

C. 9. Optional: Transition the Company Credit Card

What's the purpose of this setup step?

If you set your company credit card up as a method for paying bills up above (Step 3), then you'll need to do this step. If not, skip this and go to the next step.

This step will show you how to transition your company credit card. The question that most people generally have is how to handle the transactions (expenditures and payments made) in their old accounting system that are not yet reconciled? The approach used in this step is to create GL journals and enter all the individual expenditures or payment as lines in that journal. They will be offset by a miscellaneous expense which will be reversed in the GL reconciliation stage.

Typically a separate journal entry will be made for the following types of accounts:

- Expenditures (When the card was used to pay Vendors).
 - Credit Card charges recorded but not yet reconciled.
- Payments made (When you pay down part or all of your outstanding balance).
 - Payment made but not yet reconciled.

Create a new Journal Entry and record credit card charges recorded but not reconciled.

- 1) In the main menu, click on **Banking** and then **New Journal Entry**.
- 2) Click on the **Date** drop-down in the top right and set it to the transition date.
- 3) In the **Description** line, enter a meaningful description such as "Unreconciled Credit Card Charges Recorded in Old Accounting System."
- 4) Type any notes you would like to record in the **Journal Notes** section.
- 5) Click in the **Account** cell in the first row.
- 6) Enter the name of the **GL Credit Card Account** for the credit card by typing the name until the account is found or choosing it from the drop-down list.
- 7) Tab to the **Credits** column. Enter the amount of the charge.
- 8) Tab to the **Notes** column and enter the company name, and a reference as to what was paid. (For example, Ace Hardware - Tools for Installer). Whatever you type here is what you will see in the reconciliation screen.
- 9) Hit the down-arrow key or click **Insert New Line** to add a new line.
- 10) Repeat for all outstanding charges recorded but not reconciled.
- 11) Add an offsetting line so that the journal is balanced. Use a miscellaneous expense account. (it doesn't matter which account since you'll reverse these in one of the later steps.) The amount entered should be a debit representing the sum of all of the payments entered in that journal.
- 12) Save the Journal Entry by clicking on the **Save** button on the toolbar on the right.

Now you're ready for the next transition task.