>	The bank account to be reconciled.
<b>Statement Date</b>	The date when the bank statement was issued.
<b>Beginning Balance</b>	QuickBooks automatically displays this value from the Ending Balance from the previous reconciliation. Note: if this is the first time that you are reconciling this bank account, then the <i>Beginning Balance</i> will not match the beginning balance on your statement. QuickBooks will automatically adjust the balance when you complete the reconciliation.
<b>Ending Balance</b>	Enter the ending balance value from the bank statement. The purpose of the reconciliation is to align this balance to the account balance as of the statement date.
<b>Service Charge</b>	The amount and date of any bank service charges, and the expense account to be used to record the charges.
<b>Interest Earned</b>	The amount and date of bank interest earned, and the income account to be used to record the amount.

- 8 In the Ending Balance field enter the ending amount from the bank statement: 75,416.80.
- 9 Enter the Service Charge amount from the statement (15.00) in the specified field; ensure the date is Feb 28, 2013. If necessary, select **Bank Service Charges** in the Account field.  
  
The Interest Earned Date will display the current computer date; but as we do not have any interest to enter, we will ignore this field for now.
- 10 Click **Continue** to display the Reconcile Screen. If necessary, click **Yes** in the Past Transactions warning whenever it displays.
- 11 Click the **Hide transactions after the statement's end date** check box and review the screen.

Reconcile - US Bank Checking

For period: 02/28/2013 ☒ Hide transactions after the statement's end date

Checks and Payments				Deposits and Other Credits			
DATE	CHK #	EXEE	AMOUNT	DATE	CHK #	MEMO	AMOUNT
01/30/2013			2,015.00	02/04/2013		Deposit	17,684.98
02/01/2013	258	Axiom Real Estate	2,000.00	02/14/2013		Deposit	21,188.96
02/01/2013	269	Persia Carpets	12,642.00	02/20/2013		Deposit	12,402.85
02/07/2013	260	Artworks Inc.	2,029.50				
02/07/2013	261	Fine Furniture Designers	2,646.00				

Highlight Marked Mark All Unmark All Go To Columns to Display...

Beginning Balance	74,283.49
Items you have marked cleared	
0 Deposits and Other Credits	0.00
0 Checks and Payments	0.00

Modify	Service Charge	-15.00
	Interest Earned	0.00
	Ending Balance	75,416.80
	Cleared Balance	74,268.49
	Difference	1,148.31

Reconcile Now Leave

- 12 Match the entries on the Bank Statement to the entries displayed in the Reconcile screen by clicking in the ✓ column beside each matching entry. Do this for both the Checks and Payments area and the Deposits and Other Credits area.



Note that the date the entries were processed by the bank will not necessarily match the dates that they were entered into the company books.

When you have finished matching the entries, your screen should resemble the following:

Reconcile - US Bank Checking

For period: 02/28/2013 ☒ Hide transactions after the statement's end date

Checks and Payments				Deposits and Other Credits			
DATE	CHK #	PAYEE	AMOUNT	DATE	CHK #	MEMO	AMOUNT
02/14/2013	266	Markam's Furnishings Ltd.	2,925.00	02/04/2013		Deposit	17,684.98
02/14/2013	267	Pacific Bell	129.50	02/14/2013		Deposit	21,188.96
02/18/2013	268	Petroleum Hydro	225.00	02/20/2013		Deposit	12,402.85
02/25/2013			7,500.00				
02/25/2013	269	Black's Janitorial Services	300.00				
02/25/2013	270	Imperial Oil	284.68				

☒ Highlight Marked

Beginning Balance 74,283.49

Items you have marked cleared

3	Deposits and Other Credits	51,276.79
15	Checks and Payments	50,128.48

Service Charge -15.00  
Interest Earned 0.00  
Ending Balance 75,416.80  
Cleared Balance 75,416.80  
Difference 0.00

A check dated Feb 25 was not processed by the bank at the time of the bank statement. The balance in the bank on Feb 28 did not match the balance on the company books, as this check was entered on the books, but not processed by the bank. This entry will most likely show up on the next statement, and will be reconciled at that time.

The critical area on this screen is the **Difference** field. If this field is not 0.00, then we can go back to the previous screen to review our entries by clicking on **Modify**. If these entries are correct, then we must review the bank statement again to verify that we have matched our entries correctly in the reconciliation screen.

As our screen shows 0.00, we are reconciled, and can proceed with the reconciliation process.

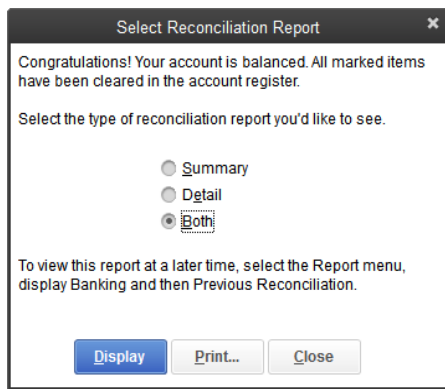
### 13 Click **Reconcile Now**.

Do not click **Reconcile Now** unless you are absolutely sure that the reconciliation balances. If you have a **Difference** amount showing, and you are unable to locate the error, QuickBooks nevertheless enables you to click **Reconcile Now** and continue. If you do click **Reconcile Now** with a non-zero **Difference** amount, QuickBooks will record an adjustment directly in the register so that the opening balance will match for the next reconciliation. Nevertheless, do not follow this practice. You will end up with amounts in the QuickBooks equity account **Open Balance Equity**, and it will reflect sloppy work and incomplete records.

### 14 If necessary, click **OK** in the online banking information window.

The next screen allows a report to be viewed.





- 15** Select **Summary**, click **Display**, and view the report. If a Reconciliation Report window displays, click **Do not display...**, then, **OK**.

Classic Interiors Ltd. - Your Name	
Reconciliation Summary	
US Bank Checking, Period Ending 02/28/2013	
	Feb 28, 13
Beginning Balance	74,283.49
▼ Cleared Transactions	
Checks and Payments - 16 items	-50,143.48
Deposits and Credits - 3 items	51,276.79
Total Cleared Transactions	1,133.31
Cleared Balance	75,416.80
▼ Uncleared Transactions	
Checks and Payments - 1 item	264.68
Total Uncleared Transactions	264.68
Register Balance as of 02/28/2013	75,182.12
▼ New Transactions	
Checks and Payments - 1 item	-2,015.00
Total New Transactions	-2,015.00
Ending Balance	73,117.12

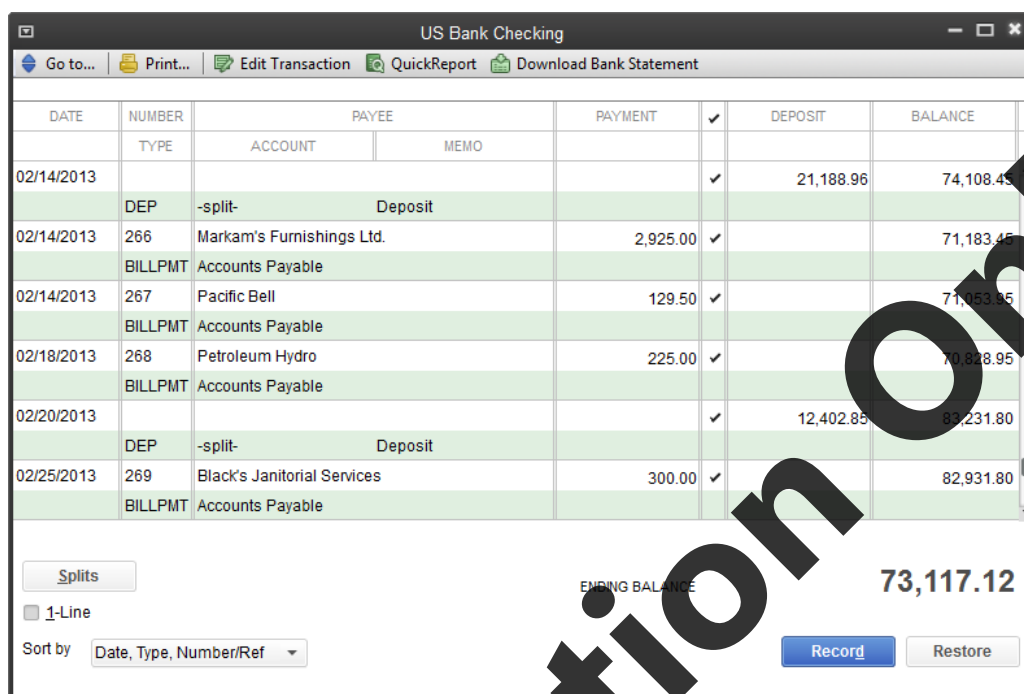
<b>Beginning Balance</b>	Bank balance at the beginning of the month.
<b>Cleared Transactions</b>	A summary of the transactions cleared by the reconciliation process.
<b>Cleared Balance</b>	The balance as matched with the bank statement.
<b>Register Balance</b>	The balance on the company books bank account as of that date. (This can be verified by reviewing the balance shown in QuickBooks).
<b>New Transactions</b>	These are transactions processed in QuickBooks since the end of February.
<b>Ending Balance</b>	This is the balance as of March 1, 2013, and can be verified by reviewing the bank balance in QuickBooks as of that date.

It is good practice to print and file the Summary report, shown here, as well as the Detailed report, which will also display, if you chose **Both** on the Select Reconciliation Report window.

- 16** Close any open windows to return to the Home page. Do not memorize.

- 17** Click **Banking, Use Register** from the menu bar. If necessary, select **US Bank Checking**, and click **OK**.

Scroll up the list to view the opened register for the US Bank Checking account and note the checkmarks beside all transactions that have been cleared in the bank reconciliation.



DATE	NUMBER	PAYEE	PAYMENT	DEPOSIT	BALANCE
	TYPE	ACCOUNT			
02/14/2013	DEP	-split- Deposit		21,188.96	74,108.45
02/14/2013	266	Markam's Furnishings Ltd.	2,925.00		71,183.45
	BILLPMT	Accounts Payable			
02/14/2013	267	Pacific Bell	129.50		71,053.95
	BILLPMT	Accounts Payable			
02/18/2013	268	Petroleum Hydro	225.00		70,828.95
	BILLPMT	Accounts Payable			
02/20/2013	DEP	-split- Deposit		12,402.85	83,231.80
02/25/2013	269	Black's Janitorial Services	300.00		82,931.80
	BILLPMT	Accounts Payable			
ENDING BALANCE					73,117.12

Sort by: Date, Type, Number/Ref

Buttons: Splits, 1-Line, Record, Restore

- 18** Close the register.

## Online Banking with QuickBooks

With the online banking service (also called online account access); you are able to carry out a variety of tasks, such as managing documents, banking and paying bills online.

Financial institutions provide different levels of online banking service. Some do not offer it at all. Check with your financial institution to see what services it offers.

### The Online Banking Center

Once an account is set up for online banking, the Online Banking Center becomes available. Some of the most useful features within the center enable you to:

- Access accounts online and download information: you can download transactions and account information. You can use this feature to reconcile your account.
- Transfer funds online: If you have more than one account at the same financial institution, you can transfer funds between these accounts online with QuickBooks.
- Make payments online: You can pay vendor bills online if this is offered by your financial institution.

## Downloading and Importing Online Statements

This feature enables you to import transactions that have been processed through your bank account into QuickBooks from your financial institution's Web site. As far as possible, QuickBooks then matches the imported transactions with the entries posted to the relevant bank account in QuickBooks.

Using this time-saving feature will largely overcome the need to manually match the transactions in the Reconcile window with those shown on the bank statement.

Before you can use online banking in QuickBooks, you must apply for online service with your financial institution or credit card provider.

You can contact your financial institution or credit card provider in person or by phone. Or, you can use QuickBooks to visit their Web site. Since this process cannot be completed in class, the following directions are guidelines only.

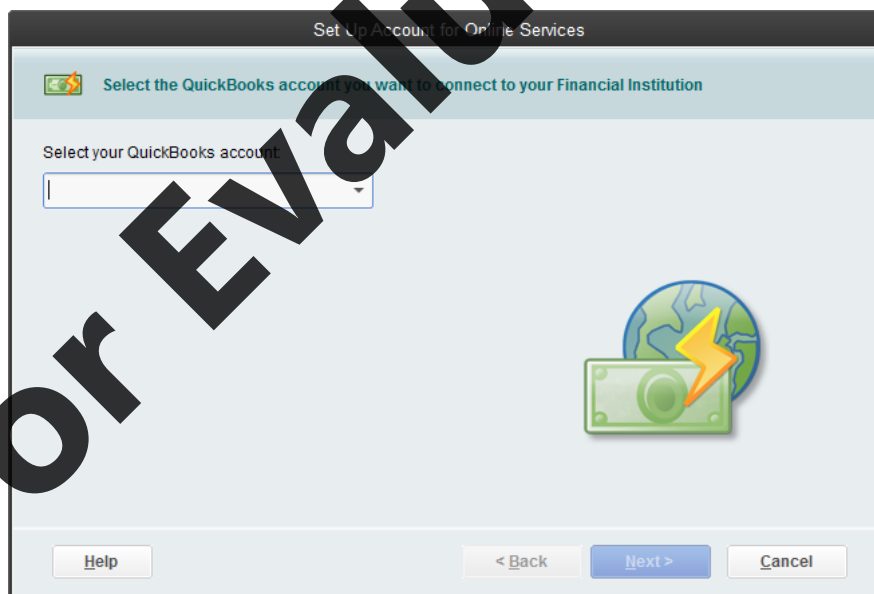
There are two ways to do this.

1. In the Edit Account window of an existing Bank Account click the **Set Up Online Services** button; or select **Banking, Online Banking, Set Up Account for Online Services** on the Menu bar.


Either of these methods will result in the following:



2. Click **Yes** to continue.



3. Select the account you wish to connect, and then click **Next** and follow the onscreen instructions on your financial institution's Web site.
4. Since we are unable to proceed in a classroom setting, click **Cancel**.

When an account has been successfully connected online, this symbol  will be displayed next to the account in the Chart of Accounts window.


After the financial institution processes your application, they will send you:

- The logon information you need to access your account.
- Information about how QuickBooks will connect to your account.

**Important:** You cannot set up online services in QuickBooks without this information.

Once the accounts have been set up in both QuickBooks and the financial institution, you may reconcile your books. To do this:

1. Open the Match Transactions window and make sure that the register is displayed.

QuickBooks matches the transactions in the electronic statement (at the bottom of the window) with those in the register (at the top of the window). Matched transactions are marked with a  in your register.

2. When QuickBooks finishes matching the transactions, it displays the results. Click **OK** to close the message.
3. Review the status that QuickBooks assigned to each transaction in the electronic statement and determine what to do.

**Matched:** The transaction in the electronic statement corresponds to one you have entered into this account in QuickBooks.

- a) If you agree with the match QuickBooks made, you do not need to do anything else with this transaction.
- b) If you do not agree with the match, unmatch the transaction. The status of the transaction in the electronic statement changes to unmatched.

**Unmatched:**

- a) The transaction has been entered into QuickBooks but it has a typo (e.g., the amount is incorrect) or was entered into the wrong account.
- b) If this happens, correct the transaction in QuickBooks so that it matches the one in the electronic statement.
- c) You can also manually match the transaction in the electronic statement to one in the register.
- d) The financial institution made a mistake and the transaction in the statement is wrong.

Occasionally, your bank or credit card company may make a mistake by processing a transaction for a different amount than you wrote it for. If this happens, the transaction that appears in the electronic statement from your financial institution will not match the transaction you entered in QuickBooks.

The financial institution will likely correct the problem by making an adjustment to your account. You can make a similar adjustment in QuickBooks so you can reconcile the account properly.

When all the transactions in the electronic statement have been matched or added to QuickBooks, the statement is deleted from the Items Received section of the Online Banking Center.

# Set Up for Sales on Credit/Debit Card

To remain competitive in today's business world, businesses selling goods and services to customers are obliged to accept credit or debit cards for receipts from their customers.

This is done by entering into an agreement with a credit card processing company (for example, *Merchant Services Group*, *Bankcard Services*, and so on). In most instances, a card processing terminal is set up on the business' premises, and the customer's card is swiped through it. When the credit card sale has been approved by the automated system, the amount is saved in a batch, and the batch total is posted to the merchant's bank account at the end of the day.

It is advisable to open a separate bank account for the deposit of credit card sales. By using a separate account, you can monitor the volume of credit card sales and the cost of these transactions. It also simplifies the process of reconciling these transactions at the end of the month by not mixing them with other banking transactions.

The credit card processing company charges a fee for this service in the form of a percentage discount, calculated on the amount of each sales transaction. A monthly rental is also charged for the processing terminal. These charges may be shown as one total amount on the monthly statement received from the credit card processing company (known as the "gross" method). Alternately, they may be reflected in a charge every time a credit card or debit card batch is processed (known as the "net" method). If so, you must determine if the charge shows separately on your bank statement or if it reduces the net amount of the batch. Depending on your preference and the availability of the bank to change from "gross" to "net" or "net" to "gross", you may select the method that will best suit your business needs and monthly reconciliation.



## Learn the Skill

*In this exercise, you will learn how to set up a credit card account to accept sales in QuickBooks.*

- 1 Click the **Chart of Accounts** icon in the Company section of the Home page.
- 2 Right-click in the Chart of Accounts window, and click **New**.
- 3 In the Add New Account window, type in or select the following data:

Type	Bank
Name	USB Credit Card Account
Description	Sales on Credit Cards
Bank Acct. No.	40988

The screenshot shows the 'Add New Account' dialog box. The 'Account Type' is 'Bank'. The 'Account Name' field contains 'USB Credit Card Account'. Below it is a 'Subaccount of' dropdown. The 'OPTIONAL' section contains a 'Description' field with 'Sales on Credit Cards', a 'Bank Acct. No.' field with '40988', an empty 'Routing Number' field, and a 'Tax-Line Mapping' dropdown set to 'B/S-Assets: Cash'. There are links for 'How do I choose the right tax line?' and 'Should I enter an opening balance?'. At the bottom, there are checkboxes for 'Remind me to order checks when I reach check number' and 'Order checks I can print from QuickBooks', along with a 'Learn more' link. The bottom buttons are 'Save & Close', 'Save & New', and 'Cancel'.

- 4 Click **Save & Close**.
- 5 If necessary, click **No** to close the online banking message.  
The new account now appears in the Chart of Accounts.
- 6 Close the Chart of Accounts.

## Entering Sales on Credit Cards

Once the credit card account has been set up in QuickBooks, you can begin making sales to customers who wish to pay immediately by credit card.

### Learn the Skill

*In this exercise, you will learn how to post sales transactions with immediate payment by credit card. To allow the option of depositing to the Credit Card account, follow these steps:*

- 1 Click **Edit, Preferences** from the menu bar.
- 2 Click **Payments** in the left of the screen.
- 3 In Company Preferences, ensure that **Use Undeposited Funds as a default deposit to account** is deselected and click **OK**. If necessary, click **OK** to the Warning, and then click **Home** on the icon bar to open the Home page.
- 4 Create the following sales receipt:

To display the Enter Sales Receipts window, click **Customers, Enter Sales Receipts** on the menu bar, or click **Create Sales Receipts** on the Home page.

Customer: Job Suzanne Blackstone  
 Deposit To USB Credit Card Account  
 Date March 6, 2013  
 Payment Method Visa  
 Item 101 Prints Qty: 1  
 401 Floor-brass Qty: 1  
 640 Glass coffee table Qty: 1  
 Customer Message Thank you for your business.

**Enter Sales Receipts**

Customer: Job **Suzanne Blackstone**  
 Deposit To **USB Credit...**  
 Date **03/06/2013**  
 Payment Method **Visa**

**Sales Receipt**

DATE: 03/06/2013  
 SALE NO.: 12  
 SOLD TO: Suzanne K Blackstone  
 45 Cayley Street  
 Camarillo, CA 93011

ITEM	DESCRIPTION	QTY	U/M	RATE	AMOUNT	TAX
Accessories:101	Prints	1	ea	350.00	350.00	TAX
Lamps:401	Floor-brass	1	ea	89.00	89.00	TAX
Tables:640	Glass coffee table	1	ea	550.00	550.00	TAX

TAX: CA-VT-CM (7.5%) 74.18  
 TOTAL: 1,063.18

CUSTOMER MESSAGE: Thank you for your business.

RECENT TRANSACTION:

DATE	DESCRIPTION	AMOUNT
02/13/13	Payment	1,182.50
01/28/13	Invoice - Paid	1,182.50
01/23/13	Sales Order	1,182.50

Buttons: Save & New, Save, Print, Email, Attach File, Add Credit Card Processing

5 Click **Save & New**.

6 Create another sales receipt.

Customer: Job Dr. Denise Schultz  
 Deposit To USB Credit Card Account  
 Date March 9, 2013  
 Payment Method MasterCard  
 Item 220 Mashad Qty: 1



CUSTOMER: JOB **Dr. Denise Sch...** DEPOSIT TO **USB Credit...** TEMPLATE **Custom Sa...**

## Sales Receipt

DATE **03/09/2013** SOLD TO  
**Dr. Denise Schultz**  
**34 Aberdeen Avenue**  
**Moorpark, CA 93020**

SALE NO. **13**

CHECK NO. PAYMENT METHOD **MasterCard**

ITEM	DESCRIPTION	QTY	U/M	RATE	AMOUNT	TAX
Carpets:220	Mashad	1	ea	800.00	800.00	TAX

TAX **CA-VT-MP** (7.5%) **60.00**

TOTAL **860.00**

CUSTOMER MESSAGE

MEMO CUSTOMER TAX CODE TAX

☐ Process MasterCard payment when saving

**Save & Close** **Save & Print** **Clear**

- 7 Click **Save & Close**. If necessary, click **Ignore** in the Check Spelling on Form window.

## Reconciling the Credit Card Account for Sales

As the proceeds of the credit card sales are deposited into a bank account, it is reconciled in the normal way upon receipt of the bank statement.

If there are large numbers of daily transactions grouped into daily batch totals for each type of credit/debit card, this may become fairly complex, and each situation will require the bookkeeper to set up systems for handling these transactions. This is why a separate bank account is recommended.



### Learn the Skill

*In this exercise, you will learn how to reconcile a credit card bank account.*

- 1 Click **Banking, Reconcile** on the menu bar.
- 2 In the Begin Reconciliation window, select or enter the following:

Account	USB Credit Card Account
Statement Date	March 31, 2013
Ending Balance	1,908.18
Merchant Fees	15.00

**Begin Reconciliation**

Select an account to reconcile, and then enter the ending balance from your account statement.

Account: USB Credit Card Account

Statement Date: 03/31/2013

Beginning Balance: 0.00

Ending Balance: 1,908.18

What if my beginning balance doesn't match my statement?

Enter any service charge or interest earned.

Service Charge: 15.00 Date: 03/31/2013 Account: Merchant Fees

Interest Earned: 0.00 Date: 03/31/2013 Account:

Locate Discrepancies Undo Last Reconciliation Continue Cancel Help

- 3 Click **Continue**.
- 4 In the Reconcile window, click **Mark All**.

**Reconcile - USB Credit Card Account**

For period: 03/31/2013

☐ Hide transactions after the statements end date

Checks and Payments				Deposits and Other Credits				
DATE	CH...	PAYEE	AMOUNT	DATE	CH...	MEMO	TYPE	AMOUNT
				03/06/2013	12		RCPT	1,063.18
				03/09/2013	13		RCPT	860.00

☒ Highlight Marked Mark All Unmark All Go To Columns to Display...

Beginning Balance: 0.00

Items you have marked cleared:

2	Deposits and Other Credits	1,923.18
0	Checks and Payments	0.00

Modify

Service Charge	-15.00
Interest Earned	0.00
Ending Balance	1,908.18
Cleared Balance	1,908.18
Difference	0.00

Reconcile Now Leave

Note that while the two transactions totaled \$1,923.18, the ending balance on the statement reflects the \$15.00 service charge.

- 5 In the Reconcile window, verify that the Difference value is now **0.00**. If it is, click **Reconcile Now**.
- 6 In the Select Reconciliation Report dialog box, Select **Both**, and then click **Display** to view both the Summary and Detail reports.
- 7 Close the Summary and Detail Reconciliation reports.

The account is now reconciled.

# Creating and Setting Up Credit Cards for Purchases

Instead of using cash, checks, or purchase orders, purchases may be made using a credit card issued in the name of the business. To simplify reconciliation, you should set up a separate account. It will appear on the financial statements as a credit card, which is a type of current liability, with the current amount due.

When you enter the credit card information into QuickBooks, you set up the credit card just like a bank account. The opening balance is the amount owing to the credit card company as of the most recent statement date. Because most credit card purchases have a low value and they are usually used for expense items (e.g., they are not inventory items), you can choose to enter all purchases and return credits as they occur or at the end when the statement is received.

## Learn the Skill

*In this exercise, you will learn to set up QuickBooks to enable you to make purchases using a credit card.*

- 1 Open the Chart of Accounts.
- 2 Right-click in the Chart of Accounts window, and click **New**.
- 3 In the Add New Account window, type in or select the following data:

Type	Credit Card
Account Name	WFB Visa Card
Description	Company Credit Card
Card No.	4510-1234-5678-9099

The screenshot shows the 'Add New Account' dialog box in QuickBooks. The 'Account Type' is set to 'Credit Card'. The 'Account Name' field contains 'WFB Visa Card'. The 'Description' field contains 'Company Credit Card'. The 'Credit Card Acct. No.' field contains '4510-1234-5678-9099'. The 'Tag-Line Mapping' dropdown is set to 'B/S-Liabs/Eq.: Other current li...'. There are buttons for 'Enter Opening Balance...', 'Save & Close', 'Save & New', and 'Cancel'. There are also links for 'How do I choose the right tax line?' and 'Should I enter an opening balance?'.

An account with a Type value of Credit Card is referred to by accountants as a liability account.

- 4 Click **Save & Close**. If necessary, click **No** to close the online banking message.

The new account now appears in the Chart of Accounts. Create another expense account to track the credit card finance charges.

- 5 Right-click in the Chart of Accounts and click **New**.

- 6 In the Add New Account window, type in or select the following data and click **Save & Close**:

Type	Expense
Account Name	Credit Card Finance Charges

Like many other expense accounts, you do not have to set up a separate account to track credit card finance charges. Instead, you can record these charges in your Interest Expense account if the charges are small and infrequent. These costs can be grouped with other interest expenses because they form part of the business capitalization and financing structure. As such, all interest expenses—including credit card financing charges—are usually calculated below Operating Income (also known as EBIT or Earnings Before Interest and Taxes).

- 7 Click **Save & Close**, and then close the Chart of Accounts.

You must also set up the credit card issuer as a vendor.

- 8 Open the Vendor Center.

- 9 Click the **New Vendor** button, and then click New Vendor.

- 10 Type in or select the following data:

Company Name	WFB Visa Card
Opening Balance	0.00
as of	March 1, 2013

11 Click **OK** to save and close the New Vendor window.

12 Close the Vendor Center.

## Enter Vendor Purchases on Credit Card

Once the credit card information has been set up in QuickBooks, you can begin to make purchases from vendors using the company credit card.



### Learn the Skill

*In this exercise, you will enter purchases using the company credit card.*

- 1 Click the **Enter Credit Card Charges** icon in the Banking section of the Home page.
- 2 Click the **Purchased From** arrow, and select **Pacific Bell** from the list. If necessary, click **OK** in the Purchase Tax Codes information message.
- 3 Type in or select the following data:

Date	March 4, 2013
Memo	Purchase a new cell phone
Account (Expenses tab)	Telephone Expense
Amount	349.00
Memo	New cell phone
- 4 Click **Save & New** to complete the transaction.

Now use the credit card to purchase office supplies.

- 5 Type in or select the following data:

Purchased From	Ayre Office Supplies
Date	March 5, 2013
Memo	Folders & Hanging Files
Account	Office Supplies
Amount	35.99

Enter Credit Card Charges - WFB Visa Card

Main Reports

Find New Save Delete Create a Copy Memorize Attach File Download Card Charges Select PO Enter Time Clear Splits Recalculate

CREDIT CARD: WFB Visa Card ☒ Purchase/Charge ☐ Refund/Credit ENDING BALANCE: 349.00

**Credit Card Purchase/Charge**

PURCHASED FROM: Ayre Office Supplies DATE: 03/05/2013

REF NO.: AMOUNT: 35.99

MEMO: Folders & Hanging Files

Expenses: \$35.99 Items: \$0.00 Ready to pay a credit card bill?

ACCOUNT	AMOUNT	MEMO	CUSTOMER-JOB	BILLABLE
Office Supplies	35.99			

Save & Close Save & New Clear

- 6 Click **Save & Close** to complete the transaction.

## Debit Card Transactions

When a company purchase is made using a debit card, the funds are taken from the checking account immediately. Use the Write Check window to record debit card transactions. To indicate debit card transactions in Write Checks use a code such as "Cash" in the number field.

If you use the Enter Bills process for debit card purchases, you must enter the payment through the Pay Bills window, or the expenses will be overstated and the bill will not be cleared from Accounts Payable.

In addition to debit card transactions, there are other transactions that will directly affect the checking account. These could be ATM withdrawals, or a service such as PayPal. All of these transactions should be entered through Write Checks, and it is a good idea to create codes to specify these items.

### Learn the Skill

*In this exercise, you will learn how to record a purchase using a debit card.*

- 1 Click **Write Checks** in the Banking section of the Home page.
- 2 If necessary, deselect **Print Later**, and in the check No. field enter: Cash.
- 3 In the Pay to the Order of field, select **Excel Computer Store**.
- 4 In the Open Bills Exist window click **Continue Writing Check**.

- 5 Complete as shown below:

Write Checks - US Bank Checking

Main Reports

Find New Save Delete Memorize Create a Copy Print Print Later Attach File Pay Online Select PO Enter Time Clear Splits Recalculate Batch Transactions Reorder

BANK ACCOUNT US Bank Checking ENDING BALANCE 73,117.12

NO. Cash

DATE 03/08/2013

PAY TO THE ORDER OF Excel Computer Store \$ 150.00

One hundred fifty and 00/100\*\*\*\*\* DOLLARS

ADDRESS

Excel Computer Store  
87 Rymal Road, East  
Long Beach, CA, 90713

MEMO

Expenses \$150.00 Items \$0.00

ACCOUNT	AMOUNT	MEMO	CUSTOMER JOB	BILLABLE?
Computer and Internet ...	150.00	Troubleshooting		

Save & Close Save & New Clear

- 6 Click **Save & Close**.

## Reconciling the Credit Card Account for Purchases

The reconciliation of the credit card payable account works in the same way as reconciling a bank account, except that the transactions are matched to those listed on the credit card statement.

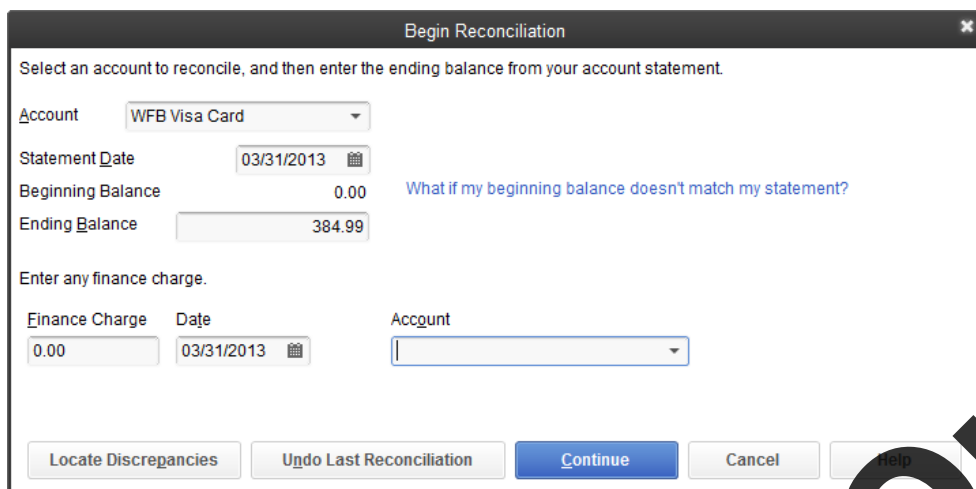
### Learn the Skill

*In this exercise, you will learn how to reconcile the credit card payable account.*

- 1 Click **Banking, Reconcile** on the menu bar.
- 2 Click the **Account** arrow, and select the credit card account **WFB Visa Card** from the list.
- 3 Type in or select the following data:
 

Statement Date	March 31, 2013
Ending Balance	384.99
Finance Charge	0.00





**Begin Reconciliation**

Select an account to reconcile, and then enter the ending balance from your account statement.

Account: WFB Visa Card

Statement Date: 03/31/2013

Beginning Balance: 0.00

Ending Balance: 384.99

What if my beginning balance doesn't match my statement?

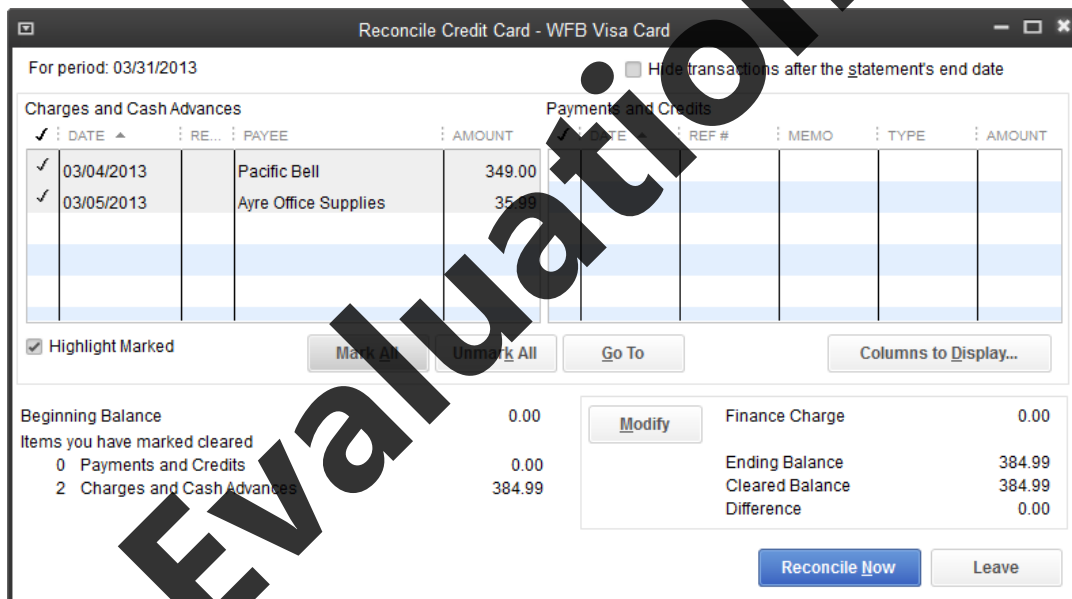
Enter any finance charge.

Finance Charge: 0.00    Date: 03/31/2013    Account:

Buttons: Locate Discrepancies, Undo Last Reconciliation, Continue, Cancel, Help

You can also enter the finance charge (if any) immediately on this screen.

- 4 Click **Continue**.
- 5 In the Reconcile Credit Card window, click **Mark All** to select the two entries.



**Reconcile Credit Card - WFB Visa Card**

For period: 03/31/2013

☐ Hide transactions after the statement's end date

Charges and Cash Advances				Payments and Credits				
DATE	RE...	PAYEE	AMOUNT	DATE	REF #	MEMO	TYPE	AMOUNT
03/04/2013		Pacific Bell	349.00					
03/05/2013		Ayre Office Supplies	35.99					

☒ Highlight Marked    Buttons: Mark All, Unmark All, Go To, Columns to Display...

Beginning Balance	0.00	Modify	Finance Charge	0.00
Items you have marked cleared			Ending Balance	384.99
0 Payments and Credits	0.00		Cleared Balance	384.99
2 Charges and Cash Advances	384.99		Difference	0.00

Buttons: Reconcile Now, Leave

If you need to record the finance (credit card interest) charge, you can click **Modify** to return to the Begin Reconciliation screen.

- 6 Click **Reconcile Now**.

A Make Payment dialog box will now display asking you how you want to pay the amount owing on the credit card statement. You can write a check for part or all of the amount owing, set up a bill for part or all of the amount owing, or postpone payment.

- 7 If necessary, click **Write a check for payment now**, and then click **OK**.
- 8 In the Select Reconciliation Report dialog box, click **Detail**, and then click **Display**.
- 9 Review the Report, and then close it

Because you selected the option to write a check now to pay part or the entire credit card amount, the Write Checks screen is now displayed.

**10** Type in or select the following data:

Bank Account	US Bank Checking
Pay to the Order of	WFB Visa Card
Date	April 4, 2013
Amount	384.99
Memo	March Statement
Check	Print Later

The screenshot shows the 'Write Checks - US Bank Checking' window. At the top, there's a toolbar with various icons. Below that, the 'BANK ACCOUNT' is set to 'US Bank Checking' and the 'ENDING BALANCE' is 72,967.12. The check form includes fields for 'NO.', 'TO PRINT', 'DATE' (04/04/2013), 'PAY TO THE ORDER OF' (WFB Visa Card), 'AMOUNT' (\$ 384.99), 'ADDRESS' (WFB Visa Card), and 'MEMO' (March Statement). Below the check form is an 'Expenses' table with columns for 'ACCOUNT', 'AMOUNT', 'MEMO', 'CUSTOMER-JOB', and 'BILLABLE?'. The table contains one entry: 'WFB Visa Card' with an amount of 384.99. At the bottom right, there are buttons for 'Save & Close', 'Save & New', and 'Clear'.

**11** Click **Save & Close**.

You could have chosen any payment date for the check you wanted, including the actual due date from the credit card statement. In Step 7, you could also have chosen to enter a bill for later payment through the accounts payable and the Pay Bills function, or you could have pressed **(Esc)** so that you could enter a check such as in Step 10 or a bill at a later, more convenient time.

## Banking Reports

In this section we will cover reports concerning information provided by banking activities. QuickBooks comes with pre-set reports for you to use, which can provide information such as:

- Which payments have not yet been deposited.
- What checks have not cleared the bank as of the last bank statement.
- A list of the transactions pertaining to a specific payee.
- A list of all transactions affecting a specific bank account.



## Learn the Skill

In this exercise, you will create a **Deposit Detail Report** for the month of February, 2013.

- 1 Click **Reports, Banking, Deposit Detail** from the menu bar.
- 2 Set the Dates to read From: **02/01/2013** To: **02/28/2013**. Click **Refresh**.

Type	Num	Date	Name	Account	Amount
Deposit		02/04/2013		US Bank Checking	17,584.98
Sales Receipt	9	02/02/2013	Weekly Cash Sales	Undeposited Funds	-15,915.58
Payment	5429	02/01/2013	ReMax Realty	Undeposited Funds	-1,769.00
TOTAL					17,684.98
General Jou...	14	02/11/2013		Chase Payroll Checking	8,500.00
				US Bank Checking	-8,500.00
TOTAL					-8,500.00
Deposit		02/14/2013		US Bank Checking	21,188.96
Sales Receipt	10	02/11/2013	Weekly Cash Sales	Undeposited Funds	-17,073.28
Payment	258	02/13/2013	Martinez Advertising Inc.	Undeposited Funds	-2,933.18
Payment	263	02/13/2013	Suzanne Blackstone	Undeposited Funds	-1,182.50
TOTAL					-21,188.96
Deposit		02/20/2013		US Bank Checking	12,402.85
Sales Receipt	11	02/18/2013	Weekly Cash Sales	Undeposited Funds	-8,902.85
Payment	1685	02/19/2013	Fairfield Insurance Co.	Undeposited Funds	-3,500.00
TOTAL					-12,402.85

- 3 Review, and then close the report. Do not memorize.
- 4 Repeat Steps 1 and 2, selecting **Check Detail** as the report.
- 5 Review, using the scroll bar to see the entire report, and close the report. Do not Memorize.

## Register Reports

A register QuickReport can be run from the register window. Selecting a transaction and clicking the QuickReport button will create a report that shows all transactions pertaining to the payee of the transaction.



## Learn the Skill

In this exercise, you will create a register QuickReport for Jack's Janitorial Services.

- 1 Click **Check Register** in the Banking section of the Home page.
- 2 If necessary, select **US Bank Checking** in the next screen, and click **OK**.
- 3 In the Register, click the 02/25/2013 entry for **Black's Janitorial Services**.

- 4 Click the **QuickReport** button at the top of the screen.
- 5 The Register QuickReport is displayed as follows.

Type	Date	Num	Memo	Account	Clr	Split	Amount
<b>Black's Janitorial Services</b>							
Bill Pmt -Check	12/31/2012	243		US Bank Checking	✓	Accounts Payable	-300.00
Bill Pmt -Check	01/22/2013	252		US Bank Checking	✓	Accounts Payable	-300.00
Bill Pmt -Check	02/25/2013	269		US Bank Checking	✓	Accounts Payable	-300.00
<b>Total Black's Janitorial Services</b>							<b>-900.00</b>
<b>TOTAL</b>							<b>-900.00</b>

- 6 Review and close the report, and close the Register
- 7 Backup the data file as Classic Interiors Ltd. - Your Name Lesson 2.qbb.

## Lesson Summary

In this lesson you learned how to set up and use the bank reconciliation feature, worked with credit cards for sales and purchases, and reconciled credit card statements. You should know how to:

- ☒ reconcile a bank account
- ☒ account for customer sales on credit card
- ☒ download and import online statements
- ☒ account for purchases on credit and debit cards
- ☒ create credit card accounts
- ☒ reconcile credit card accounts for sales and purchases
- ☒ set up credit cards for sales and purchases
- ☒ create banking reports



### Practice the Skill

The following additional exercise covers many of the items discussed in this lesson and is included as extra practice and may be completed by the students in class or on their own. Your instructor has access to the Answer Key for these exercises.

Please note that if these exercises are completed, they will affect the end results in the data file, and thus reports etc. in Lesson 6, will have different figures than those shown in the manual. To avoid this, it is recommended that the student back up the data file at the end of each lesson prior to completing the extra exercises. At the beginning of the next lesson, it will then be necessary to restore the prior lesson backup before continuing with the next lesson.

1. Complete the following bank reconciliation:  
Chase Payroll Checking account for the month of February 2013, using the bank statement shown:

Chase Bank				
Customer Name:		Class Interiors, Ltd.		
Month Ended February 28, 2013				
Bank Statement				
Date	Description	Deposits	Checks	Balance
Opening Balance				\$ 5,203.03
02/03/13	Check #120		\$ 466.14	\$ 4,736.89
02/05/13	Check #122		\$ 478.11	\$ 4,258.78
02/05/13	Check #121		\$ 530.68	\$ 3,728.10
02/11/13	Funds Transfer	\$ 8,500.00		\$ 12,228.10
02/12/13	Check #124		\$ 1,261.25	\$ 10,966.85
02/12/13	Check #125		\$ 922.58	\$ 10,044.27
02/13/13	Check #123		\$ 505.18	\$ 9,539.09
02/13/13	Check #126		\$ 466.13	\$ 9,072.96
02/19/13	Check #127		\$ 505.16	\$ 8,567.80
02/20/13	Check #129		\$ 505.17	\$ 8,062.63
02/20/13	Check #128		\$ 466.13	\$ 7,596.50
02/26/13	Check #131		\$ 922.59	\$ 6,673.91
02/26/13	Check #130		\$ 1,261.24	\$ 5,412.67
02/26/13	Check #132		\$ 466.13	\$ 4,946.54
02/26/13	Funds Transfer	\$ 7,500.00		\$ 12,446.54
02/28/13	Service Charge		\$ 15.00	\$ 12,431.54

2. Make the following purchases on the company credit card:

Vendor: Excel Computer Store \*(Click OK at the warning)  
 Date: April 5, 2013  
 Check Memo: New Backup System  
 Account: Computer and Internet Expenses  
 Amount: 149.99  
 Memo: External Hard Drive

**\*Never** select the **Do not display this message in the future** check box for this type of warning; this is a very valuable message to keep you from double-entering charges for which bills have already been entered and for which bill payments via credit cards should be posted instead of **Enter Credit Card Charges**. (If you select the **Do not display this message in the future** check box on this or any other message in error, go to **Edit, Preferences, General, My Preferences**, and select the **Bring back all one-time messages** check box to reactivate the message prompt. In the two cases that follow, we are ignoring the message, but in general that message indicates that you should use the **Pay Bills** function rather than **Enter Credit Card Charges** (or **Write Checks** if we were using that option).

Vendor: Hamilton Spectator  
 Date: April 10, 2013  
 Account: Advertising and Promotion  
 Amount: 175.00  
 Memo: Ad for upcoming sale

3. Enter the following Credit Card Sales Receipts:

Customer: Dyle & Groen, Lawyers  
 Date: April 2, 2013  
 Pay't Method: Visa  
 Item: 105 – Sculptures Qty: 1  
 Net Amount: 225.00

Customer            Fazilo's Ristorante  
Date:                April 4, 2013  
Pay't Method:    MasterCard  
Item:                420 – Wall-brass      Qty: 2  
Net Amount:      50.00

4. Reconcile the relevant Credit Card Accounts as follows:

Account            USB Credit Card Account  
Statement Date    April 30, 2013  
Opening Balance   1,908.18

The following receipts/charges were cleared:

Dyle & Groen        243.00  
Fazilo's Restorante   53.75  
Merchant Fees       (12.50)  
Ending Balance      2,192.43

Account            WFB Visa Card  
Statement Date    April 30, 2013  
Opening Balance   384.99  
Payment recorded   -384.99

The following charges were recorded:

Excel Computer      149.99  
Hamilton Spect.      175.00  
Ending Balance      324.99  
Finance Charges      0.00

Pay the Visa bill from the US Bank Checking account as of May 2, 2013.

Memo: April Statement      Check: Print Later.

## Review Questions

- The bank reconciliation is extremely important as it is the only source of external audit to verify your day-to-day bookkeeping.  
a. True            b. False
- When you are setting up the bank reconciliation in QuickBooks, you must work from your last balanced reconciliation.  
a. True            b. False
- Outstanding entries from the last balanced reconciliation may be manually typed into the bank reconciliation system.  
a. True            b. False
- Entries for bank service charges and interest must be made through the bank reconciliation.  
a. True            b. False

5. If you are unable to balance your bank reconciliation, it is perfectly acceptable to simply post an adjustment and move on.
  - a. True
  - b. False
6. A Difference amount of anything but 0.00 means that the bank reconciliation is not balanced.
  - a. True
  - b. False
7. Credit card sales transactions with customers can be set up so that the credit card discount is calculated and deducted from each transaction.
  - a. True
  - b. False
8. For sales to customers using credit cards, you can use the Create Invoices form.
  - a. True
  - b. False
9. Proceeds from credit card sales are normally deposited to a bank account in the name of the merchant.
  - a. True
  - b. False
10. A liability account is needed in the Chart of Accounts to record purchases made on a credit card.
  - a. True
  - b. False
11. A company credit card is normally used to purchase or pay for fixed assets such as a car or machinery.
  - a. True
  - b. False
12. The account used for purchases on credit cards must be reconciled in the same way as a regular bank account.
  - a. True
  - b. False