

3. Click **OK**.
4. Change **date** to 1/5/18.
5. Enter new line.
 - a. Select **America's Bank** as **Received From**.
 - b. Select **Bank service charges** as **From Account**. expense
 - c. Enter "Credit card fees" in the **Memo** field.
 - d. Enter the 3% transaction fee (\$14.97) as a negative in **Amount** field.
6. **Deposit Subtotal** should be \$484.09.
7. Click **Save & Close**.

Customer Checks Returned By Bank Due To Insufficient Funds (NSF Checks)

Every company that accepts checks from customers accepts a risk that the customer does not have sufficient funds in the bank to cover the check.

When customer checks are returned NSF (non-sufficient funds), the companies will normally choose from the following:

- Attempt to redeposit the check.
- Write off the **invoice** as a bad debt.
- Re-invoice the customer (for the amount of the check plus processing fees).

Regardless of the choice made, an NSF check must be recorded in the accounting records.

Remember, when the customer check was originally recorded in QuickBooks, the entry was:

	Undeposited Funds		
	Accounts receivable (or income)		

When the check was deposited, the amount was transferred from **Undeposited Funds** to the Cash account. Cash is now overstated by the amount of the NSF check. The entry underlying the **invoice** created will need to affect (credit) the cash account, not an income account.

The QuickBooks process for recording NSF checks allows the user to reinstate the invoice and credit cash, create an additional invoice to processing fees to be charged to the customer, and record any NSF fees charged to the company by the bank in one screen.

BEHIND THE SCENES The QuickBooks feature for handling NSF checks assumes that the company will attempt to collect the full amount. The original invoice is reinstated, and a new invoice is created for any processing fees the company might decide to charge the customer. If the company decides that the amount is uncollectible, the following procedures should still be followed so that there is a record of the NSF check associated with the customer. The reinstated invoice should then be written off as described earlier in the "Recording Uncollectible Accounts" section of this chapter.



The check date and the tax period ending date (**show sales tax due through** date) must be entered.



HINT: The tax liability can also be adjusted directly through this screen by clicking on the **Adjust** button. The screen that would appear is identical to the **Sales Tax Adjustment** screen shown earlier.

PRACTICE EXERCISE

Paying sales taxes in Sac City Accounting.

(Sac City prepares the state sales tax return from QuickBooks sales data. According to the completed return, the actual tax was \$24.07, not \$24.06 as calculated by QuickBooks.)

1. Adjust the tax liability.
 - a. Click **Vendors** on the main menu bar.
 - b. Click **Sales Tax**.
 - c. Click **Adjust Sales Tax Due**.
 - i. Enter "1/31/18" as the **Adjustment Date**.
 - ii. Enter "8" as the **Entry No.**
 - iii. Select **Board of Equalization** as the **sales tax vendor**.
 - iv. Select **Miscellaneous Expense** as the **Adjustment Account**.
 - v. Select **Increase Sales Taxes By**.
 - vi. Enter the **amount** as ".01".
 - d. Click **OK**.
2. Pay the tax:
 - a. Click **Vendors** on the main menu bar.
 - b. Click **Sales Tax**.
 - c. Click **Pay Sales Tax**.
 - i. Enter **Check Date** as 1/13/18.
 - ii. Enter "1/31" in **Show sales tax due through** field.
 - iii. Use "1022" for the **starting check no.**
 - iv. Select (check) the **Sacramento** line and the \$0.01 adjustment line.
 1. There is no amount due to West Sacramento because there were no product sales to that jurisdiction during the month.
 - v. Total to pay should equal \$24.07.
 1. You may need to use the tab key to see the amounts due.
 - d. Click **OK**.

QuickCheck 7-1

What's the underlying journal entry for the sale, on account, of a taxable item? (Answer at end of chapter.)

ENTERING CASH RECEIPTS NOT RELATED TO NORMAL SALES TRANSACTIONS

In companies, most cash receipts come from customers (at least we hope they do!). As you know, cash receipts from customers are entered as **Sales Receipt** or **Payment** transaction types.

1/12/18

- ✓ You take Jordan and Jamie Childress to lunch at Tasty Bite (\$85) and charge it on the company credit card. Taking clients to lunch is good for client relations, so you don't make the charge billable.
- ✓ You enter timesheets for the week. All client hours are billable.

Week of January 8–14		M	Tu	W	Th	F
You (45 total hours)						
Childress: Katie Adoption	Meetings	2				
Childress: Katie Adoption	Research	1				
Childress: Katie Adoption	Court.					6
Johnson: Terrence Adoption	Meetings	2				
Johnson: Terrence Adoption	Research	2				
Mega Manu: Union Contract	Initial consultation.		3			
Urban Settings: Contract Review	Research		5			2
	CPE			8	8	
	Non-billable.	2	2			2
Nancy Svenborg (20 total hours)						
Urban Settings: Associate Agreement	Paralegal assistance	1				
Urban Settings: Contract Review	Paralegal assistance					1
Mega Manu: Union Contract	Paralegal assistance				3	
	Non-billable.	4	3	4	1	3

1/15/18

- ✓ You enter time for 1/15.

Week of January 15–21		M	Tu	W	Th	F
You (8 total hours)						
	Non-billable.		8			
Nancy Svenborg (2 total hours)						
	Non-billable.		2			

- ✓ You prepare payroll checks for Nancy and yourself for the period 1/1 to 1/15.



HINT: Before you start creating paychecks, compare your **Time by Name** and **Time by Job Summary** reports to the reports posted in the Student Materials section of the book's website: <https://cambridgepub.com/book/quickbooks-2015>. If you have hours or clients recorded incorrectly (and that's very easy to do) you won't be able to create accurate invoices.

<https://cambridgepub.com/book/quickbooks-2015-2017-update#supplements>

- The first check number should be #1016.



HINT: Because of differences in payroll calculations of salaried employees by different QuickBooks programs, you may get **slightly** different amounts (less than \$0.05 difference) from the gross and net pay amounts shown HERE.

- Nancy's gross pay is \$1,100.00; net pay is \$838.75.
- Your gross pay is \$3,124.99; net pay is \$2,382.81.

6. Click **Set up Budgets**.
7. Select "2018."
8. Check **Profit and Loss**.
9. Click **Next**.
10. Click **No additional criteria**.
11. Click **Next**.
12. Click **Create budget from scratch**.
13. Click **Finish**.
14. Enter the following budget amounts in the "start" month (the start month will always be January for this exercise).
 - a. Financial Statement Reviews—\$3,000
 - i. Click **Adjust Row Amounts**.
 - ii. Select **Start at currently selected month** in the **Start at** field.
 - iii. Enter "5%" in the **increase** box.
 - iv. Click **enable compounding**.
 - v. Click **OK**.
 - b. Bookkeeping Services—\$1,000
 - i. Click **Adjust Row Amounts**.
 - ii. Select **Start at currently selected month** in the **Start at** field.
 - iii. Enter "500" in the **increase** box.
 - iv. Click **Enable compounding**.
 - v. Click **OK**.
 - c. Software Sales—\$2,000
 - i. Click **Copy Across**.
 - ii. Select the cell for July.
 - iii. Enter "3,000" and **Copy Across**.
 - d. Cost of software sold—\$1,000
 - i. Click **Copy Across**.
 - ii. Click in July.
 - iii. Enter "1,500" and click **Copy Across**.
 - e. Professional staff wages—\$5,000
 - i. Click **Copy Across**.
 - f. Administrative staff wages—\$3,000
 - i. Click **Copy Across**.
 - g. Payroll taxes expense ← \$960
 - i. Click **Copy Across**.
15. Click **OK**.