

How Do You Balance Credit Cards When you have a Different General Ledger Number than Accounts Payable?

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These are instructions for balancing credit cards through ProfitMaker using the Checkwriting module when the balance of the credit card is held in a separate liability account out-side of the Accounts Payable general ledger. This is meant to explain how to reconcile the credit card statement, not issue a payment to the credit card. If you are paying off your credit card in full and do not need to carry a balance, you can reconcile when you write the check and do not have to follow these steps.

To prepare to balance your credit cards.

1. Make sure you have a separate liability general ledger account. Sequence any account you need to add into your balance sheet along the rest of your liabilities.
2. Make sure you have a separate Vendor Master to track the activity of each credit card. The activity will sit on this vendor under the Accounts Payable general ledger until you reconcile the credit card. At that time it will be moved over to the separate liability account on the balance sheet.

Note: You may want to add the liability account for this credit card and finance charge account to the G/L Purch Tab to make it easier in vouching.

3. If you are transferring a balance from Accounts Payable to a separate liability account, adjust the amount of the last month's ending balance to the separate liability account.

What to do when the credit card statement comes in.

1. Make a copy of your credit card statement. That way if you need to go back and look again, you do not need to look through the copy that is marked up.

2. When the statement comes in, go into checkwriting, look up and select the vendor number for the credit card. Make sure you are selecting computer check.
3. The transactions listed represent the activity on the card that has already been recorded in ProfitMaker since the last time the credit card was reconciled. The previous balance of the credit card is held in the separate liability account.
4. Mark off each charge on the credit card statement as you click the red circle next to the corresponding charge under the vendor in the checkwriting module of ProfitMaker.
5. Any charges not already recorded in ProfitMaker under the credit card vendor will need to be entered, either as an advance paid with credit card, or vouched to the credit card. This may require that you back out of checkwriting to record the advance and then go back in. If so, make sure you account for all the missing transactions so when you back out, you only have to do it once.
6. Once all the charges are recorded, the amount showing in "This check" on the checkwriting screen will match the "charges" on the credit card statement. Your finance charges may be included on your statement under charges or they may be listed separately. You may have to add the two totals together to get the total charges.
7. Next, click on the red circle representing any payments made on the credit card since the last statement. You will need to record payments as an advance against the credit card vendor and not applied to individual invoices. This way it will show under the credit card vendor when you are ready to reconcile.
8. The amount showing under "This Check" represents the net of all transactions on the credit card statement you are reconciling. This is the amount that needs to be adjusted to the liability general ledger account for this credit card so that it will reflect the new ending balance.
9. Use the Vouch in the Checkwriting screen to vouch an invoice to represent the activity for the month. You can use the invoice # 02/09ACT to represent the activity for Feb09. If you paid more than you charged the amount you will be entering will be positive, otherwise it will be negative. Using the liability account as the general ledger number and the system will debit or credit your credit card liability account.
10. "This check" amount should go to zero. This will move all the transactions for the month you are reconciling to the liability account that holds your credit card balance. It will also leave any transactions that have

not cleared your credit card statement yet under the vendor. Click "OK" to get out of the screen and then finish the checkwriting run. It will not ask you for a check number, but it will prompt you to print a journal.

11. After the checkwriting run has posted, the vouching will update the liability account to show the correct ending balance of the credit card.