



QUICKBOOKS DESKTOP 2018 STUDENT GUIDE

Lesson 8

Enter and Pay Bills

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About the Author



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Esther Friedberg Karp is an internationally-renowned trainer, writer, business consultant and speaker who was named one of the Top 10 QuickBooks ProAdvisors in the world, with the title Top International ProAdvisor.

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Esther counts among her clients' companies from around the world, as well as accounting professionals who seek her out on behalf of their own clients for her expertise in various countries' editions of QuickBooks Desktop and Online, and for her talent in customizing QuickBooks usage for different industries.

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Lesson Objectives

- Discuss the different ways you can handle bills in QuickBooks
- Learn how to enter a bill in QuickBooks
- Use the Pay Bills window to pay a bill in QuickBooks

Use 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 to suppliers/vendors. Like any QuickBooks balance sheet account, the Accounts Payable account has a register where you can view all your bills at once.



Step-by-Step: 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
	TYPE	ACCOUNT	MEMO				
2/15/2022	513	Timberloft Lumber				1,610.00	25,659.24
	BILLPMT	10100 - Checking					
2/15/2022	514	Sloan Roofing				5,700.00	19,959.24
	BILLPMT	10100 - Checking					
2/15/2022		Keswick Insulation		Paid	670.00		20,629.24
	BILL	54000 - Job Expenses:54500 - Subcontractors					
2/15/2022		Sergeant Insurance		01/14/2024	4,050.00		24,679.24
	BILL	13100 - Pre-paid Insurance					
2/15/2022		Vu Contracting		12/30/2023	1,250.00		25,929.24
	BILL	-split-					
2/15/2022	12/03	Cal Gas & Electric		12/30/2023	122.68		26,051.92
	BILL	65100 - Utilities:65110 - Gas and Electric	Acct #560-82645-99C				
2/15/2022	8059	Thomas Kitchen & Bath		01/14/2024	585.00		26,636.92
	BILL	54000 - Job Expenses:54300 - Job Materials					
2/15/2022		Number	Vendor	Due Date	Billed	Paid	
		Account	Memo				
ENDING BALANCE							26,636.92

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.

Enter 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.



Step-by-Step: Enter a Bill

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

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.

- In the Amount Due field, type 1500.
- Enter the appropriate terms as well as any necessary memo information.
- 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.

Bill

VENDOR: Davis Business Associates DATE: 12/15/2022

ADDRESS: Davis Business Associates REF. NO.: 3434

AMOUNT DUE: 1,500.00

TERMS: BILL DUE: 12/25/2022

MEMO:

Expenses \$1,500.00 **Items** \$0.00

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

Buttons: Save & Close, Save & New, Clear

Davis Business Associates

Vendor Transaction

SUMMARY

Phone: 415-555-2874
 Email: kdavis@samplename.com
 Open balance: 0.00
 POs to be received: 0

RECENT TRANSACTION

12/20/20 Check 2,100.00

NOTES

- Click **Save & Close** to record the bill. (Note, if this were a vendor credit instead of a bill, you could click on the radio button next to **Credit** in the top right corner instead of Bill. This would issue a vendor credit, which, although all the numbers would appear positive as in the bill example above, would function as a “negative” 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, job costing, or making the expenses billable to customers.

NOTES

Pay 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, and then choosing **Reminders**.)

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



Step-by-Step: Pay a Bill

1. From the Vendors menu, choose **Pay Bills** (or click on **Pay Bills** from the Home page).
2. Check the boxes next to the bills you wish to pay.

Pay Bills

SELECT BILLS TO BE PAID

Show bills Due on or before 12/25/2022 Show all bills

Filter By Sort By

<input checked="" type="checkbox"/>	DATE DUE	VENDOR	REF. NO.	DISC. DATE	AMT. DUE	DISC. USED	CREDITS USED	AMT. TO PAY
<input checked="" type="checkbox"/>	12/25/2022	Davis Business...	3434		1,500.00	0.00	0.00	1,500.00
<input checked="" type="checkbox"/>	01/10/2024	Hamlin Metal			670.00	0.00	0.00	670.00
<input type="checkbox"/>	12/20/2023	Hopkins Constr...			550.00	0.00	0.00	0.00
<input type="checkbox"/>	12/23/2023	Hopkins Constr...			150.00	0.00	0.00	0.00
Totals					24,677.72	0.00	0.00	2,170.00

DISCOUNT & CREDIT INFORMATION FOR HIGHLIGHTED BILL

Vendor Hamlin Metal	Terms Net 30	Number of Credits 0
Bill Ref. No.	Sugg. Discount 0.00	Total Credits Available 0.00

PAYMENT

Date Method To be printed Assign check number

Account **Ending Balance** **44,799.10**

3. Ensure you have the proper payment method settings selected, as well as the bank account (or credit card account, if you're paying by credit card) from which you want the bills to be paid.
4. Click **Pay Selected Bills**.

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 (if you're paying by check).



IMPORTANT: You can also click the **Print Checks** icon from the Home page to access your checks marked *Print Later*.

NOTES

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 (debit) of \$1,500 in total payables. It also creates a check (credit) from your chosen bank account to pay the bill. (This is a special type of check called a Bill Payment Check.)



Step-by-Step: 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	VENDOR	DUE DATE	BILLED	PAID	BALANCE
	TYPE	ACCOUNT	MEMO			
12/15/2022		Keswick Insulation	Paid	670.00		18,459.24
	BILL	54000 · Job Expenses:54500 · Subcontractors				
12/15/2022		Sergeant Insurance	01/14/2024	4,050.00		22,509.24
	BILL	13100 · Pre-paid Insurance				
12/15/2022		Vu Contracting	12/30/2023	1,250.00		23,759.24
	BILL	-split-				
12/15/2022	12/03	Cal Gas & Electric	12/30/2023	122.68		23,881.92
	BILL	65100 · Utilities:65110 · Gas and Electric Acct #560-82645-99C				
12/15/2022	3434	Davis Business Associates	Paid	1,500.00		25,381.92
	BILL	-split-				
12/15/2022	8059	Thomas Kitchen & Bath	01/14/2024	585.00		25,966.92
	BILL	54000 · Job Expenses:54300 · Job Materials				
12/15/2022	Number	Vendor	12/25/2022	Billed		
		Account				

1-Line
 Show open balance
 ENDING BALANCE **25,966.92**

Sort by

3. Close the Accounts Payable register.



Step-by-Step: See the Bill Payment Entry

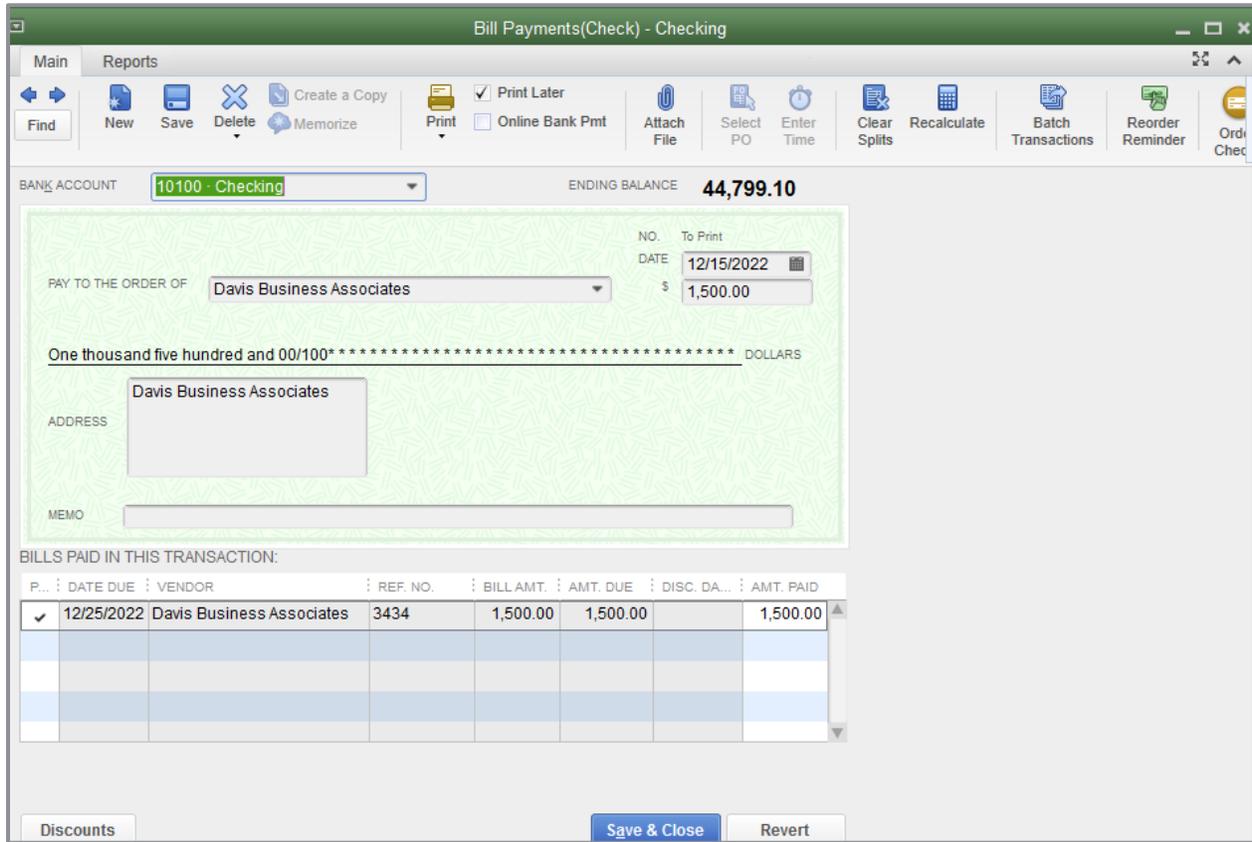
1. In the Chart of Accounts, double-click **10100 Checking**.

10100 - Checking						
DATE	NUMBER	PAYEE		PAYMENT	DEPOSIT	BALANCE
	TYPE	ACCOUNT	MEMO			
12/15/2022	10078	Gregg O. Schneider		1,062.12		47,531.22
	PAY CHK	-split-				
12/15/2022	10079	Gregg O. Schneider		1,062.12		46,469.10
	PAY CHK	-split-				
12/15/2022	To Print	Davis Business Associates		1,500.00		44,969.10
	BILLPMT	20000 · Accounts Payable				
12/15/2022	To Print	Hamlin Metal		670.00		44,299.10
	BILLPMT	20000 · Accounts Payable				
12/15/2022	SEND				500.00	44,799.10
	TRANSF	10300 · Savings				
12/15/2022						
ENDING BALANCE						44,799.10

1-Line

Sort by

2. Select the Bill Payment (BILLPMT) 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

Enter and Pay Bills – Review Questions

1. You use the _____ account to track money 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 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.