

QuickBooks Guide

Step-by-Step Instructions

What You'll Learn Using QuickBooks

When you have completed this chapter, you will be able to use QuickBooks to:

1. Print a Trial Balance report.
2. Record adjusting entries using the **Make General Journal Entries** option.
3. Print an adjusted trial balance.

Problem 18-7 Completing a Ten-Column Work Sheet

INSTRUCTIONS

Begin a Session

- Step 1** Restore the Problem 18-7.QBB file.

Work the Accounting Problem

- Step 2** Review the information in your textbook.
Step 3 Print a Trial Balance report for August 2015, and use it to prepare the adjustments.

The procedures to record the adjustments using QuickBooks are the same as a manual system, except for the adjustment to **Merchandise Inventory**. In a manual system, you make an adjustment to the **Income Summary** and **Merchandise Inventory** accounts. For a computerized accounting system such as QuickBooks, you must use the **Inventory Adjustments** account instead of the **Income Summary** account. The inventory adjustment for Cycle Tech Bicycles is shown below.

Account	Debit	Credit
Merchandise Inventory	534	
Inventory Adjustments		534

The adjustment shown above achieves the same result as the adjustment you learned how to make in your textbook. After the adjustment, the **Merchandise Inventory** account balance reflects the value of the physical inventory at the end of the period. This change in value is posted to the **Inventory Adjustment** account. As you will see in the next chapter, this account appears in the Cost of Goods Sold section on the income statement.

- Step 4** Record the adjustments using the **Make General Journal Entries** option.

Prepare a Report and Proof Your Work

- Step 5** Print a Journal report. Filter out the adjusting entries on the report.

To filter the adjusting entries:

- Display the Journal report.
- Click the **Customize Report** button and select the Filters tab.
- In the Filters section, scroll to select **Memo**.
- In the Memo filter, type **Adjusting Entry** and click **OK**.
- Print the report.

DO YOU HAVE A QUESTION?

Q. Does QuickBooks include an option to print a ten-column work sheet?

A. The ten-column work sheet is a convenient way to manually prepare an adjusted trial balance, an income statement, and a balance sheet. When you use QuickBooks, the program automatically prepares the financial statements, so a work sheet is not needed.

DO YOU HAVE A QUESTION?

Q. Why do you have to use the **Inventory Adjustment** account instead of the **Income Summary** account when you adjust the **Merchandise Inventory**?

A. A computerized system such as QuickBooks needs to calculate the cost of merchandise sold, so that it can determine the net income. The **Inventory Adjustment** account is a cost of sales account, as opposed to the **Income Summary** account, which is a temporary capital account. As you will learn in the next chapter, the **Inventory Adjustment** account appears in the Cost of Goods Sold section on the income statement.

Step 6 Proof your work.

Step 7 Print an Adjusted Trial Balance report.

Analyze Your Work

Step 8 Complete the Analyze activity.



TIP:

QuickBooks does not use a multicolumn work sheet. Therefore, you cannot display the various sections of the work sheet on one screen.

End the Session

Step 9 It is recommended that you back up your work for this session.

On a separate sheet of paper, explain how a computerized trial balance report can replace a manual ten-column work sheet.

**Mastering
QuickBooks**

