

CHAPTER 3 CUSTOMER TRANSACTIONS

Chapter 3 introduces the student to the basic way that PCA works with customer transactions. The first thing they learn is how the information they enter in the Maintain menu is used when posting entries in the Tasks menu. For example, in the Maintain Customer window, a range of days is set within which a customer can receive a discount and a discount percentage is set. This information will print on the invoices that they enter in the Tasks menu. The discount is automatically applied when a receipt of cash is entered within the allotted time. The students can see an overview of all outstanding invoices via the Collection Manager in the Analysis menu.

SOFTWARE OBJECTIVES: In Chapter 3, your students will use the software to:

1. Restore data from Exercise 2-2.
2. Go to the Tasks menu to enter quotes and sales orders.
3. Enter customer terms in the Maintain menu.
4. Go to the Tasks menu to enter a sales invoice.
5. Print a sales invoice.
6. Analyze receipts and customer credit memos.
7. Post a receipt for the previously invoiced amount.
8. Make two backups: back up Chapter 3 data; and back up Exercise 3-2.¹

WEB OBJECTIVES: In Chapter 3, your students will do these Internet activities:

1. Use their Internet browser to go to the book's website at <http://www.mhhe.com/yacht2005>.

¹Refer to the chart on page 2 - IMK for backing up data.

2. Complete the Internet activity for the American Accounting Association.
3. Use a word processing program to write a summary about the website(s) that they visited.

PCA TIPS, CHAPTER 3

- If the Sales/Invoicing window or Receipts window does *not* show the G/L account column, see text page 54, step 1, for setting global options. These steps are also shown on page 22 - IMK.
- Students need to record, post, then print Invoice No. 101 (see text pages 97-110) before they use the Receipts task (text pages 110-113).

LECTURE OUTLINE FOR CHAPTER 3: CUSTOMER TRANSACTIONS

- A. Software Objectives, page 87
- B. Web Objectives, page 87
- C. Getting Started, pages 88-89
- D. Accounts Receivable Tasks, page 89
 1. Entering a Quote, pages 89-92
 2. Converting a Quote to a Sales Order, pages 92-93
 3. Sales Order, page 93
 4. Printing a Sales Order, pages 93-94
- E. The Maintain Customers/Prospects Window, pages 95-96
 1. Entering a Discount for a Customer, pages 96-97
 2. Entering a Sale to a Customer, pages 97-103
 3. Distributing Against a Specific Account, pages 103-104
 4. Discount Information, page 105
- F. Posting the Invoice, page 106
- G. Printing Invoices, pages 106-110

- H. Entering Receipts, pages 110-113
- I. Analyzing Customer Payments, pages 114-116
- J. Displaying the Customer Ledgers, pages 116-117
- K. Credit Memos, pages 117-118
- L. Backing Up Chapter 3 Data, page 119
- M. Internet Activity, page 119
- N. Summary and Review, page 120
 - 1. Going to the Net, page 120
 - 2. Short-Answer Questions, pages 121-123
 - 3. Exercise 3-1, pages 123-124
 - 4. Exercise 3-2, page 124
 - 5. Chapter 3 Index, page 125

ANSWERS TO GOING TO THE NET

1. There are seven members who serve on the Financial Accounting Standards Board full time.
2. Board members are required to sever all connections with the firms or institutions they worked for prior to joining the Board. They must possess knowledge of accounting, finance, and business, and a concern for the public interest in matters of financial accounting and reporting.

ANSWERS TO SHORT-ANSWER QUESTIONS, CHAPTER 3 (Answers may vary.)

1. To open the list in any lookup field, do one of the following:
 - a. Press the right mouse button while the cursor is in the lookup field.
 - b. Enter a question mark <?> in the lookup field.
 - c. Click on the magnifying-glass icon while the cursor is in the field.
 2. From the menu bar, click on Maintain, then Customers/Prospects. The Maintain Customers/Prospects window opens.
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3. The icon for the lookup list is a magnifying glass.
4. TEESDALE.
5. 5% 15, Net 30 Days
6. 2% 10, Net 30 Days
7. <http://raw.rutgers.edu>. The URL for the American Accounting Association is <http://aaahq.org/index.cfm>.
8. From the menu bar, select Reports, then Accounts Receivable. Scroll down the Report List and double-click on the Invoices/Pkg. Slips folder. Select the type of invoice you want to print, then make the selections to print. Or, select Tasks from the menu bar, select Sales/Invoicing, then click on the icon bar's Print icon.
9. You use the Receipts window.
10. Two things happen when the Accounts Receivable subsidiary ledger is used:
 - a. The Accounts Receivable controlling account in the General Ledger is increased by the amount of the credit sale.
 - b. The credit to the applicable revenue account is offset by a debit to the Customer's account in the Accounts Receivable ledger.

SOLUTION TO EXERCISE 3-2 (5)

| Bellwether Garden Supply 1505 Pavilion Place Norcross, GA 30093-3203 USA Voice: 770-724-4000 Fax: 770-555-1234 | | Invoice Invoice Number: 102 Invoice Date: Mar 2, 2007 Page: 1 | | |
|---|-----------------|--|------------------------|---------------|
| Sold To: Teesdale Real Estate 4555 Indian Lake Lane Marietta, GA 30069 | | Ship to: Teesdale Real Estate 4555 Indian Lake Lane Marietta, GA 30069 | | |
| Customer ID | Customer PO | Payment Terms | | |
| TEESDALE | | 5% 15, Net 30 Days | | |
| Sales Rep ID | Shipping Method | Ship Date | Due Date | |
| CSWINTON | None | | 4/1/07 | |
| Quantity | Item | Description | Unit Price | Extension |
| 1.00 | QLW-14140 | Bell-Gro Riding Lawn Mower - 4HP | 299.99 | 299.99 |
| | | | Subtotal | 299.99 |
| | | | Sales Tax | 18.00 |
| | | | Total Invoice Amount | 317.99 |
| Check/Credit Memo No: | | | Payment/Credit Applied | |
| | | | TOTAL | 317.99 |

SOLUTION TO EXERCISE 3-2 (3)

| Bellwether Garden Supply Customer Ledgers For the Period From Mar 1, 2007 to Mar 31, 2007 | | | | | | |
|--|-------------|-----------------|-------------|------------------|-------------------|----------------|
| <small>Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.</small> | | | | | | |
| Customer ID Customer | Date | Trans No | Type | Debit Amt | Credit Amt | Balance |
| Aldred Builders, Inc. | 3/4/07 | 10332 | SJ | 129.97 | | 5,556.91 |
| ARCHER | 3/1/07 | Balance Fwd | | | | 30,734.04 |
| Archer Scapes and Pond | 3/4/07 | 10329 | SJ | 59.98 | | 30,794.02 |
| | 3/15/07 | 10317 | SJ | 49.99 | | 30,844.01 |
| | 3/15/07 | | SJ | | 49.99 | 30,794.02 |
| | 3/15/07 | 10123 | CRJ | | 23,359.35 | 7,434.67 |
| ARMSTRONG | 3/1/07 | Balance Fwd | | | | 36,028.36 |
| Armstrong Landscaping | 3/2/07 | CCM4002 | SJ | | 99.97 | 35,928.39 |
| | 3/5/07 | 10336 | SJ | 63.49 | | 35,991.88 |
| | 3/8/07 | CCM4007 | SJ | | 49.99 | 35,941.89 |
| | 3/15/07 | 10314 | SJ | 49.99 | | 35,991.88 |
| | 3/15/07 | 10122 | CRJ | | 10,970.42 | 25,021.46 |
| CANNON | 3/7/07 | CC0002 | CRJ | 158.74 | 158.74 | 0.00 |
| Cannon Heathcare Cent | 3/12/07 | 10321 | SJ | 49.99 | | 49.99 |
| | 3/15/07 | 10329 | SJ | 635.90 | | 685.89 |
| CHAPPLE | 3/7/07 | CC0001 | CRJ | 40.25 | 40.25 | 0.00 |
| Chapple Law Offices | 3/15/07 | 10313 | SJ | 199.96 | | 199.96 |
| CUMMINGS | 3/1/07 | Balance Fwd | | | | 3,550.68 |
| Cummings Construction | 3/1/07 | CCM4005 | SJ | | 49.99 | 3,500.69 |
| | 3/13/07 | 10307 | SJ | 180.18 | | 3,680.87 |
| | 3/15/07 | CASH-31503 | CRJ | 423.89 | 423.89 | 3,680.87 |

SOLUTION TO EXERCISE 3-2 (3) (Continued)

| | | | | | | |
|--------------------------|---------|-------------|-----|----------|----------|-----------|
| DASH | 3/1/07 | Balance Fwd | | | | 1,292.10 |
| Dash Business Systems | 3/1/07 | 10327 | SJ | 399.90 | | 1,692.00 |
| EVERLY | 3/1/07 | Balance Fwd | | | | 9,401.54 |
| Everly Property Managem | 3/2/07 | CC0003 | CRJ | 149.97 | 149.97 | 9,401.54 |
| | 3/3/07 | 10301 | SJ | 4,767.95 | | 14,169.49 |
| | 3/5/07 | 2231 | CRJ | | 4,767.95 | 9,401.54 |
| FRANKLIN | 3/15/07 | 10326 | SJ | 2,021.66 | | 2,021.66 |
| Franklin Botanical Garde | 3/15/07 | 10328 | SJ | 1,348.01 | | 3,369.67 |
| FREEMOND | 3/1/07 | Balance Fwd | | | | 1,186.75 |
| Freemond Country Club | 3/2/07 | 10337 | SJ | 7,417.06 | | 8,603.81 |
| | 3/3/07 | 10302 | SJ | 588.72 | | 9,192.53 |
| | 3/7/07 | 10302V | SJ | | 588.72 | 8,603.81 |
| | 3/12/07 | CCM4006 | SJ | | 49.99 | 8,553.82 |
| | 3/15/07 | 10325 | SJ | 21.19 | | 8,575.01 |
| | 3/15/07 | 10337 | CRJ | | 7,417.06 | 1,157.95 |
| FROST | 3/9/07 | 10319 | SJ | 49.99 | | 49.99 |
| Frost Technology Park | | | | | | |
| GOLDEN | | No Activity | | | | 0.00 |
| Golden Gardens | | | | | | |
| GORDON | 3/1/07 | Balance Fwd | | | | 2,259.42 |
| Gordon Park & Recreatio | 3/4/07 | 10333 | SJ | 39.99 | | 2,299.41 |
| | 3/14/07 | CCM4004 | SJ | | 39.99 | 2,259.42 |
| HENTON | 3/1/07 | Balance Fwd | | | | 5,037.13 |
| Henton Park Apartments | 3/15/07 | 10310 | SJ | 845.23 | | 5,882.36 |
| HOLLAND | 3/2/07 | 10211 | SJ | 7,374.69 | | 7,374.69 |
| Holland Properties, Inc. | 3/4/07 | 10304 | SJ | 168.96 | | 7,543.65 |
| | 3/5/07 | CH5000 | CRJ | 26.50 | 26.50 | 7,543.65 |
| | 3/6/07 | e2 | SJ | 180.09 | | 7,723.74 |
| | 3/7/07 | CCM4010 | SJ | | 49.99 | 7,673.75 |
| KENTON | 3/2/07 | CH31703 | CRJ | 160.50 | 160.50 | 0.00 |
| Kenton Golf and Tennis | 3/6/07 | 10338 | SJ | 7,487.04 | | 7,487.04 |
| | 3/15/07 | 10324 | SJ | 49.99 | | 7,537.03 |
| KNIGHT | | No Activity | | | | 0.00 |
| Knight Brothers Nurserie | | | | | | |
| MASON | 3/15/07 | 10315 | SJ | 49.99 | | 49.99 |
| Mason Office Park | | | | | | |
| MCKAY | 3/1/07 | Balance Fwd | | | | 4,492.82 |
| McKay Construction | 3/3/07 | 10323 | SJ | 5,000.00 | | 9,492.82 |
| | 3/9/07 | MI-31703 | CRJ | | 5,000.00 | 4,492.82 |

SOLUTION TO EXERCISE 3-2 (3) (Continued)

| | | | | | | |
|-------------------------|---------|--------------|-----|----------|-----------|-----------|
| MOSLEY | 3/1/07 | Balance Fwd | | | | 794.73 |
| Mosley Country Club | 3/15/07 | | SJ | 7,538.82 | | 8,333.55 |
| PIERCE | 3/1/07 | Balance Fwd | | | | 10,970.42 |
| Pierce Properties, Inc. | 3/15/07 | 10208 | CRJ | | 10,970.42 | 0.00 |
| RETAIL | 3/1/07 | Balance Fwd | | | | 1,424.24 |
| Retail (Cash) Sales | 3/5/07 | CASH030503 | CRJ | 528.56 | 528.56 | 1,424.24 |
| | 3/12/07 | CASH031203 | CRJ | 763.82 | 763.82 | 1,424.24 |
| | 3/15/07 | 10308 | SJ | 317.96 | | 1,742.20 |
| | 3/15/07 | 10309 | SJ | 508.78 | | 2,250.98 |
| | 3/15/07 | 3801 | CRJ | | 508.78 | 1,742.20 |
| | 3/15/07 | 5801 | CRJ | | 317.96 | 1,424.24 |
| ROBERTS | 3/1/07 | Balance Fwd | | | | 3,559.74 |
| Roberts Learning Center | 3/4/07 | 10331 | SJ | 39.99 | | 3,599.73 |
| ROSE | 3/1/07 | Balance Fwd | | | | 3,097.84 |
| Rose University | 3/9/07 | 10320 | SJ | 99.98 | | 3,197.82 |
| SAIA | 3/1/07 | Balance Fwd | | | | 14,588.03 |
| Saia's Neighborhood Nu | 3/4/07 | 10330 | SJ | 139.97 | | 14,728.00 |
| | 3/14/07 | CCM4003 | SJ | | 139.97 | 14,588.03 |
| | 3/15/07 | | SJ | | 49.99 | 14,538.04 |
| SEAWRIGHT | 3/15/07 | 10316 | SJ | 49.99 | | 49.99 |
| Seawright Sod and Lawn | | | | | | |
| SMITH | 3/1/07 | Balance Fwd | | | | 5,088.49 |
| Smith Family Garden Ce | 3/10/07 | 10305 | SJ | 6,011.64 | | 11,100.13 |
| | 3/15/07 | 10125, 10305 | CRJ | 120.23 | 120.23 | 11,100.13 |
| | 3/15/07 | 10125, 10305 | CRJ | | 10,930.16 | 169.97 |
| SNOWDEN | 3/1/07 | Balance Fwd | | | | 7,161.98 |
| Snowden Interior Design | 3/3/07 | 10303 | SJ | 387.63 | | 7,549.61 |
| | 3/4/07 | 31114 | CRJ | 1.99 | 1.99 | 7,549.61 |
| | 3/4/07 | 31114 | CRJ | | 387.63 | 7,161.98 |
| | 3/11/07 | 10306 | SJ | 184.29 | | 7,346.27 |
| SNYDER | 3/1/07 | Balance Fwd | | | | 2,981.04 |
| Snyder Securities | 3/4/07 | 10334 | SJ | 59.98 | | 3,041.02 |
| | 3/13/07 | CC0006 | CRJ | 99.98 | 99.98 | 3,041.02 |
| STEVENSON | 3/8/07 | 10318 | SJ | 49.99 | | 49.99 |
| Stevenson Leasing, Inc. | 3/12/07 | 10118 | SJ | 7,790.42 | | 7,840.41 |
| TACOMA | 3/1/07 | Balance Fwd | | | | 4,675.57 |
| Tacoma Park Golf Cours | 3/14/07 | 10322 | SJ | 49.99 | | 4,725.56 |
| | 3/15/07 | 10327 | SJ | 1,049.01 | | 5,774.57 |

SOLUTION TO EXERCISE 3-2 (3) (Concluded)

| | | | | | | |
|------------------------|---------|-------------|-----|----------|--------|-----------|
| TEESDALE | 3/1/07 | Balance Fwd | | | | 7,578.42 |
| Teesdale Real Estate | 3/1/07 | 101 | SJ | 158.95 | | 7,737.37 |
| | 3/2/07 | 102 | SJ | 317.99 | | 8,055.36 |
| | 3/15/07 | 10311 | SJ | 5,238.12 | | 13,293.48 |
| | 3/15/07 | 8818 | CRJ | 7.50 | 7.50 | 13,293.48 |
| | 3/15/07 | 8818 | CRJ | | 158.95 | 13,134.53 |
| | 3/16/07 | 9915 | CRJ | 15.00 | | 13,134.53 |
| | 3/16/07 | 9915 | CRJ | | 317.99 | 12,816.54 |
| THURMAN | 3/1/07 | Balance Fwd | | | | 3,610.39 |
| Thurman Golf Course De | | | | | | |
| TRENT | | No Activity | | | | 0.00 |
| Trent Bank and Trust | | | | | | |
| WILLIAMS | 3/3/07 | 4452 | CRJ | 220.31 | 220.31 | 0.00 |
| Williams Industries | 3/5/07 | 10312V | SJ | | 939.72 | -939.72 |
| | 3/15/07 | 10312 | SJ | 939.72 | | 0.00 |