# QBO Software and Book Changes Feb 2023

In January/February of 2023, Intuit made changes to the *QBO* software used in Armond Dalton's textbook. A number of these changes affected our textbook contents, so we revised the eBook, the online Reference Material Guide (RMG), and six of the online Reference Material sections accordingly. The first part of this document includes a summary of the affected pages, along with brief descriptions of the reasons for the updated content. Copies of the changed pages in the main book are included after the summary pages.

- **All users**: If you downloaded the Reference Summary Guide and/or any of the six changed Reference Materials sections prior to February 7, 2023, you should replace those items with the revised Reference Material Guide and changed Reference Material detail sections before continuing with your work. Reference Material Guide
- **Hard copy users only**: Anyone using a hard copy main book with a 2022 copyright year should substitute the revised textbook pages included in this document for the pages in their hard copy.

## Main Book – Overall Table of Contents:

- Chapter 4 TOC detail: Added Canadian language to the Import Vendors line description.
- Corrected two Ch 6 page numbers in the Prepare a PO section.

## CHAPTER 1:

**Copyright page** updated for Feb 2023 changes due to Intuit changing QBO.

**Page 1-3**: Updated last sentence about number of Reference detail sections.

## CHAPTER 2

**2-3**: Navigation bar was changed by Intuit, so window was updated along with wording describing the layout.

**2-5**: Revised icon bar and resulting explanation to include the + icon. Also, Craig's now shows a circled "R" instead of a "C."

**2-10 to 2-11**: Send invoices no longer a method for opening Invoice window, so two steps were modified.

**2-18 & 2-23** : Wording added about Jump to buttons at top of Vendor and Customer windows now.

**2-31**: Bottom window corrected (had incorrect payment terms on it).

## CHAPTER 3

**3-5**: Send invoices icon no longer a method to open Invoice window, so removed that and left three methods.

**3-8**: Added statement about Intuit's new Invoice window and how to use the Old Layout button to revert back to old version. Also, the window on 3-8 was replaced: Removed message on Invoice.

**3-9**: Bottom window replaced: added Message on Statement

**3-10**: Third computer symbol on page changed to reflect location of the print button for printing a PDF.

**3-11**: Third computer symbol: changed audit log to audit history

**3-13**: The way to open invoices from All Sales tab has changed. Instead of going right to the Invoice window, it opens a summary tab and then one more click takes you to invoice. Page wording changed to reflect the new method.

**3-14**: sentence right before "Deleting transactions" replaced with new wording for how to see history of the transactions.

**3-15**: Methods for reviewing deleted activities revised to match current functionality.

**3-21**: New QuickLinks wording added.

**3-22**: Removed wording to adjust the column height and width.

**3-25**: Miscellaneous changes, including revised window. Minor wording changes and screen differences.

## CHAPTER 4

**Table of Contents:** Import Vendors line title changed to include Canadian title.

**4-3**: Added Canadian chart of accounts file name.

**4-4 through 4-9**: Various edits made to accommodate Intuit's new company onboarding steps.

**4-10 & 4-11, 4-13 through 4-15**: Canadian info added (N/A for U.S. QBO users).

## CHAPTER 5

**5-8 to 5-9**: Changes to maintenance task #4 instructions and window resulting from Intuit's changing of the G/L Account window for adding, editing G/L accounts.

**5-12**: Minor edits to the instructions for adding a customer on the fly.

## CHAPTER 7

**Pages 7-3, 7-5, 7-7, 7-9, 7-12, 7-13, 7-17:**

**7-6**: Last bullet on page now says "Steps M through S" because of change in detailed Ref section. Intuit changed the way.

**7-20**: Replaced screen for incorrect date.

## CHAPTER 8

**8-4**:

- Added comment that user may need to scroll up in to see the Customize button while generating a report.
- Removed unnecessary wording in practice transaction #2.

**8-6**: Added note for students not to worry if their default Reference No. box is different from the illustration in the book.

**8-8 to 8-9**:

- Minor note to students that certain bank reconciliation steps are N/A for Craig's.
- Note that the button may say "Let's get reconciled" for some users instead of "Let's do it."

## OPTIONAL PAYROLL APPENDIX:

**Table of Contents page**: Important warning added that Intuit constantly updates their payroll windows/process, so students should consult their instructor if current windows are different from those shown in the book.

**A-8**: Reworded last sentence and put it in a warning box.

**A-10**: Reworded first paragraph to reflect removal of detailed reference sections for payroll maintenance and processing.

## Ch 9 – Option A:

**9-3, 9-9, 9-13**: We have now replaced the Waren data import video with a PowerPoint presentation, so wording changed for that.

**9-10**: Last hint bullet on Transaction #9 reworded to match revised Reference section for this transaction type.

**9-11 & 9-12**:

- Last hint bullet on Transaction #10 reworded to match revised Reference section for this transaction type.
- First hint bullet on Transactions #11 & 12 now says "Undeposited Funds" instead of "Payments to Deposit" due to new default chart of account title resulting from Intuit's new onboarding steps.

**9-16**: More detailed guidance added to 3rd computer bullet on this page to make it easier to find the area of the report window to alter dates.

**9-19**: First bullet in first box edited to provide more detailed guidance for printing the P&L.

## Ch 9 – Option B:

**9-25, 9-31, 9-35**: We have now replaced the Waren data import video with a PowerPoint presentation, so wording changed for that.

**9-32**: Last hint bullet on Transaction #9 reworded to match revised Reference section for this transaction type.

**9-33 & 9-34**:

- Last hint bullet on Transaction #10 reworded to match revised Reference section for this transaction type.
- First hint bullet on Transactions #11 & 12 now says "Undeposited Funds" instead of "Payments to Deposit" due to new default chart of account title resulting from Intuit's new onboarding steps. steps.

**9-42**: More detailed guidance added to 3rd computer bullet on this page to make it easier to find the area of the report window to alter dates.

**9-45**: First bullet in first box edited to provide more detailed guidance for printing the P&L.

## Ch 9 – Option C:

**9-51, 9-57, 9-61**: We have now replaced the Waren data import video with a PowerPoint presentation, so wording changed for that.

**9-58**: Last hint bullet on Transaction #9 reworded to match revised Reference section for this transaction type.

**9-59 and 9-60**:

- Last hint bullet on Transaction #10 reworded to match revised Reference section for this transaction type.
- First hint bullet on Transactions #11 & 12 now says "Undeposited Funds" instead of "Payments to Deposit" due to new default chart of account title resulting from Intuit's new onboarding steps. steps.

**9-64**: More detailed guidance added to 3rd computer bullet on this page to make it easier to find the area of the report window to alter dates.

**9-66**: First bullet in first box edited to provide more detailed guidance for printing the P&L.

## Online Reference Material Changes (these have all been updated online, along with the Reference Summary Guide. Descriptions of changed items included here FYI only)

**Reference Material Guide:** Links updated for the following Reference Materials detailed sections:

**Make a Credit Sale:** wording added to alert user that Intuit changed the invoice window, along with instructions of how to revert to the old layout used in the book.

**Process a Sales Return or Allowance (Credit Memo), Write Off an Uncollectible Account Receivable:** changes made to (1) reflect Intuit's changes in how a document is reopened from the All Sales listing and (2) step added later to make sure user checks the total of the Payment boxes.

**Collect an Account Receivable:** changes made to (1) reflect Intuit's changes in how a document is reopened from the All Sales listing and (2) additional guidance added to make sure user applies collection to the proper invoice(s).

**Prepare a Journal Entry:** corrected last window for proper placement of Step J.

**General Ledger Account Maintenance:** Various edits necessary because Intuit changed the Account window for both adding a new account and editing an existing account.

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Okemos, Michigan

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ISBN 978-0-912503-80-6

*Published in the United States of America*

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## Materials Included with the eBook Purchase

Your eBook purchase provides access to the following four items:

1. **Code to provide access to the company data files and homework you will need for this project —** The code provided to you in your eBook confirmation email is a one-time-use code you will need to access the company datasets and homework used in this project. These are located in the Books section on your Dashboard as a download after verifying your code.
2. **Access to *QuickBooks Online (QBO)* through the Intuit Educator Portal —** *QBO* is available for student use through the Intuit Education Portal. Your instructor will set up your course on this portal and send you an email invitation to register with Intuit and access your first *QBO* company. The education access to *QBO* is similar to the commercial access used by thousands of companies, except that the student access is limited to a 12-month period and payroll is limited to 30 days.
3. **Instructions —** This book is the starting point for all assignments. It will guide you through *QBO*. **You should start with Chapter 1 and proceed through the materials as directed by your instructor.**
4. **Reference Material —** The Reference material provides step-by-step instructions for using each of the windows discussed in these materials. You will be referring to the Reference material frequently in later chapters. You will be instructed when to use the Reference material as you go through the Instructions book. Reference material links are embedded in this book throughout Chapters 5 through 9. You will click on these links to access the applicable Reference material.

## Reference Material

This section covers the components and suggested use of the detailed Reference material available online for the project.

### Overview

*QuickBooks Online (QBO)* is intended primarily for a wide variety of small and medium-size businesses and is therefore designed to accommodate many different circumstances. As a result, the software has dozens of windows and hundreds of boxes in which to enter or accept information.

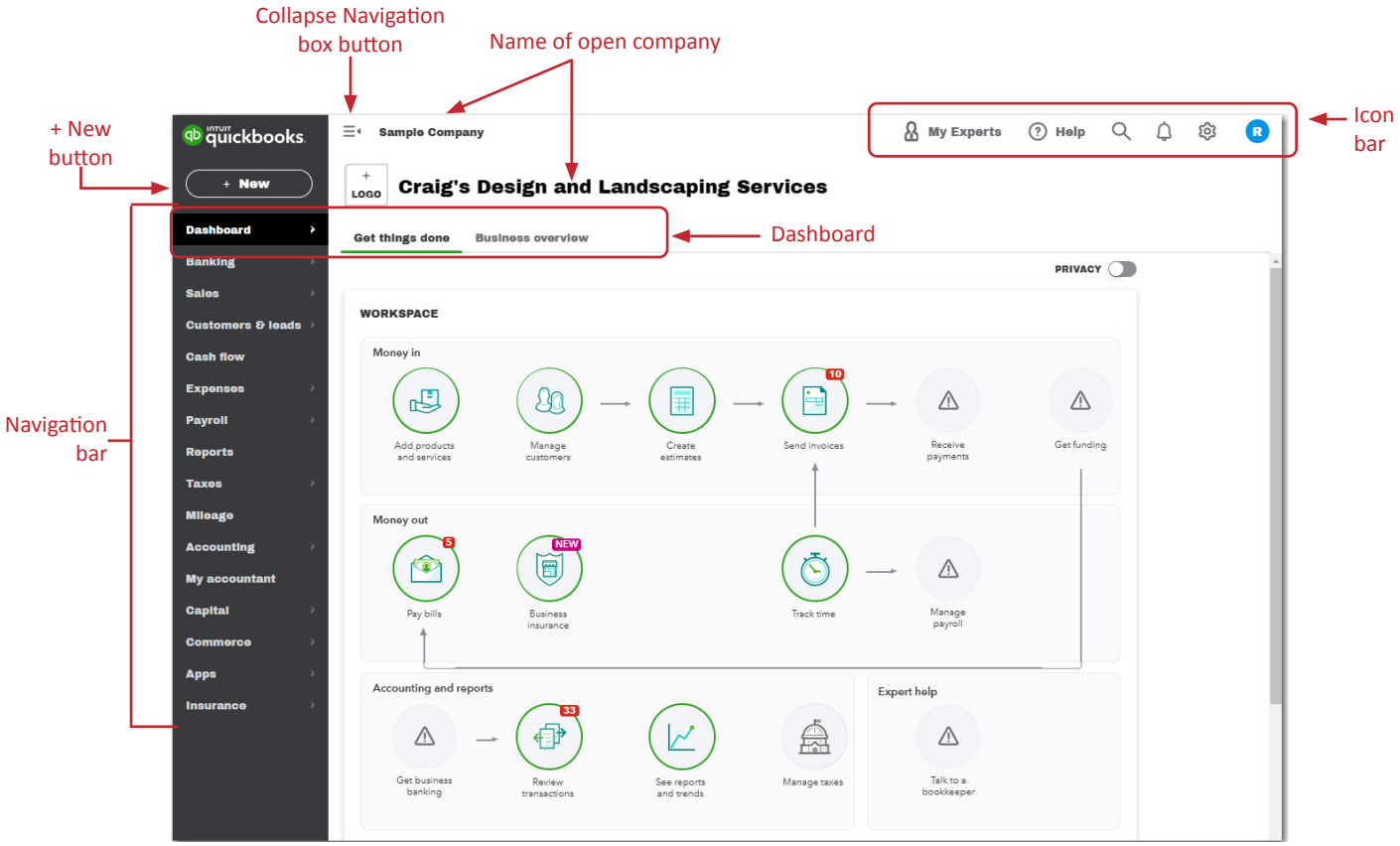
To help students learn to use *QBO*, the Reference material is a useful guide to correctly process transactions and do other activities. Based on experience with many students learning to use the software, those who follow the Reference material for each transaction or other activity perform better than those who do not. You will begin using the Reference material in Chapter 5 of the Instructions book.

The Reference material contains multiple sections, one for each transaction or other activity included in the *Computerized Accounting Using QuickBooks Online* project.

Now access Craig's Design and Landscaping Services by following these steps:

- *Open your web browser.*
- *Go to https://qbo.intuit.com/redir/testdrive*. This will take you to the Intuit QuickBooks security verification page.
- *Click the box next to "I'm not a robot," entering a check mark. Then click continue. You may receive a reCAPTCHA image. If so, complete and continue.*
- *You will then be taken to the home page screen (Dashboard, Get things done tab, etc.) of the sample company, Craig's Design and Landscaping Services.* If a Setup Checklist is shown on your screen, minimize or close the checklist so you can see the Workspace section without scrolling.

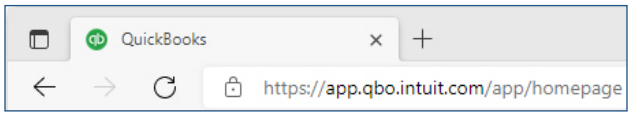
The red descriptions included in the following image will not appear on your screen. These are included to show the various parts of the home page screen and are discussed in more detail on pages 2-4 and 2-5. **NOTE:** Because you are working with live software, there may be minor differences between your screen and the image shown below. Do not be concerned because those differences do not affect the activities in this project.



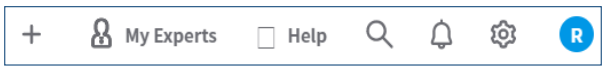
## Icon Bar

The Icon bar is always available while working in *QBO.* If at any time you enter the test drive sample company and the Icon bar does not show all the icons (six if the Navigation bar is open, seven if it is closed) showing, then refresh the browser webpage.

*If the icons are not showing on your screen right now, then click on the refresh page icon for your browser.*




The Icon bar appears in the top-right part of the window, as shown on the screen in the previous image. It is displayed here with each icon described from left to right.




+ **+New —** Gray circle with a white plus sign is only visible when the Navigation bar is collapsed. This quick button icon opens the same sub window that is available when using the full size +New button located at the top of the Navigation bar.

My Experts **My Experts —** This is a way for companies to connect with their accountant.

Help **Help —** This icon opens a subsidiary window for help chat with a bot, QB Assistant. At the top of the help window, there is also the option to switch to a search function. This allows users to complete quick help searches to assist with how to complete tasks.

**Search —** This magnifying glass icon provides a sub window to search transactions. At the bottom of this sub window, it provides navigation tips and allows for advanced search.

**Notifications —** The bell icon is where to access any new notifications. There will be a red dot on the bell if there are new notifications.

**Settings —** This icon is the settings gear. It opens a sub window that provides four different columns of tasks: Your Company, Lists, Tools, and Profile. We will work with one of the tools in this chapter and work with others in later chapters.

R **User Account —** The user icon letter changes, depending on which user is signed in and working in *QBO*. The icon shown when you are working in the sample company is for Craig Carlson. Each time you are in the sample company you are acting as Craig. In later chapters, which use Jackson Supply Company and Waren Sports Supply, the letter will relate to your individual Intuit sign-in.

In addition to the key activities for money in and out, it is also important to monitor cash flow to complete the accounting and reporting tasks:

- Review transactions for accuracy of recording activities that occurred.
- Set up a business bank account and reconcile the bank account balance with company records.
- Review reports and trends to understand the organization's overall financial health and spot areas that have improved or are a concern.

Each of these categories on the Workspace for our sample company, Craig's Design and Landscaping Services, has features with the following icon:

This icon appears because these features are made for connecting directly with a live bank account. Because we are using a sample company and not connected with a live bank account, these features are not available.

Now let's take a moment to click on each available feature and see where these features quick link, or jump, starting with the Money in section.

- *Click on Add products and services.*

This connects to the Products and Services list, which is located within Sales and on its own labeled tab. This list is found within Sales because products and services are sold to customers and used to make Sales.

- *Click on Dashboard in the Navigation bar.*
- *Click on Manage customers in the Money in section.*

This takes you to the Customers list, which is located within Sales and on its own labeled tab. Customers are a necessity for making Sales.

- *Click on Dashboard in the Navigation bar.*
- *Click on Create estimates in the Money in section.*

This opens the electronic document *estimates*, which allows us to provide customers with information about what the products or services sale will look like once complete. This document is completed based on conversations with the customer. This information is only an estimate and is not final because it is done in advance of the actual products or services being provided. The estimates are set up in the same format as an invoice. Using the *QBO* estimates feature allows for an organization to convert the estimate quickly and smoothly into a Sales invoice. Conversion is done after the estimate has been accepted by the customer and the products and services have been provided to the customer. This feature allows for an accurate way to keep company records and can save an organization time, as data entry does not have to be repeated.

- *Click on the Cancel button at the bottom-left of the screen.* This will close and cancel out of the estimate document screen and return you back to the Get things done page.
- *In the Money out section, Click on Pay bills.*

Pay bills opens an activity screen—like that of document screens—however, this does not go to a document screen for preparation of one single document, as we saw with the estimates and invoices. The pay bills feature can be used to prepare multiple payments at once. Notice how there are red alerts on the page for bills that are past their due date and need attention.

*QBO* offers a way to do online bill pay with linked credit card accounts. In this case  we do not have any linked cards; however, we can change the payment method to a check.

- *In the top-left of the window, click the Payment account drop-down list arrow and select "Checking."*

Note how a "Starting check no." field has been added and so has a check box to "Print later." When navigating this screen, you can assign a check number now or later. Close out of this window using one of these two methods:

- *In the top-right of the window, click on the X or in the bottom-left, click on the Cancel button.*

Remaining active features on the Workspace screen are Track time, Review transactions, and See reports and trends.

- *Click on each of these and note where it takes you or what screen it opens. After clicking on each one, cancel to close any new windows opened or click on Dashboard in the Navigation bar to return to the "Dashboard - Get things done" home page.*

## Business Overview

If you do not have the test drive company open, then follow the steps at the start of the chapter to open the test drive company.

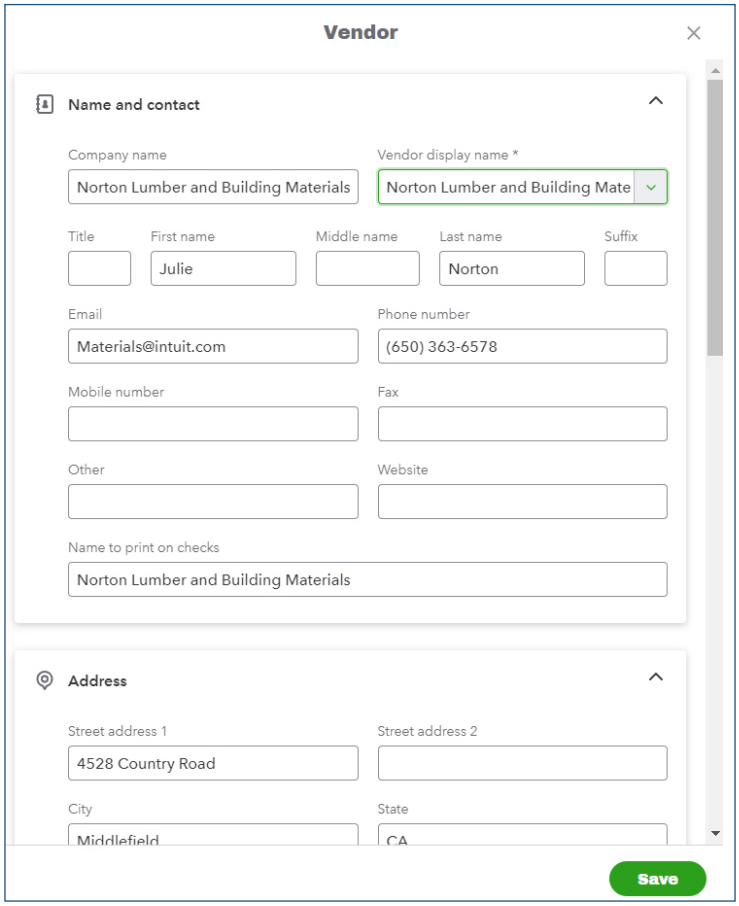
- *Now in the Navigation bar, click on Dashboard.*
- *Click on the Business overview tab.*

The Business overview page will look like the following image.

As you type, it begins to filter and the only vendor now listed below is Norton Lumber and Building Materials.

- *Click on Norton Lumber and Building Materials.* This fills the main page with this vendor's information.
- *On the main page next to the vendor's name, on the right, click the Edit button to open the Vendor window.*

This opens the Vendor window for Norton Lumber and Building Materials, where all details in the system for this vendor are shown. The window is fixed in size, and you will have to scroll down to see all the information. **Note**: Effective January 2023, there are "Jump to" buttons in the top right portion of the window, which you can use as an alternative method of moving to a later section.



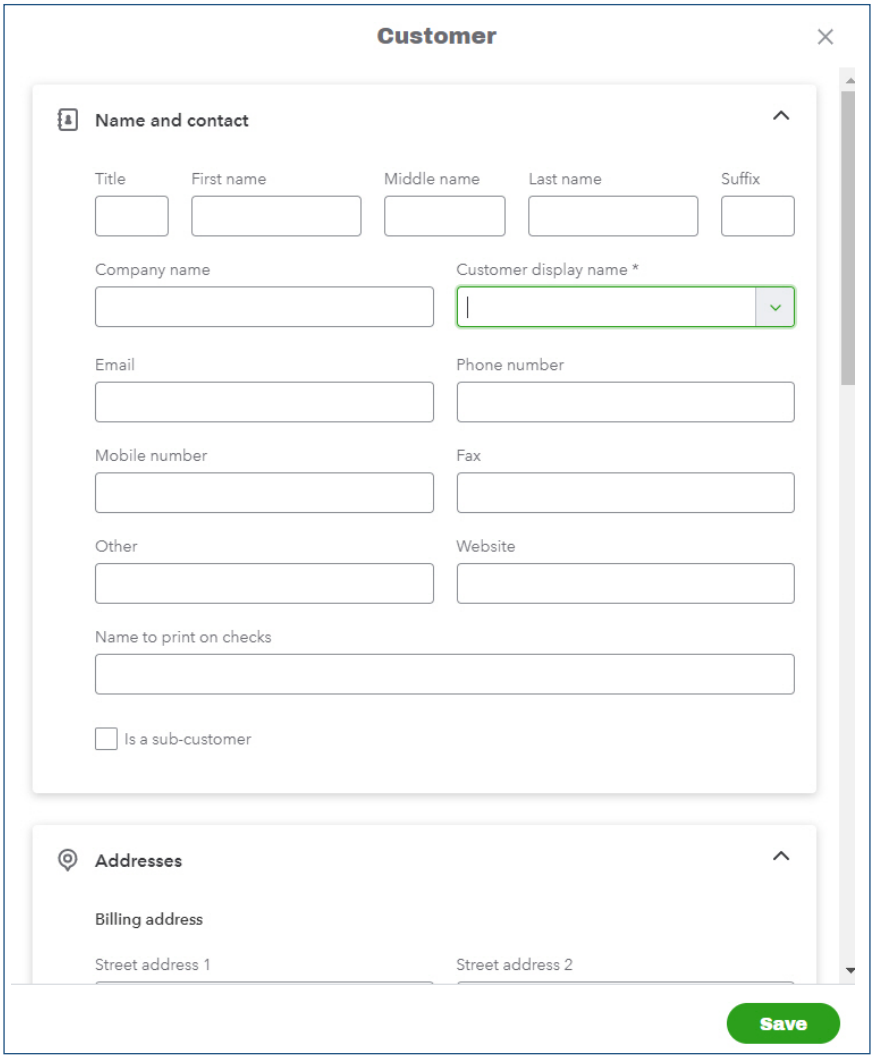

- *At the top-right of the window, click the X to close the Vendor window without making any changes.*

At the top of the Vendor list, there is a plus sign icon. ✚

- *Click on the plus sign to open a blank Vendor window.*

“Customers” in blue font is hyperlinked and when clicked will take you back to the main customers page. The plus sign is used to add a new customer. **Note**: Effective January 2023, there are “Jump to” buttons in the top right portion of the window, which you can use as an alternative method of moving to a later section.

*Click on the plus sign.* The Customer window opens for adding a new customer.

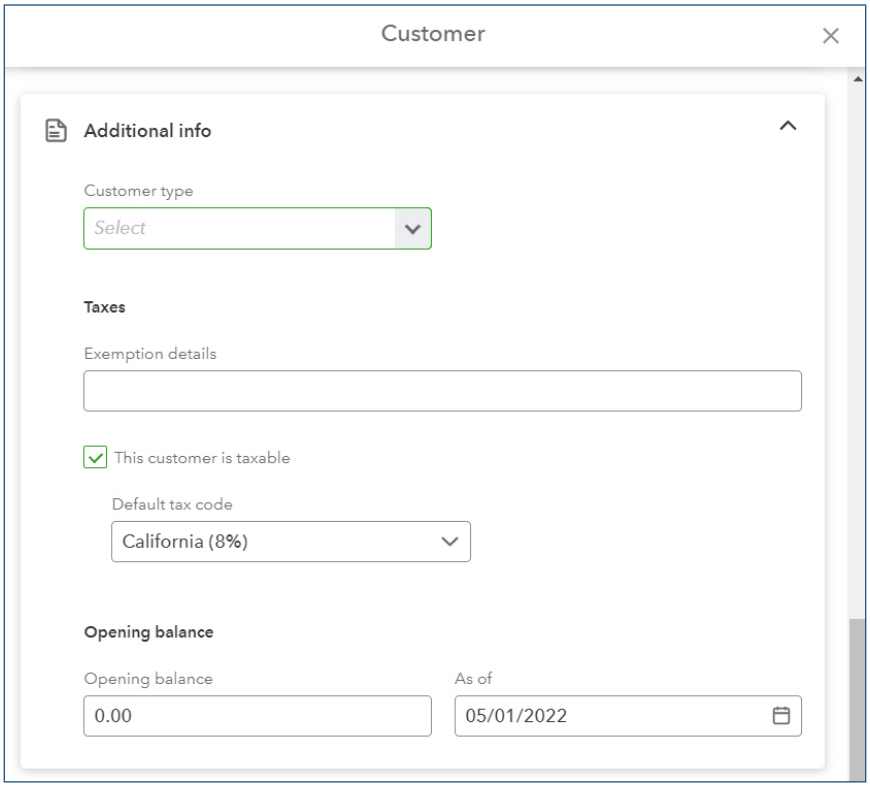



The Customer window is fixed in size, and you will have to scroll down to see the remaining sections. Notice that the Customer window has the default of the check box pre-filled for the Shipping address to be the same as billing address. We will add a new customer in a future step.

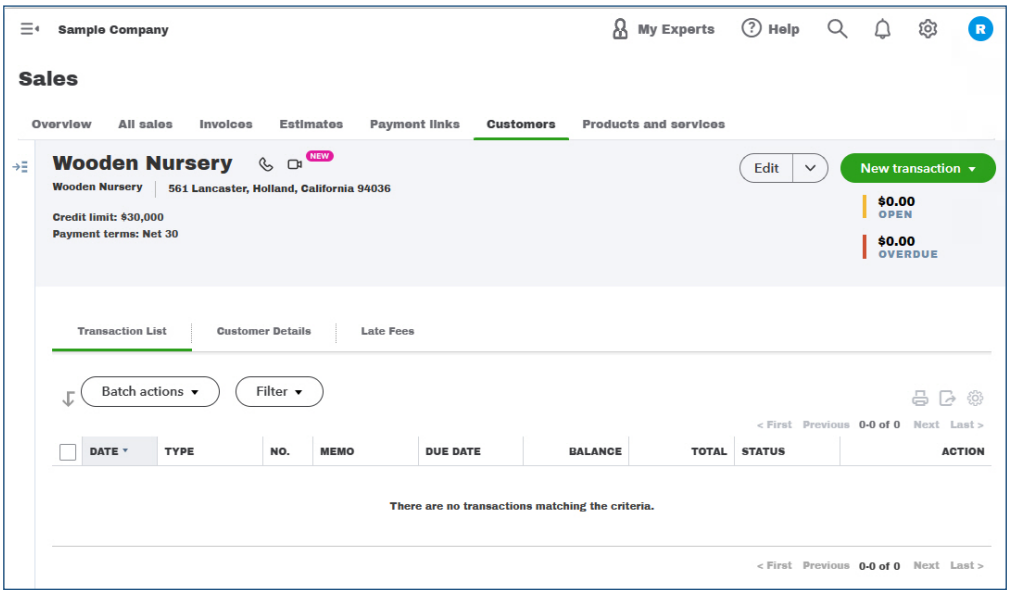
*Click on the X in the top-right.*

This returns to what was last on the screen, which is the customer list open and the customer Amy Bird Sanctuary data on the bulk of the page. Also, note that at the top of the customer list, the list icon changes so that the arrow is pointing in the opposite direction . This indicates that this icon can now be used to collapse or hide the customer list. If collapsed, it will then have Amy Bird Sanctuary as the only information open. Do not collapse the customer list.

## Completed Customer Window—Additional info section




*If your data entry windows are consistent with the preceding images, click the green Save button at the bottom-right of the Customer window to save the new customer. If there are errors, correct them before saving the record. Your screen should now reflect the following.*



- *Click the three-line icon ≡ at the top of the page (next to the company name, Sample Company).* As you may recall, this hides the Navigation bar and simultaneously adds an additional plus sign icon ⊕ along the top of the screen, which is a shortcut for +New.
- *Click on the plus sign icon and notice that it opens the full list of +New options.*
- *Click Invoice to open the same Invoice window you opened before.*
- *Close the invoice without saving.*

A third method of opening the Invoice window is from the Sales drop-out list:

- *Hover over Sales in the Navigation bar to activate a drop-out list. Click on Invoices to go to the Invoices page.*
- *Click on the green Create invoice button on the right side of the screen, which opens the Invoice window again.*
- *Close the Invoice window without saving.*

A fourth, and final, method of opening the Invoice window uses the New transaction button:

- *While still on the Invoices page, click on the Customers tab, then click on any customer to change the page to details for that customer.*
- *For example, click on Amy's Bird Sanctuary—and now the page shows Amy's Bird Sanctuary in large font just below the Sales Ribbon.*
- *On the right side of the screen, there is a green button called New transaction with a drop-down arrow. Click the New transaction button to open the drop-down list.*
- *From the New transaction drop-down list, click on Invoice to open the Invoice window again.*
- *Close the Invoice window without saving.*

All four methods are equally acceptable. Throughout the project, +New will be the most frequently referenced method for opening new documents.

The Invoice window is now used to help you understand processing a sales transaction.

- *Click +New and then select Invoice from the Customer category.* Note the default information on the page.

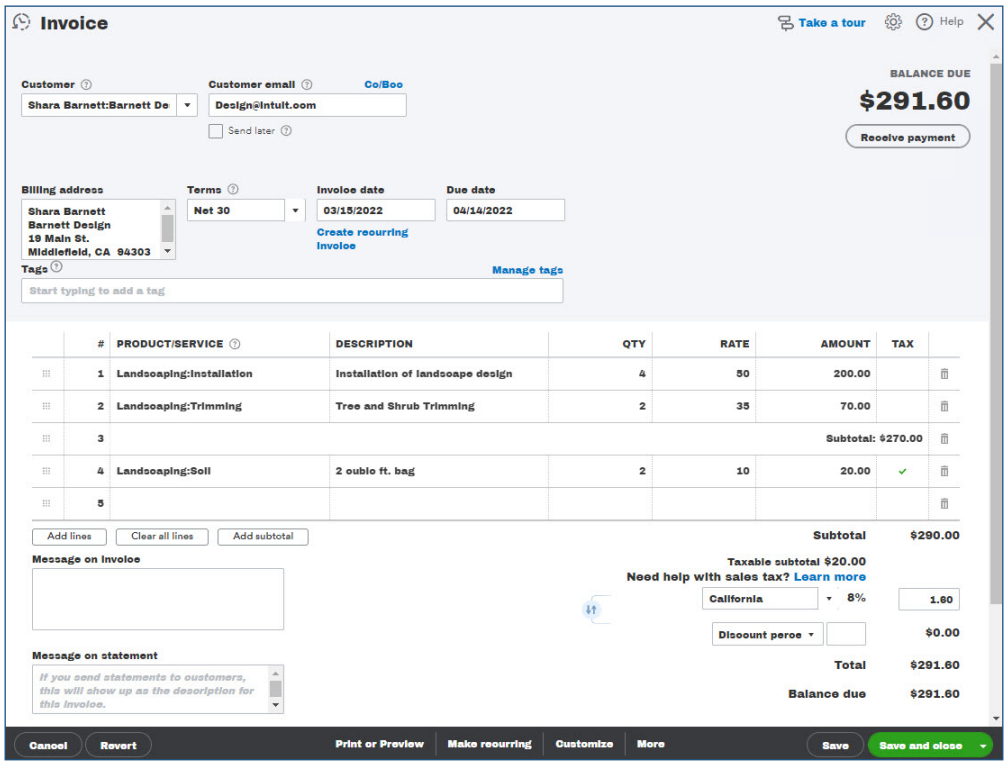
  Terms: Net 30
  Invoice date: today's date
  Due date: 30 days later

- *Next, scroll down to see the full contents of the Invoice window.*

- *Click this icon.* Notice this changes which box is listed first, sales tax or discount. This is to set the discount to apply pre-sales tax or post-sales tax.

Observe that much of the information in the window resulted from your having to make only a small number of data entries. The sources of most of the other default information are maintenance activities and the retrieval and calculation abilities of *QBO*.

Your invoice should look like the following: **NOTE:** As of January 2023, Intuit redesigned the invoice layout. To follow along with this book and it's images, select "Old layout" in the top right corner of the invoice to revert to the original invoice layout. (Click here for an image)




Do not save this transaction yet, but you can see by examining the buttons at the bottom of the window that it is easy to do so when you are ready to record the transaction. Keep the Invoice window open and proceed to the next section, which addresses how to make corrections.

## Correcting a Transaction Before It is Recorded

Transaction entry errors can be corrected by clicking the box containing the error and reentering the correct information.

- *Change the Terms to Net 30.*
- *Change row 2, Landscaping:Trimming to a quantity of 3.*
- *Change the item Landscaping:Soil to a quantity of 6.*
- *Add a fifth line item, use the Product/Service drop-down to select Concrete, and the box will fill with Design:Fountains:Concrete.*

As stated in the invoice line description, this is concrete for the installation of a fountain. This is for the fountain Barnett Designs previously ordered and received. The concrete rate is currently not assigned.

This is an example of unpriced inventory. For an item with consistent pricing and regular sales, unpriced inventory would need inventory maintenance to be completed prior to invoicing. This method of using an unassigned rate is more common when the rate of a product fluctuates frequently or when the item is one that a company purchases only when it is needed for a specific job, with the item cost being directly billed to the customer. Keep the quantity at 1 for the concrete.

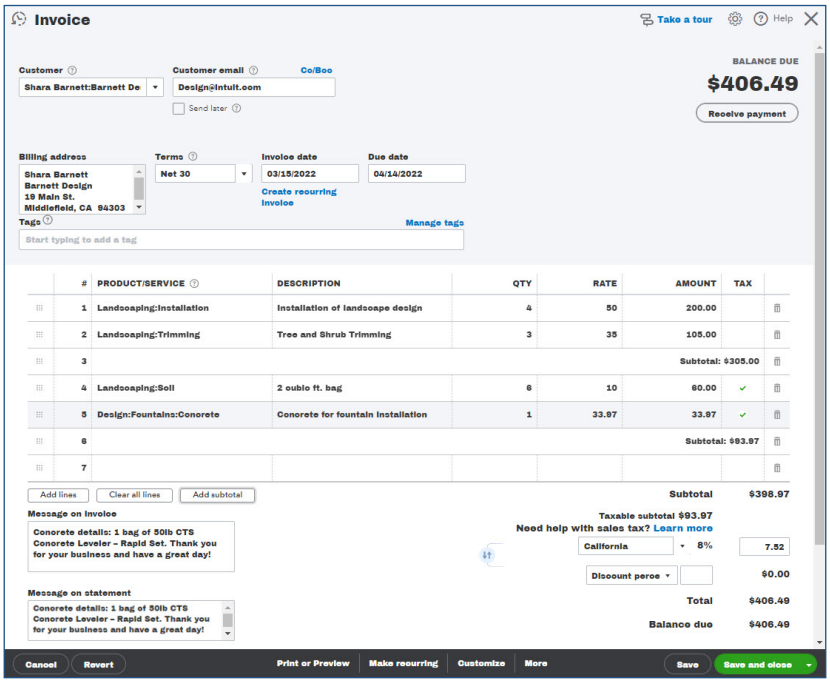
- *Type in the rate of $33.97.*
- *Click the Add subtotal button.*

Adding the concrete details to the invoice and the customer's statement is a convenient way to communicate important details to the customer, which benefits customer relations. As discussed earlier, there are two textboxes on the invoice "Message on invoice" and "Message on statement." The message on the invoice will add the text to the invoice, the message on statement adds the text to the monthly statement.

- *In the "Message on invoice" text box, provide additional information before the "thank you" by entering the following: Concrete details: 1 bag of 50lb CTS Concrete Leveler - Rapid Set.*
- *Copy this to the "Message on statement" textbox.*

There should now be six lines on the invoice, two of which are subtotals. The total amount of the invoice at the bottom of the screen should now be $406.49.

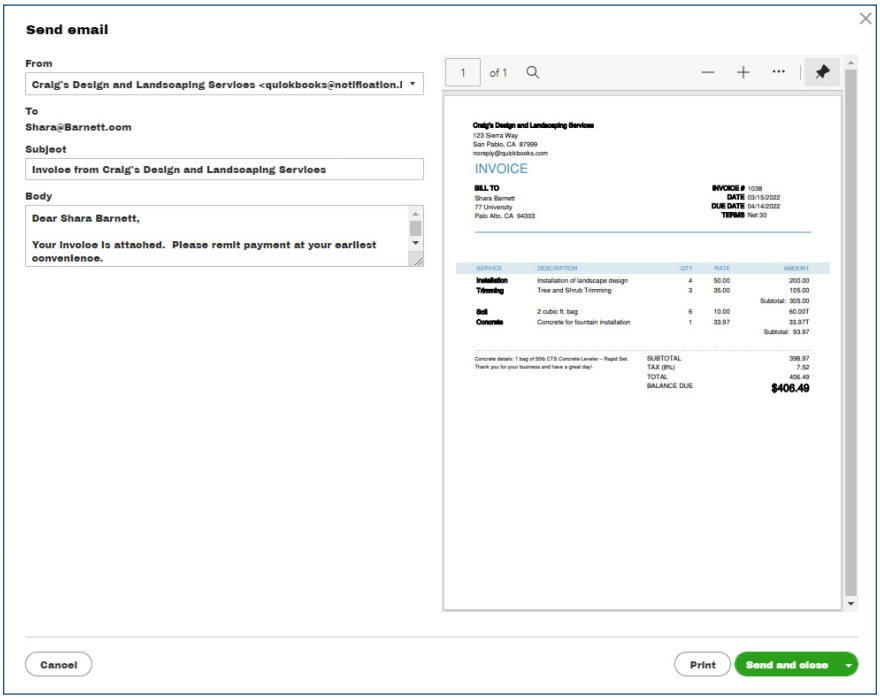
- *Verify your screen looks the same as this image, make any edits if it does not, then click the Save button to save the sales invoice.*



Follow the next steps to print the invoice to PDF and save it for submission with your Chapter 3 homework.

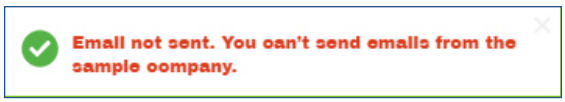
- *Click the Print or Preview button at the bottom of the screen and select the Print or Preview option.*
- *In the Print preview window, print to PDF or download and save the invoice as a PDF.*
- *To print to PDF, click the print button at the bottom of the window. It opens a PDF view of the invoice. Click the print button and choose the appropriate printer for a PDF (typically it is Adobe PDF, although it may say "save as PDF" instead). Select an appropriate file destination for saving your homework, and title the file as follows: last name_first name_Chapter 3_ Barnett_Invoice1038.*
- *Close the Print preview window once this step is complete and return to the open Invoice window.*
- *Click the Save and send button.* This opens an email preview window. You can see that this window also offers the opportunity to print.

The email is drafted with a standard message.




- *Click the green Send and close button.*

This would normally send the email to the client. Because you are using the test drive company and not a real company, you will receive the following error message and the invoice will close, bringing you to the last page you were on before creating the invoice.



Next, you will locate where the transaction was included in the *QBO* records.

- *On the Navigation bar, click on Sales → All Sales to open a list of all sales transactions, including customer invoices.*

Use the No. number column to locate invoice 1038. The preceding sales transaction should be included unless you made an error.

In the Action column for Invoice No. 1038, there is an item called "Receive payment" that has a drop-down arrow.

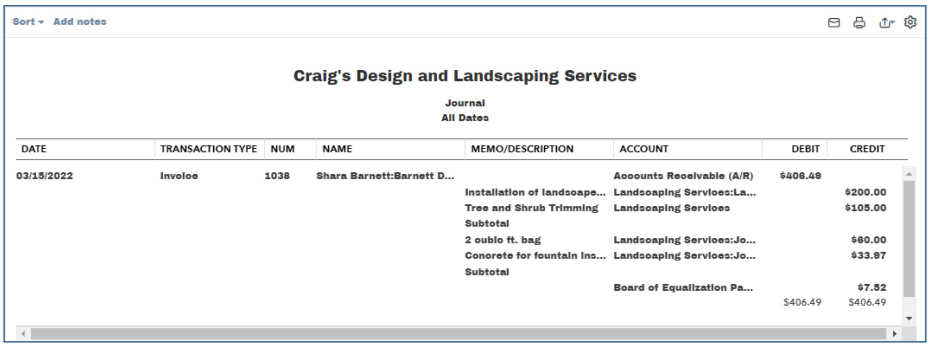
- *Click on the drop-down arrow, and select View/Edit to re-open the invoice.*

What is the increase in accounts receivable from Barnett Design for this transaction? It is $406.49, which is the Balance due at the bottom-right of the window. What is the accounting entry for the transaction? It includes a debit to accounts receivable of $406.49, a credit to sales tax payable of $7.52, and a credit to sales revenue for the difference. It also includes a debit to cost of goods sold and a credit to inventory for the cost of the Soil and Concrete.

On the gray bar at the bottom of the invoice is the More option.

- *Click on More and a list populates with the options Copy, Void, Delete, Transaction journal, and Audit history.*
- *Select Transaction journal.*

This takes you to a new page. If the Navigation bar is open, then the Reports option is highlighted on the menu. The top of the page says "Journal Report," and the page includes a transaction journal report that looks like the following.


Sort Add notes

Craig's Design and Landscaping Services

Journal
All Dates

| DATE | TRANSACTION TYPE | NUM | NAME | MEMO/DESCRIPTION | ACCOUNT | DEBIT | CREDIT |
|---|---|---|---|---|---|---|---|
| 03/15/2022 | Invoice | 1038 | Shara Barnett:Barnett D... | | Accounts Receivable (A/R) | $406.49 | |
| | | | | Installation of landscape... | Landscaping Services:La... | | $200.00 |
| | | | | Tree and Shrub Trimming | Landscaping Services | | $105.00 |
| | | | | Subtotal | | | |
| | | | | 2 cubic ft. bag | Landscaping Services:Jo... | | $60.00 |
| | | | | Concrete for fountain ins... | Landscaping Services:Jo... | | $33.97 |
| | | | | Subtotal | | | |
| | | | | | Board of Equalization Pa... | | $7.52 |
| | | | | | | $406.49 | $406.49 |

In this transaction journal, the sales transaction does not show the change to inventory, only the Sales amounts to the Sales categories. The Intuit *QBO* test drive company uses an account called "Board of Equalization Payable" for their Sales Taxes Payable account.

- *In the top-left under Journal Report, click on "Back to report list."*
- *Scroll down the reports page to the third section "Sales and customers," and in the right column select Sales by Customer Summary.* The report opens to show that the sales revenue amount from Barnett designs is $398.97. This amount plus sales tax collected equals the total of Invoice No. 1038.

**Recall that since we are using the test drive sample company that closing the web browser at any time or exiting *QBO* will reset the company data and remove the data you are about to record. Completing this section, Voiding or Deleting a transaction, requires staying in the sample company without exiting.**

## Voiding Transactions

- *Click on Sales in the Navigation bar, then click on the All Sales tab.*

All sales transactions (invoices and payments) are listed for the last 365 days in the sample company.

- *Click on the column heading STATUS so that the arrow next to it is pointing up and the invoices are listed with overdue invoices first.*
- *Locate Invoice No. 1022 to Jeff's Jalopies, click on the transaction, anywhere on the row.*

This opens the summary for Invoice No. 1022. Jeff's Jalopies has Weekly Gardening Services from Craig's Design and Landscaping Services and was billed on this Invoice for a week that services were not provided. Since the invoice was already sent to Jeff's Jalopies, incorrectly charging them for services not rendered, a copy of this invoice needs to stay in our accounting records. Therefore, deleting it would be inappropriate.

- *At the bottom of the invoice summary in the gray bar, click on More actions to open a list of options.*

There are several options, including Void.

- *Select Void and a warning pop-up appears because this action cannot be undone: "Are you sure you want to void this?"*
- *Click Yes.*

This closes the invoice and returns you to the All Sales page.

- *Click on Invoice No. 1022 again.*
- *Click the Edit button in the bottom right.*

This opens the invoice, now the invoice shows VOID in the top-right corner. The invoice also now shows a quantity of zero and all dollar amounts are zero, including Balance due.

- *Click on More at the bottom, and select Transaction journal.*

This opens a Journal Report page and now shows that the memo/description line includes Voided, and all dollar values are zero.

- *Return to the All Sales page: Navigation bar → Sales → All Sales.*
- *Click on the column head: Status so that the arrow points downward.*

Voided Invoice No. 1022 is now at the top of the transaction list. Now go to the Audit Log and look for the voided invoice.

- *Click on the Gear icon in the icon bar at the top of the page, then under Tools select Audit log.*
- *Scroll down the page until you locate "Voided Invoice No. 1022" in the EVENT column.*

Links are shown in blue: "Invoice No. 1022" in the Event column and "View" in the History column.

- *Click on View.*

This takes you to the Audit History page, which is the same page that is accessible from the More list on the invoice itself. The voided invoice is now assigned an identification number.

Here you can see the history of the transaction, including when the invoice was created and voided.

## Deleting Transactions

As stated earlier, a *QBO* user should delete a transaction if there is no need to preserve an audit trail in the accounting records.

Craig's Design and Landscaping Services previously ran an annual advertisement with Lee Advertising. Since the advertising was occurring annually with autopayments using the Mastercard, a recurring expense had been set up to record it. The scheduled advertisements have since ended and an extra expense was added erroneously. Now the transaction needs to be deleted.

- *Click on Expenses in the Navigation bar.* This automatically takes you to the Expenses tab showing all expenses in the system for the last 365 days.
- *Click on the column heading PAYEE and this sorts the transactions by PAYEE in ascending alphabetical order.*
- *Scroll down the page and locate the Expense to Lee Advertising.*
- *Click on the row to open the expense form showing the $74.86 expense on the Mastercard.*
- *At the bottom of the form is a gray bar; click More.* This opens a list containing the same options as the Invoices.
- *Select Delete.* A warning pop up appears: "Are you sure you want to delete this?"
- *Click Yes to delete the transaction.*

The expense form closes, returning to the full page of expense transactions. A message appears briefly at the top indicating the deletion was successful.

Review the expense transactions to see that the expense to Lee's Advertising is no longer in the list.

- *Scroll down the page and note that the payees skip from H to M.*

Review the details via the Vendors page to see that the expense is no longer listed for this vendor.

- *Click on the Vendors tab.*
- *Scroll down the list of vendors and click on Lee Advertising.*

Notice that there are no longer any transactions for this vendor.

Now review the Audit Log.

- *Click on the Gear icon in the icon bar at the top of the page under Tools and select Audit log.*
- *Scroll down the page until you locate in the EVENT column Deleted Expense – Lee Advertising.*

The only location to find the Deleted Expense is in the special *QBO* feature, Audit Log, and the deletion cannot be undone.

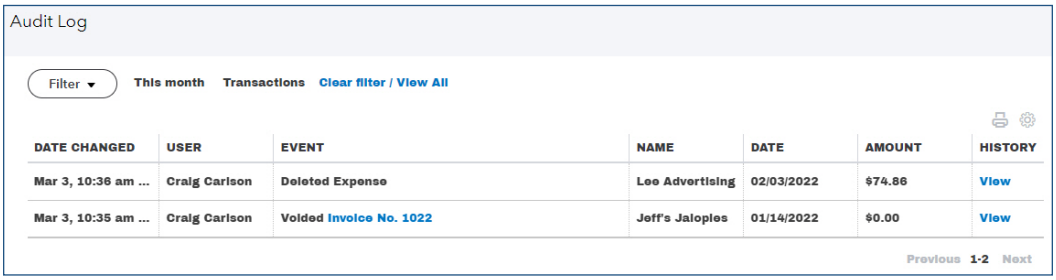
There are two additional ways to access the deleted activities that were just completed. The first is to return the Expenses page. Once you are on Expenses page complete the following steps:

- *Click the Filter button on the page, just above the Batch Actions button.* A drop-down menu appears. There is a blue link called "View deleted/voided transactions."
- *Click View deleted/voided transactions.*

The second way to access the deleted activities is through the All sales page. Once you are on the All sales page, complete the following steps:

- *Click the three dots in the Action menu just above the sales listing.*
- *Click Deleted transactions.*

Notice that clicking on this link takes you to the Audit Log and lists the Deleted Expense and the Voided Invoice as shown in the following image. The Date Changed will be the live current date that you completed these steps.




As previously covered in this section, the Audit Log is the only way to see deleted transactions. The Audit Log also provides the history of changes by clicking the view link in the History column.

## Icons

Just above the Action column are three icons. Practice with each one will occur during this chapter.

- **Print list –** The Print list icon is used to print the list, either to a physical printer or to save as a PDF file.
- **Export to Excel –** This feature allows for exporting the list to an Excel file.
- **Quick Links –** This feature allows you to quickly run various reports.
- **Settings –** This feature is used to customize the list view.

## Sort

The default table setup for the All Sales transactions list has 11 columns, including the check box and Action columns. All other columns can be sorted and filtered. It is often useful to reorder the information in a window to make it easier to view and analyze. Any list can be sorted by column heading, which reorders the data either alphabetically, numerically, or by date. Sorting is done by clicking the column heading for the column you want to be sorted. *QBO* sorts the list on the column you click without changing the details of any record. Clicking the column heading a second time reverses the ascending or descending order of the sort that was just done. Try it now.

- *Click on the Customer column heading.* The page refreshes with the list displayed reordered, the small triangular arrow next to Customer is now pointing up, and the table has been sorted by Customer in ascending order.
- *Click on the Customer column heading again.* The arrow is now pointing down and All Sales transactions in the table have been sorted by Customer in descending order.
- *Now practice sorting the Date column.* Notice how the table sorts by date first in ascending order (oldest first), then clicking again brings the most recent transactions to the top of the list (descending order).
- *Try this also with the Total column.*

Do not close the All Sales transactions list.

## Customize View

Lists, both master lists and transaction lists, contain considerable amounts of information that can be customized per *QBO* user preferences. This is done to offer quick access to all the information and avoid excessive information being displayed in a window. Removing a column from view has no effect on the underlying *QBO* data, and any column in the window can be added back to the list at any time.

As identified earlier, the Settings icon (gear icon above the Action column) is used to customize the view in a list. Clicking the Settings icon opens a drop-down menu that has several check boxes to select which column(s) to display. This also allows for the adjustment of the rows displayed, including an option to decrease the row height (compact).

- *Click on the Settings icon.* Several column options are listed.
- *Click on "Show more," and this list of column options expands.*
- *Check the boxes for the first column listed that has not yet been checked (Method), successfully adding the column to the group already displayed.*
- *Scroll down the page and note that many of the transactions listed do not include a memo.*
- *Click on the Settings icon again and uncheck Memo.* Notice how the Memo column is now removed from the table.
- *Keeping the settings open, click on the drop-down arrow for Rows and select 50.*
- *Click the Settings icon to close the list of settings.*

Note that below the list of icons, above Action, it indicates "1-50 of 64." This is because we selected for only 50 transactions to be displayed on the page at once and the sample company has 64.

- *Click on the Setting icon → click on the drop-down arrow for Rows and select 100.* The paging now shows 1-64 of 64, indicating all transactions are included on the page.

Do not close the All Sales transactions list.

## Filter

We have now covered how to sort information and customize the view of information displayed on the page. Additionally, the information can be filtered to display specific data. This is normally used for obtaining information for activities that are completed periodically, not daily, and to create special lists as needed for exporting or printing for internal use.

Transaction list pages, such as All Sales and Expenses, include a Filter button. Master file list pages, such as Customers and Vendors, do not include a filter button. However, they include a search field for locating a specific record in the list and can be filtered utilizing their webpage dashboard. The Products and services page allows for both searching and filtering.

The All Sales transactions list includes many filter options.

Next, we will see how the webpage dashboard, when available for a list, filters the data. Above the list is the webpage dashboard section made up of two images: an orange circle (Low Stock) and a red circle (Out of Stock). Each one has a 0 above their text, indicating there are not any products that are either low in stock or out of stock.

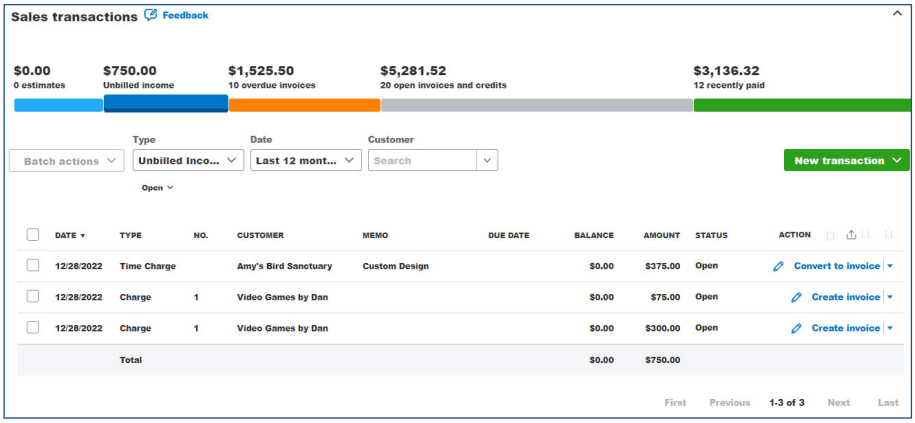
- *Click on either circle.*

Note how the product and service table list below is filtered for the one you selected. Because there are not any products that are low in stock or out of stock, no items appear on the list.

- *Click on the light gray X visible to the upper-right of the circle you chose.* This clears the filter, and all products and services are now listed.
- *Click on the All Sales tab on the ribbon above.*

Notice how the All Sales list page has a webpage dashboard but it is a bar with several different colors and dollar amounts on it.

- *Click on the dark blue section of the bar.*




Notice that after clicking on the dark blue portion of the dashboard, there are now only three transactions showing in the list. Looking at the dashboard options, the dark blue “Unbilled Income” stands out from the rest of the bar. In the Type drop-down it now says “Unbilled Income.”

- *Click All transactions in the Type drop-down.* This returns the list to showing all transactions in the last 365 days.
- *Visit other lists and explore with their webpage dashboard filters.*

We have now covered how to sort, customize the view of, and filter the list information displayed on the page. The last two features covered in this section are the Batch Action button and Drill Down.

4

Chapter

# Company Setup in *QuickBooks Online*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Import the Chart of Accounts ..... 4-7
Import Customers ..... 4-12
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**Navigation Tips**

☞ Each chapter's table of Contents entries are hyperlinked to the corresponding pages in that chapter. To quickly jump back to each chapter's table of contents page, click on the ☰ hyperlink in the bottom-left corner of the page.

☞ RMG This icon appears in the top-right corner of every page. Use it to hyperlink to the Reference Material Guide, which contains further links to the detailed Reference Material.

After downloading and extracting the Company Data Files.zip file from Armon Dalton Resources, you should have the following Excel files to use for the import process:

- JSC Chart of Accounts.xlsx (Canadian *QBO* users: file name is "JSC Chart of Accounts - Canadian QBO.xlsx")
- JSC Customers.xlsx
- JSC Vendors.xlsx
- JSC Inventory Items.xlsx

After editing some general default information for Jackson Supply Company, you will import these files into *QBO*. As of the publication date of these materials, the student access to *QBO* only included a 30-day payroll trial, so there are no employee records to import for this chapter. **As further described in Chapter 8, the appendix to that chapter includes an optional payroll project that may be assigned by your instructor.**

**Note: It is important that you complete the work in this chapter carefully because Jackson Supply Company data will be used for your work in the next four practice chapters. Take your time and carefully follow the instructions in this chapter to set yourself up for success in Chapters 5 through 8.**

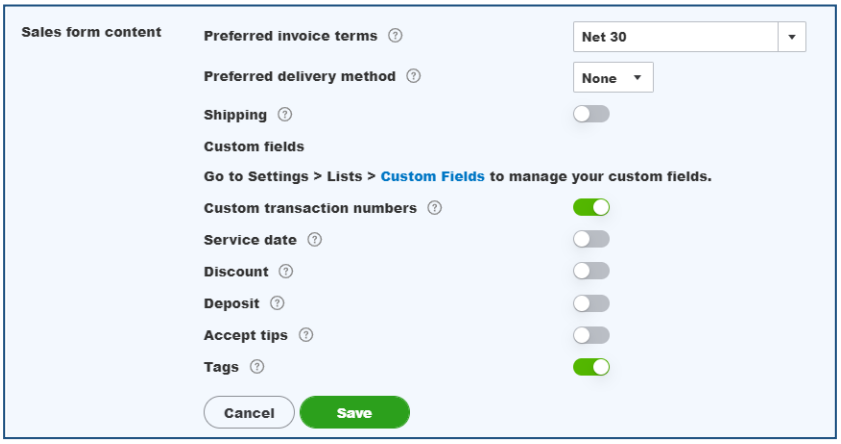
## Edit Company Default Settings

Before importing any records, it is important to view and modify the default company settings that *QBO* created when you completed the eMaterials steps to access Jackson Supply Company and perform initial setup procedures. **If you did not complete the steps in the eMaterials for the initial setup of Jackson Supply Company, return to the eMaterials and complete those steps now**. While some are appropriate for Jackson, others need to be edited to reflect the company's unique situation.

- *Sign into your* QBO *account and open Jackson Supply Company (if it is not already the current open company).*
- *Click the gear icon in the top-right corner of the main* QBO *window, then select Account and Settings from the YOUR COMPANY menu.* The following window opens, which contains all default settings that QBO assigned to Jackson Supply Company.

The Account and Settings window contains various sections, only some of which need editing. Follow the steps that follow to edit all default information for Jackson Supply Company.

- *Click the Sales tab on the left side of the screen and locate the Sales form content section.*
- *Click the edit button* *in the top-right corner of the Sales form content section of the window. This expands the section so that you can edit default information for Jackson's sales invoices as necessary.*

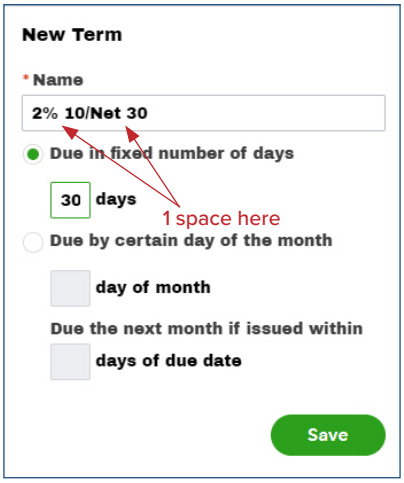



Next, you will edit the default information for Jackson's sales invoices.

*Click the drop-down list for Preferred invoice terms.*

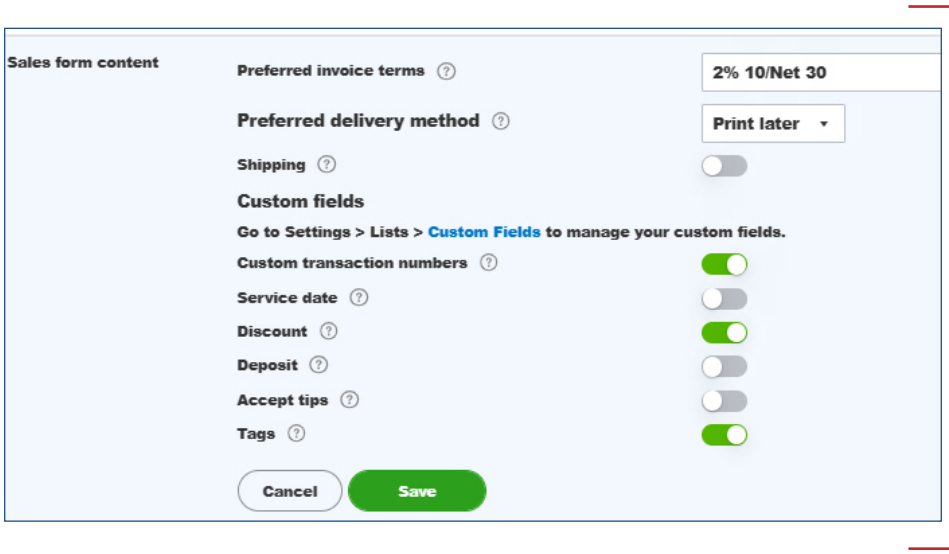
Jackson Supply Company's preferred invoice terms setting for its customers is 2% 10/Net 30, which is not included in the drop-down list. You need to add a new selection.

*Click +Add New from the drop-down list and then complete the resulting window with the information below. Be sure to type the new payment terms exactly as shown in the illustration, including the one space after "%" and one space after "Net."*




*When your window matches the illustration, click Save.*

After the preferred invoice terms default is set to 2% 10/Net 30, there are two more changes to make in the Sales form content window. The following illustration shows the correct selections for the Sales form content window.



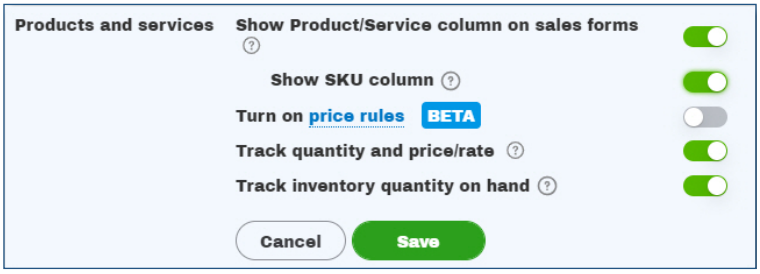

Periodically, Intuit changes the selections in the setup windows. Do not be concerned if your window is slightly different, as long as the "Preferred invoice terms," "Preferred delivery method," "Custom transaction numbers," and "Discount" selections are entered as shown here.

*Edit the Sales form content section until it matches the preceding illustration. Click Save when complete.*

The remaining portions of the Account and Settings window are shown below with all default information properly edited for Jackson Supply Company. Because you have already completed the edits for the Sales form content section, detailed instructions for editing the remaining sections are not included.

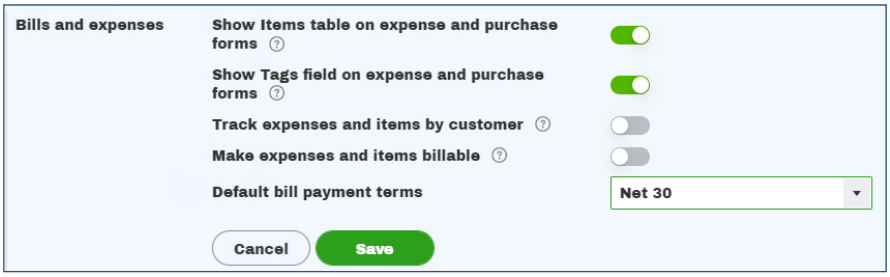
*Edit the remaining sections of the Account and Settings window using the following illustrations. Be sure to click the Save button after making the appropriate edits to each section.*

### Products and services (Sales tab)

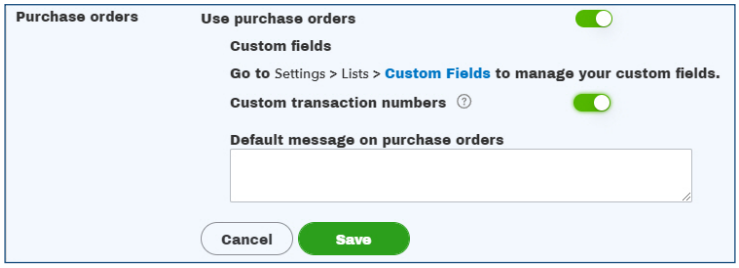



*After making the last selection, you will receive two messages about inventory. If you receive two message regarding inventory tracking, click Continue on the first one and click OK on the second one.*

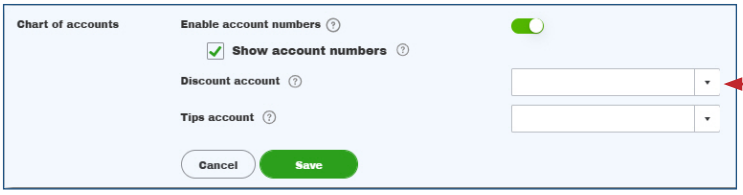
### Bills and expenses section (Expenses tab)




### Purchase orders section (Expenses tab)

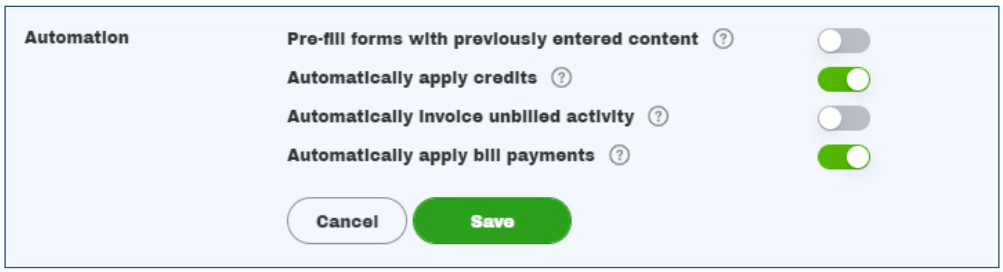



### Chart of accounts section (Advanced tab)




If "Discounts given" appears here, that is fine. The system either automatically completes it during this setup process or after your later chart of accounts work.

Automation section (Advanced tab)

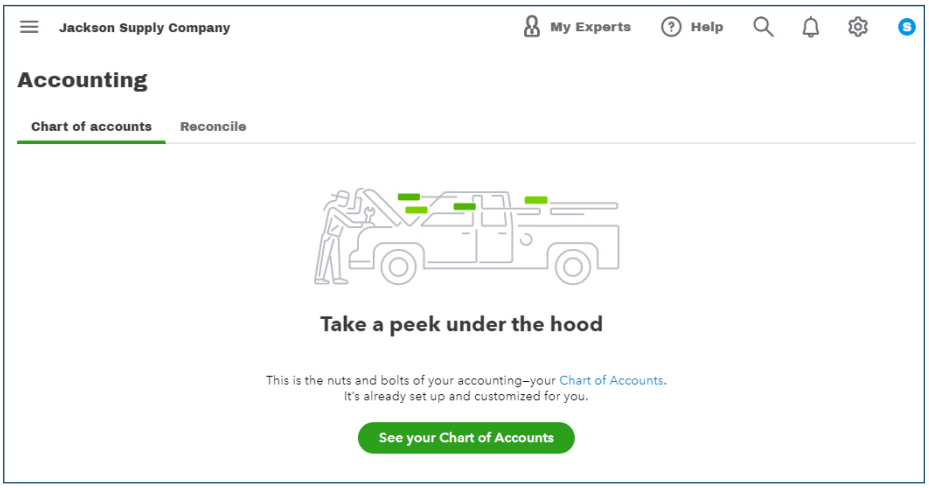



- *Canadian QBO users only: Change the Home Currency in the Currency tab to United States Dollar and change the Date format in the Other preferences section to MM/dd/yyyy.* N/A for U.S. users.

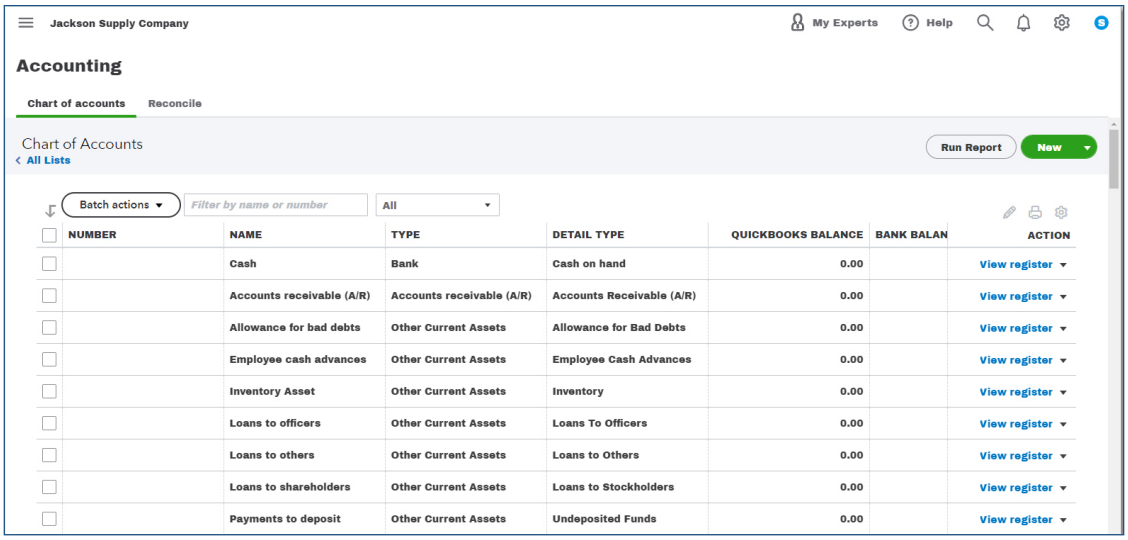
After editing the default information for Jackson Supply Company in the Account and Settings window, you are now ready to import Jackson's data into *QBO*. In the sections that follow, you will import Jackson's Excel files for the chart of accounts, customers, vendors, and inventory items into *QBO*, cleanse any data that does not import properly, and prepare a general journal entry to record the opening balances in all general ledger accounts as of 01/01/2023. These steps will help Jackson Supply Company's owners prepare for recording all future activity for the company in *QBO*. They will also help prepare you to complete the requirements of Chapters 5 through 8, so follow this chapter's instructions carefully.

## Import the Chart of Accounts

- *Close the Account and Settings window to return to the Dashboard page for Jackson Supply Company.*
- *In the Navigation Bar, click on Accounting. The default tab, Chart of Accounts, should already be open:*




- *Click the See your Chart of Accounts button to open the following window.* Your window may differ slightly because QBO constantly updates their chart of accounts samples. It will not matter, though, because you will be importing Jackson's specific chart of accounts in a later step.




*QBO* includes multiple sets of default charts of accounts for several industries, so this is the default for the type of industry you selected earlier. While this feature is helpful for new companies, Jackson Supply Company already has a chart of accounts that the owners want to use. Although *QBO* does not allow you to delete existing accounts, you can hide most of them from view by making them inactive.

You can inactivate multiple accounts using the Batch actions button on the left side of the Chart of Accounts window, excerpt shown below.

- *Select the check box beneath the Batch actions arrow to select all accounts in the chart of accounts list. If this does not select all of the check boxes below, click the Batch actions button to make sure it is highlighted before selecting the first check box below. If this does not work, try clicking the Number heading once or twice and then selecting the "all" check box.* When done properly, all accounts in the chart of accounts list will have the check box next to them selected.
- *Click the Batch actions drop-down arrow and select Make inactive.*
- *Click through any/all warnings that appear by selecting either "Got it" or "Yes, make inactive," depending on the warning message options.*

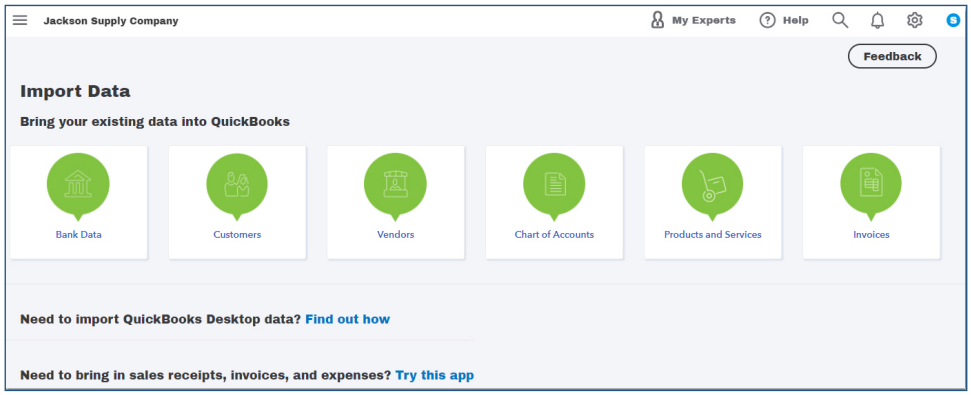
There are several accounts that cannot be made inactive because they are "standard" accounts used in all *QBO* companies that start with this industry's chart of accounts. You can ignore these accounts for now because Jackson Supply Company has its own specific chart of accounts.

Some of the default accounts are similar to comparable accounts in Jackson Supply Company's chart of accounts, but minor edits need to be completed before they will work with the chart of accounts import file.

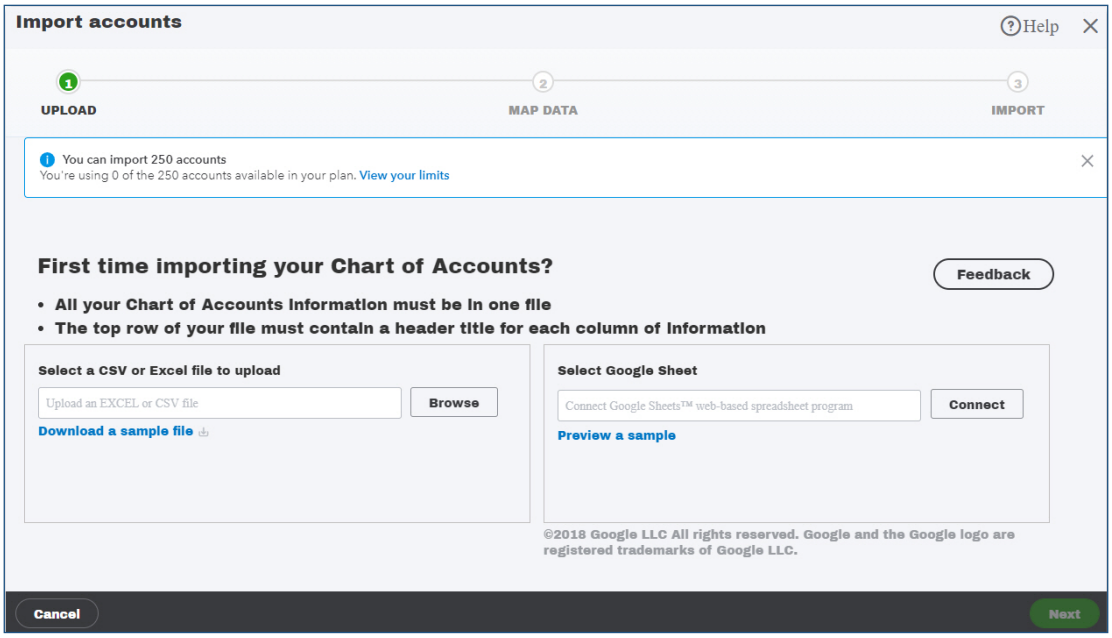
- *Scroll to locate the Discounts given account.*
- *Click the drop-down arrow in the Action column of the Discounts given line.*
- *Click the Edit option, which opens the Edit Account window.*
- *Change the Name box so that the account title is Sales Discounts Taken. Type 30300 in the Number box, and then click the Save button.*
- *Repeat the steps above for the following accounts to make these additional changes:*
  *Sales - Type 30100 in the Number box.*
  *Retained Earnings - Type 29000 in the Number box.*
  *Utilities - <u>If this expense appears in your chart of accounts</u>, edit the Account name so that it says "Utility Cost."* If you do not see an account named "Utilities" you can ignore this step.

Next, you will import Jackson's chart of accounts Excel file and then do data cleansing to remove unused accounts and correct those that may not import properly.

- *Click the gear icon in the top-right corner of the Chart of Accounts window, then from the Tools menu select Import Data.* This opens the following window, which you will use in this and subsequent sections of the chapter to import various records for Jackson Supply Company:



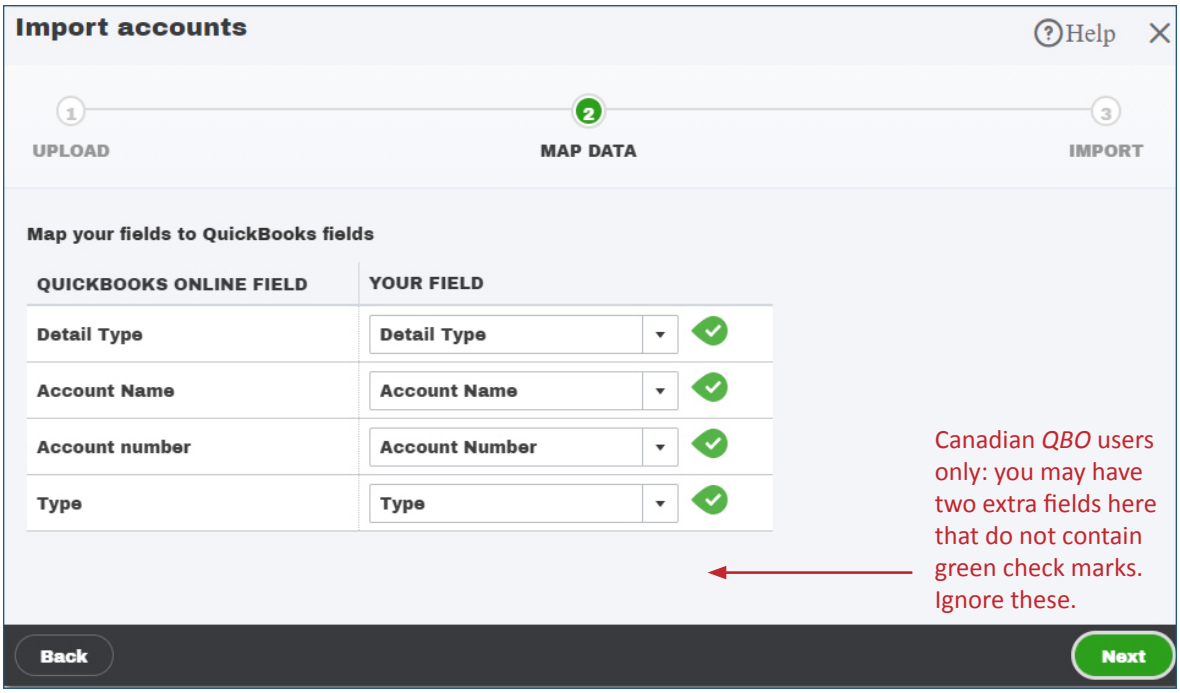
*Click the Chart of Accounts square, which opens the Import accounts window.*




*QBO* can accept Excel files, .csv files (comma delimited), and Google Sheets for imported files. We will use Excel files in this project. Notice that there are options to download or preview sample files prior to importing them. *QBO* provides sample files for each type of data import so that file formats map to *QBO* record formatting. To keep this project manageable, all Excel files have been formatted so that your mapping work will be realistic, but manageable.

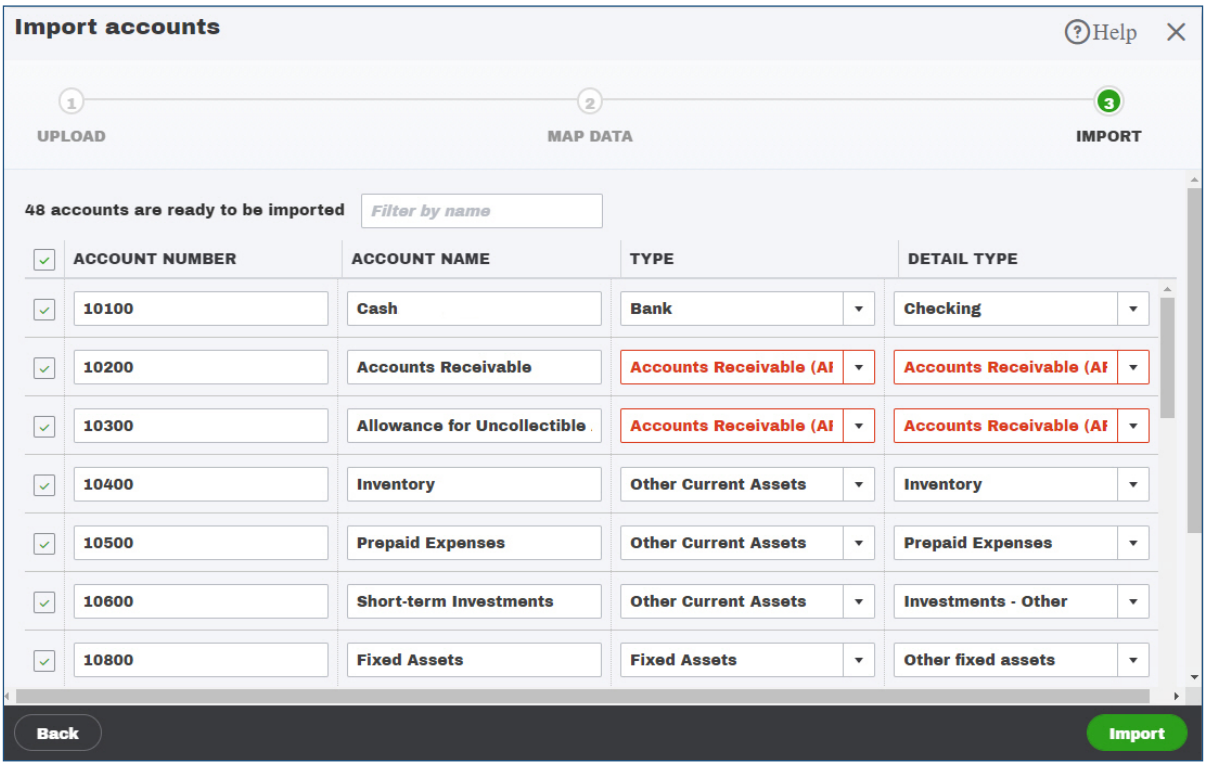
*Click the Browse button to locate and select the JSC Chart of Accounts Excel file that you previously downloaded and extracted from Armond Dalton Resources.* Canadian users: your file name is "JSC Chart of Accounts - Canadian QBO"

*When the chart of accounts source file is in the "Select a CSV or Excel file to upload" box, click the Next button in the bottom-right corner of the Import accounts window.* This opens a window that shows how well the import file maps with the chart of accounts record structure in *QBO*.

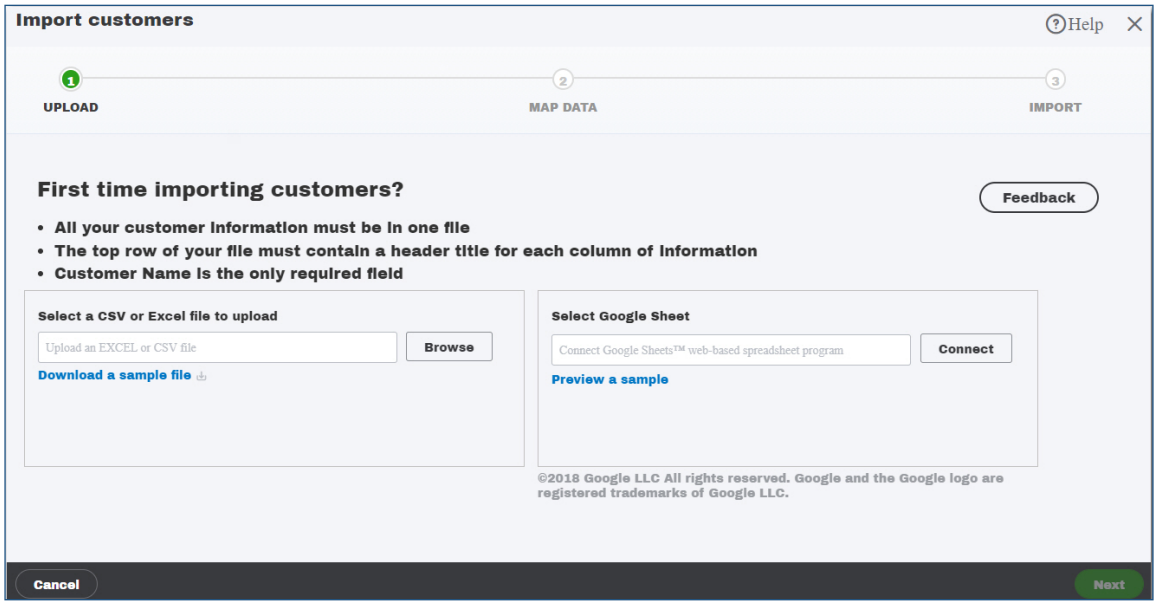



Canadian *QBO* users only: you may have two extra fields here that do not contain green check marks. Ignore these.

*Click the Next button, which opens a window showing all accounts you are attempting to import into the chart of accounts.*

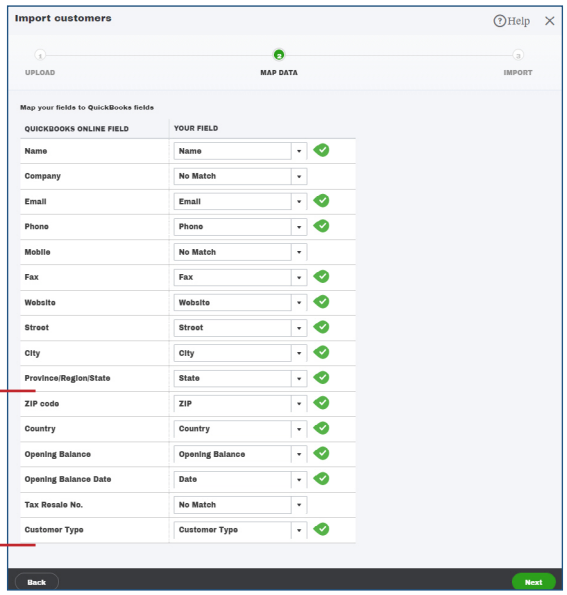


*Click Customers to open the Import customers window:*




*Click the Browse button to locate and select the JSC Customers Excel file, click Next.*

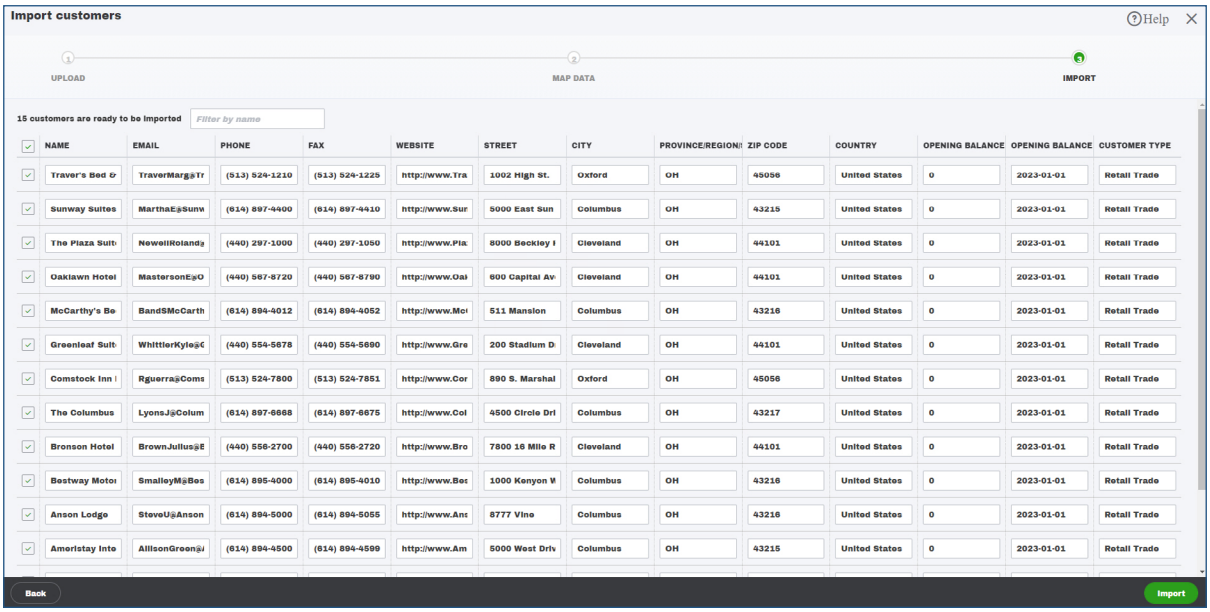
*When the JSC Customers Excel file is in the "Select a CSV or Excel file to upload" box, click the Next button in the bottom-right corner of the Import customers window.* This opens a window that shows how well the import file maps with the customer record structure in *QBO*.




Canadian *QBO* users only: Zip code may show as Postal code and Tax Resale No. may show as Tax Reg. No. It does not matter.

Notice that there are three fields that do not have a green check mark next to them. In this case, assume that Jackson's customer records do not include fields for Mobile and Tax Resale No., so you can ignore those fields. Also assume that the Name field in Jackson's import file already includes the customers' company names, so you can ignore the Company field.

*Click the Next button and the following detail window opens, showing how well the fields mapped for the 15 customer records.*



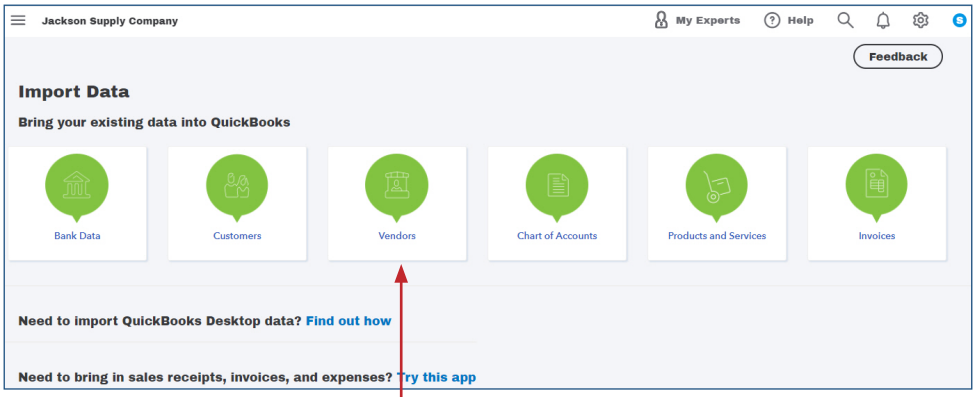

| NAME | EMAIL | PHONE | FAX | WEBSITE | STREET | CITY | PROVINCE/REGION | ZIP CODE | COUNTRY | OPENING BALANCE | OPENING BALANCE | CUSTOMER TYPE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Traver's Bed & | TraverMarg@Tr | (513) 524-1210 | (513) 524-1225 | http://www.Tra | 1002 High St. | Oxford | OH | 45056 | United States | 0 | 2023-01-01 | Retail Trade |
| Sunway Suites | MarthaE@Sunw | (614) 897-4400 | (614) 897-4410 | http://www.Sur | 5000 East Sun | Columbus | OH | 43215 | United States | 0 | 2023-01-01 | Retail Trade |
| The Plaza Suit | NewellRoland@ | (440) 297-1000 | (440) 297-1050 | http://www.Pla | 8000 Beckley I | Cleveland | OH | 44101 | United States | 0 | 2023-01-01 | Retail Trade |
| Oaklawn Hotel | MastersonE@O | (440) 567-8720 | (440) 567-8790 | http://www.Oai | 600 Capital Av | Cleveland | OH | 44101 | United States | 0 | 2023-01-01 | Retail Trade |
| McCarthy's Be | BandSMcCarth | (614) 894-4012 | (614) 894-4052 | http://www.Mc | 511 Mansion | Columbus | OH | 43216 | United States | 0 | 2023-01-01 | Retail Trade |
| Greenleaf Suit | WhittlerKyle@( | (440) 554-5678 | (440) 554-5690 | http://www.Gre | 200 Stadium D | Cleveland | OH | 44101 | United States | 0 | 2023-01-01 | Retail Trade |
| Comstock Inn i | Rguerra@Coms | (513) 524-7800 | (513) 524-7851 | http://www.Cor | 890 S. Marshal | Oxford | OH | 45056 | United States | 0 | 2023-01-01 | Retail Trade |
| The Columbus | LyonsJ@Colum | (614) 897-6668 | (614) 897-6675 | http://www.Col | 4500 Circle Dri | Columbus | OH | 43217 | United States | 0 | 2023-01-01 | Retail Trade |
| Bronson Hotel | BrownJulius@E | (440) 556-2700 | (440) 556-2720 | http://www.Bro | 7800 16 Mile R | Cleveland | OH | 44101 | United States | 0 | 2023-01-01 | Retail Trade |
| Bestway Motor | SmalleyM@Bes | (614) 895-4000 | (614) 895-4010 | http://www.Bes | 1000 Kenyon M | Columbus | OH | 43216 | United States | 0 | 2023-01-01 | Retail Trade |
| Anson Lodge | SteveU@Anson | (614) 894-5000 | (614) 894-5055 | http://www.Ans | 8777 Vine | Columbus | OH | 43216 | United States | 0 | 2023-01-01 | Retail Trade |
| Ameristay Inte | AllisonGreen@i | (614) 894-4500 | (614) 894-4599 | http://www.Am | 5000 West Driv | Columbus | OH | 43215 | United States | 0 | 2023-01-01 | Retail Trade |

Scroll through the list and you should see that there are no fields shown in red. It appears that there is no data cleansing required for the customer records.

*Click the Import button in the lower-right corner of the window to import the customer records.* This returns you to the Import Data window, which you will use in the next section.

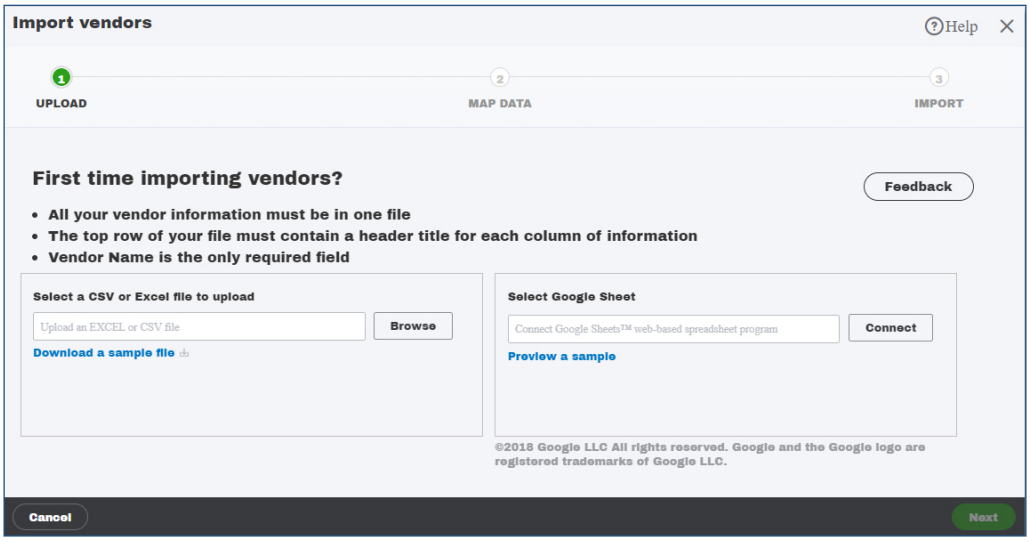
## Import Vendors (Suppliers in Canadian *QBO*)

Next, you will import Jackson Supply Company's vendor records. The vendor records are included in the JSC Vendors Excel file you downloaded from Armond Dalton Resources. You will use the same Import Data window you used in the previous section. (If you need to open it again: gear icon → Tools menu → Import Data).

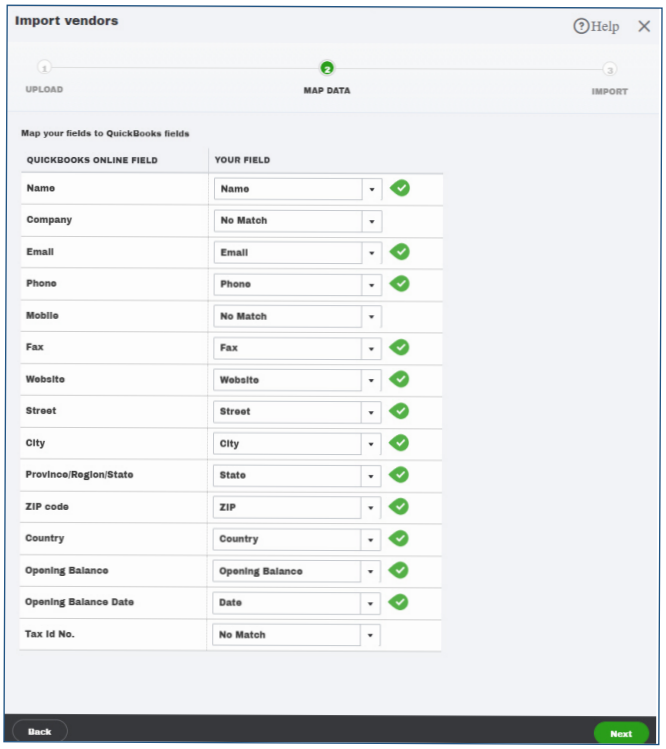



Canadian *QBO* users only - this box says Suppliers. For the remaining steps in this section, vendors = suppliers.

- *Click Vendors (Suppliers for Canadian* QBO*) to open the Import vendors window.*




- *Click the Browse button to locate and select the JSC Vendors Excel file, click Next.*
- *When the JSC Vendors Excel file is in the "Select a CSV or Excel file to upload" box, click the Next button in the bottom-right corner of the Import vendors window.* This opens a window that shows how well the import file maps with the vendor record structure in *QBO*.



**You should follow this same review procedure for any "make inactive" maintenance activity to determine if the information was deleted from view. This subsequent review is not repeated in this or subsequent chapters for making records inactive.**

After completing the first three maintenance practice tasks, you have practiced performing all three types of maintenance with either the Vendor or Customer window, which are two of the five maintenance windows in *QBO*. Next, you will complete various maintenance tasks with two of the three remaining maintenance windows: the Account window (general ledger accounts) and the Product/Service information window (inventory items). As of our publication date, the payroll subscription for the education access in *QBO* was only active for 30 days. Because of this limitation, we will not perform maintenance for employees in this chapter. There is an optional payroll project in the appendix to Chapter 8, which your instructor may assign. This appendix covers both employee maintenance and payroll processing in *QBO*.

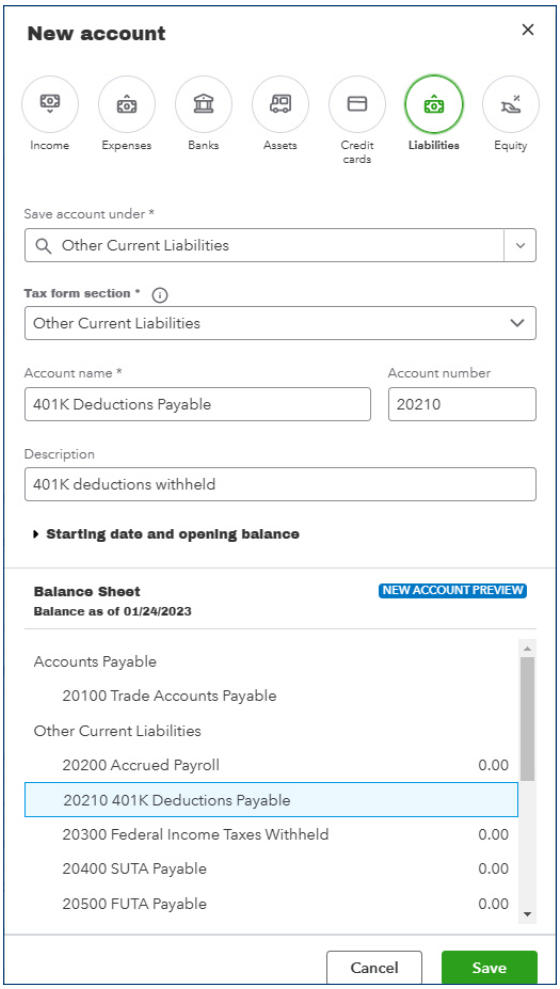
You will not practice all three types of maintenance tasks with each of the remaining maintenance windows because the procedures for adding, changing, and inactivating records are similar among maintenance windows. The four remaining maintenance practice tasks are representative of tasks that you will be required to complete in later chapters.

## Maintenance Practice Task #4 — Add a General Ledger Account

The next maintenance task is to add a new general ledger account for Jackson Supply Company.

▶ *Add a new general ledger account record using the instructions in the Reference material and the information that follows, but do not save the new record yet.*

- **Account type button selection:** Liabilities
- **Save account under:** Other Current Liabilities
- **Tax form section:** Other Current Liabilities
- **Account Name:** 401K Deductions Payable
- **Account Number:** 20210
- **Description:** 401K deductions withheld




The preceding diagram includes the completed New Account window for the new general ledger account.

*If the window on your screen is consistent with the diagram, click the Save button. If there are errors, correct them before saving the record.*

Changing or deleting an existing general ledger account is relatively simple when you follow the instructions in the Reference material. No practice exercises are considered necessary.

## Maintenance Practice Task #5 — Change an Inventory Item's Cost and Selling Price

The next maintenance task is to edit an inventory item's record for changes in the item's cost and selling price.

*Change the inventory item record for Item No. 103 using the instructions in the Reference material and the following information, but do not save the revised record yet. Change the Sales price/rate to $114.00 and change the Cost to $87.00.*

The preceding illustration includes the Product/Service information maintenance window for Item No. 118.

- *If the window on your screen is consistent with the diagram, click the Save and close button to save the new item record. If there are errors, correct them before saving the record.*

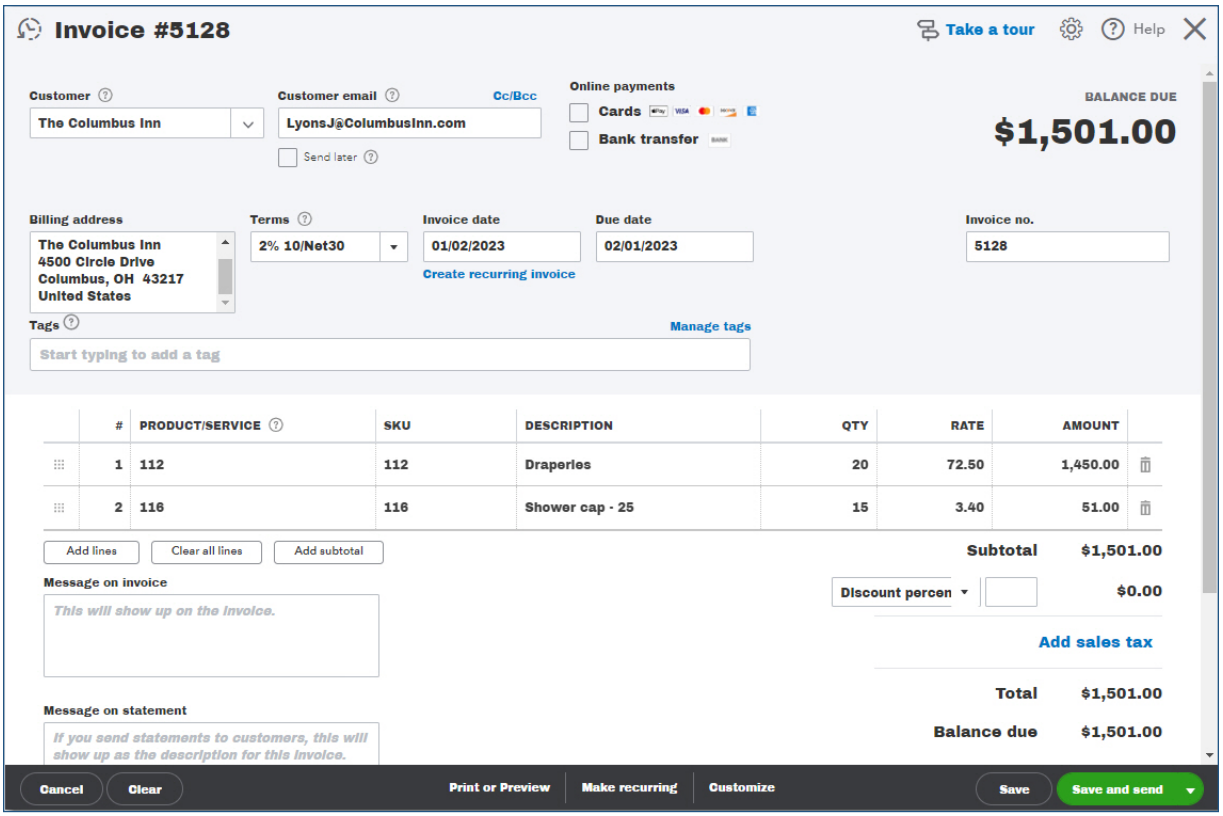
## Maintenance Practice Task #7 — Perform Maintenance "On the Fly"

It is common for the person entering sales invoice information in the Invoice window to find no name in the Customer drop-down list because it is a new customer. The same situation occurs when entering information for transactions related to other maintenance activities. *QBO* solves this by allowing the person to add the new customer or other maintenance activity while the transaction is being processed. This is often called maintenance "on the fly."

- *Click the + New button → Invoice to open the Invoice window.*
- *Click the drop-down list arrow next to Customer box. Observe that the top item is + Add new.*
- *Click +Add new to access the Customer window.*
- *Type "ABCD" in the Company name box and click the Save button.* Normally, in practice, the person entering data enters information for all tabs in the Customer window but, to avoid repetition of what you did earlier, only the name is included.

You have returned to the Invoice window.

- *Click on the Product/Service box and then use the drop-down list arrow in the Item box. Observe that the top item is + Add New.*
- *Click + Add New, which opens the Product/Service information window. Select Service, which opens the Product/Service information window.* This is the same window you used earlier in the chapter to add and edit inventory items, but this time the content is applicable to a service item sold by Jackson Supply Company.
- *Type 137 in the Name and SKU boxes, Inventory Count Services in the Description box, $100.00 in the Sales price/rate box, and then select #30100 – Sales in the Income box.*
- *Click the Save and close button to return to the Invoice window again.* (Again, in practice, the person entering data completes the entire window.)
- *Close the Invoice window and do not record the transaction.*
- *Follow the Reference material to make both customer ABCD and Item 137 inactive.* You will not be using them again.




The previous diagram shows the Invoices window with Practice Transaction #1 entered.

- *If your window is consistent with the diagram, save the invoice and close the window. If there are errors, correct them before saving.*

## Transaction Review after the Transaction is Saved

- *Click Sales → All Sales to open the All Sales tab.*
- *Locate and open Invoice No. 5128 again (click on the invoice line then click the Edit invoice button in the Summary pop-out window). Review the information for Invoice No. 5128 on the same Invoice window that you just prepared and correct and resave the document if it is wrong.*

## Practice Transaction #2. Sale of Inventory with Change in Price Level

The second practice transaction involves the sale of inventory items at a different price level for the inventory items sold.

- *Process another credit sale invoice using the information that follows, but do not save it yet.*

## Transaction Review after the Transaction is Saved

- *Click Sales → All Sales to open the All Sales tab.*
- *Locate and open Invoice No. 5129 again (click on the invoice line then click the Edit invoice button in the Summary pop-out window). Review the information for Invoice No. 5129 on the same Invoice window that you just prepared and correct and resave the document if it is wrong.*

# Process a Sales Return or Allowance (Credit Memo)

## Reference Material

A sales return or allowance is processed through the Credit Memo window, an example of which is shown in the Reference material. Read and understand the Process a Sales Return (Credit Memo) overview in the Reference material before processing the transaction. Then follow the instructions carefully as you complete the practice section.

## Practice Transaction. Create Credit Memo

- *Process a sales return by completing steps A through K in the Reference material, but do not save it yet.* Use the following information to record the sales return.

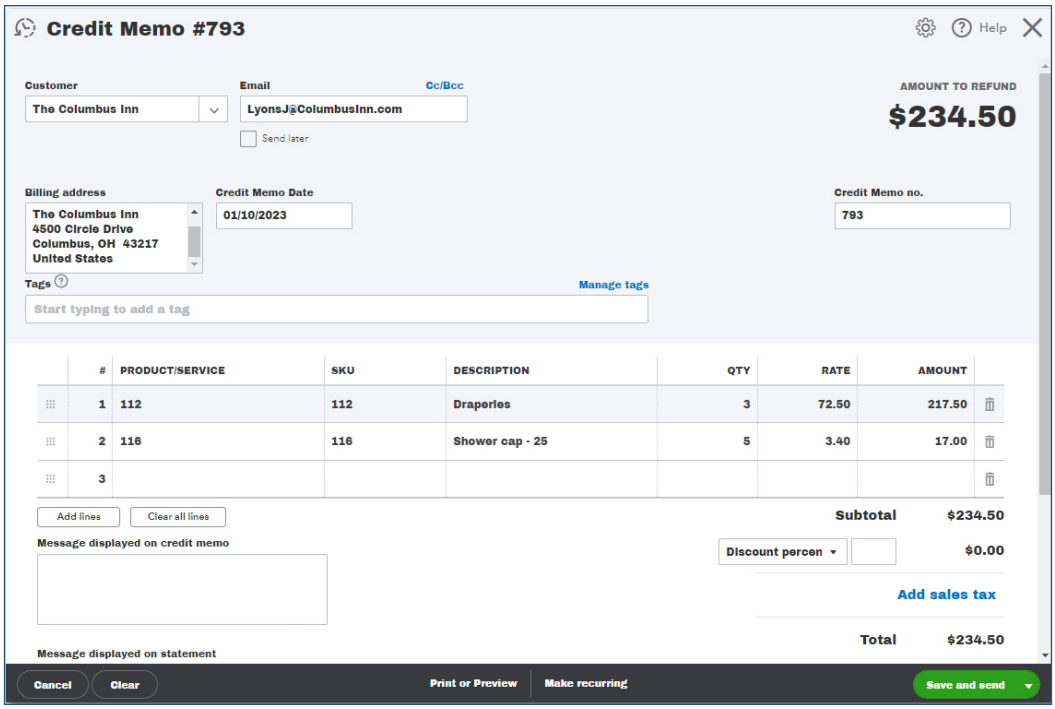
This sales return transaction is related to the January 2, 2023, sale to The Columbus Inn. You processed the original sale in the Make a Credit Sale practice section on pages 7-2 and 7-3 (Practice Transaction #1). On January 10, 2023, the customer returned some of the items purchased on Invoice No. 5128. Details of the sales return are shown below and on the following page.

- **Customer:** The Columbus Inn
- **Credit Memo Date:** January 10, 2023
- **Credit Memo no.:** 793
- **Items returned:**

| Product/Service & SKU | Description | Qty. | Rate |
|---|---|---|---|
| 112 | Draperies | 3 | $72.50 |
| 116 | Shower cap – 25 | 5 | 3.40 |

- **Sales Return Total (check figure):** $234.50

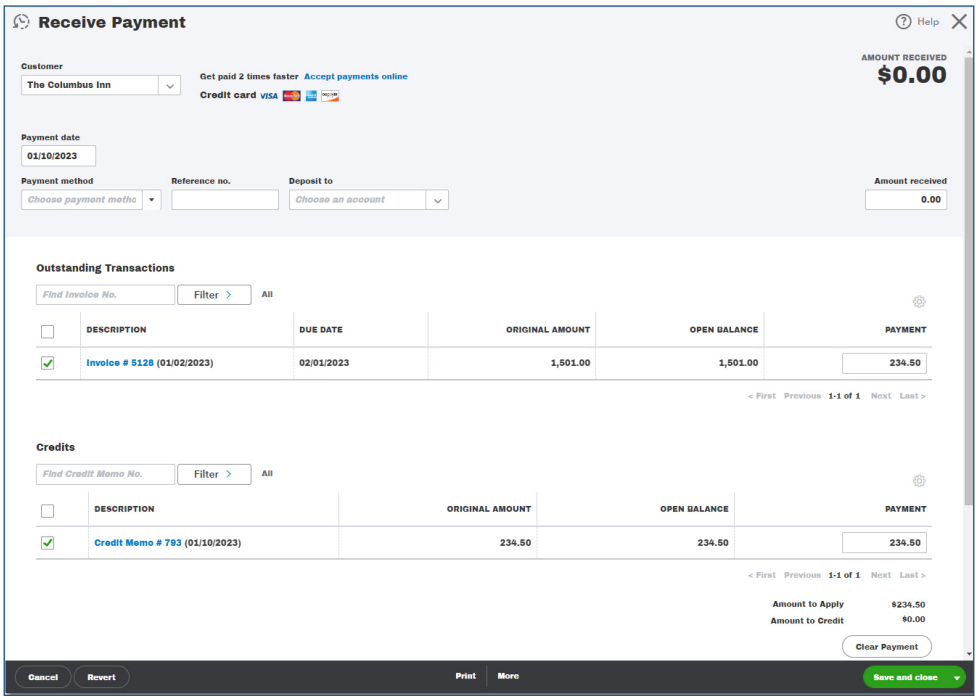
The following diagram shows the Credit Memo window with the preceding information included.




*If your window is consistent with the diagram, save the credit memo and close the window (step L). If there are errors, correct them before saving.*

After processing the credit memo for the sales return transaction, the next step is to apply the credit memo to Invoice No. 5128.

*Complete steps M through S in the Reference material to apply the credit memo to Invoice No. 5128.*



The preceding illustration shows the Receive Payment window with the credit memo applied to Invoice No. 5128.

If your window is consistent with the illustration, save and close the window. If there are errors, correct them before saving.

### Transaction Review After the Transaction Is Saved

- *Click Sales → All Sales to open the All Sales tab.*
- *Locate and open Credit Memo No. 793 again (click on the credit memo line then click the Edit button in the Summary pop-out window). Review the information and notice that the credit memo you just processed is part of the total in the Amount received box. If there are errors, go back to the Credit Memo No. 793 and make corrections.*

## Collect an Account Receivable and Make a Deposit

### Reference Material (link 1, link 2)

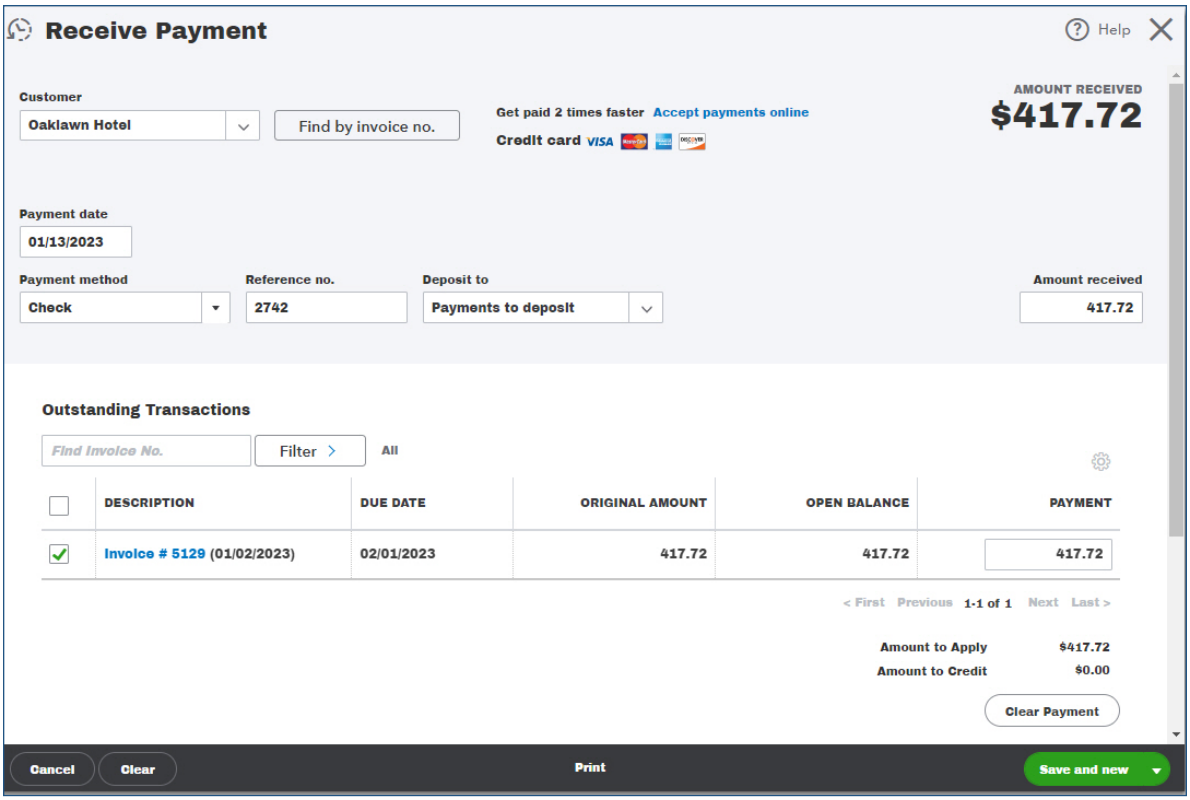
A collection of an account receivable is processed through the Receive Payment window, an example of which is shown in the Reference material. Both processing and applying cash receipts are necessary for each collection. Read and understand the Collect an Account Receivable overview in the Reference material before processing the transaction. Then follow the instructions carefully as you complete the practice section. For collections of accounts receivable with cash or check, you will also be making a bank deposit using the Reference material.

### Practice Transaction #1. Collection Within the Discount Period

The first practice transaction illustrates an account receivable collection made within the early payment discount period.

On January 13, 2023, Jackson Supply Company received a check from Oaklawn Hotel for Invoice No. 5129, which was dated January 9, 2023. Recall that you recorded this invoice in a previous practice section and that the payment terms on this invoice were 2% 10, Net 30. Also recall that the early payment discount is recorded by editing the original invoice to apply the early payment discount percentage. You should record the early payment discount before recording the receipt of the payment.

- *Follow the instructions in the Reference material to process and record the early payment discount for Oaklawn Hotel's Invoice No. 5129 (steps A through D in the Collect an Account Receivable section).*




The preceding diagram shows the Receive Payment window with Practice Transaction #1 entered.

- *If your window is consistent with the diagram, save the collection and close the window (step P). If there are errors, correct them before saving.*

## Transaction Review after the Transaction is Saved

- *Click Sales → All Sales to open the All Sales tab.*
- *Locate and open the collection transaction again (click on the line with the collection and then click the Edit button in the Summary pop-out window). Review the information, including whether the payment was properly applied to Invoice No. 5129. Drill down on Invoice No. 5129 by clicking on the link in the Description column. Notice that the payment status shows "PAID." If there are errors, correct them and resave any information if it is wrong.*

## Make a Bank Deposit for Practice Transaction #1

Record the bank deposit for the check received from Oaklawn Hotel.

- *Process the bank deposit of $417.72 on 01/13/2023 in the cash account (10100 Cash) following the instructions in the Reference material, but do not save it yet.*

The preceding diagram shows the Receive Payment window with Practice Transaction #2 entered.

- *If your window is consistent with the diagram, save the transaction and close the window. If there are errors, correct them before saving.*

### Transaction Review After the Transaction Is Saved

- *Click Sales → All Sales to open the All Sales tab.*
- *Locate and open the collection transaction again (click on the line with the collection and then click the Edit button in the Summary pop-out window). Review the information, including whether the payment was properly applied to Invoice No. 5128. If necessary, you can drill down on Invoice No. 5128 by clicking on the link in the Description column. Correct and resave any information if it is wrong.*

Note that because the customer paid with an ACH payment, there is no need to record a bank deposit.

## Make a Cash Sale and Make a Deposit

### Reference Material (link 1, link 2)

A cash sale is processed through the Sales Receipt window, an example of which is shown in the Reference material. Read and understand the Make a Cash Sale overview in the Reference material before processing the transaction. Then follow the instructions carefully as you complete the practice section. You will also make a bank deposit using the Reference material.

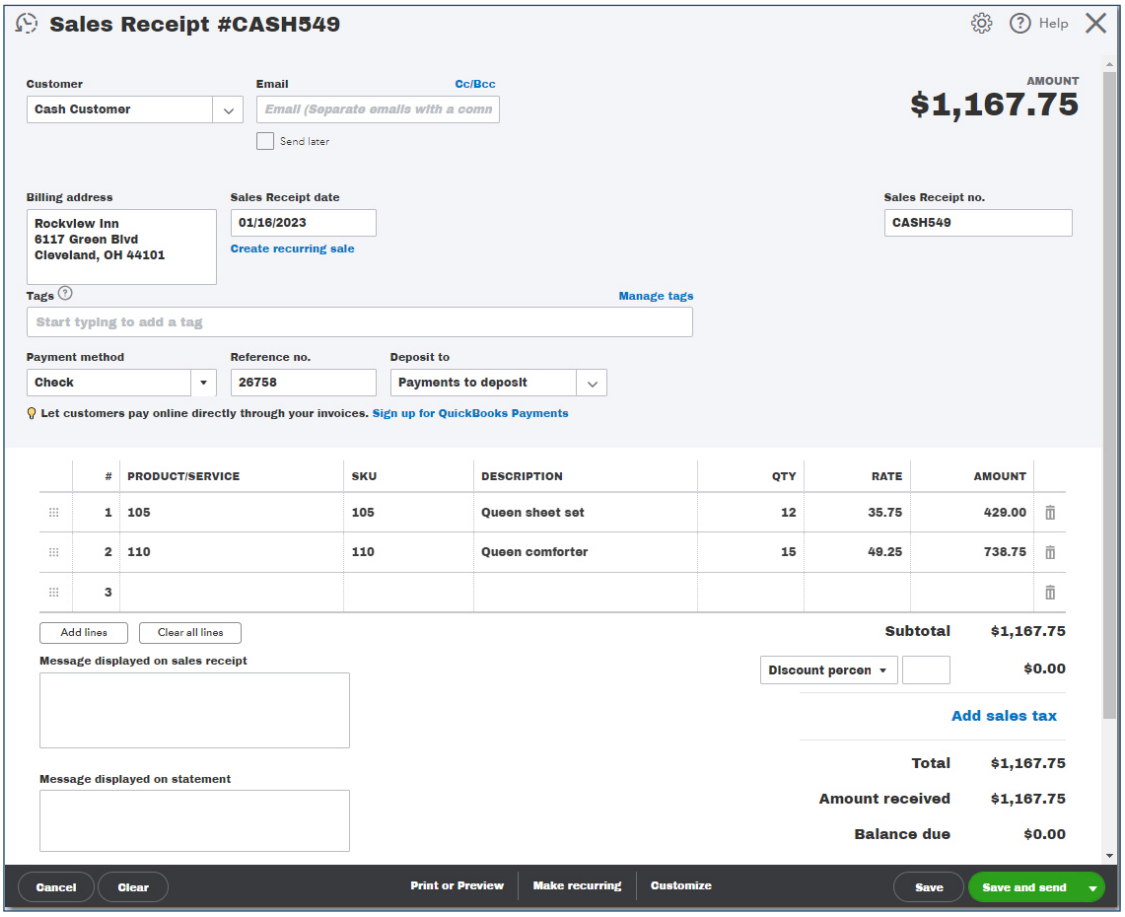
### Practice Transaction. Make a Cash Sale Receipt

- *Follow the instructions in the Reference material to process a cash sale invoice using the following information, but do not save it yet.*

- **Customer:** Cash Customer
- **Billing address:** Rockview Inn<br>6117 Green Blvd.<br>Cleveland, OH 44101
- **Sales Receipt date:** January 16, 2023
- **Sales Receipt no.:** CASH549
- **Payment Method:** Check
- **Reference no.:** 26758
- **Deposit to:** Payments to deposit
- **Products sold:**

| Item | Description | Qty. | Rate |
|---|---|---|---|
| 105 | Queen sheet set | 12 | $35.75 |
| 110 | Queen comforter | 15 | 49.25 |

- **Amount Received:** $1,167.75




The preceding diagram shows the Sales Receipt window with the practice transaction entered.

- *If your window is consistent with the diagram, save the transaction and close the window. If there are errors, correct them before saving.*

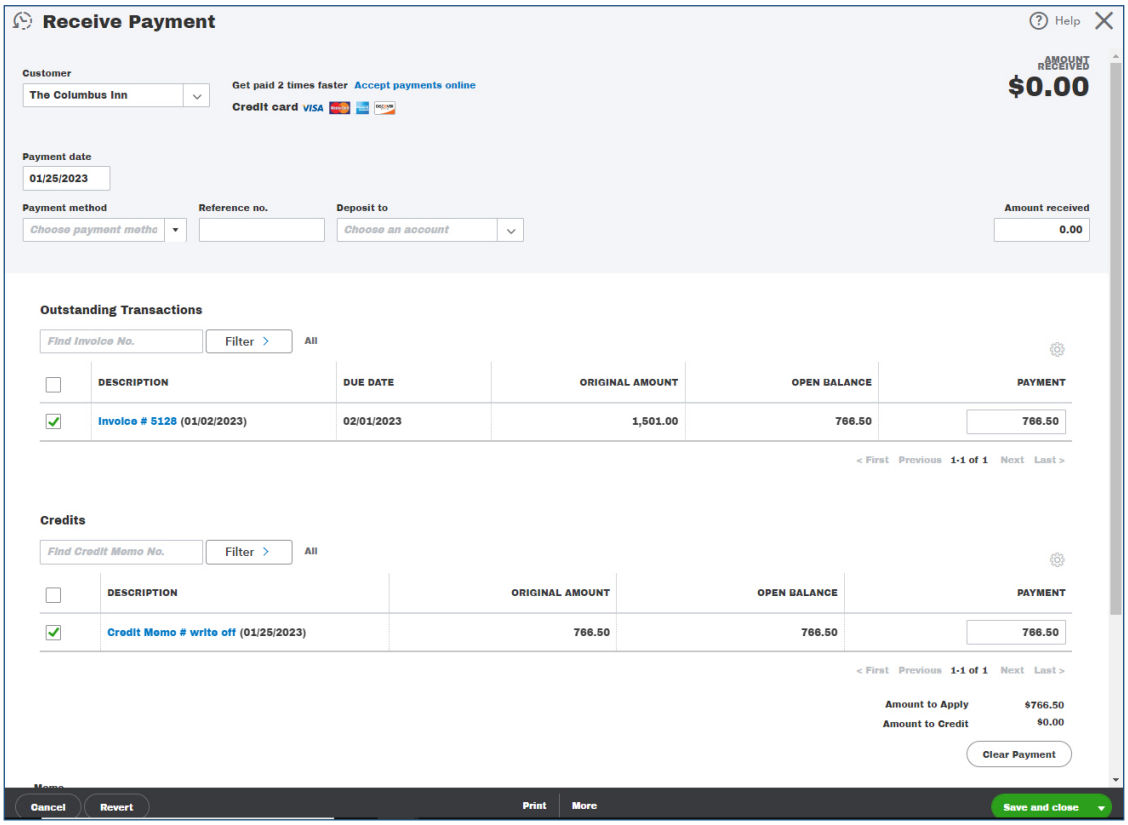
## Transaction Review After the Transaction is Saved

- *Click Sales → All Sales to open the All Sales tab.*
- *Locate and open Sales Receipt No. CASH549 again (click on the sales receipt line then click the Edit button in the Summary pop-out window). Review the information for Sales Receipt CASH549. Correct and resave this document if it is wrong.*

## Make a Bank Deposit for the Practice Transaction

- *Process the bank deposit of $1,167.75 on 01/16/2023 in the cash account (10100 Cash) following the instructions in the Reference material, but do not save it yet.*

- *Complete steps N through T in the Reference material to apply the credit memo to the remaining balance of Invoice No. 5128.*




The preceding illustration shows the Receive Payment window with the credit memo applied to Invoice No. 5128.

- *If your window is consistent with the illustration, save the transaction and close the window. If there are errors, correct them before saving.*

## Transaction Review After the Transaction Is Saved

- *Click Sales → All Sales to open the All Sales tab.*
- *Locate and reopen the credit memo you just recorded for the write off transaction (click on the credit memo line then click the Edit button in the Summary pop-out window). Review the information for the document. Correct and resave the credit memo and/or its application to Invoice No. 5128 if there are errors.*

*If your window is consistent with the diagram, Click Print or Preview in the bottom center of the window to print a PDF of the customer statement. Use the print icon to print a PDF of the customer statement. The statement should look like the following:*

**Jackson Supply Company**
US
cb-qboa@armonddalton.com

## Statement

**TO**
Oaklawn Hotel
600 Capital Ave.
Cleveland, OH 44101
United States

**STATEMENT NO.** 1001
**DATE** 01/31/2023
**TOTAL DUE** $0.00
**ENCLOSED**

| DATE | DESCRIPTION | AMOUNT | BALANCE |
|---|---|---|---|
| 12/31/2022 | Balance Forward | | 0.00 |
| 01/13/2023 | Invoice #5129 | 417.72 | 417.72 |
| 01/13/2023 | Payment #2742 | -417.72 | 0.00 |

## Chapter Summary

You have now practiced processing transactions for the seven sales and cash receipts activities. If you are satisfied with your understanding of the sales and cash receipts transactions in this chapter, you should now proceed to Chapter 7 homework assigned by your instructor, which is available on the Armond Dalton Resources website at www.armonddaltonresources.com.

## General Journal Entry Review After the Journal Entry Is Saved

- *From the Navigation bar, click Reports → Standard tab → select the Journal report from the For my accountant section.*
- *Click the Customize button to open the Customize report window.* You may need to scroll up to see the Customize button.
- *Change the beginning and ending dates to 01/31/2023, and then expand the Filter area by clicking on the arrow to the left of Filter.*
- *Select Journal Entry in the Transaction Type section and click the Run report button.*
- *Locate the journal entry you just processed. Determine that the information is correct in the journal report. If any of the information is wrong, drill down on the entry to access the Journal Entry window and correct the information.*

## Practice Transaction #2. Adjust Bad Debt Expense

Jackson Supply Company management wants to adjust bad debt expense and the allowance for uncollectible accounts at 01/31/2023. Based on a review of the first two months of sales (December 2022 and January 2023), management would like to set up an allowance for doubtful accounts of $400.00.

- *Record the general journal entry for bad debts at 01/31/2023.*

- **Journal date:** 01/31/2023
- **Account:**

| | | Amount | Description |
|---|---|---|---|
| Debit: | 40900 Bad Debt Expense | $400.00 | Bad Debt Expense Adj. |
| Credit: | 10300 Allowance Uncoll. Accts. | 400.00 | Bad Debt Expense Adj. |

- **Name – Debit line:** Leave blank
- **Name – Credit line:** write off

The diagram that follows shows the Journal Entry window with the bad debt expense general journal entry displayed.

## Practice Transaction

*Record an adjustment to the perpetual inventory records in* QBO *using the following information, but do not save it yet.*

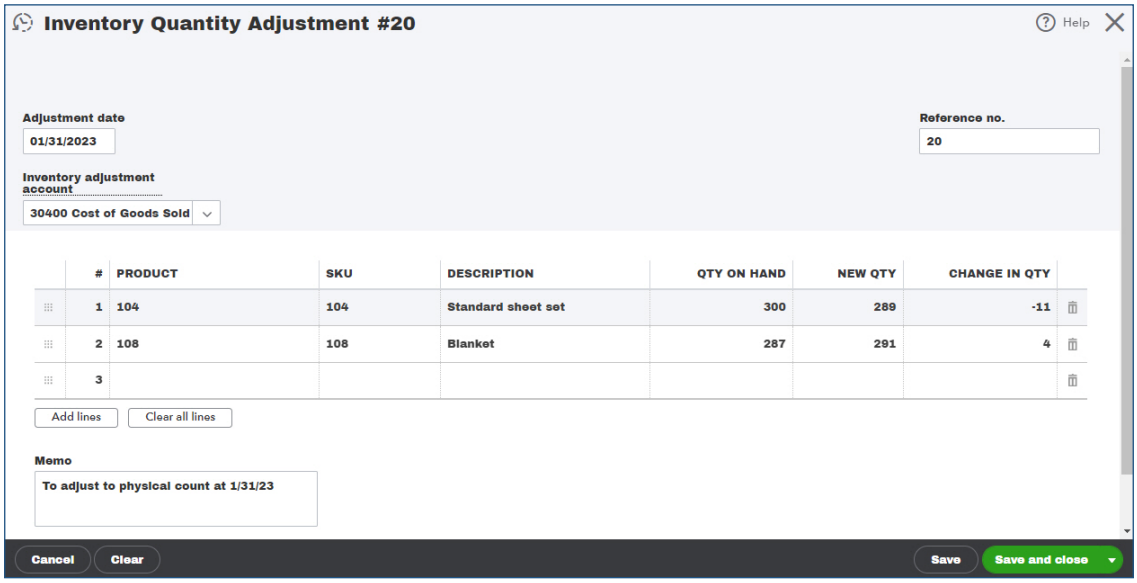
On January 31, 2023, a physical inventory count was taken by company personnel. There were differences between the physical count and the perpetual quantities recorded in *QBO* for two inventory items. The physical count is the correct quantity for each of the items. The adjustment account is Cost of Goods Sold.

- **Adjustment Date:** 01/31/2023
- **Inventory adjustment account:** 30400 Cost of Goods Sold
- **Reference no.:** 20 (or next default number)

| Product/SKU | Description | Qty on Hand | New Qty | Change in Qty |
|---|---|---|---|---|
| 104 | Standard sheet set | 300 | 289 | – 11 |
| 108 | Blanket | 287 | 291 | 4 |

- **Memo:** To adjust to physical count at 1/31/23

The diagram below shows the Inventory Quantity Adjustment window for the two inventory adjustments. Do not worry if the default in the Reference no box is different than the illustration below. It does not matter.



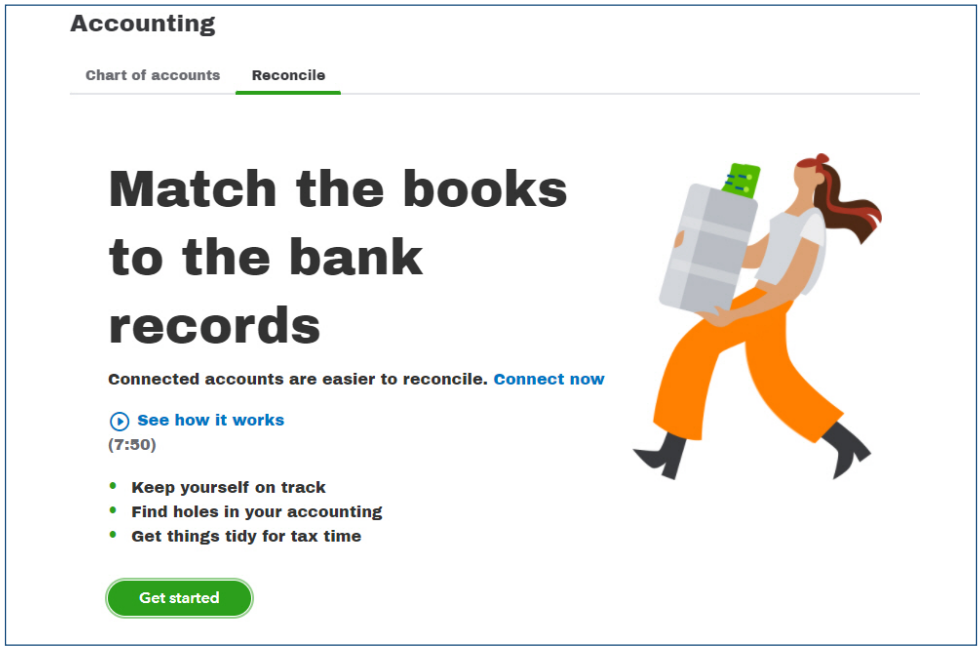

*If your window is consistent with the diagram for each item, save the transaction and close the window. If there are errors, correct them before saving.*

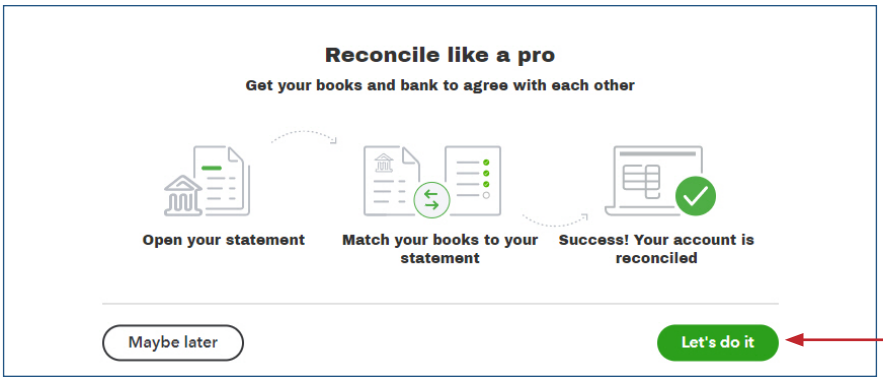
- **Account:** Checking
- **Beginning balance (given):** $5,000.00
- **Ending balance (bank statement balance):** $ 636.60
- **Ending date (bank statement date):** Last day of current month (2/28/22 for the example shown here)
- **Deposit in transit:** $ 868.15
- **Checks not clearing the bank (outstanding checks):**

| Check No. | Amount |
|---|---|
| 75 | $ 228.75 |
| 76 | 75.00 |

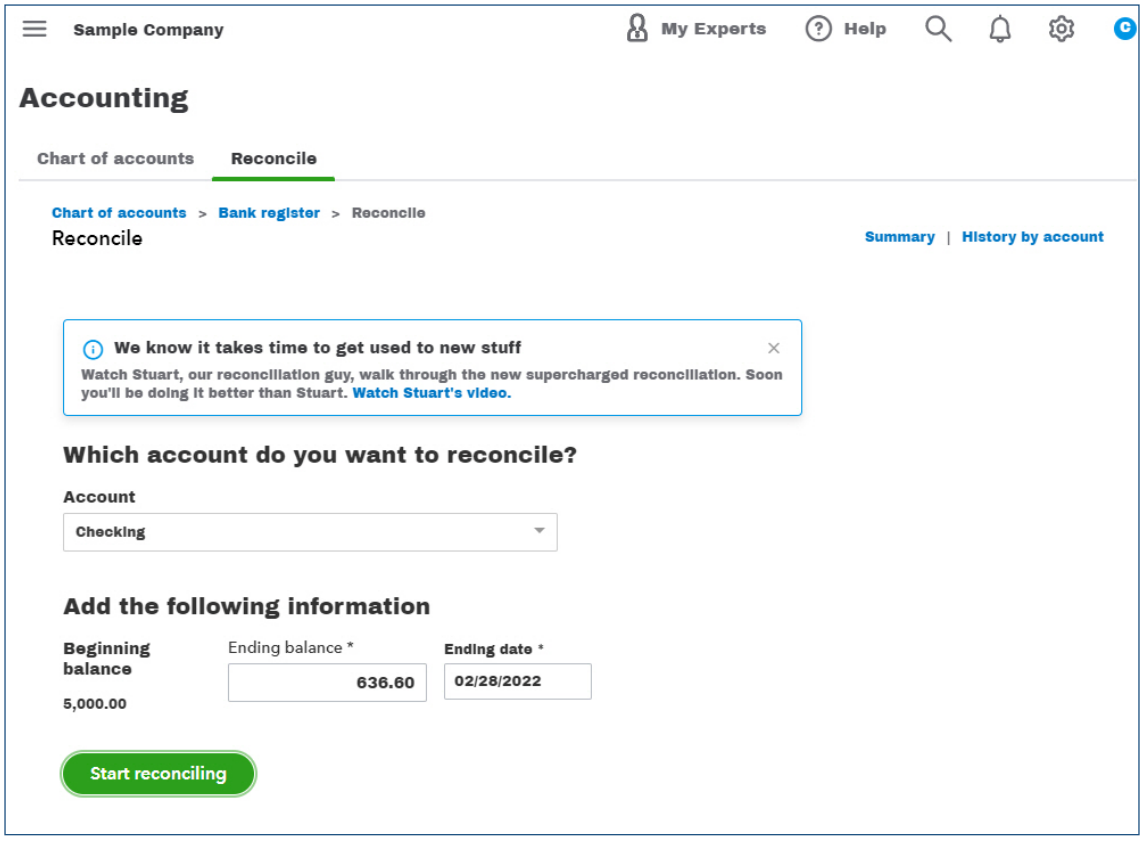
Because Craig's Landscaping uses online banking that is connected to *QBO*, interest earned and bank service charges automatically post to *QBO* and are not shown in the Reconciliation window. Therefore, steps G through L are not applicable for Craig's. When you complete a bank reconciliation for Waren Sports Supply in the next chapter, you will record these types of items during the reconciliation process because Waren does not use the online banking connection.

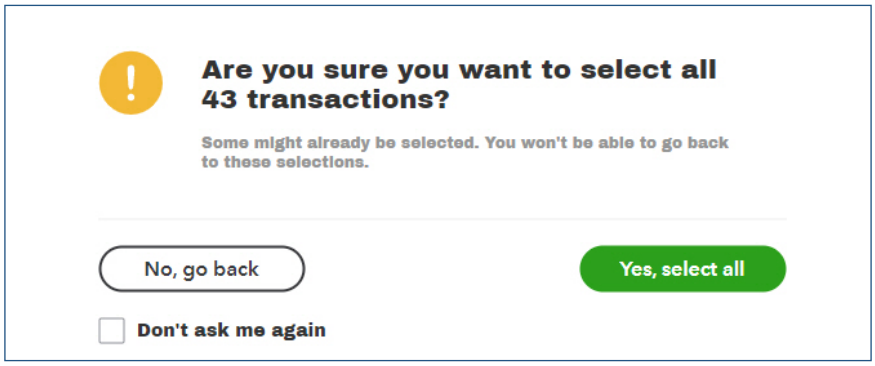
*The following windows reflect the bank reconciliation process with the previous information entered. Your dates may be different than the ones shown due to the test drive company being continuously updated, but the amounts should be the same.*






This may say "Let's get reconciled."



A

Appendix

# Optional *QuickBooks Online* Payroll Project


Introduction ..... A-2

Payroll Setup Procedures ..... A-2

- Enter Company Payroll Settings ..... A-3
- Add Employee Records, Including Payroll Tax Withholding Information ..... A-8
- Add Employer Payroll Tax Information ..... A-22

Pay Employees ..... A-25

Payroll Project Summary ..... A-30


**IT IS IMPORTANT TO REMEMBER THAT THE ONLINE VERSION OF *QUICKBOOKS* IS A LIVE VERSION OF THE SOFTWARE THAT IS CONTINUOUSLY BEING UPDATED BY INTUIT. BECAUSE OF THIS, CERTAIN SCREENSHOTS IN THIS BOOK MAY DIFFER SLIGHTLY FROM THE REAL-TIME VERSIONS OF THE VARIOUS WINDOWS AND PAGES IN THE SOFTWARE. THE BASIC CONTENT WILL BE SIMILAR ENOUGH FOR YOU TO PERFORM THE ACTIVITIES IN THIS BOOK. IF THEY ARE CONSIDERABLY DIFFERENT, CONSULT YOUR INSTRUCTOR.**

## Add Employee Records, Including Payroll Tax Withholding Information

The next step in the payroll setup process is to add Jackson Supply Company's two employees: Jolene K. Brown (salaried) and Mark A. Phelps (hourly). You will add Jolene's information first.

▶ *Click the Add employee button shown in the last window of the previous section.*

This opens a comprehensive window called Add Employee. This window has eight sections as of our publication date, so you will need to scroll to see and complete the various parts that are shown in illustration at the top of the next page.

**Note that because *QBO* payroll is live and updated often, the number of sections and the presentation of the individual boxes may change. If your screens look considerably different from what is included here, consult your instructor.**

This payroll project will lead you through the steps one-by-one for Jackson's first employee. You will then complete the second employee on your own, with that employee's information provided.

Jackson Supply Company's first employee is a salaried employee, Jolene Brown. You will first enter this employee's personal data and employment history data.

**If you have any issues while entering an employee's data, such as losing internet access while you are adding the employee's information, sign back into *QBO* and complete the following steps:**

- ***From the Navigation bar click Payroll → Employees to open the Employees window.***
- ***Click on the name of the employee whose record you want to access.***
- ***Pick up where you left off and complete the employee's record using the instructions in this project.***

- *Complete sections 1 and 2 of the Add Employee window for Jolene, using the following information.*

**Section 1 – Personal info**

- **First name/M.I./Last name:** Jolene K Brown
- **Email:** leave blank
- **First check box:** uncheck the box next to: "Ask this employee to enter their personal, tax, and banking info with QuickBooks Workforce"

**Section 2 – What are Jolene's employment details?**

- **Hire date:** 1st day of the current month showing on the *QBO* calendar*
- **Work location:** default entry is correct: 2867 Jolly Road (MI)

*It does not matter what this date is, so select any date in the current *QBO* calendar month/year showing.

# Option A — Introduction

## Before You Begin - Important Steps!

Before starting your work on this chapter, you need to do three things:

1. **Download the Waren Sports Supply Data Files** – You should have already downloaded the data files for this chapter when you registered on the Armond Dalton Resources website. If you do not have the data, consult the eMaterials to return to Armond Dalton Resources and download the files.
2. **Accept Your Instructor's Invitation to Set Up a Shell Company for Waren Sports Supply in *QBO*** – As described in the eMaterials, your instructor should have sent you an email invitation to set up a shell company for Waren Sports Supply in *QBO*. If you did not already set up the shell for Waren Sports Supply in *QBO*, locate the email invitation from your instructor and follow the link in the email to do so. **If you cannot locate the email from your instructor, consult your instructor. The publisher cannot help you with this step.**
3. **View the Company Setup and Data Import Instructional PowerPoint** – To streamline this process, the authors prepared an instructional PowerPoint presentation for you to follow to complete the company setup and data import process in *QBO* for Waren Sports Supply. This PowerPoint file is in the Company Data Files.zip file you downloaded from the Armond Dalton Resources website. View and follow the steps in the PowerPoint presentation before beginning your work in this chapter. **All steps need to be performed carefully and completely before proceeding with the chapter requirements.**

## Chapter Overview

In this chapter, you will record the same December 16–31, 2022, transactions for Waren Sports Supply that you did in the *Systems Understanding Aid*: either the 10th edition manual version (*SUA*) or the 1st edition electronic cloud version (*eSUA*). You will also complete other activities commonly done with accounting software and print several items to submit to your instructor.

An important difference in this assignment compared to previous ones is the lack of detailed instructions for using *QBO* to record transactions and perform other activities. You are expected to use the Reference material for guidance if you need any.

In recording the transactions and performing the other activities for Waren Sports Supply, you will need several things:

1. **Optional Items from the *SUA/eSUA*** (not required; all necessary information from the *SUA/eSUA* has been incorporated into this chapter):
    - Instructions & Flowcharts book
    - Ledgers book
    - Journals book
    - All year-end financial statements and schedules you prepared for Waren Sports Supply in the *SUA/eSUA*.
2. **Information in this chapter.** The material instructs you what to record or do.

| Trans. No. | Dec. | |
|---|---|---|
| 4 | 19 | **Receive goods on a purchase order:** Received office supplies from Chicago Office Supply (Vendor 253) as listed on Purchase Order No. 327, which is shown as an open purchase order in *QBO*. Chicago Office Supply's vendor Invoice No. 2378 was received with the goods, totaling $830.25 including sales tax of $47.00. The payment terms on the invoice were Net 30. All supplies ordered on Purchase Order No. 327 were received in good condition and taken to the office. |

- Recall that you should have entered Purchase Order No. 327 after you imported all other data files for Waren Sports Supply. If you did not do this step, return to the Waren PowerPoint presentation and prepare the purchase order.
- Remember to enter the sales tax portion of the invoice in the Category details section of the Bill window. Enter A/C #40300 (Office Supplies Expense) in the Category box, type "sales tax" in the Description box, and enter the sales tax amount in the Amount box. See steps I through L in the Reference material.

| | | |
|---|---|---|
| 5 | 19 | **Receive a miscellaneous cash receipt:** Borrowed $90,000 from First American Bank and Trust (Vendor 264) by issuing a two-year note payable. Received an email notification from the bank that the $90,000 proceeds were electronically deposited into Waren's checking account. |

- The credit portion of the transaction should be posted to A/C #21100 (Notes Payable).
- Miscellaneous cash receipts are processed through the Bank Deposit window (see instructions in the Reference material).

| | | |
|---|---|---|
| 6 | 20 | **Purchase non-inventory items or services without a purchase order — payment made at time of purchase:** Received vendor Invoice No. 105963 for $1,710 from First Security Insurance (Vendor 260) for the fourth quarter's health insurance coverage for employees and immediately issued Check No. 1152 for payment in full. |

| Trans. No. | Dec. | |
|---|---|---|
| 7 | 20 | **Receive goods on a purchase order:** Received merchandise from Velocity Sporting Goods (Vendor 252) as listed on Purchase Order No. 328, along with Invoice No. 34719. The payment terms on the invoice are 2% 10/Net 30. All merchandise listed on the purchase order was delivered in good condition and in the quantities ordered, except that only 85 basketball pole pads (Item No. BB-019) were received. The total of the invoice is $22,515. The goods were placed immediately in the inventory warehouse. |
| 8 | 21 | **Make a credit sale:** Filled the backorder quantity of 30 shoulder pad sets (Item No. FB-027) for Rosemont University's Purchase Order # 53426. Approved Rosemont's credit and shipped the back ordered shoulder pad sets. Prepared Invoice No. 732 totaling $3,960 for the sale to Rosemont. Payment terms were 2% 10/Net 30. |
| 9 | 23 | **Write off an uncollectible account receivable:** Received legal notification from Benson, Rosenbrook, and Martinson, P.C., attorneys at law, that Stevenson College (Customer 411) is unable to pay any of its outstanding debts to its suppliers. The $2,900 balance remaining on Invoice No. 719 should therefore be written off as uncollectible. |

- Follow the instructions in the Reference material carefully, including selecting "write off" in the Product/Service box of the Credit Memo window.
- Be sure to carefully follow steps N through U of the Reference material to apply the credit memo to the proper outstanding invoice.

| Trans. No. | Dec. | |
|---|---|---|
| 10 | 23 | **Process a sales return or allowance (credit memo):** Eastern Wisconsin University (Customer 410) returned 10 basketball pole pads (RET BB-019) and 8 scoreboard and timer sets (RET BB-113) that were originally purchased on Invoice No. 729. Waren previously authorized EWU by phone to return the goods for credit against their account balance. EWU's Return Request No. R8034 was received with the goods. Sales return document CM 42 was issued for $4,550 and applied to Invoice No. 729. |

- Be sure to select the "RET" version of each inventory item when processing the sales return in the Credit Memo window (step E in the Reference material).
- Make sure to apply the credit memo to Invoice No. 729, following steps M through T in the Reference material.

| | | |
|---|---|---|
| 11 | 27 | **Collect an account receivable** and **make a deposit:** Received and deposited Check No. 49326 for $12,000 from Eastern Wisconsin University (Customer 410) in partial payment of the remaining amount (after sales return) on Invoice No. 729. |

- Make sure to select the Undeposited Funds account in the "Deposit to" box because the collection was in the form of a check.
- After recording the customer payment, record the deposit into the bank on the same day using the Bank Deposit window (see instructions in the Reference material).

| Trans. No. | Dec. | |
|---|---|---|
| 12 | 27 | **Make a cash sale and make a deposit:** Received and deposited Check No. 47852 for $5,835 from Hawkins College (CASHCUSTOMER) for a cash sale. The goods were shipped from the warehouse and the cash sale was processed and recorded (Invoice No. C-30 in the *SUA/eSUA*). All goods ordered were shipped as follows: |

| Product/Service & SKU | Description | Qty |
|---|---|---|
| BB-008 | Basketball | 30 |
| FB-091 | Hip, tail, arm pad set | 45 |
| FB-344 | Football | 75 |

- Make sure to select the Undeposited Funds account in the "Deposit to" box because the collection was in the form of a check.
- After recording the cash receipt, record the deposit into the bank on the same day using the Bank Deposit window (see instructions in the Reference material).

| | | |
|---|---|---|
| 13 | 28 | **Purchase non-inventory items or services without a purchase order — payment made at time of purchase:** Received vendor Invoice No. 72654 for $1,590 from the University Athletic News (Vendor 254) for advertisements Waren ran during the Christmas season and immediately issued Check No. 1153 for payment in full. |
| 14 | 28 | **Purchase non-inventory items or services without a purchase order — payment made at time of purchase:** Received Freight Bill No. 26245 for $738.15 from Interstate Motor Freight (Vendor 255) and immediately issued Check No. 1154 for payment in full. The freight bill is for the merchandise received from Purchase Order No. 328. |

| Trans. No. | Dec. | |
|---|---|---|
| 15 | 29 | **Pay a vendor's outstanding invoice:** Issued an electronic payment (#E-53431) for $22,064.70 to Velocity Sporting Goods (Vendor 252) for payment in full of Invoice No. 34719. Recall that this invoice was for goods received December 20. The early payment discount taken by Waren was $450.30. |

- Recall that you first need to record the discount in the Bill window before paying the invoice using the Pay Bills window. Follow steps A through G in the Reference material.

| | | |
|---|---|---|
| 16 | 29 | **Receive goods on a purchase order:** Received but did not pay for three standing workstations from Chicago Office Supply (Vendor 253) ordered on Waren's Purchase Order No. 325, which is shown as an open purchase order in *QBO*. Also received vendor's Invoice No. 2423 from Chicago Office Supply, totaling $1,256.10 including sales tax of $71.10. The payment terms on the invoice were Net 30. The workstations were received in new and undamaged condition in the warehouse. After they were unpacked and inspected, they were taken directly to the office. |

- Recall that you should have entered Purchase Order No. 325 after you imported all other data files for Waren Sports Supply. If you did not do this step, return to the Waren PowerPoint presentation and prepare the purchase order.
- Remember to enter the sales tax portion of the invoice in the Category details section of the Bill window. Enter A/C #10800 (Fixed Assets) in the Category box, type "sales tax" in the Description box, and enter the sales tax amount in the Amount box. See steps I through L in the Reference material.

## Print a Customer Monthly Statement

At the end of each month, Waren sends monthly statements to all customers with an outstanding balance. For this section, you are to print the December monthly statement for Rosemont University.

- *Follow the instructions in the Reference material to print a PDF of the December 2022 customer statement for Rosemont University.* You will submit this report to your instructor later, along with year-end reports.

## Print a General Ledger Trial Balance for Check Figures Prior to Year-end Adjusting Entries

The trial balance on page 9-23 shows the correct balances in all general ledger accounts after the December month-end procedures are completed.

- *Click the Reports menu, then use the search box to locate and open the Trial Balance report.*
- *Scroll to the top of the report and enter the date range of 01/01/2022 to 12/31/2022, then click Run Report.*
- *To save time in the future, click the Save Customization button, then click Save to save the custom report.* This step will place a customized version of the trial balance report in the Custom tab of the Reports are in *QBO*.

Compare the amounts on your printed trial balance with those on page 9-23. If any amounts are different, return to the December 16 – 31 transactions and the month-end procedures you processed in *QBO* and make the necessary corrections using the procedures you learned in earlier chapters. When you are satisfied that your trial balance is correct, print a PDF to submit to your instructor later with year-end reports.

You can also compare the amounts on your printed trial balance with those included in the *SUA/eSUA* year-end unadjusted trial balance (part of the year-end worksheet). All account balances should agree if your solution to the *SUA/eSUA* was correct, except inventory-related accounts, bad debt expense, and the allowance for doubtful accounts. ***Note:*** Ignore any minor rounding differences in the cash and payroll-related accounts. Inventory-related account balances do not agree because of the use of different inventory methods. The balances in inventory-related accounts, bad debt expense, and the allowance account will agree after adjusting entries are completed. See the following page for a discussion of the inventory methods used in the *SUA/eSUA* and in the *QBO* project.

When your balances agree with those on page 9-23, go to the following section where you will record year-end adjusting entries.

## Bad Debt Expense and Allowance

Bad debt expense is estimated once annually at the end of each year as 1/2 of one percent (0.005) of net sales and is recorded in the general journal as of December 31. As explained in Chapter 7, Waren uses the direct write-off method during the year and then the allowance method at year-end. General ledger account numbers for the journal entry are: A/C #40900 (Bad Debt Expense) and A/C #10300 (Allowance for Doubtful Account). In order to balance out the Allowance for Doubtful Account and Bad Debt Expense account due to the direct write-off to Bad Debt Expense, you must readjust the Bad Debt Expense account to equal the 1/2 of one percent (0.005) calculation of net sales. Either enter the correct amount of the final balance in the bad debt expense account on the online grading portion of the Armond Dalton Resources website or show your calculation on the Chapter 9 homework pages available for download on the website (consult your instructor).

- Determine the amount of net sales by examining a profit and loss report on the screen for 2022. You will need to scroll up to the top of the report and change the report date range to 01/01/22 to 12/31/22 before clicking the Run report button. Consult the balance in Bad Debt Expense before you prepare the adjusting journal entry to adjust the balance to equal the proper percentage of net sales described above.
- Before closing the report, click the Save Customization button, rename the report to Income Statement, and then click the Save button. This step will save a copy of the 2022 income statement in the Custom reports tab of the Reports window so that you can more easily run the report later.
- Select "write off" in the Name box when entering the line with the credit to A/C #10300 (Allowance for Doubtful Accounts).

## Cost of Goods Sold

*QBO* automatically debits cost of goods sold and credits inventory for the product cost for each sale. The inventory account is also automatically updated for inventory purchases and purchases returns. Therefore, the *QBO* data does not include the following accounts from the *SUA*/eSUA: A/C #30500 (Purchases) and A/C #30600 (Purchase Returns and Allowance). Waren treats purchase discounts taken and freight-in as a part of cost of goods sold but records them in separate accounts during the accounting period. Therefore, these two accounts must be closed to A/C #30400 (Cost of Goods Sold): A/C #30700 (Purchases Discounts Taken) and A/C #30800 (Freight-In).

- Before preparing the general journal entry, determine the balance in each account being closed to cost of goods sold by examining the 2022 income statement from the Custom reports tab of the Reports window. Alternatively, consult the trial balance you printed earlier.

# Option B — Introduction

## Before You Begin - Important Steps!

Before starting your work on this chapter, you need to do three things:

1. **Download the Waren Sports Supply Data Files** – You should have already downloaded the data files for this chapter when you registered on the Armond Dalton Resources website. If you do not have the data, consult the eMaterials to return to Armond Dalton Resources and download the files.
2. **Accept Your Instructor's Invitation to Set Up a Shell Company for Waren Sports Supply in *QBO*** – As described in the eMaterials, your instructor should have sent you an email invitation to set up a shell company for Waren Sports Supply in *QBO*. If you did not already set up the shell for Waren Sports Supply in *QBO*, locate the email invitation from your instructor and follow the link in the email to do so. **If you cannot locate the email from your instructor, consult your instructor. The publisher cannot help you with this step.**
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## Chapter Overview

In this chapter, you will record the same December 16 – 31, 2022, transactions for Waren Sports Supply that you did in the *Systems Understanding Aid*: either the 10th edition manual version (*SUA*) or the 1st edition electronic cloud version (*eSUA*). You will also complete other activities commonly done with accounting software and print several items to submit to your instructor.

An important difference in this assignment compared to previous ones is the lack of detailed instructions for using *QBO* to record transactions and perform other activities. You are expected to use the Reference material for guidance if you need any.

In recording the transactions and performing the other activities for Waren Sports Supply, you will need several things:

1. **Optional Items from the *SUA/eSUA*** (not required; all necessary information from the *SUA/eSUA* has been incorporated into this chapter):
    - Instructions & Flowcharts book
    - Ledgers book
    - Journals book
    - All year-end financial statements and schedules you prepared for Waren Sports Supply in the *SUA/eSUA*.
2. **Information in this chapter.** The material instructs you what to record or do.

| Trans. No. | Dec. | |
|---|---|---|
| 4 | 19 | **Receive goods on a purchase order:** Received office supplies from Chicago Office Supply (Vendor 253) as listed on Purchase Order No. 327, which is shown as an open purchase order in *QBO*. Chicago Office Supply's vendor Invoice No. 2378 was received with the goods, totaling $830.25 including sales tax of $47.00. The payment terms on the invoice were Net 30. All supplies ordered on Purchase Order No. 327 were received in good condition and taken to the office. |

- Recall that you should have entered Purchase Order No. 327 after you imported all other data files for Waren Sports Supply. If you did not do this step, return to the Waren PowerPoint presentation and prepare the purchase order.
- Remember to enter the sales tax portion of the invoice in the Category details section of the Bill window. Enter A/C #40300 (Office Supplies Expense) in the Category box, type "sales tax" in the Description box, and enter the sales tax amount in the Amount box. See steps I through L in the Reference material.

| | | |
|---|---|---|
| 5 | 19 | **Receive a miscellaneous cash receipt:** Borrowed $90,000 from First American Bank and Trust (Vendor 264) by issuing a two-year note payable. Received an email notification from the bank that the $90,000 proceeds were electronically deposited into Waren's checking account. |

- The credit portion of the transaction should be posted to A/C #21100 (Notes Payable).
- Miscellaneous cash receipts are processed through the Bank Deposit window (see instructions in the Reference material).

| | | |
|---|---|---|
| 6 | 20 | **Purchase non-inventory items or services without a purchase order — payment made at time of purchase:** Received vendor Invoice No. 105963 for $1,710 from First Security Insurance (Vendor 260) for the fourth quarter's health insurance coverage for employees and immediately issued Check No. 1152 for payment in full. |

| Trans. No. | Dec. | |
|---|---|---|
| 7 | 20 | **Receive goods on a purchase order:** Received merchandise from Velocity Sporting Goods (Vendor 252) as listed on Purchase Order No. 328, along with Invoice No. 34719. The payment terms on the invoice are 2% 10/Net 30. All merchandise listed on the purchase order was delivered in good condition and in the quantities ordered, except that only 85 basketball pole pads (Item No. BB-019) were received. The total of the invoice is $22,515. The goods were placed immediately in the inventory warehouse. |
| 8 | 21 | **Make a credit sale:** Filled the backorder quantity of 30 shoulder pad sets (Item No. FB-027) for Rosemont University's Purchase Order # 53426. Approved Rosemont's credit and shipped the back ordered shoulder pad sets. Prepared Invoice No. 732 totaling $3,960 for the sale to Rosemont. Payment terms were 2% 10/Net 30. |
| 9 | 23 | **Write off an uncollectible account receivable:** Received legal notification from Benson, Rosenbrook, and Martinson, P.C., attorneys at law, that Stevenson College (Customer 411) is unable to pay any of its outstanding debts to its suppliers. The $2,900 balance remaining on Invoice No. 719 should therefore be written off as uncollectible. |

- Follow the instructions in the Reference material carefully, including selecting "write off" in the Product/Service box of the Credit Memo window.
- Be sure to carefully follow steps N through U of the Reference material to apply the credit memo to the proper outstanding invoice.

| Trans. No. | Dec. | |
|---|---|---|
| 10 | 23 | **Process a sales return or allowance (credit memo):** Eastern Wisconsin University (Customer 410) returned 10 basketball pole pads (RET BB-019) and 8 scoreboard and timer sets (RET BB-113) that were originally purchased on Invoice No. 729. Waren previously authorized EWU by phone to return the goods for credit against their account balance. EWU's Return Request No. R8034 was received with the goods. Sales return document CM 42 was issued for $4,550 and applied to Invoice No. 729. |

- Be sure to select the "RET" version of each inventory item when processing the sales return in the Credit Memo window (step E in the Reference material).
- Make sure to apply the credit memo to Invoice No. 729, following steps M through T in the Reference material.

| | | |
|---|---|---|
| 11 | 27 | **Collect an account receivable and make a deposit:** Received and deposited Check No. 49326 for $12,000 from Eastern Wisconsin University (Customer 410) in partial payment of the remaining amount (after sales return) on Invoice No. 729. |

- Make sure to select the Undeposited Funds account in the "Deposit to" box because the collection was in the form of a check.
- After recording the customer payment, record the deposit into the bank on the same day using the Bank Deposit window (see instructions in the Reference material).

| Trans. No. | Dec. | |
|---|---|---|
| 12 | 27 | **Make a cash sale and make a deposit:** Received and deposited Check No. 47852 for $5,835 from Hawkins College (CASHCUSTOMER) for a cash sale. The goods were shipped from the warehouse and the cash sale was processed and recorded (Invoice No. C-30 in the *SUA/eSUA*). All goods ordered were shipped as follows: |

| Product/Service & SKU | Description | Qty |
|---|---|---|
| BB-008 | Basketball | 30 |
| FB-091 | Hip, tail, arm pad set | 45 |
| FB-344 | Football | 75 |

- Make sure to select the Undeposited Funds account in the "Deposit to" box because the collection was in the form of a check.
- After recording the cash receipt, record the deposit into the bank on the same day using the Bank Deposit window (see instructions in the Reference material).

| | | |
|---|---|---|
| 13 | 28 | **Purchase non-inventory items or services without a purchase order — payment made at time of purchase:** Received vendor Invoice No. 72654 for $1,590 from the University Athletic News (Vendor 254) for advertisements Waren ran during the Christmas season and immediately issued Check No. 1153 for payment in full. |
| 14 | 28 | **Purchase non-inventory items or services without a purchase order — payment made at time of purchase:** Received Freight Bill No. 26245 for $738.15 from Interstate Motor Freight (Vendor 255) and immediately issued Check No. 1154 for payment in full. The freight bill is for the merchandise received from Purchase Order No. 328. |

| Trans. No. | Dec. | |
|---|---|---|
| 15 | 28 | **Make a credit sale:** Made a special promotional sale on account to University of Southern Iowa (USI, Customer 409), using Invoice No. 733, totaling $12,064.50. For the promotion, Waren agreed to a 10% reduction in the selling prices of the items sold. USI did not submit a purchase order for the sale. The following goods were shipped from the warehouse for this sale: |

| Product/Service & SKU | Description | Qty |
|---|---|---|
| BA-281 | 60 lb. dry line marker | 45 |
| BA-859 | Set of bases | 50 |

| | | |
|---|---|---|
| 16 | 29 | **Pay a vendor's outstanding invoice:** Issued an electronic payment (#E-53431) for $22,064.70 to Velocity Sporting Goods (Vendor 252) for payment in full of Invoice No. 34719. Recall that this invoice was for goods received December 20. The early payment discount taken by Waren was $450.30. |

- Recall that you first need to record the discount in the Bill window before paying the invoice using the Pay Bills window. Follow steps A through G in the Reference material.

| | | |
|---|---|---|
| 17 | 29 | **Receive goods on a purchase order:** Received but did not pay for three standing workstations from Chicago Office Supply (Vendor 253) ordered on Waren's Purchase Order No. 325, which is shown as an open purchase order in *QBO*. Also received vendor's Invoice No. 2423 from Chicago Office Supply, totaling $1,256.10 including sales tax of $71.10. The payment terms on the invoice were Net 30. The workstations were received in new and undamaged condition in the warehouse. After they were unpacked and inspected, they were taken directly to the office. |

- Recall that you should have entered Purchase Order No. 325 after you imported all other data files for Waren Sports Supply. If you did not do this step, return to the Waren PowerPoint presentation and prepare the purchase order.
- Remember to enter the sales tax portion of the invoice in the Category details section of the Bill window. Enter A/C #10800 (Fixed Assets) in the Category box, type "sales tax" in the Description box, and enter the sales tax amount in the Amount box. See steps I through L in the Reference material.

## Print a Customer Monthly Statement

At the end of each month, Waren sends monthly statements to all customers with an outstanding balance. For this section, you are to print the December monthly statement for Rosemont University.

- *Follow the instructions in the Reference material to print a PDF of the December 2022 customer statement for Rosemont University.* You will submit this report to your instructor later, along with year-end reports.

## Print a General Ledger Trial Balance for Check Figures Prior to Year-end Adjusting Entries

The trial balance on page 9-49 shows the correct balances in all general ledger accounts after the December month-end procedures are completed.

- *Click the Reports menu, then use the search box to locate and open the Trial Balance report.*
- *Scroll to the top of the report and enter the date range of 01/01/2022 to 12/31/2022, then click Run Report.*
- *To save time in the future, click the Save Customization button, then click Save to save the custom report.* This step will place a customized version of the trial balance report in the Custom tab of the Reports are in *QBO*.

Compare the amounts on your printed trial balance with those on page 9-49. If any amounts are different, return to the December 16 – 31 transactions and the month-end procedures you processed in *QBO* and make the necessary corrections using the procedures you learned in earlier chapters. When you are satisfied that your trial balance is correct, print a PDF to submit to your instructor later with year-end reports.

You can also compare the amounts on your printed trial balance with those included in the *SUA/eSUA* year-end unadjusted trial balance (part of the year-end worksheet). All account balances should agree if your solution to the *SUA/eSUA* was correct, except inventory-related accounts, bad debt expense, and the allowance for doubtful accounts. ***Note:*** Ignore any minor rounding differences in the cash and payroll-related accounts. Inventory-related account balances do not agree because of the use of different inventory methods. The balances in inventory-related accounts, bad debt expense, and the allowance account will agree after adjusting entries are completed. See the following page for a discussion of the inventory methods used in the *SUA/eSUA* and in the *QBO* project.

When your balances agree with those on page 9-49, go to the following section where you will record year-end adjusting entries.

## Bad Debt Expense and Allowance

Bad debt expense is estimated once annually at the end of each year as 1/2 of one percent (0.005) of net sales and is recorded in the general journal as of December 31. As explained in Chapter 7, Waren uses the direct write-off method during the year and then the allowance method at year-end. General ledger account numbers for the journal entry are: A/C #40900 (Bad Debt Expense) and A/C #10300 (Allowance for Doubtful Account). In order to balance out the Allowance for Doubtful Account and Bad Debt Expense account due to the direct write-off to Bad Debt Expense, you must readjust the Bad Debt Expense account to equal the 1/2 of one percent (0.005) calculation of net sales. Either enter the correct amount of the final balance in the bad debt expense account on the online grading portion of the Armond Dalton Resources website or show your calculation on the Chapter 9 homework pages available for download on the website (consult your instructor).

- Determine the amount of net sales by examining a profit and loss report on the screen for 2022. You will need to scroll up to the top of the report and change the report date range to 01/01/22 to 12/31/22 before clicking the Run report button. Consult the balance in Bad Debt Expense before you prepare the adjusting journal entry to adjust the balance to equal the proper percentage of net sales described above.
- Before closing the report, click the Save Customization button, rename the report to Income Statement, and then click the Save button. This step will save a copy of the 2022 income statement in the Custom reports tab of the Reports window so that you can more easily run the report later.
- Select "write off" in the Name box when entering the line with the credit to A/C #10300 (Allowance for Doubtful Accounts).

## Cost of Goods Sold

*QBO* automatically debits cost of goods sold and credits inventory for the product cost for each sale. The inventory account is also automatically updated for inventory purchases and purchases returns. Therefore, the *QBO* data does not include the following accounts from the *SUA*/e*SUA*: A/C #30500 (Purchases) and A/C #30600 (Purchase Returns and Allowance). Waren treats purchase discounts taken and freight-in as a part of cost of goods sold but records them in separate accounts during the accounting period. Therefore, these two accounts must be closed to A/C #30400 (Cost of Goods Sold): A/C #30700 (Purchases Discounts Taken) and A/C #30800 (Freight-In).

- Before preparing the general journal entry, determine the balance in each account being closed to cost of goods sold by examining the 2022 income statement from the Custom reports tab of the Reports window. Alternatively, consult the trial balance you printed earlier.

# Option C — Introduction

## Before You Begin - Important Steps!

Before starting your work on this chapter, you need to do three things:

1. **Download the Waren Sports Supply Data Files** – You should have already downloaded the data files for this chapter when you registered on the Armond Dalton Resources website. If you do not have the data, consult the eMaterials to return to Armond Dalton Resources and download the files.
2. **Accept Your Instructor's Invitation to Set Up a Shell Company for Waren Sports Supply in *QBO*** – As described in the eMaterials, your instructor should have sent you an email invitation to set up a shell company for Waren Sports Supply in *QBO*. If you did not already set up the shell for Waren Sports Supply in *QBO*, locate the email invitation from your instructor and follow the link in the email to do so. **If you cannot locate the email from your instructor, consult your instructor. The publisher cannot help you with this step.**
3. **View the Company Setup and Data Import Instructional PowerPoint** – To streamline this process, the authors prepared an instructional PowerPoint presentation for you to follow to complete the company setup and data import process in *QBO* for Waren Sports Supply. This PowerPoint file is in the Company Data Files.zip file you downloaded from the Armond Dalton Resources website. View and follow the steps in the PowerPoint presentation before beginning your work in this chapter. **All steps need to be performed carefully and completely before proceeding with the chapter requirements.**

## Chapter Overview

In this chapter, you will record transactions for an existing company, Waren Sports Supply, for December 16-31, 2022. You will also complete other activities commonly done with accounting software and print several items to submit to your instructor.

An important difference in this assignment compared to previous ones is the lack of detailed instructions for using *QBO* to record transactions and perform other activities. You are expected to use the Reference material for guidance if you need any.

In recording the transactions and performing the other activities for Waren Sports Supply, you will need several things:

1. **Information in this chapter.** The material instructs you what to record or do.
2. **Reference Material Guide.** Use this to locate the appropriate pages in the Reference material for recording transactions or doing other activities.
3. **Reference Material.** Consult the appropriate Reference material for the transaction you are recording or other activity you are doing and follow the instructions. In some cases, you will not have practiced using a Reference material section. You should not be concerned about this lack of practice.

| Trans. No. | Dec. | |
|---|---|---|
| 4 | 19 | **Receive goods on a purchase order:** Received office supplies from Chicago Office Supply (Vendor 253) as listed on Purchase Order No. 327, which is shown as an open purchase order in *QBO*. Chicago Office Supply's vendor Invoice No. 2378 was received with the goods, totaling $830.25 including sales tax of $47.00. The payment terms on the invoice were Net 30. All supplies ordered on Purchase Order No. 327 were received in good condition and taken to the office. |

- Recall that you should have entered Purchase Order No. 327 after you imported all other data files for Waren Sports Supply. If you did not do this step, return to the Waren PowerPoint presentation and prepare the purchase order.
- Remember to enter the sales tax portion of the invoice in the Category details section of the Bill window. Enter A/C #40300 (Office Supplies Expense) in the Category box, type "sales tax" in the Description box, and enter the sales tax amount in the Amount box. See steps I through L in the Reference material.

| | | |
|---|---|---|
| 5 | 19 | **Receive a miscellaneous cash receipt:** Borrowed $90,000 from First American Bank and Trust (Vendor 264) by issuing a two-year note payable. Received an email notification from the bank that the $90,000 proceeds were electronically deposited into Waren's checking account. |

- The credit portion of the transaction should be posted to A/C #21100 (Notes Payable).
- Miscellaneous cash receipts are processed through the Bank Deposit window (see instructions in the Reference material).

| | | |
|---|---|---|
| 6 | 20 | **Purchase non-inventory items or services without a purchase order — payment made at time of purchase:** Received vendor Invoice No. 105963 for $1,710 from First Security Insurance (Vendor 260) for the fourth quarter's health insurance coverage for employees and immediately issued Check No. 1152 for payment in full. |

| Trans. No. | Dec. | |
|---|---|---|
| 7 | 20 | **Receive goods on a purchase order:** Received merchandise from Velocity Sporting Goods (Vendor 252) as listed on Purchase Order No. 328, along with Invoice No. 34719. The payment terms on the invoice are 2% 10/Net 30. All merchandise listed on the purchase order was delivered in good condition and in the quantities ordered, except that only 85 basketball pole pads (Item No. BB-019) were received. The total of the invoice is $22,515. The goods were placed immediately in the inventory warehouse. |
| 8 | 21 | **Make a credit sale:** Filled the backorder quantity of 30 shoulder pad sets (Item No. FB-027) for Rosemont University's Purchase Order # 53426. Approved Rosemont's credit and shipped the back ordered shoulder pad sets. Prepared Invoice No. 732 totaling $3,960 for the sale to Rosemont. Payment terms were 2% 10/Net 30. |
| 9 | 23 | **Write off an uncollectible account receivable:** Received legal notification from Benson, Rosenbrook, and Martinson, P.C., attorneys at law, that Stevenson College (Customer 411) is unable to pay any of its outstanding debts to its suppliers. The $2,900 balance remaining on Invoice No. 719 should therefore be written off as uncollectible. |

- Follow the instructions in the Reference material carefully, including selecting "write off" in the Product/Service box of the Credit Memo window.
- Be sure to carefully follow steps N through U of the Reference material to apply the credit memo to the proper outstanding invoice.

| Trans. No. | Dec. | |
|---|---|---|
| 10 | 23 | **Process a sales return or allowance (credit memo):** Eastern Wisconsin University (Customer 410) returned 10 basketball pole pads (RET BB-019) and 8 scoreboard and timer sets (RET BB-113) that were originally purchased on Invoice No. 729. Waren previously authorized EWU by phone to return the goods for credit against their account balance. EWU's Return Request No. R8034 was received with the goods. Sales return document CM 42 was issued for $4,550 and applied to Invoice No. 729. |

- Be sure to select the "RET" version of each inventory item when processing the sales return in the Credit Memo window (step E in the Reference material).
- Make sure to apply the credit memo to Invoice No. 729, following steps M through T in the Reference material.

| | | |
|---|---|---|
| 11 | 27 | **Collect an account receivable and make a deposit:** Received and deposited Check No. 49326 for $12,000 from Eastern Wisconsin University (Customer 410) in partial payment of the remaining amount (after sales return) on Invoice No. 729. |

- Make sure to select the Undeposited Funds account in the "Deposit to" box because the collection was in the form of a check.
- After recording the customer payment, record the deposit into the bank on the same day using the Bank Deposit window (see instructions in the Reference material).

| Trans. No. | Dec. | |
|---|---|---|
| 12 | 27 | **Make a cash sale and make a deposit:** Received and deposited Check No. 47852 for $5,835 from Hawkins College (CASHCUSTOMER) for a cash sale. The goods were shipped from the warehouse and the cash sale was processed and recorded (Invoice No. C-30). All goods ordered were shipped as follows: |

| Product/Service & SKU | Description | Qty |
|---|---|---|
| BB-008 | Basketball | 30 |
| FB-091 | Hip, tail, arm pad set | 45 |
| FB-344 | Football | 75 |

- Make sure to select the Undeposited Funds account in the "Deposit to" box because the collection was in the form of a check.
- After recording the cash receipt, record the deposit into the bank on the same day using the Bank Deposit window (see instructions in the Reference material).

| | | |
|---|---|---|
| 13 | 28 | **Purchase non-inventory items or services without a purchase order — payment made at time of purchase:** Received vendor Invoice No. 72654 for $1,590 from the University Athletic News (Vendor 254) for advertisements Waren ran during the Christmas season and immediately issued Check No. 1153 for payment in full. |
| 14 | 28 | **Purchase non-inventory items or services without a purchase order — payment made at time of purchase:** Received Freight Bill No. 26245 for $738.15 from Interstate Motor Freight (Vendor 255) and immediately issued Check No. 1154 for payment in full. The freight bill is for the merchandise received from Purchase Order No. 328. |

| Trans. No. | Dec. | |
|---|---|---|
| 15 | 29 | **Pay a vendor's outstanding invoice:** Issued an electronic payment (#E-53431) for $22,064.70 to Velocity Sporting Goods (Vendor 252) for payment in full of Invoice No. 34719. Recall that this invoice was for goods received December 20. The early payment discount taken by Waren was $450.30. |

- Recall that you first need to record the discount in the Bill window before paying the invoice using the Pay Bills window. Follow steps A through G in the Reference material.

| | | |
|---|---|---|
| 16 | 29 | **Receive goods on a purchase order:** Received but did not pay for three standing workstations from Chicago Office Supply (Vendor 253) ordered on Waren's Purchase Order No. 325, which is shown as an open purchase order in *QBO*. Also received vendor's Invoice No. 2423 from Chicago Office Supply, totaling $1,256.10 including sales tax of $71.10. The payment terms on the invoice were Net 30. The workstations were received in new and undamaged condition in the warehouse. After they were unpacked and inspected, they were taken directly to the office. |

- Recall that you should have entered Purchase Order No. 325 after you imported all other data files for Waren Sports Supply. If you did not do this step, return to the Waren PowerPoint presentation and prepare the purchase order.
- Remember to enter the sales tax portion of the invoice in the Category details section of the Bill window. Enter A/C #10800 (Fixed Assets) in the Category box, type "sales tax" in the Description box, and enter the sales tax amount in the Amount box. See steps I through L in the Reference material.

## Print a Customer Monthly Statement

At the end of each month, Waren sends monthly statements to all customers with an outstanding balance. For this section, you are to print the December monthly statement for Rosemont University.

- *Follow the instructions in the Reference material to print a PDF of the December 2022 customer statement for Rosemont University.* You will submit this report to your instructor later, along with year-end reports.

## Print a General Ledger Trial Balance for Check Figures Prior to Year-end Adjusting Entries

The trial balance on page 9-70 shows the correct balances in all general ledger accounts after the December month-end procedures are completed.

- *Click the Reports menu, then use the search box to locate and open the Trial Balance report.*
- *Scroll to the top of the report and enter the date range of 01/01/2022 to 12/31/2022, then click Run Report.*
- *To save time in the future, click the Save Customization button, then click Save to save the custom report.* This step will place a customized version of the trial balance report in the Custom tab of the Reports are in *QBO*.

Compare the amounts on your printed trial balance with those on page 9-70. If any amounts are different, return to the December 16 – 31 transactions and the month-end procedures you processed in *QBO* and make the necessary corrections using the procedures you learned in earlier chapters. When you are satisfied that your trial balance is correct, print a PDF to submit to your instructor later with year-end reports.

When your balances agree with those on page 9-70, go to the following section where you will record year-end adjusting entries.

# Record 2022 Year-end Adjusting Entries

The next step at the end of an accounting year before printing output is to record year-end adjusting entries. The following are the types of year-end adjustments required for Waren:

- Inventory adjustment to the physical count
- Depreciation expense
- Accrued interest payable
- Bad debt expense and allowance
- Cost of goods sold for freight and sales discounts taken
- Federal income taxes

Each of the year-end adjustments is explained in a section that follows. Perform the procedures in the order listed.

Interest accruals are calculated using a 365-day year with the day after the note was made counting as the first day. General ledger account numbers for the journal entry are: A/C #40800 (Interest Expense) and A/C #21000 (Interest Payable). Either enter the correct amount on the online grading portion of the Armond Dalton Resources website or show your calculation on the Chapter 9 homework pages available for download on the website (consult your instructor).

## Bad Debt Expense and Allowance

Bad debt expense is estimated once annually at the end of each year as 1/2 of one percent (0.005) of net sales and is recorded in the general journal as of December 31. As explained in Chapter 7, Waren uses the direct write-off method during the year and then the allowance method at year-end. General ledger account numbers for the journal entry are: A/C #40900 (Bad Debt Expense) and A/C #10300 (Allowance for Doubtful Account). In order to balance out the Allowance for Doubtful Account and Bad Debt Expense account due to the direct write-off to Bad Debt Expense, you must readjust the Bad Debt Expense account to equal the 1/2 of one percent (0.005) calculation of net sales. Either enter the correct amount of the final balance in the bad debt expense account on the online grading portion of the Armond Dalton Resources website or show your calculation on the Chapter 9 homework pages available for download on the website (consult your instructor).

- Determine the amount of net sales by examining a profit and loss report on the screen for 2022. You will need to scroll up to the top of the report and change the report date range to 01/01/22 to 12/31/22 before clicking the Run report button. Consult the balance in Bad Debt Expense before you prepare the adjusting journal entry to adjust the balance to equal the proper percentage of net sales described above.
- Before closing the report, click the Save Customization button, rename the report to Income Statement, and then click the Save button. This step will save a copy of the 2022 income statement in the Custom reports tab of the Reports window so that you can more easily run the report later.
- Select “write off” in the Name box when entering the line with the credit to A/C #10300 (Allowance for Doubtful Accounts).