

QuickBooks Guide

Step-by-Step Instructions

What You'll Learn Using QuickBooks

When you have completed this chapter, you will be able to use QuickBooks to:

1. Record sales on account transactions using the **Create Invoices** option.
2. Enter cash receipts using the **Receive Payments** and **Enter Sales Receipts** options.
3. Record credit memorandums.
4. Print a Journal report.
5. Print a General Ledger.

Problem 14-5 Recording Sales and Cash Receipts

Review the transactions listed in your textbook for Sunset Surfwear, a California-based merchandising store. As you will learn, the process for recording the sales and cash receipts transactions using the QuickBooks accounting software is different than the method you learned in your text. Instead of recording these transactions in a general journal, you will record sales on account using the **Create Invoices** option and process cash receipts with the **Receive Payments** or **Enter Sales Receipts** options.

INSTRUCTIONS

Begin a Session

Step 1 Restore the Problem 14-5.QBB file.

Work the Accounting Problem

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

Step 2 Review the transactions for Sunset Surfwear and identify the sales on account.

Step 3 Enter the sale on account transaction for January 1. Use 2015 as the year.

January 1, Sold \$300 in merchandise plus a sales tax of \$18 on account to Martha Adams, Sales Slip 777.

To enter the sale on account:

- Choose **Create Invoices** from the **Customers** menu to display the Invoice window.
- From the Customer:Job drop-down list, select **Martha Adams**.



TIP:

If you know the customer's name, you can begin typing the last name of the customer and QuickBooks will use QuickFill to fill in the field.

- Tab to the *Date* field and type **01/01/2015**.
- In the *Invoice #* field type **777**.

DO YOU HAVE A QUESTION?

Q. Why can you not use the QuickBooks **Make General Journal Entries** option to record sales on account and cash receipts from customers?

A. You could use the **Make General Journal Entries** option. However, the QuickBooks software prefers that you group like kinds of entries together and enter them into one of its many special windows. This helps you as a user to be able to enter transactions much quicker.

Notes

QuickBooks uses Invoice # instead of "sales slip" for sales on account.

Name _____

Date _____

Class _____

You can skip over the *P.O. Number, Terms, Rep, Ship, Via*, and *F.O.B.* fields. Some of these fields, such as the *Ship*, are optional. You do not need to complete these fields when you are entering transactions from your text, but a company using QuickBooks to keep its books might need to enter this information. For other fields, such as the *Terms* field, default information is already recorded in the field. You do not need to change this field unless different terms apply.

- Move to the Item Code drop-down list, select **Credit Sale**.

QuickBooks requires that you select an item to be sold whether it is a service or an actual product. In the business world you would select whatever item your company happens to sell. For this problem you will use Credit Sale as the item that Sunset Surfwear sells to its customers on account.

- The Description of the transaction automatically appears.
- Move over to **Amount** field and type **300** as the amount of the sale and press **Tab**.

**TIP:**

Remember that you do not need to enter the decimal unless you are entering dollars and cents in the amount column. When you enter the amount, QuickBooks automatically calculates the sales tax based on the default sales tax code established for the customer. For example, if the customer is set up with a tax code of **Non**, QuickBooks would not include any sales tax. QuickBooks also calculates and displays the invoice total and amount due.

- Proof the information you just recorded. If you notice a mistake, move to that field and make the correction.

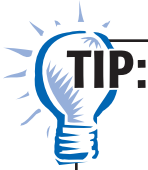
Behind the scenes QuickBooks will enter a debit in the **Account Receivable** account, a credit to **Sales Tax Payable**, and a credit to **Sales**. The customer subsidiary account will automatically be updated. QuickBooks does not have an option to display the debits and credits involved in the transaction.

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

**TIP:**

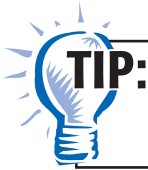
If you are going to continue entering transactions you may want to save the entry by using **Save & New**.

If you need a printed copy of the invoice (sales slip), you could choose the **Print** option. QuickBooks lets you print on plain paper, letter head, or on pre-printed forms. If you choose to print an invoice, select **Blank paper** then click **OK** to print the invoice. After QuickBooks prints the invoice, you are returned to the Invoice window.



TIP: If you notice an error after you post an entry, click the **Previous** or **Next** buttons in the Create Invoices window until you locate the transaction you want to edit. Make the corrections and click **Save & Close**. When prompted that the transaction has been changed, click **Yes**.

Step 4 Enter the remaining sales on account transactions for the month using 2015 as the year: January 5 and January 25.



TIP: If you enter a sale on account for a customer who is tax exempt, make sure that the tax code is **Non**.

- Step 5** Review the transactions and identify those where the company issued a credit memorandum to a customer.
- Step 6** Enter the credit memo issued on January 10.

January 10, Issued Credit Memo 102 to Martha Adams for \$318 covering \$300 in returned merchandise plus \$18 sales tax.

- To enter and apply the credit memorandum to an invoice (sales slip):*
- Choose **Create Credit Memos/Refunds** from the **Customers** menu to display the Create Credit Memos/Refunds window.
 - From the Customer:Job drop-down list, select **Martha Adams**.
 - Tab to the *Date* field and type **01/10/2015**.
 - Press **Tab** and type **CM102** in the *Credit No.* field.
 - From the Item drop-down list, select **Refund**.

QuickBooks requires that you select an item to be refunded whether it is a service or an actual product. For this problem you will use **Refund** as the item that Sunset Surfwear used to record returns from its credit customers. This item has been set up to use Sales Returns and Allowances as the contra-sales account, the account to be affected by the return of merchandise.

- The Description of the transaction automatically appears.
- Move over to the *Amount* field and type **300** as the amount of the sale and press **Tab**.
- Proof the information you just recorded. Verify that you entered the correct customer, credit memo reference, credit item, and credit amounts correctly. The invoice total should now show \$318.00.

Behind the scenes QuickBooks will enter a credit in the **Account Receivable** account, a debit to **Sales Tax Payable**, and a debit to **Sales Returns & Allowances**. The customer subsidiary account will automatically be updated. QuickBooks does not have an option to display the debits and credits involved in the transaction.

Name	Date	Class
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- Click **Save & Close** to record the transaction.
- When the Available Credit window appears, select **Apply to an invoice**.
- Click **OK**.
- When the Apply Credit to Invoices window appears, verify that the credit is being applied to the correct invoice.
- Click **Done**.



After the credit has been applied, verify the customers current balance.

Step 7 Record the other credit memo issued on January 28.

Step 8 Review the transactions and identify the cash receipt transactions.

Step 9 Enter the January 7 cash receipt on account.

January 7, Received \$400 From Alex Hamilton on account, Receipt 345.

To enter the receipt on account:

- Choose **Receive Payments** from the **Customers** menu to display the Receive Payment window.
- If the Merchant Account window appears, click **No**.
- From the Received From drop-down list, select **Alex Hamilton**.
- Tab to the *Payment Amount* field and type the amount received.

Because Alex Hamilton is paying off an invoice in full, QuickBooks automatically select the matching invoice amount.



TIP:

If a cash receipt on account applies to more than one invoice, you can mark several invoices to be paid in one transaction. If a customer sends only a partial payment, you can mark an invoice for partial payment.

- Tab to the *Date* field and type **01/07/2015**.
- Click on the **Cash** button.
- Press **Tab** and type **Receipt 345** in the *Reference #* field.
- Tab to the *Memo* field and type **Received on account**.
- In the *Deposit to* field, select the **Cash in Bank** account.
- Proof the information you just recorded. Verify that you entered the correct customer, amounts, reference number, payment method, etc.

Behind the scenes QuickBooks will enter a credit in the **Account Receivable** account and a debit to the **Cash in Bank** account. The customer subsidiary account will automatically be updated. QuickBooks does not have an option to display the debits and credits involved in the transaction.

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

Step 10 Enter the remaining cash receipts for January 20 and January 30.



The reference number will appear on the customer's statement. It provides a useful way of tracking the payment on account.

Step 11 Enter the cash sale on January 15.

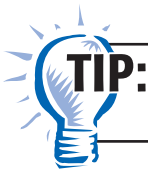
January 15, Recorded cash sales of \$800 plus \$48 in sales tax, Tape 39.

To enter the cash/bankcard sales:

- Choose **Enter Sales Receipts** from the **Customers** menu to display the Enter Sales Receipts window.
- Leave the *Customer:Job* field blank since this is a cash sale.
- Type **01/15/2015** in the *Date* field.
- Type **T39** in the *Sales No.* field.
- Click on the **Cash** button.
- Move to the *Item* field and select **Cash Sale** from the drop-down list.



The steps to enter bankcard sales are the same as the steps shown here to enter cash sales. Use **Bankcard** instead of **Cash** for the Payment method and Bankcard Sales instead of Cash Sales for the item.



TIP: Select Bankcard Sale for sales using a bankcard.

- The description of the transaction automatically appears.
- Move over to *Amount* field and type **800** as the amount of the sale and press **Tab**.
- Proof the information you just recorded. Verify that you entered the correct date, payment method, item, and amount. The invoice total should now show \$848.00.

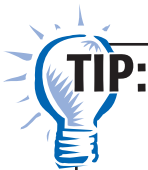
Behind the scenes QuickBooks will enter a debit in the **Cash in Bank** account, a credit to **Sales Tax Payable**, and a credit to the **Sales** account. QuickBooks does not have an option to display the debits and credits involved in the transaction.

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

Step 12 Record the remaining cash sale transaction for January 15.

Prepare a Report and Proof Your Work

Step 13 Print a Journal report.



TIP: QuickBooks does not allow the user to print special journals. Therefore, you can print a **Journal** report and use the **Customize Report** button to filter out transactions types.

Step 14 Proof the information shown on the report. If there are any corrections needed, choose the corresponding **Customer** menu item and click **Previous** (left arrow on the ribbon) to locate the transactions to edit. Make the necessary changes and save the transaction to record your work.

Name	Date	Class
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Analyze Your Work

- Step 15** Choose **Accountant & Taxes** from the **Reports** menu. Select **General Ledger**.
- Step 16** Click the **Customize Report** button.
- Step 17** Type **01/01/2015** in the *From* field and **01/31/2015** in *To* field.
- Step 18** In the *Columns* field, scroll down and select **Debit** and **Credit**. Click **OK**.
- Step 19** Locate the **Sales Returns and Allowances** account on the General Ledger report. Complete the Analyze activity.

End the Session

- Step 20** It is recommended that you back up your work for this session.

Why does the Create Invoice form include the *Rep* field? Although you did not need to complete this field when you entered the transactions for this problem, a company might find it useful to record this information. Explore the uses a company may have for this information. Use the **Ask** feature in the Create Invoice entry window and write your findings on a separate sheet of paper.

**Mastering
QuickBooks**

