



QUICKBOOKS 2016 STUDENT GUIDE

Lesson 8

Entering and Paying Bills

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Lesson Objectives

- ◆ To discuss the different ways you can handle bills in QuickBooks
- ◆ To learn how to enter a bill in QuickBooks
- ◆ To use the Pay Bills window to pay a bill in QuickBooks

Using QuickBooks for Accounts Payable

Some business owners, especially if they own smaller, home-based businesses, pay their bills when they receive them. Most business owners, however, find it more convenient to pay bills less often. (They also like keeping the cash in the company for as long as possible.) If you don't plan on paying your bills right away, QuickBooks can help you keep track of what you owe and when you owe it.

The money you owe for unpaid bills is called accounts payable. QuickBooks uses the Accounts Payable account to track all the money you owe. Like any QuickBooks balance sheet account, the Accounts Payable account has a register where you can view all your bills at once.



To see the Accounts Payable register:

1. From the **Lists** menu, choose **Chart of Accounts**.
2. Double-click **20000 Accounts Payable** in the list to open the register.

DATE	NUMBER	VENDOR	DUE DATE	BILLED	PAID	BALANCE
12/15/2020		Keswick Insulation	Paid	670.00		20,629.24
	BILL	54000 · Job Expenses:54500 · Su				
12/15/2020		Sergeant Insurance	01/14/2022	4,050.00		24,679.24
	BILL	13100 · Pre-paid Insurance				
12/15/2020		Vu Contracting	12/30/2021	1,250.00		25,929.24
	BILL	-split-				
12/15/2020	12/03	Cal Gas & Electric	12/30/2021	122.68		26,051.92
	BILL	65100 · Utilities:65110 · Gas and E Acct #560-82645-99C				
12/15/2020	8059	Thomas Kitchen & Bath	01/14/2022	585.00		26,636.92
	BILL	54000 · Job Expenses:54300 · Joi				
2/15/2020	Number	Vendor	Due Date	Billed	Paid	
		Account	Memo			

ENDING BALANCE **26,636.92**

Buttons: Splits, 1-Line, Show open balance, Sort by (Date, Type, Number/Ref), Record, Restore

The register keeps track of each bill you have entered, shows you the due date, and keeps a running balance of all the bills you owe. As a business owner, this helps you forecast your cash flow, and the QuickBooks reminder system helps you pay your bills on time.

3. Press **Esc** twice to close the open windows.

Entering Bills

When you receive a bill from a vendor, you should enter it into QuickBooks as soon as you can. This keeps your cash flow forecast reports up to date and doesn't give you the chance to set the bill aside and forget it.



To enter a bill:

1. From the **Vendors** menu, choose **Enter Bills** (or choose **Enter Bills** from the **Home** screen).

2. In the **Vendor** field, enter the vendor name.
3. In the **Date** field, enter the date of the bill.
4. In the **Ref. No.** field, enter the bill number.
5. In the **Amount Due** field, type *1500*.
6. Enter the appropriate terms as well as any necessary memo information.

7. Use the **Expenses** tab to enter expenses from the bill and post them directly to expense accounts (you can use more than one line to refer to different types of expenses), and specify the dollar amount of each expense. The amounts should add up to the total amount due on the bill.

The screenshot shows the 'Enter Bills' window with the following details:

- Vendor:** Davis Business Associates
- DATE:** 12/15/2020
- REF. NO.:** 3434
- AMOUNT DUE:** 1,500.00
- BILL DUE:** 12/25/2020

Expenses Summary: \$1,500.00

ACCOUNT	AMOUNT	MEMO	CUSTOMER-JOB	BILL...	CLASS
63300 - Printing and Reproduction	1,450.00				
54000 - Job Expenses:54520 - Freight & Delivery	50.00				

RECENT TRANSACTION: 12/20/18 Check 2,100.00

8. Click **Save & Close** to record the bill.



IMPORTANT: You can also enter bills and vendor credits directly in the Accounts Payable register, which may allow for faster data entry. However, this does not provide as much room for memos or allow for multiple expense accounts.



NOTES

Paying Bills

When you start QuickBooks or open a QuickBooks company file, a Reminders window appears to tell you whether you have transactions to complete, such as bills to pay or money to deposit. (If you don't see the Reminders window, turn it on by choosing **Preferences** from the **Edit** menu.)

When QuickBooks tells you there are bills due, you can display the Pay Bills window and select the bills you want to pay.



To pay a bill:

1. From the **Vendors** menu, choose **Pay Bills** (or click on **Pay Bills** from the **Home** screen).

SELECT BILLS TO BE PAID

Show bills Due on or before 12/25/2020 Show all bills

Filter By

Sort By Vendor

<input type="checkbox"/>	DATE DUE	VENDOR	REF. NO.	DISC. DATE	AMT. DUE	DISC. USED	CREDITS USED	AMT. TO PAY
<input type="checkbox"/>	12/10/2021	Daigle Lighting			1,539.00	0.00	0.00	0.00
<input type="checkbox"/>	01/01/2022	Daigle Lighting			52.00	0.00	0.00	0.00
<input checked="" type="checkbox"/>	12/25/2020	Davis Business...	3434		1,500.00	0.00	0.00	1,500.00
<input checked="" type="checkbox"/>	01/10/2022	Hamlin Metal			670.00	0.00	0.00	670.00
Totals					24,677.72	0.00	0.00	2,170.00

Clear Selections

DISCOUNT & CREDIT INFORMATION FOR HIGHLIGHTED BILL

Vendor **Hopkins Construction Rentals** Terms **Net 15** Number of Credits **0**

Bill Ref. No. Sugg. Discount **0.00** Total Credits Available **0.00**

Go to Bill Set Discount Set Credits

PAYMENT

Date 12/15/2020 Method Check To be printed Assign check number Account 10100 - Checking

Ending Balance **112,706.28**

Pay Selected Bills Cancel

2. Check the boxes next to the bills you wish to pay.
3. Ensure that you have the proper payment method settings selected, as well as the bank account from which you want the bills to be paid.
4. Click **Pay Selected Bills**.

5. In the next window you can choose to pay more bills, print checks for the selected bills, or click **Done** to exit the module and print checks later.



IMPORTANT: Click the ***Print Checks*** icon from the ***Home*** screen to access your checks marked *Print Later*.

How QuickBooks Records Your Bill Payment

When you pay \$1,500 on a bill through the Pay Bills window, QuickBooks makes an entry in the Accounts Payable register, showing a decrease of \$1,500 in the total payables. It also creates a check from your chosen bank account to pay the bill.



To see the entry in the Accounts Payable register:

1. From the **Company** menu, choose **Chart of Accounts**.
2. In the **Chart of Accounts**, double-click the **Accounts Payable** account.

DATE	NUMBER	ACCOUNT	VENDOR	MEMO	DUE DATE	BILLED	PAID	BALANCE
12/15/2020	512	Patton Hardware Supplies					400.00	27,269.24
		BILLPMT 10100 - Checking						
12/15/2020	513	Timberloft Lumber					1,610.00	25,659.24
		BILLPMT 10100 - Checking						
12/15/2020	514	Sloan Roofing					5,700.00	19,959.24
		BILLPMT 10100 - Checking						
12/15/2020		Davis Business Associates					1,500.00	18,459.24
		BILLPMT 10100 - Checking						
12/15/2020		Hamlin Metal					670.00	17,789.24
		BILLPMT 10100 - Checking						
12/15/2020		Keswick Insulation			Paid	670.00		18,459.24
		BILL 54000 - Job Expenses:54500 - Su						

ENDING BALANCE **25,966.92**

Buttons: Splits, 1-Line, Show open balance, Sort by: Date, Type, Number/Ref, Record, Restore

3. Close the Accounts Payable register.



To see the entry:

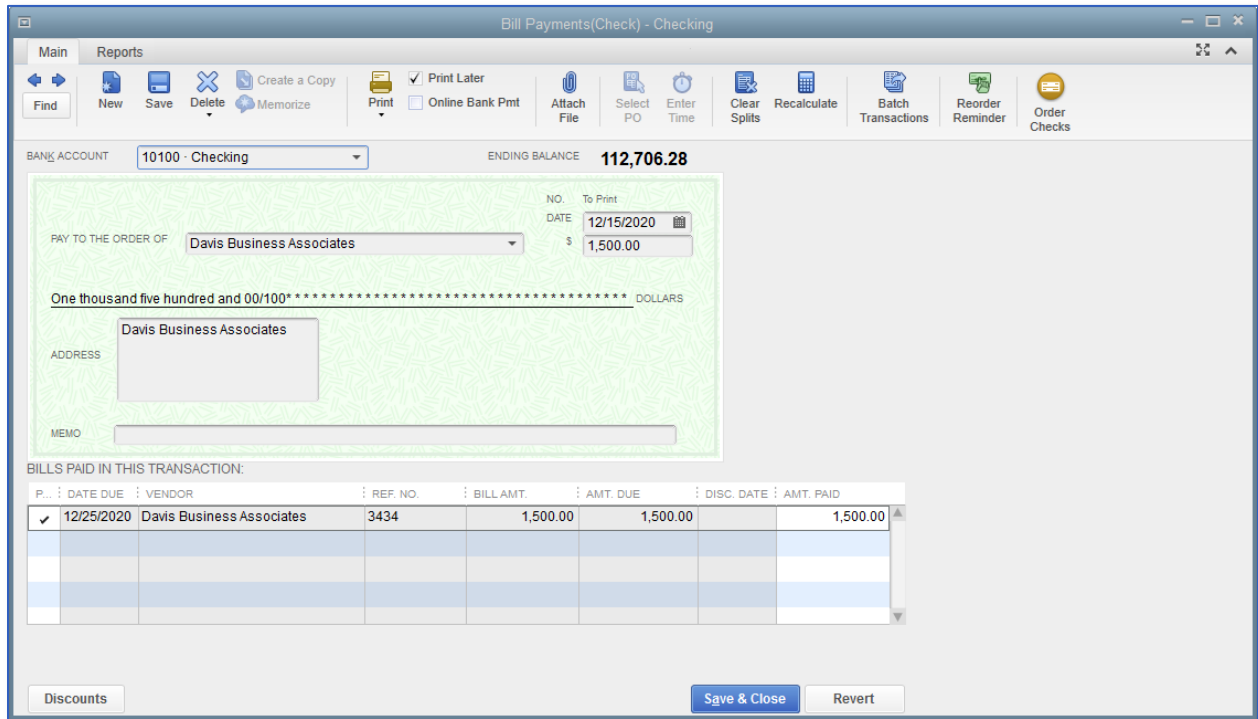
1. In the **Chart of Accounts**, double-click **10100 Checking**.

DATE	NUMBER	PAYEE	PAYMENT	DEPOSIT	BALANCE
	To Print	ACCOUNT	MEMO		
	CHK	11000 - Accounts Receivable			
12/15/2020	To Print		1,225.00		123,653.90
	CHK	-split-			
12/15/2020	To Print	CalOil Company	412.62		123,241.28
	CHK	20600 - CalOil Credit Card			
12/15/2020	To Print	Davis Business Associates	1,500.00		121,741.28
	BILLPMT	20000 - Accounts Payable			
12/15/2020	To Print	Hamlin Metal	670.00		121,071.28
	BILLPMT	20000 - Accounts Payable			
12/15/2020	FAM2011	Teschner, Anton:Sun Room	3,500.00		117,571.28
	GENJRN	11000 - Accounts Receivable			
		Bounced Check# 306			
12/15/2020	FAM2012	Teschner, Anton:Sun Room	25.00		117,546.28
ENDING BALANCE					112,706.28

1-Line

Sort by

2. Select the transaction you wish to view.
3. Double-click on the transaction or on the toolbar, click **Edit Transaction**.



4. You can edit the transaction or click **Save & Close**.



IMPORTANT: You can also open, view or edit this transaction by opening it in the same fashion from the Accounts Payable register.



NOTES

Entering and Paying Bills — Review Questions

1. You use the _____ account to track money that you owe to vendors.
2. List the two steps involved in using the accounts payable features in QuickBooks:
 - a. _____
 - b. _____
3. When you make a payment (from the checking account) in the Pay Bills window, you can see the transactions in the _____ and _____ registers.
4. True or false: When tracking accounts payable in QuickBooks, the Enter Bills window is the only place you can enter bills and vendor credits.
 - a. True
 - b. False
5. You paid a vendor \$1,000 through the Pay Bills window (using the Checking account). QuickBooks automatically creates a journal entry that:
 - a. Deletes the bill.
 - b. Shows \$1,000 as a credit in Accounts Payable and \$1,000 as a debit in the Checking account.
 - c. Shows \$1,000 as a debit in Accounts Payable and \$1,000 as a credit in the Checking account.
 - d. Shows \$1,000 as a debit in Accounts Payable and \$1,000 as a credit in Accounts Receivable.

Review Activities

1. Write a check to a vendor assigning the amount to more than one expense account.
2. Enter a bill in the Enter Bills window then view the bill transaction in the Accounts Payable register.
3. Pay the bill using the Pay Bills window.

Answers to Review Questions

1. You use the *Accounts Payable* account to track money that you owe to vendors.
2. List the two steps involved in using the accounts payable features in QuickBooks:
 - a. ✓ *Enter bills*
 - b. ✓ *Pay bills*
3. When you make a payment (from the checking account) in the Pay Bills window, you can see the transactions in the *Checking* and *Accounts Payable* registers.
4. True or false: When tracking accounts payable in QuickBooks, the Enter Bills window is the only place you can enter bills and vendor credits.
 - a. True
 - b. ✓ *False, you can also enter bills and vendor credits directly in the Accounts Payable register, which may allow for faster data entry.*
5. You paid a vendor \$1,000 through the Pay Bills window (using the Checking account). QuickBooks automatically creates a journal entry that:
 - a. Deletes the bill.
 - b. Shows \$1,000 as a credit in Accounts Payable and \$1,000 as a debit in the Checking account.
 - c. ✓ Shows \$1,000 as a debit in Accounts Payable and \$1,000 as a credit in the Checking account.
 - d. Shows \$1,000 as a debit in Accounts Payable and \$1,000 as a credit in Accounts Receivable.