

Chapter 2

The Sales Process

Objectives

After completing this chapter, you should be able to:

- Set up customer records in the Customer Center (page 43).
- Record Sales Receipts (page 52).
- Use the Undeposited Funds account to track your cash receipts (page 57).
- Record Invoices and Payments from customers (page 59).
- Record bank deposits of cash, check, and credit card receipts (page 74).

Restore this File

This chapter uses Sales-10.QBW. To open this file, restore the Sales-10.QBM file to your hard disk. See page 10 for instructions on restoring files.

Note: When you restore a data file, depending on today's date, you may see one or more "Alerts" for learning to process credit cards, pay taxes, or similar activities. Click Mark as Done when you see these alerts.

In this chapter, you will learn how QuickBooks can help you record and track revenues in your business.

Each time you sell products or services, you will record the transaction using one of QuickBooks' forms. When you fill out a QuickBooks **Invoice** or **Sales Receipt**, QuickBooks tracks the detail of each sale, allowing you to create reports about your sales.

Tracking Company Sales

Academy Photography tracks each sale individually on either an **Invoice** form (for sales to credit customers) or a **Sales Receipt** form (for customers who pay immediately using cash, checks, or credit cards).

The *Customers* section of the *Home* page window provides you with a graphical flow of the steps involved in the sales process.

When you open the sample file, the *Home* page is displayed. Academy Photography is a service and merchandising photo studio which sells products and provides services, so the home page displays activities likely to be used in this type of business (see Figure 2-1). The *Home* page is customized for each business type based on answers to questions in the setup interview. You'll learn about the company setup process later in this book.

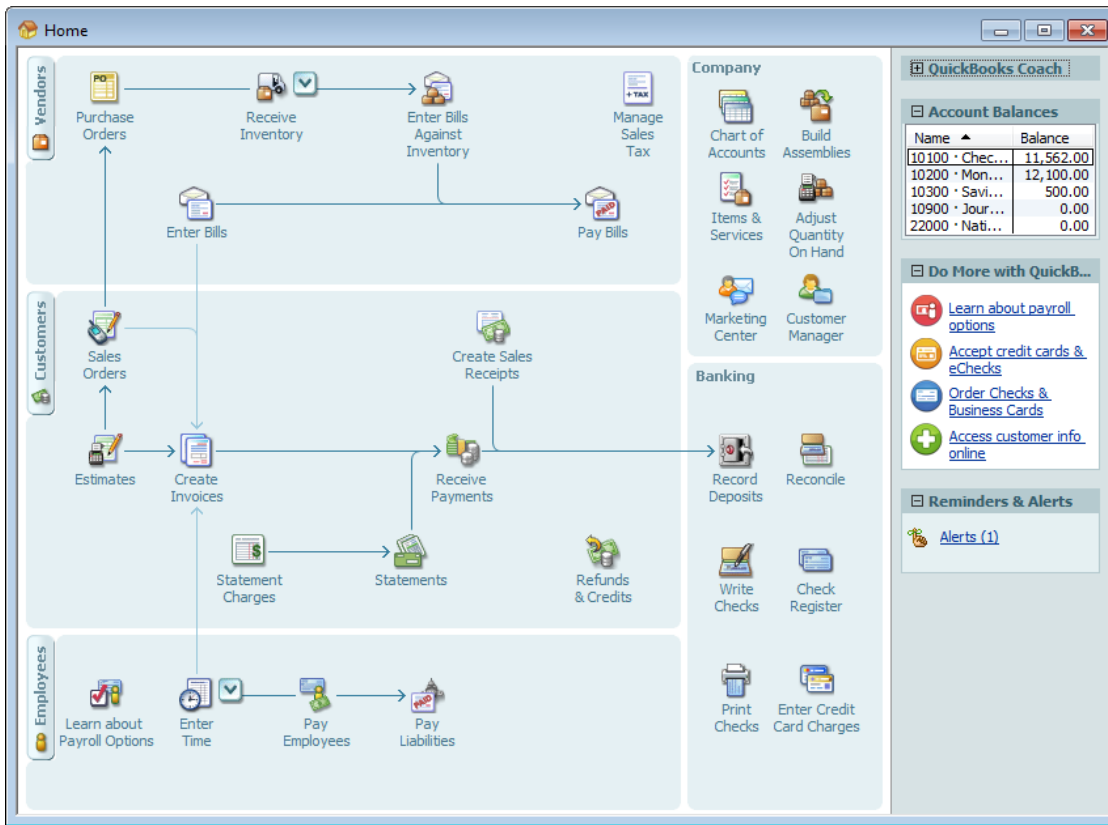


Figure 2-1 QuickBooks Home page

Sales are recorded two different ways, depending on whether the customer pays at the time of sale or service (called *Cash customers*), or if the customer pays after the sale or service (*Credit customers*). Transactions with Cash customers follow a specific process, called the *Payment with Sale Workflow*. At the time of sale, a Sale Receipt is issued, and then a deposit is recorded. The *Payment with Sale Workflow* is displayed in Figure 2-2 using the QuickBooks Coach (for more on the QuickBooks Coach, see 30).

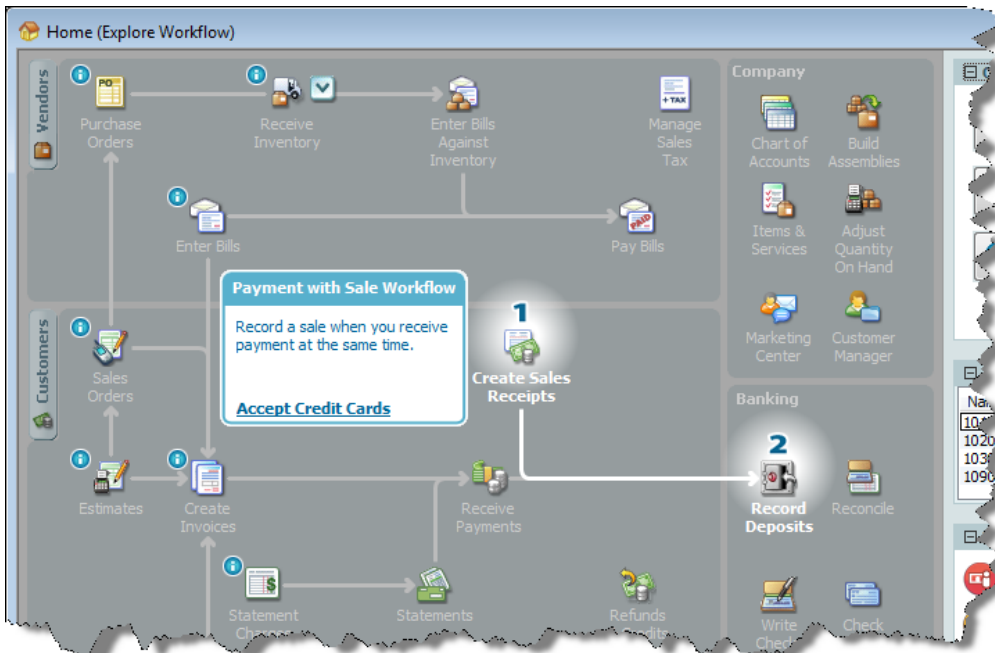


Figure 2-2 Payment with Sale Workflow

When working with a credit customer, who pays after the sale or service, the sales process is different. Often, the first step is to create an invoice. Once payment is received, the amount is applied to the invoice and the deposit is recorded. This is the *Invoicing Workflow*, displayed in Figure 2-3. This process can also begin with creating an Estimate.

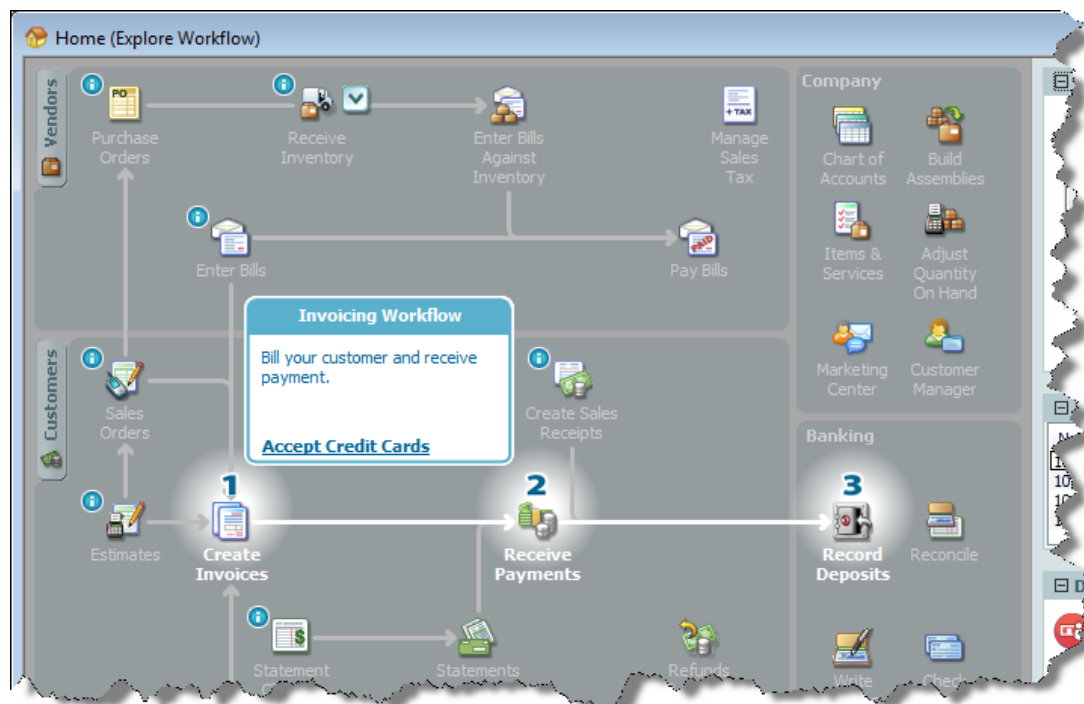


Figure 2-3 Invoicing Workflow

Table 2-1 provides more details about the Payment with Sales and Invoicing Workflow. In this table, you can see how to record business transactions for cash and credit customers. In addition, the table shows the *accounting behind the scenes* of each transaction. As discussed on page 4, the accounting behind the scenes is critical to your understanding of how QuickBooks converts the information on forms (invoices, sales receipts, etc.) into accounting entries. Each row in the table represents a business transaction you might enter as you proceed through the sales process.

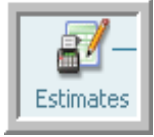
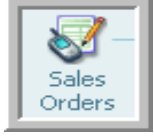
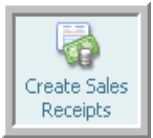
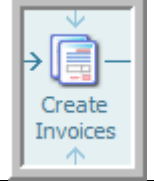
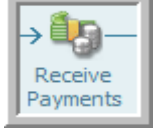
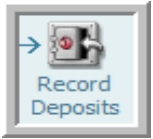
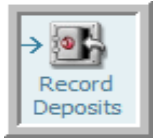
Business Transaction	Cash Customers (Pay by cash, check, or credit card at time of sale)		Credit Customers (Pay on a date after the sale date)	
	QuickBooks Transaction	Accounting Entry	QuickBooks Transaction	Accounting Entry
Customer Estimate (Optional)	Not Usually Used			Non-posting entry used to record estimates (bids) for customers or jobs.
Customer Sales Order (Optional)	Not Usually Used			Non-posting entry used to record customer orders.
Recording a Sale		Increase (debit) Undeposited Funds , increase (credit) <i>income</i> account.		Increase (debit) Accounts Receivable , increase (credit) <i>income</i> account.
Receiving Money in Payment of an Invoice	No additional action is required on the sales form.			Decrease (credit) Accounts Receivable , increase (debit) Undeposited Funds .
Depositing Money in the Bank		Increase (debit) <i>bank</i> Account, decrease (credit) Undeposited Funds .		Decrease (credit) Undeposited Funds , increase (debit) <i>bank</i> Account.

Table 2-1 Steps in the sales process

For cash customers, use the **Sales Receipt** form to record your sale. The *Sales Receipt* form records the details of what you’ve sold and to whom you sold it. By default, a special account called **Undeposited Funds** is used in these transactions. This account is an *Other Current Asset* account, and it can be thought of as a drawer where you keep your checks and other deposits before making a trip to the bank. See page 57 for more information on **Undeposited Funds**.

The accounting behind the scenes:
 When you create a **Sales Receipt**, QuickBooks increases (with a debit) a **bank account or Undeposited Funds** (i.e., funds you have received from customers but have not yet deposited at your bank), and increases (with a credit) the appropriate *income* account. If the sale includes an Inventory Item, it also decreases (credits) the Inventory asset and increases (debits) the Cost of Goods Sold account.

For credit customers, create an **Invoice** for each sale. The **Invoice** form records the details of what you’ve sold and to whom you sold it.

The accounting behind the scenes:

When you create an **Invoice**, QuickBooks increases (with a debit) **Accounts Receivable** and increases (with a credit) the appropriate *income* account. If applicable, **Invoices** and **Sales Receipts** also increase (with a credit) the sales tax liability account. If the sale includes an Inventory Item, it also decreases (credits) the Inventory asset and increases (debits) the Cost of Goods Sold account.

As shown in Table 2-1, when you receive money from your credit customers, use the **Receive Payments** function to record the receipt.

The accounting behind the scenes:

When you record a **Payment**, QuickBooks increases (with a debit) **Undeposited Funds** or a bank account, and decreases (with a credit) **Accounts Receivable**.

If you post a **Sales Receipt** or a **Payment to Undeposited Funds**, which is the default option, the last step in the process is to make a **Deposit** to your bank account. This step is the same for both cash and credit customers. Use the **Make Deposits** function to record the deposit to your bank account.

If you prepare estimates (sometimes called bids) for customers or jobs, you can create an **Estimate** to track the details of what the sale will include. QuickBooks does not post **Estimates** to the **General Ledger**, but it helps you track the estimate until the job is complete. QuickBooks also provides reports that help you compare estimated vs. actual revenues and costs.

The accounting behind the scenes:

When you create an **Estimate**, QuickBooks records the estimate, but there is no accounting entry made. **Estimates** are “non-posting” entries.

If you use sales orders in your business, you can create a **Sales Order** form to track the details of what the sale will include. QuickBooks does not post **Sales Orders** to the **General Ledger**, but it helps you track your orders until they are shipped to the customer. **Sales Orders** are very similar to **Estimates** because they are both non-posting entries, and they both help you track future sales. **Sales Orders** are more appropriate for product businesses, and **Estimates** are more appropriate for service businesses. **Sales Orders** are only available in QuickBooks Premier and Enterprise Solutions.

The accounting behind the scenes:

When you create a **Sales Order**, QuickBooks records the sales order, but there is no accounting entry made. **Sales Orders** are “non-posting” entries.

In the following sections, you will learn about each step of the Payment with Sale and Invoicing workflows. For more information on Estimates and Sales Orders, see the Estimates and Sales Orders chapter beginning on page see 587.

Setting Up Customers

For each of your customers, create a record in the **Customers & Jobs** list of the *Customer Center*. Academy Photography has a new credit customer – Dr. Tim Feng. To add this new customer, follow these steps:

COMPUTER PRACTICE

- Step 1. Select the **Customer Center** icon from the *Navigation bar*
- Step 2. To add a new customer, select **New Customer** from the **New Customer & Job** drop-down menu (see Figure 2-4).

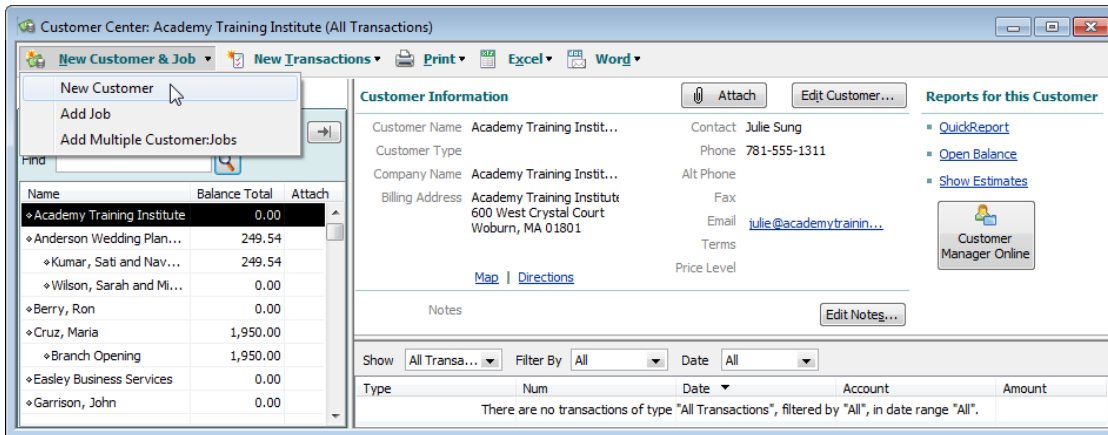


Figure 2-4 Adding a new customer record

- Step 3. Enter **Feng, Tim** in the *Customer Name* field (see Figure 2-5) and then press **Tab**.
- Step 4. Press **Tab** twice to skip the *Opening Balance* and *as of* fields.

The date in the *as of* field defaults to the current date. Since you will not enter an amount in the *Opening Balance* field, there is no need to change this date.

Do not enter anything in the *Opening Balance* field. It shows on the *New Customer* window so that you *could* enter the balance due from this customer, but it is much better to enter each open invoice for each customer. See the following important tip for a more thorough explanation.

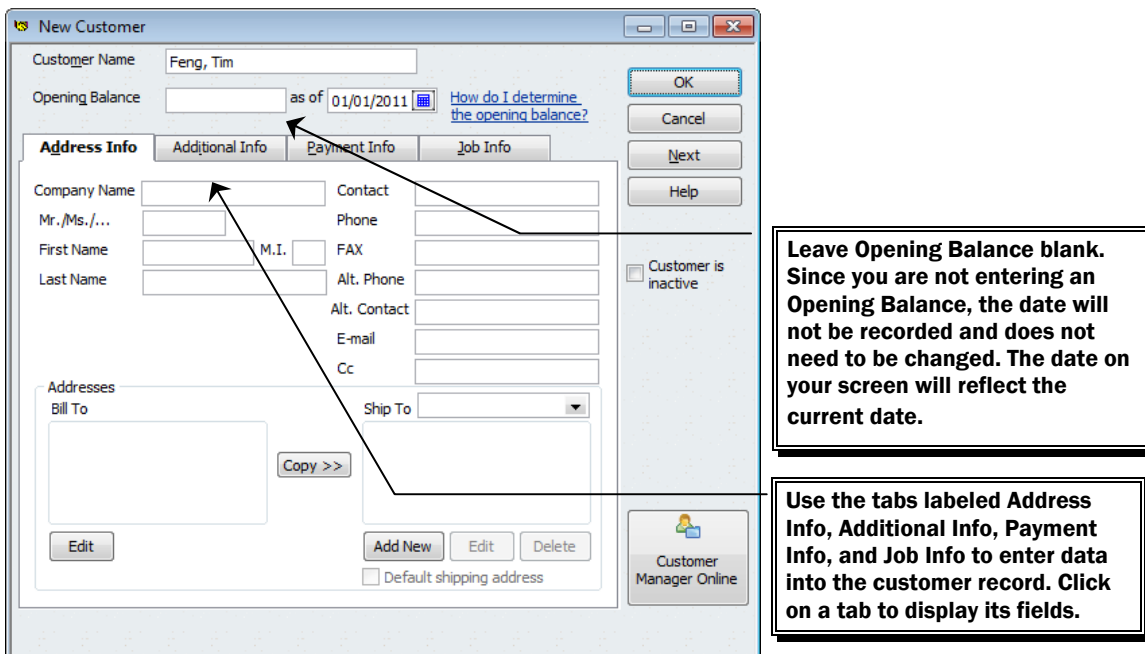


Figure 2-5 New Customer window

Important Tip:
 It is best NOT to use the *Opening Balance* field in the customer record. When you enter an opening balance for a customer in the *Opening Balance* field, QuickBooks creates a new account in your Chart of Accounts called *Uncategorized Income*. Then, it creates an **Invoice** that increases (debits) **Accounts Receivable**, and increases (credits) **Uncategorized Income**.

It is preferable to enter the actual open Invoices for each customer when you set up your company file. That way, you will have all of the details of which invoice is open, and what items were sold on the open Invoices. When you use Invoices, the actual income accounts will be used instead of **Uncategorized Income**.

- Step 5. Because this customer is an individual (i.e., not a company), press **Tab** to skip the *Company Name* field.
- Step 6. Continue entering information in the rest of the fields using the data in Table 2-2. Press **Tab** after each entry.

Field	Data
Mr./Mrs.	Dr.
First Name	Tim
M.I.	S.
Last Name	Feng
Bill To Address	Tim S. Feng 300 Main St., Suite 3 San Jose, CA 95111
Hint: Press ENTER to move to a new line in this field.	
Contact	Tim S. Feng
Phone	408-555-8297
FAX	408-555-8298
Alt. Ph.	408-555-6711
Alt. Contact	Don Brewer
E-Mail	drf@df.com
Ship To	Click >> Copy >>. This displays <i>Add Ship To Address Information</i> field (see Figure 2-6). Type Office in the Address Name field and click OK . In QuickBooks, you can select multiple Ship To addresses for your customers.

Table 2-2 Data to complete the Address Info tab

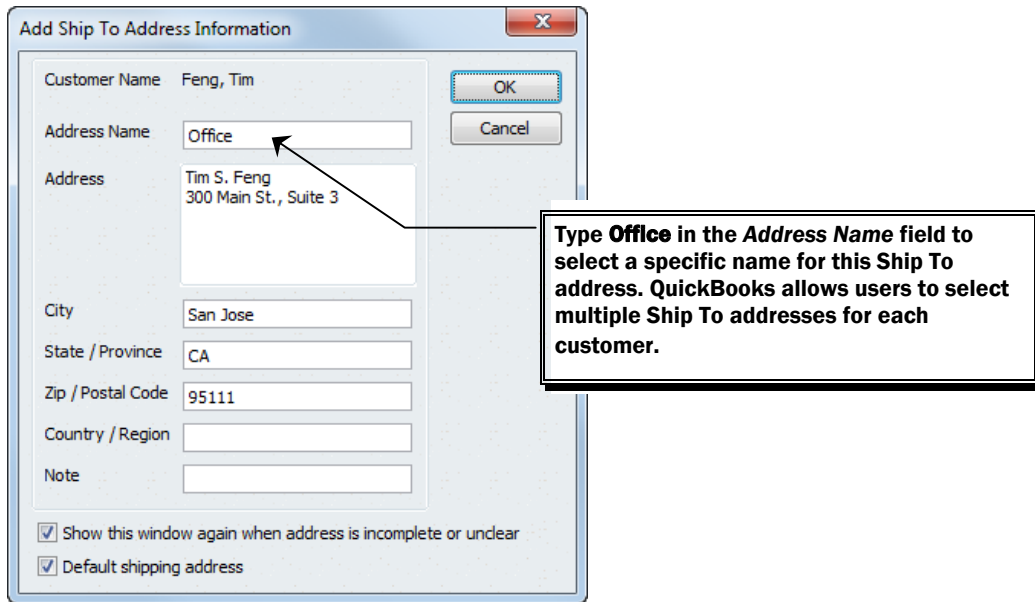


Figure 2-6 Add Ship To Address Information window

Figure 2-7 shows the finished Address Info section of the customer record. Verify that your screen matches Figure 2-7.

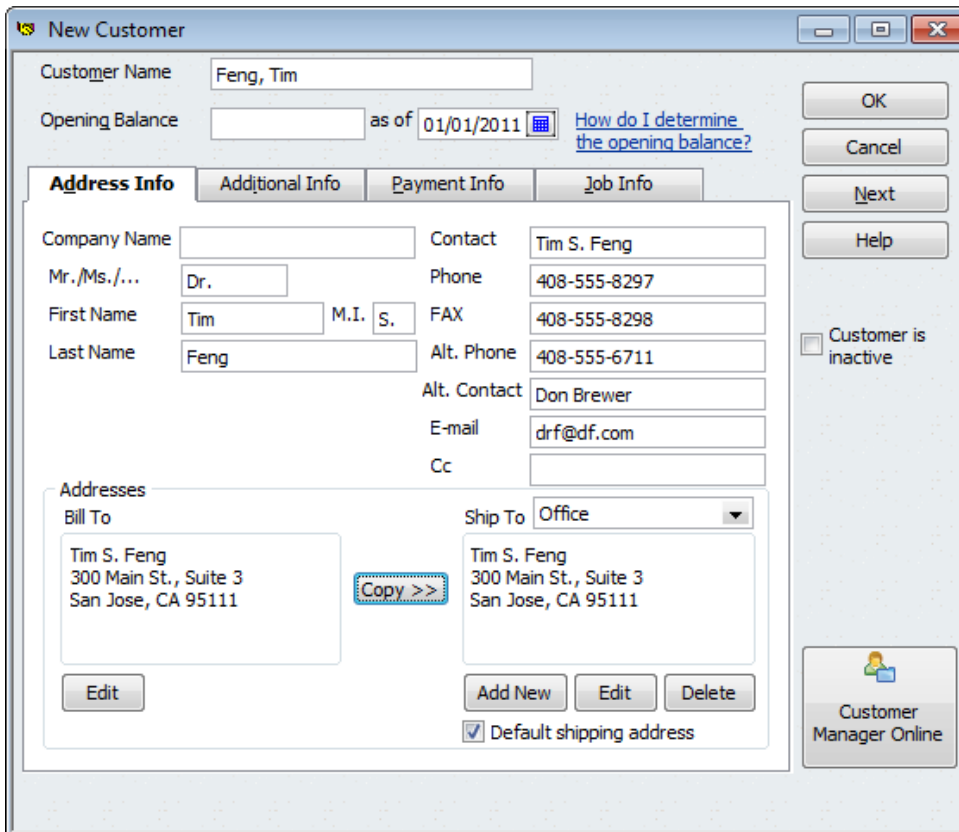


Figure 2-7 Completed Address Info tab

Tip:

There are four name lists in QuickBooks: **Vendor**, **Customer:Job**, **Employee**, and **Other Names**. After you enter a name in the *Customer Name* field of the *New Customer* window, you cannot use that name in any of the other three lists in QuickBooks.

When Customers are Vendors:

When you sell to and purchase from the same company, you'll need to create two records, one in the Vendor List, and one in the Customer:Job list. Make the two names slightly different. For example, you could enter Feng, Tim – C in the *New Customer* window and Feng, Tim – V in the *New Vendor* window. The vendor and customer records for Tim Feng can contain the same contact information.

Step 7. Click the **Additional Info** tab to continue entering information about this customer as shown in Figure 2-8.

Step 8. Select **Business** from the *Type* drop-down list and then press **Tab**.

QuickBooks allows you to group your customers into common types. By grouping your customers into types, you'll be able to create reports that focus on one or more types. For example, if you create two types of customers, Residential and Business, you are able to tag each customer with a type. Then you can create reports, statements, or mailing labels for all customers of a certain type.

Step 9. Select **Net 30** from the *Terms* drop-down list as the terms for this customer and then press **Tab**.

QuickBooks is *terms smart*. For example, if you enter terms of 2% 10 Net 30 and a customer pays within 10 days, QuickBooks will automatically calculate a 2% discount. For more information about setting up your Terms list, see page 349.

Step 10. Select **MM** in the *Rep* drop-down list and then press **Tab**.

The *Rep* field can contain the initials of one of your employees or vendors. Use this field to assign a sales rep to this customer. If you use the *Rep* field, you can create reports (e.g. Sales by Rep report) that provide the sales information you need to pay commissions. Each sales form (**Invoice** or **Sales Receipt**) can have a different name in the *Rep* field.

The screenshot shows the 'New Customer' dialog box with the 'Additional Info' tab selected. The 'Customer Name' field contains 'Feng, Tim'. The 'Opening Balance' field is empty, with a date of '01/01/2011'. The 'Price Level' dropdown is set to 'Commercial'. The 'Custom Fields' section shows 'County' set to 'Santa Clara'. A callout box points to the 'Price Level' dropdown with the text: 'Set the Price Level for this customer. This sets the default discount for items you sell to the customer.'

Figure 2-8 Completed Additional Info tab

Step 11. Press **Tab** to leave the default setting of **None** in the *Preferred Send Method* field.

You would use the *Preferred Send Method* field if you plan to email Invoices to a customer on a regular basis or if you plan to use QuickBooks' Invoice printing and mailing service.

Note:

For more information on the QuickBooks invoice payment and mailing service, select the **Help** menu and then select **Add QuickBooks Services**. You will then be directed online to the Intuit website. Scroll down and click on the **QuickBooks Billing Solutions** link under the *Financial Services* section. Additional transaction fees apply for this service.

Step 12. Press **Tab** to accept the **Tax** default **Sales Tax Code** in the *Tax Code* field.

Sales Tax Codes serve two purposes. First, they determine the default taxable status of a customer, item, or sale. Second, they are used to identify the type of tax exemption. For complete information on sales tax codes, see the Sales Tax Chapter beginning on page 407.

Step 13. Set the *Tax Item* field to **Santa Clara**. This indicates which sales tax rate to charge and which agency collects the tax. Press **Tab** when finished.

Tip:

In most states, you charge sales tax based on the delivery point of the shipment. Therefore, the **Sales Tax Item** should be chosen to match the tax charged in the county (or tax location) of the *Ship To* address on the *Address Info* tab.

Step 14. Press **Tab** to leave the *Resale Number* field blank.

If the customer is a reseller, you would enter his or her reseller number.

Step 15. Select **Commercial** from the *Price Level* drop-down list. See page 351 for information on setting up and using price levels. Press **Tab**.

Step 16. Enter **Santa Clara** in the *County* field.

The **Define Fields** button on the **Additional Information** tab allows you to define **Custom Fields** to track more information about your customers. For more information on setting up and using custom fields, see page 353.

Step 17. Verify that your screen matches Figure 2-8 and then click the **Payment Info** tab to continue entering information about this customer as shown in Figure 2-9.

Step 18. Enter **3543** in the *Account No.* field to assign a customer number by which you can sort or filter reports. Press **Tab**.

Step 19. Enter **3,000.00** in the *Credit Limit* field and press **Tab**.

QuickBooks will warn you if you record an Invoice to this customer when the balance due (plus the current sale) exceeds the credit limit. Even though QuickBooks warns you, you'll still be able to record the Invoice.

Step 20. Select **VISA** from the *Preferred Payment Method* drop-down list and then press **Tab**. When you set the fields on this window, you won't have to enter the credit card information each time you receive money from the customer.

Tip:

If more than one person accesses your QuickBooks file, set up a separate user name and password for each additional user. When you set up a user, you can restrict him or her from accessing *Sensitive Accounting Activities*. This will prevent the additional user from seeing the customer's credit card number. See page 315 for more information about setting up user names and passwords.

Step 21. Enter the remaining data as shown in Figure 2-9 in the *Preferred Payment Method* section.

Note:

If you track multiple jobs for each customer, it is best NOT to enter job information on the *Job Info* tab of the main customer record. If you want to track jobs for this customer, you can create separate job records in the **Customers & Jobs** list.

New Customer

Customer Name: Feng, Tim

Opening Balance: [] as of 01/01/2011 [How do I determine the opening balance?](#)

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

Account No.: 3543

Credit Limit: 3,000.00

Preferred Payment Method: Visa

Credit Card No.: 1234123412341234 Exp. Date: 01 / 2013

Name on card: Tim S. Feng

Address: 300 Main St., Suite 3

Zip / Postal Code: 95111

[Can I save the Card Security Code?](#)

Customer is inactive

OK Cancel Next Help

Customer Manager Online

If you use the QuickBooks merchant account service, enter the default credit card number here. This sets defaults on sales transactions for this customer.

Figure 2-9 Completed Payment Info tab

- Step 22. If you were adding several customers at a time, you would click **Next** to begin adding another customer. In this case, click **OK** to save and close the *New Customer* window.

Note:

If you see an error message when saving the Feng, Tim customer (see Figure 2-10), you may not be in the correct exercise file. Make sure you restore the correct file at the start of each chapter and problem, otherwise your exercises may not match the activities in this book. For this chapter, you should be using Sales-10.QBW. For instructions on restoring portable files, please see page 10.

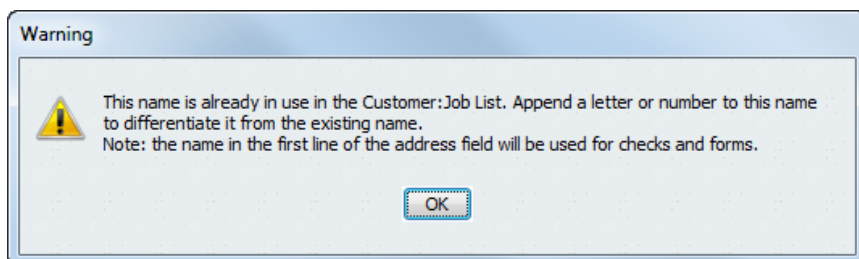


Figure 2-10 Error Message when saving a Name that already exists

- Step 23. Close the Customer Center by clicking the close button (**X**) on the *Customer Center* window or by pressing the **Esc** key.

Job Costing

QuickBooks tracks jobs in addition to customers. For each customer in the **Customers & Jobs** list, you can create one or more jobs. This helps you track income and expenses on each *Job*, so that you can create reports showing detailed or summarized information about each *Job*.

To create a job for an existing customer record, open the *Customer Center*, then select the customer, and then select **Add Job** from the **New Customer & Job** drop down menu. You don't need to do this now, because the sample data file already has jobs set up.

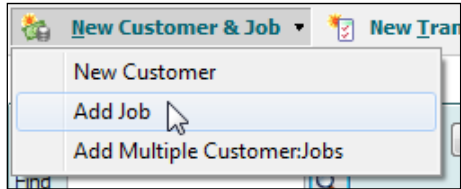


Figure 2-11 Adding a Job to an existing customer record

Key Term:

Tracking income and expenses separately for each job is known as *Job Costing*. If your company needs to track job costs, make sure you enter the job name on each income and expense transaction as you enter it.

In the **Name** column of the *Customers & Jobs* list, jobs are slightly indented under the Customer name.

Name	Balance Total	Attach
Academy Training Institute	0.00	
Anderson Wedding Planners	249.54	
Kumar, Sati and Naveen	249.54	
Wilson, Sarah and Michael	0.00	
Berry, Ron	0.00	
Cruz, Maria	1,950.00	
Branch Opening	1,950.00	
Easley Business Services	0.00	
Feng, Tim	0.00	

Figure 2-12 Customers & Jobs list

Did You Know?

To *Quick Add* a **Job** for a **Customer** on an invoice or sales receipt, enter the Customer's name followed by a colon (the Customer name must already exist in the Customer list first). After the colon, enter the name of the job. QuickBooks will then prompt you to either *Quick Add* or *Set Up* the job. If the *Customer* record includes job information on the Job tab, you won't be able to use *Quick Add* to create a job for the customer. In this case, you will need to create the job in the **Customers & Jobs** list before you begin entering sales.

Recording Sales

Now that you've set up your **Customers**, you're ready to begin entering sales. You don't have to have all your customers set up before you begin entering sales transactions. As you'll see, it's also possible to create a new customer record when you record the first sale to a customer. However, creating the customer records beforehand will significantly reduce the amount of time needed to record each sale.

There are two QuickBooks forms for recording sales transactions. The first is the **Sales Receipts** form. Use this form when you receive a cash, check, or credit card payment at the time of the sale. The other sales form is the **Invoice**. Use this form when you record credit sales to customers.

Note: If you collect sales tax, turn on **Sales Tax** tracking in the **Preferences** window before recording your sales. For more information about Sales Tax, see the Sales Tax Chapter beginning on page 407.

Entering Sales Receipts

When customers pay at the time of the sale by cash, check, or credit card, create a **Sales Receipt** transaction.

COMPUTER PRACTICE

Step 1. Click the **Create Sales Receipts** icon in the *Customers* section on the *Home* page (see Figure 2-13). This opens the *Enter Sales Receipts* window (see Figure 2-14).

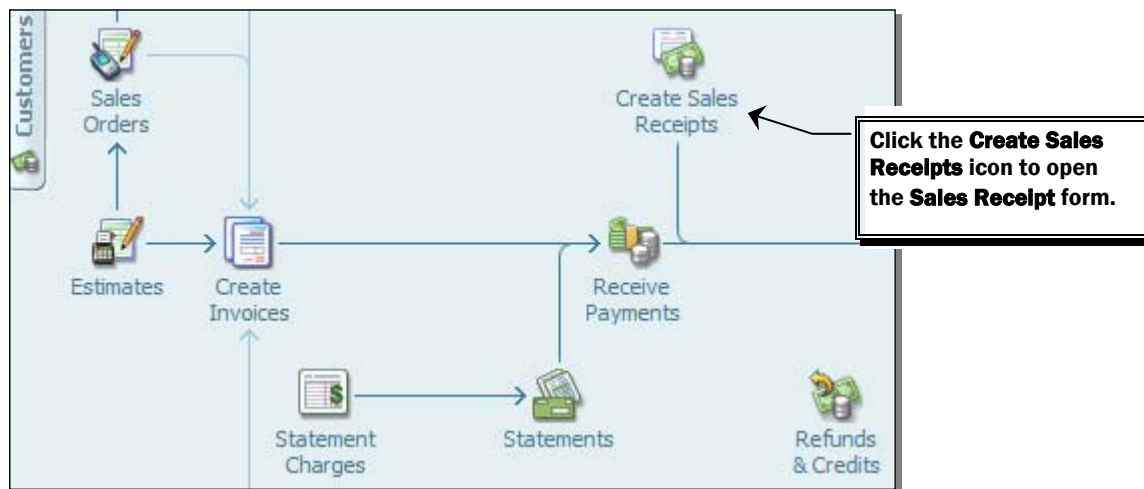


Figure 2-13 Selecting Sales Receipts icon on the Home page

Step 2. Enter *Perez, Jerry* in the *Customer:Job* field and press **Tab**.

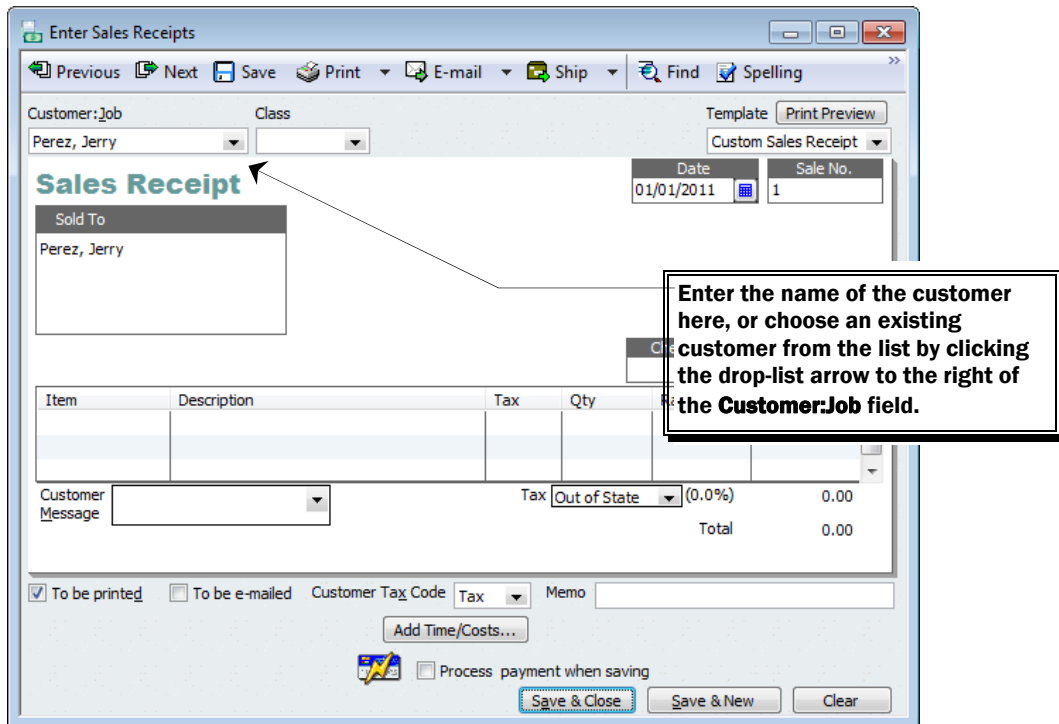


Figure 2-14 Sales Receipt form

Step 3. When the **Customer:Job Not Found** warning window appears (see Figure 2-15), click **Quick Add** to add this new customer to the *Customer:Job* list. If you choose this option, you can edit the customer record later to add more details.

Note:
Quick Add works on all your lists. Whenever you type a new name into any field on any form, QuickBooks prompts you to **Quick Add, Set up, or Cancel** the name.

Tip:
 If your customer is an individual (i.e., not a business), it's a good idea to enter the customer's last name first. This way, your **Customer:Job** list sorts by last name so it will be easier to find names in the list.

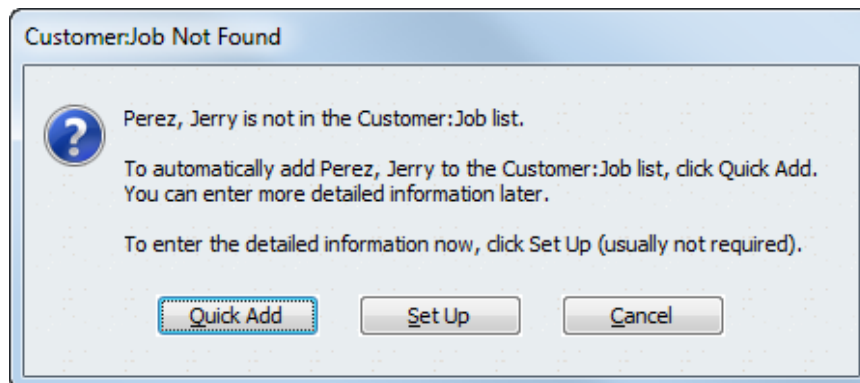


Figure 2-15 Use Quick Add to add new customers

Step 4. Enter **San Jose** in the *Class* field and then press **Tab** twice.

QuickBooks uses classes to separately track income and expenses for departments, functions, activities, locations, or profit centers. For more information on classes, see page 130.

Step 5. In the *Template* field, **Custom Sales Receipt** is already selected. Press **Tab**.

You can create your own custom forms, as you'll learn in the section beginning on page 355.

Step 6. Enter **01/25/2011** in the *Date* field and then press **Tab** (see Figure 2-16).

Did You Know?

Whenever you enter a date in QuickBooks, you can use any of several shortcut keys to quickly change the date. For example, if you want to change the date to the first day of the year, press **y**. "Y" is the first letter of the word "year," so it's easy to remember this shortcut. The same works for the end of the year. Press **r** since that's the last letter of the word "year." The same works for "month" (**m** and **h**) and "week" (**w** and **k**). You can also use the **+** and **-** keys to move the date one day forward or back. Finally, press **t** for "today." See the Appendix included with the supplemental material for this book (see page xiii) for a list of shortcut keys that help you quickly enter dates.

Step 7. Enter **2011-1** in the *SALE NO.* field.

The first time you enter a **Sales Receipt**, enter any number you want in the *SALE NO.* field. QuickBooks will automatically number future Sales Receipts incrementally. You can change or reset the numbering at any time by overriding the *SALE NO.* on a Sales Receipt.

Step 8. Press **Tab** to skip the *SOLD TO* field.

QuickBooks automatically fills in this field, using the information in the *Bill To* field of the customer record. Since you used *Quick Add* to add this customer, there is no address information. You could enter an address in the *SOLD TO* field by entering it directly on the sales form. When you record the Sales Receipt, QuickBooks will give you the option of adding the address in the *Bill To* field of the customer record.

Step 9. Enter **3612** in the *CHECK NO.* field and then press **Tab**.

The number you enter here shows up on your printed deposit slips. If you were receiving a cash or credit card payment, you would leave this field blank.

Step 10. Select **Check** from the **PAYMENT METHOD** drop-down list and then press **Tab**.

If you wanted to add a new payment method, you would enter the new method in this field. QuickBooks would prompt you to either *Quick Add* or *Set Up* the new **Payment Method**.

Step 11. Select **Indoor Photo Session** from the **ITEM** drop-down list and then press **Tab**.

Step 12. Press **Tab** to accept the default description **Indoor Studio Session** in the **DESCRIPTION** column.

As soon as you enter an Item, QuickBooks enters the description, rate, and sales tax code using data from the Item that has already been set up.

Step 13. In the **Tax** column, the **Non** sales tax code is already selected. Press **Tab**.

Step 14. Enter **1** in the **QTY** (quantity) column and then press **Tab**.

Step 15. Leave the default rate at **95.00** in the **RATE** column and then press **Tab**.

Step 16. Press **Tab** to accept the calculated amount in the **AMOUNT** column.

After you enter the rate and press **Tab**, QuickBooks calculates the amount by multiplying the quantity by the rate. If you override the **AMOUNT** field, QuickBooks calculates a new rate by dividing the amount by the quantity.

Step 17. Select **Premium Photo Package** from the **ITEM** drop-down list and then press **Tab** three times.

Step 18. Enter **2** in the **QTY** (quantity) column and press **Tab**.

Step 19. Press **Tab** to accept the default rate of **85.00**.

You can override this amount directly on the Sales Receipt if necessary. As with the line above, QuickBooks calculates the total in the **AMOUNT** column and QuickBooks uses the default sales tax code **Non**, which is set up for the **Design** Item.

Step 20. Select **Thank you for your business.** from the *Customer Message* drop-down list.

You can enter a message in the *Customer Message* field that shows on the printed **Sales Receipt**. This is typically a thank you message, but it can be whatever you want. If you type in a new message, **Quick Add** will prompt you to add your new message to the *Customer Message* list. If you want to edit an existing customer message, or if you want to remove a customer message from the list, select the **Lists** menu, then select **Customer & Vendor Profile Lists**, and then select **Customer Message List**.

Step 21. Press **Tab** and enter **Santa Clara** in the *Tax* field and to advance to the *Memo* field.

The Sales Tax item shown in the *Tax* field determines the rate of tax to be charged on all *Taxable* Items shown on the form. Each line in the body of the Invoice is marked with a Sales Tax Code that determines the taxability or non-taxability of the item on that line (see Figure 2-16).

The screenshot shows the 'Enter Sales Receipts' window with the following details:

- Customer: Job: Perez, Jerry; Class: San Jose
- Date: 01/25/2011; Sale No.: 2011-1
- Sold To: Perez, Jerry
- Item List:

Item	Description	Tax	Qty	Rate	Amount
Indoor Photo Session	Indoor Studio Session	Non	1	95.00	95.00
Premium Photo Package	Premium Package of Photography from Session	Tax	2	85.00	170.00
- Customer Message: Thank you for your business.
- Tax: Santa Clara (8.25%) - 14.03
- Total: 279.03
- Memo: Indoor Session, 2 Premium Packages

Figure 2-16 Completed Sales Receipt

- Step 22. Press **Tab** so that the *To be printed* checkbox is selected. Enter the Spacebar on the keyboard to uncheck this box.

Note:

Entering the spacebar on the keyboard when a checkbox is selected will either check or uncheck that checkbox.

- Step 23. Enter *Indoor Session, 2 Premium Packages* in the **Memo** field.
- Step 24. To print the sale on blank paper or on a preprinted form, click the **Print** icon at the top of the **Sales Receipt** or select the **File** menu and then select **Print Sales Receipt**. If QuickBooks displays an information dialog box after you print the Sales Receipt, click **OK** to close the window and proceed to Step 25.

Alternatively, you could choose to print all your sales in one batch. To do this, save each Sales Receipt without printing and check the **To be printed** box on the sales receipts. Then print all of the forms together in one batch by selecting the *File* menu, then selecting **Print Forms**, and then selecting **Sales Receipts**.

Note:

If you are taking this course in a classroom environment (e.g., a computer lab) and your computer is not connected to a printer, skip Step 24. If you prefer, you can click the **Print** icon at the top of the **Sales Receipt** and then click **Preview** to view the Sales Receipt without printing.

- Step 25. Click **Save & Close** to record the sale.

QuickBooks does not record any of the information on any form until you save the transaction by clicking **Save & Close**, **Save & New**, **Previous**, or **Next**.

Note:

If you prefer to use your keyboard over the mouse, you can use the *Alt* key in combination with other keys to execute commands. QuickBooks will tell you which key can be used in connection with the *Alt* key by underlining the letter in the command. For example, in the Sale Receipt window, the *S* is underlined on the *Save & New* button. You can save the receipt and move to a new sales receipt window by pressing the **Alt** key followed by **S**.

- Step 26. QuickBooks displays the *Name Information Changed* dialog box. This dialog box appears because you set the *Tax Item* field to *Santa Clara*. Click the **Yes** button.

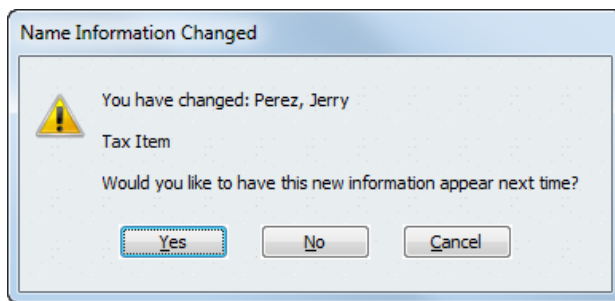


Figure 2-17 Name Information Changed dialog box

Undeposited Funds

The **Undeposited Funds** account is a special account that is automatically created by QuickBooks. The account works as a temporary holding account where QuickBooks tracks checks and other receipts before the money is deposited in a bank account.

As illustrated in Figure 2-18, as you record Payments and Sales Receipts, QuickBooks gives you a choice between (Option 1) grouping all receipts into the **Undeposited Funds** account or, (Option 2) immediately depositing the funds to one of your bank accounts.

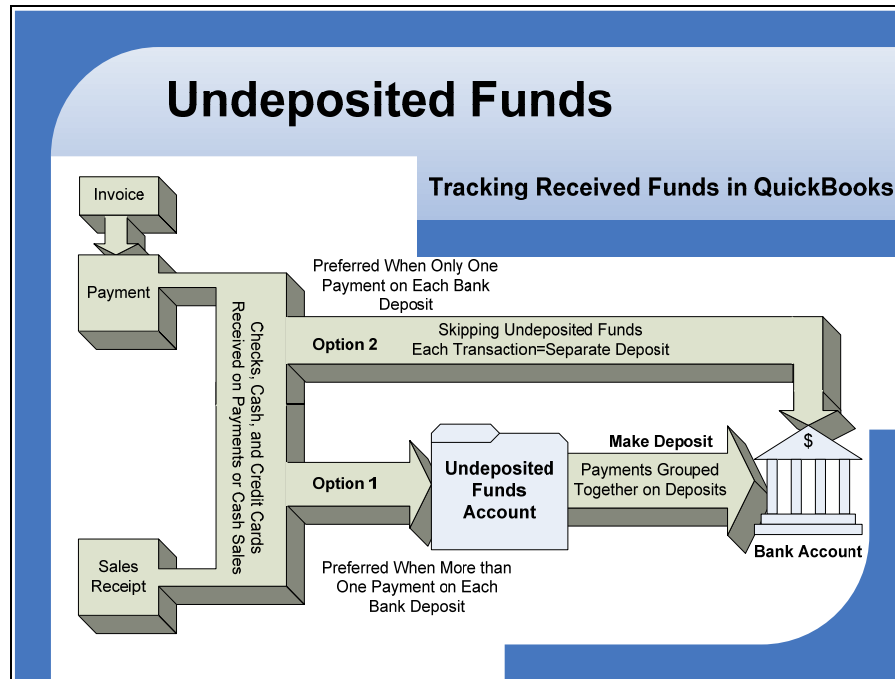


Figure 2-18 All funds from sales transactions go through **Undeposited Funds** or directly to a bank account.

There is a tradeoff here. When you use the **Undeposited Funds** account, you have to create a separate transaction (an additional step) to actually deposit money into a bank account. At first that might seem like extra work. However, when you skip the **Undeposited Funds** account, each sales transaction creates a separate deposit in your bank account.

Since it is most common to have multiple sales transactions per bank deposit, QuickBooks has a default preference setting that makes all Payments and Sales Receipts affect the balance in the **Undeposited Funds** account. Then when you actually make a deposit at the bank, you record a single deposit transaction in QuickBooks that empties the **Undeposited Funds** account into the bank account. This method makes it much easier to reconcile the bank account at the end of each month because the deposits on the bank statement will match the deposits in your QuickBooks bank account. Unless you only make one sale each day and your deposits include only the funds from that single sale, you will want to keep this default preference.

COMPUTER PRACTICE

You can modify the **Undeposited Funds** preference by following these steps:

- Step 1. Select the *Edit* menu and then select **Preferences**.
- Step 2. Select **Payments** in the *Preferences* window.
- Step 3. In the **Company Preferences** tab, the box next to **Use Undeposited Funds as a default deposit to account** is checked (see Figure 2-19).

- Step 4. If you prefer to deposit payments individually, uncheck the box next to **Use Undeposited Funds as a default deposit to account**. You will then have the option to select an account to deposit to in the *Sales Receipt* and *Receive Payment* windows.
- Step 5. Click **Cancel** to leave default setting for the use of **Undeposited Funds**.

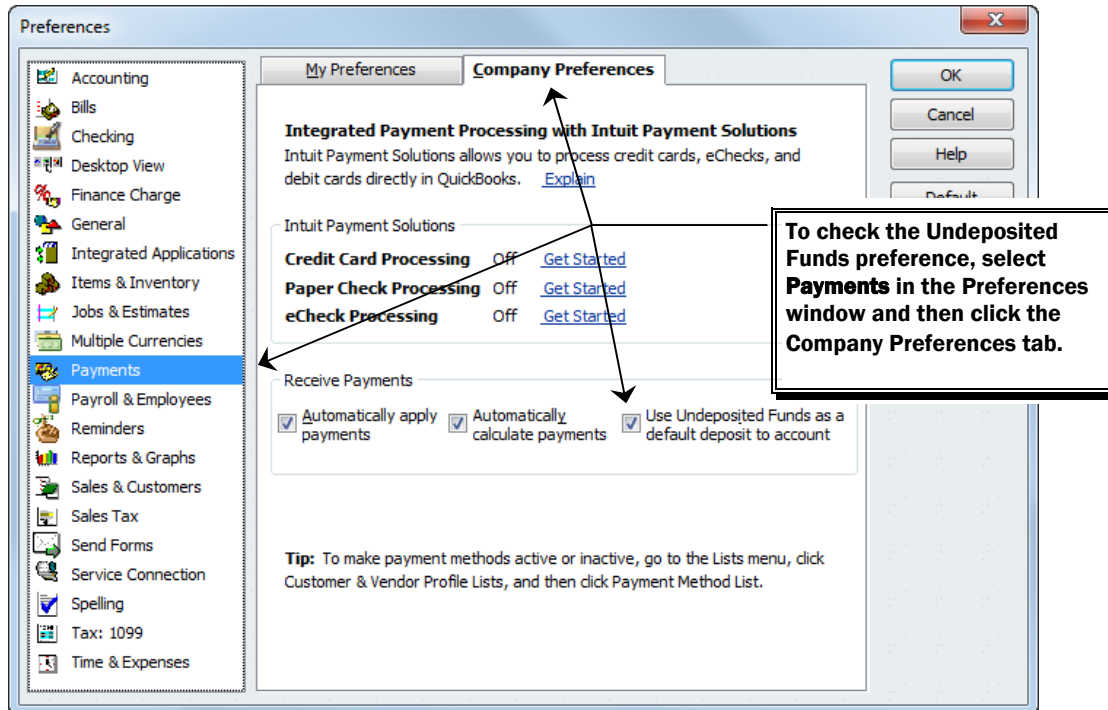


Figure 2-19 Preference for Payments to go to **Undeposited funds** or another account

When this preference is off (see Figure 2-20), QuickBooks displays the **Deposit To** field on the **Receive Payments** and **Enter Sales Receipt** windows (see Figure 2-21).

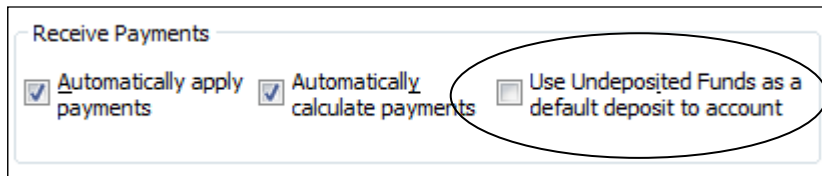


Figure 2-20 Setting for **Undeposited Funds** on Company Preferences for Payments

You must choose a destination account for the transaction from the *Deposit to* drop-down list.

Figure 2-21 The **Deposit To** field shows on Sales Receipts when this preference is off.

Creating Invoices

Invoices are very similar to **Sales Receipts**. The only difference is that **Invoices** increase **Accounts Receivable** while **Sales Receipts** increase **Undeposited Funds** (or the specified bank account). You should use **Invoices** to record sales to your credit customers.

COMPUTER PRACTICE

To create an Invoice, follow these steps:

- Step 1. From the *Customer Center* select **Mason, Bob** from the *Customers & Jobs* list. Then select **Invoices** from the *New Transactions* drop-down list.

Alternatively, click the **Create Invoices** icon on the *Home page* and select **Mason, Bob** from the *Customer:Job* drop-down list. Press **Tab** (see Figure 2-22).

The screenshot shows the 'Create Invoices' window with the following details:

- Customer:** Mason, Bob
- Class:** (empty)
- Template:** Intuit Product Invoice
- Date:** 01/25/2011
- Invoice #:** 2011-106
- Bill To:** Bob Mason, 376 Pine St, #5E, Morgan Hill, CA 95111
- Ship To:** Bob Mason, 376 Pine St, #5E, Morgan Hill, CA 95111
- Terms:** 2% 10 Net...
- Rep:** MM
- Ship:** 01/25/2011
- Via:** (empty)
- F.O.B.:** (empty)
- Customer Tax Code:** Tax
- Tax:** Santa Clara (8.25%)
- Amount:** 0.00
- Total:** 0.00

Figure 2-22 Invoice with Bob Mason selected

Did You Know?

When you type the first few characters of any field that has a list behind it, QuickBooks completes the field using a feature called **QuickFill**. QuickFill uses the first few characters you type to find the name in the list. If the name does not come up right away, keep typing until the correct name appears.

- Step 2. Enter an *s* in the *Class* field. QuickBooks will QuickFill the field with the full word *San Jose*. Then press **Tab** twice.
- Step 3. In the *Template* field, select **Academy Photo Service Invoice**. Press **Tab**.
- Step 4. Enter **01/26/2011** in the *DATE* field and then press **Tab**.
- Step 5. Leave **2011-106** in the *INVOICE #* field and then press **Tab**.

The first time you enter an Invoice, enter any number you want in the *INVOICE #* field. QuickBooks will automatically number future Invoices incrementally. You can change or reset the numbering at any time by overriding the number on a future Invoice.

- Step 6. Press **Tab** to accept the default information in the *BILL TO* field.

QuickBooks automatically enters the address in this field, using the information in the *Bill To* field of the customer record. If necessary, change the *Bill To* address by typing over the existing data.

- Step 7. Leave the *P.O. NO* field blank and then press **Tab**.

The P.O. (purchase order) number helps the customer identify your Invoice. When your customers use purchase orders, make sure you enter the P.O. numbers on their Invoices.

Warning:

Make sure you enter the P.O. number if your customer uses Purchase Orders. Some customers may reject Invoices that do not reference a P.O. number.

- Step 8. In the *TERMS* field, **2%10 Net 30** is already selected. Press **Tab** to proceed to the next field.

The *TERMS* field on the **Invoice** indicates the due date for the Invoice and how long your customer can take to pay you. The entry in this field determines how this Invoice is reported on Customers and Receivables reports such as the **A/R Aging Summary** and the **Collections Report**. To learn more about the Terms list, and how to set up terms, see page 349.

- Step 9. Enter the sale of 2 Hours for an Indoor Photo Session and 1 Standard Photo Package into the body of the Invoice as shown in Figure 2-23.
- Step 10. Select **Thank you for your business** from the *Customer Message* drop-down list and then press **Tab**.
- Step 11. **Santa Clara** in the *Tax* field is already selected. Press **Tab**.

As with Sales Receipts, QuickBooks selects the Sales Tax Item based on the defaults in Sales Tax Preferences or in the Customer's record. See the Sales Tax Chapter beginning on page 407.

- Step 12. Enter **2 Hr Indoor Session, 1 Standard Package** in the *Memo* field at the bottom of the form.

Tip:

If you intend to send statements to your customers, the *Memo* field is extremely important. QuickBooks allows you to show line item detail from your customer's Invoices. However, if you want your statements to be more concise, you can choose not to show the line item detail and show the text from the *Memo* field instead. The text from the *Memo* field will show along with the information in the *INVOICE #*, and *DATE* fields. The customer's statement will also show a three-letter code "INV" representing the Invoice transaction. Therefore, it is best to include information about the products or services you sold to the customer in the *Memo* field.

- Step 13. Compare your screen with the Invoice shown in Figure 2-23. If you see any errors, correct them. Otherwise, click **Save & Close** to record the Invoice.

Customer: Job
Mason, Bob

Class
San Jose

Template
Academy Photo Ser...

Date
01/26/2011

Invoice #
2011-106

Invoice

Bill To
Bob Mason
376 Pine St, #5E
Morgan Hill, CA 95111

P.O. No.
Terms
2% 10 Net...

Item	Quantity	Description	Rate	Amount	Class	Tax
Indoor Photo Session	2	Indoor Studio Session	95.00	190.00	San Jose	Non
Standard Photo Package	1	Standard Package of Photography from Session	55.00	55.00	San Jose	Tax
Customer Message	Thank you for your business.	Tax	Santa Clara (8.25%)	4.54		
Total				249.54		

Payments Applied 0.00
Balance Due 249.54

Memo 2 Hr Indoor Session, 1 Standard Package

Learn about our payment processing and online invoicing solutions.

Save & Close Save & New Clear

Figure 2-23 Completed Invoice

QuickBooks automatically tracks all of the accounting details behind this transaction so that all of your reports will immediately reflect the sale. For example, the Open Invoices report, the Profit & Loss Standard report, and the Balance Sheet Standard report will all change when you record this Invoice.

Adding Calculating Items to an Invoice

On the next Invoice, you'll learn how to add discounts and subtotals to an **Invoice**. Discounts and subtotals are called *Calculating Items*.

Key Term:

Calculating Items use the amount of the preceding line to calculate their amount. For example, if you enter 10% in the Discount item setup window and then enter the Discount item on an Invoice, QuickBooks will multiply the line just above the Discount item by 10% and enter that number, as a negative, in the **AMOUNT** column for the discount line.

COMPUTER PRACTICE

To create an Invoice with a calculating item, follow these steps:

- Step 1. From the *Customer Center* select the **Branch Opening** job for Cruz, Maria from the *Customers & Jobs* list.
- Step 2. Select **Invoices** from the *New Transactions* drop-down list; or, press Ctrl+ I.
- Step 3. The Branch Opening job for Cruz, Maria is already selected. Press **Tab**.
- Step 4. Enter **Walnut Creek** in the *Class* field and then press **Tab** twice.

- Step 5. The Academy Photo Service Invoice template in the *Template* drop-down list is already selected. Press **Tab**.
- Step 6. **1/26/2011** is already entered in the *DATE* field. Press **Tab**.
- Step 7. Notice the *INVOICE #* is automatically entered for you with the next Invoice number (i.e. **2011-107**). Press **Tab** to skip to the next field.
- Step 8. Press **Tab** to skip the *BILL TO* field.
- Step 9. Press **Tab twice** to skip the *P.O. NO and the Terms* fields.
- Step 10. Enter the two items shown in Table 2-3 in the body of the **Invoice**.

Item	Description	Qty	Rate	Amount
Camera SR32	Supra Digital Camera SR32	4	695.99	2,783.96
Lens	Supra Zoom Lens	1	324.99	324.99

Table 2-3 Data for use in the Invoice

- Step 11. On the third line of the body of the Invoice, in the **ITEM** column, enter **Subtotal** to sum the previous two item lines, and press **Tab** twice.

Notice that QuickBooks automatically calculates the sum of the first two lines on the Invoice.
- Step 12. Enter **Disc 10%** in the **ITEM** column and press **Tab**.

The **Disc 10%** Item is a special Calculating Item that calculates a percentage of the preceding line on sales forms. Since it is a **Discount Item**, QuickBooks performs the calculation and enters a negative amount for your discount. This subtracts the discount from the total of the Invoice and adjusts sales tax accordingly.

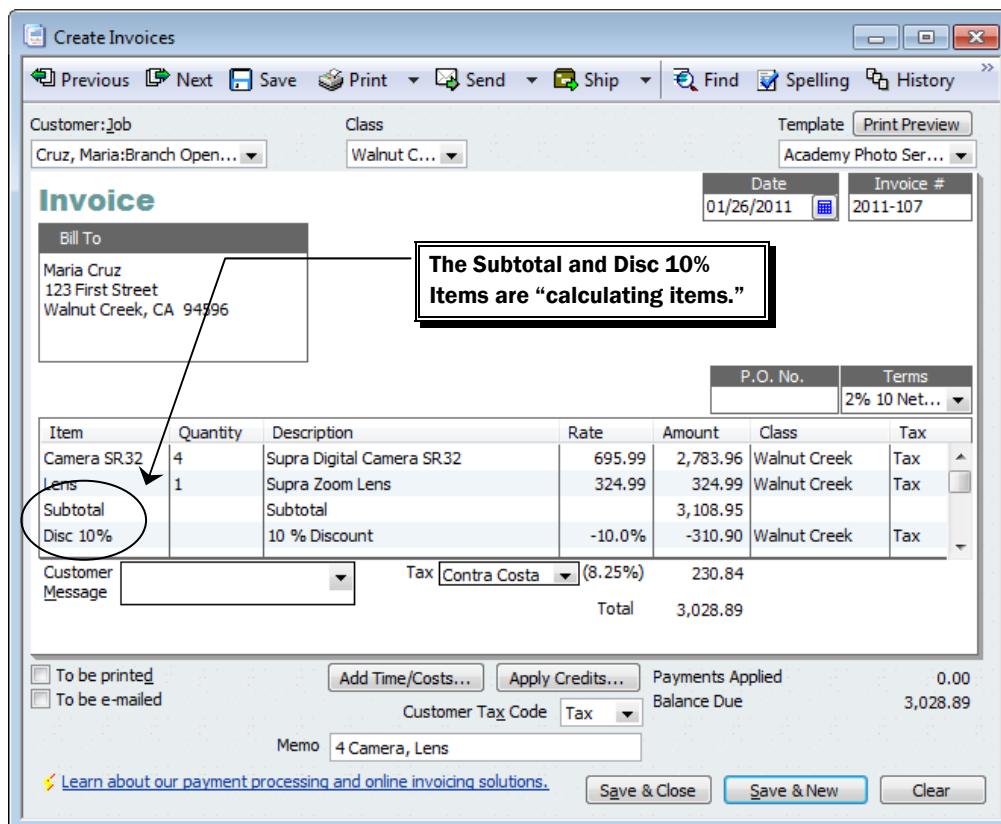


Figure 2-24 Completed Invoice with discount

Did You Know?

You can insert or delete lines on an Invoice (or any other form). To insert a line between two existing lines, click on the line that you want to move down and press Ctrl+INS (or select the **Edit** menu, and then select **Insert Line**). To delete a line, click on the line you want to delete and press Ctrl+DELETE (or select the **Edit** menu, and then select **Delete Line**).

- Step 13. Leave the *Customer Message* field blank.
- Step 14. Leave **Contra Costa** in the *Tax* field. Also leave **Tax** in the *Customer Tax Code* field.
- Step 15. Enter **4 Cameras, Lens** in the *Memo* field.
- Step 16. Verify that your screen matches Figure 2-24. To save the Invoice, click **Save & Close**.

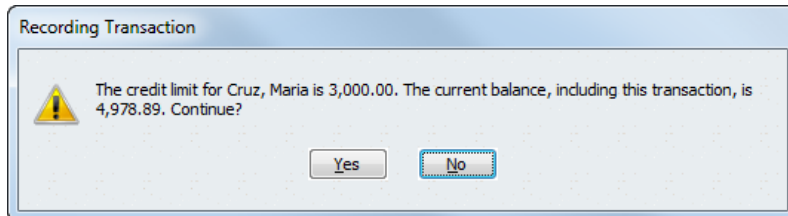



Figure 2-25 Recording Transaction window warns you about the customer's credit limit

- Step 17. If you see the *Recording Transaction* warning about Maria Cruz exceeding her credit limit (Figure 2-25), click **Yes**.

Open Invoices Report

Now that you've entered Invoices for your customers, QuickBooks' reports reflect the Invoices that are "open" and the "age" of each Invoice. The Open Invoices report is shown in Figure 2-26.

COMPUTER PRACTICE

- Step 1. Select the **Reports** menu, select **Customers & Receivables**, and then select **Open Invoices**.
- Step 2. Set the *Dates* field at the top of the report to **01/31/2011** and then press **Tab**.
- Step 3. Verify that your Open Invoices report matches Figure 2-26.
- Step 4. Print this report by clicking **Print** at the top of the report window.
- Step 5. Close the report by clicking the () in the upper right corner of the window.

Type	Date	Num	P. O. #	Terms	Due Date	Class	Aging	Open Balance
Anderson Wedding Planners								
Kumar, Sati and Naveen								
Invoice	12/21/2010	4003		Net 30	01/20/2011	San Jose	11	249.54
Total Kumar, Sati and Naveen								249.54
Total Anderson Wedding Planners								249.54
Cruz, Maria								
Branch Opening								
Invoice	01/05/2011	2011-101		2% 10 Net 30	02/04/2011	Walnut Creek		570.00
Invoice	01/06/2011	2011-102		2% 10 Net 30	02/05/2011	Walnut Creek		500.00
Invoice	01/13/2011	2011-105		2% 10 Net 30	02/12/2011	Walnut Creek		880.00
Invoice	01/26/2011	2011-107		2% 10 Net 30	02/25/2011	Walnut Creek		3,028.89
Total Branch Opening								4,978.89
Total Cruz, Maria								4,978.89
Mason, Bob								
Invoice	12/18/2010	3947		Net 30	01/17/2011	San Jose	14	401.39
Invoice	01/09/2011	2011-104		Net 30	02/08/2011	San Jose		776.47
Invoice	01/26/2011	2011-106		2% 10 Net 30	02/25/2011	San Jose		249.54
Total Mason, Bob								1,427.40
Miranda's Corner								
Invoice	01/08/2011	2011-103		Net 30	02/07/2011	Walnut Creek		1,191.80
Total Miranda's Corner								1,191.80
TOTAL								7,847.63

Figure 2-26 Open Invoices report

Step 6. If you see a *Memorize Report* dialog box, click the **No** button.

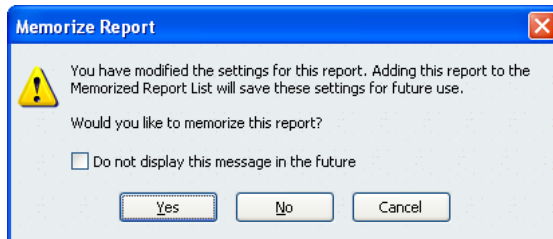


Figure 2-27 Memorized Reports window

Did You Know?
 You can adjust the width of any column on the report by dragging the small diamond at the right of the column title to the left (narrowing the columns) or to the right (widening the columns).

Receiving Payments from Customers

Receiving Payments by Check

To record payments received from your customers and apply the payments to specific Invoices, follow these steps:

COMPUTER PRACTICE

- Step 1. Click **Receive Payments** on the *Home* page. Alternatively, in the *Customer Center* select **Mason, Bob** from the *Customers & Jobs* list and select **Receive Payments** from the *New Transactions* drop-down list.
- Step 2. Select **Mason, Bob** in the *Received From* field of the *Receive Payments* window (see Figure 2-28). Once a customer is selected, the *Customer Payment* window shows the open Invoices for that specific customer. This section shows the dates of the Invoices, along with the Invoice number, original amount, the last date for the prompt payment discount, and the amount due.

Date	Number	Orig. Amt.	Disc. Date	Amt. Due	Payment
12/18/2010	3947	401.39		401.39	0.00
01/09/2011	2011-104	776.47		776.47	0.00
01/26/2011	2011-106	249.54	02/05/2011	249.54	0.00
Totals		1,427.40		1,427.40	0.00

Figure 2-28 Receive Payments window

- Step 3. Enter 401.39 in the *Amount* field and then press **Tab**.
- Step 4. Enter 1/27/2011 in the *Date* field and then press **Tab** (see Figure 2-29).
- Step 5. Select **Check** from the *Pmt. Method* drop-down list and then press **Tab**.
- Step 6. Enter 5256 in the *Check No.* field and then press **Tab**.
- Step 7. Enter **Payment Received - Invoice #3947** in the *Memo* field and then press **Tab**.

When entering a memo, type **Payment Received** followed by the Invoice number. Memos do not affect the application of payments to specific Invoices, but they are helpful in two very important ways. First, if you send your customers statements, only the information in the *Reference#*, *Date*, and *Memo* fields will show on statements, along with a three-letter code (PMT), representing the Payment transaction. Also, if you ever have to go back to the transaction and verify that you've applied the payment to the correct Invoice(s), you'll be able to look at the *Memo* field to see the Invoice(s) to which you *should* have applied the payments.

- Step 8. Confirm that **Invoice #3947** is already checked.

Note:**When One Payment Applies to More than One Invoice**

You can apply one check from a customer to multiple Invoices. When you receive payments, you can override the amounts in the **Payment** column to apply the payment to Invoices in whatever combination is necessary.

When You Don't Want to Apply the Entire Amount of the Payment

If you don't want to apply the entire amount of the customer's check to the Invoice, reduce the amount in the **Payment** column. You can apply the remaining balance of the customer's check to additional Invoices. If you do not, QuickBooks will give you a choice to either hold the remaining balance as a credit for the customer or refund the amount to the customer.

Customer Payment

Received From: Mason, Bob Customer Balance: 1,427.40

Amount: 401.39 Date: 01/27/2011

Pmt. Method: Check Check #: 5256

Memo: Payment Received - Invoice #3947

Date	Number	Orig. Amt.	Disc. Date	Amt. Due	Payment
✓ 12/18/2010	3947	401.39		401.39	401.39
01/09/2011	2011-104	776.47		776.47	0.00
01/26/2011	2011-106	249.54	02/05/2011	249.54	0.00
Totals		1,427.40		1,427.40	401.39

Amounts for Selected Invoices

Amount Due	401.39
Applied	401.39
Discount and Credits Applied	0.00

Figure 2-29 Completed Receive Payments window

- Step 9. Verify that the **Amount Due** and **Payment** columns for the selected invoice both show **\$401.39**.

The checkmark to the left of the **Date** column indicates the Invoice to which QuickBooks will apply the payment. QuickBooks automatically selected this Invoice because the amount of the customer's check is the same as the unpaid amount of the Invoice. See *Preferences for Applying Payments* on page 69. You can deselect the Invoice by clicking on the checkmark. You can then select another Invoice from the list.

- Step 10. Verify that your screen matches Figure 2-29. If you see errors, correct them.
- Step 11. Click **Save & Close** to record the Payment transaction.

Handling Partial Payments

In the last example, Bob Mason paid Invoice #3947 in full.

However, if a customer pays only a portion of an Invoice, you should record the payment just as you did in the last example except that the amount would be less than the full amount due on any of the open invoices. Apply the payment to the appropriate Invoice. QuickBooks will give the option to either leave the invoice open or write off the unpaid amount. By clicking the *View Customer Contact Information* button, QuickBooks displays the *Edit Customer* window that allows you to see the customer’s contact information. This is helpful if you need to contact the customer to ask a question about the partial payment (see Figure 2-30).

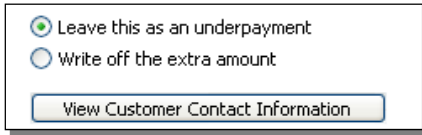


Figure 2-30 Partial Payment of Invoice

If you chose to leave the underpayment, the next time you use the **Receive Payments** function for that customer, the Invoice will show the remaining amount due. You can record additional payments to the Invoice in the same way as before.

Receiving Payments by Credit Card

The next example shows that Maria Cruz paid off the amount owing on the Branch Opening job. Maria Cruz used a credit card to pay her invoices, so this example shows how to receive credit card payments.

COMPUTER PRACTICE

- Step 1. From the *Customer Center* select the **Branch Opening** job from the *Customers & Jobs* list. Select **Receive Payments** from the *New Transactions* drop-down list.
- Step 2. Enter data into the *Received From*, *Amount*, and *Date* fields as shown in Figure 2-31.
- Step 3. Enter **American Express** in the *Pmt. Method* field and then press **Tab**.
- Step 4. Leave the *Reference#* field blank. Press **Tab**.

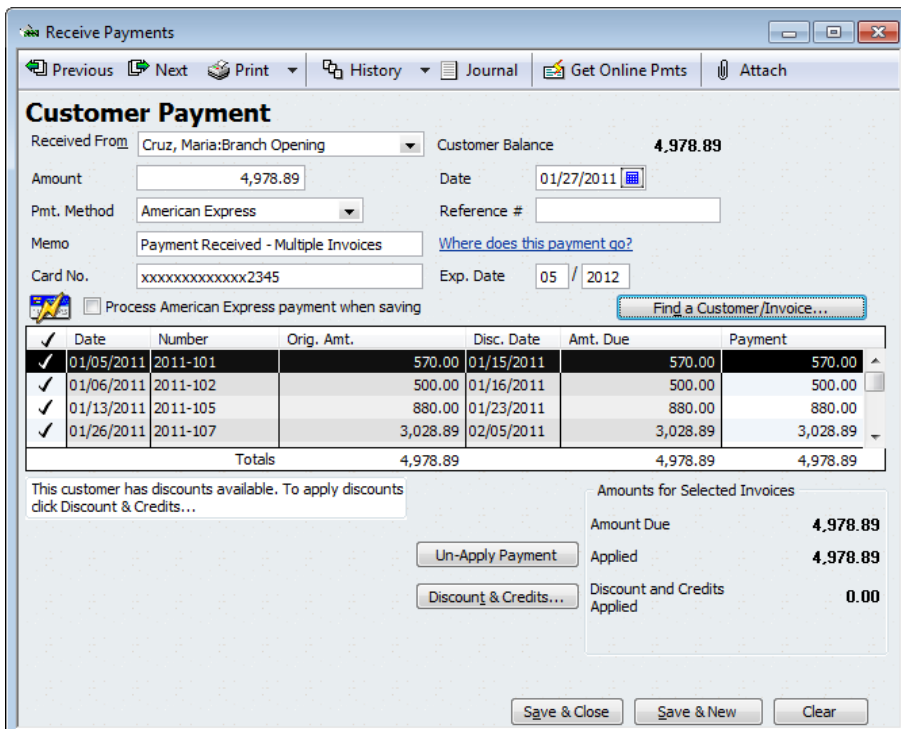


Figure 2-31 Customer Payment by Credit Card

- Step 5. Enter **Payment Received – multiple invoices** in the *Memo* field. Press **Tab**.
- Step 6. Enter **1234-123456-12345** in the *Card No.* field. Press **Tab**.
- QuickBooks shows the credit card number with x's in the middle for security purposes.
- Step 7. Enter **05**, then press **Tab** and enter **2012** in the *Exp. Date* fields.
- Step 8. Verify that your screen matches Figure 2-31 and click **Save & Close**. If the Merchant Account Service Message appears, click the **Not Now** button.

Note:

If you want to keep a record of the customer's credit card information, including card number, expiration date, billing address and billing zip code, enter credit card information into the *Payment Info* tab of the Customer or Job record before you process the payment through the Receive Payments window. When you enter the customer or job name, QuickBooks will enter the credit card information automatically.

Where Do the Payments Go?

Recall the earlier discussion about **Undeposited Funds** beginning on page 57. Unless you turned off "Use **Undeposited Funds** as a default deposit to account" preference, QuickBooks does not increase your bank balance when you receive payments. Instead, when you record a payment transaction as shown above, QuickBooks reduces the balance in **Accounts Receivable** and increases the balance in **Undeposited Funds**. In order to have your payments show up in your bank account (and reduce **Undeposited Funds**), you must **Make Deposits**. See the section called *Making Bank Deposits* beginning on page 74.

The accounting behind the scenes:

Payments increase (debit) **Undeposited Funds** (or a bank/other current asset account) and decrease (credit) Accounts Receivable.

Preferences for Applying Payments

As soon as you enter the customer name at the top of the *Receive Payments* window and press **Tab**, QuickBooks displays all of the open Invoices for that customer in the lower section of the window. See Figure 2-32.

✓	Date	Number	Orig. Amt.	Disc. Date	Amt. Due	Payment
✓	01/05/2011	2011-101	570.00	01/15/2011	570.00	570.00
	01/06/2011	2011-102	500.00	01/16/2011	500.00	0.00
	01/13/2011	2011-105	880.00	01/23/2011	880.00	0.00
	01/26/2011	2011-107	3,028.89	02/05/2011	3,028.89	0.00
Totals			4,978.89		4,978.89	570.00

Figure 2-32 Payment automatically applied to the oldest Invoice

Then, when you enter the payment amount, QuickBooks looks at all of the open Invoices for that customer. If it finds an amount due on an open Invoice that is the exact amount of the payment, it matches the payment with that Invoice. If there is no such match, it applies the payment to the *oldest* Invoice first and continues applying to the next oldest until the payment is completely applied. If this auto application of payments results in a partially paid

Invoice, QuickBooks holds the balance on that Invoice open for the unpaid amount. This is a feature called *Automatically Apply Payments*.

If you select an invoice in the Receive Payments form before entering an Amount Received, QuickBooks calculates the sum of the selected invoice(s) and enters that sum into the Amount Received field. This feature is called *Automatically Calculate Payments*.

COMPUTER PRACTICE

To modify the **Automatically Apply Payments** and **Automatically Calculate Payments** setting, change the **Company Preferences for Payments**.

Follow these steps:

- Step 1. Select the *Edit* menu and then select **Preferences** (see Figure 2-33).
- Step 2. Select the **Payments** icon from the preference category in the list on the left. Then click the **Company Preferences** tab.
- Step 3. Check or uncheck the *Automatically apply payments* box to change it. For now, leave it checked.

With this feature disabled, you will have to click Auto Apply Payment in the Receive Payments window for each payment you process or you will have to manually apply payments to Invoices by clicking in the column to the left of the Invoice and modifying the amount in the Payment column as necessary.

- Step 4. You can change the *Automatically calculate payments* box by checking or unchecking it. For now, leave it checked.

When this preference is on, QuickBooks will automatically calculate the payment received from the customer in the Amount field of the Receive Payments window as you select the invoices. When this preference is off, QuickBooks does not automatically calculate payments.

- Step 5. Click OK.

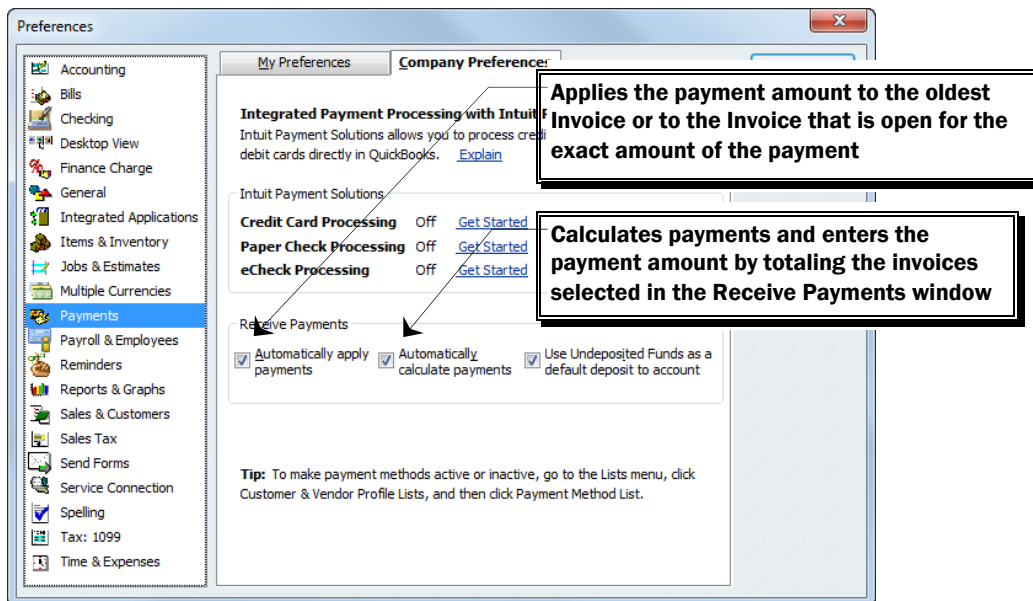


Figure 2-33 Preference for automatically applying payments

Recording Customer Discounts

What if your customer takes advantage of the discount you offer on your Invoice? In the next example, the payment you receive is less than the face amount of the Invoice because the customer took advantage of the 2% 10 Net 30 discount terms that Academy Photography offers.

COMPUTER PRACTICE

Follow these steps to record a payment on which the customer took a discount:

- Step 1. From the *Customer Center* select **Mason, Bob** from the *Customers & Jobs* list. Then select **Receive Payments** from the *New Transactions* drop-down list.
- Step 2. Enter all the customer payment information as shown in Figure 2-34. The customer is paying for Invoice #2011-106 after taking the discount allowed by the terms.

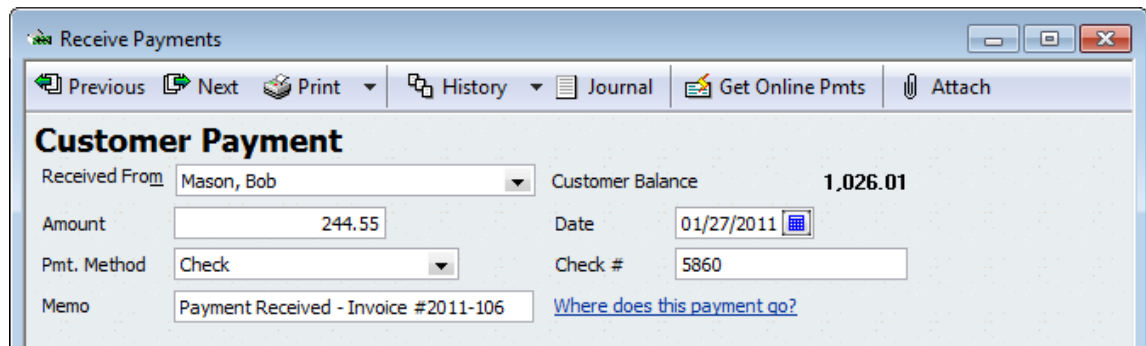


Figure 2-34 Top portion of the Receive Payments window

- Step 3. The bottom portion of the *Receive Payments* window (see Figure 2-35) displays the open invoices for this customer. If the customer is eligible for discounts, a message will appear as shown just below the open invoices. The **Disc. Date** column shows the date through which the customer is eligible to take a discount.

If the amount paid is not an exact match with any Invoice balance, QuickBooks will automatically apply the payment to the oldest Invoices. Here, Invoice #2011-104 is automatically selected since the amount \$244.55 does not match any open invoices. The underpayment is also displayed. We'll fix this in the next step.

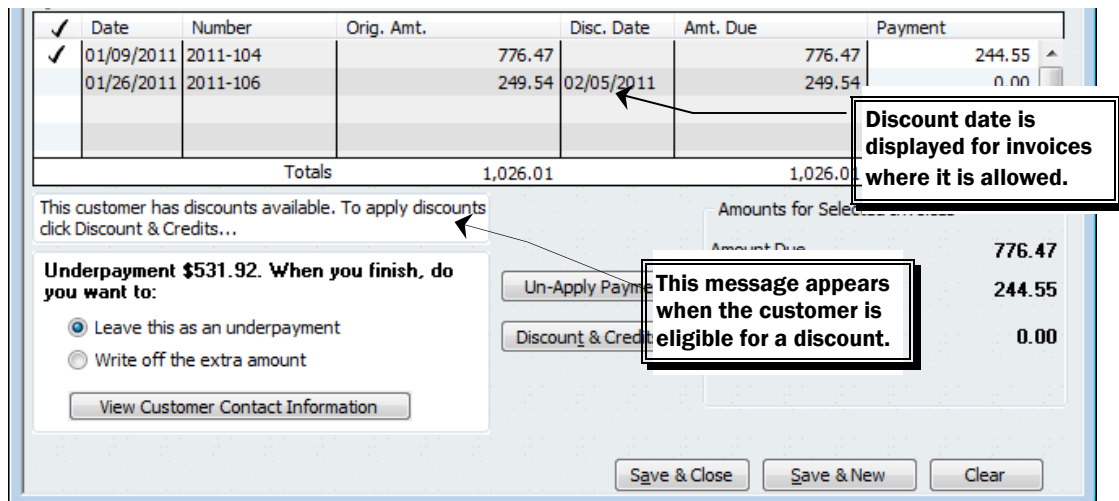


Figure 2-35 Show discount and credit information box, Invoice for payment and Underpayment

Note:

In the *Receive Payments* window the Underpayment amount is displayed with options to **Leave this as an underpayment** or **Write off the amount**. These options are displayed when the payment is less than the amount due on the selected Invoices. Similarly, Overpayment amounts are displayed with options to **Leave the credit to be used later** or **Refund the amount to customer** when the payment is more than the amount due on the selected Invoices.

Tip:

If the payment amount doesn't add up exactly to the discounted amount, you'll need to make a choice. If the payment is too high, you could reduce the amount of the discount by lowering the amount in the *Discounts and Credits* window. If the payment is too low, you could raise the amount in the *Discounts and Credits* window. If the payment amount is significantly different, you can apply the amount of the payment and then send a statement to the customer showing the balance due (if the payment is too low) or send a refund to the customer (if the payment is too high).

- Step 4. Click in the column to the left of Invoice #**2011-104** to uncheck it and then click to check Invoice #**2011-106** (see Figure 2-36). This moves the payment so that it now applies to Invoice #2011-106. Make sure to uncheck #2011-104 before checking #2011-106, or you will see a Warning message.

✓	Date	Number	Orig. Amt.	Disc. Date	Amt. Due	Payment
<input type="checkbox"/>	01/09/2011	2011-104	776.47		776.47	0.00
<input checked="" type="checkbox"/>	01/26/2011	2011-106	249.54	02/05/2011	249.54	244.55
Totals			1,026.01		1,026.01	244.55

Figure 2-36 Payment is now applied to the correct Invoice

- Step 5. Since the customer took advantage of the 2% 10 Net 30 terms that Academy Photography offered him, you'll need to reduce the amount due by 2%. To apply the discount to this Invoice, click **Discount and Credits** on the bottom of the *Receive Payments* window (see Figure 2-37).

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

Underpayment \$4.99. When you finish, do you want to:

Leave this as an underpayment
 Write off the amount

Click the Discounts and Credits button to apply discount to an invoice.

View Customer Contact Information

Un-Apply Payment

Discount & Credits...

Amounts for Selected Invoices	
Amount Due	249.54
Applied	244.55
Discount and Credits Applied	0.00

Figure 2-37 Discount and Credits Option

- Step 6. QuickBooks calculates and enters a suggested discount based on the terms on the customer's Invoice as shown in Figure 2-38. You can override this amount if necessary. Press **Tab**.

Discount and Credits

Invoice

Customer:Job	Mason, Bob	Amount Due	249.54
Number	2011-106	Discount Used	4.99
Date	01/26/2011	Credits Used	0.00
Original Amt.	249.54	Balance Due	244.55

Discount | Credits

Discount Date: 02/05/2011

Terms: 2% 10 Net 30

Suggested Discount: 4.99

Amount of Discount: 4.99

Discount Account: 46000 - Sales Discounts

Discount Class: San Jose

Buttons: Done, Cancel, Help

QuickBooks calculates the suggested discount, based upon the payment date and enters it here.

Figure 2-38 Discounts and Credits window

Step 7. Select **46000 Sales Discounts** in the *Discount Account* field. Press **Tab**.

The *Discount Account* field is where you assign an account that tracks the discounts you give to your customers.

Step 8. Enter **San Jose** in the *Class* field and then click **Done**.

Sales Discounts is a contra-income account. Since Academy Photography uses class tracking, you will need to enter the appropriate class in this field. If you do not classify this transaction, QuickBooks will display the amount in an *Unclassified* column on the **Profit & Loss by Class** report. Refer to the Invoice you are discounting to determine the class. Academy Photography uses the **San Jose** class when recording Invoice 2011-106.

After recording the discount, the *Receive Payments* window reflects Total Discount and Credits Applied at the bottom of the Receive Payments window.

Customer Payment

Received From: Mason, Bob Customer Balance: 1,026.01

Amount: 244.55 Date: 01/27/2011

Pmt. Method: Check Check #: 5860

Memo: Payment Received - Invoice #2011-106 [Where does this payment go?](#)

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

✓	Date	Number	Orig. Amt.	Disc. Date	Amt. Due	Discount	Payment
	01/09/2...	2011-104	776.47		776.47	0.00	0.00
✓	01/26/2...	2011-106	249.54	01/27/2011	249.54	4.99	244.55
Totals			1,026.01		1,026.01	4.99	244.55

Amounts for Selected Invoices

Amount Due: 249.54

Applied: 244.55

Discount and Credits Applied: 4.99

Un-Apply Payment Discount & Credits...

Save & Close Save & New Clear

After recording the discount, the Discount and Credits Applied amount is updated to reflect the discount.

Figure 2-39 Receive Payments window after (recording the discount)

- Step 9. Verify that your screen matches Figure 2-39.
- Step 10. Click **Save & Close** to record the transaction.
- Step 11. Close the Customer Center.

Making Bank Deposits

As you record payments from customers using the *Enter Sales Receipts* and *Receive Payments* windows, by default these payments are posted to a special QuickBooks account called **Undeposited Funds**. When you deposit these payments into your bank account, you will record a *Deposit* transaction. Deposit transactions move money from the **Undeposited Funds** account to the appropriate bank account. As you will see in this section, QuickBooks provides a special window (the *Payments to Deposit* window) to help you identify which payments are included on each deposit.

Since you will probably receive payments from your customers in several different ways (checks, cash, and credit cards), you'll want to record deposits of each payment type separately. This way, your deposits in QuickBooks will match what actually takes place at your bank, and your bank reconciliations will be much easier.

Therefore, when you make deposits, you'll deposit groups of each payment type together into deposits. Start with the checks and cash, followed by the MasterCard and VISA receipts, then the American Express receipts, and then the Discover receipts.

Depositing Checks and Cash

COMPUTER PRACTICE

To enter a deposit, follow these steps:

Step 1. From the *Home* page select **Record Deposits**.

Since you have payments stored in the **Undeposited Funds** account, QuickBooks displays the *Payments to Deposit* window (see Figure 2-40).

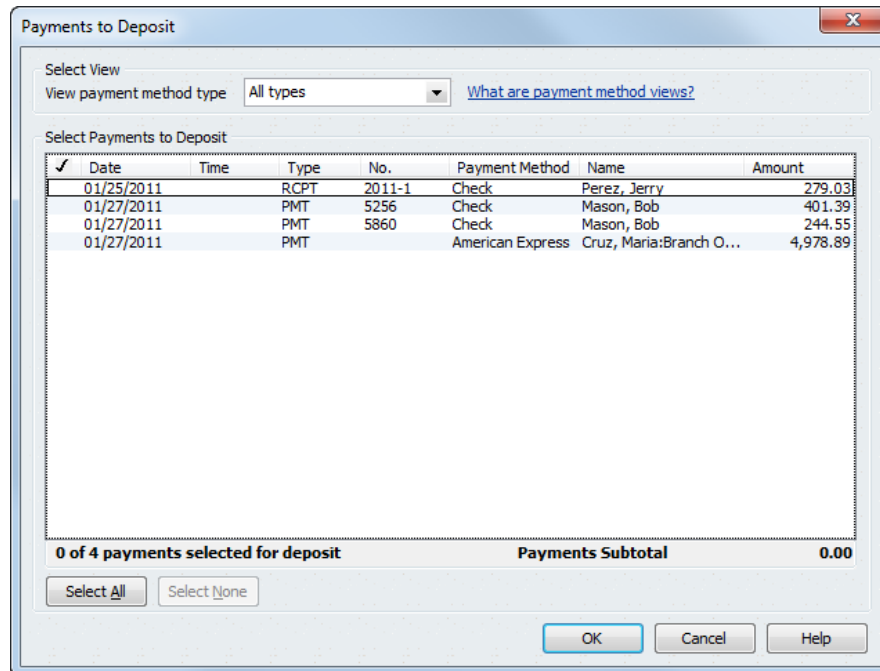


Figure 2-40 Select the payments to deposit

Step 2. Select **Cash and Check** from the *View Payment Method Type* drop-down list (see Figure 2-41).

Since the checks and cash you deposit in your bank account will post to your account separately from credit card receipts, it is best to filter the report by payment type and then create a separate deposit for each payment type. Depending on your merchant service, you will probably need to create a single deposit for your MasterCard and VISA receipts. Most merchant services combine MasterCard and VISA receipts when they credit your bank account.

Tip:

Since you can filter the *Payments to Deposit* window by only one payment method at a time, using a single **Payment Method** for *Checks* and *Cash* will allow you to filter for both payment methods on this window. Depending on your merchant service, you may want to create a single **Payment Method** for *MasterCard* and *VISA* as well. To edit **Payment Methods** select the *Lists* menu, then select **Customer & Vendor Profile Lists**, and then select **Payment Methods List**. Once the *Payment Method List* window opens, select the Payment Method and select **Edit Payment Method** from the *Payment Method* menu.

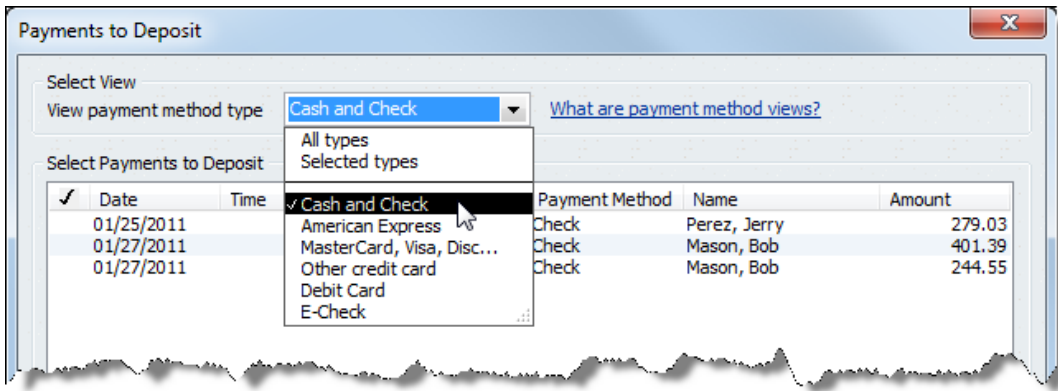


Figure 2-41 Cash and Check payments

Step 3. Click **Select All** to select all of the cash and check deposits. See Figure 2-42. Click **OK**.

A checkmark in the column on the left indicates that QuickBooks will include the payment on the deposit.

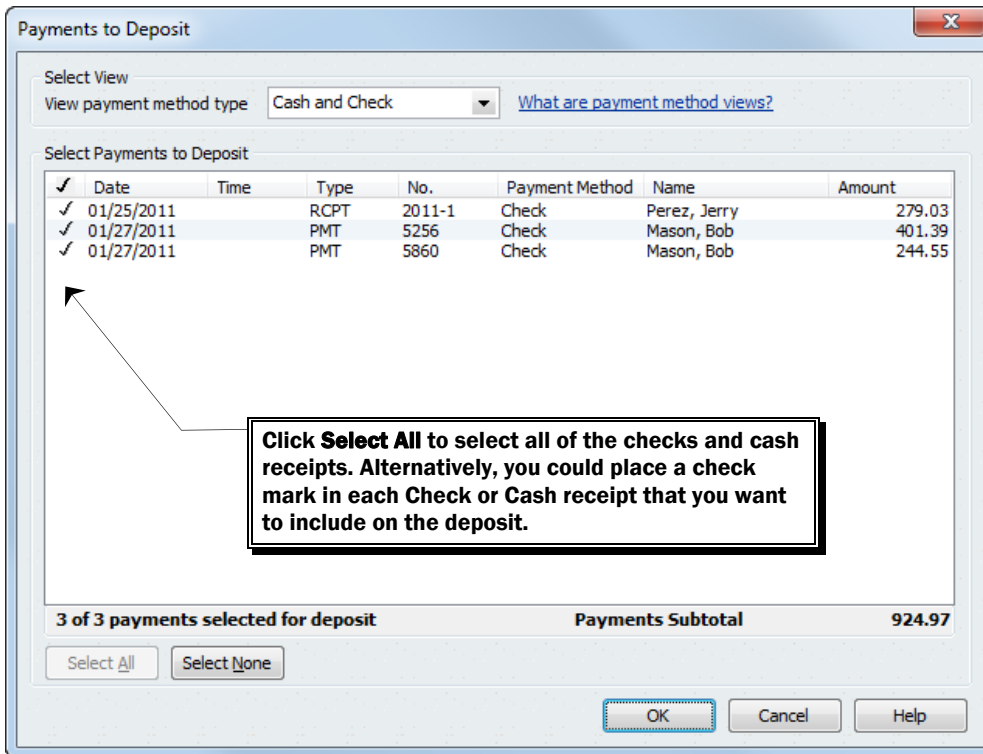


Figure 2-42 Select the payments to deposit

Step 4. In the *Make Deposits* window, the **Checking** account is already selected in the *Deposit To* field (see Figure 2-43). The payments will be deposited to this bank account. Press **Tab**.

Received From	From Account	Memo	Chk No.	Pmt Meth.	Class	Amount
Perez, Jerry	12000 · Undeposited Funds	Indoor Session, 2 Premium...	3612	Check	San Jose	279.03
Mason, Bob	12000 · Undeposited Funds	Payment Received - Invoi...	5256	Check		401.39
Mason, Bob	12000 · Undeposited Funds	Payment Received - Invoi...	5860	Check		244.55
	24200 · Line of Credit	Loan Proceeds	23451	Check		10,000.00
Deposit Subtotal						10,924.97
Deposit Total						10,924.97

Figure 2-43 Make Deposits window

- Step 5. Enter **01/27/2011** if it does not already display in the *Date* field and press **Tab**.
- Step 6. Enter **Deposit Checks** in the *Memo* field and press **Tab**.
- Step 7. On this deposit, we will add a non sales-related item, as follows:
- On the first blank line, enter **Line of Credit** in the *From Account* column and press **Tab**.
The *From Account* column on the Make Deposits window shows the account that the deposit is coming “from.”
 - Enter **Loan Proceeds** in the *Memo* column and press **Tab**.
 - Enter **23451** in the *Chk No.* column and press **Tab**.
 - Enter **Check** in the *Pmt Meth.* column and press **Tab**.
 - Press **Tab** to skip the *Class* column.
 - Enter **10,000.00** in the *Amount* column.
- Step 8. Click **Save & Close** to record the deposit.

The accounting behind the scenes:

In the deposit transaction (Figure 2-43) the checking account will increase (with a debit) by the total deposit (\$10,924.97). All of the customer checks are coming from the **Undeposited Funds** account, and the loan proceeds are coming from the Line of Credit account. The customer checks will decrease (credit) the balance in **Undeposited Funds** and the loan from the owner will increase (credit) the balance in the Line of Credit account.

Holding Cash Back from Deposits

If you hold cash back when you make your deposits to the bank, fill in the bottom part of the deposit slip indicating the account to which you want to post the cash (see Figure 2-44).

To get cash back from this deposit, enter the amount below. Indicate the account where you want this money to go, such as your Petty Cash account.

Cash back goes to	Cash back memo	Cash back amount
<input type="text"/>	<input type="text"/>	<input type="text"/>
		Deposit Total 10,924.97

[Save time using printable or manual deposit slips.](#)

Figure 2-44 The bottom of the deposit slip deals with cash back

There are two ways you might use the cash back section of the deposit:

1. If you're splitting the deposit between two different bank accounts, you could enter the other bank account and amount here. For example, if you send part of the funds from the deposit to the Money Market account, you could enter **Money Market** in the *Cash back goes to* field and the amount in the *Cash back amount* field.
2. If you routinely hold back funds from your deposits and use them for several different purchases, you may want to set up a new QuickBooks bank account called **Petty Cash** and enter that account in the *Cash back goes to* field. The Petty Cash account is not really a bank account, but it's an account where you can track all your cash expenditures.

Tip:

It's not a good idea to hold cash back from deposits as "pocket money." If your business is a Sole Proprietorship, it's better to write a separate check (or ATM withdrawal) and then code it to **Owner's Draw**. This is a much cleaner way to track the money you take out for personal use. Discuss this with your QuickBooks ProAdvisor, or with your accountant.

Printing Deposit Slips

QuickBooks can print deposit slips on preprinted deposit slips.

To make this feature work for you, you'll need to order preprinted deposit slips that match the QuickBooks format.

COMPUTER PRACTICE

To print on preprinted deposit slips, follow these steps:

- Step 1. Display the most recent deposit transaction by selecting the *Banking* menu and then selecting **Make Deposits**.

Click **Cancel** when you see the *Payments to Deposit* window. Then click the **Previous** button on the *Make Deposits* window. Alternatively, you could double-click the deposit transaction from the checking account register window.

- Step 2. Click **Print** on the *Make Deposits* window (see Figure 2-45).

- Step 3. Select **Deposit slip and deposit summary** on the window shown in Figure 2-46 and click **OK**.

Normally, you would load the preprinted deposit slips into the printer before printing. However, if you do not have a deposit slip print the deposit on blank paper.

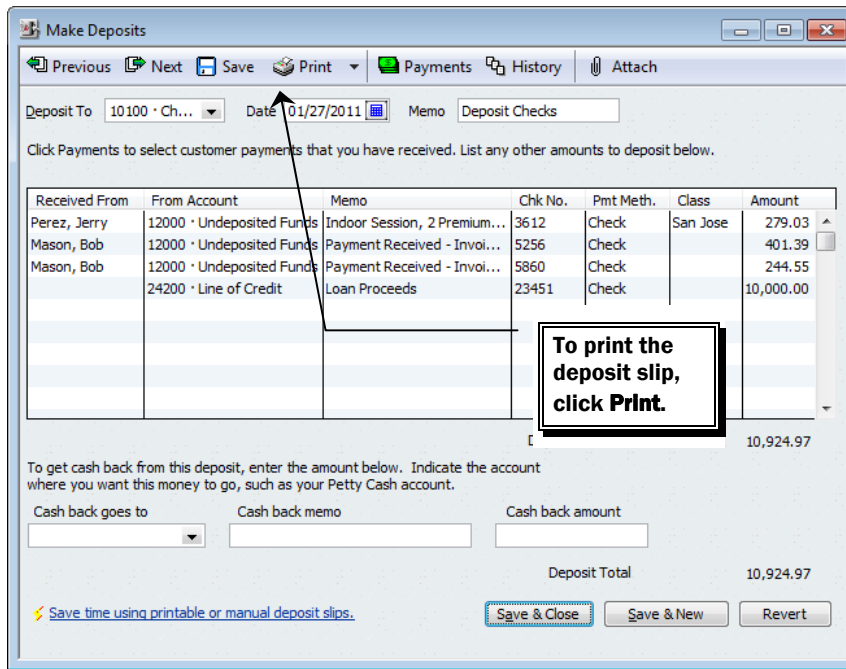


Figure 2-45 Printing a deposit

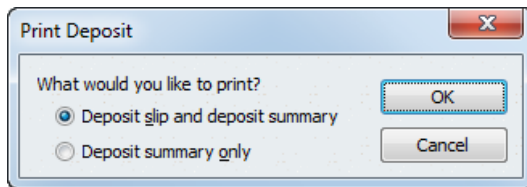


Figure 2-46 Print Deposit window for deposit slips

Tip:
 Even if you don't have any preprinted deposit slips, it's still a good idea to keep a printed record of your deposits. To print a deposit record when you do not use preprinted deposit slips, select **Deposit summary only** on the *Print Deposit* window shown in Figure 2-46.

Step 4. Check the settings on the *Print Deposits Slips* window shown in Figure 2-47. Your *Printer name* will not be the same as the one shown here.

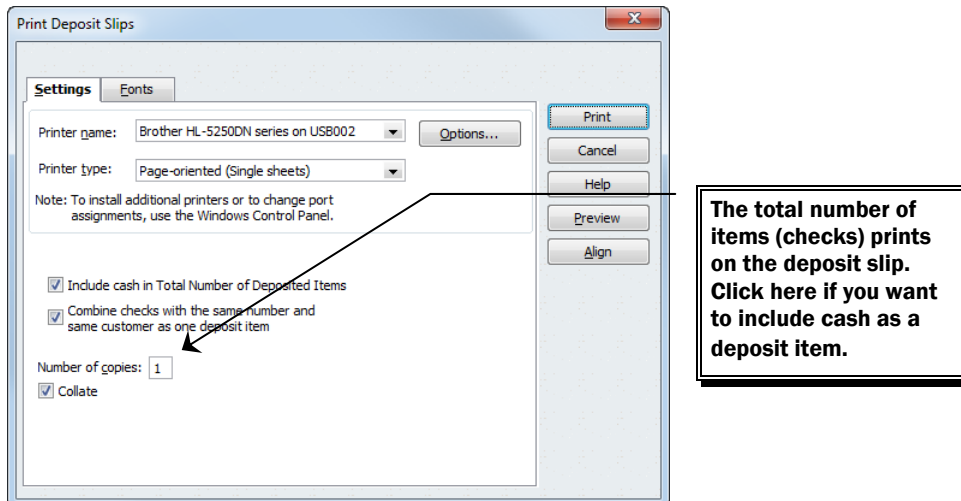


Figure 2-47 Settings on the Print Deposit Slips window

- Step 5. Select your printer in the *Printer name* field. There is no need to change the *Printer type* field. The *Include cash in Total Number of Deposited Items* checkbox causes QuickBooks to include the cash you deposit (if any) as a separate Item on the deposit slip.
- Step 6. Click **Print** to print the deposit slip (see Figure 2-48).
- Step 7. Click **Save & Close** to save the Deposit.

Chk No.	PmtMethod	Rcd From	Memo	Amount
3612	Check	Perez, Jerry	Indoor Session, 2 Premium Packages	279.03
5256	Check	Mason, Bob	Payment Received - Invoice #3947	401.39
5860	Check	Mason, Bob	Payment Received - Invoice #2011-...	244.55
24351	Check		Loan Proceeds	10,000.00
Deposit Subtotal:				10,924.97
Less Cash Back:				
Deposit Total:				10,924.97

Figure 2-48 Deposit slip and deposit summary

Depositing Credit Card Payments

As mentioned previously, to ensure that your bank reconciliations go smoothly, you should always deposit your checks and cash separately from your credit card payments.

COMPUTER PRACTICE

- Step 1. Select the **Banking** menu, and then select **Make Deposits**. The *Payments to Deposit* window opens.
- Step 2. Click in the left column on the line to select the American Express receipt (see Figure 2-49). Then click **OK**. The *Make Deposits* window opens.

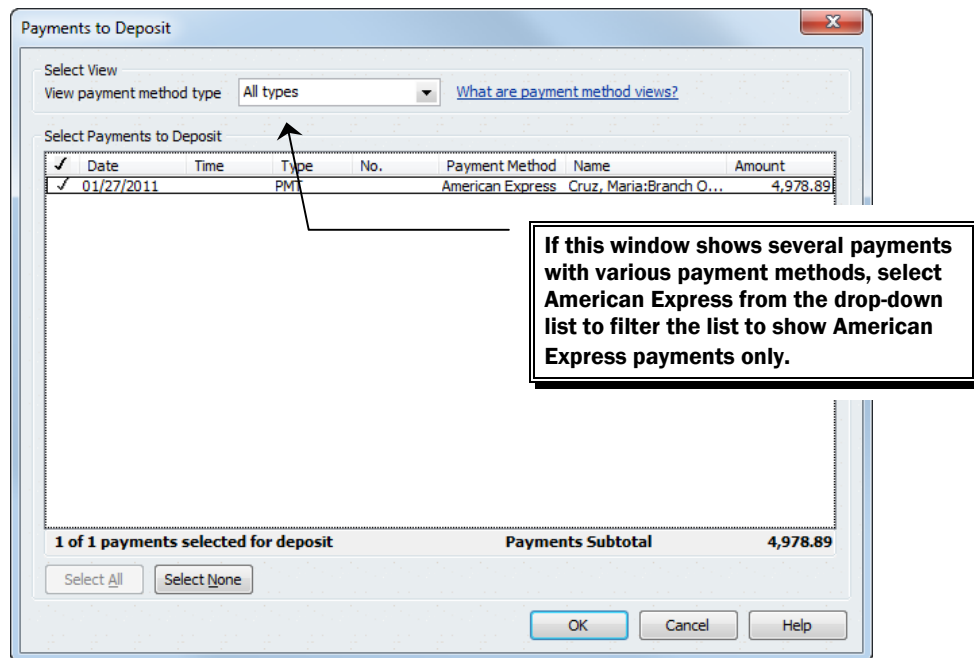


Figure 2-49 Payments to Deposit window

- Step 3. The **Checking** account is already selected in the *Deposit to* field. Press **Tab**.
- Step 4. Enter **01/27/2011** if it is not already entered in the *Date* field. Press **Tab**.
- Step 5. Enter **Deposit American Exp** in the *Memo* field.

As stated earlier, make sure you group together receipts in a way that agrees with the actual deposits made to your bank. This is a critical step in making your bank reconciliation process go smoothly.

- Step 6. On the first blank line of the deposit slip, enter **Bankcard Fees** in the **From Account** column and then press **Tab**.

You only need to create this line if your credit card processing company (or your bank) charges a discount fee on each credit card deposit rather than monthly.

- Step 7. Enter **Discount Fee** in the **Memo** column and then press **Tab**.
- Step 8. Press **Tab** to skip the **Chk No.** column.
- Step 9. Enter **American Express** in the **Pmt Method** column and then press **Tab**.
- Step 10. Enter **Walnut Creek** in the *Class* column and then press **Tab**.
- Step 11. Enter **4978.89 * -.02** in the *Amount* column and press **ENTER**. You can use the QuickMath feature to enter the discount fee directly on the **Make Deposit** window.

QuickMath is a feature that helps you add, subtract, multiply, or divide in any QuickBooks Amount field. When you enter the first number (4978.89), it shows normally in the *Amount* column. Then when you enter the * (asterisk key or SHIFT+8), QuickMath shows a small adding machine tape on your screen (see Figure 2-50). Continue typing your formula for recording the discount fee. If the discount is 2%, enter **-.02** (minus point zero two) and press **ENTER**. The result of the calculation shows in the *Amount* column (-99.58). **The minus sign makes the result a negative number and reduces the amount of your deposit.** This also increases (debits) your **Bankcard Fees** expense account.

Step 12. Press **Tab** to have the total of the deposit updated automatically.

Received From	From Account	Memo	Chk No.	Pmt Meth.	Class	Amount
Cruz, Maria:Branch Opening	12000 · Undeposited Funds	Payment Received - Multiple Invoices		American Express		4,978.89
	60500 · Bankcard Fees	Discount Fee		American Ex...	Walnut..	-0.02

Figure 2-50 QuickMath makes an adding machine tape appear

Step 13. Verify that your screen matches Figure 2-51. Click **Save & Close**.

Make Deposits

Deposit To: 10100 · Ch... Date: 01/27/2011 Memo: Deposit American Exp

Click Payments to select customer payments that you have received. List any other amounts to deposit below.

Received From	From Account	Memo	Chk No.	Pmt Meth.	Class	Amount
Cruz, Maria:Branch Opening	12000 · Undeposited Funds	Payment Received - Multiple Invoices		American Express		4,978.89
	60500 · Bankcard Fees	Discount Fee		American Express	Walnut Cr...	-99.58
Deposit Subtotal						4,879.31

To get cash back from this deposit, enter the amount below. Indicate the account where you want this money to go, such as your Petty Cash account.

Cash back goes to: Cash back memo: Cash back amount:

Deposit Total: 4,879.31

Buttons: Save & Close, Save & New, Clear

Figure 2-51 Make Deposits window after a credit card deposit

Now that you have entered your deposits, the checking account register shows each deposit and the updated balance in the account.

COMPUTER PRACTICE

To see the detail of a deposit, follow these steps:

- Step 1. Click the **Chart of Accounts** Icon in the *Home* page.
- Step 2. Double-click on the **Checking** account in the *Chart of Accounts* window.
- Step 3. Scroll up until you see the two deposit transactions shown in Figure 2-52.
- Step 4. Close the *Checking* register and *Chart of Accounts*.

Date	Number	Type	Account	Payee	Memo	Payment	✓	Deposit	Balance
01/20/2011	6004			Ace Supply		123.48			14,089.00
01/27/2011		DEP	-split-		Deposit Checks			10,924.97	25,013.97
01/27/2011		DEP	-split-		Deposit American E			4,879.31	29,893.28
01/30/2011	329	CHK	22000 · National B	National Bank	1234-1234-1234-1	2,152.00			27,741.28
									27,366.28

Figure 2-52 Checking register after entering deposits

Chapter Summary and Review

Summary of Key Points

In this chapter, you learned how to track sales in your company. You should now be familiar with how to use QuickBooks to do all of the following:

- Set up customer records in the Customer: Job list (page 43).
- Record Sales Receipts (page 52).
- Use the Undeposited Funds account as a default account to track your cash receipts (page 57).
- Record Invoices and Payments from customers (page 59).
- Record bank deposits of cash, check, and credit card receipts (page 74).

Comprehension Questions

Answers to these review questions are available with the supplemental material. See page xiii for details.

1. When you make a sale to a customer who pays at the time of the sale, either by check or by credit card, which type of form should you use in QuickBooks to record the transaction?
2. Explain how the **Undeposited Funds** account works and why it is best to use the option, **Use Undeposited Funds as a default deposit to account**, as a *Payments* preference.
3. Why is it so important to use the memo field on transactions?
4. How does the *Automatically Apply Payments* feature work?
5. How does the *Automatically Calculate Payments* feature work?

Multiple Choice

Select the best answer(s) for each of the following:

1. In the *New Customer* window, you find everything except:
 - a) Customer name.
 - b) Customer Bill to and Ship to address.
 - c) Customer active/inactive status.
 - d) Year-to-date sales information.
2. You should record a Sales Receipt when the customer pays:
 - a) By cash, check, or credit card at the time of sale.
 - b) By cash, check, or credit card at the end of the month.
 - c) Sales tax on the purchase.
 - d) For the order upon receipt of Invoice.
3. Which statement is false?
 - a) Invoices are very similar to the Sales Receipt form.
 - b) Invoices decrease Accounts Receivable.
 - c) Sales Receipts have no effect on Accounts Receivables.
 - d) Invoices should be created when customers pay after the date of the initial sale.
4. You may specify payment terms on the *New Customer* window, however
 - a) The payment terms will only show on Sales Receipt transactions.
 - b) The terms can only be changed once a year.
 - c) The sales representative must be informed.
 - d) You are also permitted to override the terms on each sale.
5. Your company has just accepted a payment for an invoice. What should you do in QuickBooks to record this payment?
 - a) Open the invoice by clicking the *Invoices* button on the *Home* page.
 - b) Create a sales receipt by clicking the *Sales Receipt* button on the *Home* page.
 - c) Make a deposit by clicking the *Record Deposits* button on the *Home* page.
 - d) Receive the payment by clicking the *Receive Payment* button on the *Home* page.
6. Which statement is false?
 - a) Many customers reject Invoices that do not reference a P.O. (purchase order) number.
 - b) The P.O. number helps the customer identify your Invoice.
 - c) The P.O. number is required on all Invoices.
 - d) The P.O. number is generated by the customer's accounting system.
7. To record a deposit in QuickBooks:
 - a) Make a separate deposit that includes both Checks and Cash receipts.
 - b) Make a separate deposit that includes both VISA and MasterCard receipts.
 - c) Make a separate deposit that includes American Express receipts.
 - d) All of the above.
8. Your company has just received an order from a customer who will pay within 30 days. How should you record this transaction in QuickBooks?
 - a) Open the invoice by clicking the *Invoices* button on the *Home* page.
 - b) Create a sales receipt by clicking the *Sales Receipt* button on the *Home* page.
 - c) Make a deposit by clicking the *Record Deposits* button on the *Home* page.
 - d) Receive the payment by clicking the *Receive Payment* button on the *Home* page.

9. When you make a deposit, all of the following are true except:
 - a) You must print a deposit slip in order to process a deposit.
 - b) A “Make Deposit” transaction typically transfers money from **Undeposited Funds** into your bank account.
 - c) You should separate your deposits by payment type.
 - d) You should create deposits so that they match exactly with the deposits on your bank statement.
10. Which item is false regarding calculating items?
 - a) Calculating items can be used on invoices, sales receipts, and credit memos.
 - b) A calculating item calculates based upon the amount of the line directly above it.
 - c) A discount item is a calculating item.
 - d) An item of type *service charge* is a calculating item.
11. When creating a customer record, which statement is false:
 - a) After you enter a name in the *Customer Name* field of the *New Customer* window, you cannot use that name in any of the other name lists in QuickBooks.
 - b) The credit limit can be added in the new customer window.
 - c) A sales rep must be selected when creating a new customer.
 - d) When you sell to and purchase from the same company, you should create two records, one in the Vendor List, and one in the Customer: Job List.
12. When receiving payments from customers to whom you have sent invoices, you must:
 - a) Receive the payment in full. Partial payments cannot be accepted in QuickBooks.
 - b) Enter them directly into the checking account register.
 - c) Enter the payment into the receive payments window and check off the appropriate invoice(s) to which the payment applies.
 - d) Delete the invoice so it does not show on the customer’s open records.
13. You need to calculate the amount of a bankcard fee by multiplying the amount of the received payments by -1%. What useful QuickBooks feature could you use?
 - a) Calculating Items
 - b) QuickMath
 - c) QuickAdd
 - d) The *Fees* button on the bottom of the *Make Deposit* window
14. The Undeposited Funds account tracks
 - a) Bad debts.
 - b) Funds that have been received but not deposited.
 - c) Funds that have not been received or deposited.
 - d) All company sales from the point an invoice is created until it is deposited in the bank.
15. After entering an existing customer in the *Customer:Job* field of an invoice, a *Customer:Job Not Found* dialog box opens to say the customer is not on the *Customer List*. What should you do?
 - a) Click the *Quick Add* button to add the customer to the *Customer List*.
 - b) Click the *Set Up* button to enter the customer’s information in a *New Customer* window.
 - c) Click *Cancel* to check the name you entered in the *Customer:Job* field for typos or other errors.
 - d) None of the above.

Completion Statements

1. A new customer can be added to the customer list “on the fly” by clicking _____ after entering a new customer name on a sales form.
2. When you create a Sales Receipt, QuickBooks increases (with a debit) a _____ account or the _____ account.
3. Discounts and subtotals are called _____ Items.
4. Receiving payments reduces the balance in _____ and increases the balance in the **Undeposited Funds** or a bank account.
5. _____ helps you add, subtract, multiply or divide numbers in an *Amount* field.

Sales-Problem 1

APPLYING YOUR KNOWLEDGE

Restore the Sales-10Problem1.QBM file and store it on your hard disk according to your instructor’s directions.

1. Enter your own name and address information into the Customer Center List. Then print the Customer List by selecting the *Reports* menu, **List**, and then **Customer Contact List**.
2. Enter a Sales Receipt using the data in Table 2-4. The payment will be automatically grouped with other payments in **Undeposited Funds** account. You’ll need to create the customer record using Quick Add, or by setting it up in the list before adding the sale. Print the sale on blank paper.

Field	Data
Customer Name	<i>Franklin, Steven</i>
Class	<i>Walnut Creek</i>
Date	<i>01/29/2011</i>
Sale #	<i>2011-1</i>
Sold To	<i>Steven Franklin 1695 Blue Sky Pkwy Walnut Creek, CA 94599</i>
Check No	<i>477</i>
Payment Method	<i>Check</i>
Item	<i>Camera SR32, Qty 2, \$695.99</i>
Item	<i>Case, Qty 2, \$79.99</i>
Sales Tax	<i>Contra Costa (8.25%) – Auto Calculates</i>
Total Sale	<i>\$1,680.00</i>
Customer Tax Code	<i>Tax</i>
Memo	<i>2 Cameras, 2 Cases</i>

Table 2-4 Use this data for a Sales Receipt in Step 2

3. Enter an Invoice using the data in the table below. Print the Invoice on blank paper.

Field	Data
Customer Name	<i>Pelligrini, George: 4266 Lake Drive</i>
Class	<i>San Jose</i>
Custom Template	<i>Academy Photo Service Invoice</i>
Date	<i>01/31/2011</i>
Invoice #	<i>2011-106</i>
Sold To	<i>Pelligrini Builders 222 Santana Ave. Los Gatos, CA 94482</i>
PO Number	<i>8324</i>
Terms	<i>Net 30</i>
Item	<i>Indoor Photo Session, Qty 3, \$95/hour</i>
Item	<i>Retouching, Qty 2 (hrs), \$95/hour</i>
Sales Tax	<i>Santa Clara (8.25%) – Auto Calculates</i>
Total Sale	<i>\$475</i>
Memo	<i>3 Hour Session, 2 Hours Retouching</i>

Table 2-5 Use this data for an Invoice in Step 3

4. Enter a second Invoice using the data in the table below. Print the Invoice on blank paper. You will need to add this customer either through *QuickAdd* or entering the customer information in the *Customer Center*.

Field	Data
Customer Name	<i>Feller, Nathan</i>
Class	<i>San Jose</i>
Custom Template	<i>Academy Photo Service Invoice</i>
Date	<i>01/31/2011</i>
Invoice #	<i>2011-107</i>
Sold To	<i>Nathan Feller 99050 Market St. Santa Clara, CA 95111</i>
PO Number	<i>736555</i>
Terms	<i>2% 10 Net 30</i>
Item	<i>Indoor Photo Session, Qty 9, \$95/hour</i>
Sales Tax	<i>Santa Clara (8.25%) – Auto Calculates</i>
Total Sale	<i>\$855</i>
Memo	<i>9 Hour Session</i>

Table 2-6 Use this data for an Invoice in Step 4.

5. Record a payment dated **2/15/2011** for **\$855.00** from Nathan Feller (check #5342) and apply it to Invoice **2011-107**.
6. On **2/15/2011**, you received a partial payment from George Pelligrini for the 4266 Lake Drive Job for \$300. American Express payment, card #4321-654321-54321, expires in 5/2014.
7. On **2/15/2011**, deposit everything from the **Undeposited Funds** account using the following:

- a) Deposit Cash and Check payments separately (Memo: Deposit Cash and Checks). Print **Deposit Slip and Deposit Summary** onto blank paper.
- b) Deposit American Express payments separately (Memo- Deposit American Express). Record a 2% bankcard discount fee (use QuickMath to calculate) on the credit card deposit number (Account- Bankcard Fee, Payment Method - American Express, Memo-2% Discount Fee). This amount should be a negative number. Print **Deposit Summary Only** onto blank paper.

Workplace Applications

Discussion Questions

These questions are designed to stimulate discussion about how you can apply QuickBooks to your own organization. They may help you think through some of the issues you'll encounter when using QuickBooks in your company.

1. What products or services does your organization provide? Are sales of these services or products taxable?
2. How do customers in your organization pay for products and services? Do they pay at the time of the service or do you send Invoices later? What is the credit limit offered to each of your customers, if applicable?
3. Do any of your customers pay for more than one invoice at a time? What is your organization's policy regarding how to apply payments to open invoices? Oldest first? Specific matching? What is the policy regarding overpayments and underpayments? Are overpayments refunded?