

# HOW TO TRACK ACCOUNTS PAYABLE



There are two ways to handle bills from vendors/suppliers who give you some time before you have to pay. The method you use depends on whether or not you want to track Accounts Payable (how much you owe vendors/suppliers). To track Accounts Payable in QuickBooks, you enter the bill before paying the vendor. By tracking Accounts Payable, you always know how much you owe vendors/suppliers, and you can ensure that expenses are recorded in the correct accounting period.

Many smaller businesses don't bother with tracking Accounts Payable. In other words, they skip the step of entering the bill, and simply record the bill payment as a check or expense. Although this method has fewer steps, QuickBooks can't warn you about duplicate bills or provide reports about how much you owe.

## STEPS IF YOU DO NOT USE ACCOUNTS PAYABLE

Use "Check" for checks OR

Use "Expense" for credit card, debit card, PayPal, cash, or other forms of payment.

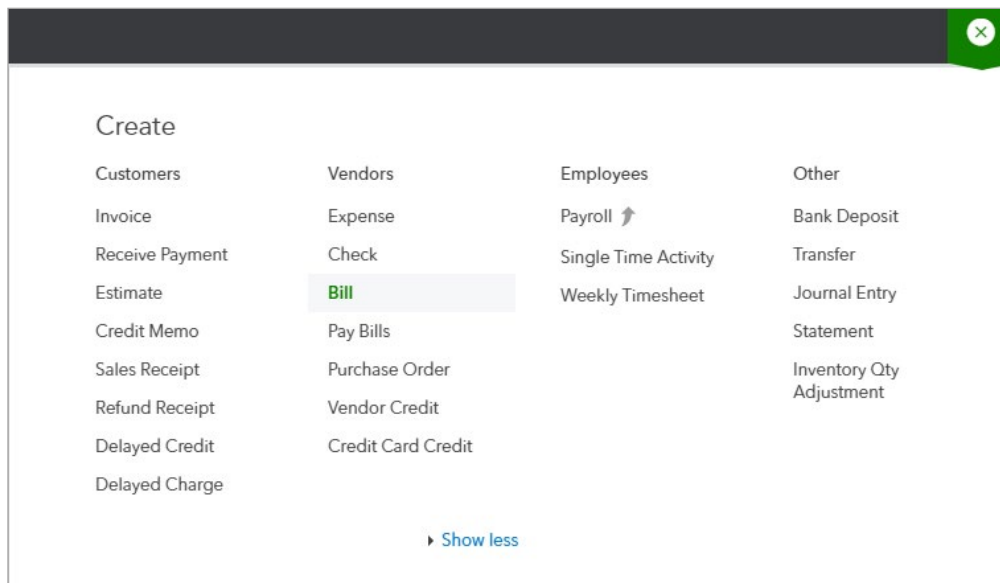
The steps for this method are no different than entering regular checks and expenses. You see these in a later exercise.

## STEPS IF YOU USE ACCOUNTS PAYABLE

Enter Bill > Pay Bill (regardless of how you pay the bill: check, credit card, debit card, PayPal, cash, other)

## ENTER BILL

1. Click the  sign.
2. Select **Bill**.



3. Enter the appropriate information on the bill. It's helpful to remember that you should always capture at least 4 pieces of information on **EVERY** transaction:

- **Who?** A vendor for expenses, customers on sales, and employees on paychecks
- **When?** The date of the transaction
- **What?** An expense account or inventory item for an expense, check, or bill.  
The product or service you sold on invoices and sales receipts And...
- **How much?** The amount of the transaction

**Bill**

Robertson & Associates

**BALANCE DUE**  
**\$315.00**  
Make payment

Mailing address: Jenny Robertson, Robertson & Associates, P.O. Box 147, Bayshore, CA 94326

Terms: [dropdown] Bill date: 08/19/2017 Due date: 08/19/2017 Bill no.: [input]

**Account details**

#	ACCOUNT	DESCRIPTION	AMOUNT	BILLABLE	CUSTOMER
1	Legal & Professional Fees		315.00		
2					

Add lines Clear all lines

Item details

4. Click **Save and close**.

## PAY BILLS

1. Click the **+** sign.
2. Select **Pay Bills**.

**Create**

Customers	Vendors	Employees	Other
Invoice	Expense	Payroll	Bank Deposit
Receive Payment	Check	Single Time Activity	Transfer
Estimate	Bill	Weekly Timesheet	Journal Entry
Credit Memo	<b>Pay Bills</b>		Statement
Sales Receipt	Purchase Order		Inventory Qty Adjustment
Refund Receipt	Vendor Credit		
Delayed Credit	Credit Card Credit		
Delayed Charge			

Show less

3. Select the **Payment account**.

Pay Bills

Payment account: **Checking** Balance \$2,639.78 Payment date:  Starting check no.: **72**  Print later

TOTAL PAYMENT AMOUNT: **\$0.00**

Filter: Last 365 Days 3 open bills

<input type="checkbox"/>	PAYEE	REF NO.	DUE DATE ▲	OPEN BALANCE	CREDIT APPLIED	PAYMENT	TOTAL AMOUNT
<input type="checkbox"/>	Brosnahan Insurance Agency	888	08/11/2017	\$2,000.00	Not available	<input type="text"/>	\$0.00
<input type="checkbox"/>	Robertson & Associates		08/19/2017	\$315.00	Not available	<input type="text"/>	\$0.00
<input type="checkbox"/>	Hall Properties		08/21/2017	\$900.00	Not available	<input type="text"/>	\$0.00

0 bills selected Total payment (USD) 0.00 < First Previous 1-3 of 3 Next Last >

Cancel Save and close

4. Select the bills to pay.

Pay Bills

Payment account: **Checking** Balance \$2,639.78 Payment date:  Starting check no.: **72**  Print later

TOTAL PAYMENT AMOUNT: **\$3,215.00**

Filter: Last 365 Days 3 open bills

<input checked="" type="checkbox"/>	PAYEE	REF NO.	DUE DATE ▲	OPEN BALANCE	CREDIT APPLIED	PAYMENT	TOTAL AMOUNT
<input checked="" type="checkbox"/>	Brosnahan Insurance Agency	888	08/11/2017	\$2,000.00	Not available	<input type="text" value="2,000.00"/>	\$2,000.00
<input checked="" type="checkbox"/>	Robertson & Associates		08/19/2017	\$315.00	Not available	<input type="text" value="315.00"/>	\$315.00
<input checked="" type="checkbox"/>	Hall Properties		08/21/2017	\$900.00	Not available	<input type="text" value="900.00"/>	\$900.00

3 bills selected Total payment (USD) 3,215.00 < First Previous 1-3 of 3 Next Last >

Cancel Save and close

5. Enter the **payment date**.

Pay Bills

Payment account: **Checking** Balance \$2,639.78 Payment date: **08/10/2017** Starting check no.: **72**  Print later

TOTAL PAYMENT AMOUNT: **\$3,215.00**

Filter: Last 365 Days 3 open bills

<input checked="" type="checkbox"/>	PAYEE	REF NO.	DUE DATE ▲	OPEN BALANCE	CREDIT APPLIED	PAYMENT	TOTAL AMOUNT
<input checked="" type="checkbox"/>	Brosnahan Insurance Agency	888	08/11/2017	\$2,000.00	Not available	<input type="text" value="2,000.00"/>	\$2,000.00
<input checked="" type="checkbox"/>	Robertson & Associates		08/19/2017	\$315.00	Not available	<input type="text" value="315.00"/>	\$315.00
<input checked="" type="checkbox"/>	Hall Properties		08/21/2017	\$900.00	Not available	<input type="text" value="900.00"/>	\$900.00

3 bills selected Total payment (USD) 3,215.00 < First Previous 1-3 of 3 Next Last >

Cancel Save and close

6. Click **Save and print** or **Save and close**.

## MANAGE ACCOUNTS PAYABLE (WHAT YOU OWE)

Companies or individuals you purchase goods or services from are called vendors/suppliers. If you need to enter a bill, or track purchases by vendor, they must be set up as a vendor/supplier. The Vendors/Suppliers list stores vendor/supplier information and makes it easy to filter to see all vendors/suppliers, overdue bills, etc

1. Click the **Vendors/Suppliers** tab.

The screenshot shows the 'Vendors' page in QuickBooks. The left sidebar includes 'Dashboard', 'Banking', 'Sales', 'Expenses', 'Employees', 'Reports', 'Taxes', and 'Accounting'. The main content area is titled 'Vendors' and features a 'Prepare 1099s' dropdown and a 'New vendor' button. Below this, there are three summary bars: 'Unpaid Last 365 Days' with a total of \$87 and 1 overdue bill (orange bar), 'Paid' with a total of \$1,603 and 5 bills paid last 30 days (green bar), and another 'Unpaid Last 365 Days' bar with a total of \$87 and 1 open bill (grey bar). At the bottom, there is a search bar and a table with columns: 'VENDOR', 'COMPANY', 'PHONE', 'EMAIL', 'OPEN BALANCE', and 'ACTION'.

2. Click the **Overdue** filter on the top money bar to see any vendor/supplier that you have a past due balance with.

This screenshot shows the 'Vendors' page with the 'Overdue' filter applied. The summary bars are the same as in the previous screenshot. The table below now shows a single entry for 'Lee Advertising' with a phone number of '(650) 554-4622' and a red exclamation mark icon next to the text '1 Overdue bill'. The table columns are 'VENDOR', 'COMPANY', 'PHONE', 'EMAIL', 'PENDING BILLS', and 'OVERD'.

## REVIEW THE A/P AGING SUMMARY

13. Click the **Reports** tab.

The screenshot shows the QuickBooks navigation sidebar. The 'Reports' tab is highlighted in grey. The sidebar includes the QuickBooks logo at the top, followed by the following menu items: 'Dashboard', 'Banking', 'Sales', 'Expenses', 'Employees', 'Reports', 'Taxes', 'Accounting', and 'Apps'.

14. Enter **A/P Aging Summary** in the search field.

15. Click the  icon.

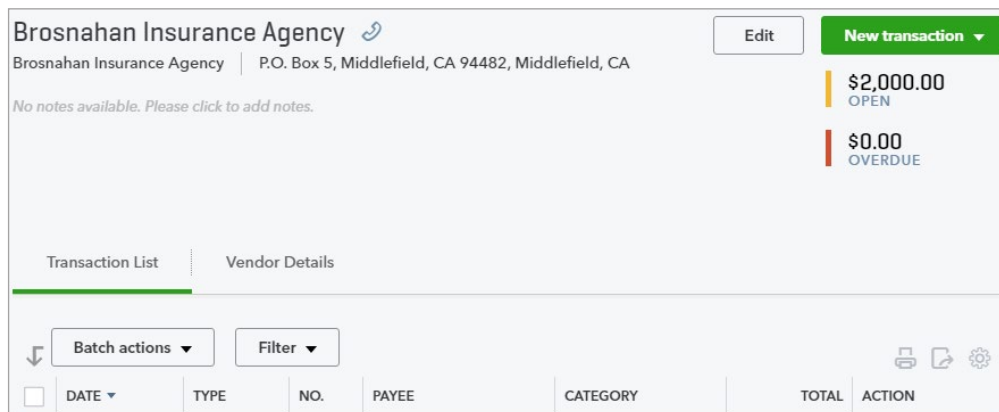
## VENDOR/SUPPLIER CREDIT


Why would a vendor/supplier issue a credit memo? Maybe they sent you a bill and over-charged for freight. Or, a vendor/supplier ships some inventory and you discover that some of it is damaged. So, you return it and receive a “credit memo”. Remember, vendor/supplier credit memos reduce what you owe the vendor/supplier.

What should you do with a vendor credit? It depends. If you don’t owe them any money, you can keep the credit to use later or request a refund. But if you do owe them money (i.e. there’s an open bill for that vendor/supplier), you can apply it to unpaid bills. In this exercise you record a credit memo and apply it to a bill.

## ENTER A CREDIT MEMO

1. To begin, click the **Expenses** tab and select **Vendors/Suppliers** at the top. Then click the vendor/supplier who gave you the credit (this step isn’t necessary, but it helps to see the effect of a Credit).
2. Note that in this example the vendor has a balance of \$2000. Suppose you received a credit for overpaying your insurance by \$1000.



**Brosnahan Insurance Agency** 

Brosnahan Insurance Agency | P.O. Box 5, Middlefield, CA 94482, Middlefield, CA

[Edit](#) [New transaction](#)

**\$2,000.00**  
OPEN

**\$0.00**  
OVERDUE

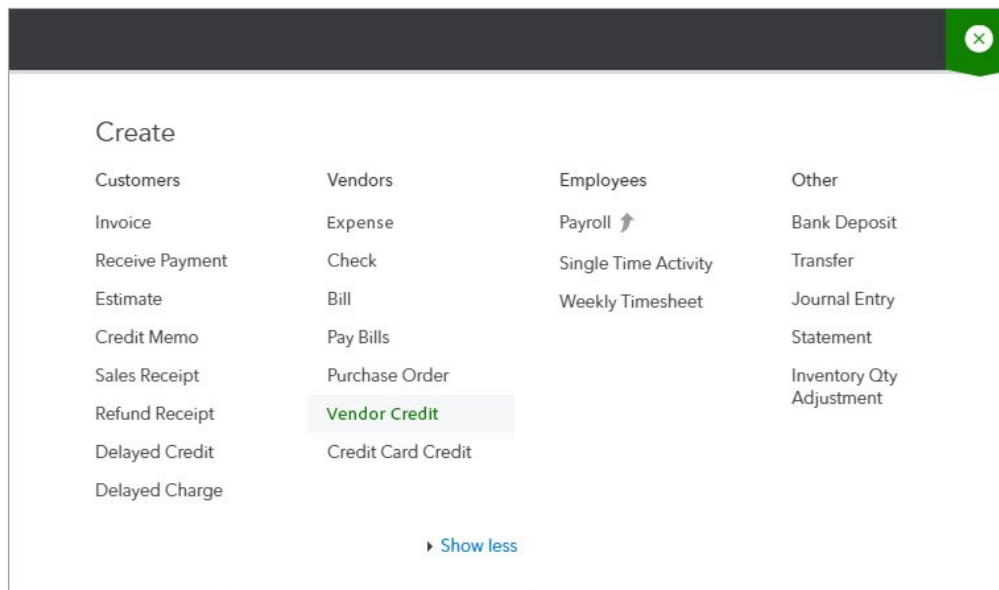
No notes available. Please click to add notes.

Transaction List | Vendor Details


Batch actions Filter

DATE	TYPE	NO.	PAYEE	CATEGORY	TOTAL	ACTION
------	------	-----	-------	----------	-------	--------

3. Click **New transaction** > **Vendor/Supplier Credit** (you can also do this from the  Menu.)



Create

Customers	Vendors	Employees	Other
Invoice	Expense	Payroll 	Bank Deposit
Receive Payment	Check	Single Time Activity	Transfer
Estimate	Bill	Weekly Timesheet	Journal Entry
Credit Memo	Pay Bills		Statement
Sales Receipt	Purchase Order		Inventory Qty Adjustment
Refund Receipt	<b>Vendor Credit</b>		
Delayed Credit	Credit Card Credit		
Delayed Charge			

[Show less](#)

4. Select the vendor/supplier from the drop down list.

The screenshot shows the 'Vendor Credit' form. At the top left, there is a dropdown menu with 'Brosnahan Insurance Agency' selected. To the right, the 'CREDIT AMOUNT' is displayed as '\$0.00'. Below the vendor selection, there are fields for 'Mailing address' (Brosnahan Insurance Agency, P.O. Box 5, Middlefield, CA 94482), 'Payment date' (09/16/2017), and 'Ref no.' (empty). A section titled 'Account details' is expanded, showing a table with one row:

#	ACCOUNT	DESCRIPTION	AMOUNT	BILLABLE	CUSTOMER
1					

5. Enter a Ref number. This is a number that both you and the vendor/supplier can refer to when discussing this credit. Traditionally, the credit number includes the original bill number.

The screenshot shows the 'Vendor Credit #1024' form. The 'Ref no.' field now contains the number '1024'. The rest of the form, including the vendor selection and mailing address, remains the same as in the previous screenshot.

6. Next, click the drop-down list and select the Account for which you are receiving a credit. This is usually the same Account you used on the original bill.

**NOTE:** If the credit is for inventory, enter the inventory items below Item Details.

The screenshot shows the 'Vendor Credit #1024' form with the 'Account details' section expanded. The table now has two rows:

#	ACCOUNT	DESCRIPTION	AMOUNT	BILLABLE	CUSTOMER
1	Insurance			<input type="checkbox"/>	Enter Text
2					

Below the table are buttons for 'Add lines' and 'Clear all lines'. At the bottom of the form, there are buttons for 'Cancel', 'Revert', 'Make recurring', 'More', and 'Save and new'.

7. Enter the credit Amount.

Vendor Credit #1024

Brosnahan Insurance Agency

CREDIT AMOUNT  
**\$1,000.00**

Mailing address: Brosnahan Insurance Agency, P.O. Box 5, Middlefield, CA 94482  
Payment date: 09/16/2017  
Ref no.: 1024

Account details

#	ACCOUNT	DESCRIPTION	AMOUNT	BILLABLE	CUSTOMER
1	Insurance		1,000.00	<input type="checkbox"/>	Enter Text
2					

Buttons: Cancel, Revert, Make recurring, More, Save and close

8. Click **Save and close**.

9. Notice that the Open Balance for the vendor decreases by the amount of the credit.

Brosnahan Insurance Agency

Brosnahan Insurance Agency | P.O. Box 5, Middlefield, CA 94482, Middlefield, CA

**\$1,000.00** OPEN  
**\$0.00** OVERDUE

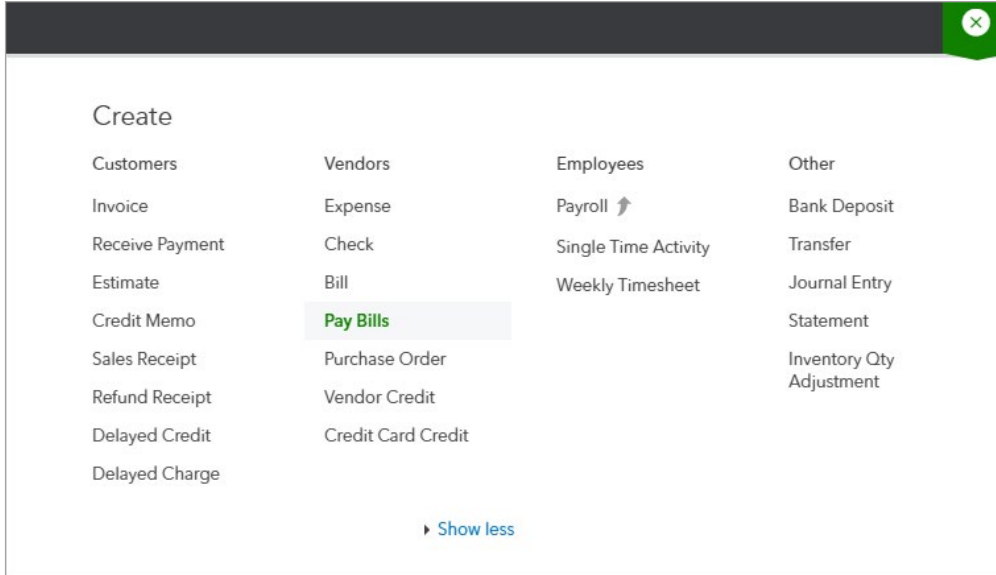
Transaction List

DATE	TYPE	NO.	PAYEE	CATEGORY	TOTAL	ACTION
09/16/2017	Bill	1024	Brosnahan Insurance A...	Insurance	\$2,000.00	Make payment
09/16/2017	Vendor Credit	1024	Brosnahan Insurance A...	Insurance	\$1,000.00	

In the next exercise, you apply the credit against bills you owe the vendor/supplier.

## APPLY A CREDIT MEMO

1. Click the  sign and select **Pay Bills**.



Use this window to apply vendor/supplier credits. In this example, the process is easy because there is only 1 bill and 1 credit. What happens if you have multiple bills and/or multiple credits?

2. To demonstrate this scenario, we have another vendor/supplier with multiple credits. Suppose THIS is the credit we want to use.

**Diego's Road Warrior Bodyshop** Edit New transaction ▾




Diego's Road Warrior Bodyshop


No notes available. Please click to add notes.

**\$-50.00**  
OPEN

**\$0.00**  
OVERDUE

Transaction List | Vendor Details

Batch actions ▾ Filter ▾   

<input type="checkbox"/>	DATE ▾	TYPE	NO.	PAYEE	CATEGORY	TOTAL	ACTION
<input type="checkbox"/>	09/19/2017	Bill Payment (...)	75	Diego's Road Warrior B...		\$0.00	
<input type="checkbox"/>	09/19/2017	Vendor Credit	4008	Diego's Road Warrior B...	Maintenance : ▾	\$755.00	
<input type="checkbox"/>	09/01/2017	Vendor Credit	3980	Diego's Road Warrior B...	Maintenance : ▾	\$50.00	



3. From the Transaction List, click the **bill payment**.

Scroll down and select the other credit. In this case, the credit is for the same amount. If it weren't, then the amount of the bill payment would change. Use the bill payment form to select which credits to apply to which bills.

### Bill Payment #75

Amount: 0.00

#### Outstanding Transactions

Find Invoice No. Filter All

<input checked="" type="checkbox"/>	DESCRIPTION	DUE DATE	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
<input checked="" type="checkbox"/>	Bill # 4008 (08/22/2017)	08/22/2017	755.00	755.00	755.00

< First Previous 1-1 of 1 Next Last >

#### Credits

Find Credit Memo No. Filter All

<input type="checkbox"/>	DESCRIPTION	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
<input type="checkbox"/>	Vendor Credit # 3980 (09/01/2017)	50.00	50.00	
<input checked="" type="checkbox"/>	Vendor Credit # 4008 (09/19/2017)	755.00	755.00	755.00

< First Previous 1-2 of 2 Next Last >

Amount to Apply: \$755.00  
Amount to Credit: \$0.00

Clear Payment

Cancel Revert More Save and close

14. Click **Save and close**.

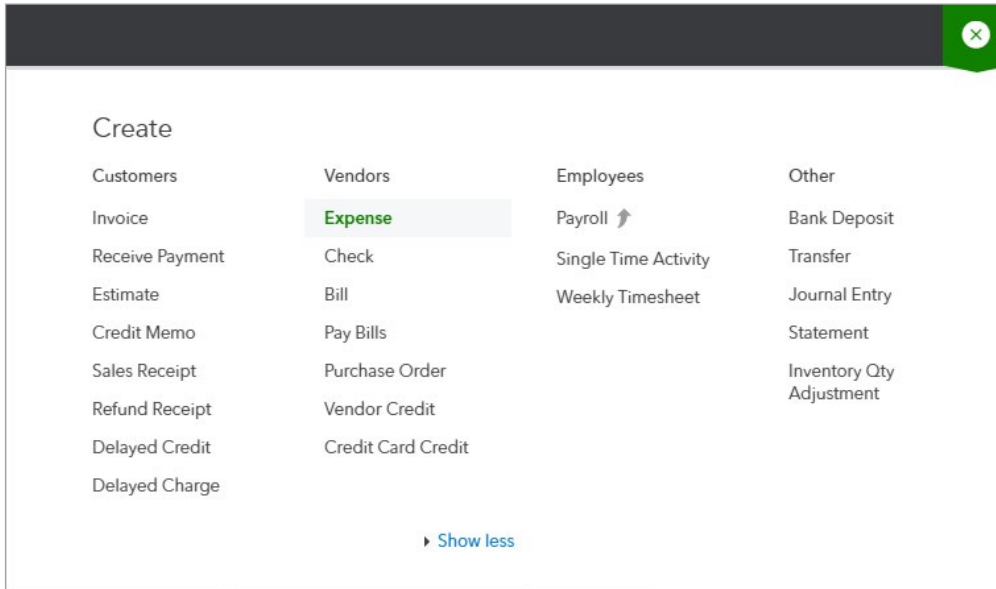
## CREATE AN EXPENSE

There are so many ways to pay for things: EFTs (Electronic Fund Transfers) checks, credit cards, debit cards, and more. How do you enter these in QuickBooks? The choice is simple. If you wrote or printed a check, use the check form. For EVERYTHING else, use the Expense form.

**NOTE:** If you connect a bank account, you don't have to worry about entering the non-check transactions yourself. QuickBooks downloads them automatically, and when you approve them they are added as expenses.

Remember to use the Expense form for any payment form OTHER than check (Debit or Credit card, EFT, wire transfer, etc.)

1. Click the  sign.
2. Select **Expense**.



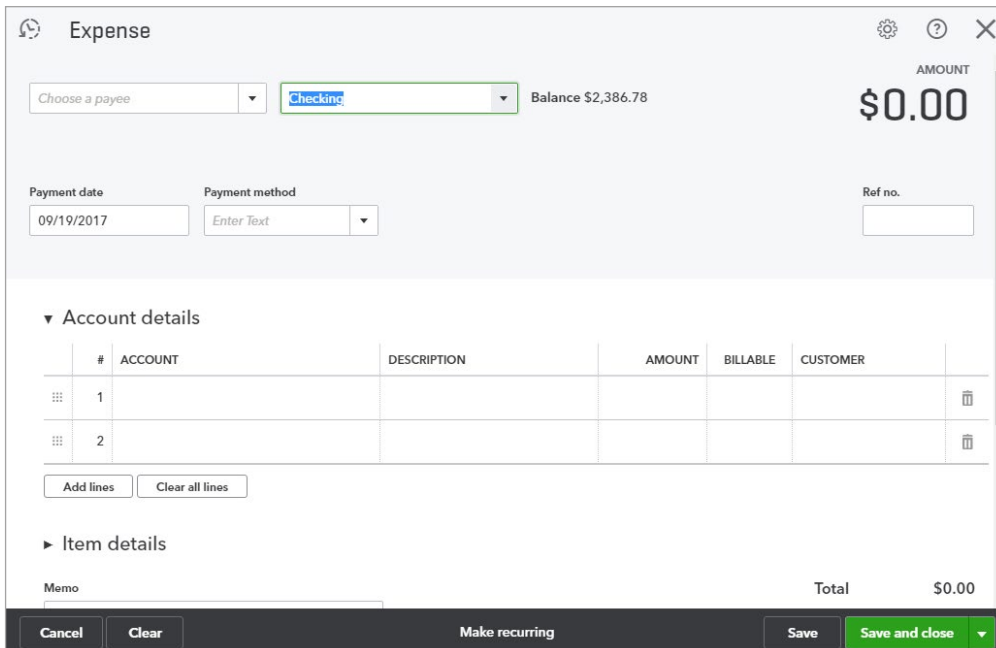
The screenshot shows the 'Create' menu with the following options:

Customers	Vendors	Employees	Other
Invoice	<b>Expense</b>	Payroll ↑	Bank Deposit
Receive Payment	Check	Single Time Activity	Transfer
Estimate	Bill	Weekly Timesheet	Journal Entry
Credit Memo	Pay Bills		Statement
Sales Receipt	Purchase Order		Inventory Qty Adjustment
Refund Receipt	Vendor Credit		
Delayed Credit	Credit Card Credit		
Delayed Charge			

▶ Show less

3. Select the appropriate payment account. This is where the funds to make the purchase are coming from. For debit cards and online transfers from your bank, use the appropriate bank account. For credit cards, setup and use the appropriate credit card.

**NOTE:** If you select a credit card, QuickBooks INCREASES how much you owe that credit card. If you select a bank account, QuickBooks DECREASES how much you have available in that account.



The screenshot shows the 'Expense' form with the following details:

- Choose a payee:
- Payment account: **Checking** (Balance \$2,386.78)
- AMOUNT: **\$0.00**
- Payment date: 09/19/2017
- Payment method:
- Ref no.:
- Account details table:

#	ACCOUNT	DESCRIPTION	AMOUNT	BILLABLE	CUSTOMER
1					
2					

Buttons: Add lines, Clear all lines

Item details: Memo

Total: \$0.00

Buttons: Cancel, Clear, Make recurring, Save, Save and close

4. Select the Payment method. This isn't really necessary for a Credit Card, because there is only 1 form of payment - "Credit Card" or "MasterCard". However, if you're paying for this expense from your bank account, the payment method might be Debit Card, ACH, Wire Transfer, and so on. You can Add New payment methods directly from the drop down list.

The screenshot shows the 'Expense' form with the following details:

- Payee:** Choose a payee (dropdown)
- Account:** Checking (dropdown)
- Balance:** \$2,386.78
- AMOUNT:** \$0.00
- Payment date:** 09/19/2017
- Payment method:** Enter Text (dropdown menu is open showing options: + Add new, American Express, Cash, Check, Credit Card, Diners Club, Discover, Mastercard, Visa)
- Ref no.:** (empty field)
- Account details table:**

#	ACCOUNT	DESCRIPTION	AMOUNT	BILLABLE	CUSTOMER
1					
2					
- Buttons:** Add lines, Clear all
- Item details:** Memo (empty field)
- Total:** \$0.00
- Footer buttons:** Cancel, Clear, Make recurring, Save, Save and close

5. Enter appropriate information in the Expense form. It's helpful to remember that you should always capture at least 4 pieces of information on EVERY transaction:

- **Who?** A vendor for expenses, customers on sales, and employees on paychecks
- **When?** The date of the transaction
- **What?** What did you buy for an expense. On invoices use a product or service. And...
- **How much?** The amount of the transaction

The screenshot shows the 'Expense' form with the following details:

- Payee:** Cigna Health Care (dropdown)
- Account:** Checking (dropdown)
- Balance:** \$2,386.78
- AMOUNT:** \$200.00
- Payment date:** 09/19/2017
- Payment method:** Enter Text (dropdown)
- Ref no.:** (empty field)
- Account details table:**

#	ACCOUNT	DESCRIPTION	AMOUNT	BILLABLE	CUSTOMER
1	Insurance		200.00	<input type="checkbox"/>	Enter Text
2					
- Buttons:** Add lines, Clear all lines
- Item details:** Memo (empty field)
- Total:** \$200.00
- Footer buttons:** Cancel, Clear, Make recurring, Save, Save and close

6. Click Save and new if you want to enter more expenses. Or if this is the last one, click the drop-down arrow and select **Save and close**.

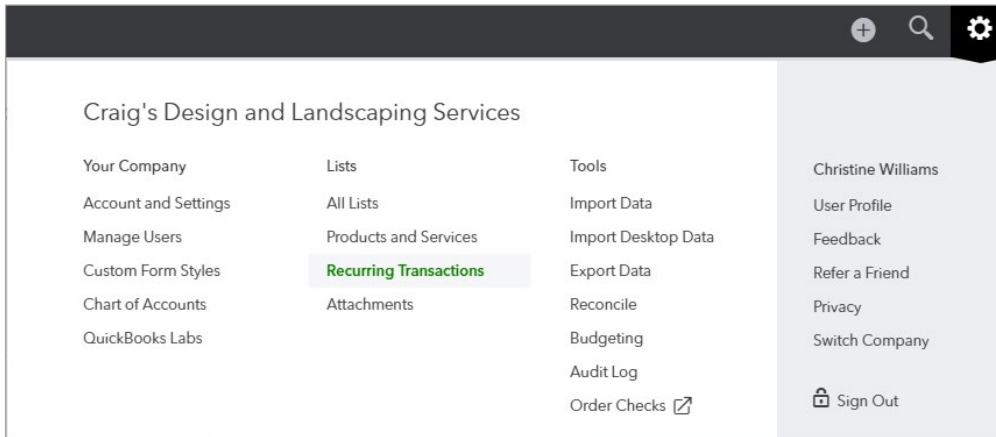
## AUTOMATING DATA ENTRY - RECURRING TRANSACTIONS

Most businesses have to repeatedly enter the same transaction periodically. For example, you have to create the same check for rent to the landlord every month. Or if you're a landlord or membership organization, you have to create the same invoice to send to your renters or members every month.

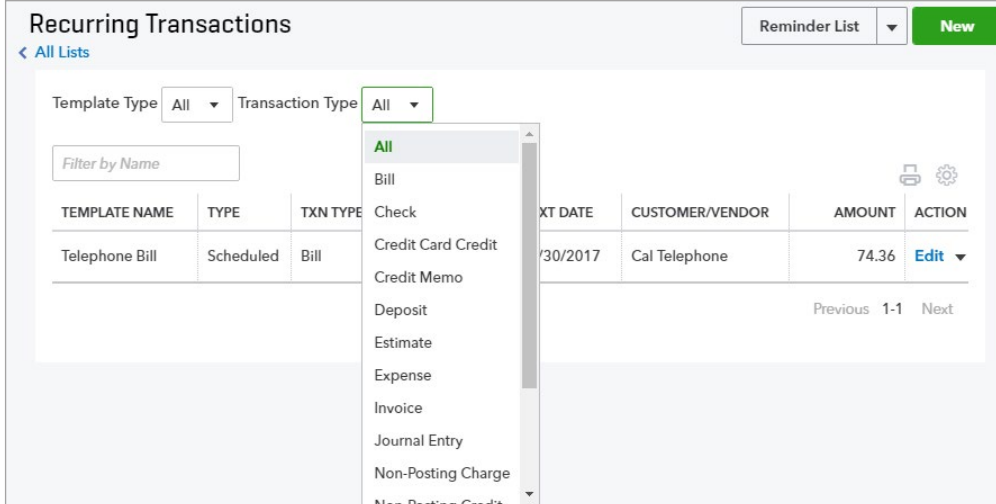
In both cases, the name (who), amount (how much), and account/category (what) doesn't change. The date (when) is the only change and it's based on a specific frequency (e.g. weekly, monthly, etc.). Don't waste your time entering these transactions yourself. Let QuickBooks do the work for you by setting up Recurring Transactions. In this example, we'll automate a rent check that we have to print every month.

## WHAT TRANSACTIONS CAN YOU MAKE RECURRING?

1. Click the  icon and select [Recurring Transactions](#).



2. Click the Transaction Type drop down list.



## CREATE A RECURRING TRANSACTION

3. Create a new transaction and add information that will be the same every time.

Check #75

Hall Properties | Checking | Balance \$2,501.78 | AMOUNT \$900.00

Mailing address: Hall Properties, P.O.Box 357, South Orange, NJ 07079

Payment date: 10/19/2017

Check no.: 75

Print later

▼ Account details

#	ACCOUNT	DESCRIPTION	AMOUNT	BILLABLE	CUSTOMER
1	Rent & Lease		900.00		
2					

▶ Item details

Memo: \_\_\_\_\_

Total \$900.00

Buttons: Cancel, Clear, Print check, Order checks, Make recurring, More, Save and close

4. Click **Make recurring**.

5. Enter the appropriate information for the recurring transaction.

Check

Recurring Check

Template name: Hall Properties | Type: Scheduled | Create: \_\_\_\_\_ days in advance

Payee: Hall Properties | Account: Checking

Interval: Monthly on day 1st of every 1 month(s) | Start date: \_\_\_\_\_ | End: None

Mailing address: Hall Properties, P.O.Box 357, South Orange, NJ 07079

Check no.: \_\_\_\_\_

Print later

▼ Account details

#	ACCOUNT	DESCRIPTION	AMOUNT	BILLABLE	CUSTOMER
1	Rent & Lease		900.00		
2					

Buttons: Cancel, Clear, Save template

6. Click **Save template**.

# HOW TO MERGE (COMBINE) ENTRIES ON A LIST

You'll probably come across this real-world scenario. Someone accidentally enters the same "thing" (name, account, etc.) on a list by accident. This often happens because they misspell the entry. Now you have a problem. The list contains duplicate entries for the same thing. In this example, we had a customer named "Calvin Baker" but someone else entered an invoice to "Cal Baker". They should have used Calvin Baker. Note: If the wrong name was only used on 1 transaction, you could edit the transaction (invoice in this case) and change the name. But what if there are 100's of transactions associated with the "wrong" name? Merging solves this problem. In this example, we want to merge "Cal Baker" and all the associated transactions with Calvin Baker. Let's merge these 2 names (note: this technique works on other lists too).

1. Click the **Sales** tab and select **Customers** at the top.

2. Since there are two individual customer records for the same customer you'll need to merge them. On the Customers list click the name that you are going to merge (i.e. the one you're removing), in this case, **Calvin Baker**.

CUSTOMER	COMPANY	PHONE	OPEN BALANCE	ACTION
<input type="checkbox"/>	Amy's Bird Sanctuary	(650) 555-3311	\$239.00	Receive payment
<input type="checkbox"/>	Bill's Windsurf Shop	(415) 444-6538	\$85.00	Receive payment
<input type="checkbox"/>	Cal Baker	(415) 555-8863	\$233.28	Receive payment
<input type="checkbox"/>	Calvin Baker	(415) 555-8863	\$414.72	Receive payment

3. To make sure our fix works, note that Calvin Baker owes us \$414.72 for this invoice number 1039. When we've completed merging, this invoice should be under Cal Baker.

Calvin Baker

[Add notes](#)

[Edit](#) [New transaction](#)

\$414.72 OPEN

\$0.00 OVERDUE

Transaction List | Customer Details

Batch actions Filter

<input type="checkbox"/>	DATE	TYPE	NO.	DUE DATE	BALANCE	TOTAL	STATUS	ACTION
<input type="checkbox"/>	09/30/2...	Invoice	1039	10/30/2017	\$414.72	\$414.72	Open	Receive payment

4. Click [Edit](#).

5. In the [Display name as](#) field enter the name you are merging this customer's record with, [Cal Baker](#).

Customer Information ✕

Title First name Middle name Last name Suffix

Company

\*Display name as  
Cal Baker

Print on check as  Use display name  
Cal Baker

Address Notes Tax info Payment and billing Attachments

Billing address [map](#) Shipping address [map](#)  Same as billing address

Street City/Town State ZIP Country

Street City/Town State ZIP Country

Other Website

Phone Mobile Fax

Is sub-customer

Enter parent customer Bill with parent

Separate multiple emails with commas


Cancel Make inactive Privacy Save

6. Click [Save](#).

7. Click [Yes](#) when asked to confirm that you are merging the two customer records.

**Please Confirm**  
That name is already being used. Would you like to merge the two?

8. Click on the entry you merged the other one into. Here is invoice number 1039 for \$414.72.

Cal Baker 




[Add notes](#)

[Edit](#) [New transaction](#) ▼

\$648.00  
OPEN

\$0.00  
OVERDUE

Transaction List | Customer Details

Batch actions ▼ Filter ▼   

<input type="checkbox"/>	DATE ▼	TYPE	NO.	DUE DATE	BALANCE	TOTAL	STATUS	ACTION
<input type="checkbox"/>	09/30/2...	Invoice	1039	10/30/2017	\$414.72	\$414.72	Open	<a href="#">Receive payment</a> ▼
<input type="checkbox"/>	01/18/2...	Invoice	1010	02/17/2017	\$233.28	\$233.28	Open	<a href="#">Receive payment</a> ▼




## HOW TO USE CLASS TRACKING (only available in QBO Plus)

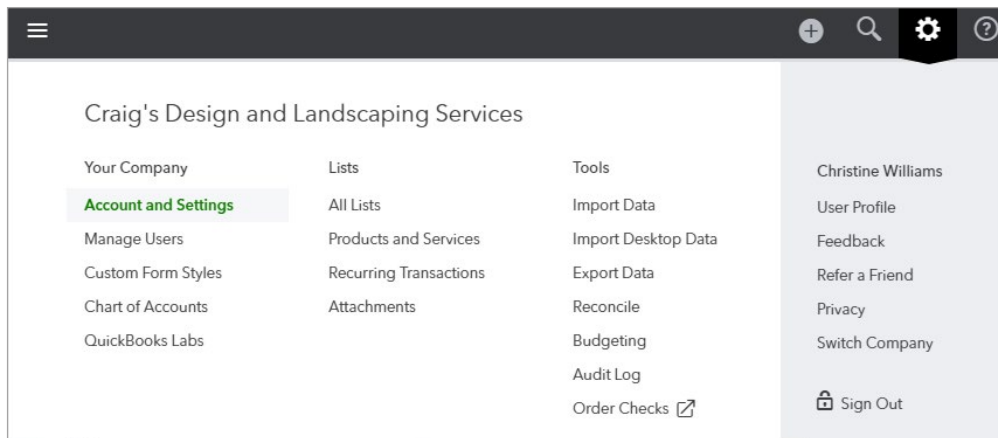
Some businesses need to track the sales and expenses for one part of their business separately from another part of their business. Sales minus expenses represents profit. That's why these "parts" of a business are often called "Profit Centers".

For example, a store with 2 locations wants to track the sales and expenses (profit) of each location separately. Or a bakery that has a retail shop and a catering division wants to track the sales and expenses (profit) of each division separately. QuickBooks provides 2 ways to do this. If you need to track different locations, use **Locations**. And if you need to track another type of profit center, use **Classes**.

A good way to understand how location and class tracking works is to think of them as a way to "tag" sales and expenses with a specific profit center (you can even split a transaction and tag it with 2 or more classes/locations - for example, if you make one purchase for office supplies that are distributed to the different profit centers).

In this example, our landscaping company needs to track two profit centers separately: Maintenance (mowing, etc.) and Construction (installing fountains and fireplaces). The goal is to tag transactions appropriately so you can quickly see how profitable each profit center is.

1. Click the  icon to open the Company menu.
2. Click **Account and Settings**.



3. Click the **Advanced** tab.

Category	Setting	Value	Action
Accounting	First month of fiscal year	January	
	First month of income tax year	Same as fiscal year	
	Accounting method	Accrual	
	Close the books	Off	
Company type	Tax form		
Chart of accounts	Enable account numbers	Off	
	Track classes	Off	
Categories	Track locations	Off	
	Automation	Pre-fill forms with previously entered content	On
	Automatically apply credits	On	
	Automatically invoice unbilled activity	Off	
	Copy estimates to invoices	Off	

**Done**

4. In the **Categories** section turn on **Track classes**.


Category	Setting	Value	Action	
Accounting	Accounting method	Accrual		
	Close the books	Off		
Company type	Tax form			
Chart of accounts	Enable account numbers	Off		
Categories	<input checked="" type="checkbox"/> Track classes	On		
	<input type="checkbox"/> Warn me when a transaction isn't assigned a class			
	Assign classes	One to each row in transaction		
	<input type="checkbox"/> Track locations	Off		
	Automation	Pre-fill forms with previously entered content	On	
	Automatically apply credits	On		

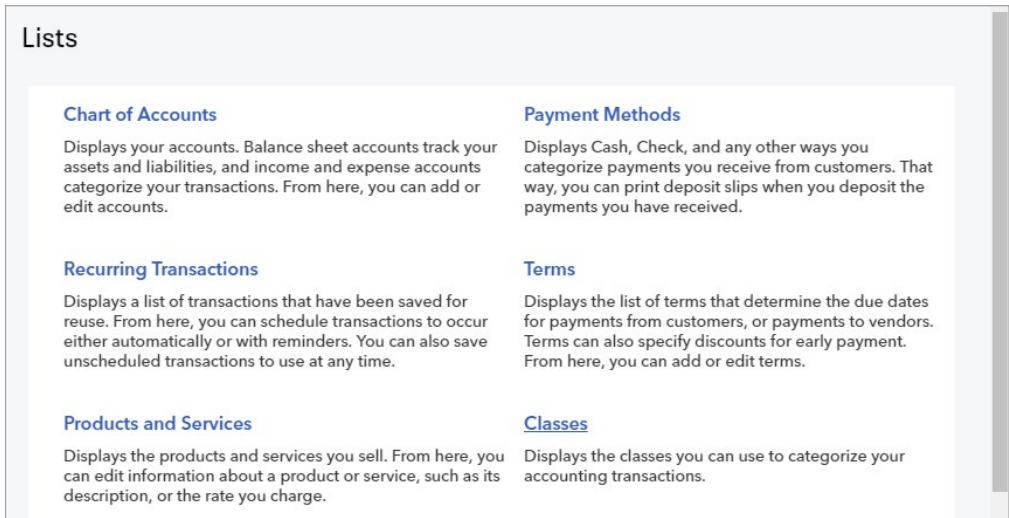
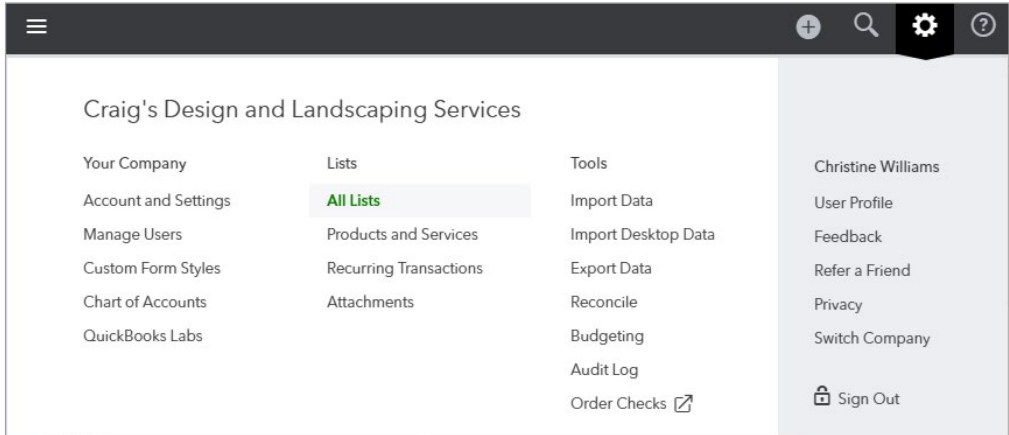
**Cancel** **Save**

**Done**

5. Click **Save** and **Done**.

# ADD CLASSES

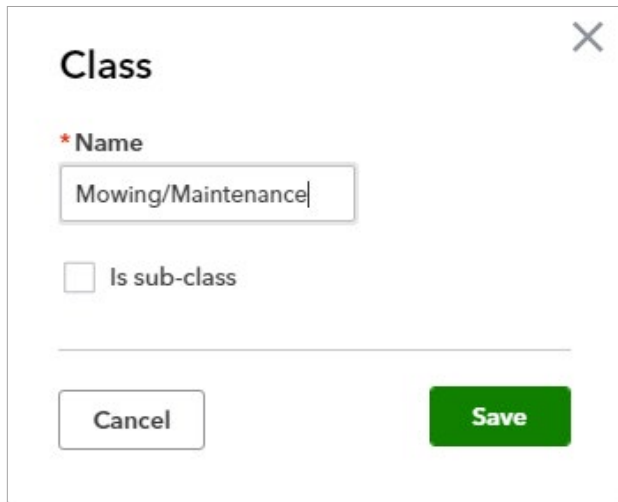
1. Click the  icon.
2. Under Lists click [All Lists](#), and select [Classes](#).



3. Click [New](#).

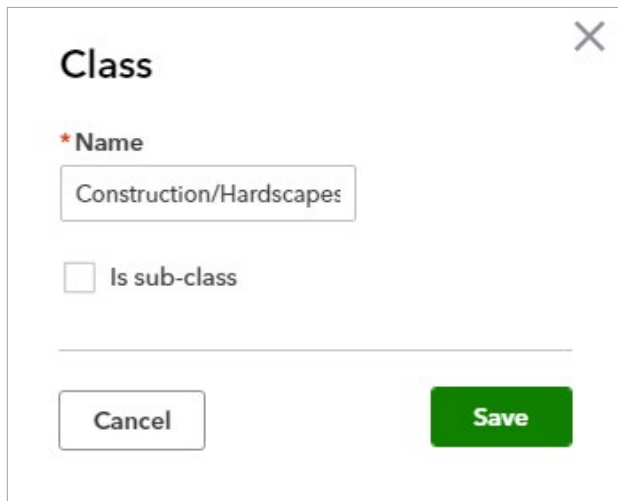


- Name the class Mowing/Maintenance and click [Save](#).



The screenshot shows a 'Class' dialog box with a close button (X) in the top right corner. The title is 'Class'. Below the title, there is a label '\* Name' followed by a text input field containing 'Mowing/Maintenance'. Below the input field is a checkbox labeled 'Is sub-class' which is currently unchecked. At the bottom of the dialog, there are two buttons: 'Cancel' on the left and 'Save' on the right.

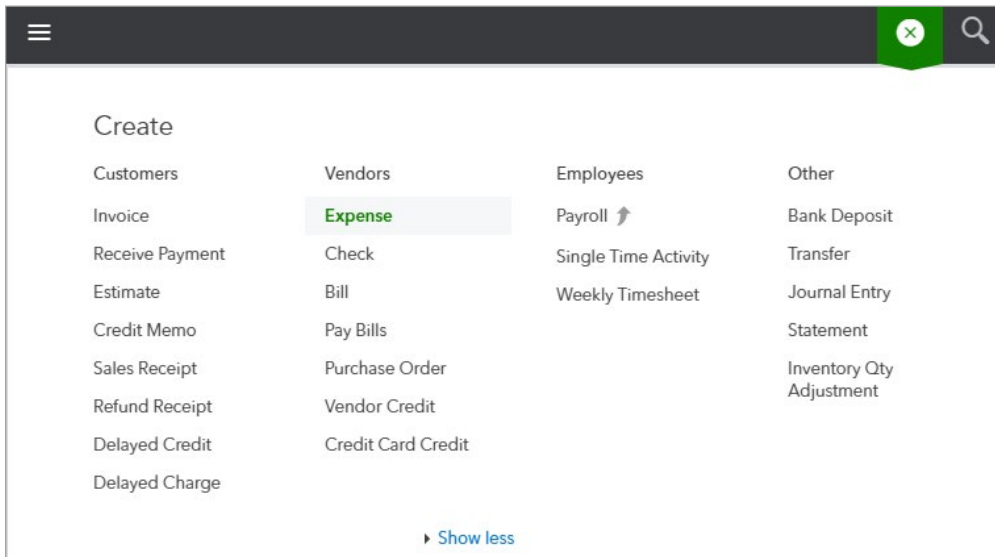
- Create a second class named Construction/Hardscapes and click [Save](#).



The screenshot shows a 'Class' dialog box with a close button (X) in the top right corner. The title is 'Class'. Below the title, there is a label '\* Name' followed by a text input field containing 'Construction/Hardscapes'. Below the input field is a checkbox labeled 'Is sub-class' which is currently unchecked. At the bottom of the dialog, there are two buttons: 'Cancel' on the left and 'Save' on the right.

## ASSIGN CLASSES TO AN EXPENSE TRANSACTION

- Click the  sign.
- Select [Expense](#).



The screenshot shows a 'Create' menu with a search icon and a close button (X) in the top right corner. The menu is organized into four columns: Customers, Vendors, Employees, and Other. The 'Expense' option under the Vendors column is highlighted. At the bottom of the menu, there is a link 'Show less'.

Customers	Vendors	Employees	Other
Invoice	<b>Expense</b>	Payroll ↑	Bank Deposit
Receive Payment	Check	Single Time Activity	Transfer
Estimate	Bill	Weekly Timesheet	Journal Entry
Credit Memo	Pay Bills		Statement
Sales Receipt	Purchase Order		Inventory Qty Adjustment
Refund Receipt	Vendor Credit		
Delayed Credit	Credit Card Credit		
Delayed Charge			

- Enter the date as the first of next month.
- Select the appropriate payment account, Payment method, Expense information, and Class.

Expense #952

Tania's Nursery | Checking | Balance \$2,786.00 | AMOUNT \$1,000.00

Payment date: 10/01/2017 | Payment method: Enter Text | Ref no.: 952

#	ACCOUNT	DESCRIPTION	AMOUNT	CLASS
1	Job Expenses:Job Materials:Plants and Soil		1,000.00	Construction/Hardscapes
2				

Total \$1,000.00

Buttons: Cancel, Clear, Make recurring, Save, Save and new

- Click the Save and new drop-down arrow and select **Save and close**.

## ASSIGN CLASSES TO A SALES RECEIPT TRANSACTION

- Click the **+** sign.
- Because the customer paid at the time of the sale, you don't need to create an invoice. Instead create a **Sales Receipt**.

Create

- Customers
- Invoice
- Receive Payment
- Estimate
- Credit Memo
- Sales Receipt**
- Refund Receipt
- Delayed Credit
- Delayed Charge
- Vendors
- Expense
- Check
- Bill
- Pay Bills
- Purchase Order
- Vendor Credit
- Credit Card Credit
- Employees
- Payroll
- Single Time Activity
- Weekly Timesheet
- Other
- Bank Deposit
- Transfer
- Journal Entry
- Statement
- Inventory Qty Adjustment

[Show less](#)

8. Enter the date as the first of next month.

**Sales Receipt** ? ×

Choose a customer  Email (Separate emails with a comma)

Send later

**AMOUNT**  
**\$0.00**

Billing address

Sales Receipt date

Payment method

Reference no.

Deposit to

[Accept payments in QuickBooks](#)

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT	CLASS	
1							
2							

9. Select the appropriate payment account, Payment method, Expense information, and Class.

**Sales Receipt** ? ×

Dylan Sollfrank  Email (Separate emails with a comma)

Send later

**AMOUNT**  
**\$337.50**

Billing address

Sales Receipt date

Payment method

Reference no.

Deposit to


[Accept payments in QuickBooks](#)

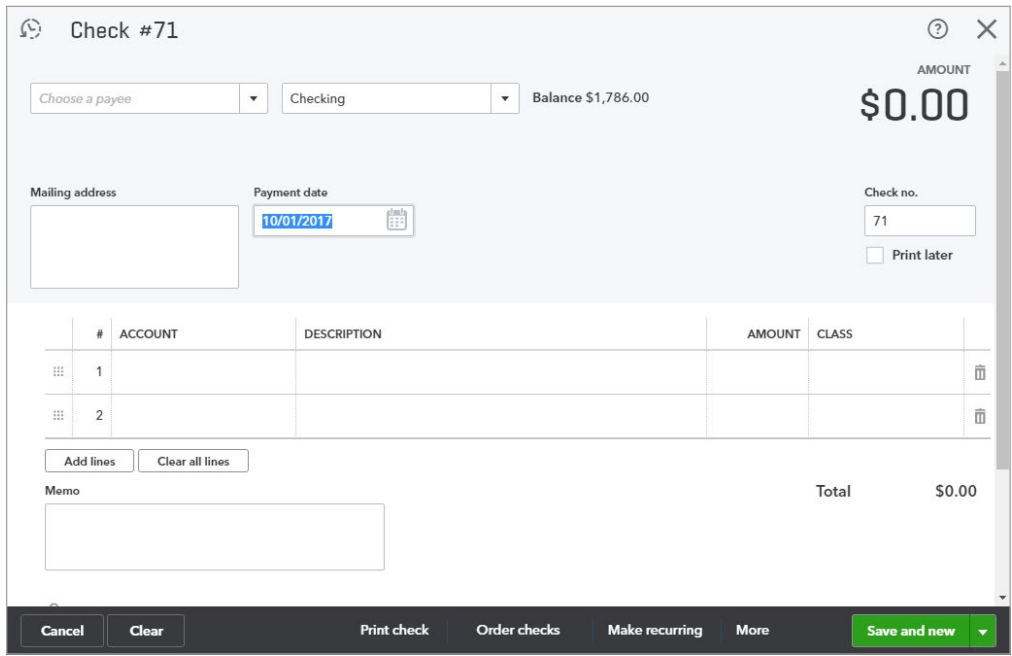
#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT	CLASS	
1	Design	Custom Design	4.5	75	337.50	Construction/Hardscapes	
2							

Total **\$337.50**

10. Select **Save and close**.

# ASSIGN CLASSES TO A CHECK TRANSACTION

- 11. Click the  sign.
- 12. Select **Check**. Enter the date as the first of next month.



**Check #71** ? X

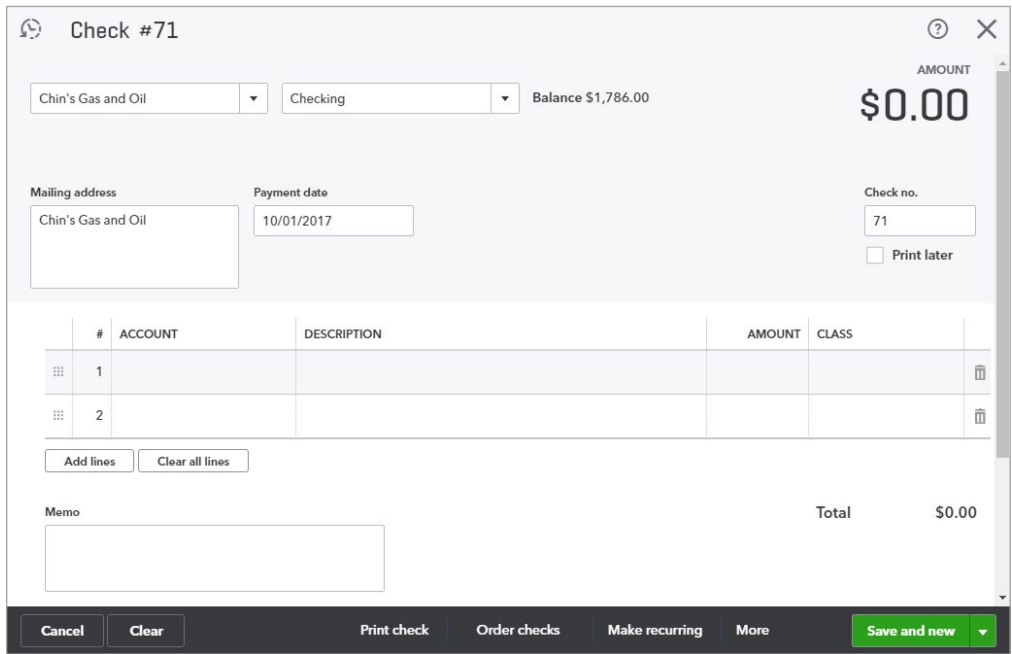
Choose a payee  Checking  Balance \$1,786.00 AMOUNT  
**\$0.00**

Mailing address  Payment date  Check no.   
 Print later

#	ACCOUNT	DESCRIPTION	AMOUNT	CLASS
1				
2				

Memo  Total \$0.00

- 13. Enter the payee and payment account.



**Check #71** ? X

Chin's Gas and Oil  Checking  Balance \$1,786.00 AMOUNT  
**\$0.00**

Mailing address  Payment date  Check no.   
 Print later

#	ACCOUNT	DESCRIPTION	AMOUNT	CLASS
1				
2				

Memo  Total \$0.00

14. Select the account details, including assigning a Class.

Check #71

Chin's Gas and Oil | Checking | Balance \$1,786.00

AMOUNT: **\$185.00**

Mailing address: Chin's Gas and Oil | Payment date: 10/01/2017 | Check no.: 71

#	ACCOUNT	DESCRIPTION	AMOUNT	CLASS
1	Repairs & Maintenance		185.00	Mowing/Maintenance
2				

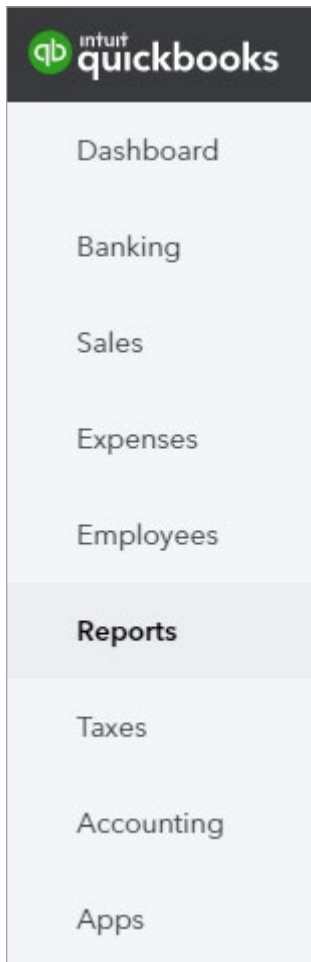
Total: \$185.00

Buttons: Cancel, Clear, Print check, Order checks, Make recurring, More, Save and new


15. Select [Save and close](#).

## RUN A REPORT BASED ON CLASSES

16. Click the [Reports](#) tab.





17. Search for **Profit and Loss by Class**.
18. Click the  icon.
19. Adjust the date range to reflect **Next Month**.

**Report period**

This Year-to-date ▼

Last Quarter-to-date ▲

Last Year

Last Year-to-date

Since 30 Days Ago

Since 60 Days Ago

Since 90 Days Ago

Since 365 Days Ago

Next Week

Next 4 Weeks

Next Month





Next Quarter

Next Year

20. The first two columns show information from the Mowing/Maintenance and Construction/Hardscapes classes.

Display columns by: Classes ▼    Show non-zero or active only: Active rows/active columns ▼    Period to compare: Select period ▼    Accounting method:  Cash  Accrual    Run report

---

Collapse Sort ▼ Add notes Edit header       

**Craig's Design and Landscaping Services**

PROFIT AND LOSS BY CLASS

October 2017


	CONSTRUCTION/HARDSCAPES	MOWING/MAINTENANCE	TOTAL
▼ INCOME			
Sales	337.50		\$337.50
<b>Total Income</b>	<b>\$337.50</b>	<b>\$0.00</b>	<b>\$337.50</b>
GROSS PROFIT	\$337.50	\$0.00	\$337.50
▼ EXPENSES			
▼ Job Expenses			\$0.00
▼ Job Materials			\$0.00
Plants and Soil	1,000.00		\$1,000.00
<b>Total Job Materials</b>	<b>1,000.00</b>		<b>\$1,000.00</b>
<b>Total Job Expenses</b>	<b>1,000.00</b>		<b>\$1,000.00</b>
Repairs & Maintena...		185.00	\$185.00
<b>Total Expenses</b>	<b>\$1,000.00</b>	<b>\$185.00</b>	<b>\$1,185.00</b>
<b>NET INCOME</b>	<b>\$-662.50</b>	<b>\$-185.00</b>	<b>\$-847.50</b>

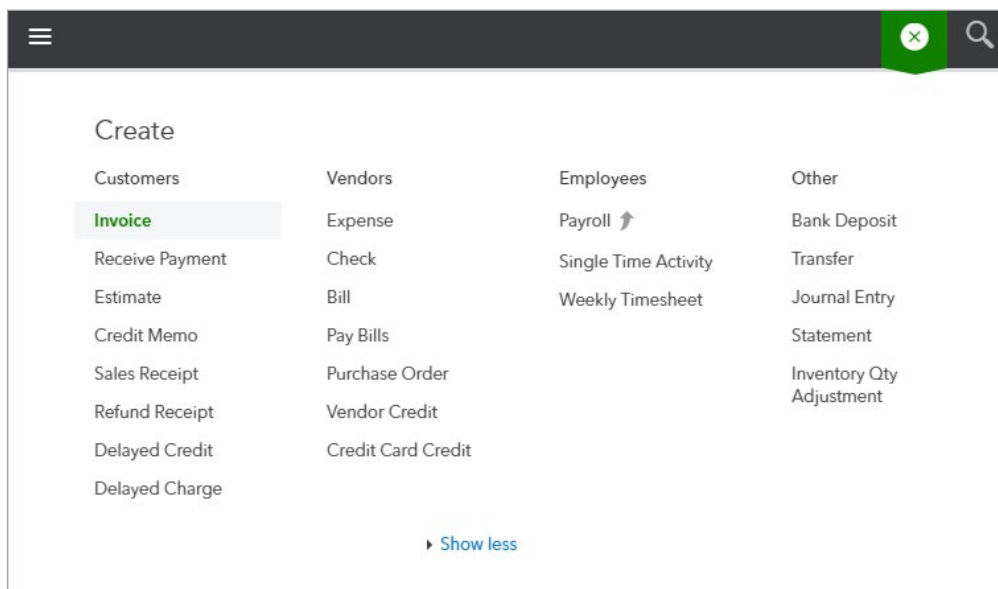
**NOTE:** Any transactions entered within the report's date range not categorized by class will appear in a Not Specified column.

# HOW TO USE INVOICE AND RECEIVE PAYMENT FROM A CUSTOMER

If you deliver goods or provide services before the customer pays, record the sale with an invoice. Invoices record an increase in sales income and Accounts Receivable, which tracks how much customers owe you. The invoice date reflects the sale date, and the due date tells the customer when payment is due. QuickBooks will automatically calculate the due date for you based on the terms you enter. What are terms? These tell your customer how long they have to pay.

## CREATE AND SEND AN INVOICE

1. Click the  sign.
2. Select **Invoice**.



3. Click the **Customer** drop-down arrow and select an existing customer, or add a new one.

The screenshot shows the 'Invoice' form with the 'Choose a customer' dropdown menu open. The menu lists several customers: Amy's Bird Sanctuary, Bill's Windsurf Shop, Cool Cars, Diego Rodriguez, Dukes Basketball Camp, Dylan Sollfrank, Freeman Sporting Goods, and Geeta Kalapatapu. The 'Add new' option is also visible. The form includes fields for 'Email (Separate emails with a comma)', 'Payment Options' (Credit card, Free bank transfer), 'Terms' (Net 30), 'Invoice date' (10/01/2017), and 'Due date' (10/31/2017). The 'BALANCE DUE' is \$0.00. The table below has columns for #, DESCRIPTION, QTY, RATE, AMOUNT, and CLASS. The total and balance due are both \$0.00.

4. Click the **Terms** drop down to select when the invoice is due.

The screenshot shows the 'Invoice' form with the 'Terms' dropdown menu open. The menu lists several terms: Net 30, Due on receipt, Net 15, Net 30 (highlighted), and Net 60. The form includes fields for 'Billing address' (Jeff's Jalopies, 12 Willow Rd., Menlo Park, CA 94305), 'Email' (Jalopies@intuit.com), 'Payment Options' (Credit card, Free bank transfer), 'Terms' (Net 30), 'Invoice date' (10/01/2017), and 'Due date' (10/31/2017). The 'BALANCE DUE' is \$0.00. The table below has columns for #, PRODUCT/SERVICE, QTY, RATE, AMOUNT, and CLASS. The total and balance due are both \$0.00. A message displayed on the invoice reads: 'Thank you for your business and have a great day!'.

- Click the **Product/Service** drop-down arrow to select an existing service. You can also add a new one if necessary. Note: Each product or service “points” to an income account that tells QuickBooks to increase that income account each time you sell that product/service.

Invoice

Jeff's Jalopie

Payment Options [Get set up](#)

BALANCE DUE  
**\$35.00**

+ Add new

Design

Hours

**Pest Control** Pest Control Services

Pump P461-17

Rocks

Sales

Billing address

Jeff's Jalopie  
12 Willow Rd  
Menlo Park, CA

Sales item Save and send this invoice to get paid online.

#	Description	Quantity	Unit Price	Total	Enter Text
1	Pest Control Services	1	35.00	35.00	Enter Text
2					

Add lines Clear all lines Add subtotal

Total \$35.00

Cancel Clear Print or Preview Make recurring Customize Save Save and send

- Click **Print or Preview** to view what the invoice you print or send will look like. You can print the invoice directly from this window.

Print later

**Print or Preview**

Print packing slip

**Print or Preview**

- To email the invoice, click **Save and send** and follow the steps.

## SEE A LIST OF OVERDUE CUSTOMERS

1. Click the **Sales** tab and select **Customers** at the top.

The screenshot shows the QuickBooks interface with the 'Customers' tab selected. The top navigation bar includes 'Dashboard', 'Invoices', 'All Sales', 'Customers', and 'Products and Services'. The left sidebar lists various categories: Banking, Sales, Expenses, Employees, Reports, Taxes, and Accounting. The main content area displays summary statistics for the last 365 days: Unbilled Last 365 Days (\$0, 0 ESTIMATE, 0 UNBILLED ACTIVITY), Unpaid Last 365 Days (\$1,237, 1 OVERDUE, \$2,158, 5 OPEN INVOICES), and Paid (\$0, 0 PAID LAST 30 DAYS). A 'New customer' button is visible in the top right. Below the statistics is a search bar and a table with columns for CUSTOMER, COMPANY, PHONE, OPEN BALANCE, and ACTION.

2. Click the **Overdue** filter on the top money bar to see any customers with an overdue balance.

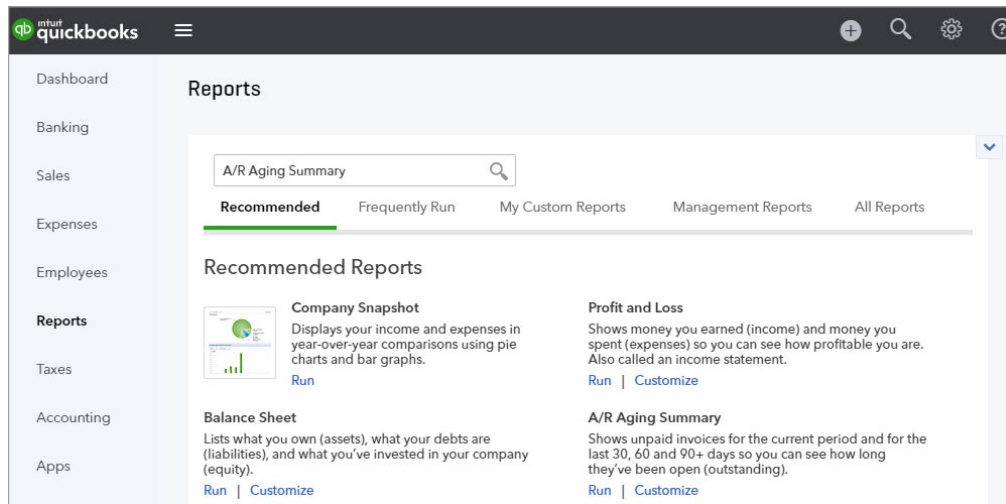
This screenshot shows the same QuickBooks interface as the previous one, but with the 'Overdue' filter applied. The 'Unpaid Last 365 Days' bar now shows \$1,237 with 1 OVERDUE. The 'Clear Filter / View All' link is visible next to the 'Customers' title. The table below the statistics has columns for CUSTOMER, COMPANY, PHONE, PENDING INVOICES, OVERDUE BALANCE, and ACTION.

## REVIEW THE ACCOUNTS RECEIVABLE (A/R) AGING SUMMARY REPORT

3. Click the **Reports** tab.

The screenshot shows the QuickBooks navigation sidebar. The 'Reports' tab is highlighted in a darker grey color, indicating it is the selected option. Other tabs include Dashboard, Banking, Sales, Expenses, Employees, Taxes, Accounting, and Apps.

4. Enter **A/R Aging Summary** in the search field.



5. This report displays how much of each customer’s balance is current (i.e. not overdue) versus overdue.

## RECEIVE AND DEPOSIT INVOICE PAYMENTS (USING UNDEPOSITED FUNDS)

Use the Receive Payment form to record customer payments against invoices. However, to record the deposit correctly you must answer 1 question.

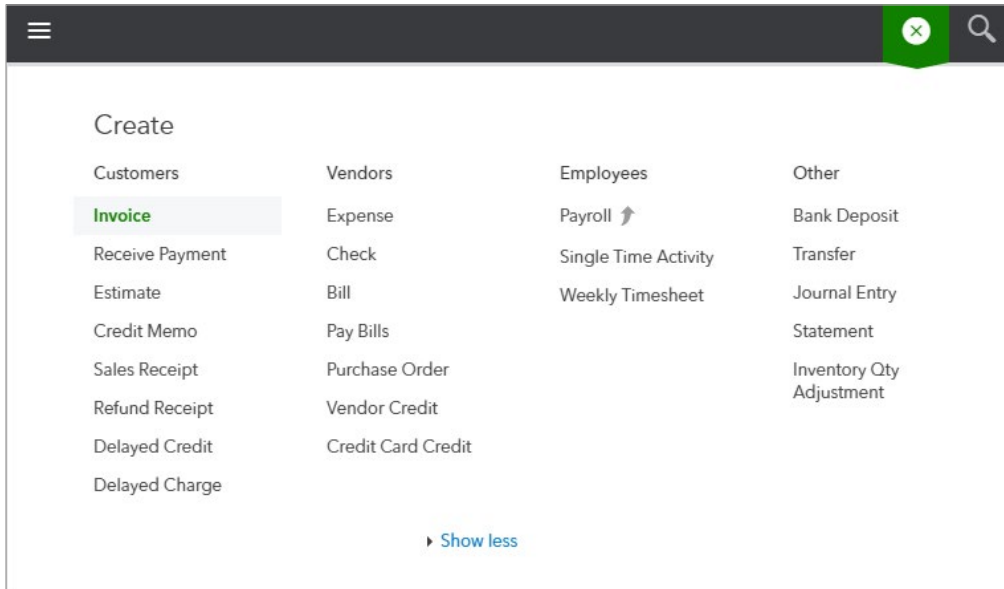
**Does this customer payment amount match the actual deposit you made at the bank?** If you only deposited that 1 customer payment, the answer is **YES** and you can **record that the customer payment was deposited into the bank account**.

However, in many cases the answer is **NO**. Why? Because most businesses deposit multiple customer payments together. That customer payment is part of a bigger deposit that includes other customer payments. For example, if you receive 3 checks for \$100 each, and make one deposit at the end of the day for \$300, you should **NOT record that each customer payment was deposited into the bank account**. If you do, your QuickBooks records will show 3 deposits of \$100 each, and the bank will show 1 deposit for \$300. You won't be able to reconcile your bank account, and when the bank downloads the deposit of \$300, it won't "match" the 3 deposits of \$100 each.

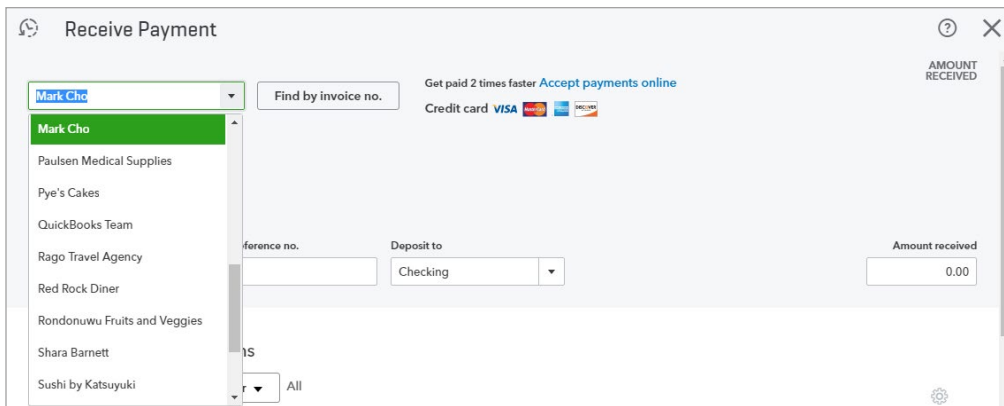
To solve this issue, deposit each payment to "Undeposited Funds" first, and then deposit the combined amount from Undeposited Funds into the bank account. You learn how in the next steps.

# RECEIVE INVOICE PAYMENT

1. Click the  sign.
2. Select **Receive Payment**.



3. Select the **customer**.



- Enter the remaining information. Receive the payment ten days after the invoice date.  
Deposit it to Undeposited Funds.

**Receive Payment**

Mark Cho  Get paid 2 times faster [Accept payments online](#)  
Credit card

AMOUNT RECEIVED

Payment date: 10/10/2017

Payment method: Check Reference no.: Deposit to: Undeposited Funds Amount received: 0.00

**Outstanding Transactions**

All

<input type="checkbox"/>	DESCRIPTION	DUE DATE	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
<input type="checkbox"/>	Invoice # 1007 (09/14/2016)	10/14/2016	314.28	314.28	<input type="text"/>

< First Previous 1-1 of 1 Next Last >

- Select the Outstanding Transaction(s).

**Receive Payment**

Mark Cho  Get paid 2 times faster [Accept payments online](#)  
Credit card

AMOUNT RECEIVED

**\$314.28**

Payment date: 10/10/2017

Payment method: Check Reference no.: Deposit to: Undeposited Funds Amount received: 314.28

**Outstanding Transactions**

All

<input checked="" type="checkbox"/>	DESCRIPTION	DUE DATE	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
<input checked="" type="checkbox"/>	Invoice # 1007 (09/14/2016)	10/14/2016	314.28	314.28	<input type="text" value="314.28"/>

< First Previous 1-1 of 1 Next Last >

Amount to Apply: \$314.28  
Amount to Credit: \$0.00

- Enter a Memo. (Optional)
- Click the **Save and close**.



You can see the Undeposited Funds account on the Chart of Accounts. In this case, the balance is \$701.28 which represents 2 payments. The \$314.28 payment we just received, and a payment of \$387 that we received earlier.

Chart of Accounts Reconcile

Chart of Accounts Run Report New

[Filter by name](#)

NAME	TYPE ^	DETAIL TYPE	QUICKBOOKS BA	BANK BALANCE	ACTION
Checking	Bank	Checking	1,938.50		<a href="#">View register</a>
Accounts Receivable (A/R)	Accounts rec...	Accounts Re...	2,158.22		<a href="#">View register</a>
Inventory Asset	Other Curre...	Inventory	0.00		<a href="#">View register</a>
Uncategorized Asset	Other Curre...	Other Curre...	0.00		<a href="#">View register</a>
Undeposited Funds	Other Curre...	Undeposited...	701.28		<a href="#">View register</a>

Now we'll deposit this amount to the checking account which currently has a balance of \$1,938.50.

## RECORD DEPOSIT

1. Click the **+** sign. Say you received other checks as well today, and you need to deposit these at the bank.
2. Select **Bank Deposit**.

Create

Customers	Vendors	Employees	Other
Invoice	Expense	Payroll ↕	<b>Bank Deposit</b>
Receive Payment	Check	Single Time Activity	Transfer
Estimate	Bill	Weekly Timesheet	Journal Entry
Credit Memo	Pay Bills		Statement
Sales Receipt	Purchase Order		Inventory Qty Adjustment
Refund Receipt	Vendor Credit		
Delayed Credit	Credit Card Credit		
Delayed Charge			

[Show less](#)

- Click the Account drop-down arrow and select the account to deposit to.

The screenshot shows the 'Deposit' window with the account dropdown menu open. The account 'Checking' is selected. The balance is \$1,938.50 and the date is 01/18/2017. The amount to deposit is \$0.00. A table of payments is shown below:

	DATE	TYPE	PAYMENT METHOD	MEMO	REF NO.	AMOUNT
<input type="checkbox"/>	10/10/2017	Payment	Check			314.28
<input type="checkbox"/>	01/18/2017	Payment	Check			387.00

Summary: Total 701.28, Selected Payments Total 0.00

Buttons: Cancel, Clear, Print, Make recurring, Save and close

- Select the payments to deposit.

The screenshot shows the 'Deposit' window with the account dropdown menu closed. The account 'Checking' is selected. The balance is \$1,938.50 and the date is 01/18/2017. The amount to deposit is \$701.28. A table of payments is shown below:

	RECEIVED FROM	DATE	TYPE	PAYMENT METHOD	MEMO	REF NO.	AMOUNT
<input checked="" type="checkbox"/>	Mark Cho	10/10/2017	Payment	Check			314.28
<input checked="" type="checkbox"/>	Kookies by Kathy	01/18/2017	Payment	Check			387.00

Summary: Total 701.28, Selected Payments Total 701.28

Buttons: Cancel, Clear, Print, Make recurring, Save and close

- Enter a Memo. (Optional)
- Click **Save and close**.

Now Undeposited Funds is zero and the checking account reflects the deposit. When you reconcile your bank account, your QuickBooks records will match the bank's records exactly.

Chart of Accounts Reconcile


Chart of Accounts Run Report New

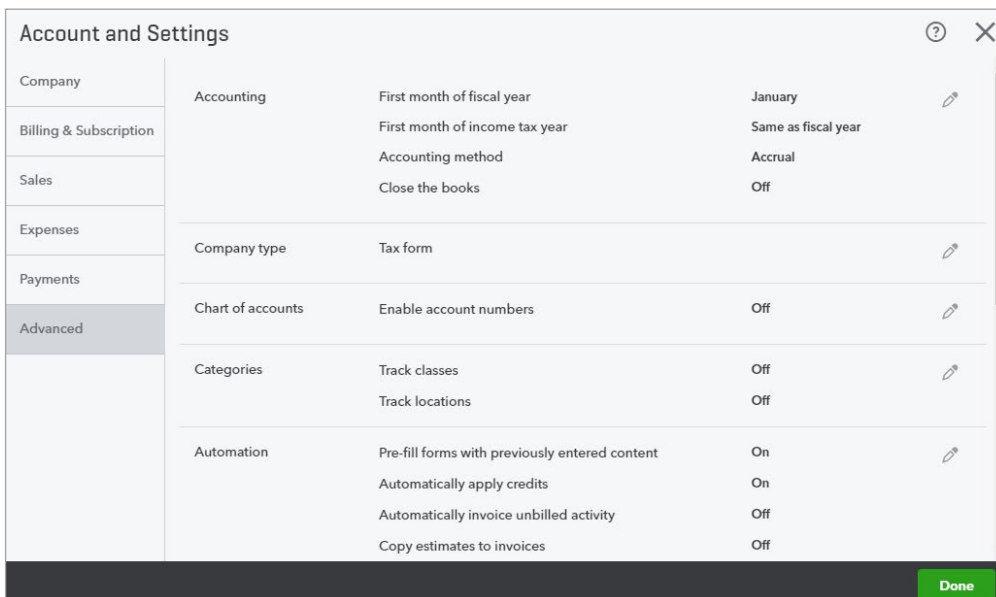
[Filter by name](#)

NAME	TYPE	DETAIL TYPE	QUICKBOOKS BA	BANK BALANCE	ACTION
Checking	Bank	Checking	2,639.78		<a href="#">View register</a>
Accounts Receivable (A/R)	Accounts rec...	Accounts Re...	2,158.22		<a href="#">View register</a>
Inventory Asset	Other Curre...	Inventory	0.00		<a href="#">View register</a>
Uncategorized Asset	Other Curre...	Other Curre...	0.00		<a href="#">View register</a>
Undeposited Funds	Other Curre...	Undeposited...	0.00		<a href="#">View register</a>

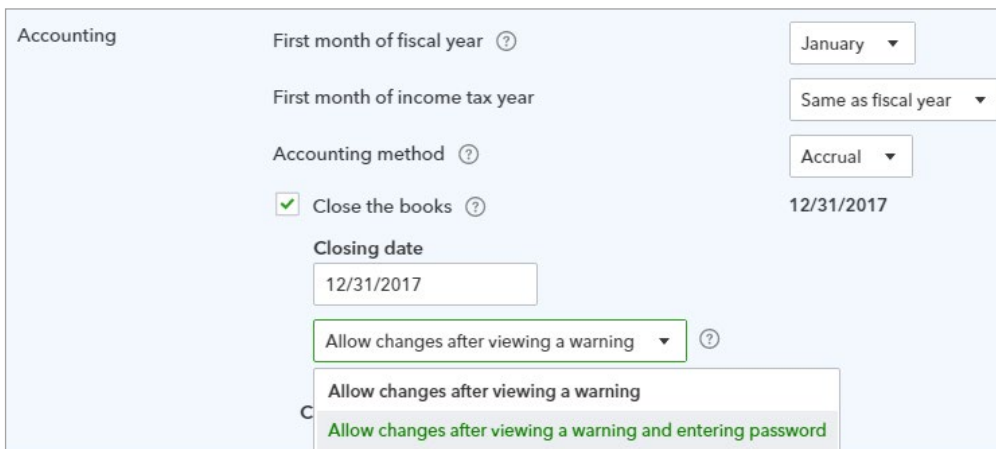
# HOW TO SET A CLOSING DATE AND PASSWORD

The Closing Date in QuickBooks essentially “locks” QuickBooks on a certain date to avoid anyone modifying transactions (adding, editing, deleting) dated before that day. This is an important step to close prior accounting periods. If anyone wants/needs to modify a transaction prior to the closing date, they must know the closing date password (if you’ve set one).

1. Click the  icon and select **Account and Settings**.
2. Click the **Advanced** tab on the list to the left.



3. Click in the **Accounting** section.
4. Check the box next to **Close the books**.
5. Enter the **Closing date**.
6. Click the drop-down arrow and select the appropriate option.



7. Enter the password in the Password and Confirm Password fields. (Optional)

**Accounting**

First month of fiscal year <sup>?</sup> January ▾

First month of income tax year Same as fiscal year ▾

Accounting method <sup>?</sup> Accrual ▾

Close the books <sup>?</sup> 12/31/2017

**Closing date**

Allow changes after viewing a warning and entering password ▾ <sup>?</sup>

**Password**

**Confirm Password**

Cancel **Save**

8. Click **Save** and **Done**.