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## **Description and Procedures for General Journal Entries For Use With QuickBooks® Accounting Software**

A journal entry is a way of posting transactions to accounts (From the Chart of Accounts) in QuickBooks® that do not affect: Accounts Payable, Accounts Receivable, or Payroll. The journal entry can be confusing to users because they are not used to entering both sides of a transaction.

Below are examples of Accounts Payable and Accounts Receivable entries that show how you are only entering a portion of the transaction and how QuickBooks® posts the remaining part of the entry for you:

**Example 1:** When entering a bill in QuickBooks®, the user sees only that the expense or cost of goods account that is used. Behind the scenes QuickBooks® will debit an expense or cost of goods account and credit accounts payable.

In paying that same bill the user selects to pay the bill through the pay bill feature on QuickBooks®. The user does not select any accounts. QuickBooks® knows from the entering of the bill to debit accounts payable and credit the checking account used to pay bill.

**Example 2:** When invoicing a customer you select an “item” that corresponds to what you are invoicing the customer for. “Items” when they are setup are assigned an account like Revenue. When you select that “Item” on the invoice screen QuickBooks® automatically credits the revenue account and debits the accounts receivable account. The user sees neither account being used because QuickBooks® does the posting automatically when the invoice is saved.

When you receive payment from your customer and enter it through the receive payment screen you do not select any accounts. QuickBooks® knows from the entering of the invoice to debit the checking account or undeposited funds account and crediting accounts receivable.



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To insure that accurate accounting records are kept for a business, including tracking monthly revenues and expenses, users sometimes need to enter other transactions that do not affect accounts payable, accounts receivable, or payroll. Also, the user may need to enter payroll information or adjust or correct a previous transaction. The way QuickBooks® and most other accounting software packages allow the user to do this is by entering a General Journal Entry.

General Journal Entries are transactions that have debits and credits for various accounts and those debits and credits must equal in order to save the transaction.

Businesses that work with accountants will become familiar with the General Journal Entry usually through year end adjustments that their tax accountant needs made to match the business tax return and the accounting records.

Depreciation, outsourced payroll, prepaid expenses, and accrued expenses are examples of transactions that are entered through the General Journal Entry section of QuickBooks®.

To enter a General Journal Entry: From the home page in QB, select 'Company' on the menu bar. Scroll down to 'Make General Journal Entries'.



