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. Record a transaction to write off an account using the direct write-off method.
2. Record estimated uncollectible accounts expense.
3. Record a transaction to write off an account using the allowance method.
4. Print financial statements that include uncollectible amounts.

Problem 24-4   Using the Direct Write-Off Method

INSTRUCTIONS

Begin a Session

Step 1   Restore the Problem 24-4.QBB file.

Work the Accounting Problem

Step 2   Review the information provided in your textbook. Remember to use 2015 as the accounting year.

Step 3   Record the June 1 transaction using the **Make General Journal Entries** option.

TIP: You can also use the **Receive Payments** option to record a transaction to write off an account as uncollectible.

June 1, Wrote off the $288.75 account of Alex Hamilton as uncollectible, Memo 223.

To record a transaction to write off an account:

- Choose **Make General Journal Entries** from the *Company* menu.

- Type **06/01/2015** in the *Date* field.

- Tab to the *Entry No.* field and type **Memo 223.**

- Move to the *Account* field and enter **Uncollectible Accounts Expense.**

- Move to the *Debit* field and type **288.75** as the amount to be written off as uncollectible.

- Tab to the *Memo* field and type **Write off Alex Hamilton as uncollectible.**

- Move to the *Account* field and type **Accounts Receivable.**

- Move to the *Credit* field and enter **288.75** as the amount.

- Tab to the *Memo* field and type **Write off Alex Hamilton as uncollectible.**

- Move to the *Name* field and enter **Alex Hamilton.**

DO YOU HAVE A QUESTION

Q. *Can you use the **Make General Journal Entries** option to record a transaction to write off an uncollectible account?*

A. As you may remember, transactions in the **Make General Journal Entries** option can affect Accounts Receivable at the same time as it allows you to identify the subsidiary account. However, the best method for writing off an account as uncollectible is to use the **Receive Payments** option.

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- Click **Save & New** to continue or **Save & Close** to exit the Make General Journal Entries window.

  Behind the scenes, **Uncollectible Accounts Expense** is debited $288.75 and **Accounts Receivable** is credited $288.75. The subsidiary account is automatically updated to show the write-off.

To apply the write-off to the customer:

- Choose **Receive Payments** from the *Customers* menu. If the Merchant Account Service message appears, click **Yes.**
- In the *Received From* field select **Alex Hamilton.**
- Move to the *Date* field and type **06/01/2015.** You do not need to enter information in the *Amount* field.
- Click on the drop-down arrow to the right of the e-CHECK button and select **Write off**. Click **Done**.
- Move to the *Reference #* field and type **Memo 223.**
- Move to the *Memo* field and type **Apply write off to account.**
- Move to the *Deposit To* field and select the **Cash in Bank** account.
- Click on the invoice in any column other than the check mark.
- Click the **Discounts and Credits** button on the ribbon to display the Discounts and Credits window.
- Verify the information on the Credits tab and click **Done.**
- Click **Save & Close** to post the transaction.

Step 4   Enter the remaining transactions (June 4, June 14, June 29) to write off the other uncollectible accounts.

Step 5   Enter the June 22 transaction to record the cash receipt from a customer whose account was previously written off.

> ✿ **Notes**
>
> *After the write-off has been applied, you will need to post the transaction in order for it to take affect on the customer's account.*

June 22, Received $288.75 from Alex Hamilton in full payment of his account, which was written off previously, Memorandum 298 and Receipt 944.

To reinstate an account and record the cash receipt:

- Choose **Make General Journal Entries** from the *Company* menu.
- Type **06/22/2015** in the *Date* field.
- Tab to the *Entry No.* field and type **Memo 298.**
- Move to the *Account* field and enter **Accounts Receivable.**
- Move to the *Debit* field and type **288.75** as the amount to be reinstated.
- Tab to the *Memo* field and type **Reinstate previously written off account** as the description of the transaction.
- Move to the *Name* field and enter **Alex Hamilton.**
- Move to the *Account* field and enter **Uncollectible Accounts Expense.**
- Move to the *Credit* field and type **288.75** as the amount.
- Tab to the *Memo* field and type **Reinstate previously written off account** as the description of the transaction.
- Click **Save & New** to continue or **Save & Close** to exit the **Make General Journal Entries** option.

  Behind the scenes **Accounts Receivable** is debited $288.75 and **Uncollectible Accounts Expense** is credited $288.75. The subsidiary account is automatically updated to show the reinstatement.

- Choose **Receive Payments** from the *Customers* menu.

TIP: Record the receipt just as you would record any other receipt on account.

- Click **Save & Close** to exit.

Prepare a Report and Proof Your Work

Step 6 Print the following reports: Journal, Customer Balance Summary, and General Ledger.

Step 7 Proof your work.

Analyze Your Work

Step 8 Complete the Analyze activity.

End the Session

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

Which QuickBooks report shows you the accounts that are overdue and by how long? On a separate sheet of paper, describe the information provided on the report.

Mastering QuickBooks

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