

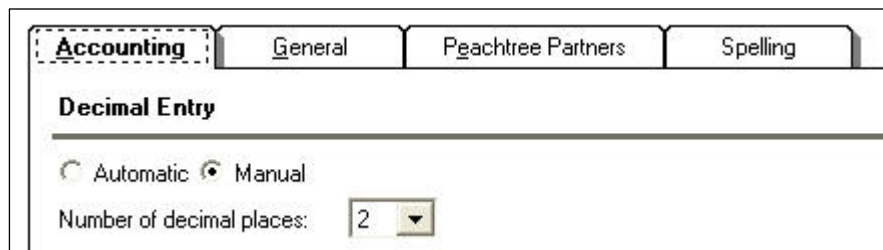
CHAPTER 2 VENDOR TRANSACTIONS

Chapter 2 introduces the student to the basic way that PCA works with vendor transactions. The first thing the students do is select Purchase Orders from the Tasks menu. After recording a purchase order, they see how to use the Purchases\Receive Inventory task. The Purchases\Receive Inventory window is the Purchase Journal. The Apply to Purchases tab is the default. The lower half of the window shows columns for Quantity, Item (inventory items), Description, GL Account, Unit Price, Amount, and Job. The default for the A/P Account is 20000, Accounts Payable. The Purchases/Receive Inventory window looks like a purchase order. Similar to other PCA windows, the icon bar appears at the top of the window.

When Bellwether Garden Supply orders then receives inventory from vendors, Account No. 12000, Inventory, is debited. Accounts Payable and the vendor account are credited. Vendors offer Bellwether a purchase discount for invoices paid within the discount period. The program defaults to 2% 10, Net 30 Days for purchase discounts.

Peachtree is a double-entry accounting system. There is a selection in Options/Global that allows general ledger accounts to be hidden. This is called Accounting Behind the Screens. The PCA windows in this book show the general ledger accounts. To check the Accounting Behind the Screens settings, do the following:

1. From the menu bar, click Options, then Global. The Accounting tab should be selected. If necessary, click on the radio button next to Manual to select it. The Number of decimal places should be 2.



The image shows a dialog box titled "Accounting" with four tabs: "Accounting", "General", "Peachtree Partners", and "Spelling". The "Accounting" tab is selected. Below the tabs, the section "Decimal Entry" is visible. It contains two radio buttons: "Automatic" (unselected) and "Manual" (selected). Below the radio buttons, there is a label "Number of decimal places:" followed by a dropdown menu showing the number "2".

2. The boxes in the section Hide General Ledger Accounts *must* be unchecked. (If necessary, click on the boxes to uncheck them.)

Hide General Ledger Accounts

Accounts Receivable (Quotes, Sales Orders, Invoicing, Credit Memos, Receipts)

Accounts Payable (Purchase Orders, Purchases, Credit Memos, Payments)

Payroll Entry

3. Observe that two boxes need to be checked in the Other Options section: Warn if a record was changed but not saved and Recalculate cash balance automatically in Receipts, Payments, and Payroll Entry. Make sure *both* of these Other Options boxes are checked.

Other Options

Warn if a record was changed but not saved

Hide inactive records

Recalculate cash balance automatically in Receipts, Payments, and Payroll Entry

Use Timeslips Accounting Link

4. Click on the General tab. Make sure the Line Item Entry Display has 2 Line selected; and that the Smart Data Entry area has both boxes checked.

Line Item Entry Display

1 Line 2 Line

Smart Data Entry

Automatic field completion

Drop-down list displays automatically

5. Click .

SOFTWARE OBJECTIVES: In Chapter 2, your students will use the software to:

1. Restore data from Exercise 1-2.
2. Enter a purchase order.
3. Enter and post a vendor invoice in the Purchases\Receive Inventory window.
4. Go to the Payments window to pay a vendor.
5. Print a check in payment of the vendor invoice.
6. Analyze payments and vendor credit memos.

7. Make two backups: back up Chapter 2 data; and back up Exercise 2-2.¹

WEB OBJECTIVES: In Chapter 2, your students will do these Internet activities:

1. Use their Internet browser to go to the book's website at www.mhhe.com/yacht2005.
2. Complete the Internet activity for Accounting Students.
3. Use a word processing program to write a summary about the website(s) that they visited.

PCA TIPS, CHAPTER 2

- If the special journal windows (Purchases/Receive Inventory, Payments, or Sales/Invoicing tasks) do not show the general ledger accounts for accounts payable, accounts receivable, and GL account column, your students need to check their global settings. To show general ledger accounts on the Payments task and Purchases/Receive Inventory task, see pages 21 - IMK and 22 - IMK. Global settings are also shown in the textbook on pages 54 and 55. The special journal illustrations in *Computer Accounting with Peachtree Complete 2005, Release 12, Ninth Edition*, show the accounts payable, accounts receivable, and G/L account column.
- Once you set global options for one company, they are in effect for all Peachtree companies. In Chapter 3, Customer Transactions, if the Receipts or Sales/Invoicing task does *not* show a G/L account column, you will need to check that the global options are set correctly.

LECTURE OUTLINE FOR CHAPTER 2: VENDOR TRANSACTIONS

- A. Software Objectives, page 51 (page numbers refer to the student textbook).
 - B. Web Objectives, page 51
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¹Refer to the chart on page 2 - IMK for the size of backup files.

- C. Getting Started, page 52
- D. Restoring Data from Chapter 1, pages 52-53
- E. Accounts Payable Tasks, page 53
 - 1. The Purchase Order Window, page 53
 - 2. Changing Global Settings for Accounting Behind the Screens, pages 54-59
 - 3. Printing Purchase Orders, pages 59-60
 - 4. The Purchases\Receive Inventory Window, pages 60-62
 - 5. Adding a New Vendor, pages 62-65
 - 6. Entering a Vendor Invoice, pages 65-67
 - 7. Posting a Purchase Transaction, page 67
- F. Payments to Vendors, pages 68-70
- G. Printing Checks, pages 70-73
- I. Displaying the Vendor Ledgers, pages 73-74
- J. Vendor Credit Memos, pages 75-77
- K. Backing Up Chapter 2 Data, pages 77-78
- L. Internet Activity, page 78
- M. Summary and Review, pages 78-79
 - 1. Going to the Net, page 79
 - 2. Multiple Choice Questions, pages 79-82
 - 3. Exercise 2-1, pages 82-84
 - 4. Exercise 2-2, pages 84-85
 - 5. Chapter 2 Index, page 86

ANSWERS TO GOING TO THE NET²

1. gTLD is an abbreviation of Generic top level domain. An abbreviation for .com, .org, .net and .edu domains. Students should click on the gTLD link to go to <http://www.zooknic.com/Domains/glossary.html#gTld>.
2. As of this writing, there are 35,340,170 domain names worldwide. Answers to this question will change.
3. As of this writing, there are 26,207,928 .com names registered. Answers to this question will change.
4. Extensions include: .Com; .Net; Org; Biz; Info; Edu.

ANSWERS TO MULTIPLE-CHOICE QUESTIONS, Chapter 2

1. d (C:\Program Files\ Peachtree\Company\BCS\[file name].
2. c (a or b)
3. c (Purchase discounts)
4. d (Tasks; Payments)
5. d (Is case sensitive)
6. b (So that others working in your company can determine a vendor code from the company name.)
7. a (Drill down)
8. b (Vendor credit memos)
9. d (debit, Materials Cost; credit, Accounts Payable/AAA Landscapers)
10. a (Maintain Vendors)

²The textbook website at www.mhhe.com/yacht2005 has a link to Textbook Updates. Check this link for updated Going to the Net exercises.

SOLUTION TO EXERCISE 2-1 (3)³

The screenshot shows a software window titled "Maintain Vendors". The window has a menu bar with icons for Close, Save, Delete, ChangeID, New, Erent, Log, Letters, and Help. Below the menu bar, the "Vendor ID" is "VERDEOFC" and the "Name" is "Verde Office Supplies". There is an "Inactive" checkbox which is currently unchecked. Below this, there are four tabs: "General", "Purchase Defaults", "Custom Fields", and "History". The "General" tab is selected and contains the following fields:

Contact:	Karen Hughes	Vendor Type:	OFFICE
Account #:		1099 Type:	None
Address:		Telephone 1:	
City, ST Zip:		Telephone 2:	
Country:		Fax:	
Beginning Balances:		E-mail:	
		Web Site:	

³The number in parentheses refers to the instruction number in the textbook.

SOLUTION TO EXERCISE 2-1 (4) (Concluded)

Purchases/Receive Inventory

Vendor ID: VERDEOFC Purchase

Remit To: Verde Office Supplies Ship To: Ship to Address 1 Date: Mar 15, 2007

Bellwether Garden Supply Invoice No.: v877

1505 Pavilion Place Drop Ship

Address Line 2 Waiting on Bill

Norcross GA 30093-3203

USA

Customer SO No. Customer Invoice No. Terms Ship Via A/P Account

2% 10, Net 30 Day None 20000

Apply to Purchase Order: 0.00 **Apply to Purchases: 54.75**

Quantity	Item	Description	GL Account	Unit Price	Amount	Job
5.00		Boxes of letter-size file folder	75500	10.95	54.75	
	<i>Item Description</i>	Supplies Expense				<i>Job Description</i>
Other Payments and Credits:				0.00	54.75	Invoice Total
Amount Paid at Purchase:				0.00	54.75	Net Due

Vendor Balance on Mar 15, 2007 0.00

SOLUTION TO EXERCISE 2-2 (1)

Payments

Close New Open Save Print Delete Recur Row Detail Journal Event Help

Payment ← →

Bellwether Garden Supply Check Number:

Vendor ID: VERDEOFC Date: Mar 17, 2007

\$ 53.65

Fifty-Three and 65/100 ***** Dollars

Pay to the Order of: Verde Office Supplies

Address Line 1:

Address Line 2:

City: St: Zip:

Country: Memo:

Cash Account: 10200 Regular Checking Account

Cash Account Balance: 23,545.73

Apply to Invoices: 53.65 Apply to Expenses: 0.00 Prepayment

Invoice	Date Due	Amount Due	Description	Discount	Amount Paid	Pay
V877	Apr 14, 2007	54.75		1.10	53.65	<input type="checkbox"/>

Discount Account: 89500

SOLUTION TO EXERCISE 2-2 (4)

Bellwether Garden Supply Vendor Ledgers For the Period From Mar 1, 2007 to Mar 31, 2007							
Filter Criteria includes: Report order is by ID.							
Vendor ID Vendor	Date	Trans No	Type	Paid	Debit Amt	Credit Amt	Balance
AAALAND	3/15/07	AAA107	PJ	*		45.00	45.00
AAA Landscapers	3/17/07	10213	CDJ		0.90	0.90	45.00
	3/17/07	10213	CDJ		45.00		0.00
ABNEY	3/1/07	B1000	PJ			75.00	75.00
Abney and Son Contracto	3/9/07	B1015	PJ	*		195.65	270.65
	3/12/07	VCM30001	PJ	*	195.65		75.00
	3/15/07		CDJ		50.00	50.00	75.00
AKERSON	3/1/07	Balance Fwd					9,398.75
Akerson Wholesale Nurs	3/7/07	VCM30002	PJ	*	27.20		9,371.55
	3/8/07	4	PJ			5,179.20	14,550.75
	3/13/07		CDJ		1,000.00	1,000.00	14,550.75
	3/14/07	B1016	PJ	*		27.20	14,577.95
CALDWELL	3/1/07	Balance Fwd					21,214.10
Caldwell Tools Company	3/4/07	B1004	PJ			90.00	21,304.10
	3/6/07	B1017	PJ	*		45.90	21,350.00
	3/9/07	VCM30003	PJ	*	45.90		21,304.10
CLINE	3/6/07	B1023	PJ			55.65	55.65
Cline Construction, Inc.	3/15/07	B1006	PJ			400.00	455.65
CLOONEY	3/1/07	Balance Fwd					124.68
Clooney Chemical Suppl	3/2/07	B1021	PJ			23.85	148.53
	3/12/07	116655	PJ			297.60	446.13
	3/12/07	10201	CDJ		124.68		321.45

SOLUTION TO EXERCISE 2-2 (4) (Continued)

DANIEL	3/7/07	45541	PJ		75.00	75.00
Daniel Lawn Pro, Inc.	3/12/07	10204	CDJ	335.50	335.50	75.00
DEJULIA	3/1/07	Balance Fwd				2,663.00
DeJulia Wholesale Supp	3/5/07	B1020	PJ		13.50	2,676.50
	3/10/07	22113	PJ		64.80	2,741.30
	3/13/07	AR1303	PJ		1,192.50	3,933.80
	3/15/07	2224	PJ		592.50	4,526.30
GAREVENUE						0.00
Georgia Department of R						
GARY	3/1/07	Balance Fwd				1,010.00
Gary, Wilson, Jones, & S	3/5/07	B1019	PJ *		4.50	1,014.50
	3/7/07	VCM30004	PJ *	4.50		1,010.00
	3/12/07	10202	CDJ	360.00		650.00
GWINLICENSE	3/4/07	3445574	PJ *		150.00	150.00
Gwinnett County License	3/14/07	10205	CDJ	3.00	3.00	150.00
	3/14/07	10205	CDJ	150.00		0.00
GWINWATER	3/5/07	B1005	PJ		26.58	26.58
Gwinnett County Water	3/7/07		CDJ	73.42	73.42	26.58
HAWKINS	3/3/07	B1003	PJ		76.50	76.50
DPH Web Design						
HUBBARD	3/1/07	Balance Fwd				55.60
Hubbard Wholesale	3/9/07		CDJ	1,500.00	1,500.00	55.60
	3/14/07	HU1025	PJ		750.00	805.60
JACKSON	3/4/07	2456-D22	PJ		650.00	650.00
Jackson Advertising Co	3/14/07	10209	CDJ	500.00		150.00
JUAN	3/1/07	Balance Fwd				4,259.25
Juan Motor Tools & Tires	3/3/07	26171	PJ *		274.56	4,533.81
	3/14/07	10206	CDJ	274.56		4,259.25
KIDD	3/7/07	54452	PJ		459.90	459.90
Kidd Computers						
MILES	3/4/07	VCM30006	PJ	69.93		-69.93
Miles Maintenance & Re	3/7/07	B1007	PJ		65.00	-4.93
MILLS	3/1/07	Balance Fwd				550.00
Mills Leasing Corp.	3/3/07	LS-6341	PJ *		550.00	1,100.00
	3/6/07	VCM30007	PJ	53.50		1,046.50
	3/12/07	10203	CDJ	550.00		496.50
	3/14/07	10207	CDJ	550.00		-53.50

SOLUTION TO EXERCISE 2-2 (4) (Concluded)

NATLBANK National Trust Bank	3/8/07	B1008	PJ		18.00	18.00
NEIGHBORS Neighbors Telephone C	3/10/07 3/15/07	B1010 VCM30008	PJ PJ	31.80	49.99	49.99 18.19
PARIS Paris Brothers Tree Surg	3/12/07 3/13/07	10211V 10211	CDJ CDJ	450.00 450.00	450.00 450.00	0.00 0.00
PAYNE Payne Enterprises	3/9/07 3/15/07	10212V 10212	CDJ CDJ	50.00 50.00	50.00 50.00	0.00 0.00
SAFESTATE Safe State Insurance Co	3/15/07	10210	CDJ	530.64	530.64	0.00
SOGARDEN Southern Garden Whole	3/1/07 3/4/07 3/14/07 3/14/07 3/14/07 3/14/07	Balance Fwd 11544 SG-11657 SG-11658 10208 10208				31,079.25 31,334.90 31,385.80 31,625.65 31,625.65 31,370.00
SOPOWER Southern Power Co.	3/11/07	B1011	PJ		226.88	226.88
STANLEY Stanley Shipping Expres	3/1/07 3/12/07	VCM30009 B1012	PJ PJ	103.60	19.99	-103.60 -83.61
SULLEY Sulley Printing	3/5/07 3/9/07	14223 B1024	PJ PJ		675.00 17.10	675.00 692.10
VERDEOFC Verde Office Supplies	3/15/07 3/17/07 3/17/07	V877 10214 10214	PJ CDJ CDJ		54.75 1.10 54.75	54.75 54.75 0.00
WATKINS Watkins Financial Planni	3/2/07 3/5/07	B1013 VCM30010	PJ PJ		60.00 35.35	60.00 24.65