Lesson 4

Work with Bank Accounts
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Lesson Objectives

- Learn how to work with registers for QuickBooks bank accounts
- Demonstrate how to open a register
- Learn the features common to all registers
- Learn when and how to make entries directly in the register
- Demonstrate how to reconcile a QuickBooks bank account
Write a QuickBooks Check

**Step-by-Step: Write a Check**

1. In the Banking area of the Home page, click **Write Checks** (or press **CTRL+w**).

![Write Checks Screen](image)

2. In the *Pay to the Order of* field, choose the name of the vendor you wish to pay.
   
   If the Open Bills Exist window pops up, you may choose the option to **Go to Pay Bills** instead.

3. Complete the remaining information on the check.

4. Click **Save & Close**.

**NOTES**
Use Bank Account Registers

**Step-by-Step: Open a Register (when no form is open)**

1. From the Lists menu, choose **Chart of Accounts**.

![Chart of Accounts](image-url)
2. In the Chart of Accounts, double-click the balance sheet account whose register you wish to view (this will work for all balance sheet accounts with the exception of Retained Earnings).

3. Review features common to all registers:
   - The register shows every transaction that affects an account’s balance and lists them in chronological order (unless another order is chosen in the Sort by drop-down box in the lower left corner of the register window)
   - The columns in the register give specific information about the transaction
   - On every transaction line, QuickBooks shows the account’s running balance
   - The Ending Balance for a register is the account’s running balance for all dates after all transactions have been entered, including checks, whether or not they have been printed
   - The register may be changed from a 2-line-per-transaction display, as in the example shown, to a 1-line-per-transaction display by putting a checkmark next to 1-Line in the bottom left corner of the register window. The 1-line display is easier on the eyes but provides less detailed information.
   - A horizontal blue line separates all transactions entered for this register up to and including today (today is recognized according to your calendar in Windows) from transactions that are post-dated

4. Close the register window.

5. Close the Chart of Accounts.

**NOTES**
Enter a Handwritten Check

Sometimes you need to write a check by hand on the spot for items or services you did not plan to purchase. QuickBooks lets you write the check then enter it later in the checking account register or on the check form.

Step-by-Step: Enter a Handwritten Check in the Checking Account Register

1. From the Banking drop-down menu choose **Write Checks**.

2. Ensure the proper account is selected in the **Bank Account** drop-down at the top of the check.

3. Click in the **No.** (check number) field in the blank transaction and enter the number from the handwritten check. (If the No. field says To Print, uncheck the **Print Later** box on the toolbar at the top of the check in the Main tab of the ribbon.)

4. Enter the information from the handwritten check and assign it to the corresponding expense account.

5. **Save & Close**.

**NOTES**
Transfer Money Between Accounts

The Transfer Funds feature in QuickBooks allows you to move money from one balance sheet account to another. These transactions may reflect funds transfers from one bank account to another, movement of money from a bank to an asset account, or even payment against a credit card or liability account. (This feature is especially useful in a multicurrency environment when transferring funds between accounts of different currencies and the bank has assigned a specific exchange rate to the transfer.)

Step-by-Step: Transfer Money

1. From the Banking menu, choose Transfer Funds.

![Transfer Funds Screen]

2. In the Transfer Funds From field, choose the account from which you are transferring the money.
3. In the Transfer Funds To field, choose the account to which the money is being transferred.
4. Enter the amount you wish to transfer in the Transfer Amount field.
5. Click Save & Close.

NOTES
Reconcile Bank Accounts

Your bank sends you a statement for each of your accounts each month (or you can view it online using your online banking credentials). The statement shows all the activity in your account since the previous statement:

- Opening balance
- Ending balance
- Amount of interest earned
- Service charges
- Checks and other withdrawals that have cleared the bank
- Deposits made
- Other transactions affecting the balance of the account
Step-by-Step: Reconcile a Checking or Savings Account Statement

1. From the Banking drop-down, choose Reconcile.
2. In the Account drop-down, choose the appropriate bank account from the list.

3. In the Statement Date field, enter the closing date of the statement you wish to reconcile.
4. In the Ending Balance field, enter the ending balance on the statement you wish to reconcile.
5. Click Continue. Proceed to next exercise.

NOTES
Mark Cleared Transactions

**Step-by-Step: Mark Transactions as Cleared**

1. Place a checkmark in the box next to Hide transactions after statement’s end date to show only transactions dated up to and including the statement end date.

2. In the Checks and Payments section of the window on the left side, match the transactions with the checks and payments on your statement. Place a checkmark next to each transaction in QuickBooks that appears on your statement. This marks the transaction as cleared in your QuickBooks register.

3. In the Deposits and Other Credits section of the window on the right side, place a checkmark next to each transaction that matches your statement to mark the deposits as cleared in the register.

   You can open a transaction to view it and make changes, if necessary, by double-clicking on the transaction in the reconciliation window.

4. When you are done with this process, the Difference in the bottom right corner should be zero. When this difference is zero, **and only when this difference is zero**, click **Reconcile Now**.

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*Image of the reconciliation window showing transactions marked as cleared.*
In the Select Reconciliation Report window, you can choose to display or print your reconciliation reports. It is important to print both the Summary and Detail reports, and a best practice to save them as PDFs for future reference.

![Select Reconciliation Report window](image)

**NOTES**
View Cleared Checks in the Register

Step-by-Step: View Cleared Checks in the Register

1. From the Banking menu, choose Use Register.

2. Choose the account register you wish to view from the list. (An alternate way to view the register is to open the Chart of Accounts and double-click on the balance sheet account whose register you wish to see.)

3. Scroll through the register to view the cleared items:
   - **Checkmark** = cleared on a completed reconciliation
   - **Asterisk** = cleared on a pending reconciliation
   - **No mark** = not cleared

   **WARNING:** You are able to change the reconciliation status of a transaction from within the register. Do **not do it!** Manually changing reconciliation status in the register has a negative impact on future reconciliations.

4. If you open a check that has cleared via a reconciliation, you will see a green checkmark along with the word Cleared stamped on the face of the check.

5. Close the account register.
Locate Specific Transactions

You can use the QuickBooks Find command to search for specific checks you’ve written (and other transactions as well). For example, suppose you want to find all checks between $500 and $750 that you’ve written during the current month.

**Step-by-Step: Use the Find Feature**

1. From the Edit menu, choose Find (or press **CTRL+f**) then select the **Advanced** tab.

2. Choose the filter(s) you would like to use. You can choose multiple filters by setting one, choosing another from the list, setting that one, and so on. In the example below, the Amount filter is set to include transactions with amounts between $500 and $750, and dates from December 1, 2022, through December 31, 2022 (in the Current Choices filters summary, that date range is simply displayed as Custom). No filter was used for Transaction Types, so all Transaction Types have been included. However, you could have used a Transaction Type filter for one particular transaction type (e.g., Bill) or Multiple Transaction Types (e.g., Check, Bill, Bill Payment, Sales Tax Payment, and Paycheck).

3. Click the blue Find button to search. To clear your filters and start fresh with a new Find, click the **Reset** button.
4. From the results grid, double-click on the transaction you would like to view to open it.

   You can also create a Find Report or export the results of the grid to Microsoft Excel® by selecting the **Report** or **Export** buttons.

5. Close the **Find** window.

**NOTES**
Use Bank Feeds

Bank feeds allow users to download bank and credit card transactions directly into their QuickBooks file.

**Step-by-Step: Use the Bank Feed Feature**

1. From the menu bar, select **Banking → Bank Feeds → Bank Feeds Center.** If this is your first time using the Bank Feeds Center, click on the **Add Account** button in the top left corner and follow the prompts to set up your account information.

2. From the Bank Feeds window, click the **Transaction List** button to view and process transactions. If this button says Download Transactions, this means all previously downloaded transactions have already been posted to QuickBooks. Press the **Download Transactions** button to download available transactions from the bank.

3. Use the grid to enter additional information about the downloaded transaction (payee, account the expense or deposit should be mapped to, transaction number, etc.). This is how the transaction will appear in your QuickBooks register.
4. To process transactions individually, use the drop-down menu in the Select column.
5. To process multiple transactions at once, place a checkmark in the far left column and use the **Batch Actions** drop-down in the bottom left corner of the window.

6. Close the window when you are finished. After the transactions have been accepted, they will appear in the appropriate register.

**NOTES**
Work with Bank Accounts – Review Questions

1. What does the ending balance in a QuickBooks bank account register represent?
   a. Only transactions that have been printed
   b. All transactions entered in the register, including checks that haven’t yet been printed

2. True or false: All income and expense accounts have a register associated with them in QuickBooks.
   a. True
   b. False

3. ________________ is the process of making sure your checking account record matches the bank’s records.

4. How can you determine whether or not a check has been cleared in QuickBooks?
   a. A checkmark displays in the bank account register
   b. The word Cleared is stamped on the check in QuickBooks
   c. Both of the above
   d. Neither of the above

5. True or false: If you are tracking bills with Accounts Payable and have already entered a bill, you should pay the bill by writing a check from the Write Checks window.
   a. True
   b. False

6. Which of the following might affect a bank account reconciliation?
   a. Interest
   b. Depreciation
   c. Service charges
   d. Both a and c
   e. All of the above
Review Activities

- Use the checking account register to enter a handwritten check for $76.95. Use the next available check number and make the check payable to Express Delivery Service for delivery of a new sign. Assign the check to the **Freight & Delivery** expense account.

- Write a QuickBooks check to Bayshore Water for $143.87 to pay this month's water bill. Assign the check to the **Utilities: Water** expense account.

- Find all the checks in the sample file that were written for amounts between $3000 and $4,000. How many checks are there?
Answers to Review Questions

1. What does the ending balance in a QuickBooks bank account register represent?
   a. Only transactions that have been printed
   b. **All transactions entered in the register, including checks that haven’t yet been printed**

2. True or false: All income and expense accounts have a register associated with them in QuickBooks.
   a. True
   b. **False. Only balance sheet accounts (excluding Retained Earnings) have registers associated with them.**

3. **Reconciling** is the process of making sure your checking account record matches the bank’s records.

4. How can you determine whether or not a check has been cleared in QuickBooks?
   a. A checkmark displays in the bank account register
   b. The word Cleared is stamped on the check in QuickBooks
   c. **Both of the above**
   d. Neither of the above

5. True or false: If you are tracking bills with Accounts Payable and have already entered a bill, you should pay the bill by writing a check from the Write Checks window.
   a. True
   b. **False. You should use the Pay Bills window to write the check.**

6. Which of the following might affect a bank account reconciliation?
   a. Interest
   b. Depreciation
   c. Service charges
   d. **Both a and c**
   e. All of the above