

Step-by-Step Instructions for Various QuickBooks Entries

Transaction #1: Recording Owner's Reimbursable Expenses, Part I

For this example we've used the "General Journal" feature of QuickBooks to make a debit/credit entry showing how Jenny would record the expenses she had paid out on behalf of the business, and for which she will be reimbursed.

You can access the General Journal in QuickBooks, by selecting "Company" from the main menu, and then selecting "Make General Journal Entries" from the drop-down menu that will appear.



If you look below, you can see that Jenny has debited the two expense accounts, Shipping Supplies and Telephone, and have credited a liability account called Owner's Reimbursable Expenses. Until Jenny actually writes herself a check to pay herself back, the expenses she advances to the company count as a liability, or debt, that her company owes to her.

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Read on to the next section to see the other half of this transaction, when Jenny gets repaid.

Transaction #1: Recording Owner's Reimbursable Expenses, Part II

This is the second half of the expense reimbursement transaction. As you can see above, Jenny is now debiting the Owner's Reimbursable Expenses liability account for the same amount as she credited it above – effectively canceling the debt the company owes to her. She is crediting her Bank Checking Account for the same amount, and has recorded the check number, #1123, that she will write to herself to complete the repayment of her expenses.

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Transaction #2: Recording Bills to be Paid

Here's another way to record expenses, or liabilities, that your eBay business needs to pay out. In this instance we're going to show you how Jenny sets up the rent that her eBay business pays to her for use of the home office space in her apartment. Jenny makes sure to invoice her business once per month for an amount equivalent to 25 percent of her rent and utilities, and then writes herself a check from the company to repay the rent.

Like the first transaction, Jenny carries out the recording and payment of her bills in two parts – first recording the liability, and then paying the account. There are four steps in all to complete a transaction using this method.





Step 2 – Enter the appropriate information for your eBay business. Make sure to attribute the Vendor's bill to the correct expense account – in this case, Jenny is Vendor, and the expense is Rent.

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Step 3 – Go back to the Vendor Navigator and select "Pay Bills." The next screen should show you all of the bills that are owing. Select the bills you want to pay, and then click "Pay & Close." If you had multiple bills that you were paying at once, you could select "Pay & New."

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Step 4 – After selecting "Pay & Close," a window will appear asking you to automatically or manually assign a check number. Jenny uses a checkbook, rather than pre-printed checks, and so she will manually enter her check numbers. As you can see, she has assigned Check No. 1164 to this transaction.

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Transaction #3: Recording and Paying Expenses in a Single Step

If you recall from the Easy Step Interview, there are two methods you can use to record liabilities and expenses: a one-step method, and a two-step method.

So far, we've shown you two different ways to use the two-step method. Now let's show you how you can simply record expenses as you pay them, and skip the first step. But, if you choose this method be aware that your true financial picture won't be quite as accurate, as you won't be actually recording your expenses until you pay them. With the two-step method those expenses showed up first as a liability and were only converted into expenses once you actually paid the amounts owing.

In our example below, Jenny is simply writing herself a check for the June 2005 rental payment. Her credit is to the Bank Checking Account, as it will be decreased by the amount of \$250, and her debit is to Rent Expense.

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