



QUICKBOOKS IN-DEPTH

MONTH END CLOSING & BANK RECONCILIATION

CHAPTER 12

QuickBooks for CPAs 2005

CLOSING THE BOOKS

Unlike many accounting systems, QuickBooks does not require you to close your books at the end of an accounting period. The reason for closing is to restrict access to the transactions of prior accounting periods so that no one changes the transactions without your knowledge. When you close QuickBooks, technically what happens is 1. You set a closing date; 2. Transactions entered on or before the closing date are protected by a password; and 3. To add, edit, or delete a transaction on or prior to the closing date, a user must know the closing date password and have privileges to modify closed transactions.

To close the books, you must be in single user mode. Next from the Edit menu, choose Preferences and select Accounting. Next on the Company Preferences tab, enter the date through which you want your books to be closed. As an option, you can create a password to limit access to the closed accounting period here also.

Keep in mind that in single-user mode, only one person at a time can access and work with your company file. If other people are working with the company file, you should ask them either to close the file or exit QuickBooks, then from the File menu, choose Switch To Single-User Mode.

BANK RECONCILIATION

Rock Castle Construction - QuickBooks Enterprise Solutions

File Edit View Lists Company Customers Vendors Employees Banking Reports Window Help

Invoice Cust Item MemTx Vend Check Bill Reg Acct Rmnd Find Backu

Begin Reconciliation

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

Account: last reconciled on 11/14/2003.

Statement Date:

Beginning Balance: 24,457.79 [What if my beginning balance doesn't match my statement?](#)

Ending Balance:

Enter any service charge or interest earned.

Service Charge	Date	Account
<input type="text" value="0.00"/>	<input type="text" value="12/14/2003"/>	<input type="text" value="Bank Service Charges"/>
<input type="text" value="0.00"/>	<input type="text" value="12/14/2003"/>	<input type="text"/>

Continue Cancel Help

The screen shown above opens when you choose Reconcile from the Banking menu or when you click the Modify button on the Reconcile window. You must select the account you want to reconcile. The balance for the selected account appears in the Beginning Balance field. Only transactions with an associated reconcile date are included in the beginning balance.

If the statement shows a service charge that you haven't yet entered into your QuickBooks records, enter the amount in the Service Charge field. Then enter the date of the service charge and the expense account you use to track service charges. When you finish reconciling,

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QuickBooks adds the service charge to your bank account register. If the statement shows earned interest that you haven't yet entered into your QuickBooks records, enter the amount in the Interest Earned field. Then enter the date you earned the interest and the income account you use to track interest income. When you finish reconciling, QuickBooks also adds the interest income to your bank account register. If the statement shows a finance charge that you haven't yet entered into your QuickBooks records, enter the amount in the Finance Charges field. Then enter the date and your finance charge expense account.

The Ending Balance, Cleared Balance, and Difference fields show the ending balance you entered from your bank or credit card statement, the total balance you've marked (cleared) so far while reconciling, and the difference between those two numbers. If you finish marking transactions and the Difference is zero, your QuickBooks records and financial statements are in agreement. If the Difference is not zero, find and correct the discrepancies, or enter an adjustment to make up for the difference.

Correcting Differences - When your QuickBooks account doesn't balance with your statement, you can have QuickBooks adjust for the difference, or you can track down and correct the problem yourself. If you discover that your bank or credit card company made a mistake, QuickBooks can compensate for the error until it is corrected on your next statement. There are three ways to handle these differences as follows:

1. Having QuickBooks adjust for differences
2. Finding and correcting the difference yourself
3. Handling bank errors

If it's not worth your time to track down the source of a slight difference between your account balance and the ending balance on your statement, you can choose to ignore the difference. QuickBooks then adds a transaction that adjusts your account balance for the amount of the difference. You will start with accurate totals the next time you reconcile your account. If you find and correct the source of the error later, be sure to also delete the adjustment transaction.

To have QuickBooks adjust for reconciliation differences, in the Reconcile window, click Reconcile Now. Click the Enter Adjustment button to create the balance adjustment transaction. The Select Reconciliation Report window appears where you can choose to show a detail or summary report.

If you want your account to balance exactly with your statement, you must track down the source of each difference and update your QuickBooks records. Here are some suggestions:

1. Count the number of transactions on your bank or credit card statement and compare that against the number of transactions you marked as cleared in the Reconcile window.
2. If the number of transactions you marked is different than the number of transactions on your statement, look for the source of the discrepancy.
3. If you're sure that you marked the transactions correctly, check the amounts shown in the Reconcile window against the amounts on your statement.

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If you can't find any errors or omissions in your QuickBooks records, the problem may be the result of a bank error. In this case, contact your bank or credit card company and report the error. When you receive your next statement, verify that it contains an adjustment for the error. Then be sure to delete the previous adjustment transaction you made regarding this difference from the account register. Finally reconcile the new statement with the account.