

QUICKBOOKS 2016 STUDENT GUIDE

Lesson 7

Receiving Payments & Making Deposits

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Table of Contents

Lesson Objectives	.4
Recording Payment in Full for a Single Job	5
Entering a Partial Payment	7
Applying One Payment to Multiple Jobs	8
Entering Overpayments	10
Handling Down Payments & Prepayments	11
Making Deposits	15
How QuickBooks Handles the Deposit	18
How to Handle a Customer Bounced Check	19
Receiving Payments & Making Deposits — Review Questions	22
Review Activities	23
Answers to Review Questions	24

Lesson Objectives

- To learn how to record customer payments in QuickBooks
- To learn how to handle customer discounts, partial payments, overpayments, or down payments
- To learn how to handle customer bounced checks
- To see how to record a deposit in QuickBooks and how QuickBooks treats the deposit behind the scenes
- To learn how to enter cash back from a deposit in QuickBooks

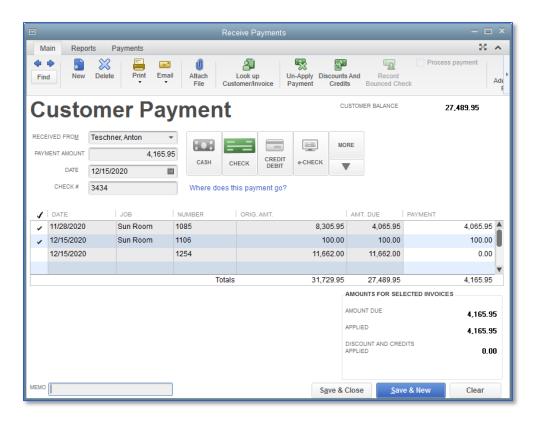
Recording Payment in Full for a Single Job

If you're receiving payment at the time of a sale and you fill out a sales receipt, QuickBooks records a customer payment. When you invoice a customer and you receive payment later, you enter the payment in the QuickBooks Receive Payments window.



To record a payment in full:

- 1. From the **Customers** menu, choose **Receive Payments**. (If the QuickBooks Payment Interview window displays, close it.)
- 2. In the Received From field, select the Customer: Job from whom you are receiving the payment. Press Tab.
- 3. In the **Amount** field, type the amount of the payment. Press **Tab**.
- 4. In the Date field, enter the date the payment was received. Press Tab.
- 5. Select the payment method from the payment icons, and then press **Tab**.
- 6. Enter the reference number for the payment, if applicable.
- 7. Place a check mark next to the invoices in the grid to which you are applying the payment. (Unless Automatically apply payments has been chosen in Edit -> Preferences -> Payments -> Company Preferences. In that case, you can remove checkmarks and add your own if the automatic application of payment doesn't suit your needs.)



8. Click Save & Close.



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Entering a Partial Payment



To enter a partial payment:

- 1. From the **Customers** menu, choose **Receive Payments**. (If the QuickBooks Payment Interview window displays, close it.)
- 2. In the Received From field, select the Customer: Job from whom you are receiving the payment. Press Tab.
- 3. In the **Amount** field, type the amount of the payment. Press **Tab**.
- 4. In the **Date** field, enter the date the payment was received. Press **Tab**.
- 5. Select the payment method from the payment icons, and then press Tab.
- 6. Enter the reference number for the payment, if applicable.
- 7. Place a check mark next to the invoices in the grid to which you are applying the payment. (Unless Automatically apply payments has been chosen in Edit → Preferences → Payments → Company Preferences. In that case, you can remove checkmarks and add your own if the automatic application of payment doesn't suit your needs.)
- 8. Enter the amount of the payment to be applied to each invoice.
- 9. Leave the Leave this as an underpayment option selected.
- 10. Click Save & Close to record the partial payment.



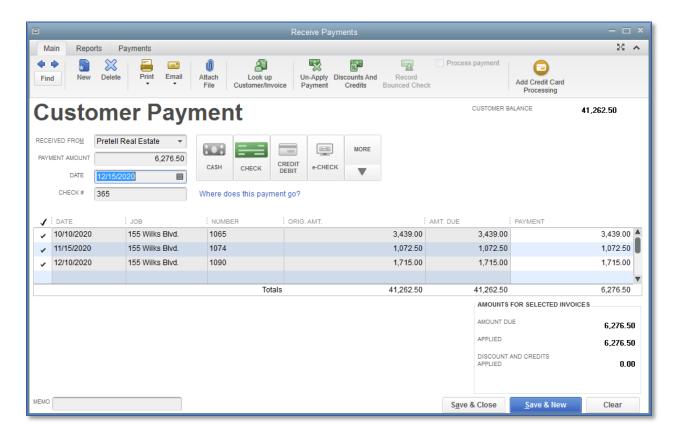
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Applying One Payment to Multiple Jobs



To apply one payment to multiple jobs:

- 1. From the **Customers** menu, choose **Receive Payments**. (If the QuickBooks Payment Interview window displays, close it.)
- 2. In the **Received From** field, select the parent customer name for the jobs against which you are receiving payment. This will enable QuickBooks to show all open invoices for the parent customer and all its jobs. Press **Tab**.
- 3. In the **Amount** field, type the amount of the payment. Press **Tab**.
- 4. In the **Date** field, enter the date the payment was received. Press **Tab**.
- 5. Select the payment method from the payment icons, and then press **Tab**.
- 6. Enter the reference number for the payment, if applicable.
- 7. Place a check mark next to the invoices in the grid to which you are applying the payment. (Unless Automatically apply payments has been chosen in Edit → Preferences → Payments → Company Preferences. In that case, you can remove checkmarks and add your own if the automatic application of payment doesn't suit your needs.) You will be able to identify the invoice number as well as the job to which it relates.



8. Click Save & Close.



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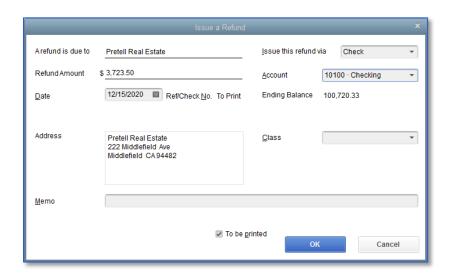
Entering Overpayments

If a customer sends you an overpayment, you simply enter the amount in the Receive Payments window and QuickBooks keeps track of the additional payment. When the customer has future invoices, you can apply the overpayment to those amounts — you can even apply the credit directly to the invoice.



To enter the payment:

- 1. From the **Customers** menu, choose **Receive Payments**. (If the QuickBooks Payment Interview window displays, close it.)
- In the Received From field, select the Customer: Job from whom you are receiving the payment. Press Tab.
- 3. In the **Amount** field, type in the amount of the payment. Press **Tab**.
- 4. Select the payment method from the payment icons, and then press Tab.
- 5. Enter the reference number for the payment, if applicable.
- 6. Place a check mark next to the invoices in the grid to which you are applying the payment. (Unless Automatically apply payments has been chosen in Edit → Preferences → Payments → Company Preferences. In that case, you can remove checkmarks and add your own if the automatic application of payment doesn't suit your needs.) The total in the Payment column may not add up to the total payment amount at the top of the Customer Payment window if you don't know how to apply all the money.
- 7. You may choose **Leave the credit to be used later** to leave the overpayment on the customer account or **Refund** the amount to customer to issue a refund.
- 8. Click Save & Close.
 - a. If you chose to refund the amount to your customer, the **Issue a Refund** window will appear. Complete the form appropriately.
 - b. Click OK.



Handling Down Payments & Prepayments

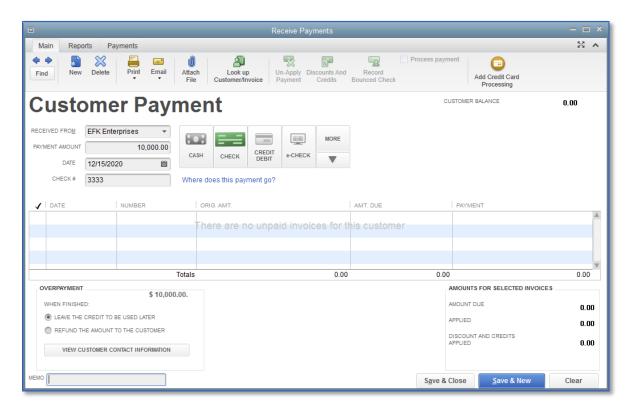
If a customer makes a payment before you've invoiced him for services (for example, he may be making a down payment or paying a retainer fee), you can still record the payment in the Receive Payments window. However, because you don't have any invoices to which to apply the payment, QuickBooks records the payment as an unused payment (just like an overpayment).

QuickBooks holds the unapplied amount in Accounts Receivable with the customer's name. The next time you enter that customer in the Receive Payments window, QuickBooks displays the credit amount in the Unused Credits area. The customer's balance also reflects the credit amount.



To enter the down payment:

- 1. From the **Customers** menu, choose **Receive Payments**. (If the QuickBooks Payment Interview window displays, close it.)
- 2. In the Received From field, select the Customer: Job from whom you are receiving the payment. Press Tab.
- 3. In the **Amount** field, type in the amount of the payment. Press **Tab**.
- 4. Select the payment method from the payment icons, and then press Tab.
- 5. Enter the reference number for the payment, if applicable.
- 6. Ensure that no invoices are selected for applying the payment.

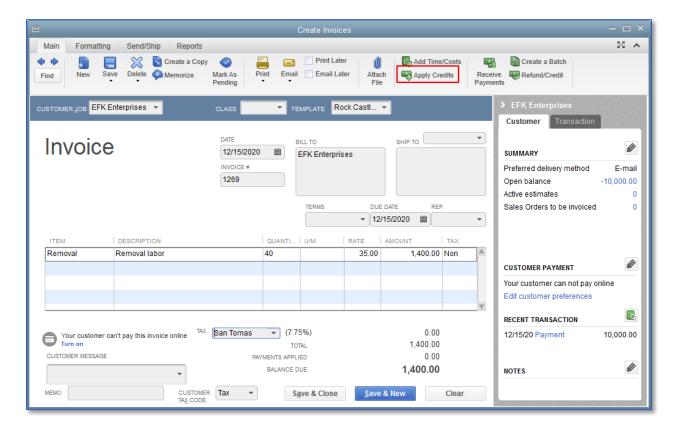


- 7. Leave the Leave the credit to be used later option selected.
- 8. Click Save & Close.
- 9. In the **Payment Credit** window that appears, click **OK**.



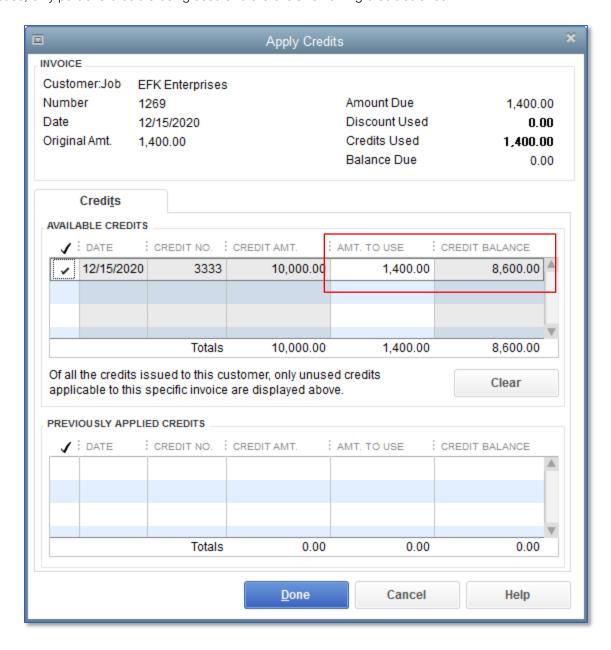
To create an invoice for a customer who made a down payment:

- 1. From the Customers menu, choose Create Invoices.
- 2. In the **Customer:Job** field, select for whom you are creating the invoice.
- 3. Add any billable time/costs, if applicable.
- 4. If you use custom invoice templates, select the appropriate template from the **Template** drop-down.
- 5. Complete the invoice form appropriately.
- 6. Click Save in Main tab at the top of the invoice to save your invoice but keep it open.

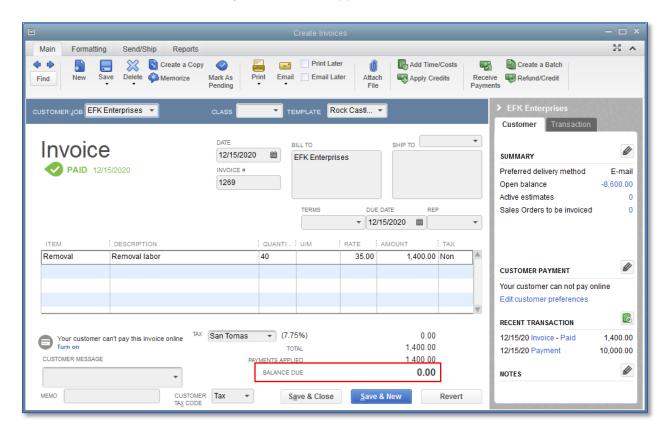


7. Click Apply Credits to apply the down payment amount toward this invoice.

8. Choose the credits you wish to apply to the invoice (if they're not chosen for you already) and click **Done**. In this case, only part of a credit is being used and there is a remaining credit balance.



9. You will see the invoice is now changed to reflect the application of a credit and the balance due is also affected.



10. Click Save & Close to record the transaction.



15

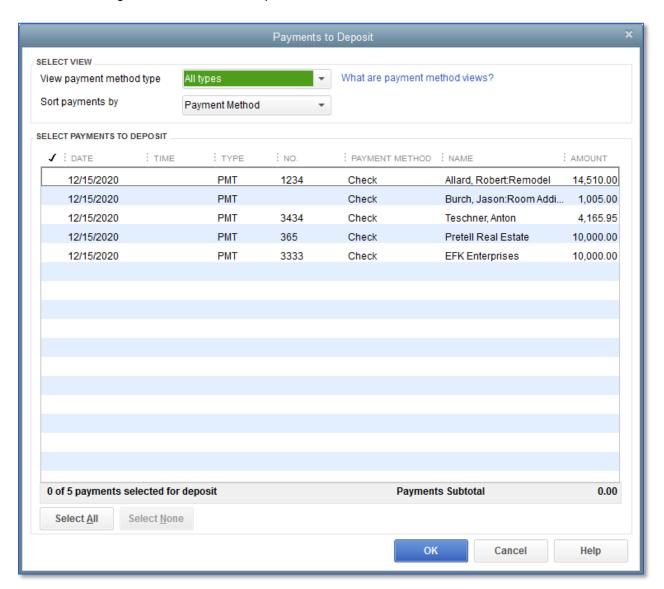
Making Deposits

When you use the Enter Sales Receipt window (for a sale where you receive payment on the spot), the Receive Payments window (for payments on invoices), or a payment item in the body of an invoice, QuickBooks keeps track of the money you've received until you deposit it in the bank. When you receive payments from customers, you can either deposit each payment directly into a QuickBooks bank account or you can accumulate those payments, in an account called Undeposited Funds, to be moved to a bank account at a later time. QuickBooks allows you to choose the method you prefer for depositing payments.

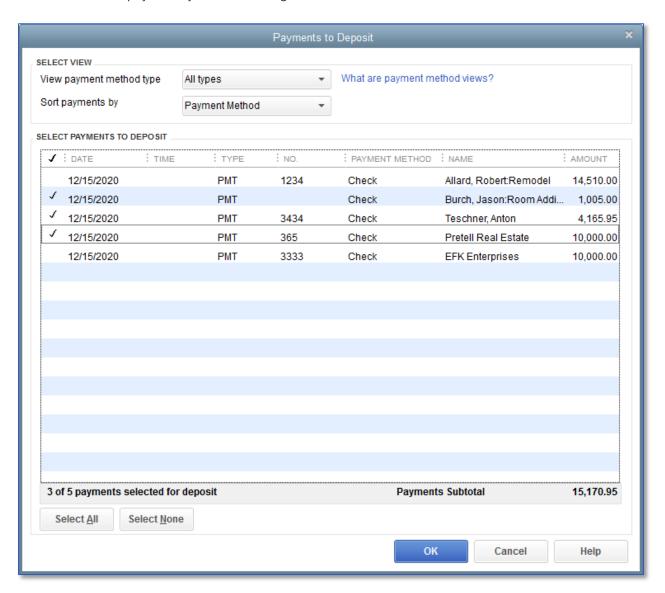


To select payments to deposit:

1. From the Banking menu, choose Make Deposits.



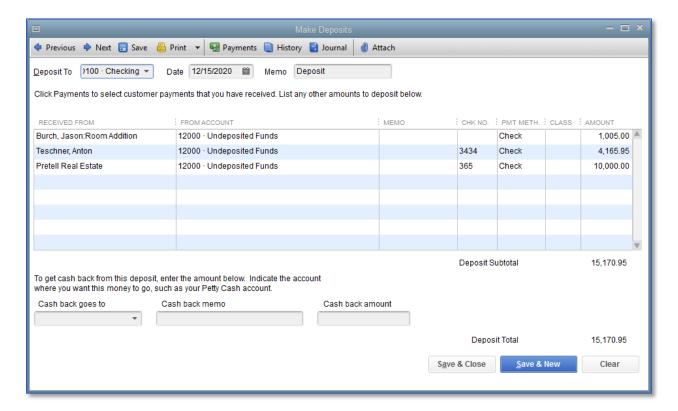
2. Click to select the payments you want to bring to the bank.



3. Click OK.

QuickBooks displays the Make Deposits window, which shows the payments you just selected.

- 4. In the **Deposit To** field, make sure the proper bank account is selected.
- 5. Ensure you enter the correct **Date** and a **Memo**, if desired.



If you have money to deposit that is not the result of a payment you received for a sale, you can enter it in the detail area of the window, in the next vacant row. For example, if you received a premium refund from your insurance company or a shareholder loan, you would enter it here.

- 6. You can print the deposit slip by selecting the **Print** icon at the top of the **Make Deposits** window and take that to your bank to accompany the deposit.
- 7. Click Save & Close to record the deposit.



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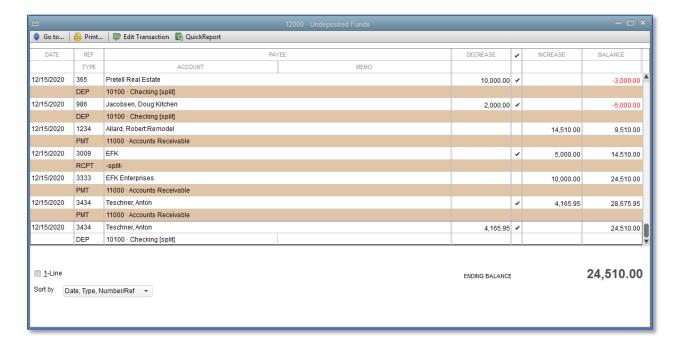
How QuickBooks Handles the Deposit



To view the Undeposited Funds account:

- 1. From the Lists menu, choose Chart of Accounts.
- 2. In the Chart of Accounts, double-click the Undeposited Funds account.

This is the register where QuickBooks records all payments posted to Undeposited Funds.





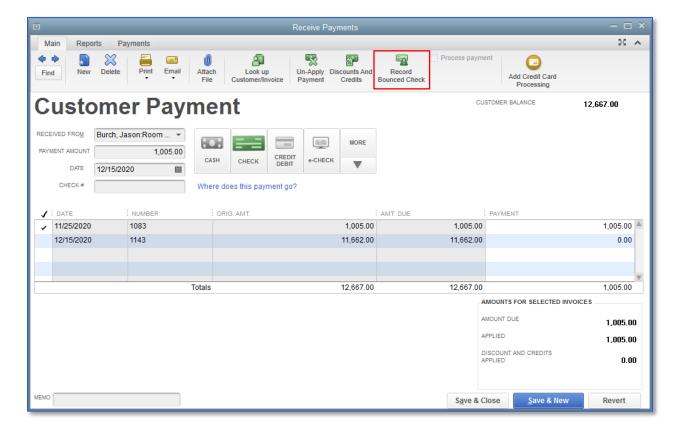
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How to Handle a Customer Bounced Check

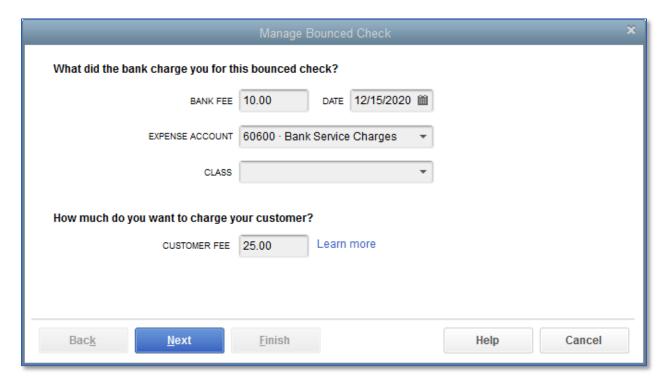


When a Customer Payment check is returned by the bank:

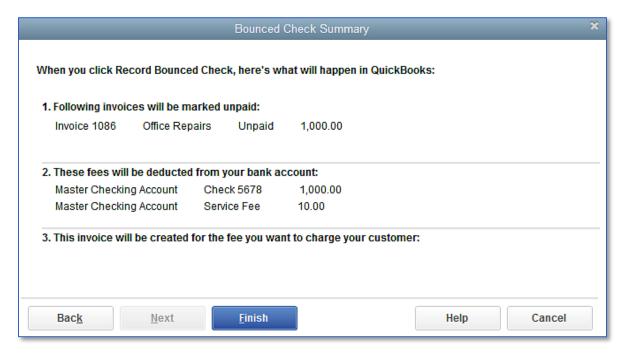
- 1. Open the Customer Center from the Customer drop-down menu (or press CTRL+J).
- 2. Highlight the Customer: Job from the list, then double-click on the payment transaction from the transaction list to open it.
- 3. Select the Record Bounced Check icon .



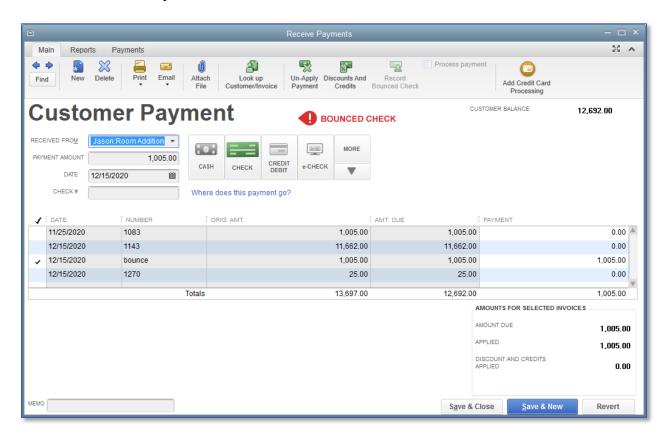
- 4. Enter any bank fees charged by your bank for the NSF transaction.
- 5. If you have a fee that you charge your customer for NSF checks, you can enter that as well.



- 6. Click Next.
- 7. In the Bounced Check Summary, select Finish.



8. Notice the Customer Payment screen indicates this check bounced.



- 9. Save & Close.
- 10. To see the effect of the bounced check, open the bank register by double-clicking the bank account from your Chart of Accounts (CTRL+A).



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Receiving Payments & Making Deposits — Review Questions

- 1. A company has set up three different jobs for a single customer. The customer writes one check to make a partial payment on open balances for all three jobs. In QuickBooks, that payment...
 - a. must be applied to the first invoice for the first job for the customer
 - b. must be applied to the most recent invoice for the customer
 - c. can be applied to any combination of invoices and jobs for the customer
 - d. cannot be applied to any invoices or jobs for the customer until full payment is received
- 2. QuickBooks supports which of the following types of payment scenarios?
 - a. Down payments for products or services
 - b. Overpayments from customers
 - c. Partial payments from customers
 - d. All of the above
- 3. True or false: You can enter a customer payment directly in the customer register.
 - a. True
 - b. False
- 4. The _____ account acts like a cash drawer and is used to hold funds until you deposit them into a bank account.
- 5. True or false: QuickBooks allows you to print deposit slips that you can take to the bank.
 - a. True
 - b. False

23

Review Activities

- 1. Create an invoice for Bryan Ruff's utility shed job. Add names to Rock Castle Construction's Item list as needed.
- 2. After you invoice Bryan, record a payment from him in the Receive Payments window.
- 3. Record Rock Castle Construction's deposit of the payment.

Answers to Review Questions

- 1. A company has set up three different jobs for a single customer. The customer writes one check to make a partial payment on open balances for all three jobs. In QuickBooks, that payment...
 - a. must be applied to the first invoice for the first job for the customer
 - b. must be applied to the most recent invoice for the customer
 - **c.** \checkmark can be applied to any combination of invoices and jobs for the customer
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- 2. QuickBooks supports which of the following types of payment scenarios?
 - a. Down payments for products or services
 - b. Overpayments from customers
 - c. Partial payments from customers
 - d. ✓ All of the above
- 3. True or false: You can enter a customer payment directly in the customer register.
 - a. True
 - b. ✓ False, you must enter payments in the Receive Payments window.
- 4. The *Undeposited Funds* account acts like a cash drawer and is used to hold funds until you deposit them into a bank account.
- 5. True or false: QuickBooks allows you to print deposit slips that you can take to the bank.
 - a. ✓ True
 - b. False