

Farm Checking, Expenses & Payables (Module #3)

Lara L. Worden
Area Agriculture Agent



To Set Up a Bank Account

- Open Chart of Accounts window
 - Choosing Lists/Chart of Accounts
- Open the New Account dialog
 - Either "Ctrl-N" or click Account button at the bottom of screen

Name	Type	Balance Total
State Bank - Checking	Bank	1,545.36
Accumulated Depreciation	Fixed Asset	0.00
Furniture and Equipment	Fixed Asset	0.00
Payroll Liabilities	Other Current Liabi...	0.00
Opening Bal Equity	Equity	1,545.36
Owners Draw	Equity	0.00
Owners Equity	Equity	
Agricultural Program Pa...	Income	
Commodity Credit Loans	Income	

To Set Up a Bank Account

- Fill in the desired fields
 - Type – Choose Bank
 - Account Name – Ex: 1st National Bank Checking
 - Subaccount – usually not a subaccount
 - Description - optional
 - Bank No. – optional
 - Tax line – DO NOT choose a tax line
 - Opening balance – only enter a balance for a pre-existing account; otherwise, zero
- Click “Save & Close” or “Save & New” to save the account

How to Enter a Check

- From Menu Bar choose Banking/Write Checks

The screenshot shows the 'Write Checks' window for 'State Bank - Checking'. The window title bar includes a search bar with 'Type a help question Ask' and a 'How Do I?' button. Below the title bar are navigation buttons: 'Previous', 'Next', 'Print', and 'Find'. The main form area is divided into several sections:

- Bank Account:** A dropdown menu showing 'State Bank - Checking'.
- Ending Balance:** A text field displaying '1,545.36'.
- Check Form:** A large green-bordered area containing:
 - Pay to the Order of:** A dropdown menu.
 - Date:** A text field with '01/06/2011' and a calendar icon.
 - Amount:** A text field with '\$ 0.00'.
 - Dollars:** A text field for the amount in words.
 - Address:** A large empty text area.
 - Memo:** A text area at the bottom of the form.
- Order Checks:** A button with a check icon and the text 'Order Checks'.

Below the check form is a summary section:

Expenses **\$0.00** **Items** **\$0.00** Online Payment To be printed

Below this is a table with the following columns: Account, Amount, Memo, Customer:Job, Billa..., and Class. The table is currently empty.

At the bottom of the window are several buttons: 'Clear Splits', 'Recalculate', 'Save & Close', 'Save & New', and 'Clear'.

How to Enter a Check

- If you use more than one bank account...
 - Color coding bank accounts can reduce errors
 - Select particular bank account and open the Write Checks window
 - From Menu Bar choose Edit/Change Account Color and select the color you want
- You may color-code any balance sheet account also
 - Same technique works for credit card accounts, loan accounts, etc.

How to Enter a Check

- Fill in the form's fields
 - Bank Account – if more than one account, be sure to select the appropriate account
 - No. (Check No.) – if recording hand written check, enter check number. If QuickBooks will print check – no need to enter.
 - Date
 - Pay to the Order of (payee)
 - Memo - optional
 - To be printed – place check mark in this field to mark the check for later printing by QuickBooks.

How to Enter a Check

- Expense tab fields

- Account

- Usually an Expense account

- Class

- Only if you are doing enterprise accounting
 - If you don't see a Class field, you need to turn it on
 - Edit/Preferences from Menu Bar

The screenshot shows a software interface for entering expenses. At the top, there are two tabs: "Expenses" and "Items". The "Expenses" tab is active, showing a total of "\$0.00". The "Items" tab is also visible, showing a total of "\$0.00". There are two checkboxes: "Online Payment" (unchecked) and "To be printed" (checked). Below the tabs is a table with the following columns: "Account", "Amount", "Memo", "Customer:Job", "Billa...", and "Class". The table is currently empty. At the bottom of the interface, there are five buttons: "Clear Splits", "Recalculate", "Save & Close", "Save & New", and "Clear".

Account	Amount	Memo	Customer:Job	Billa...	Class

How to Enter a Check

- Items tab field

- Only used if tracking inventory

- Qty (Quantity)

- Enter purchase quantity

- Ex: bushels, lbs., tons, etc.

- Cost

- May enter per unit cost of item (optional)

- Ex: per gallon cost

- Amount

- Dollar amount

- Class

Not commonly used
in most farm
businesses.

Item	Description	Qty	Cost	Amount	Customer:Job	Bill...	Class

Clear Splits Recalculate Save & Close Save & New Clear

How to Enter a Cash Discount on Check or Bill

- Ex: Farm supply dealer gives you a cash discount
- Enter the discount on the Expenses tab
 - Set up an income account in your Chart of Accounts (if don't already have one)
 - Ex: **Cash Discounts** or **Discounts & Rebates**
 - Click on the Expenses tab of check/bill
 - Use the Cash Discounts account on any detail line in a check/bill to record a discount

How to Print Checks One at a Time

- To print a check directly from the Write Checks window:
 - Load a check form into printer
 - Click on the Print button
 - QuickBooks will display a Print Checks window asking for the correct check number
 - Enter the correct check number, then click OK.
 - Click the appropriate fields that apply under Settings, Font, & Partial Page
 - Click on the Print button in the Printing Checks window to print the check

How to Print Checks in Batches

- Load check forms into your printer
- From Menu Bar choose File/Print Forms/Checks

Select Checks to Print

Type a help question **Ask** **How Do I?**

Bank Account: State Bank - Checking First Check Number: 1

Select Checks to print, then click OK.
There are 2 Checks to print for \$2,276.93.

✓	Date	Payee	Amount
✓	01/06/2011	Mid County Feed & Seed	925.70
✓	01/06/2011	River Run Equipment Co.	1,351.23

OK
Cancel
Help
Select All
Select None

How to Print Checks in Batches

- Select the appropriate bank account, beginning check number, and the checks you want to print and click OK

Select Checks to Print

Type a help question **Ask** **How Do I?**

Bank Account: State Bank - Checking First Check Number: 1

Select Checks to print, then click OK.
There are 2 Checks to print for \$2,276.93.

✓	Date	Payee	Amount
✓	01/06/2011	Mid County Feed & Seed	925.70
✓	01/06/2011	River Run Equipment Co.	1,351.23

OK
Cancel
Help
Select All
Select None

- Click the appropriate fields that apply
 - Click on the Print button in the Printing Checks window to print the check

Reconciling a Bank Account

- From Menu Bar choose Banking/Reconcile
- Fill in the desired fields
 - Account
 - Statement Date
 - Beginning Balance
 - Ending Balance
 - Bank Service Charges
 - Interest Earned
- Click Continue

Begin Reconciliation Type a help question **Ask** **How Do I?**

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

Account: State Bank - Checking

Statement Date: 12/31/2010

Beginning Balance: 1,545.36 [What if my beginning balance doesn't match my statement?](#)

Ending Balance:

Enter any service charge or interest earned.

Service Charge	Date	Account	Class
0.00	12/31/2010		

Interest Earned	Date	Account	Class
0.00	12/31/2010		

Locate Discrepancies Undo Last Reconciliation Continue Cancel Help

Some users prefer to enter service charges as checks & interest income as deposits. That is okay!

Reconciling a Bank Account

- Mark all the “cleared” transactions
- When you have finished marking “cleared” transactions
 - If the Difference is 0.00, click “Reconcile Now”
 - If the Difference is NOT 0.00, find the problem and fix it.

Reconcile - State Bank - Checking

For period: 12/31/2010

Hide transactions after the statement's end date

Checks and Payments					Deposits and Other Credits				
✓	Date	Chk #	Payee	Amount	✓	Date	Chk #	Memo	Amount

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

Beginning Balance	1,545.36
Items you have marked cleared	
0 Deposits and Other Credits	0.00
0 Checks and Payments	0.00

Service Charge	0.00
Interest Earned	0.00
Ending Balance	565.00
Cleared Balance	1,545.36
Difference	-980.36

Buttons: Reconcile Now, Leave

Reconciling a Bank Account

- An easy way to view/edit a transaction listed in the Reconcile window is to double-click it, or highlight the transaction and then click the "Go To" button

For period: 12/31/2010 Hide transactions after the statement's end date

Checks and Payments					Deposits and Other Credits				
✓	Date	Chk #	Payee	Amount	✓	Date	Chk #	Memo	Amount

Mark All Unmark All **Go To** Columns to Display...

Beginning Balance 1,545.36

Items you have marked cleared

- 0 Deposits and Other Credits 0.00
- 0 Checks and Payments 0.00

Modify

Service Charge	0.00
Interest Earned	0.00
Ending Balance	565.00
Cleared Balance	1,545.36
Difference	-980.36

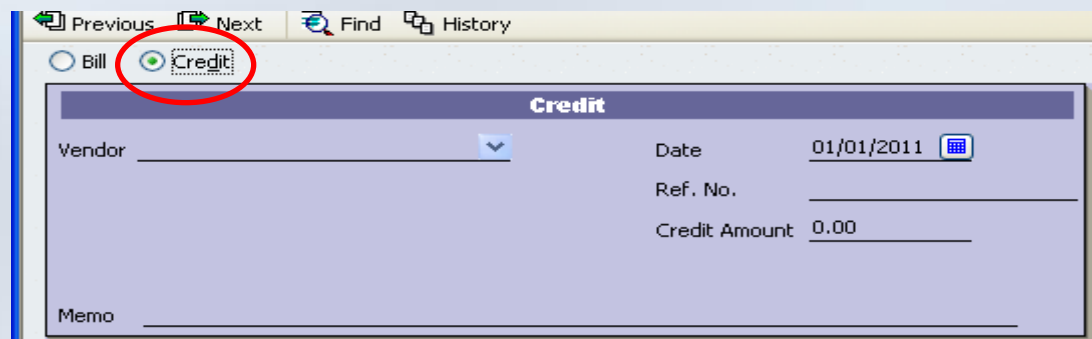
Reconcile Now Leave

Entering Bills from Vendors

- Choose Vendors/Enter Bills
 - If the form title reads "Credit", select the "Bill" option at the top to change the title to Bill
- Fill in the fields as desired
 - Vendor
 - Date – the date of the invoice was issued
 - Ref. Number
 - Amount Due
 - Bill Due – date when bill is due
 - Terms – select the vendor's credit terms here
 - Ex: "net 30" for amount due in 30 days of invoice date
 - Expenses/Items tabs – works just like Check forms
- Click Save & Close

Entering & Applying Credits on Accounts (Issued by Vendor)

- Ex: You return seed to a dealer and they issue you a credit on account
 - How to enter credit on account:
 - Select Vendors/Enter Bills
 - Select Credit and follow same procedures as Entering Bills from Vendors



The screenshot shows a software window with a menu bar containing 'Previous', 'Next', 'Find', and 'History'. Below the menu bar, there are two radio buttons: 'Bill' and 'Credit'. The 'Credit' radio button is selected and circled in red. The main area of the window is titled 'Credit' and contains the following fields:

Vendor	<input type="text"/>	Date	01/01/2011
		Ref. No.	<input type="text"/>
		Credit Amount	0.00
Memo	<input type="text"/>		

- Then select Vendors/Pay Bills
- Select (✓) and highlight the Bill to which you want to apply credit
- Click the Set Credits button

Entering & Applying Credits on Accounts (Issued by Vendor)

- Ex: You return seed to a dealer and they issue you a credit on account
 - How to enter credit on account cont.:
 - In the Credits window, select each credit that you want to use for this bill
 - If you want to use only part of a credit, change its amount in the Amt. To Use column
 - Click the Done button
 - Finish paying the bill in the Pay Bills window and click Pay Selected Bills

Handling a Refund from a Vendor (Refund Check)

- If the credit was entered in QuickBooks...
 - Deposit the refund check, selecting Accounts Payable as the account in the From Account field
 - Choose the correct vendor name in Received From field
 - In Memo field, write *refund account balance...*
 - Match the credit balance with the refund check, in the Pay Bills window
 - Open Pay Bills window and select both the refund check and the line representing the credit balance you entered earlier
 - Click OK
 - The refund will offset or “cancel out” the credit balance, and both will disappear from the list.
 - If you get a warning about using a credit memo to pay a bill, ignore it!

How to Apply Credits & Pay Bills

- Select Vendors/Pay Bills
- Select Bills to be Paid
 - In the \checkmark column, click on the bills you want to pay and the credits you want to apply
- Under Payment Method – choose the correct payment type (check or credit card) and the correct Account

How to Apply Credits & Pay Bills

- Click Pay Selected Bills
- Prepare vendor payment(s)
 - Checks printed by QuickBooks
 - Checks written by hand
 - Credit card payments
 - Online payments
- Send payment to the vendor(s)

Using Purchase Orders (PO's) to Track Ordered Items

- Using PO's is one way to keep track of things you've ordered/booked, like seed , chemicals, or supplies, plus details like expected delivery dates and notes
- If you later enter a bill to pay for the things listed on a PO, QuickBooks can copy the detail lines from the PO to the bill, saving lots of typing

Create a Purchase Order

- Choose Vendors/Create Purchase Orders

Create Purchase Orders Type a help question **Ask** **How Do I?**

Previous Next Print E-mail Find Spelling History Customize

Vendor Class Ship To Template **Print Preview**

Custom Purchase O...

Purchase Order

Vendor

Date 01/28/2011 P.O. No. 1

Ship To Our Farm

Item	Description	Qty	Rate	Customer	Amount

Vendor Message

Total

To be printed To be e-mailed

Memo

Save & Close Save & New Clear

Create a Purchase Order

- Fill in the form's fields
 - Vendor
 - Class – where appropriate
 - Item – select items in column representing the things you have on order
 - Use Description column to be specific
 - Vendor Message & Memo
 - If you won't be printing a copy of PO to send to vendor, you can use these fields to enter any notes you want to keep (delivery date, etc.)
- Click Save & Close

Create a Purchase Order

- You can find out details about the order at any time
- After taking delivery of the item, enter a bill for it by choosing Vendors/Receive Inventory
 - Fill in desired fields and click Save & Close
- Then choose Vendors/Enter Bills Against Inventory
 - Fill in desired fields and click OK
- Finally choose Vendors/Pay Bills
 - Fill in desired fields and finish paying bills

Setting Up a Credit Card Account

- Set up a separate QuickBooks account for each credit card
- Open the Chart of Accounts window
 - Choose Lists/Chart of Accounts
- Open the New Account window
 - Either "Ctrl-N" or click the Account button at the bottom of window
- Select Credit Card as the account type

Setting Up a Credit Card Account

- Fill in the desired fields
 - Acct. Name
 - Description (optional)
 - Credit Card Acct. No. (optional)
 - Tax Line Mapping
 - Do NOT choose a tax line – mostly apply to income/expense accounts
 - Opening Balance
 - If card has unpaid balance, enter it here
 - For a new card the beginning balance is zero
- Click "Save & Close"

How to Enter Credit Card Charges

- Choose Banking/Enter Credit Card Charges

Enter Credit Card Charges - Visa Credit Card Type a help question Ask How Do I?

Previous Next Find Download Card Charges

Credit Card Visa Credit Card Ending Balance 2,345.67

Purchase/Charge Refund/Credit

Credit Card Purchase/Charge

Purchased From River Run Equipment Co. Date 01/07/2011

Ref No. _____

Amount 43.48

Memo _____

[Are you ready to pay a bill from this credit card company?](#)

Expenses \$43.48 Items \$0.00

Account	Amount	Memo	Customer:Job	Billa...	Class
<u>Small Tools and...</u>	43.48				

Clear Splits Recalculate Save & Close Save & New Clear

How to Enter Credit Card Charges

- Fill in the desired fields
 - Credit Card
 - If you have more than one, be sure to select the correct one
 - Color code them to reduce error (Edit/Change Acct. Color)
 - Select Purchase/Charge
 - Purchased From – select vendor's name
 - Date
 - Reference No. - optional
 - Amount
 - Expenses & Items Tabs
 - Works just like lower part of Checks/Bills form

Paying on a Credit Card by Check

- Choose Banking/Write Checks
- Fill in the Check form
 - Complete the fields as you would for any check, but be sure to select the credit card account in the Account field
- Print the check
- Click "Save & Close" to save the check entry
- Mail the check

Paying on a Credit Card with Another Credit Card

- Select Banking/Transfer Funds
- Fill in the desired fields
- Click "Save & Close"

The screenshot shows a web browser window titled "Transfer Funds Between". The page has a blue header with a search bar "Type a help question Ask" and a "How Do I?" link. Below the header are "Previous" and "Next" navigation buttons. The main content area is titled "Transfer Funds" in a green header. It contains the following fields and values:

Date	<input type="text" value="02/01/2011"/>		
Transfer Funds From	<input type="text" value="Discover Mastercard"/>	Account Balance	450.50
Transfer Funds To	<input type="text" value="Visa Credit Card"/>	Account Balance	2,189.15
		Transfer Amount \$	<input type="text" value="155.67"/>

Below the form is a "Memo" field with the text "Funds Transfer". At the bottom right are three buttons: "Save & Close", "Save & New", and "Clear".

Reconciling A Credit Card Account

- Essentially the same as reconciling a checking account
- Choose Banking/Reconcile
- In the Account field, select the correct credit card account
- Compare the amount in the Opening Balance field with the opening balance shown on your statement
- Enter the ending balance

Reconciling A Credit Card Account

- Enter any Bank Service Charges or Interest Earned
- Click Continue
- Mark all of the “cleared” transactions – the ones that appear on the credit card statement
- Click Reconcile Now

Any Questions???