

Instead, use the Journal Entries account at the top of the entry so the name field on the first line will be empty. Enter the memo in the first line so that it will apply to all other lines of the Journal Entry when you create detail reports. See Figure 3-5.

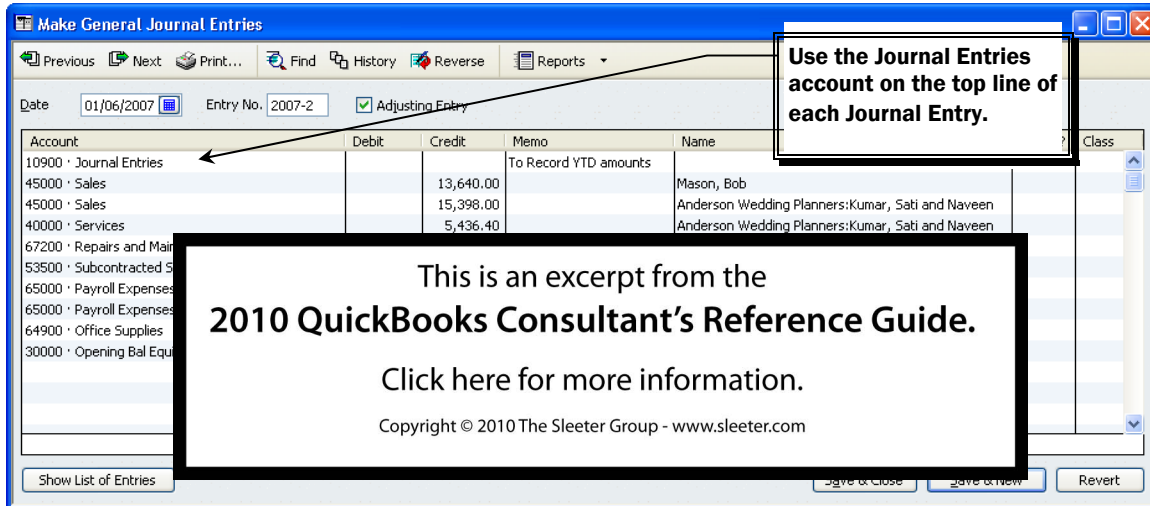


Figure 3-5 Bob Mason's name no longer affects the lines that do not include a name.

Adjusting Expense Accounts Associated with Items (Zero-Dollar Checks)

If you use Items to track the details of your expenses or costs, you may need to enter adjustments to the Items as well as the Accounts to which the Items are assigned.

The problem with using Journal Entries for this type of adjustment is that the Journal Entry screen has no provision for adjusting Items.

To solve the problem, use a transaction (such as a Check) that allows you to use Items. The Check will be a “Zero-Dollar Check” in that it will have an equal amount of debits and credits in the splits area of the transaction. You can use the Journal Entries bank account so you don't clutter the normal bank account with zero-dollar checks.

Follow these steps to use zero-dollar Checks as Journal Entries:

1. Create a check using the Journal Entries bank account.
2. Enter the debits as Items with positive amounts and the credits as Items with negative amounts as shown in Figure 3-6 below. The total check amount should net to zero.

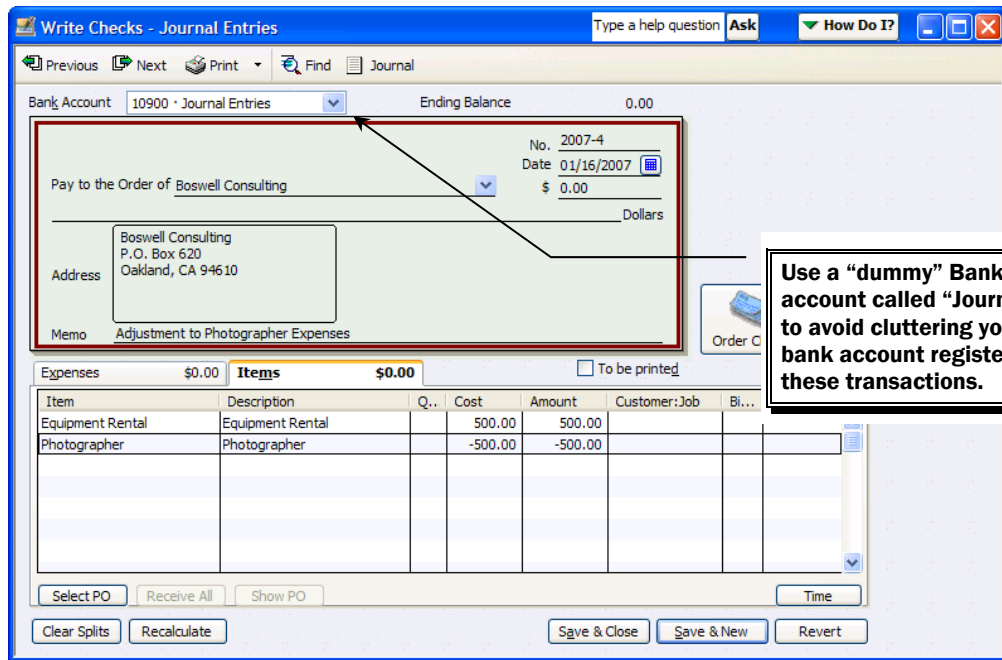


Figure 3-6 Using the Write Checks window to create a journal affecting job cost.

- To review the adjustment to the General Ledger, save the Zero Dollar Check, select the **Reports** menu and then select **Transaction Journal**. QuickBooks displays the report shown in Figure 3-7 below. Notice that the report has the same columns as a Journal Entry – plus the Item column.

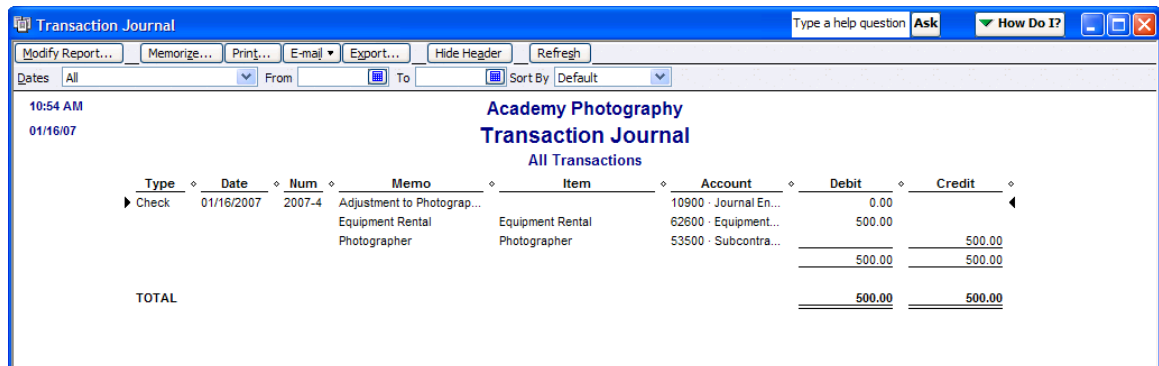


Figure 3-7 Transaction Journal from the Zero Dollar Check

Adjusting Income Accounts that are Associated with Items

As part of your period-end adjustments, you may find that income is overstated or understated in your client’s financial statements. If your client uses sales forms, it is very important that you **not** use a Journal Entry to adjust income in QuickBooks because there is no way to link that adjustment to a sales Item. If you do use Journal Entries to adjust income, the Item-based reports such as the Sales by Item and Sales by Customer will not reflect the adjustment, and they won’t reconcile to your Profit & Loss. To avoid this problem use a zero-dollar Sales Receipt instead of a Journal Entry to adjust income.

For example, assume a retailer decided to begin selling a new product line in January 2007, but didn’t set up QuickBooks to properly track this new line of business. The owner opened up a new checking account for the new product line but did not enter any transactions into QuickBooks. The checkbook for the new checking account, used exclusively for the new line, shows the following summary information as of March 31, 2007.