

QuickBooks Guide

Step-by-Step Instructions

Problem 15-8 Recording Cash Payment Transactions

INSTRUCTIONS

Begin a Session

Step 1 Restore the Problem 15-8.QBB file.

Work the Accounting Problem

The instructions in this section explain how to enter cash payments using the QuickBooks software. To simplify the data entry process, you will batch similar transactions by type and then enter them using the appropriate software task option.

- Step 2** Review the transactions listed in your textbook and identify the purchases on account.
- Step 3** Enter the cash purchase of merchandise for March 1, 2015.

March 1, Purchased \$1800 in merchandise from Summit Bicycles, Check 2111.

To enter the purchase with cash:

- Choose **Write checks** from the **Banking** menu to display the Write Checks window.
- Click the **Print Later** check box on the ribbon to deselect it.
- Type **2111** in the No. field.
- Press **Tab** and type **03/01/2015** in the Date field. Press **Tab** and click the *Pay to the Order of* drop-down list. Select **Summit Bicycles**.
- Press **Tab** and type **1800** in the \$ field.
- Click in the Account field of the Expense tab and select **Purchases** from the drop-down list.
- Move to the Memo field and type **Purchased merchandise** as the description of the transaction.
- Proof the information you just recorded. If you notice a mistake, move to that field and make the correction.

Behind the scenes QuickBooks will enter a debit in the **Purchases** account and a credit to the **Cash in Bank** account.

- Click **Save & Close** to record the transaction.

- Step 4** Enter the remaining cash payments dated March 7, March 12, March 24, March 28, and March 31. Use 2015 as the year.
- Step 5** Enter the cash payment on account for March 3.

March 3, Issued Check 2112 for \$2,450 to Spaulding Inc. in payment of the \$2,500 account balance less a 2% cash discount of \$50.

- Choose **Pay Bills** from the **Vendors** menu.
- If you do not know the due date of the bill, click the **Show all bills** radio button.
- Place a check mark next to the Spaulding Inc. bill for \$2,500.
- Click the **Set Discount** button.
- Verify discount of **\$50** in the *Amount of Discount* field.

DO YOU HAVE A QUESTION?

Q. Does QuickBooks let you change a check amount if, for example you forget to record a discount?

A. No, you will have to void the check and recreate the payment with the correct discount amount.

Notes

QuickBooks lets you change the cash account if a company has more than one checking account—regular checking and pay-roll checking accounts, for example. For the problems in your textbook, there are three bank accounts. **Cash in Bank** is the default bank account.

Notes

QuickBooks does not have an option to display a journal while in the Write Checks window showing the debits and credits involved in the transaction.

Name	Date	Class
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- Select the **Purchases Discount** account in the *Discount Account* field.
- Click **Done**.
- Type **03/03/2015** in the *Payment Date* field.
- The *Payment Method* field should be **Check**.
- Click the **Assign check no.** radio button.
- Verify the *Payment Account* field shows **Cash in Bank**.
- Proof the information you just recorded.
- Click **Pay Selected Bills**.
- Assign **2112** as the check number in the Assign Check Numbers window.
- Click **OK**.
- Click **Done** in the Payment Summary window.



You can write a check involving more than one account in the Account column on the Expense tab of the Write Checks window.



If the Amount Discount field is not correct, you can manually change it to the correct amount.

- Step 6** Record the cash payment for March 17.
- Step 7** Record the March 20 bank service charge using the **Make General Journal Entries** option.

Prepare a Report and Proof Your Work

- Step 8** Print a Journal report.
- Step 9** Proof the information shown on the report. Update the transactions and print a revised report if you identify any errors.

Analyze Your Work

- Step 10** Choose **Accountant & Taxes** from the **Reports** menu. Select **General Ledger**.
- Step 11** Click the **Customize Report** button.
- Step 12** Type **03/01/2015** in the *From* field and **03/31/2015** in *To* field.
- Step 13** In the *Columns* field, scroll down and select **Debit** and **Credit**. Click **OK**.
- Step 14** Locate the **Cash in Bank** account on the General Ledger report and complete the Analyze activity.

End the Session

- Step 15** It is recommended that you back up your work for this session.

If you forgot to apply a debit memorandum to a specific vendor invoice in QuickBooks, what financial statement(s) would be affected and would they be overstated or understated? Explain your answer on a separate sheet of paper.



FAQs

What steps are required to correct a purchase invoice with the wrong vendor or amount?

If you enter the wrong information for a purchase invoice, you can correct it even if you have already saved the transaction. Choose the **Enter Bills** option and click the **Previous** button to display the purchase invoice in question. When the invoice appears in the entry window, make the necessary corrections and then save the updated transaction.

What steps are required to correct a cash payment entry?

You can change any information on a cash payment even if you have closed the current period. To make a change, choose the **Write Checks** option and click the **Previous** button to display the cash payment in question. Make the necessary corrections and then save the transaction. QuickBooks automatically applies the corrections.

Can you use the QuickBooks Make General Journal Entries option to record purchases on account and cash payments to vendors?

You have the ability to enter these transactions in the **Make General Journal Entries** option, because you can select the appropriate vendor subsidiary from the list of names. However, it is best to place the entries in the option designed to best handle the transaction. Use **Enter Bills** to enter purchases on account from vendors and **Pay Bills** to pay vendors on account.

Which GL account should you use to record a debit memo transaction for damaged supplies?

When you record a debit memo for damaged supplies, use the **Supplies** account, not the **Purchases Returns and Allowances** account. **Purchases Returns and Allowances** is used when you record a debit memo for damaged merchandise.