

Chapter 4

CUSTOMER ACTIVITIES FOR A SERVICE BASED BUSINESS

LEARNING OBJECTIVES

This chapter works with the **Practice Astor Landscaping** data file customized with your initials at the end of Chapter 1. ***When this company is not loaded on your computer, restore it using the Practice Astor Landscaping Chpt 1.QBB backup file created in the Practice Set at the end of Chapter 1.***

This chapter will focus on using QBP to process customer activities for a service based business. The chapter covers:

1. Learning manual accounting procedures (*MAPS*) for customer transactions before recording transactions in QBP
2. Using the Customer Center to perform customer activities
3. Recording customer invoices, jobs, payments, and credits
4. Looking *Behind the Keys* of posted transactions
5. Managing customer accounts, service items, and customer jobs
6. Correcting and voiding transactions
7. Analyzing sales and job reporting
8. Preparing customer statements
9. Reconciling customer activities to the accounts receivable control account

Launch QBP and open **Practice Astor Landscaping**.

The following is background information on Astor's business operations. The company provides landscaping and lawn maintenance services to residential and commercial customers. Customers are not invoiced until services are provided. Astor uses QBP inventory features to track job material purchases and service pricing. Service labor costs are incurred by paying Astor employees or subcontractors and the accountant uses job costing to analyze job performance. The company's current accounting period is March 2007.



MANUAL ACCOUNTING PROCEDURES

Before processing sales transactions in QBP, become familiar with a manual accounting system. This topic walks through manual accounting procedures (*MAPS*) for processing customer sales transactions. We begin at the point where the customer initiates a transaction.

On March 23, 2007, John Chester contacts Astor salesperson, Jan Folse, requesting seasonal lawn maintenance. John has used the company in the past. Jan quoted John a price of \$80.00 plus tax and the service is scheduled for March 27, 2007.

In a manual system, Jan writes up a service ticket, which an employee performing the service takes to the job. These tickets are not entered in the accounting records because the sale is not recognized because the revenue is not earned until after performing the services.

On March 27, Jeff Henderson picks up the service ticket and heads to John's home. After completing the service, Jeff has John sign the service ticket to acknowledge completion and returns the signed ticket to Jan. Jan then forwards the ticket to the accountant, Judy White, who prepares this invoice.

Astor Landscaping 1505 Pavilion Place, Suite C Arlington, VA 30093	
Customer: Mr. John Chester 2404 Pleasant Hill Danville, VA 30096	Date: 3/27/2007
INVOICE	
No. 1020	
Seasonal Lawn Maintenance March 27, 2007	\$ 80.00
Sales Tax	<u>4.00</u>
Total	<u>\$ 84.00</u>
Please remit balance within 30 days	

Judy then records this invoice and other invoices for that day in the Sales Journal. Her entries to the Sales Journal for March 27 appear next.

Astor Landscaping Sales Journal						
Date: 3/27/2007						Page 15
Customer	Post Ref	Description	Accounts Receivable (Debit)	Maint. Services (Credit)	Hardscape Sales (Credit)	Sales Tax Payable (Credit)
John Chester	CHES001	Seasonal Maint. INV1020	84.00	80.00		4.00
DBH Enterprises	DBHE001	Landscaping / Maint. INV1021	3,383.15	290.00	2,916.78	176.37
Yango Software	YANG001	Seasonal Maint. INV 1022	290.13		275.00	15.13
Totals:		<u>Audit Trail</u>	<u>\$3,757.28</u>	<u>\$370.00</u>	<u>\$3,191.78</u>	<u>\$195.50</u>
Acct Ref:			(11000)	(45000)	(42000)	(22000)

You see that Judy entered John's invoice as a debit to accounts receivable and as credits to maintenance services and sales tax payable. At the end of the day, Judy totals Sales Journal columns and cross-foots totals to verify that entries balance (i.e., debits equal credits). She then posts each invoice to the customer's account and posts column totals to the general ledger accounts noted at the bottom.

Here is Judy's entry to John's customer account. (Note: Entries for other customer accounts are not illustrated.)

John Chester 2404 Pleasant Hill Danville, VA 30096			Account No. CHES001		
Date	Description	Post Ref.	Debit	Credit	Balance
3/01/2007	Beginning Balance				0.00
3/27/2007	Maint. Service INV1020	SJ 15	84.00		84.00

Judy's entries to the general ledger accounts are illustrated next. (Note: The entry to sales tax payable is not shown.)

Audit Trail

General Ledger					
Accounts Receivable			Account No. 11000		
Date	Description	Post Ref.	Debit	Credit	Balance
3/26/2007	Balance Forward				96,273.96
3/27/2007		SJ 15	3,757.28		100,031.24

General Ledger					
Maintenance Services			Account No. 45000		
Date	Description	Post Ref.	Debit	Credit	Balance
3/26/2007	Balance Forward				22,240.00
3/27/2007		SJ 15		370.00	22,610.00

General Ledger					
Hardscape Sales			Account No. 42000		
Date	Description	Post Ref.	Debit	Credit	Balance
3/26/2007	Balance Forward				55,290.00
3/27/2007		SJ 15		3,191.78	58,481.78

As Judy posts, she is also entering the posting references that form the audit trail. An audit trail documents entries from the Sales Journal to general ledger accounts, from the Sales Journal to customer accounts, and vice versa. You can imagine the posting errors that could occur in a manual system. Judy could record an entry backwards (e.g., enter a debit as a credit), record an out-of-balance entry, omit an entry, or forget to enter the audit trail.

On the same day, Judy posts customer payments for outstanding invoices. These entries are recorded in a separate journal called the Cash Receipts Journal. Entries to the Cash Receipts Journal are illustrated next.

Date: 3/27/2007		Astor Landscaping Cash Receipts Journal			Page 3	
Customer	Check No.	Post Ref	Invoice No.	Regular Checking (Debit)	Accounts Receivable (Credit)	Payment Discounts (Credit)
O'Hara Homes	993	OHAR001	993	1,000.00	1,000.00	
Sycamore Homes	9832	SYCA001	1012	\$20,291.72	20,681.95	390.23
Totals:				<u>\$21,291.72</u>	<u>\$21,681.95</u>	<u>\$ 390.23</u>
Acct Ref:				(10200)	(11000)	(49000)

As with the Sales Journal, Judy posts each check to the customer's account and column totals to the general ledger accounts. This time she will use the posting reference of CRJ (Cash Receipts Journal) along with the page number. (Note: These postings are not illustrated.)

With QBP most of the posting errors are eliminated. You will see in subsequent topics that sales invoices and customer payments are posted when saving. In addition, QBP posts entries on the Sales and Cash Receipts Journals to customer accounts and general ledger accounts. QBP also enters the audit trail and will not post entries that are out of balance.

We will now focus our attention to processing customer transactions in QBP.

CUSTOMER CENTER

The Customer Center focuses on processing customer activities. Click **Customers** on the **Home** page to open this center (see below). We now discuss this center's purpose. (If these invoices are not listed, click the Filter By dropdown list and select All Invoices.)

Customer Center: Ashford Hill Apartments (Invoices)

View: Active Customers

Name	Balance Total
Ashford Hill Apartments	4,116.00
Chester, John	0.00
Crawford, Shelly	0.00
DBH Enterprises	2,143.50
Elkorn Apartments	0.00
Fairbanks Construction	0.00
Gibson, Robert	9,768.75
Hobbs Web Design	0.00
Hutcheon, Brian	10,573.35
Jenke, Lynda	0.00
O'Hara Homes	14,860.00
Patios and Walks	0.00
Redesign Gardens	14,860.00
Peck, Oliver	1,102.50
Pleasantdale Luxury Apart...	1,609.50
Reynolds Court Subdivision	4,924.50
Sallens Property Managem...	9,540.00
Silver Homes	12,127.50
Sugar Hill Tennis Club	0.90
Sycamore Homes	21,826.00
White and Associates	12,495.00
Yango Software	0.00

Customer Information



Customer Name: Ashford Hill Apartments
 Customer Type: Commercial
 Company Name: Ashford Hill Apartments
 Billing Address: Ashford Hill Apartments, 3466 Ashford Hill, Danbury, VA 30097
 Contact: Mark Howard
 Phone: 770-555-4466
 Alt Phone:
 Fax: 770-555-4467
 Email:
 Terms: Net 30 Days

Notes

Filter By: All Invoices


Num	Date	Due Date	Aging	Amount	Open Balance
1014	03/29/2007	04/28/2007		204	882.00
1005	03/12/2007	04/11/2007		221	882.00
1002	03/06/2007	04/05/2007		227	588.00
991	02/26/2007	03/28/2007		235	882.00
985	02/19/2007	03/21/2007		242	882.00
981	02/12/2007	03/14/2007			588.00
973	02/05/2007	03/07/2007			882.00
972	01/29/2007	02/28/2007			882.00
964	01/22/2007	02/21/2007			588.00
961	01/15/2007	02/14/2007			882.00
953	01/08/2007	02/07/2007			882.00
				8,820.00	4,116.00

The **Customers & Jobs** tab lists transactions by customer account. Astor's customer accounts and balances appear to the left. The **View** option will toggle the accounts so you can view All Customers, Active Customers, or Customers with Open Balances. You are currently viewing Active Customers.

This  button will hide the Customer Information pane shown to the right. After hiding, this  button located on the far right will redisplay customer information.

The **Customer Information** pane reveals transactions for the account highlighted to the left. This account is currently Ashford Hill Apartments.

The **Edit Customer** button is used for editing Ashford's account information and the **Edit Notes** button for entering account notes. There are also hyperlinks for creating **Reports for this Customer**.

Ashford's transactions are listed at the bottom of its account information. The filter options of **Show**, **Filter By**, and **Date** determine the transactions displayed. Click  to access an option's dropdown list so you can change the selection. You are currently viewing **Invoices** that are **Open Invoices** recorded in **This Fiscal Year**. (Remember the fiscal year is based on your computer date.)

Filter options work as follows:

- ❖ Show: Select the transaction type to list
- ❖ Filter By: Use additional criteria to filter transactions for the type
- ❖ Date: List all transactions for the type or only those transactions recorded on a specific date or range of dates

Now turn your attention to activities that can be performed while the Customers & Jobs tab is active. These activities are **New Customer and Job**, **New Transactions**, **Print**, **Excel**, and **Word**.

Each activity has the ▾ symbol by its name meaning you will choose a specific action after clicking the activity. The next table discusses these actions by activity. Most actions will operate on the customer account highlighted on the left.

Activity	Action	Description
New Customer & Job	New Customer	Create a new customer account.
	Add Job	Create a new job for the highlighted customer.
New Transactions	Invoices	Create a sales invoice for the highlighted customer.
	Sales Receipts	Record a sales transaction for the highlighted customer. Used when the customer is paying in full at time of sale. Do not use this activity when the customer is making a sales deposit. Instead, use Invoices.
	Statement Charges	Open the highlighted customer's register and enter charges that will print on a statement. This is an alternate method for billing customers that bypasses creating an invoice. It can also be used to record finance charges. The text will not illustrate this method.
	Receive Payments	Record payment receipt from the highlighted customer.
	Credit Memos/Refunds	Issue a credit to the highlighted customer or refund a customer overpayment.

Print	Customer & Job List	Print a customer list with balances. The report cannot be customized so you should consider using the Reports menu to print this information.
	Customer & Job Information	Print account information and notes for the highlighted customer. The report cannot be customized so you should consider using the Reports menu to print this information.
	Customer & Job Transaction List	Print the highlighted customer's transactions for the current fiscal year. The report cannot be customized so you should consider using the Reports menu to print this information.
Excel	Export Customer List	Create an Excel workbook or comma separated values (.csv) file containing account information for all customers along with account balances.
	Export Transactions	Create an Excel workbook or comma separated values (.csv) file containing current fiscal year transactions for the highlighted customer.
	Import from Excel	Import customer information and/or transactions from an Excel workbook or comma separated values (.csv) file.
Word		Create form letters for customers.

Next turn your attention to the **Transactions** tab, which lists transactions by type instead of transactions by customer. Click to activate the tab.

Customer	Num	Date	Due Date	Aging	Amount	Open Balance
Ashford Hill Apartm...	985	02/19/2007	03/21/2007		242	882.00
Ashford Hill Apartm...	991	02/26/2007	03/28/2007		235	882.00
Ashford Hill Apartm...	1002	03/06/2007	04/05/2007		227	588.00
Ashford Hill Apartm...	1005	03/12/2007	04/11/2007		221	882.00
Ashford Hill Apartm...	1014	03/29/2007	04/28/2007		204	882.00
DBH Enterprises	995	02/26/2007	03/28/2007		235	294.00
DBH Enterprises	1001	03/06/2007	04/05/2007		227	322.50
DBH Enterprises	1007	03/12/2007	04/11/2007		221	322.50
DBH Enterprises	1011	03/15/2007	04/14/2007		218	322.50
DBH Enterprises	1015	03/29/2007	04/28/2007		204	882.00
Gibson, Robert	965	01/22/2007	02/06/2007		285	9,768.75
Hutcheon, Brian	1006	03/12/2007	03/27/2007		236	10,573.35
O'Hara Homes:Red...	993	02/26/2007	03/28/2007		235	2,550.00
O'Hara Homes:Red...	1000	03/05/2007	04/04/2007		228	1,550.00
O'Hara Homes:Red...	1008	03/13/2007	04/12/2007		220	3,210.00
O'Hara Homes:Red...	1013	03/29/2007	04/28/2007		204	7,550.00
Peck, Oliver	1017	03/03/2007	03/18/2007		245	1,102.50
Pleasantdale Luxur...	998	03/05/2007	04/04/2007		228	1,609.50
Reynolds Court Su...	988	02/19/2007	03/21/2007		242	882.00
Reynolds Court Su...	992	02/26/2007	03/28/2007		235	882.00
Reynolds Court Su...	999	03/05/2007	04/04/2007		228	588.00
Reynolds Court Su...	1004	03/12/2007	04/11/2007		221	882.00
Reynolds Court Su...	1009	03/14/2007	04/13/2007		219	882.00
Reynolds Court Su...	1016	03/29/2007	04/28/2007		204	808.50

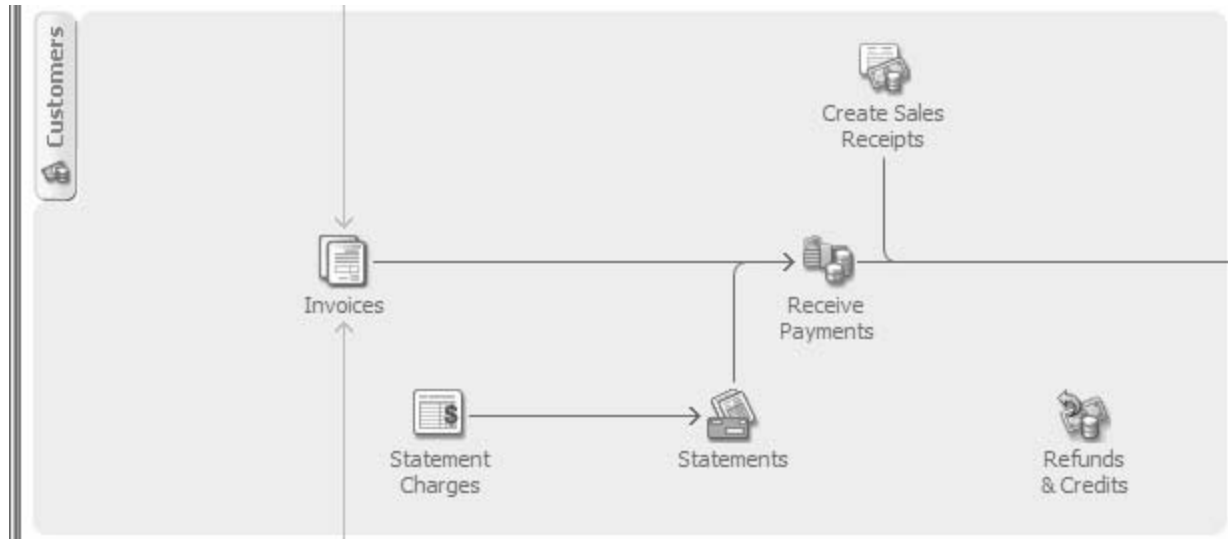
Transaction types are chosen on the left. Since **Invoices** is currently highlighted, the information on the right displays all sales invoices that are **Open Invoices** in **This Fiscal Year**. Once again, you filter the transactions displayed using an option's dropdown list. You can also sort the list by clicking a column header.

Activities that can be performed while this tab is active are different from the activities performed on the other tab. First, not all activities carry the ▾ symbol; therefore, clicking an activity will immediately open the task. This table discusses activities for this tab.

Activity	Description
New Customer	Create a new customer account. Additional jobs must be added by using the first tab.
New Transactions	Contains the same actions as found on the Customers & Jobs tab but this time the user selects the customer.
Print	Print transactions listed to the right.
Customer & Job Info	Edit the customer and job information for the transaction highlighted on the right.
Export	Create an Excel workbook or comma separated values (.csv) file containing transactions listed on the right.

So you see that the Customer Center will let you perform a variety of customer activities. With this center, you can initiate transactions, locate posted transactions, manage accounts, and create new accounts.

In contrast, the customer section of the Home page (below) only initiates transactions but offers quicker access to such tasks. In addition, you can always use the **Customers** menu to perform customer activities.



Now that you are familiar with initiating customer activities, let's begin recording customer transactions.

ENTERING SALES INVOICES

You will now return to John Chester's transaction illustrated in the *MAPS* topic and record his invoice in QBP. Read the data entry tips below before performing the exercise that follows.

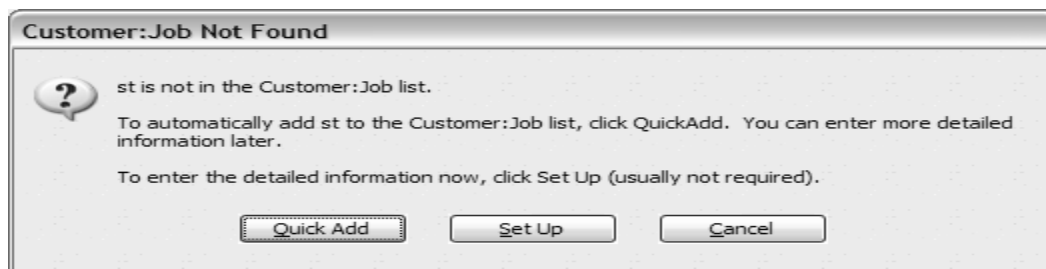
Data Entry Tips

Tip 1: Customer:Job field links the transaction to a customer's account. The Item field links inventory items to the transaction. Customer accounts and items are also called master record fields. You will recognize master record fields because these fields contain lookups for selecting records.

Tip 2: You can click the dropdown list on the customer account or item to make a selection or begin typing the name of the customer account or item to make the selection.

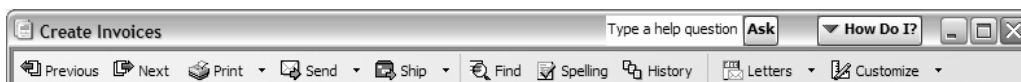
Tip 3: If you select the wrong customer or item for an invoice then return to the field and change the selection. Click Edit on the main menu when you want to add or delete invoice line items.

Tip 4: QBP can create new master records "on the fly," meaning you can add a new customer or item while entering a transaction. Example: A new customer can be added by typing a customer name in the Customer:Job field and then pressing tab. QBP will prompt with:



Click **Set Up** and add the customer's account information. Click **Cancel** to return to the Customer:Job field and make a different customer selection. Do not use Quick Add because this option does not allow you to enter an address or other information for the customer account.

Tip 5: This information relates to toolbar icons on the invoice window.



Previous and **Next** scroll through posted invoices. QBP will prompt to save a new or modified transaction before moving to another transaction.

Print sends the current invoice to a printer. The dropdown list for this icon contains an option for previewing the invoice before printing or for printing multiple invoices.

Send emails an invoice. The dropdown list for this icon contains options for emailing multiple invoices.

Ship integrates with FedEx or UPS online shipping and will not be illustrated in the text.



Steps for Entering a Sales Invoice

1. On the Home page, click **Invoices** to open the invoice transaction window.

Make sure that the form template reads **Intuit Service Invoice**. You can change the template by using the dropdown list. The service invoice template sets columns on line items and other fields that display on the form.

To resize the window, drag the edges using the mouse. To resize line item columns, drag the column separators.

2. Place your cursor in **Customer:Job** and look up to select “Chester, John”. The **Bill To** and **Terms** will transfer from the customer account.
3. Place your cursor in **Date**. Type “3/27/2007” because this is the day that the services were performed. (Note: You can also select the date using the field’s calendar feature.)

*(Note: The first time you open a transaction window, QBP will set the transaction date to your computer date. Therefore, **BE CAREFUL** and remember to always check transaction dates before saving.)*

4. Tab to **Invoice #** and enter “1020”.

- Place your cursor in **Item** on the first line item. Look up and select “SEAS MNTNCE – RESIDENTIAL”.

(Note: The lookup on Item signals this is a master record field.)


- Tab to **Quantity** and enter “2”.
- The completed invoice appears here.

The screenshot shows the 'Create Invoices' window in QuickBooks. The customer is 'Chester, John'. The invoice is dated 03/27/2007 and has an invoice number of 1020. The bill-to address is John Chester, 2404 Pleasant Hill, Danville, VA 30096. The terms are Net 15 Days. The invoice contains one line item: SEASONAL SERVICES:SEAS MNTNCE - RESIDENTIAL, with a quantity of 2, a rate of 40.00, and an amount of 80.00. A tax of 4.00 is applied at 5.0% (VA SALES TAX). The total is 84.00. The window also shows options for printing, e-mailing, and applying credits.

Item	Quantity	Description	Rate	Amount	Tax
SEASONAL SERVICES:SEAS MNTNCE - RESIDENTIAL	2	Seasonal Maintenance for Residential customers	40.00	80.00	Tax
					VA SALES TAX (5.0%) 4.00
				Total	84.00

Before saving, review the remaining fields. You will normally not need to change data in these fields.

- ❖ Description and Rate defaulted from the item selected.
- ❖ Amount equals the Quantity times the Rate.
- ❖ The line item Tax field determines whether sales tax will be charged. You can mix taxable line items with nontaxable line items.
- ❖ Tax on the form (e.g., VA Sales Tax,) is the sales tax rate applied to taxable line items. The rate code defaults from the customer account.
- ❖ Customer Tax Code is the customer’s default sales tax status.
- ❖ *To be printed* flags an invoice for printing. *To be e-mailed* flags it for email delivery.
- ❖ The Apply Credits button is used to apply outstanding customer credit memos and overpayments to the invoice.
- ❖ Customer Message will appear on the printed invoice whereas Memo is for entering internal notes.

8. Click  see how the invoice will look when printed.

(Note: If prompted about shipping labels, select the option that turns off future messages and click OK.)

Scroll to the bottom and find the invoice total. You can click on the invoice to enlarge it.

Click **Close** to return to the invoice transaction.

Print Preview -- Page 1 of 1

Print Prev page Next page Zoom Out Help Close

Practice Astor Landscaping
1505 Pavilion Place, Suite C
Arlington, VA 30093

Invoice

Date	Invoice #
3/23/2007	1020

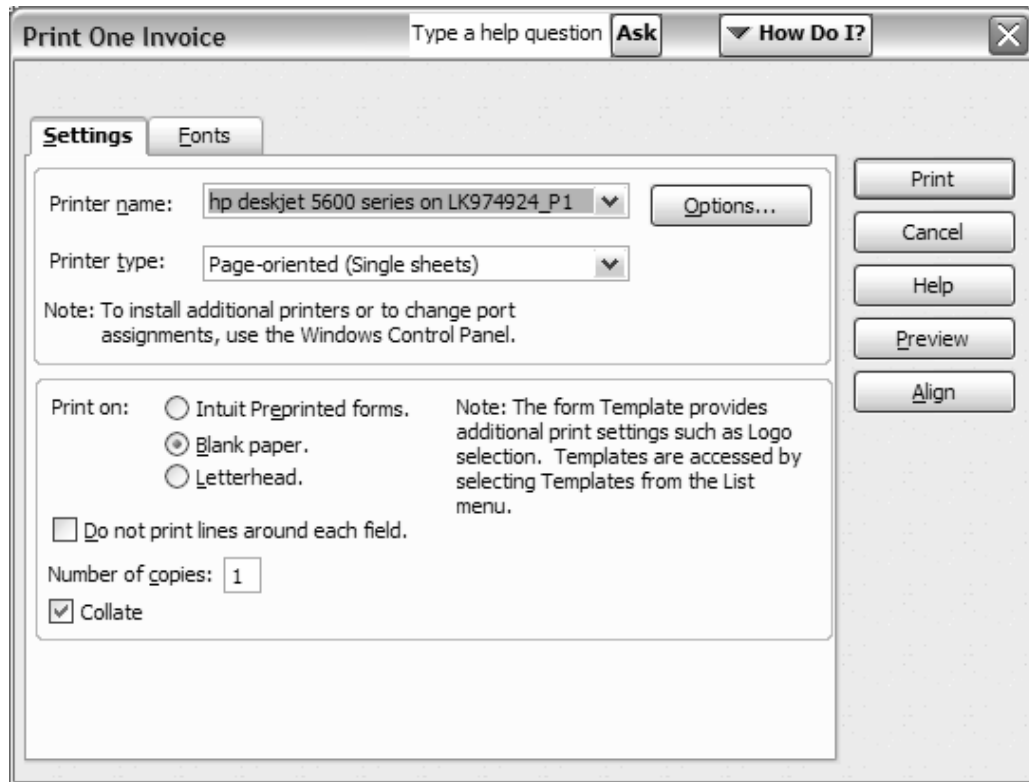
Bill To

John Chester
2404 Pleasant Hill
Danville, VA 30096

P.O. No.	Terms	Project
	Net 15 Days	

Quantity	Description	Rate	Amount
2	Seasonal Maintenance for Residential customers	40.00	80.00T
	Sales Tax	5.00%	4.00

9. Click **Print** and QBP prompts to save the invoice. Click **Yes** and a window opens for selecting the printer. Use the dropdown list on **Printer name** if you need to select a different printer.



10. Click **Print** to send the invoice to the printer.
11. Click **Save & Close**. (Note: Save & New will post a transaction and remain in the window for entering the next transaction.)

In this exercise you entered a single invoice and then printed it. Normally you will enter several invoices before printing. To print multiple invoices, click the dropdown list on the **Print** icon and select **Print Batch**. QBP will then print every invoice where this option **To be printed** is checked.

You do not have to recheck the *To be printed* option to reprint a posted invoice. Just reopen the invoice and click **Print**.



BEHIND THE KEYS OF A POSTED SALES INVOICE

In this topic, you will trace QBP's audit trail by locating the entries made when posting John's invoice. Remember in the manual system that the audit trail referenced the Sales Journal and the page number. Let's see how that compares with QBP's audit trail.



Trace the Audit Trail of a Posted Sales Invoice

1. First, open the Sales Journal by selecting **Reports>>Memorized Reports>>Accounting Journals>>Sales Journal** on the main menu.
2. Enter the date range of **From 3/27/2007 To 3/27/2007** and refresh the report.

Trans #	Type	Date	Num	Name	Account	Debit	Credit
289	Invoice	03/27/2007	1020	VA Sales Tax Department	22000 - Sales Tax Payable		4.00
289	Invoice	03/27/2007	1020	Chester, John	11000 - Accounts Receivable	84.00	
289	Invoice	03/27/2007	1020	Chester, John	45000 - Sales - Maintenance Services		80.00
▶ TOTAL						84.00	84.00

Recall that John's invoice entries on the manual Sales Journal debited 11000 Accounts Receivable for \$84.00, credited 45000 Maintenance Services for \$80.00, and credited 22000 Sales Taxes Payable for \$4.00. This is exactly what QBP shows as the entries.

Note the audit trail code of "Invoice" under Type and "289" under Tran #. Close this report without saving changes.

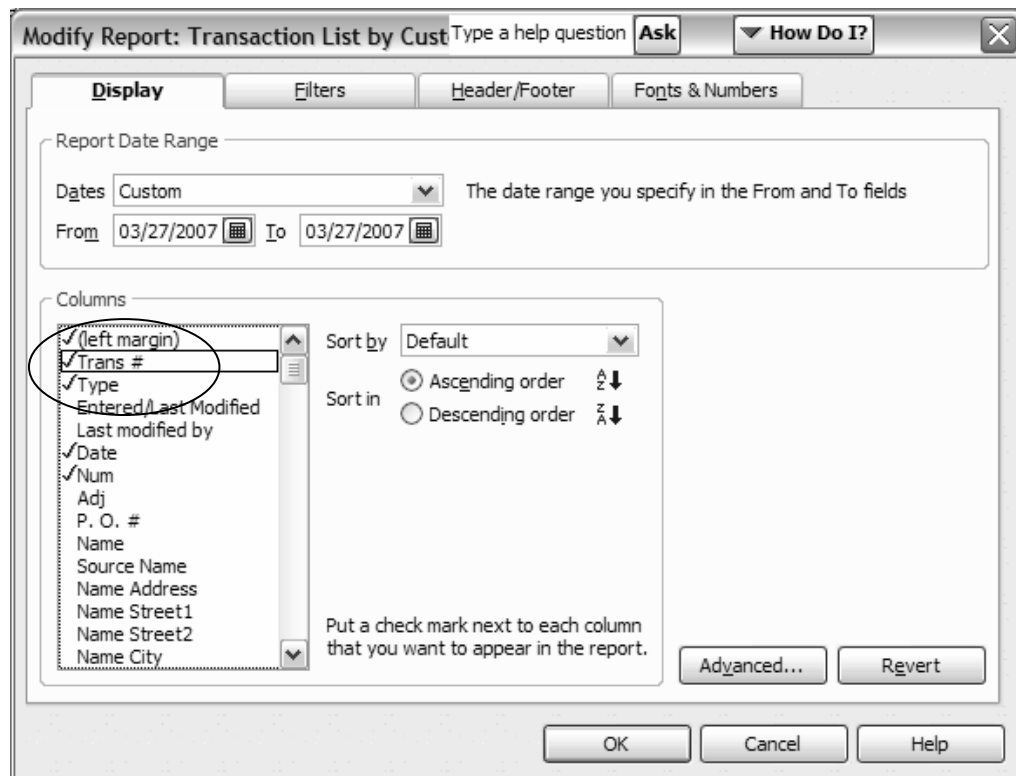
(Hint: You can reopen the original invoice by double clicking any of the entries shown on the report.)

3. Recall in the *MAPS* topic that after posting an invoice to the Sales Journal the invoice was then posted to the customer's account. So now you will locate QBP's entries to John's customer account.

Click **Reports>>Customers & Receivables>>Transaction List by Customer** on the main menu.

Enter the date range of **From 3/27/2007** and **To 3/27/2007**.

4. Click **Modify Report**. Select **Trans #** under Columns to print the audit trail code. Scroll down and click **Split** to uncheck this column. Click **OK** and the report displays.



5. Notice that the Trans # and Type on John's invoice matches the Trans # and Type on the Sales Journal. Close this report without saving changes.

Transaction List by Customer Type a help question Ask How Do I?

Modify Report... Memorize... Print... E-mail Export... Hide Header Refresh

Dates Custom From 03/27/2007 To 03/27/2007 Sort By Default

11:24 PM
11/18/06

Practice Astor Landscaping
Transaction List by Customer
March 27, 2007

Trans #	Type	Date	Num	Memo	Account	Clr	Amount
Chester, John							
▶ 289	Invoice	03/27/2007	1020		11000 · Accounts Receivable		84.00 ◀
Peck, Oliver							
247	Payment	03/27/2007	1231		10200 · Regular Checking Account		2,572.50
Sugar Hill Tennis Club							
248	Payment	03/27/2007	3251		10200 · Regular Checking Account		1,598.50
Sycamore Homes							
253	Payment	03/27/2007	2613		10200 · Regular Checking Account		11,025.00

6. All that remains is tracing entries in the general ledger. Select **Reports>>Memorized Reports>>Accounting Journals>>General Ledger Detail Report** on the main menu. Enter the date range of From 3/27/2007 and To 3/27/2007.

Trans #	Type	Date	Num	Name	Memo	Debit	Credit
10200 - Regular Checking Account							
247	Payment	03/27/2007	1231	Peck, Oliver		2,572.50	
248	Payment	03/27/2007	3251	Sugar Hill Tennis Club		1,598.50	
253	Payment	03/27/2007	2613	Sycamore Homes		11,025.00	
Total 10200 - Regular Checking Account						15,196.00	0.00
11000 - Accounts Receivable							
247	Payment	03/27/2007	1231	Peck, Oliver			2,572.50
248	Payment	03/27/2007	3251	Sugar Hill Tennis Club			1,598.50
253	Payment	03/27/2007	2613	Sycamore Homes			11,025.00
289	Invoice	03/27/2007	1020	Chester, John		84.00	
Total 11000 - Accounts Receivable						84.00	15,196.00
22000 - Sales Tax Payable							
289	Invoice	03/27/2007	1020	VA Sales Tax Department	Sales Tax		4.00
Total 22000 - Sales Tax Payable						0.00	4.00
40000 - Sales							
45000 - Sales - Maintenance Services							
289	Invoice	03/27/2007	1020	Chester, John	Seasonal Ma...		80.00
Total 45000 - Sales - Maintenance Services						0.00	80.00
Total 40000 - Sales						0.00	80.00
TOTAL						15,280.00	15,280.00

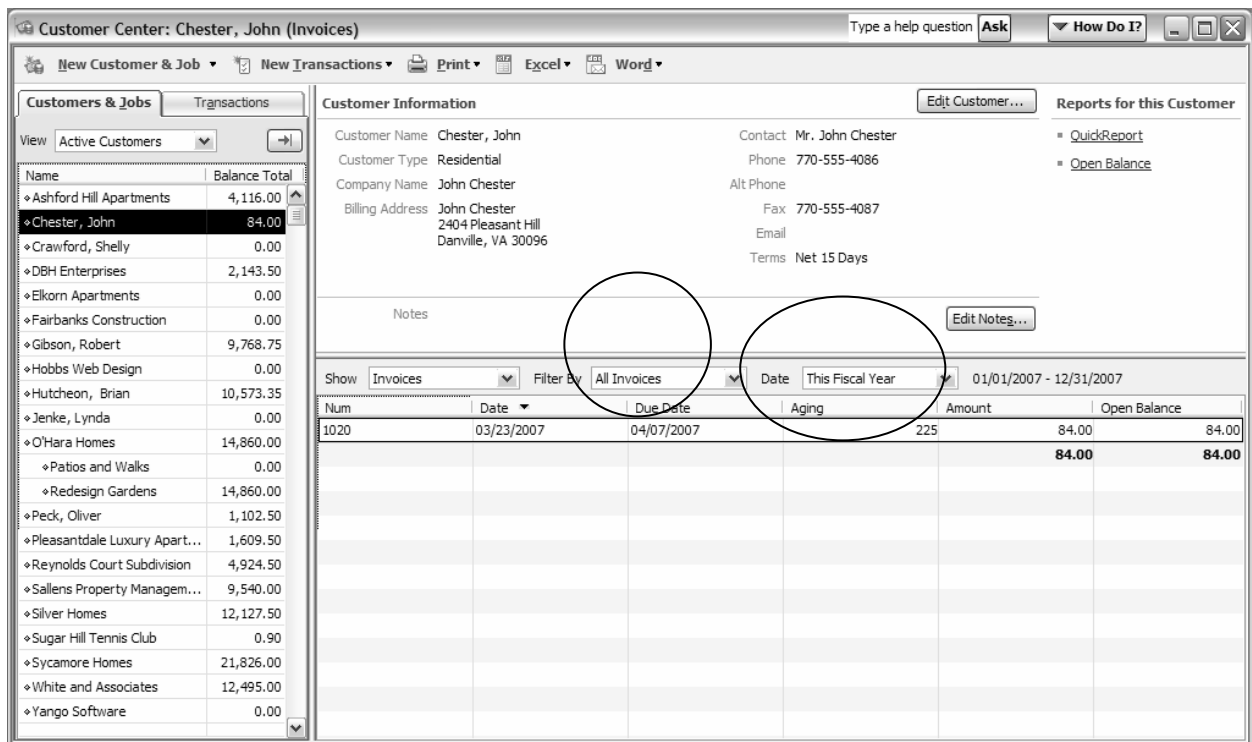
Once again you see that the Trans # and Type on John's entries matches the Sales Journal audit trail. Close this report without saving changes.

You have now followed QB's audit trail and can see the advantages to using a computerized accounting system. You were able to capture a sales invoice and QB posted entries to the Sales Journal, customer account, and general ledger when saving it. In addition, the accountant is better equipped to answer customer inquiries, provide customer support, manage company sales, and analyze profitability.

CORRECTING, VOIDING, AND DELETING SALES INVOICES

This topic explains voiding and deleting invoices and correcting errors on **unpaid** invoices. (Note: Refer to the instructions in Appendix B when the invoice has been paid.)

Open the **Customer Center** and select the **Customers & Jobs** tab. Highlight John Chester's account and then choose the options that will list all invoices in this fiscal year (see below).



Double click the listed invoice to reopen it. After reopening, you can void the invoice by selecting **Edit>>Void Invoice** on the main menu. To delete, you select **Edit>>Delete Invoice**. You can also modify the invoice and repost it by clicking **Save & Close**.

Later in the chapter you will learn to invoice customers for employee time and job materials. When voiding or deleting these invoices, QBP will not reinstate invoiced time and materials. Therefore, you should print a copy of the invoice before deleting or voiding it so you can manually reenter service items when re-invoicing the customer. Appendix B provides complete instructions on correcting posted transactions.

Keep this transaction open for the topic that follows.

QUICKBOOKS EMAIL FEATURES

You will now use QBP's email features to send John's invoice to your email account. With the invoice open, click **Send**. (**Note: You must be connected to the Internet to use this feature.**)

Click **E-mail** on the window that opens and the form changes as illustrated next.

Send Invoice

Send by E-mail
 Mail through QuickBooks

To:
Cc:
Bcc:
From:
Subject: Invoice from Shell

QuickBooks BILLING SOLUTIONS
Get paid faster!
Let QuickBooks help you get paid online by credit card.

E-mail Text

Dear Mr. Chester :
Your invoice is attached. Please remit payment at your earliest convenience.
Thank you for your business - we appreciate it very much.
Sincerely,
Shell

[Your Invoice will be attached to the message as a PDF file]

Send Now Send Later Cancel Help

Type your email address in the **To** and **From** fields. In **Subject**, replace the text “Invoice from Shell” with “Seasonal maintenance invoice”.

E-mail Text displays the text that will be placed in the body of the email. You can edit this text using the Edit Default Text button. The invoice will be attached as a PDF file.

Click **Send Now** and, when QBP prompts to save your email address as the company’s email address, click **Yes**.

Also click **Yes** when QBP prompts to save your email address as the customer’s email address.

QBP then prompts to open your Web browser. Click **OK** and you are connected to the QuickBooks email site. (Note: This connection may take several minutes. Click Refresh if the connection hangs.)

Intuit Business Services: Service Sign Up

QuickBooks E-MAILING

Get started: Enter your e-mail address

E-mailing from QuickBooks is **FREE**. Please enter your e-mail address, which will be used as your primary ID for sending e-mail from QuickBooks until you create a login.

E-mail address:

Company name: Practice Astor Landscaping

Common Questions

[Why do I need a login?](#)

[Which e-mail address should I use?](#)

[What are the other Intuit products & services that use the same login?](#)

Already have a login?

If you already have a login name and password, [click here](#) to log in.

When you click Next, the information displayed above will be sent to Intuit's servers. When you subscribe to a new service, your company name and e-mail address may be given to the service provider. Intuit does not share your information with outside companies for their promotional use. Occasionally, Intuit may contact you with special offers that may interest you. If you prefer, you may tell us how you would like Intuit to [contact you](#).

Note for E-mailing: When you e-mail forms from QuickBooks, Intuit must store the recipient's e-mail address, as well as your own, in order to process your request.

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Enter your email address in the window above and click **Next**.

Click the **Exit** button when the next screen opens. When QPB tells you that the invoice transmitted successfully, check the option to turn off future messages and click **OK**.

Check your email later to verify delivery. Click **X** to close John's invoice and **X** to close the Customer Center.

CUSTOMER AND JOB ACCOUNTS

This topic explains creating, editing, and deleting customer accounts. The customer account also contains job information used for implementing job costing. You must use the **Customer Center** to manage customer accounts. Open this center, select the **Customers & Jobs** tab, and double click **Chester, John** to open his account. Now follow below as we describe the tabs of the customer account.

Address Info Tab

Edit Customer Type a help question **Ask** **How Do I?**

Customer Name:

Current Balance: 84.00 [How do I adjust the current balance?](#)

Address Info Additional Info Payment Info Job Info

Company Name: Contact:

Mr./Ms./...: Phone: Customer is inactive

First Name: M.I.: FAX:

Last Name: Alt. Phone:

Alt. Contact:

E-mail:

Cc:

Addresses

Bill To

2404 Pleasant Hill
Danville, VA 30096

Ship To

2404 Pleasant Hill
Danville, VA 30096

Default shipping address

This tab stores basic customer information such as address, phone numbers, and email address. The **Bill To** address can be copied to the **Ship To** address by clicking the **Copy** button.

The **Ship To** address is important for companies that ship merchandise. For large customers the address for receiving invoices (Bill To) may differ from the location for receiving orders (Ship To). When the customer has multiple locations, **Add New** opens the window illustrated next for entering additional addresses.



Add Ship To Address Information

Customer Name: Chester, John

Address Name: Ship To 2

Address: [Empty]

City: [Empty]

State / Province: [Empty]

Zip / Postal Code: [Empty]

Country / Region: [Empty]

Note: [Empty]

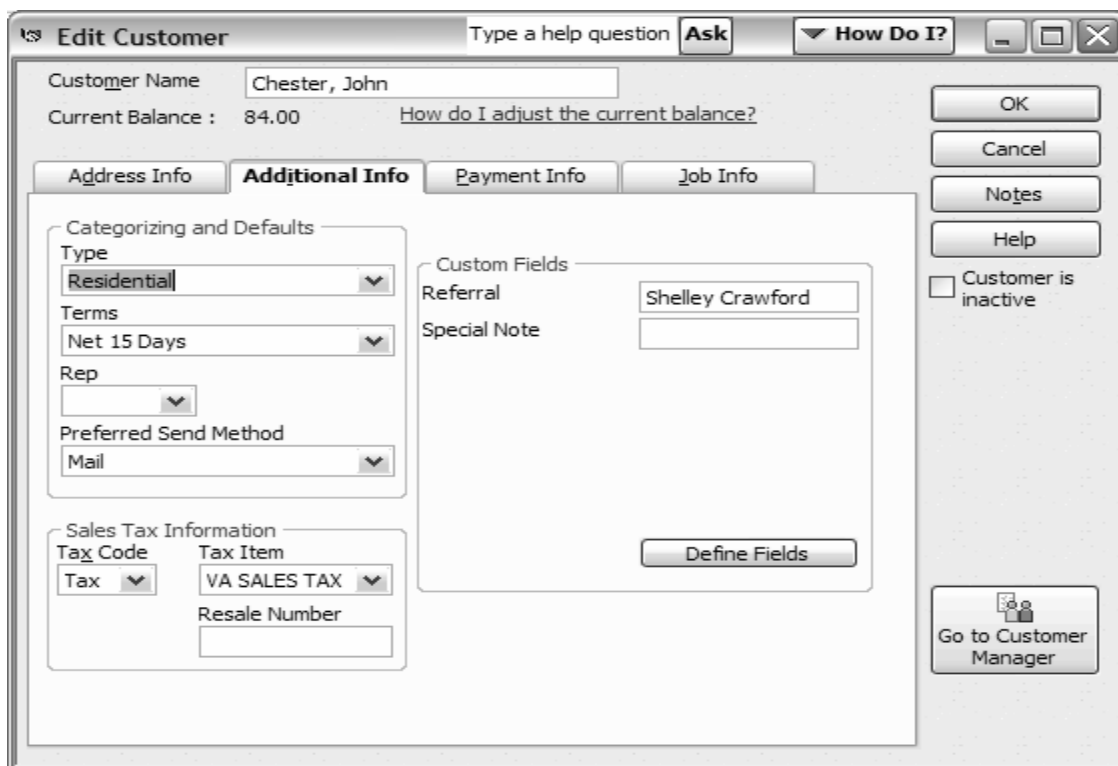
Show this window again when address is incomplete or unclear

Default shipping address

OK Cancel

This window is completed by entering a unique name in **Address Name** and then entering the address data. The **Default shipping address** option triggers an address to appear as the primary shipping address on invoices. Clicking **OK** will store the address.

Additional Info Tab



Edit Customer Type a help question Ask How Do I?

Customer Name: Chester, John

Current Balance: 84.00 [How do I adjust the current balance?](#)

Address Info **Additional Info** Payment Info Job Info

Categorizing and Defaults

Type: Residential

Terms: Net 15 Days

Rep: [Empty]

Preferred Send Method: Mail

Sales Tax Information

Tax Code: Tax Tax Item: VA SALES TAX

Resale Number: [Empty]

Custom Fields

Referral: Shelley Crawford

Special Note: [Empty]

Define Fields

OK Cancel Notes Help

Customer is inactive

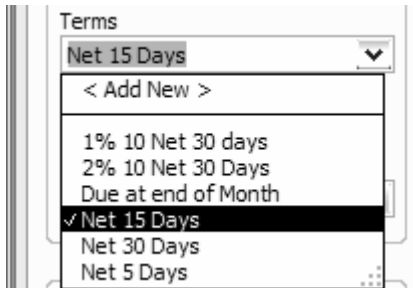
Go to Customer Manager

This tab is used for setting customer defaults. Defaults include the **Preferred Send Method** for invoices, the customer's payment **Terms**, and the **Tax Code** applied to sales transactions. The

Rep field will assign an employee sales representative for tracking sales commissions and sales performance.

The **Type** field is optional and may be used to differentiate sales by customer characteristics. Astor uses the Commercial and Residential types.

Click the dropdown list on **Terms**.



Terms establish invoice due dates and customer early payment discounts. The Net 15 Days terms make an invoice due 15 days from the invoice date. The 2% 10 Net 30 Days terms make the invoice due 30 days from the invoice date but grants a 2 percent discount when paying the total invoice within 10 days. (Note: The discount does not apply to sales tax.)

Payment Info Tab

This tab stores the **Credit Limit** and **Preferred Payment Method**. Setting a credit limit is important to managing bad debt. QBP will warn when saving a new invoice causes the customer's account balance to exceed the credit limit.

Job Info Tab

The screenshot shows a software window titled "Edit Customer" with a search bar and a "How Do I?" dropdown. The main content area has four tabs: "Address Info", "Additional Info", "Payment Info", and "Job Info" (which is selected). The "Job Info" tab contains the following fields:

- Customer Name: Chester, John
- Current Balance: 84.00
- Job Status: None (dropdown)
- Start Date: [calendar icon]
- Projected End: [calendar icon]
- End Date: [calendar icon]
- Job Description: [text input]
- Job Type: [dropdown]

On the right side of the dialog, there are buttons for "OK", "Cancel", "Notes", "Help", and "Go to Customer Manager". A checkbox labeled "Customer is inactive" is also present.

This tab implements customer job costing. By creating a job, you can track job revenue and costs such as vendor purchases and employee time. (Note: Tracking job costs will be illustrated in Chapters 5 and 6.) Implementing job costing means a company can analyze job profitability.

You can implement job costing without assigning a job to every customer. Sometimes the nature of the service will be short-term or nominal and the company does not find job costing beneficial. For instance, John's account does not have a job because his transaction involved a one-time service for seasonal maintenance.

Click **X** to close John's account and then double click Ashford Hill Apartments. Click the **Job Info** tab.

Ashford Hill does have a job and it is named “Grounds Maintenance.” This job is “In progress” and started on 12/18/2006. In addition, there is no projected end date because the service is ongoing grounds maintenance.

You can use **Job Status** to monitor the progress on a job. The dropdown list for this field is shown to right.

After completing a job, the accountant sets the job status to Closed and enters an End Date. When the job also contains a Projected End, the company can use this date to analyze its projection.

Job Type is optional but can improve analysis because different types of services often require different resources. Astor has created the Construction, Design, Landscaping, and Maintenance job types.

Close Ashford Hill's account and double click **O'Hara Homes**. This account does not have a Job Info tab; however, the absence of this tab does not mean that there is no customer job.

Edit Customer Type a help question **Ask** **How Do I?**

Customer Name: **O'Hara Homes**
 Current Balance: 14,860.00 [How do I adjust the current balance?](#)

Address Info | Additional Info | Payment Info

Company Name: **O'Hara Homes** Contact: **Julie Willmore**
 Mr./Ms./...: Phone: **770-555-4455**
 First Name: **Julie** M.I. FAX: **770-555-4457**
 Last Name: **Willmore** Alt. Phone: **770-555-4456**
 Alt. Contact:
 E-mail:
 Cc:

Addresses

Bill To: **O'Hara Homes**
 2551 Canton Road
 Canton, VA 30115

Ship To: **Ship To 1**
O'Hara Homes
 2551 Canton Road
 Canton, VA 30115

Default shipping address

Customer is inactive

Close this account and look to the customer list on the left. There are two subitems beneath O'Hara Homes.

▶ Hutcheon, Brian	10,573.33
▶ Jenke, Lynda	0.00
▶ O'Hara Homes	14,860.00
▶ Patios and Walks	0.00
▶ Redesign Gardens	14,860.00
▶ Peck, Oliver	1,102.50

These subitems are the customer's jobs. When a customer has one job, job information will be stored on the account. When you subsequently add an additional job, QBP removes the Job Info tab on the account and creates separate job accounts.

Double click Patios and Walks to open the job. Job accounts have the same tabs as a customer account and job information is entered on the Job Info tab. Close the Patios and Walks job.

Right click O'Hara Homes and select **Add Job**. In **Job Name**, enter "Test Job" (see below).

New Job

Job Name: Test Job

Opening Balance: [] as of 11/19/2006 How do I determine the opening balance?

Address Info | Additional Info | Payment Info | Job Info

Customer: O'Hara Homes | Contact: Julie Willmore

Company Name: O'Hara Homes | Phone: 770-555-4455

Mr./Ms./...: [] | FAX: 770-555-4457

First Name: Julie | M.I.: [] | Alt. Phone: 770-555-4456

Last Name: Willmore | Alt. Contact: []

E-mail: []

Cc: []

Addresses

Bill To: O'Hara Homes
2551 Canton Road
Canton, VA 30115

Ship To: []

Copy >>

Edit | Add New | Edit | Delete

Default shipping address

OK | Cancel | Next | Help

Job is inactive

Customer account information has transferred to this job account so all you would need to enter is information on the Job Info tab. Click **OK** to save the job and it is placed beneath the Redesign Gardens job (see below).

▼ JENNE, LYNN	0.00
◆ O'Hara Homes	14,860.00
◆ Patios and Walks	0.00
◆ Redesign Gardens	14,860.00
◆ Test Job	0.00
◆ Peck, Oliver	1,102.50

Now highlight Test Job and select **Edit>>Delete Customer:Job** on the main menu. Click **OK** to confirm and the job is removed.

This exercise walks through editing a customer account.



Steps to Edit Customer Account Information

1. You will be editing Ashford Hill's credit terms, so open this account and click the **Additional Info** tab.
2. The accountant wants to offer Ashford an early payment discount of 2/10 net 30. Using the **Terms** dropdown list, select "2% 10 Net 30 Days".

The screenshot shows the 'Edit Customer' dialog box for 'Ashford Hill Apartments'. The 'Additional Info' tab is active. The 'Terms' dropdown menu is open, and '2% 10 Net 30 Days' is selected. The 'Current Balance' is 4,116.00. The 'Type' is 'Commercial'. The 'Preferred Send Method' is 'Mail'. The 'Sales Tax Information' shows 'Tax Code' as 'Tax' and 'Tax Item' as 'VA SALES TAX'. The 'Referral' field contains 'September 06 Flyer'. The 'Special Note' field is empty. The 'Customer is inactive' checkbox is unchecked. The 'Define Fields' button is visible in the 'Custom Fields' section.

These terms mean that Ashford will receive a 2 percent discount when paying an invoice in full within 10 days of the invoice date. Regardless, the invoice must be paid in full within 30 days.

3. Click **OK** to save the changes. Click **Yes** to QBP's warning about modifying the account since this change does not affect previously posted transactions.

You will now add a new customer account.



Steps to Create a Customer Account

1. On the Customer Center, click **New Customer & Job** and select **New Customer**.
2. Now enter this information.

3. Click **Edit** on the Bill To field and enter this information.

4. Click **Copy** to copy the Bill To address to the Ship To address. Click **OK** on the window that opens. The completed **Address Info** tab is shown here.

Edit Customer Type a help question **Ask** **How Do I?**

Customer Name: Silver Valley Dental
Current Balance: 0.00 [How do I adjust the current balance?](#)

Address Info | Additional Info | Payment Info | Job Info

Company Name: Silver Valley Dental | Contact: Jeremy Murphy
Mr./Ms./...: Mr. | Phone: 770-555-4433
First Name: Jeremy | M.I.: | FAX: 770-555.4711
Last Name: Murphy | Alt. Phone: |
Alt. Contact: |
E-mail: |
Cc: |

Addresses

Bill To: Silver Valley Dental
1397 W. Market Ave
Danville, VA 33004 **Edit**

Ship To: Ship To 1
Silver Valley Dental
1397 W. Market Ave
Danville, VA 33004 **Copy >>** **Add New** **Edit** **Delete**

Default shipping address

OK
Cancel
Notes
Help
 Customer is inactive
Go to Customer Manager

5. Click **Additional Info** and enter this information.

The screenshot shows the 'New Customer' dialog box with the 'Additional Info' tab selected. The 'Customer Name' is 'Silver Valley Dental'. The 'Opening Balance' is empty, and the date is '03/01/2007'. The 'How do I determine the opening balance?' dropdown is set to 'Ask'. The 'Additional Info' tab contains the following fields:

- Categorizing and Defaults:**
 - Type: Commercial
 - Terms: 2% 10 Net 30 Days
 - Rep: (empty)
 - Preferred Send Method: Mail
- Sales Tax Information:**
 - Tax Code: Tax
 - Tax Item: VA SALES TAX
 - Resale Number: (empty)
- Custom Fields:**
 - Referral: (empty)
 - Special Note: (empty)

Buttons on the right include OK, Cancel, Next, Help, and a checkbox for 'Customer is inactive'. A 'Define Fields' button is located below the Custom Fields section. A 'Go to Customer Manager' button is at the bottom right.

6. On the **Payment Info** tab enter "18,000.00" as the **Credit Limit**.

7. Enter this information as the **Job Info**.

Edit Customer Type a help question **Ask** **How Do I?**

Customer Name: Silver Valley Dental
 Current Balance: 0.00 [How do I adjust the current balance?](#)

Address Info | Additional Info | Payment Info | **Job Info**

Job Status: Pending Start Date: [Calendar] Projected End: [Calendar] End Date: [Calendar]

Job Description: Sidewalk Repair Job Type: Landscaping

Customer is inactive

OK
 Cancel
 Notes
 Help
 Go to Customer Manager

8. Click **OK** to save the account.

What happens when you try to delete an account with transaction history?

Highlight **Ashford Hill Apartments** and then select **Edit>>Delete Customer:Job** on the main menu. QBP prompts stating that it cannot delete an account with transaction history but you can make the account inactive (see below),



Inactivating an account will deny future transactions while retaining the account's history. Click **Cancel**.



YOU TRY – CREATE A NEW CUSTOMER ACCOUNT

On March 1, 2007, Astor needs to create a new commercial customer with the following information.

Graphic Printing Services
127 Technology Way
Arlington, VA 30097

Phone: 701 555-1515
Fax: 701 555-1518
Contact: Jeffrey Davis
Email: davis@graphic.net

Credit Limit: \$5,000.00
Preferred Payment Method: Check

The customer pays VA sales tax and will be offered the terms of 2/10 Net 30 Days.

Job information: Pending Grounds Maintenance job, Maintenance job type.

Create this account.

UNDERSTANDING SERVICE AND NON-INVENTORY PART ITEMS

Service and non-inventory part items differ from traditional inventory items used by a merchandising business. Unlike goods sold by a merchandiser, services and job materials are not purchased until the work is performed. Thus, service based businesses do not hold inventory. (Note: Astor's inventory balance is zero.)

QBP's service items are used for invoicing labor costs and store the service sales price. However, these items do not interact with inventory by tracking quantities on hand or purchase costs. This also means that cost of goods sold does not post when invoicing. (Recall that John Chester's invoice traced in a previous exercise recorded only sales revenue.) Since cost of goods sold does not post at the time of sale, Astor must post these costs through another activity, namely, employee or vendor activities.

Non-inventory part items are used for invoicing job material purchases. Again, these items do not interact with inventory by tracking quantities on hand or purchase costs and cost of goods sold does not post when invoicing. Cost of goods sold posts after recording a vendor receipt or bill for material purchases.

It is important to understand the posting of cost of goods sold; otherwise you might prepare financial statements that do not match revenues with expenses. The following table explains the inventory, non-inventory part, and service items used in this text. After reviewing this table, you will better understand when an item class interacts with inventory and when the item posts cost of goods sold at the time of sale.

Item Class	Purpose
Inventory Part	Used for goods purchased and held for resale. Tracks quantities and purchase costs. Cost of goods sold posts at the time of invoicing. Cost of goods sold is calculated using the Average costing method. (Note: QBP does not accommodate LIFO and FIFO inventory costing methods.)
Non-inventory Part	Used for job materials purchased but not tracked in inventory. Cost of goods sold posts when posting vendor bills or receipts for material purchases.
Service	Used for labor costs on services provided by company employees or subcontractors. When provided by subcontractors, cost of goods sold posts when paying the contractor. When provided by employees, cost of goods sold posts when paying employees.
Sales Tax Item	Used to calculate sales tax for a single taxing agency.
Other Charge	Used for miscellaneous charges such as delivery and photocopying fees. Cost of goods sold posts when reimbursing employee expense or paying a vendor.

Now look at the service and non-inventory part items used by Astor. (Note: You will review inventory items in Chapter 8.) Click **Item** on the toolbar to open the Item List illustrated next. (Note: You can also select **Lists>>Items** on the main menu.) Pay particular attention to the Type column.

Name	Description	Type	Account	COGS Account	Price	Cost	Sale...	Purchase Descrip...	Preferred Vendor	Pur...
♦BW COPY	Black and white copy of S...	Service	46000 · Sales - Miscellaneous	57000 · Direct Labor	35.00	20.00	Tax	Black and white co...		✓
♦CLR COPY	Color copy of Scale Plan	Service	46000 · Sales - Miscellaneous	57000 · Direct Labor	45.00	20.00	Tax	Color copy of Scal...		✓
♦DESIGN - COMMERCIAL	Planning and Design	Service	43000 · Sales - Design Services	57000 · Direct Labor	350.00	90.00	Tax	Allocate salary cos...		✓
♦DESIGN - RESIDENTIAL	Planning and Design	Service	43000 · Sales - Design Services	57000 · Direct Labor	175.00	75.00	Tax	Allocate salary cos...		✓
♦INSTL HARD - COMMERCIAL	Install Hardscape Materials	Service	42000 · Sales - Hardscape		60.00	0.00	Non			
♦INSTL HARD - RESIDENTIAL	Install Hardscape Materials	Service	42000 · Sales - Hardscape		55.00	0.00	Non			
♦INSTL LAND - COMMERCIAL	Install Landscape Materials	Service	41000 · Sales - Landscape		50.00	0.00	Non			
♦INSTL LAND - RESIDENTIAL	Install Landscape Materials	Service	41000 · Sales - Landscape		45.00	0.00	Non			
♦INSTL SPRINK - COMMERCIAL	Installation of sprinkler sy...	Service	42000 · Sales - Hardscape	57300 · Subcontractors - Hardscape	1,575.00	1,000.00	Non	Installation of spri...	Daniel Lawn Pro Inc.	✓
♦INSTL SPRINK - RESIDENTIAL	Installation of sprinkler sy...	Service	42000 · Sales - Hardscape	57300 · Subcontractors - Hardscape	600.00	400.00	Non	Installation of spri...	Daniel Lawn Pro Inc.	✓
♦PRESS CLEANING - COMMERCI...	Commercial Pressure Clea...	Service	41000 · Sales - Landscape		30.00	0.00	Tax			
♦PRESS CLEANING - RESIDENT...	Commercial Pressure Clea...	Service	41000 · Sales - Landscape		25.00	0.00	Tax			
♦RESOD LAWN	Resod Lawn	Service	41000 · Sales - Landscape	57400 · Subcontractors - Landscaping	200.00	150.00	Non	Resod Lawn	Daniel Lawn Pro Inc.	✓
♦SEASONAL SERVICES	Seasonal Services (Do No...	Service	46000 · Sales - Miscellaneous		0.00	0.00	Tax			
♦SEAS DECOR - COMMERCIAL	Seasonal Decorations	Service	41000 · Sales - Landscape		450.00	0.00	Tax			
♦SEAS DECOR - RESIDENTIAL	Residential Seasonal Deco...	Service	41000 · Sales - Landscape		175.00	0.00	Tax			
♦SEAS MNTNCE - COMMER...	Seasonal Maintenance for...	Service	45000 · Sales - Maintenance Services		50.00	0.00	Tax			
♦SEAS MNTNCE - RESIDENT...	Seasonal Maintenance for...	Service	45000 · Sales - Maintenance Services		40.00	0.00	Tax			
♦TREE REMOVAL	Tree removal	Service	41000 · Sales - Landscape	57400 · Subcontractors - Landscaping	120.00	85.00	Tax	Tree removal	Paris Brothers Tre...	✓
♦WKLY MNTNCE - COMMERCIAL	Weekly Maintenance for ...	Service	45000 · Sales - Maintenance Services		35.00	0.00	Tax			
♦WKLY MNTNCE - RESIDENTIAL	Weekly Landscape Mainte...	Service	45000 · Sales - Maintenance Services		25.00	0.00	Tax			
♦DECKING	Decking (Do Not Use)	Non-inventory Part	52000 · Materials Cost - Hardscape		0.00	0.00	Tax			
♦REDWOOD CAPS	2"x2" Redwood Caps	Non-inventory Part	42000 · Sales - Hardscape	52000 · Materials Cost - Hardscape	7.80	5.99	Non	2"x2" Redwood Caps	Davis Timber Yard	✓
♦REDWOOD DECKING	5/4"x6"x12" Redwood dec...	Non-inventory Part	42000 · Sales - Hardscape	52000 · Materials Cost - Hardscape	12.15	8.99	Non	5/4"x6"x12" Redw...	Davis Timber Yard	✓
♦REDWOOD POSTS	4"x4" Redwood Decking P...	Non-inventory Part	42000 · Sales - Hardscape	52000 · Materials Cost - Hardscape	8.10	5.99	Non	4"x4" Redwood De...	Davis Timber Yard	✓
♦REDWOOD RAILS	2"x2" Redwood Decking R...	Non-inventory Part	42000 · Sales - Hardscape	52000 · Materials Cost - Hardscape	114.85	10.99	Non	2"x2" Redwood De...	Davis Timber Yard	✓
♦FERTILIZER	2G Fertilizer	Non-inventory Part	41000 · Sales - Landscape	51000 · Materials Cost - Landscape	21.26	15.75	Non	2G Fertilizer	Clooney Chemical ...	✓
♦HARDSCAPING MATERIALS	Hardscaping (Do Not Use)	Non-inventory Part	52000 · Materials Cost - Hardscape		0.00	0.00	Non			
♦BLUE FLAG	1.5 Ton Pallet Blues Flags...	Non-inventory Part	42000 · Sales - Hardscape	52000 · Materials Cost - Hardscape	242.00	172.99	Non	1.5 Ton Pallet Blue...	Calvert Stone Sup...	✓
♦CEMENT	2 Ton Bag Cement	Non-inventory Part	42000 · Sales - Hardscape	52000 · Materials Cost - Hardscape	17.00	12.49	Non	2 Ton Bag Cement	Calvert Stone Sup...	✓
♦COBBLESTONE	Pallet 8"x4"x4" Cobblestone	Non-inventory Part	42000 · Sales - Hardscape	52000 · Materials Cost - Hardscape	1.75	1.29	Non	Pallet 8"x4"x4" Co...	Calvert Stone Sup...	✓
♦MULCH	6 Cu Ft. Bags Mulch	Non-inventory Part	41000 · Sales - Landscape	51000 · Materials Cost - Landscape	14.25	4.99	Non	6 Cu Ft Bags Mulch	Anderson Wholesa...	✓
♦PAVERS	2x2x1" Granite Pavers (...)	Non-inventory Part	42000 · Sales - Hardscape	52000 · Materials Cost - Hardscape	6.75	4.99	Non	2x2x1" Granite Pa...	Calvert Stone Sup...	✓
♦RIVER ROCK	Colorado River Rock	Non-inventory Part	42000 · Sales - Hardscape	52000 · Materials Cost - Hardscape	137.70	101.99	Non	Colorado River Rock	Calvert Stone Sup...	✓
♦SAND	2 Ton Bag Sand	Non-inventory Part	42000 · Sales - Hardscape	52000 · Materials Cost - Hardscape	7.50	5.49	Non	2 Ton Bag Sand	Calvert Stone Sup...	✓
♦LAWN SOD	St Augustine Sod 1x1 Sq Ft	Non-inventory Part	41000 · Sales - Landscape	51000 · Materials Cost - Landscape	0.38	0.27	Non	St Augustine Sod 1...	Anderson Wholesa...	✓
♦PLANTS	Plant Materials (Do Not Use)	Non-inventory Part	51000 · Materials Cost - Landscape		0.00	0.00	Non			
♦AZALEA AMY	1G Amy Azalea	Non-inventory Part	41000 · Sales - Landscape	51000 · Materials Cost - Landscape	12.15	8.99	Non	1G Amy Azalea	Anderson Wholesa...	✓

We will now review a few of these items.

Service Items

Highlight **SEAS MNTNCE - RESIDENTIAL** and double click to open.

While reviewing this item, refer back to the *Entering Sales Invoices* topic where you invoiced John Chester for 2 units of this item. Also refer to the *Behind the Keys of a Posted Sales Invoice* topic where you traced the entries made after posting John's invoice.

This item is for the labor costs of services provided by company employees. In addition, the item is a **Subitem of** SEASONAL SERVICES meaning it will be grouped within this category.

Rate is the fee charged customers for this service, which explains why John was invoiced \$80.00 for 2 units.

Tax Code shows that these services are taxable. However, QBP also looks to the tax default assigned to the customer account before charging sales tax.

Account is the general ledger account for posting sales revenue for this item, explaining why John's invoice posted to 45000 Sales – Maintenance Services.

Notice the item does not list a cost of goods sold or inventory general ledger account because services are not inventoried and cost of goods sold does not post at the time of sale. This explains why John's invoice posted only revenue entries.

Click **X** to close this item and then open **DESIGN-COMMERCIAL**.

Edit Item Type a help question **Ask** How Do I?

Type: Service Use for services you charge for or purchase, like specialized labor, consulting hours, or professional fees.

Item Name/Number: DESIGN - COMME... Subitem of

This service is used in assemblies or is performed by a subcontractor or partner

Purchase Information

Description on Purchase Transactions: Allocate salary costs to design services

Cost: 90.00

Expense Account: 57000 - Direct Labor

Preferred Vendor:

Sales Information

Description on Sales Transactions: Planning and Design

Sales Price: 350.00

Tax Code: Tax

Income Account: 43000 - Sales - Desi...

Item is inactive

OK
Cancel
Custom Fields
Spelling

This is another labor service provided by employees. The item **Sales Price** is \$350.00 and sales are taxable. Sales revenue for this item will post to **Income Account** 43000-Sales Design Services.

However, these services are provided by salaried employees so the option circled on the above illustration is marked. This option opens fields for entering standard costs or vendor purchase costs. In Chapter 5, you will use the \$90.00 standard cost on this item to allocate salary expense for this service to cost of goods **Expense Account** 57000-Direct Labor.

Close this item and open **INSTL SPRINK – COMMERCIAL**.

Edit Item Type a help question **Ask** How Do I? OK Cancel Custom Fields Spelling

Type
Service Use for services you charge for or purchase, like specialized labor, consulting hours, or professional fees.

Item Name/Number Subitem of
INSTL SPRINK - C...

This service is used in assemblies or is performed by a subcontractor or partner

Purchasing information option

Item is inactive

Purchase Information
Description on Purchase Transactions
Installation of sprinkler system
Cost 1,000.00
Expense Account 57300 - Subcontract...
Preferred Vendor Daniel Lawn Pro Inc.

Sales Information
Description on Sales Transactions
Installation of sprinkler system for commercial customer.
Sales Price 1,575.00
Tax Code Non
Income Account 42000 - Sales - Hard...

This is a subcontractor labor service item purchased from **Preferred Vendor**, Daniel Lawn Pro Inc. Thus, the option for entering purchasing information is selected and the cost of goods sold **Expense Account** is entered. Cost of goods sold posts to “57300 Subcontractors - Hardscape” when recording a vendor bill for this item.

Charge Items

Close the preceding item and open **DELIVERY CHARGES**.

The screenshot shows the 'Edit Item' dialog box for 'DELIVERY CHARGES'. The 'Type' is set to 'Other Charge'. The 'Item Name/Number' is 'DELIVERY CHARGES'. The 'Subitem of' checkbox is unchecked. The 'Purchase Information' section includes a description of 'Delivery Charges', a cost of 20.00, an expense account of '56000 · Miscellaneo...', and a preferred vendor. The 'Sales Information' section includes a description of 'Delivery Charges', a sales price of 30.00, a tax code of 'Non', and an income account of '46000 · Sales - Misc...'. The 'Item is inactive' checkbox is unchecked.

This charge item looks like the service item previously viewed; however, cost of goods sold for this item will post to the **Expense Account** when reimbursing employee expenses.

Non-inventory Part

Close the preceding item and open **REDWOOD CAPS**.

The screenshot shows the 'Edit Item' dialog box for 'REDWOOD CAPS'. The 'Type' is set to 'Non-inventory Part'. The 'Item Name/Number' is 'REDWOOD CAPS'. The 'Subitem of' checkbox is checked, and the subitem is 'DECKING'. The 'Manufacturer's Part Number' field is empty. The 'Purchase Information' section includes a description of '2"x2" Redwood Caps', a cost of 5.99, an expense account of '52000 · Materials C...', and a preferred vendor of 'Davis Timber Yard'. The 'Sales Information' section includes a description of '2"x2" Redwood Caps', a sales price of 7.80, a tax code of 'Non', and an income account of '42000 · Sales - Hard...'. The 'Item is inactive' checkbox is unchecked.

This is an item for job material purchases. Astor buys these caps from Davis Timber Yard, which charges \$5.99 each. Astor then charges the customer \$7.80 each.

Sales revenue will post to 42000 Sales – Hardscape. Davis’s bills and receipts for the item will post to the costs of goods sold account 52000 Materials Cost – Hardscape.

Sales Tax Item

Close the preceding item and open **VA SALES TAX**.

This item sets the sales tax rate for taxable items.

Close this item and the Item List and then move on to invoicing customer jobs.

INVOICING CUSTOMER JOBS

Earlier in the chapter you created an invoice for John Chester before recording the costs associated with performing the service. However, when tracking job costs, you should create sales invoices by transferring job material and labor costs to the invoice.

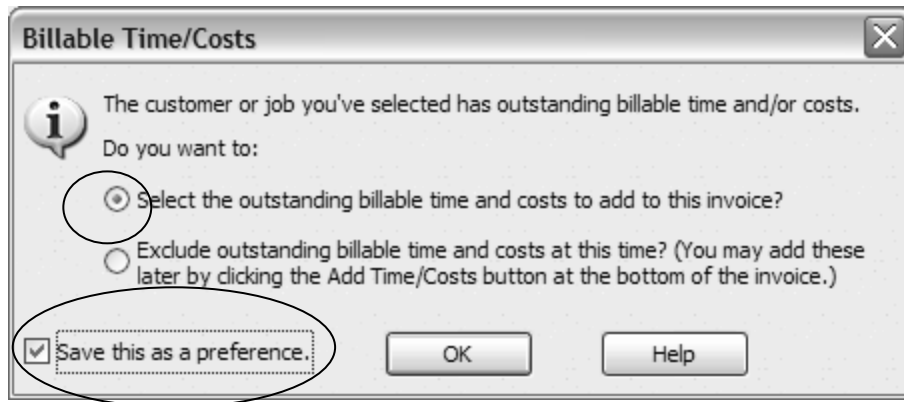
The drawback to invoicing by job costs is that costs must be recorded before invoicing can occur. Thus, it is important to record accounting transactions in a timely manner so that invoicing can occur as soon as possible. The earlier a company invoices the customer the more quickly the cash is collected.

Let’s now look at how job costs are invoiced. On March 31, 2007, Astor will invoice Silver Homes for job costs incurred to date. Complete the steps that follow to prepare this invoice.



Steps to Invoicing Jobs

1. Open a new sales invoice use the Home page icon and select “Silver Homes” as the **Customer:Job**. QBP prompts that this invoice will exceed the customer’s credit limit. Click **OK**. You now see how the customer credit limit interacts with sales invoicing.
2. QBP then prompts that the customer has billable job costs. Mark the first option and the preference option and then click **OK**.



3. This window opens for you to select costs to invoice. The information beneath the illustration explains the costs displayed on each tab.

Choose Billable Time and Costs

Time and Costs For: Silver Homes

Time \$0.00 Expenses \$0.00 Mileage \$0.00 Items \$0.00

Select All

Click on Options... to customize how information from timesheets is brought into QuickBooks invoices

✓	Date	Employee	Service Item	Ho...	Rate	Amount	D.	Hide
	03/27/2007	Henderson, Jeff P.	INSTL HARD - COMMERCIAL	8:00	60.00	480.00	I...	
	03/28/2007	Henderson, Jeff P.	INSTL HARD - COMMERCIAL	8:00	60.00	480.00	I...	
	03/29/2007	Henderson, Jeff P.	INSTL HARD - COMMERCIAL	8:00	60.00	480.00	I...	
	03/30/2007	Henderson, Jeff P.	INSTL HARD - COMMERCIAL	8:00	60.00	480.00	I...	

Print selected time and costs as one invoice item

Total billable time and costs 0.00

OK Cancel Help

Time

Employee time ticket hours assigned to this customer's job.

Expense

Employee reimbursable expense tickets assigned to this customer's job.

Mileage

Employee mileage charges assigned to this customer's job

Items

Vendor material and subcontract labor purchases billed to this customer's job.

In Chapter 5 you will learn to bill vendor invoices to jobs. In Chapter 6 you will learn to assign employee time and expenses to jobs. For now, remember to check each tab to ensure you are selecting all costs ready for invoicing.

4. Select the **Time** tab and then click **Options**. Before transferring employee time, make sure the **Combine** option is selected so that hours will be invoiced by item instead of by employee. Click **OK**.



Options for Transferring Billable Time

When transferring billable time to an invoice:

Enter a separate line on the invoice for each activity

Transfer activity notes

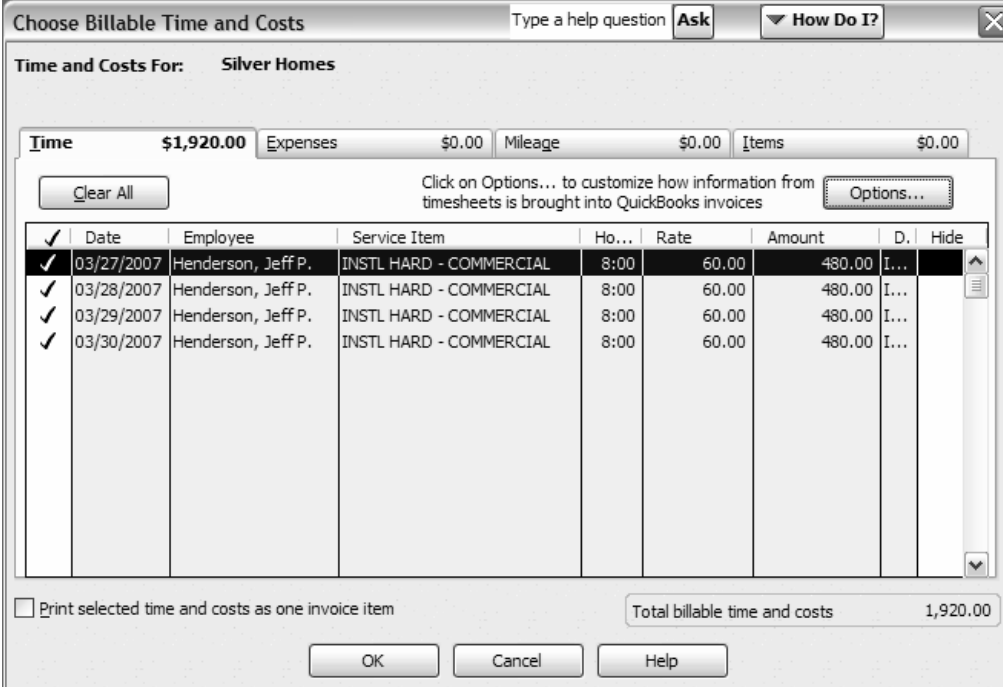
Transfer item descriptions

Transfer both notes and descriptions

Combine activities with the same service items

OK Cancel Help

5. Click **Select All** to mark all time for invoicing. (Note: You can also click a cost item to select it.)



Choose Billable Time and Costs Type a help question **Ask** **How Do I?**

Time and Costs For: Silver Homes

Time \$1,920.00 **Expenses** \$0.00 **Mileage** \$0.00 **Items** \$0.00

Click on Options... to customize how information from timesheets is brought into QuickBooks invoices

<input checked="" type="checkbox"/>	Date	Employee	Service Item	Ho...	Rate	Amount	D.	Hide
<input checked="" type="checkbox"/>	03/27/2007	Henderson, Jeff P.	INSTL HARD - COMMERCIAL	8:00	60.00	480.00	I...	
<input checked="" type="checkbox"/>	03/28/2007	Henderson, Jeff P.	INSTL HARD - COMMERCIAL	8:00	60.00	480.00	I...	
<input checked="" type="checkbox"/>	03/29/2007	Henderson, Jeff P.	INSTL HARD - COMMERCIAL	8:00	60.00	480.00	I...	
<input checked="" type="checkbox"/>	03/30/2007	Henderson, Jeff P.	INSTL HARD - COMMERCIAL	8:00	60.00	480.00	I...	

Print selected time and costs as one invoice item Total billable time and costs 1,920.00

OK Cancel Help

6. Select the **Items** tab and then click **Select All**.

Choose Billable Time and Costs Type a help question Ask How Do I? ×

Time and Costs For: **Silver Homes**

Time \$1,920.00 Expenses \$0.00 Mileage \$0.00 **Items \$6,495.00**

✓	Date	Item	Description	Qty	Rate	Amount	Hide
✓	03/16/2007	HARDSC...	Pallet 8"x4"x4X Cobblest...	800	1.75	1,400.00	▲
✓	03/16/2007	HARDSC...	1.5 Ton Pallet Blues Flag...	20	242.00	4,840.00	☰
✓	03/16/2007	HARDSC...	2 Ton Bag Cement	15	17.00	255.00	▼

Print selected time and costs as one invoice item Total billable time and costs 8,415.00

7. Click **OK**. Change the invoice date to 3/31/2007 and verify that **Invoice #** is 1021. Here is the completed invoice.

Customer: Job
Silver Homes

Template: Intuit Service Invoice

Date: 03/31/2007 Invoice #: 1021

Bill To
Silver Homes
1800 Clarkes Bridge Road
Blacksburg, VA 30519

Item	Quantity	Description	Rate	Amount	Tax
INSTL HARD - COMMERCIAL	32	Install Hardscape Materials	60.00	1,920.00	Non
HARDSCAPING MATERIALS:COBBLESTONE	800	Pallet 8"x4"x4X Cobblestone	1.75	1,400.00	Non
HARDSCAPING MATERIALS:BLUE FLAG	20	1.5 Ton Pallet Blues Flagstone	242.00	4,840.00	Non
Customer Tax			VA SALES TAX (5.0%)	0.00	
Total				8,415.00	

Customer Message

To be printed
 To be e-mailed

Payments Applied: 0.00
Balance Due: 8,415.00

Memo

Let QuickBooks help you get your Invoice paid online by credit card.

Buttons: Add Time/Costs..., Apply Credits..., Save & Close, Save & New, Clear

If you made a mistake in selecting billable costs, click **Add Time/Costs** to reopen the selection window.

A word of caution: After saving this invoice, you cannot transfer these costs again, even if you delete the invoice. So make sure the totals are correct before moving to the next step.

8. Print the invoice.
9. Click **Save & Close** and click **OK** when the credit limit warning appears.

Let's spend a few minutes discussing the importance of invoice dates. QBP posts entries to the general ledger using the invoice date. It is important to use correct dates so that transactions post to the proper accounting period; otherwise, financial statements will be misstated. In addition, invoice dates affect due dates. In turn, due dates affect the number of days an invoice is outstanding, which affects the customer's early payment discount period as well as late fees. **Always pay careful attention to dates when entering transactions in QBP.**



YOU TRY – INVOICE A CUSTOMER FOR JOB COSTS

On March 27, 2007, Astor invoices DBH Enterprises for the 8 hours worked on March 26, 2007. Prepare and print this invoice using invoice number 1022.

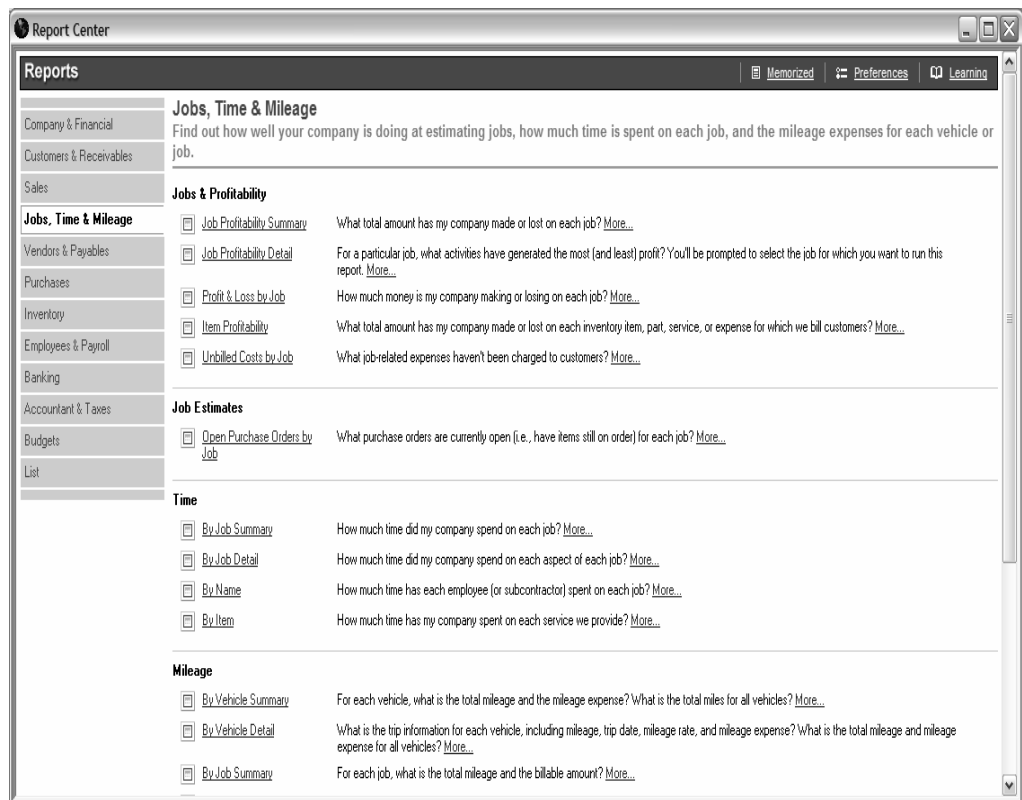
JOB REPORTING

After reading this topic, you will understand how job cost reports are prepared and analyzed. Follow the instructions below to prepare a job report.



Steps to Using Job Reports

1. Select **Reports>>Report Center** on the main menu. Then select the Jobs, Time & Mileage category. The Report Center explains each job report's purpose.



- Click **Job Profitability Detail** and select **Fairbanks Construction** when prompted. Enter the date range of **From 1/1/2007** and **To 1/31/2007**.

The report shows actual cost and actual revenue for this customer. You can double click on a number to open the transactions behind it.

7:07 PM
11/19/06

Practice Astor Landscaping
Job Profitability Detail for Fairbanks Construction
January 2007

	Act. Cost	Act. Revenue	(\$) Diff.
Service			
INSTL HARD - COMMERCIAL ▶	532.96 ◀	2,400.00	1,867.04
Total Service	532.96	2,400.00	1,867.04
TOTAL	532.96	2,400.00	1,867.04

- Click **Modify** and select the **Filters** tab. Under **Current Filter Choices**, highlight **Name** and then use the dropdown list on the left to select **O'Hara Homes Patios and Walk** job.

Modify Report: Job Profitability Detail f Type a help question Ask tion How Do I?

Display **Filters** Header/Footer Fonts & Numbers

Choose Filter

Filter	Name
Account	
Amount	
Date	
Item	
Memo	
Name	O'Hara Homes:Patios and Wal
Number	
TransactionType	

Current Filter Choices

Filter	Set to
Account	All income/expense acco...
Date	Custom
Name	O'Hara Homes:Patios an...

Remove Selected Filter

Name Filter

Choose the types of names or a specific name from the drop-down list.

Tell me more...

Revert

OK Cancel Help

4. Click **OK** and the report shows this information. Close the report without saving changes.

7:10 PM
11/19/06

Practice Astor Landscaping
Job Profitability Detail for O'Hara Homes:Patios an...
January 2007

	Act. Cost	Act. Revenue	(\$ Diff.
Parts			
HARDSCAPING MATERIALS			
BLUE FLAG	9,168.47	12,826.00	3,657.53
CEMENT	661.97	901.00	239.03
SAND	290.97	397.50	106.53
Total HARDSCAPING MATERIALS	10,121.41	14,124.50	4,003.09
Total Parts	10,121.41	14,124.50	4,003.09
Service			
INSTL HARD - COMMERCIAL	2,128.64	11,580.00	9,451.36
INSTL LAND - COMMERCIAL	0.00	400.00	400.00
Total Service	2,128.64	11,980.00	9,851.36
Other Charges			
DELIVERY CHARGES	0.00	30.00	30.00
Total Other Charges	0.00	30.00	30.00
TOTAL	12,250.05	26,134.50	13,884.45

5. On the **Report Center**, select **Unbilled Costs by Job**. This report lists vendor bills that need to be invoiced to customers. Close the report.

7:13 PM
11/19/06

Practice Astor Landscaping
Unbilled Costs by Job
All Transactions

Type	Date	Source Name	Memo	Account	Billing Status	Amount
O'Hara Homes						
Redesign Gardens						
BIII	04/07/2007	Anderson Wholesale Nursery	St Augustine...	51000 - Materials C...	Unbilled	810.00
BIII	04/07/2007	Anderson Wholesale Nursery	1G Cypress...	51000 - Materials C...	Unbilled	624.75
BIII	04/07/2007	Anderson Wholesale Nursery	1G Gumbo P...	51000 - Materials C...	Unbilled	549.50
BIII	04/07/2007	Anderson Wholesale Nursery	1G Pandora...	51000 - Materials C...	Unbilled	549.50
BIII	04/07/2007	Anderson Wholesale Nursery	2G Wintergr...	51000 - Materials C...	Unbilled	2,249.00
Total Redesign Gardens						4,782.75
Total O'Hara Homes						4,782.75
White and Associates						
BIII	04/15/2007	Anderson Wholesale Nursery	St Augustine...	51000 - Materials C...	Unbilled	891.00
BIII	04/15/2007	Anderson Wholesale Nursery	1G Gumbo P...	51000 - Materials C...	Unbilled	164.85
BIII	04/15/2007	Anderson Wholesale Nursery	1G Pink Ver...	51000 - Materials C...	Unbilled	397.50
BIII	04/15/2007	Anderson Wholesale Nursery	Tulip Bulbs	51000 - Materials C...	Unbilled	412.50
Total White and Associates						1,865.85
TOTAL						6,648.60

6. Click **Item Profitability** and enter the date range of **From 1/01/2007** and **To 03/31/2007**. Click **Modify Report** and, on the **Display** tab, add the **% Difference** field. Click **OK**.

This report shows the profit made by item. Close the report without saving changes.

Parts	Act. Cost	Act. Revenue	(\$) Diff.	(%) Diff.
DECKING				
REDWOOD CAPS	964.39	1,255.80	291.41	30.2%
REDWOOD DECKING	9,259.70	12,514.50	3,254.80	35.2%
REDWOOD POSTS	964.39	1,304.10	339.71	35.2%
REDWOOD RAILS	1,813.35	18,950.25	17,136.90	945%
Total DECKING	13,001.83	34,024.65	21,022.82	161.7%
FERTILIZER	157.50	212.60	55.10	35%
HARDSCAPING MATERIALS				
BLUE FLAG	21,277.77	29,766.00	8,488.23	39.9%
CEMENT	1,511.29	2,057.00	545.71	36.1%
COBBLESTONE	4,011.90	5,442.50	1,430.60	35.7%
MULCH	109.78	313.50	203.72	185.6%
PAVERS	139.72	189.00	49.28	35.3%
RIVER ROCK	305.97	413.10	107.13	35%
SAND	290.97	397.50	106.53	36.6%
Total HARDSCAPING MATERIALS	27,647.40	38,578.60	10,931.20	39.5%
LAWN SOD	675.00	950.00	275.00	40.7%
PLANTS				
AZALEA AMY	197.78	267.30	69.52	35.2%
AZALEA PINK	10.99	14.85	3.86	35.1%
BOXWOOD	607.23	819.45	212.22	34.9%
CAMELLIAS	11.99	16.20	4.21	35.1%
CYPRESS	199.92	269.60	69.68	34.9%
DAYLILLY PANDORA	21.98	29.70	7.72	35.1%
VERBENA	238.50	322.50	84.00	35.2%



YOU TRY – CREATE A JOB REPORT

Prepare the **Time** report named **Time by Job Summary**. Enter 3/1/2007 to 3/31/2007. Click **Modify** and, on the **Display** tab, mark **Unbilled**.

Print the report and explain how you would use it.

CUSTOMER PAYMENTS

Company sales must be turned into cash before employees and vendors can be paid or the company can invest in the business. This topic focuses on processing customer payments.

On March 31, 2007, Robert Gibson remitted check number 1786 for \$9,768.75 paying Invoice 965 in full. Follow these steps to record this payment.



Steps to Process Customer Payments

1. On the Home page, click **Receive Payments**. In Received From, select Gibson, Robert and then click the unpaid invoice. You will receive a message, which is explained in the next step.

Receive Payments Type a help question **Ask** How Do I?

Previous Next History Get Online Pmts

Customer Payment

Received From: Gibson, Robert Customer Balance: 9,768.75

Amount: 0.00 Date: 03/27/2007

Pmt. Method: Check Check #:

Memo: Deposit to: 10200 · Regular Che...

Process credit card payment when saving Find a Customer/Invoice...

✓	Date	Number	Orig. Amt.	Amt. Due	Payment
	01/22/2007	965	9,768.75	9,768.75	0.00
Totals			9,768.75	9,768.75	0.00

Amounts for Selected Invoices

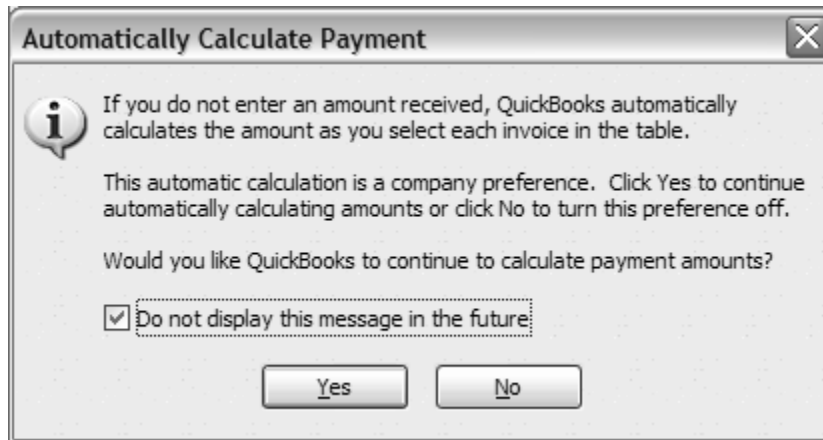
Amount Due	0.00
Applied	0.00
Discount and Credits Applied	0.00

Auto Apply Payment Discount & Credits...

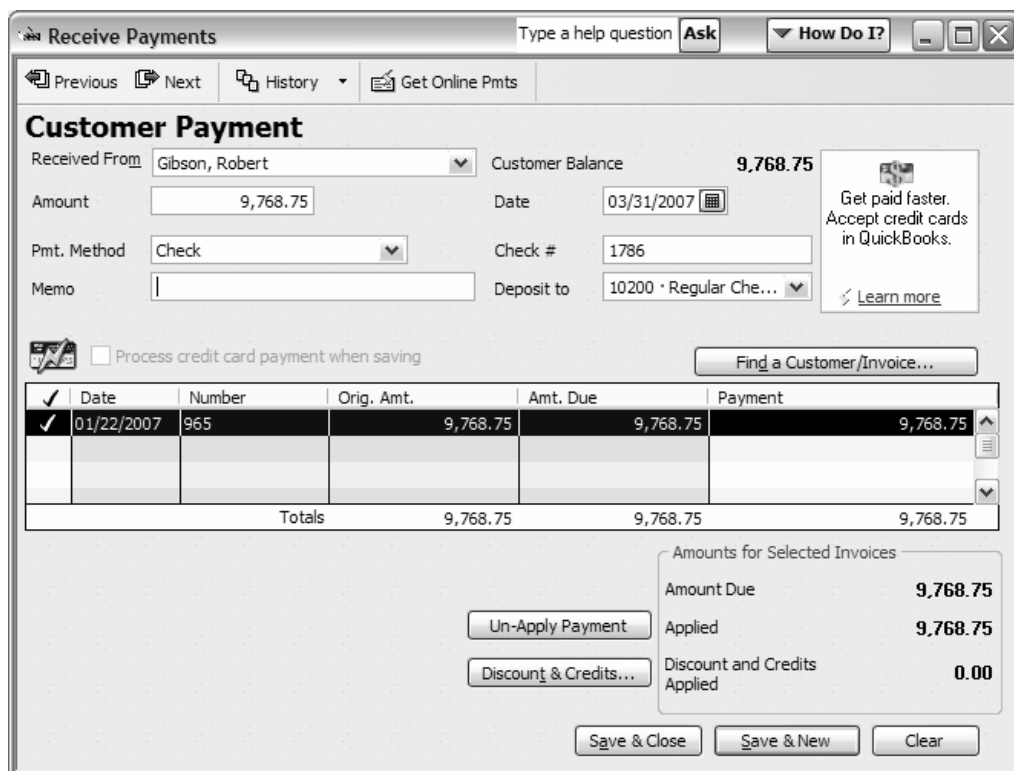
Save & Close Save & New Clear

Check unpaid invoice

- Since you did not enter an Amount, QBP prompts telling you that it can calculate the amount based on the invoices selected. Mark the option to turn off future messages and click **Yes**.



- Change the **Date** to "3/31/2007" and then enter "1786" as the **Check #**.
- The completed entry is shown here.



Notice the payment will post to **10200 Regular Checking**. Also the **Pmt Method** has defaulted to **Check**.

The **Un-Apply Payment** button at the bottom is a quick way to clear selected invoices. You can also click an invoice to clear its selection.

5. Click **Save & Close** to post the payment.



BEHIND THE KEYS OF A POSTED CUSTOMER PAYMENT

Now trace the audit trail for the payment posted in the previous topic. Recall in the *MAPS* topic at the beginning of the chapter we explained that a customer's payment is recorded on the Cash Receipts Journal and then posted to the customer's account and general ledger accounts.

So let's begin by opening the Cash Receipts Journal. On the main menu, select **Reports>>Memorized Reports>>Accounting Journals>>Cash Receipts Journal**. Enter the date range of **From 3/31/2007** and **To 3/31/2007**. The refreshed report is shown here.

Trans #	Type	Date	Num	Name	Account	Debit	Credit
292	Payment	03/31/2007	1786	Gibson, Robert	11000 - Accounts Receivable		9,768.75
274	Deposit	03/31/2007			80000 - Interest Income		61.50
292	Payment	03/31/2007	1786	Gibson, Robert	10200 - Regular Checking Account	9,768.75	
274	Deposit	03/31/2007			10400 - Savings Account	61.50	
TOTAL						9,830.25	9,830.25

The report shows customer payments and other bank deposits. The Trans # and Type for Robert's payment is 292 Payment.

Close this report, discarding changes. On the main menu, select **Reports>>Customers & Receivables>>Transaction List by Customer**.

Enter the date range of **From 3/1/2007** and **To 3/31/2007**. Click **Modify Report** and select **Trans #** under **Columns**.

Transaction List by Customer

Type a help question **Ask** **How Do I?**

Modify Report... Memorize... Print... E-mail Export... Hide Header Refresh

Dates Custom From 03/01/2007 To 03/31/2007 Sort By Default

8:19 PM
11/19/06

Practice Astor Landscaping
Transaction List by Customer
March 2007

Trans #	Type	Date	Num	Memo	Account	Clr	Split	Amount
244	Payment	03/21/2007	261		10200 - Regular Checking Acc...		11000 - Accounts Receivable	5,665.00
DBH Enterprises								
57	Invoice	03/06/2007	1001		11000 - Accounts Receivable		-SPLIT-	322.50
58	Invoice	03/12/2007	1007		11000 - Accounts Receivable		-SPLIT-	322.50
238	Payment	03/12/2007			10200 - Regular Checking Acc...		11000 - Accounts Receivable	645.00
59	Invoice	03/15/2007	1011		11000 - Accounts Receivable		-SPLIT-	322.50
245	Payment	03/21/2007	2345		10200 - Regular Checking Acc...		11000 - Accounts Receivable	673.50
291	Invoice	03/27/2007	1022		11000 - Accounts Receivable		-SPLIT-	294.00
60	Invoice	03/29/2007	1015		11000 - Accounts Receivable		-SPLIT-	882.00
Fairbanks Construction								
232	Payment	03/02/2007	2351		10200 - Regular Checking Acc...		11000 - Accounts Receivable	2,400.00
Gibson, Robert								
292	Payment	03/31/2007	1786		10200 - Regular Checking Acc...		11000 - Accounts Receivable	9,768.75
Hutcheon, Brian								
233	Payment	03/02/2007	2359		10200 - Regular Checking Acc...		11000 - Accounts Receivable	3,858.75
64	Invoice	03/12/2007	1006		11000 - Accounts Receivable		-SPLIT-	10,573.35
O'Hara Homes								
Redesign Gardens								
72	Invoice	03/05/2007	1000		11000 - Accounts Receivable		-SPLIT-	1,550.00
73	Invoice	03/13/2007	1008		11000 - Accounts Receivable		-SPLIT-	3,210.00
74	Invoice	03/29/2007	1013		11000 - Accounts Receivable		-SPLIT-	7,550.00
O'Hara Homes - Other								

Scroll down and locate Robert Gibson's payment. The entry shows the same Trans # and Type as displayed on the Cash Receipts Journal.

Close this report and complete tracing entries by opening the memorized report named **General Ledger Detail Report**. Locate your entries made to accounts 10200-00 and 11000-00 (not illustrated.)

CUSTOMER PAYMENTS WITH A DISCOUNT AND SALES RECEIPTS

In this topic, you continue posting customer payments where the customer is paying within the discount period. You will also learn to record customer payments at the time of sale.

On March 31, 2007, Sycamore Homes remitted check number 9832 for \$21,389.48 paying Invoice 1012. Record this transaction.



Steps to Process Customer Payment with a Discount

1. On the **Home** page, click **Receive Payments** and select **Sycamore Homes**. Change the **Date** to “3/31/07” and enter “9832” as the **Check #**.
2. Enter “21,389.48” in **Amount** and then select Invoice 1012. Notice that the window shows an underpayment of \$436.52 on the invoice.

Receive Payments Type a help question **Ask** How Do I?

Previous Next History Get Online Pmts

Customer Payment

Received From: Sycamore Homes Customer Balance: 21,826.00

Amount: 21,389.48 Date: 03/31/2007

Pmt. Method: Check Check #: 9832

Memo: Deposit to: 10200 · Regular Che...

Process credit card payment when saving Find a Customer/Invoice...

✓	Date	Number	Orig. Amt.	Disc. Date	Amt. Due	Payment
✓	03/23/2007	1012	21,826.00	04/02/2007	21,826.00	21,389.48
Totals			21,826.00		21,826.00	21,389.48

This customer has discounts available. To apply discounts click Discount & Credits...

Underpayment \$436.52. When you finish, do you want to:

Leave this as an underpayment
 Write off the extra amount

View Customer Contact Information

Un-Apply Payment Discount & Credits...

Amounts for Selected Invoices

Amount Due	21,826.00
Applied	21,389.48
Discount and Credits Applied	0.00

Save & Close Save & New Clear

3. Click the **Discount and Credits** button to open this window showing that this invoice carries the payment terms of 2% 10 Net 30. Select the **Discount Account** shown and then click **Done**.

Discount and Credits

Invoice

Customer:Job	Sycamore Homes	Amount Due	21,826.00
Number	1012	Discount Used	436.52
Date	03/23/2007	Credits Used	0.00
Original Amt.	21,826.00	Balance Due	21,389.48

Discount Credits

Discount Date 04/02/2007

Terms 2% 10 Net 30 ...

Suggested Discount 436.52

Amount of Discount

Discount Account ▼

4. The completed entry is shown here. Click **Save & Close**.

Receive Payments
Type a help question **Ask** ▼ How Do I?

Previous Next History Get Online Pmts

Customer Payment

Received From Sycamore Homes

Amount 21,389.48

Pmt. Method Check

Memo

Customer Balance **21,826.00**

Date 03/31/2007

Check # 9832

Deposit to 10200 - Regular Che...

Process credit card payment when saving
 Find a Customer/Invoice...

✓	Date	Number	Orig. Amt.	Disc. Date	Amt. Due	Discount	Payment
✓	03/23/2007	1012	21,826.00	03/31/2007	21,826.00	436.52	21,389.48
Totals			21,826.00		21,826.00	436.52	21,389.48

Amounts for Selected Invoices

Amount Due	21,826.00
Applied	21,389.48
Discount and Credits Applied	436.52

Un-Apply Payment
Discount & Credits...
Save & Close
Save & New
Clear

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5. You will now record a miscellaneous cash sale to Elkhorn Apartments. Since the payment is not applied to an existing invoice, the payment is recorded in a different window.

On the **Home** page, click **Create Sales Receipts**.

The screenshot shows the 'Enter Sales Receipts' window. The 'Date' is 03/31/2007 and 'Sale No.' is 1. The 'Sold To' field is empty. The 'Check No.' and 'Payment Method' fields are empty. A table with columns 'Item', 'Description', 'Qty', 'Rate', 'Amount', and 'Tax' is visible, with a row for 'VA SALES TAX (5.0%)' showing an amount of 0.00. The 'Total' field shows 0.00. At the bottom, there are checkboxes for 'To be printed' (checked) and 'To be e-mailed' (unchecked), a 'Customer Tax Code' dropdown, a 'Memo' field, and a 'Deposit To' dropdown set to '12001 - Undeposited ...'. There are also buttons for 'Save & Close', 'Save & New', and 'Clear'.

6. Select **Elkhorn Apartments** as the customer and then enter the **Date** of "3/31/2007" and **Check No.** of "736".

7. Place your cursor in the **Item** field and enter "MISC SALES". Press Tab and QBP prompts to create the item. Click **Yes**.

Complete the item window as illustrated. You will not enter a Rate because this item will be used to record miscellaneous sales in which the rate will vary. Click **OK**.

New Item Type a help question **Ask** **How Do I?** ✕

Type
Service ▼ Use for services you charge for or purchase, like specialized labor, consulting hours, or professional fees.

Item Name/Number Subitem of
MISC SALES ▼

This service is used in assemblies or is performed by a subcontractor or partner

Description Rate Tax Code
 Tax ▼

Account
46000 · Sales - Miscella ▼

Item is inactive

OK
Cancel
Custom Fields
Spelling

8. In **Description**, type "Spot treatment for rose disease". Enter "1" as the **Qty** and 150.00 as the **Rate**. Change the **Tax** field to "Non" and then change the **Deposit To** field to "10200 Regular Checking".

The completed entry is shown here. This entry will appear on the Cash Receipts Journal as a \$150.00 debit to 10200 Regular Checking and a \$150.00 credit to 46000 Sales Miscellaneous.

Enter Sales Receipts

Customer: Job
Elkorn Apartments

Date: 03/31/2007
Sale No.: 1

Sales Receipt

Sold To
Elkorn Apartments
302 Pavillion Ct
Marshville, VA 30069

Check No.: 736
Payment Method: Check

Item	Description	Qty	Rate	Amount	Tax
MISC SALES	Spot treatment for rose disease	1	150.00	150.00	Non

Customer Tax Code: Tax
Tax: VA SALES TAX (5.0%)
Amount: 0.00

Total: 150.00

To be printed
 To be e-mailed
Customer Tax Code: Tax
Memo:

Deposit To: 10200 Regular Checkin

Process credit card payment when saving

Buttons: Save & Close, Save & New, Clear

9. Click **Save & Close**.

CORRECTING CUSTOMER PAYMENTS

QBP permits editing and deleting customer payments. These are the steps taken to correct a customer payment.

1. Using the Customer Center, locate the payment on the customer's account.
2. Double click the payment to reopen.
3. Edit the payment and then click Save & Close to post the changes.

To delete, you would follow steps 1 and 2 and then select **Edit>>Delete Payment** on the main menu. However, you should be careful when deleting payments after reconciling the bank statement. See Appendix B, which explains the effect of deleting deposits after reconciling bank statements.



YOU TRY – RECORD CUSTOMER PAYMENTS

On March 30, 2007, the following customer payments were received. Post the payments.

Ashford Hill Apartments, check number 78565 for \$1,764.00, paying Invoices 985 and 991

O'Hara Homes, check number 1092 for \$1,000.00, paying Invoice 993. Since the customer is not paying the invoice in full, leave the remaining balance as an underpayment.

Print the Cash Receipts Journal filtering the report for the date range of 3/30/2007.

ENTERING CUSTOMER CREDITS

Occasionally Astor may need to issue a credit against a customer invoice. In the exercise that follows, Astor is issuing a credit to O'Hara Homes for three hours of labor billed on Invoice 1008.



Steps to Enter a Customer Credit Memo

1. On the Home page, click **Refunds & Credits**.

4. In this window, click Invoice 993 to deselect it and then click Invoice 1008. Click **Done**.

Apply Credit to Invoices

Credit Memo
Customer: Job O'Hara Homes:Redesign Gardens

Ref. No. 1023 Original Amt. 150.00
Date 03/28/2007 Remaining Credit 0.00

<input checked="" type="checkbox"/>	Date	Job	Number	Orig. Amt.	Amt. Due	Amt. Applied
<input type="checkbox"/>	02/26/2007	Redesign Gardens	993	2,550.00	1,550.00	0.00
<input type="checkbox"/>	03/05/2007	Redesign Gardens	1000	1,550.00	1,550.00	0.00
<input checked="" type="checkbox"/>	03/13/2007	Redesign Gardens	1008	3,210.00	3,210.00	150.00
<input type="checkbox"/>	03/29/2007	Redesign Gardens	1013	7,550.00	7,550.00	0.00
Totals				14,860.00	0.00	150.00

Clear Selections

Done Cancel

CUSTOMER REPORTING AND RECONCILING CUSTOMER ACTIVITIES

QBP offers a variety of customer reports. These reports can be viewed from the **Report Center**. Open this center and select the **Customers & Receivables** area.

Click **Summary** in the **A/R Aging** category to open the accounts receivable aging report. Change the date to "3/31/2007". Refresh and the report displays as illustrated below.

9:33 PM
11/19/06

Practice Astor Landscaping
A/R Aging Summary
As of March 31, 2007

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
Ashford Hill Apartments	2,352.00	0.00	0.00	0.00	0.00	2,352.00
Chester, John	84.00	0.00	0.00	0.00	0.00	84.00
DBH Enterprises	2,143.50	294.00	0.00	0.00	0.00	2,437.50
Hutcheon, Brian	0.00	10,573.35	0.00	0.00	0.00	10,573.35
O'Hara Homes						
Redesign Gardens	12,160.00	1,550.00	0.00	0.00	0.00	13,710.00
Total O'Hara Homes	12,160.00	1,550.00	0.00	0.00	0.00	13,710.00
Peck, Oliver	0.00	1,102.50	0.00	0.00	0.00	1,102.50
Pleasantdale Luxury Apartments	1,609.50	0.00	0.00	0.00	0.00	1,609.50
Reynolds Court Subdivision	3,160.50	1,764.00	0.00	0.00	0.00	4,924.50
Sallens Property Management	4,920.00	4,620.00	0.00	0.00	0.00	9,540.00
Silver Homes	20,542.50	0.00	0.00	0.00	0.00	20,542.50
Sugar Hill Tennis Club	0.00	0.90	0.00	0.00	0.00	0.90
White and Associates	0.00	12,495.00	0.00	0.00	0.00	12,495.00
Zara Apartment Homes	9,922.50	0.00	0.00	0.00	0.00	9,922.50
TOTAL	56,894.50	32,399.75	0.00	0.00	0.00	89,294.25

This report lists customer outstanding balances by age of the balance. (Note: Your balances will differ from those illustrated if you have not completed all chapter exercises.)

This report serves two important purposes. First, Astor uses the report to monitor customer payments and manage company cash flow, which mitigates the risk of continuing to sell to customers that fail to pay.

Second, this report is used to reconcile customer activities with the accounts receivable control account. This task is performed by comparing the report's total amount due with the March ending balance in general ledger account 11000 Accounts Receivable.

Now view the balance in accounts receivable. Select **Reports>>Accountant & Taxes>>Trial Balance** on the main menu and filter the report for 3/31/2007. Scroll down and locate the balance in 11000 Accounts Receivable. The total on the A/R Aging report and the balance in Accounts Receivable on the Trial Balance must agree to verify proper recording of customer activities.

These totals can become out of balance when you improperly correct customer transactions. Therefore, always correct customer transactions by referring to the instructions in Appendix B.

You should reconcile the aged receivables report to the accounts receivable balance at the end of every month and prior to issuing financial reports.

Close this report and open the **Detail A/R Aging** report (not illustrated). This report lists invoices by invoice age.

Enter "3/31/2007" as the date. Scroll down to Sugar Hill Tennis Club Invoice 989. This customer has an outstanding balance of \$.90 on this invoice. You will write off this balance in the next topic.

WRITE OFF CUSTOMER INVOICE BALANCE

You will find in business that customers do not always pay. Furthermore, like Sugar Hill Tennis Club, customers sometimes pay the wrong amount. Instead of calling a payment error to the customer's attention, Astor has decided to write off the invoice balance.

The instructions that follow write off an invoice after posting the payment. The instructions in Chapter 8 illustrate writing off the balance while recording the payment.



Steps to Write Off a Customer's Invoice

1. On the Home page, click **Receive Payments**. Complete the window as illustrated here.

Customer Payment

Received From: Sugar Hill Tennis Club Customer Balance: 0.90

Amount: 0.90 Date: 03/31/2007

Pmt. Method: Check Check #: []

Memo: Write off balance Deposit to: 11500 - Allowance for []

Process credit card payment when saving

✓	Date	Number	Orig. Amt.	Amt. Due	Payment
✓	02/28/2007	989	1,324.25	0.90	0.90
Totals			1,324.25	0.90	0.90

Amounts for Selected Invoices

Amount Due: 0.90

Applied: 0.90

Discount and Credits Applied: 0.00

Buttons: Un-Apply Payment, Discount & Credits..., Save & Close, Save & New, Clear

Notice that the **Deposit to** account has been changed to 11500 Allowance for Doubtful Accounts. When a company uses the allowance method of accounting for bad debts, bad debt expense is recognized when adjusting the allowance estimate. Actual bad debts are then written off to the estimated allowance.

2. Click **Save & Close**.

CUSTOMER STATEMENTS

Astor mails customer statements once a month. These statements list invoice and payment activity and prompt the customer to pay.

Click **Statements** on the **Home** page to open this window. Enter the date and options illustrated.

Create Statements Type a help question **Ask** **How Do I?**

Enter Statement Date and Type

Statement Date: 03/31/2007

Statement Period From: 03/01/2007 To: 03/31/2007

Statement Period From

All open transactions as of Statement Date

Include only transactions over 30 days past due date

Select Customers

All Customers

Multiple Customers

One Customer

Customers of Type

Preferred Send Method

View Selected Customers...

Select Additional Options

Template: Customize

Intuit Standard Statement

Create One Statement: Per Customer

Show invoice item details on statements

Print statements by billing address zip code

Print due date on transactions

Do not create statements:

with a zero balance

with a balance less than 0.00

with no account activity

for inactive customers

Assess Finance Charges...

Preview Print E-mail Close Help

Click **Preview** and the first statement appears (see below).

Practice Astor Landscaping 1505 Pavilion Place, Suite C Arlington, VA 30093		Statement	
		Date 3/31/2007	
To: Ashford Hill Apartments 3466 Ashford Hill Danbury, VA 30097			
		Amount Due \$2,352.00	Amount Enc.
Date	Transaction	Amount	Balance
03/06/2007	INV #1002. Due 04/05/2007. Orig. Amount \$588.00.	588.00	588.00
03/12/2007	INV #1005. Due 04/11/2007. Orig. Amount \$882.00.	882.00	1,470.00
03/29/2007	INV #1014. Due 04/28/2007. Orig. Amount \$882.00.	882.00	2,352.00

The window indicates that 12 statements will print.

Click **Print** and, when QBP prompts to verify that statements printed correctly, click **Yes**.

When QBP prompts to remind you that statements can also be emailed, check the option to turn off future messages and click **OK**.

Click **Close** to exit the statement window.

You have now completed the chapter. ***Make a backup of the Practice Astor Landscaping data file to a backup file named "Practice Astor Landscaping Chpt 4.QBB". In the next chapter, you will build on the work completed in this chapter.***

SUMMARY

In this chapter, you learned *MAPS* for posting customer transactions before recording transactions in QBP. By understanding manual entries, you were able to anticipate QBP's *Behind the Keys* postings. Understanding a transaction's effect on financial accounts is critical to posting transactions correctly and to tracing the audit trail of a posted transaction.

After completing this chapter, you are skilled in recording customer invoices, payments, and credit memos for a service based business. You can manage the master accounts linked to transactions (i.e., customer accounts, jobs and service and non-inventory items). You understand job reporting as well as other reports that let you monitor and document customer activities. With firm knowledge on processing customer activities, you are now ready to take on Astor's vendor activities in the next chapter.

END-OF-CHAPTER QUESTIONS

TRUE/FALSE

- ___ 1. The audit trail lets accountants trace entries from the original entry to the general ledger.
- ___ 2. Like the manual system, QBP's Sales Journal report will list the general ledger accounts affected by sales transactions.
- ___ 3. You can create a sales invoice by entering items or by transferring job costs.
- ___ 4. You can customize columns on the Item List using the Item button.
- ___ 5. When entering a sales invoice, you can create a customer account "on the fly."
- ___ 6. You should reconcile the aged receivables report with the accounts receivable account monthly and before issuing financial statements.
- ___ 7. QBP will let you email sales invoices.
- ___ 8. You can delete a customer account that has transaction history.
- ___ 9. The Item List can be exported to Excel.
- ___ 10. You can make corrections to a posted customer payment.

MULTIPLE CHOICE

- ___ 1. The _____ will tell you the balance on a customer account.
 - a. Customer Center
 - b. Customer Balance Summary report
 - c. Collections report
 - d. All of the above
- ___ 2. The _____ report will document individual postings to the accounts receivable account.
 - a. General Ledger Detail Trial Balance
 - b. Transactions Detail by Account
 - c. General Ledger
 - d. All of the above
- ___ 3. The _____ item type will record cost of goods sold at the time of sale.
 - a. Service
 - b. Inventory Part
 - c. Non-inventory Part
 - d. All of the above

- _____ 4. Use the _____ icon when recording a customer's payment on an invoice.
- Receive Payments
 - Create Sales Receipts
 - Both a and b
 - None of the above
- _____ 5. An accounts receivable aging report _____.
- monitors the age of customer invoices
 - reconciles customer activities with the general ledger
 - manages cash flow
 - all of the above
- _____ 6. Customer statements may be printed using the _____.
- Home page
 - Customers menu
 - Both a and b
 - None of the above
- _____ 7. When Astor sells Fertilizer, QBP will post revenue to the general ledger account _____.
- entered in the sales invoice window
 - stored on the item
 - Both a and b
 - None of the above

PRACTICE SET

In this practice set, you will be using the **Graded Astor Landscaping** data file customized with your initials at the end of Chapter 1. ***When the company file is not loaded on your computer, restore it using the Graded Astor Landscaping Chp 1.QBB backup file created in the Practice Set at the end of Chapter 1.***

1. Open **Graded Astor Landscaping** and enter Astor's April customer activities listed below.

When transferring job costs to an invoice, use the Options button and select "**Combine activities with the same service items**".

Unless instructed otherwise, do not change the default tax code.

Transactions will be printed in Step 2, so make sure that invoices are marked "**To be printed**".

2007

- Apr 2 Received check number 1087 for \$21,389.48 from Sycamore Homes paying Invoice 1012 within the discount period. Discount posted to 49000 Sales Discounts.
- (Note: If you selected the invoice before entering the payment amount, then click Yes and select the option to turn off future messages.)*
- Apr 3 Invoice 1027 to O'Hara Homes for Redesign Gardens job for \$4,800. Transfer 80 hours from time tickets dated March 26 to March 31, 2007.
- Apr 6 Invoice 1022 to Reynolds Court Subdivision for \$1,120 plus tax. Transfer 32 hours from time tickets dated March 26 to March 31, 2007.
- Invoice 1023 to White and Associates for \$1,440. Transfer 24 hours from time tickets dated March 26 to March 31, 2007. Click OK to exceed the customer's credit limit.
- Apr 9 Received check number 763 for \$4,100.00 from O'Hara Homes paying Invoices 993 and 1000.
- Received check number 3253 for \$4,620.00 from Sallens Property Management paying Invoice 994.
- Apr 11 Received check number. 7577 for \$3,234.00 from Ashford Hill Apartments paying Invoices 985, 991, 1002, and 1005.
- Apr 17 Prepared these invoices.
- Invoice 1024 to Ashford Hill Apartments for \$1,960. Transfer 56 hours from all time tickets on file.
- Invoice 1025 to DBH Enterprises for \$1,680. Transfer 48 hours from all time tickets on file.
- Invoice 1026 to Reynolds Court Subdivision for \$1,120 plus tax. Transfer 32 hours from all time tickets on file.
- Apr 23 Received the following checks:
- Check number 23463 for \$1,261.50 from DBH Enterprises paying Invoices 995, 1001, 1007, and 1011.
- Check number 67825 for \$10,575.35 from Brian Hutcheon paying Invoice 1006.
- Check number 7345 for \$10,760 from O'Hara Homes paying Invoices 1008 and 1013.

Apr 25 Prepared these invoices.

Invoice 1027 to O'Hara Homes for Redesign Gardens job for \$10,502.50. Transfer 80 hours from all remaining time tickets on file and transfer all items. If spell check window opens, click Ignore All.

Invoice 1028 to Sugar Hill Tennis Club for \$588. Transfer 16 hours from all time tickets on file.

Apr 27 Received the following checks:

Check number 9099 for \$7,276.50 from Reynolds Court Subdivision paying all invoices on account.

Check number 7350 for \$15,092.45 from O'Hara Homes paying Invoices 1021 and 1027 with a discount.

Created this new customer:

Jordan Industries
575 N. Main Street
Arlington, VA 30022
(701) 555-8723
Contact: April Raines
Customer Type: Commercial
Payment Terms: Net 30
Tax Code: Tax
Credit Limit: \$10,000

Created new job for the customer:

Description is New deck
Status is Awarded
Start 5/1/2007 and Projected End 5/15/2007
Job Type is Construction

Down payment on job deposited to Regular Checking. (Use Create Sales Receipts and **print receipt after entering.**)

Check number: 725
Item: INSTL HARD - COMMERCIAL
Qty: 25
Amount: \$1,500

2. Print the following.

- a. Invoices 1021 through 1028. You can print by using **File>>Print Forms>>Invoices** on the main menu. When you do not have eight invoices, totaling \$23,504.50, then check that all invoices are marked *To be printed*.
- b. Cash Receipts Journal for April 1 to April 30, 2007.
- c. Sales Journal for April 1 to April 30, 2007.

- d. Job Profitability Summary for January 1 to April 30, 2007.
 - e. A/R Aging Detail report at April 30, 2007.
 - f. Customer statement for DBH Enterprises showing all open transactions. (Note: Use the One Customer option under Select Customers.)
- 3. *Back up the Graded Astor Landscaping data file to a backup file named “Graded Astor Landscaping Chpt 4.QBB”. The Practice Set for the next chapter will build on the work completed in this chapter.***