QuickBooks Accounting Information

Customers = Sales Receipts = Income = Deposit

***You must create a Sales Receipt and then make a Deposit from the Sales Receipts

Vendors = Bills = Expenses = Pay Bills which results in Checks

***You must create a Bill and when you pay the bill QuickBooks writes a check

QuickBooks Pro is a *double-entry* accounting system. This ensures that your books are always in balance, and is dictated by generally accepted accounting principles. The double-entry system is exemplified in the basic accounting equation:

Assets = Liabilities + Equity

Although you will not work directly with the accounting equation when you use QuickBooks Pro, a basic grasp of the equation is necessary to understand other accounting principles.

The accounting equation states that total assets equal the amounts claimed by creditors, owners, and shareholders. In other words, what an organization has (assets) is either owned by creditors (liabilities) or by investors (equity).

Earnings (profits) are reflected in the equity part of the equation. Earnings can be defined as the difference between *income* and *expenses*. Without changing the validity of the accounting equation, we can revise it to:

Assets = Liabilities + Income – Expenses + Equity

If proper accounting procedures are followed, the accounting equation will hold true before and after you record each financial transaction. However, if it were necessary to go to all the trouble to prepare the accounting equation after recording each financial transaction, few transactions would ever take place. *Accounts* (assets, liability, equity, income and expense) were devised as an efficient means to record financial transactions.

The following table may help you remember the normal type of transactions and usual account balance for each type of account.

Type of Account	Increase with a:	Decrease with a:	Normal Balance is a:
Asset	Debit	Credit	Debit
Liability	Credit	Debit	Credit
Equity	Credit	Debit	Credit
Income	Credit	Debit	Credit
Expense	Debit	Credit	Debit

Remember **E**xpenses and **A**ssets are **D**ebits (READ)
This is meant to help you remember what the normal balance is in a particular account

This is the structure that is used for determining the numbering schema for the Moose Fraternity Chart of Accounts

Chart of Accounts

1000   Bank Accounts and Other Assets
2000   Liabilities
3000   Equity
4000   Income
5000   Expense

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