Intuit ProLine

QuickBooks 2011 Student Guide

Entering Sales Information

Lesson 6

Lesson Objectives

- To learn about the different formats available for sales forms
- To save sales and purchase forms in Portable Document Format (PDF)
- To practice creating a new invoice
- To learn the purpose and use of the QuickBooks Item list
- To see how QuickBooks records the information you enter on sales forms
- To memorize an invoice transaction for reuse
- To add a new item to the Item list
- To add a new price level to the Price Level list
- To associate a price level with a customer
- To create invoice letters
- To generate reminder statements
- To create sales orders (QuickBooks: Premier and higher)
- To track backorders (QuickBooks: Premier industry editions)

Notes

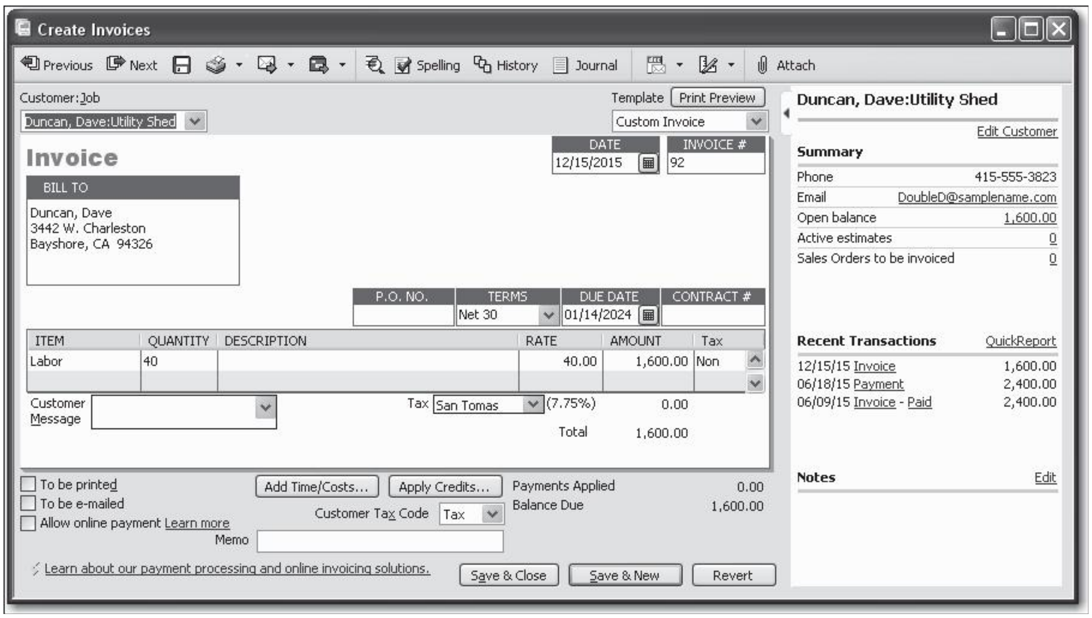
Using Sales Forms for Payment in the Future

Any time you make a sale in your business, you record it in QuickBooks on a sales form. A sales form can be an invoice (when you expect payment to come later), a sales receipt (when you expect payment at the time you make the sale), or a credit memo.

The type of sales form you use depends on whether you expect payment in the future or at the time of the sale. If you expect to receive payment at some future date, you enter an invoice.

To display a completed invoice form in QuickBooks:

1. Click the **Create Invoices** icon on the Home page.
2. Click **Previous** to display the previously created invoice.



3. Close the Create Invoices window.

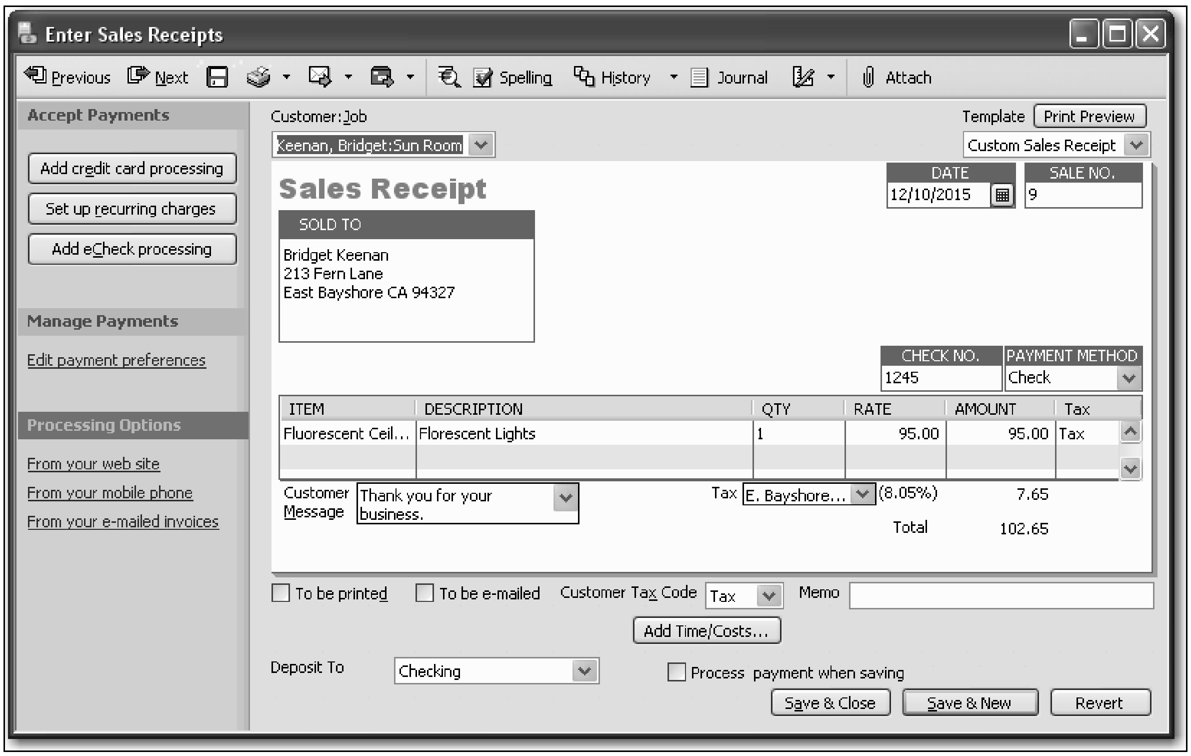
Notes

Using Sales Forms for Payment at the Time of Sale

If you receive full payment at the time you make a sale—either by cash, check, or credit card—you fill out a sales receipt instead of an invoice. Like the invoice, the QuickBooks sales receipt includes information about the items or services purchased, but it also includes information about how payment was made.

To display a completed sales receipt in QuickBooks:

1. Click **Create Sales Receipts** on the Home page.
2. If the Integrated Payment Process window appears close it.
3. Click **Previous** to view the previously entered sale.



4. Close the Enter Sales Receipts window.

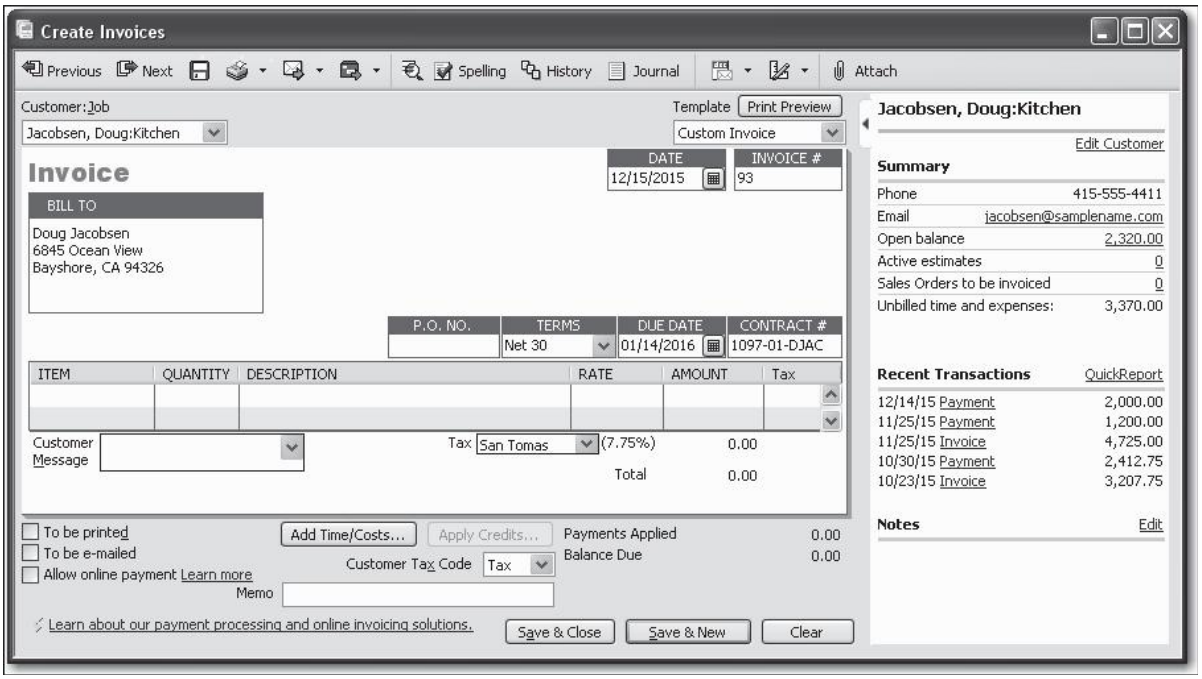
Notes

Filling In a Sales Form

Filling in an invoice is just like filling in a paper form; you enter the customer information first, followed by a description of the charges.

To enter customer information on an invoice:

1. On the Home page, click **Create Invoices**.
2. In the Template field, select **Custom Invoice** from the drop-down list.
3. In the Customer:Job field, click the arrow next to the drop-down list.
4. Choose **Jacobsen, Doug:Kitchen** for the customer and job.



Notes

Filling in the Line Item Area

On the bottom half of the invoice, you list each service or product you're selling on its own line, along with the amount the customer owes for that item. Because information about individual items is on separate lines, the lines are called line items.

But items are not just products you sell or services you provide to clients. Line items can be anything you might want to put in the detail area of an invoice, like a discount, a subtotal line, a markup, or a sales tax calculation.

To complete the line item area of an invoice:

1. In the Item field, type the letters **rem** (for Removal).
2. Press Tab.
3. Type **40** in the Quantity column.
4. Press Tab to have QuickBooks update the invoice total.

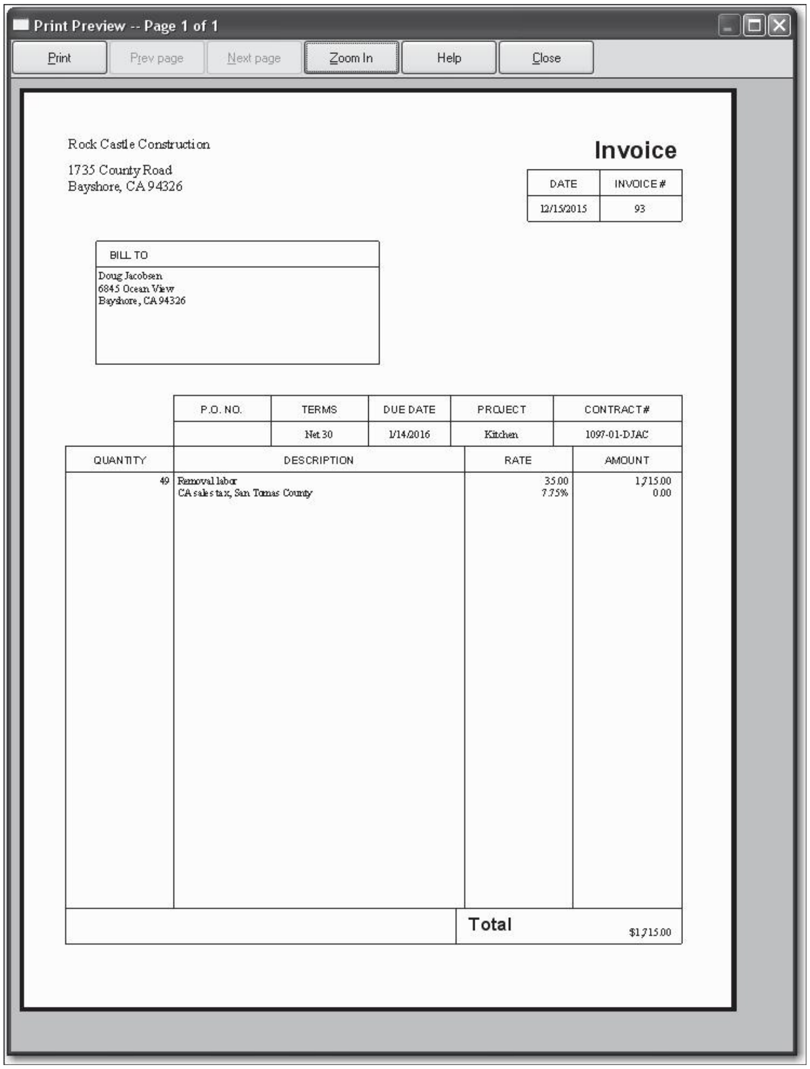
ITEM	QUANTITY	DESCRIPTION	RATE	AMOUNT	Tax
Removal	40	Removal labor	35.00	1,400.00	Non

Notes

Completing the Sales Form

To complete and record the invoice:

1. Click the **Print Preview** button near the top of the screen.



2. Click **Zoom In** and use the scroll bars to see the invoice items at greater magnification.
3. Click **Close**.
4. In the Create Invoices window, record the sale by clicking **Save & Close**.

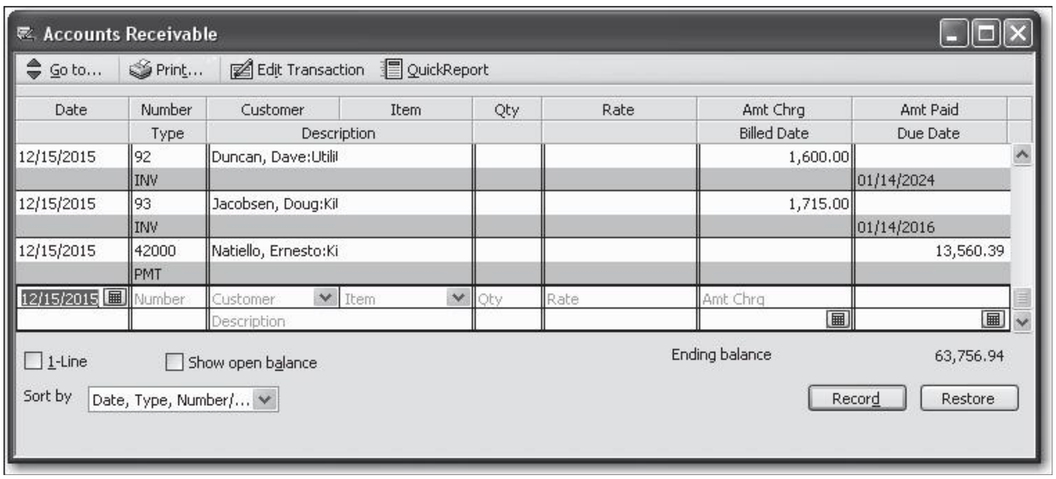
Notes

QuickBooks records the invoice in your accounts receivable register. If this were a sales receipt, QuickBooks would record the sale in your Undeposited Funds account until you deposit the money at the bank, or record a deposit in the bank account you specified in the Enter Sales Receipts window. (The option to select an account into which you want to deposit the payment is only available when the Sales & Customers preference "Use Undeposited Funds as a default deposit to account" is turned off.)

The accounts receivable register keeps track of how much money your customers owe you.

To see the Accounts Receivable register:

1. From the Company menu, choose **Chart of Accounts**.
2. In the chart of accounts, double-click the Accounts Receivable account.



3. Select the sale we just recorded in the register (for Doug Jacobsen).
4. Double-click the entry.
5. Keep the invoice window open, you'll use it in the next exercise.

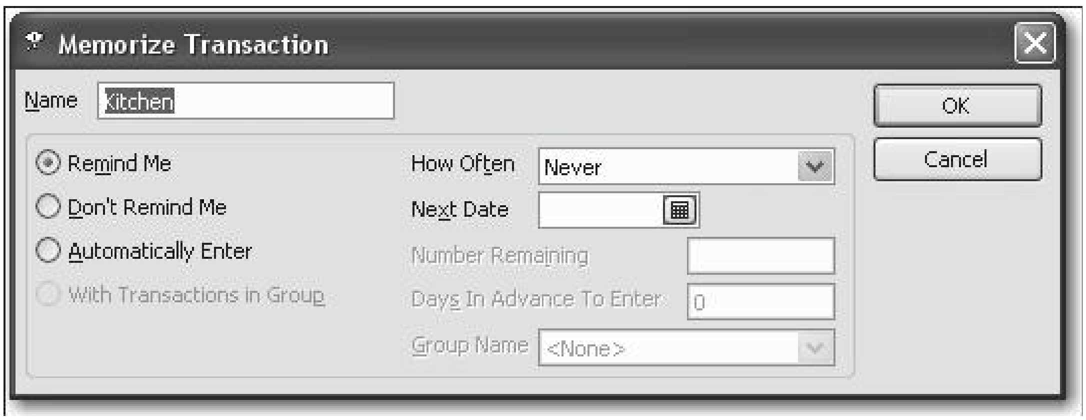
Notes

Repeating a sale

Many of the sales you make in your business are ones you repeat again and again. For example, you may have a standing monthly order from a customer, or you may perform essentially the same services for more than one client. QuickBooks lets you memorize sales forms so that you don't have to retype the information.

To memorize the invoice:

1. Make sure you have the invoice you want to memorize displayed on your screen.
2. From the Edit menu, choose **Memorize Invoice**.

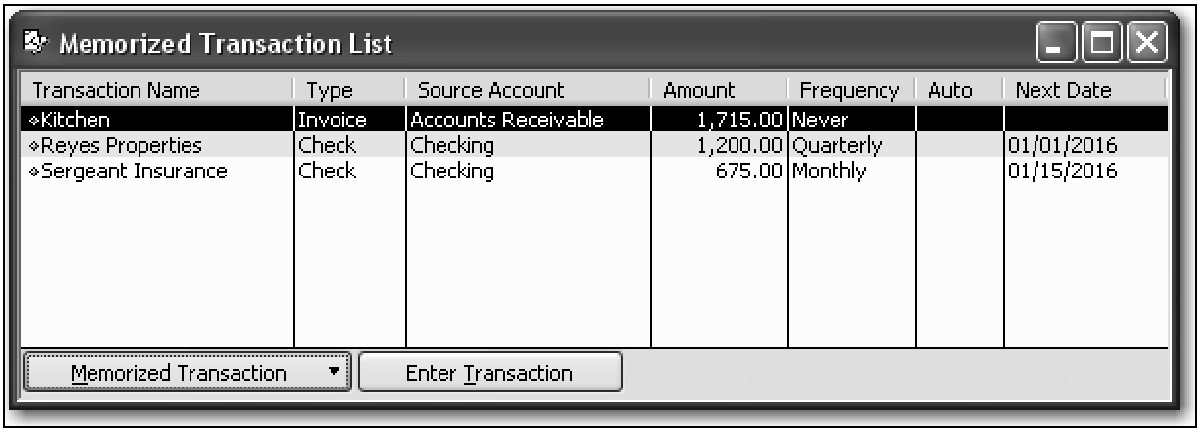


3. In the Name field, type a description that helps you recognize the memorized invoice, or keep the default description QuickBooks has provided.
4. Click **OK**.
5. Close the Create Invoice, Accounts Receivable, and the Chart of Accounts windows.

Notes

To recall a memorized sale:

6. From the Lists menu, choose Memorized **Transaction List**.



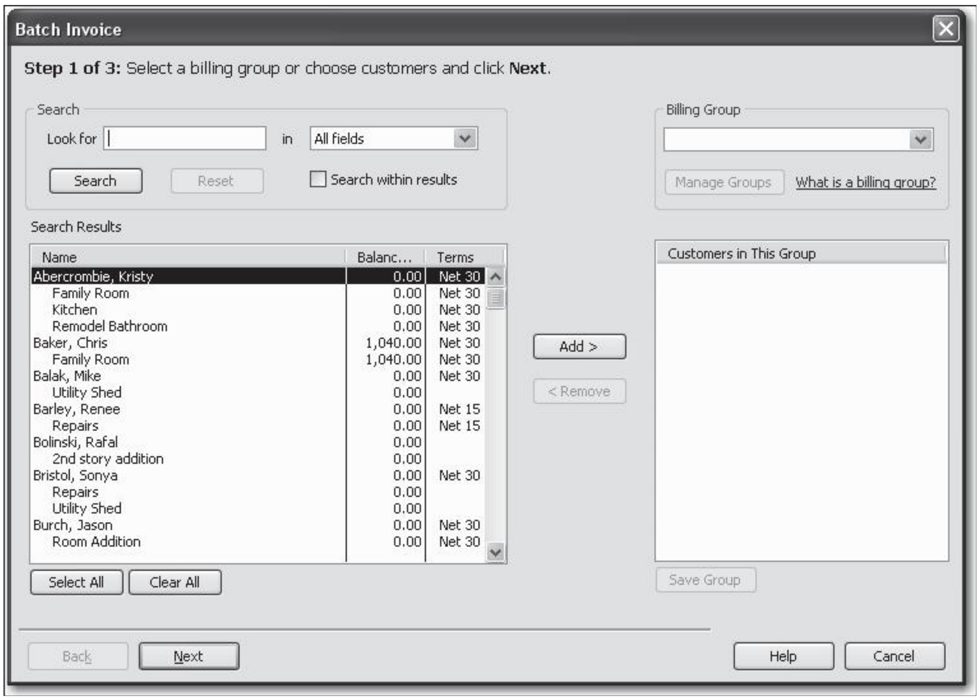
7. Double-click the transaction you just added.
8. Click **Save & Close** to record the invoice.
9. Press the Esc key to close the Memorized Transaction list.

Notes

Memorizing a sale

To create a batch invoice:

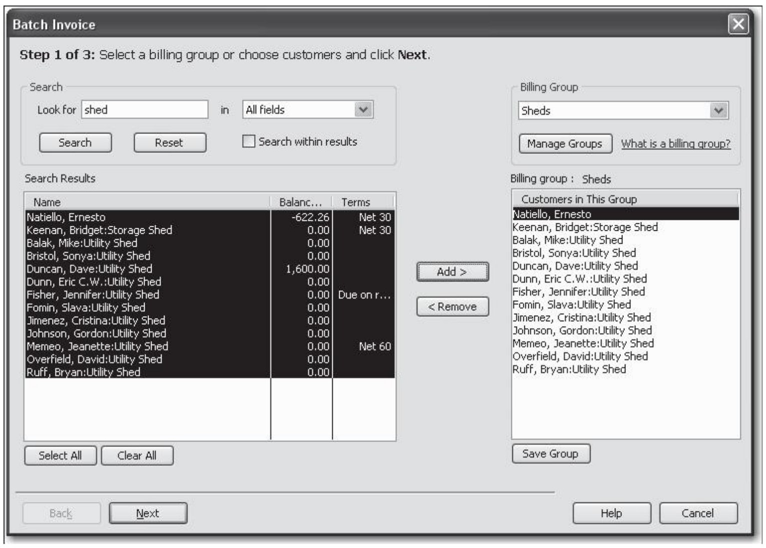
1. From the Customers menu, choose **Create Batch** Invoices.
2. Click **OK** to close the message.



3. In the Look for field, type **Shed**.

Notes

4. Click Search
5. In the Billing Group field, type **Sheds** and click Tab.
6. Click Setup.
7. Click Select All.
8. Click Add.



9. Click Save Group.
10. Click Next.

Notes

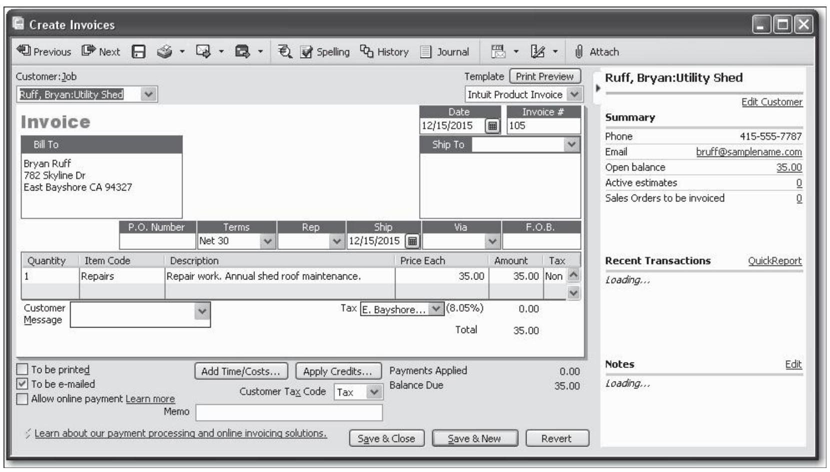
11. Enter the following information:

    Quantity: 1

    Item Code: Repairs

    Description: Repair work. Annual Shed roof maintenance.

12. Click Next.
13. Review the list of customers to invoice and click Create Invoices.
14. Click Email
15. Since you are using sample data you cannot email the invoices, so click Close.
16. Click Close to close the Batch Invoice Summary.
17. Click Create Invoices.
18. Click the Previous button.



19. Review the invoice for annual shed roof maintenance that you created.
20. Click Previous again.
21. Notice that the information on the invoice is the same.
22. Close the Create Invoices window.

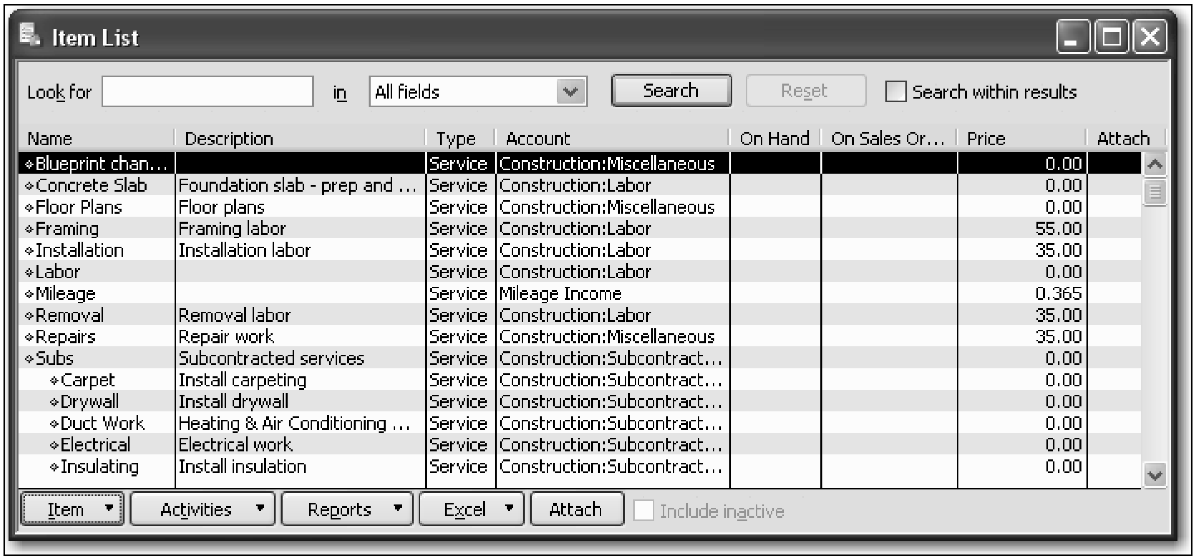
Notes

Entering a New Service Item

When you begin using your own QuickBooks company file, you'll need to create your own line items to include on your invoices. In the next exercise, you'll see how to add information to the Item list.

To create a new service item:

1. From the Customers menu, choose **Item List**.

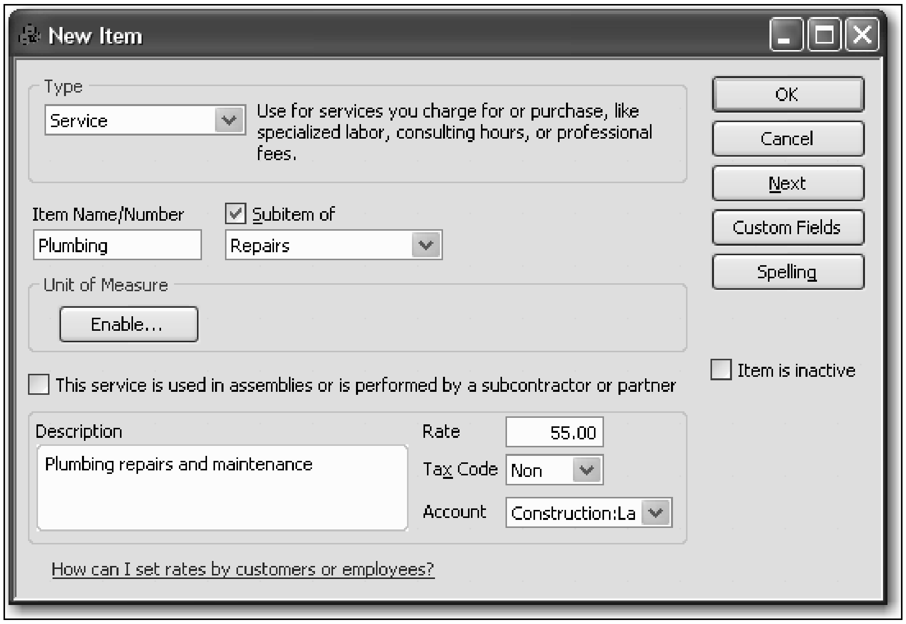


2. Click the Item menu button, and then choose New. If a message about the Add/Edit Multiple List Entries item feature appears, click OK to close it..
3. In the Type field, select **Service** from the drop-down list.
4. In the Item Name/Number field, type **Plumbing**.
5. Click the **Subitem of** checkbox to select it.
6. In the drop-down list below the Subitem of field, select **Repairs**.
7. In the Description field, type **Plumbing repairs and maintenance** and press Tab.
8. In the Rate field, type **55**.
9. In the Tax Code drop-down list, select **Non**.

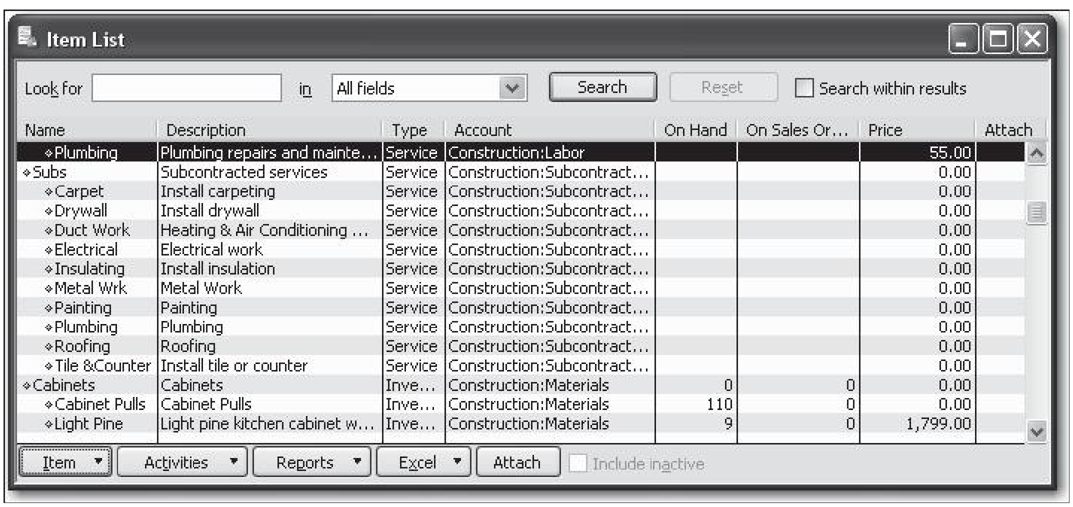
Notes

Entering a New Service Item

10. In the Account field, select **Construction:Labor** from the drop-down list.



11. Click **OK** to add the new item to Rock Castle Construction's Item list.



12. Close the Item list.

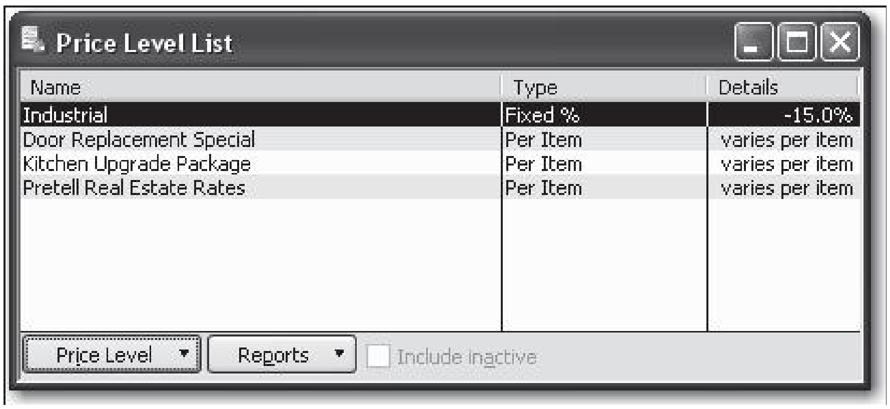
Notes

Creating New Price Levels

For each price level you create, you assign a name and percentage increase or decrease to the item's base sales price. You can create up to 100 price levels to use on invoices, sales receipts, estimates, and credit memos.

To create a new price level:

1. From the Lists menu, choose **Price Level List**.

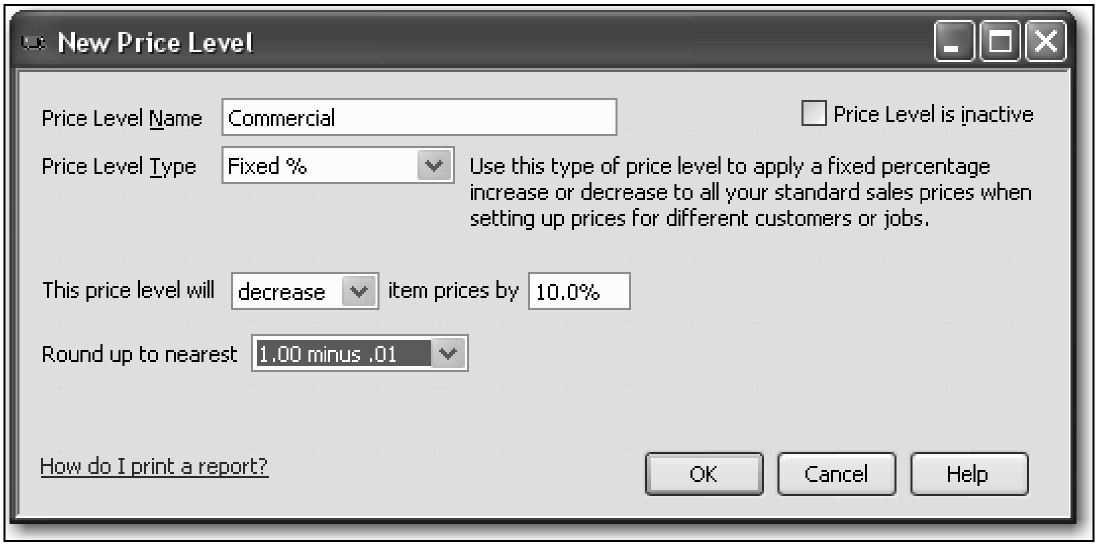


2. From the Price Level menu button, choose **New**.
3. In the Price Level Name field type **Commercial**.
4. From the Price Level Type drop down list, select "Fixed %."

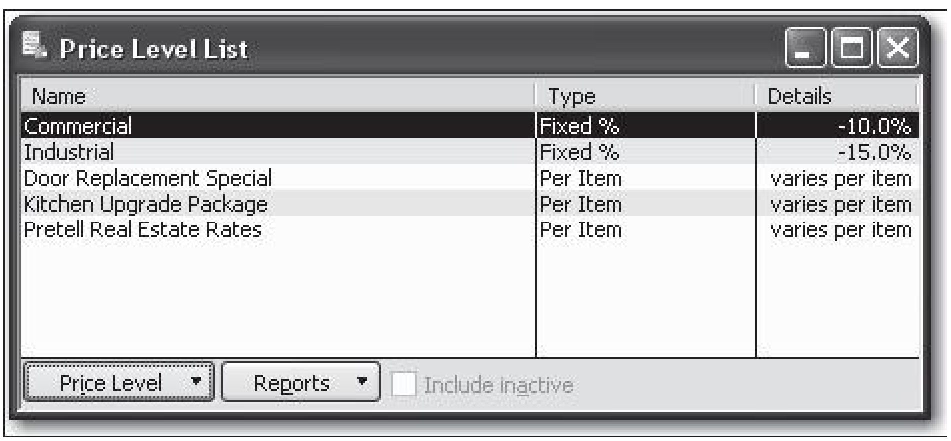
Notes

5. Leave “decrease” selected in the “This price level will” field, and then type 10 in the percentage field.

   Always enter the percentage as a positive number.
6. From the “Round up to nearest” drop-down list, choose **1.00 minus .01**.



7. Click **OK**.



8. Close the Price Level list.

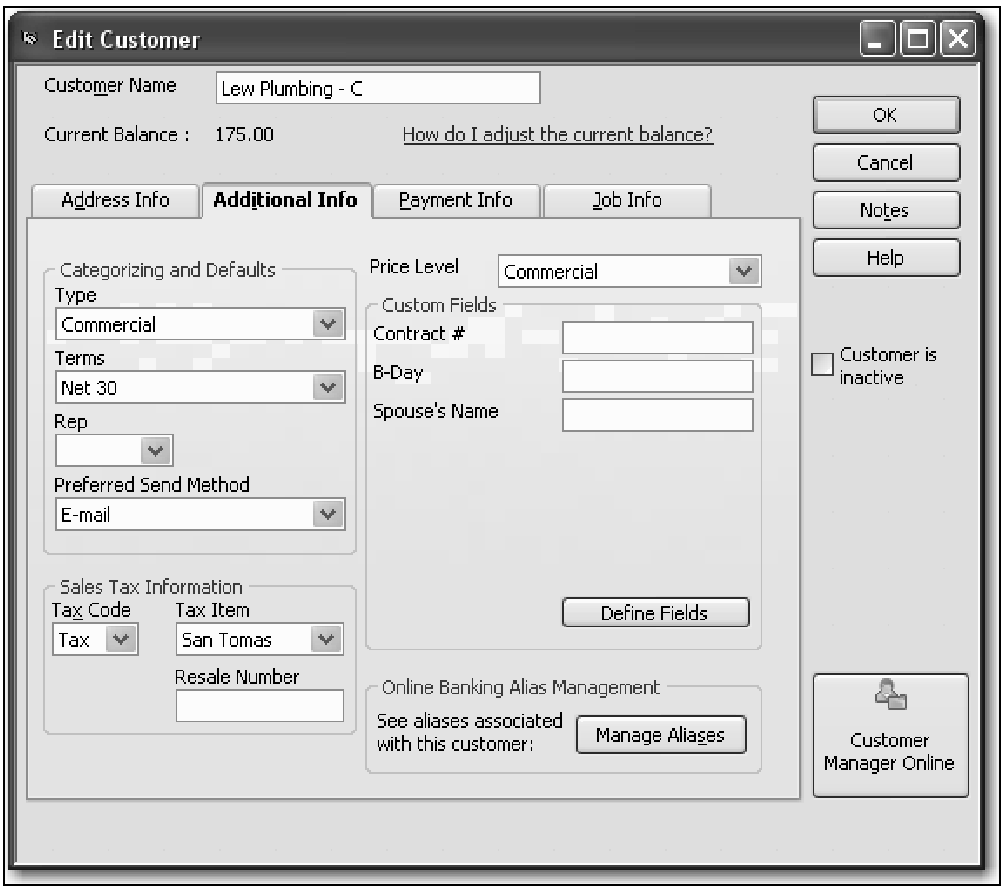
Notes

Associating Price Levels with Customers

When you assign price levels to customers, QuickBooks calculates rates and amounts on sales forms based on the price level associated with that customer.

To associate a price level with a customer:

1. Click **Customer Center** on the icon bar.
2. In the Customers & Jobs list, select **Lew Plumbing - C**.
3. Click **Edit Customer**.
4. Click the **Additional Info** tab.
5. From the Price Level drop-down list, choose **Commercial**.



6. Click **OK** to close the Edit Customer window and save your changes.

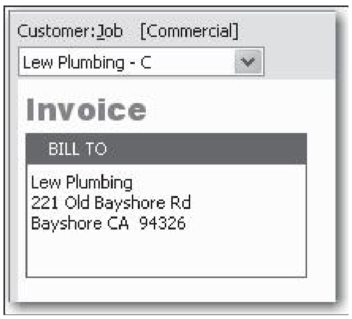
   Leave the Customer Center open for the next exercise.

Notes

Using Price Levels on Sales Forms

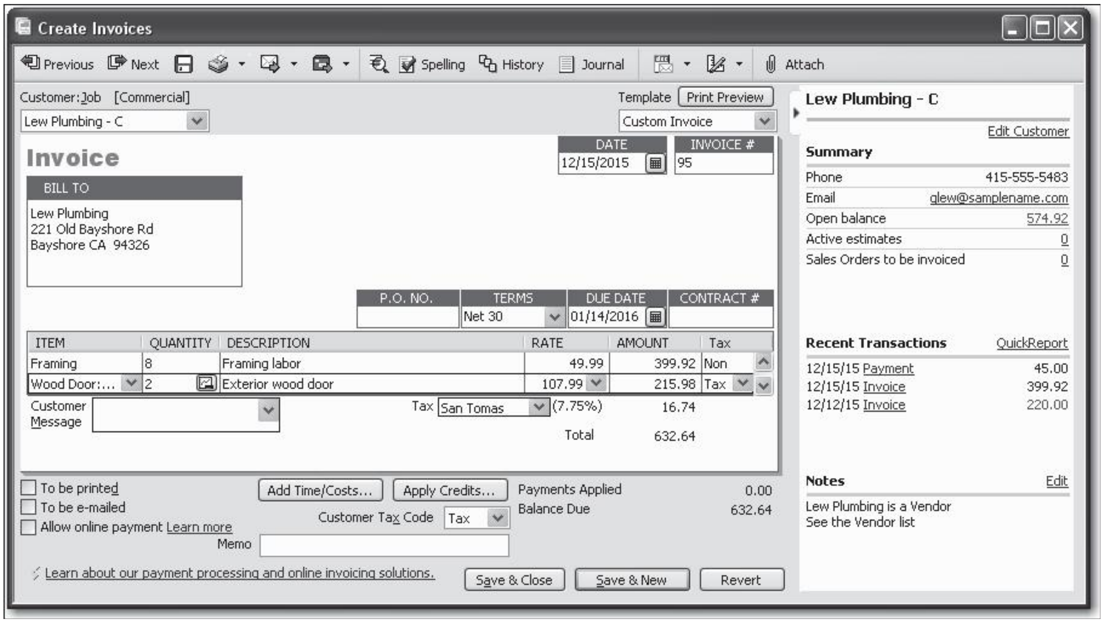
To use a price level associated with a customer:

1. Make sure Lew Plumbing - C is selected in the Customers & Jobs list.
2. Click the **New Transactions** menu button and choose **Invoices** from the drop-down menu.
3. Press Tab.



4. Click in the Item column and choose **Framing** from the drop-down list.
5. In the Quantity field, type **8**.
6. Click below Framing in the Item field and choose **Wood Door:Exterior** from the drop-down list.

7. In the Quantity field, type **2** and then press Tab.



8. Keep the invoice open and choose Item List from the Lists menu.
9. In the Item List, go to Framing. Note that the price for framing is $55.00, but the rate on the invoice is $49.99 – 10 percent less than the base sales price, rounded to the nearest dollar minus one cent. QuickBooks has automatically reduced the rate on the invoice by 10 percent and rounded the amount according to your price level setting.
10. In the Item list, scroll to the Wood Door:Exterior item and note that the base sales price is $120.00 – 10 percent greater than the rate listed on the invoice using the Commercial price level. It appears on the invoice as $107.99, including the discount and rounding settings.
11. Close the Item list.
12. Record the invoice by clicking Save & Close.

Notes

Assigning Price Levels to Individual Line Items

In addition to associating price levels with customers, you can also use price levels on an individual basis on sales forms. The following are some examples of when you might want to do this.

- You've associated a price level with a customer, but want to charge the base sales price for an item on a sale to that customer.
- You want to use a price level for one or more items, but you don't want to assign a price level to the customer for whom you're recording the sale.

To apply a price to a single line item:

- In a sales form with line items, click in the Rate column and select the price level you want to use from the drop-down list that displays.

  When you move out of that field on the form, QuickBooks recalculates the amount and balance due.

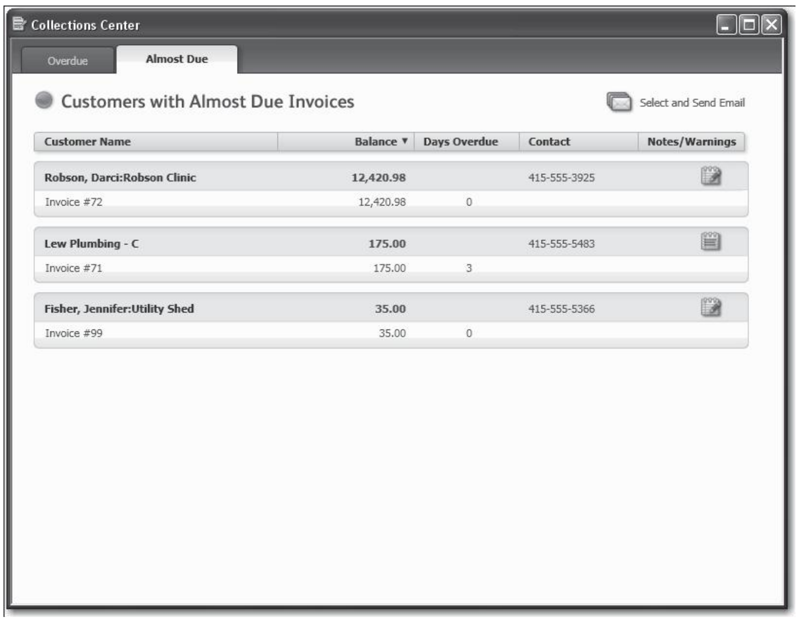
Notes

Using the Collections Center

The Collections Center helps you manage collecting payments from your customers. It lists all overdue and almost due invoices in a single place. You can send email reminders to one customer or many customers, and it tracks customer notes about your collection efforts.

To review overdue and nearly due payments for all customers:

1. Click the Customer Center icon.
2. Click Collections Center.
3. Notice that you have no Overdue invoices. Click the Almost Due tab.



4. Close the Collections Center.

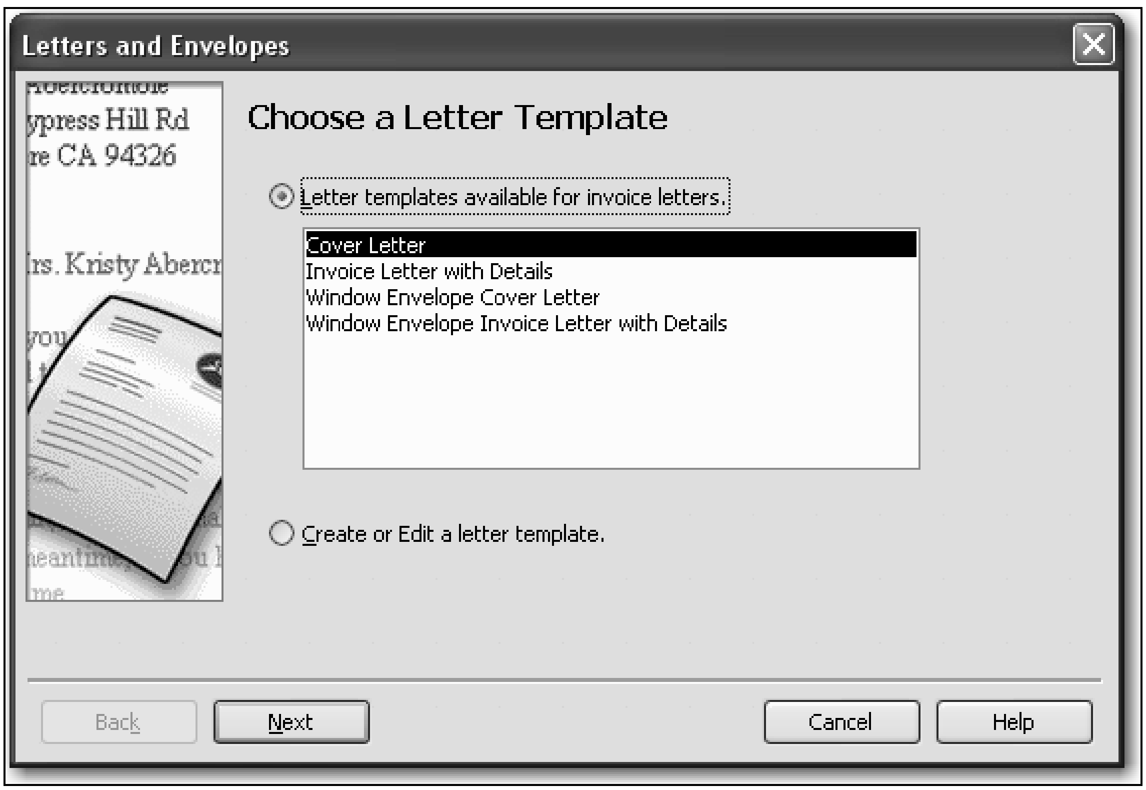
Notes

Creating Invoice Letters

To create an invoice letter:

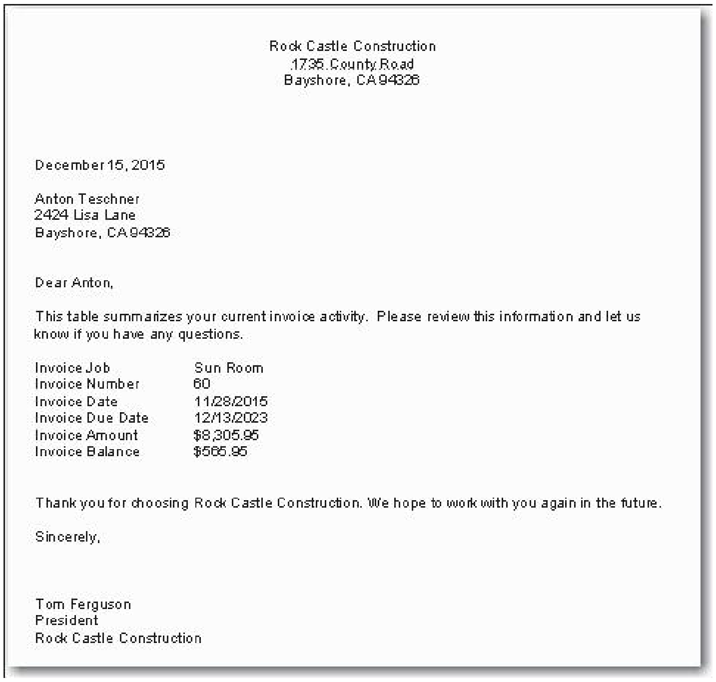
1. From the Reports menu, choose **Customers & Receivables**, and then choose **Open Invoices** from the submenu.
2. In the report window, scroll down until you see the listings for Anton Teschner:Sun Room.
3. Double-click on the line for invoice # 60.
4. In the Create Invoices window, click the down arrow next to the letter and envelope icon to display the drop-down list.
5. Select **Prepare an Invoice Letter**,

   If QuickBooks prompts you to find letters, click **Copy**.
6. Choose **Cover Letter**.



7. Click **Next**.
8. Type **Tom Ferguson** in the Name field and then type **President** in the Title field.
9. Click **Next**.

Notes



Rock Castle Construction
1735 County Road
Bayshore, CA 94326

December 15, 2015

Anton Teschner
2424 Lisa Lane
Bayshore, CA 94326

Dear Anton,

This table summarizes your current invoice activity. Please review this information and let us know if you have any questions.

Invoice Job	Sun Room
Invoice Number	60
Invoice Date	11/28/2015
Invoice Due Date	12/13/2023
Invoice Amount	$8,305.95
Invoice Balance	$565.95

Thank you for choosing Rock Castle Construction. We hope to work with you again in the future.

Sincerely,

Tom Ferguson
President
Rock Castle Construction

10. You don’t need to save the letter for this exercise, so close the Microsoft Word file without saving.
11. In QuickBooks, click **Cancel** because you don’t need to print envelopes now.
12. From the Window menu, choose **Close All**.

Notes

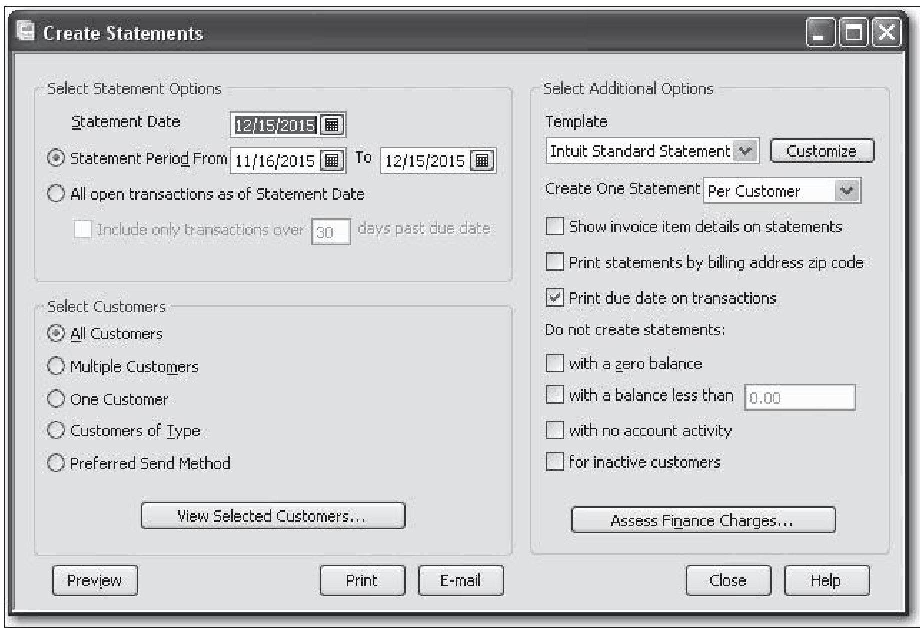
Generating Reminder Statements

Reminder statements summarize a customer's account with a company by listing recent invoices, credit memos, and payments received. You can use reminder statements when you bill through invoices but want to remind your customers about delinquent payments.

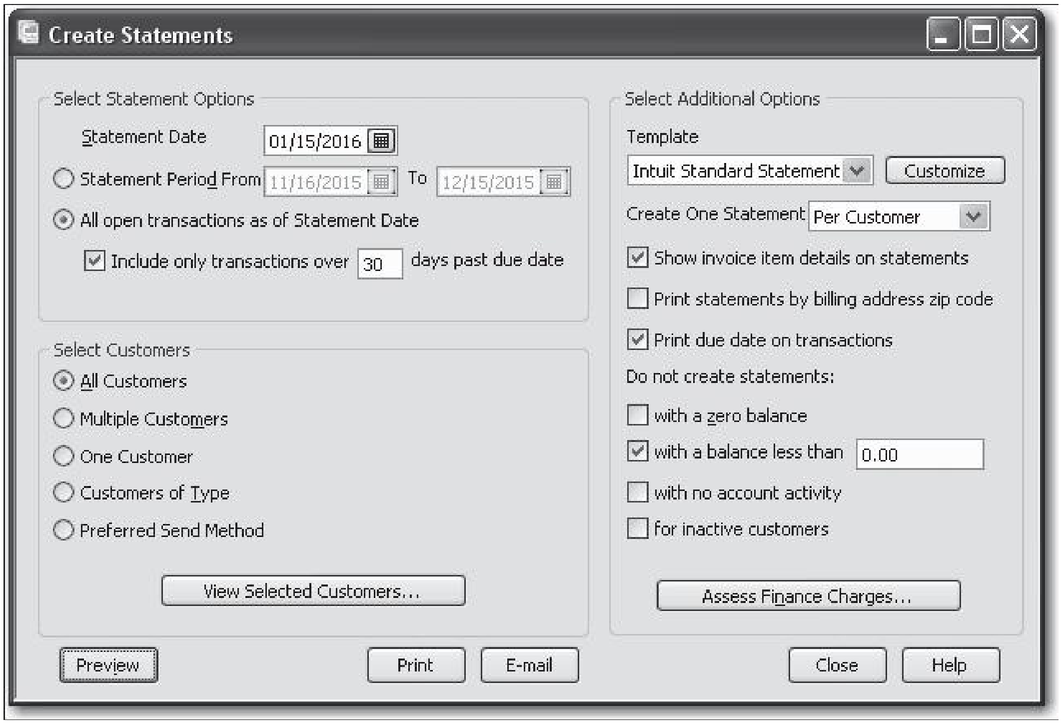
Reminder statements are different than other “forms” in QuickBooks such as invoices, sales receipts, or checks. Because QuickBooks already has all the information you need to create reminder statements, you don't have to fill them out. Instead, you review the information that will appear on each statement, decide whether to add finance charges, and print them.

To generate reminder statements:

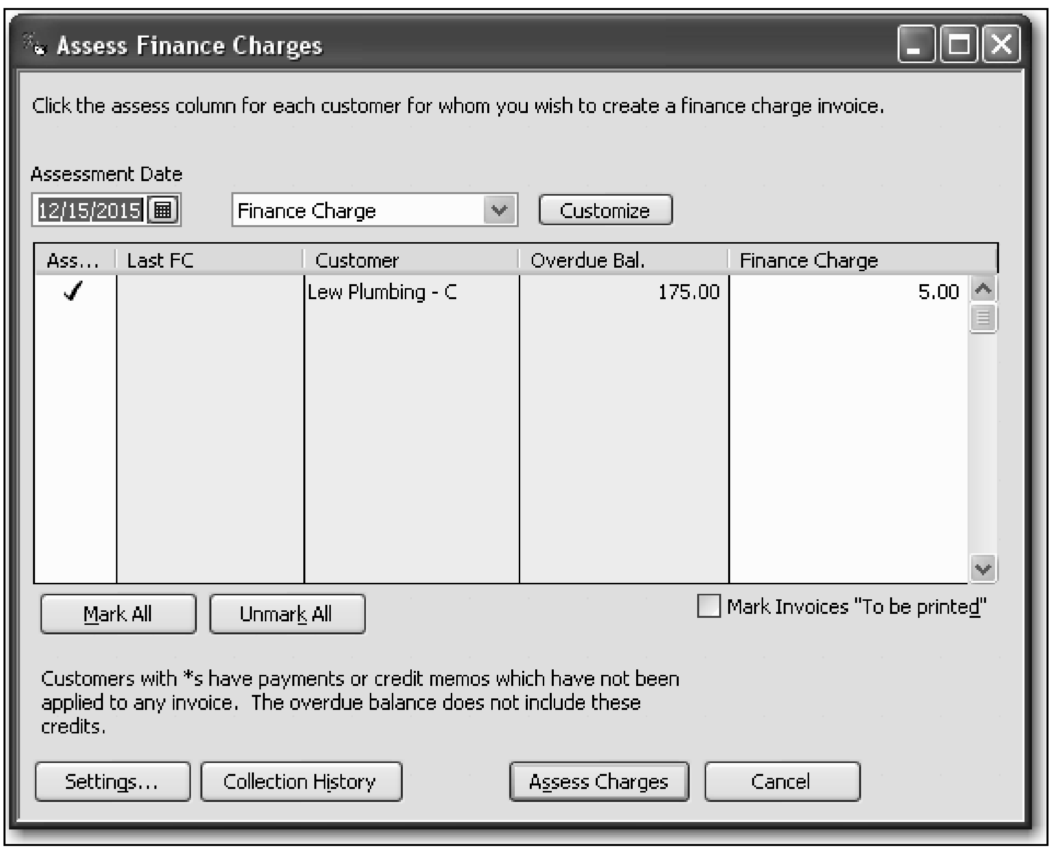
1. Click Home to display the Home page, then click **Statements**.



2. For Statement Date, enter **1/15/2016**.
3. In the Enter Statement Date and Type section of the window, select the **All open transactions as of Statement Date** option.
4. Click to select the **Include only transactions over** checkbox.
5. Leave the number of days past due field entry at 30.
6. In the Select Customers section, select **All Customers**.
7. In the Select Additional Options section, click to select the **Show invoice item details on statements** checkbox.
8. Click to select **Do not create statements with a balance less than 0.00**.



9. Click Assess Finance Charges.
10. Verify that there is a checkmark next to Lew Plumbing - C..



11. Click **Assess Charges**.
12. Answer **Yes** when QuickBooks displays the message telling you that finance charges have already been assessed today.
13. Click **Preview**.
14. Click **Close**.
15. Close the Create Statements window.

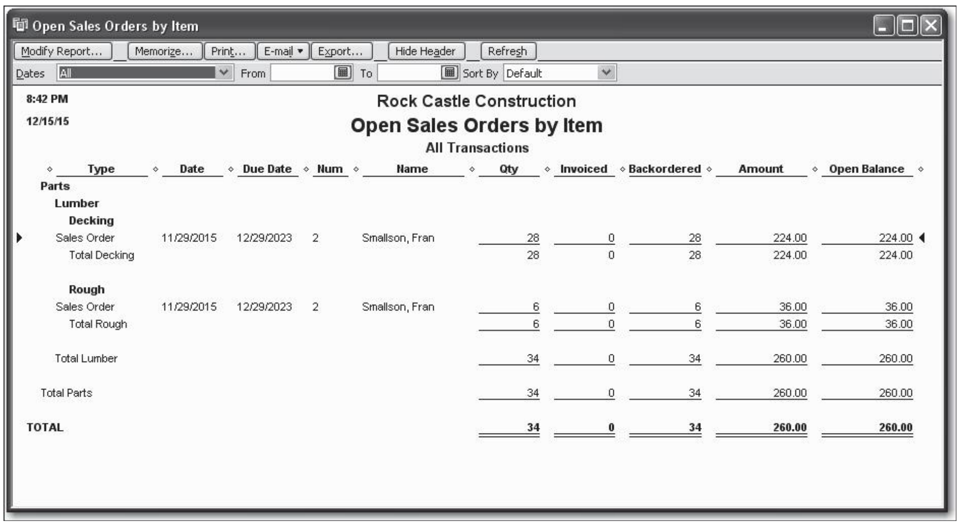
Notes

Processing Sales Orders

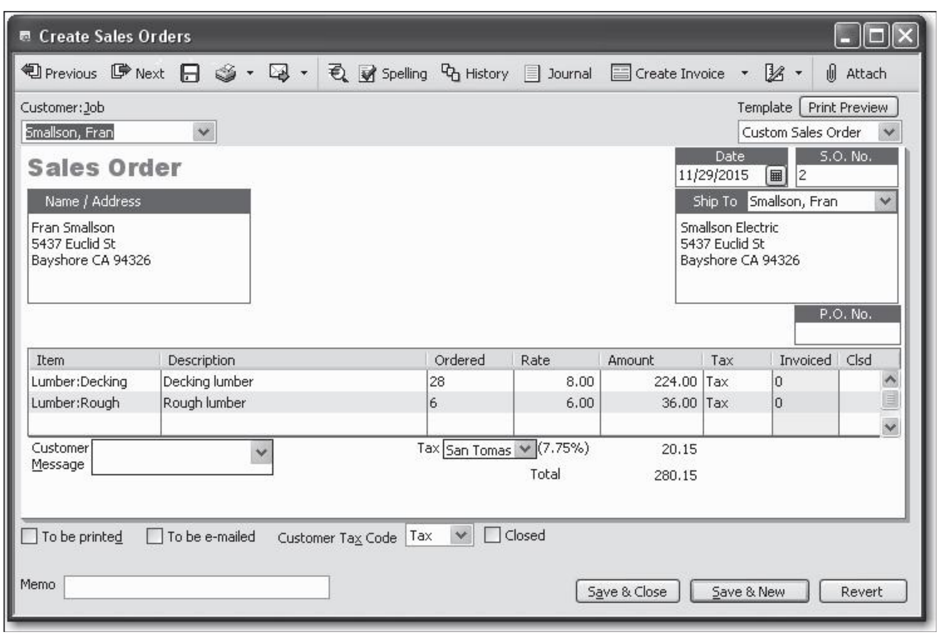
Sales orders are available in QuickBooks Premier and higher editions only. To proceed through this exercise, you must be using QuickBooks: Premier or a higher edition.

To create an invoice from a sales order:

1. Click **Report Center**, choose **Sales** and then select **Open Sales Orders by Item**.
2. Click **Display Report**.



3. Double-click the sales order for Decking in the report window (Sales Order #2 for Fran Smallson)



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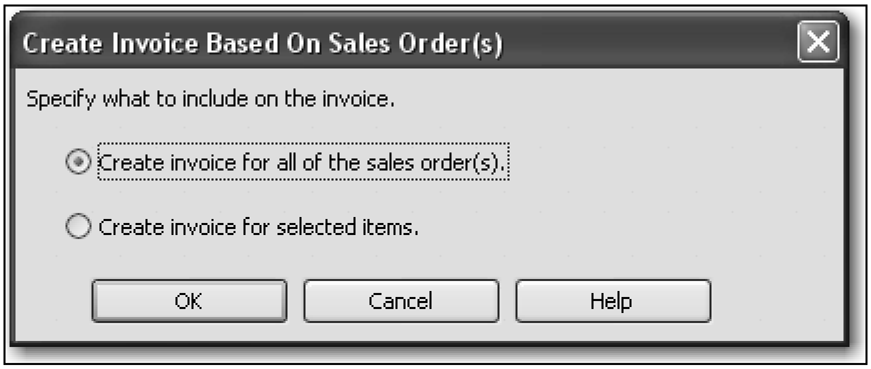
4. Click the **Create Invoice** menu button on the toolbar at the top of the Create Sales Orders window.

   Creating the invoice from the sales order links the sales order and invoice, which means that when you invoice the customer for items on the sales order, those items are marked as closed.



5. Leave the **Create invoice for all of the sales order(s)** option selected, and click **OK**.
6. Click **Save & Close** in the Create Invoices window.
7. Close the report window and the Report Center.

Notes

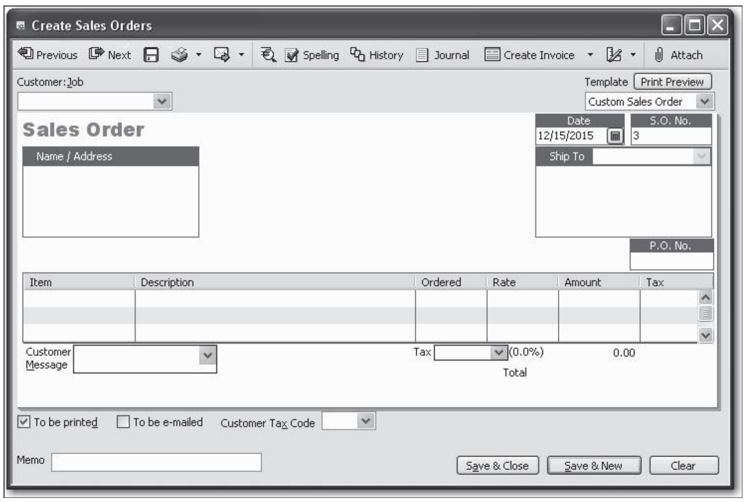
Tracking Backorders

You must be using QuickBooks: Premier Accountant Edition, Retail Edition, Manufacturing and Wholesale Edition, or Enterprise Solutions Edition to complete this exercise.

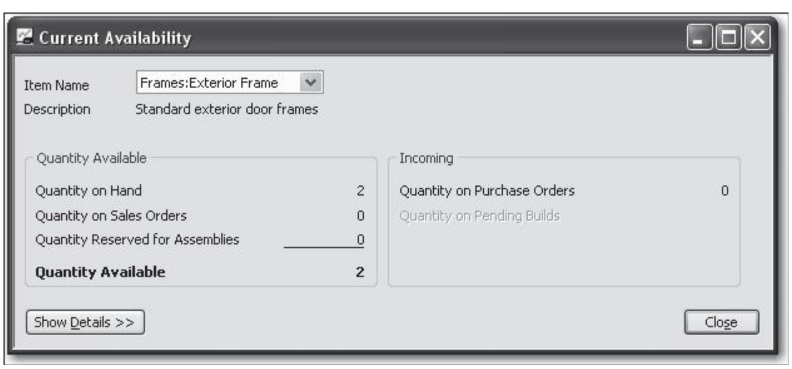
Using certain industry-specific QuickBooks Editions, you can use sales orders to track items that customers have ordered, but that are out of stock. Tracking backorders on sales orders, invoices, and other sales forms shows exactly what still needs to be shipped out. Tracking backorders on purchase orders shows what is still expected to be received from a vendor.

To create a sales order:

1. On the Home page, click **Sales Orders**.

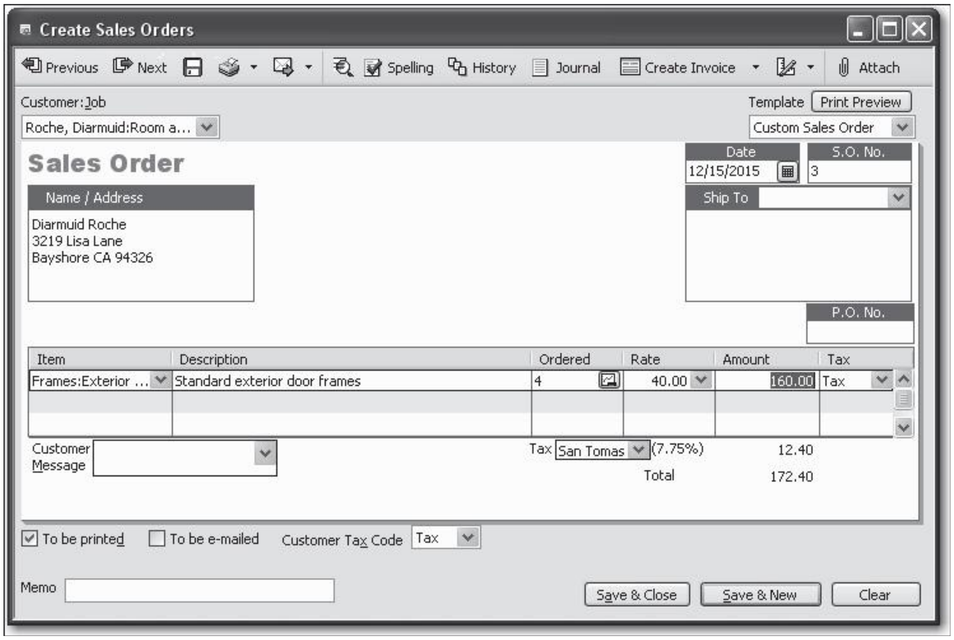


2. In the Customer:Job drop-down list, select **Roche, Diarmuid:Room Addition**.
3. Click in the Item column and select **Frames:Exterior Frame** from the drop-down list.
4. In the Ordered column, click the **Availability** icon.



5. Click Close, and then type **4** in the Ordered column.

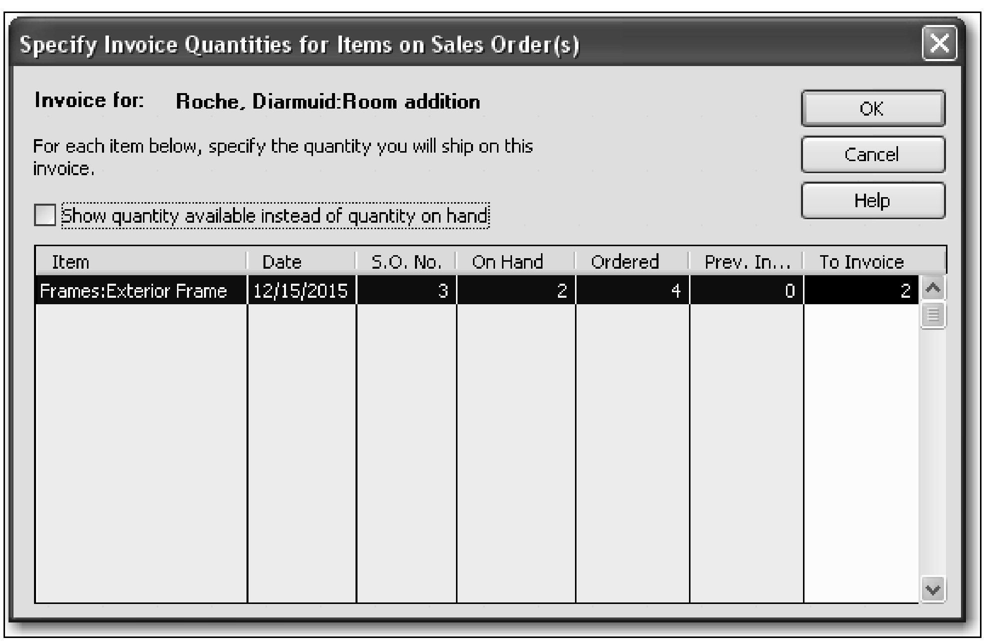
6. Press Tab, and then click **OK** at the two messages that appear.
7. Type **40.00** in the Rate column.
8. Press Tab again to have QuickBooks update the total.



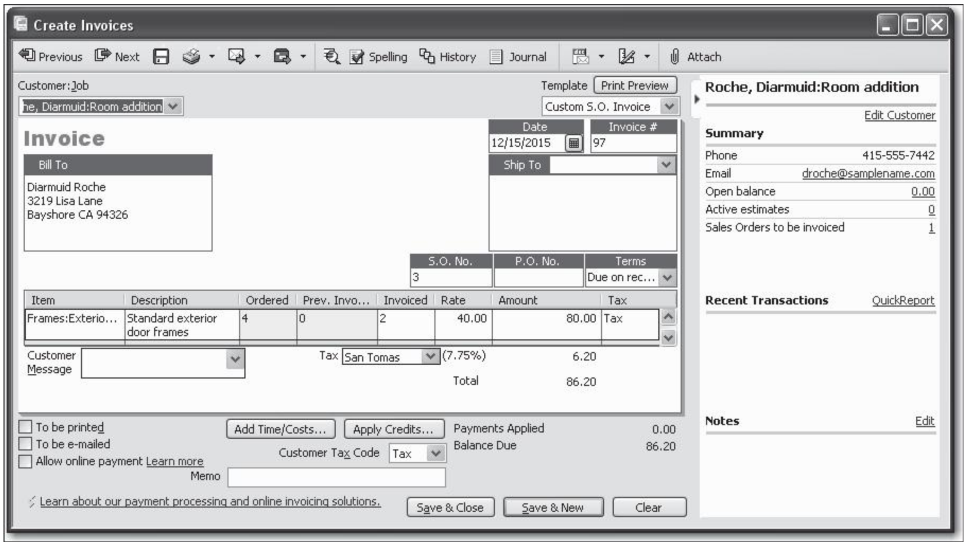
9. In the Create Sales Orders window, click the arrow next to the **Create Invoice** menu button on the toolbar and choose **Invoice**.

   This links the sales order and invoice, which means that when you invoice the customer for items on the sales order, those items are marked as closed.

10. Click **Create invoice for selected items** and click **OK**.

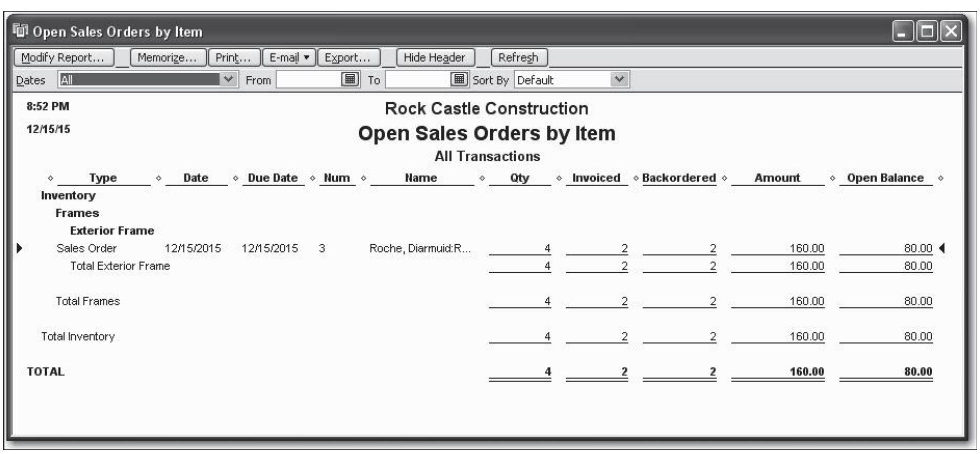


11. Make sure 2 appears in the To Invoice column and click **OK** to invoice for the two exterior frames you have in inventory.



12. Click **Save & Close**.

QuickBooks creates an invoice for the two door frames in stock and puts the other two on backorder.

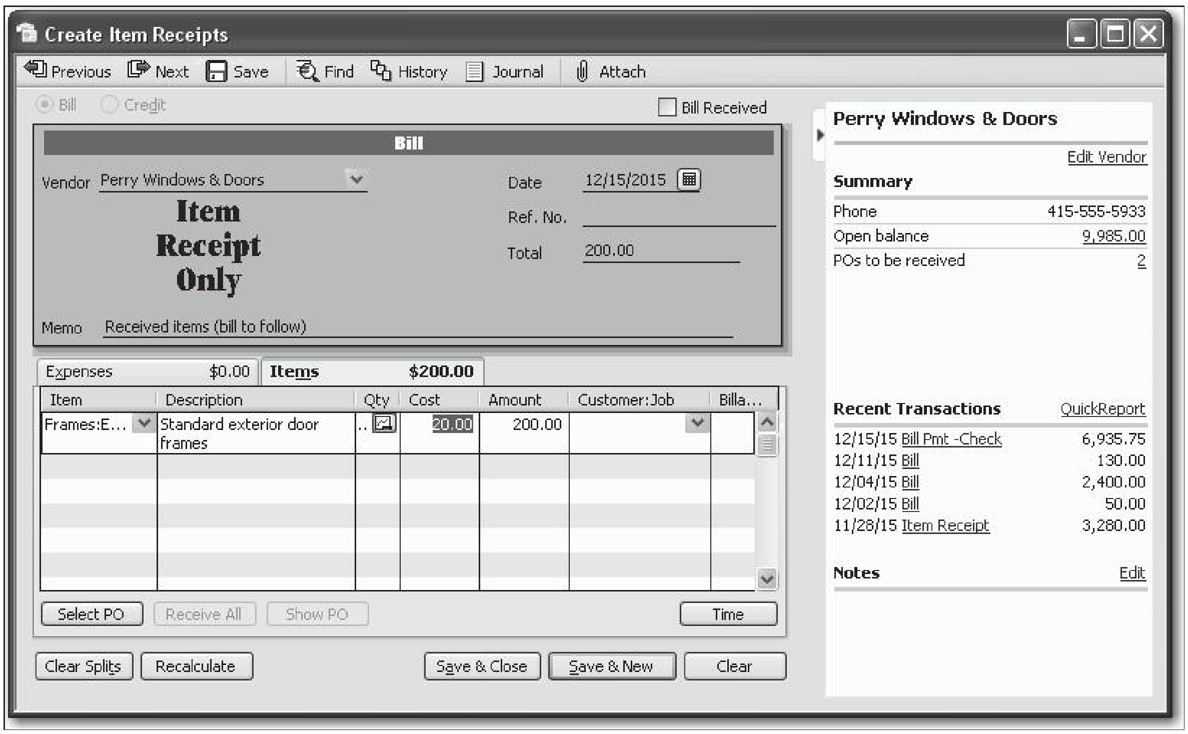


Notes

Receiving Items

To receive items into inventory:

1. From the Vendors menu, choose **Receive Items**.
2. In the Create Item Receipts window, choose **Perry Windows & Doors** from the Vendor drop-down list.
3. Click **No** at the message that appears.
4. In the Item column, select **Frames:Exterior Frame**.
5. Press Tab twice to go to the Quantity column and type **10**.
6. Press Tab and QuickBooks updates the amounts.

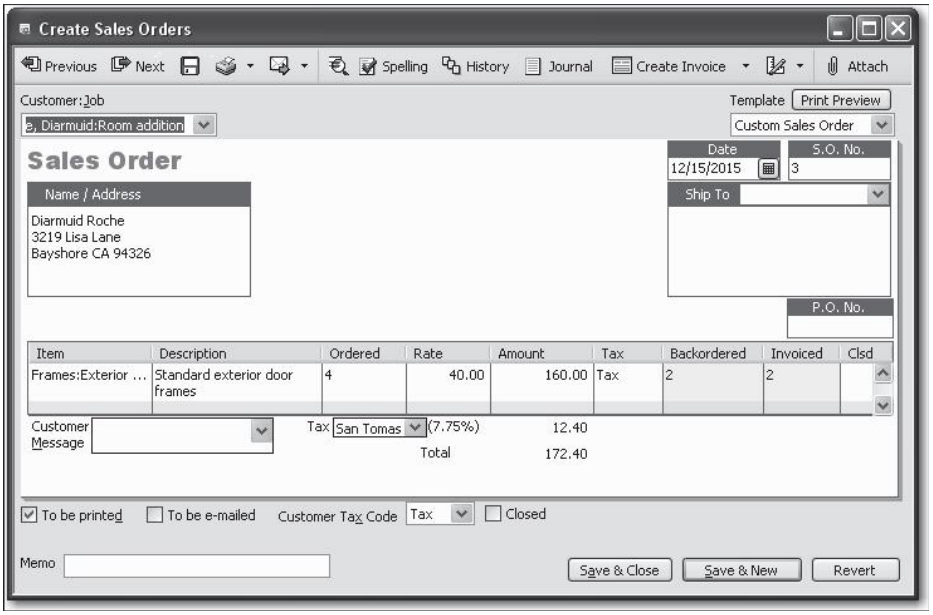


7. Click **Save & Close**.

Notes

To fill Diarmuid's order:

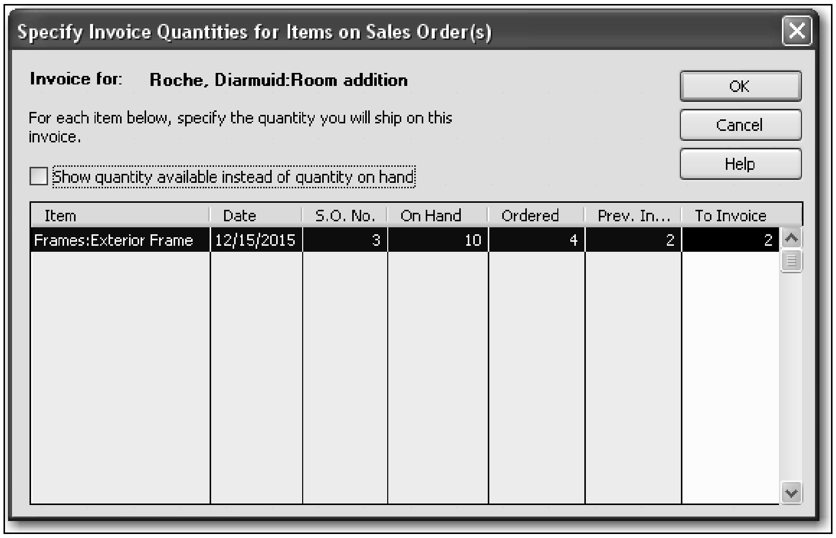
1. From the Customers menu, choose **Create Sales Orders**.
2. Click the **Previous** button to display Diarmuid's sales order.



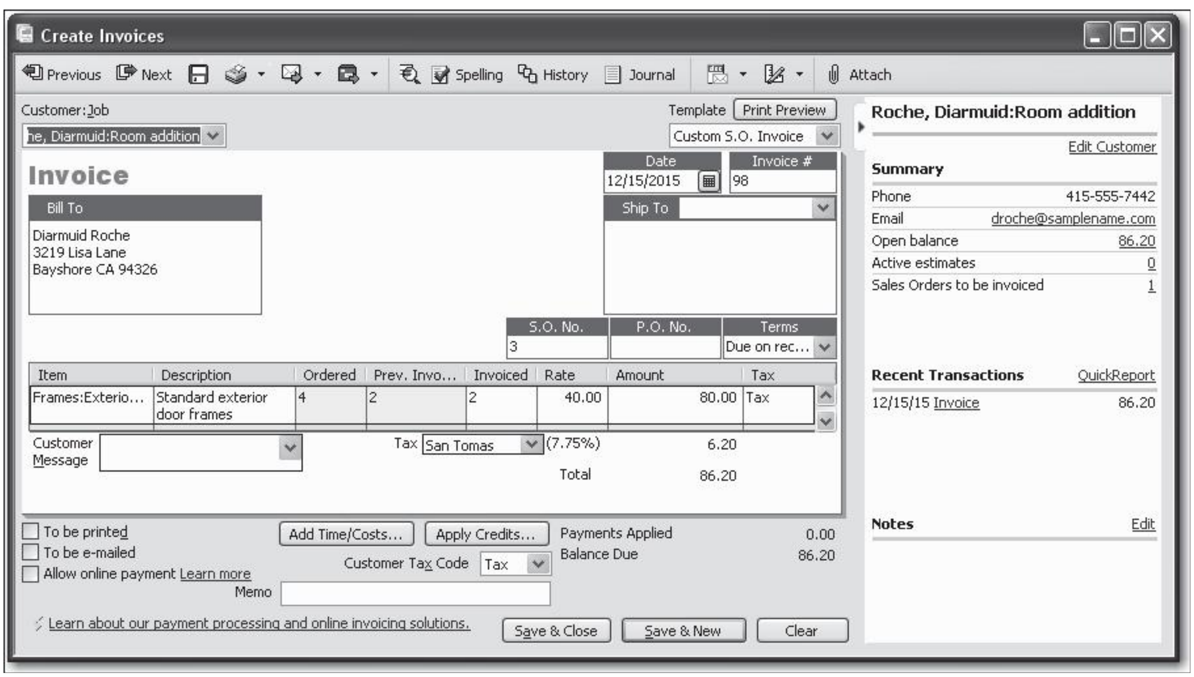
3. In the Create Sales Orders window, click the **Create Invoice** menu button on the toolbar.

Notes

4. Click **Create invoice for selected items** and click **OK**.



5. Make sure 2 appears in the To Invoice column and click **OK** to invoice for the two exterior frames for Diarmuid's room addition.

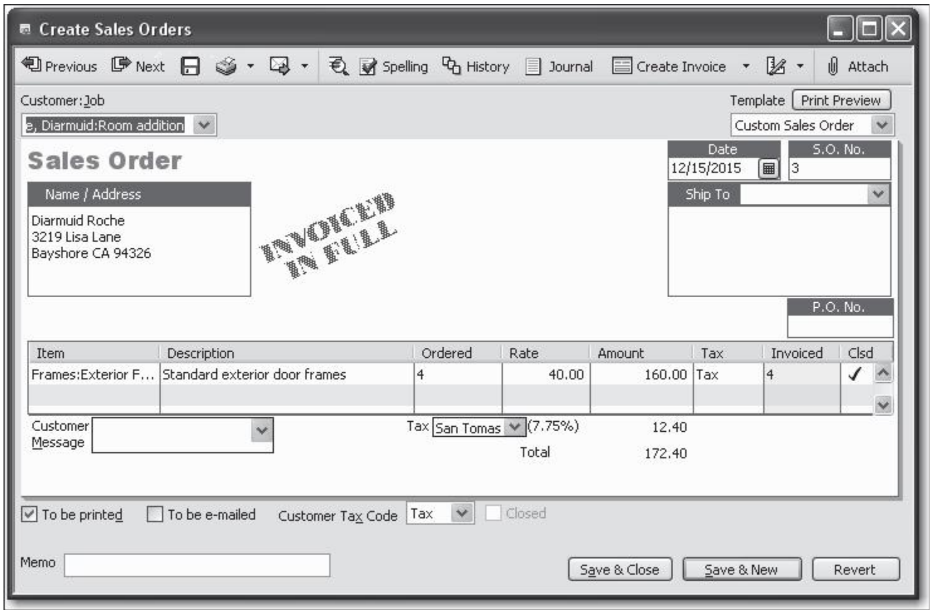


6. Click **Save & Close** to save the invoice and close the Create Invoices window.

7. On the Home page, click **Sales Orders**.

8. Click the **Previous** button to display Diarmuid’s sales order.

   Notice the sales order now indicates that it has been invoiced in full.



9. Close the Create Sales Order window.

Notes

Lesson 6: Entering Sales Information

Review questions

1. When receiving payment at the time of sale, you create a ___________________________ in QuickBooks.
2. When customers are returning items, you record the return on a __________________________________.
3. In QuickBooks, you can record payments made using which of the following?

   a Cash
   b Check
   c Credit card
   d All of the above

4. Which item type should you use when recording a partial payment from a customer on an invoice?

   a Subtotal
   b Payment
   c Service
   d Non-inventory Part

5. True or false: QuickBooks lets you save sales forms as PDF files.

   a True
   b False

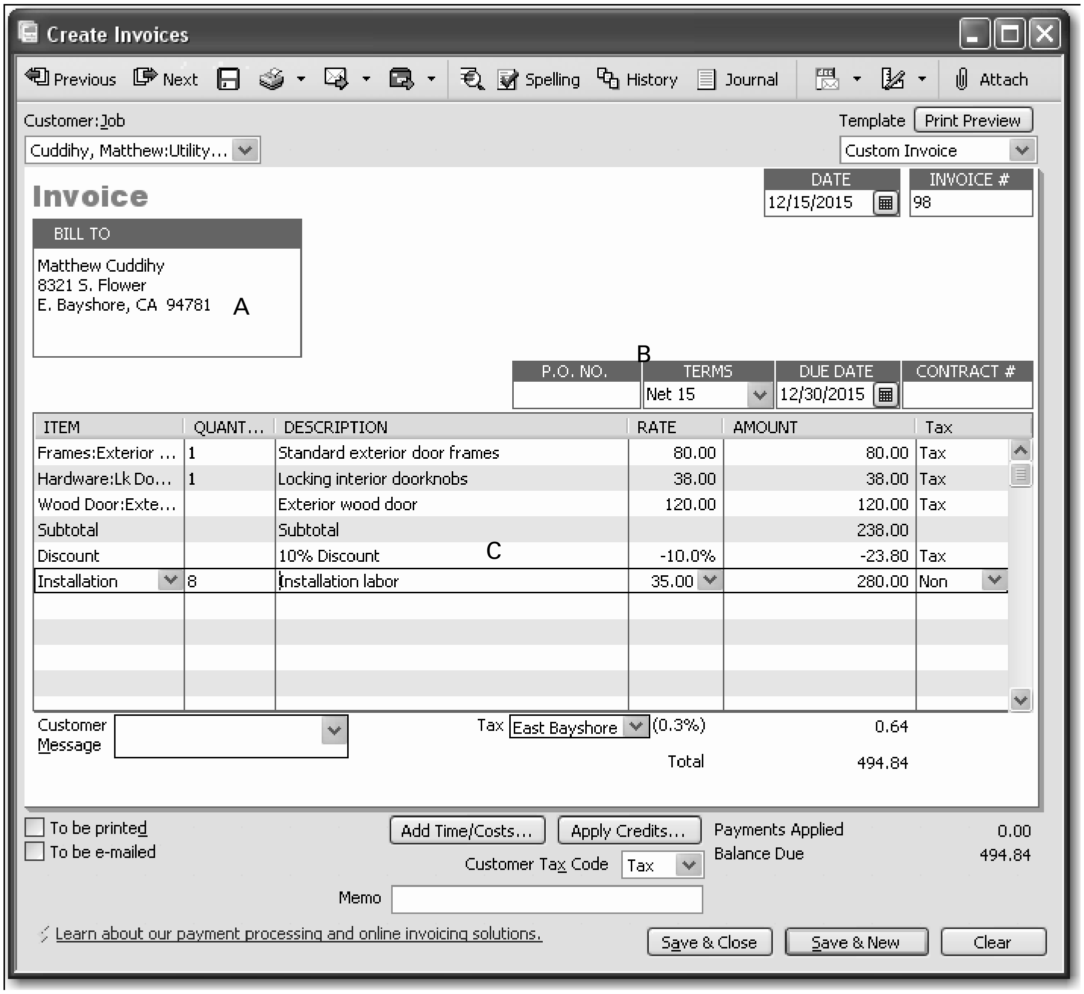
6. If you regularly invoice a customer for similar items or services, you can______________________ the invoice to save time.

7. From which list (or lists) does QuickBooks get the information for A, B, and C in the graphic below?

a ___________________________________

b ___________________________________

c ___________________________________



8. List the item types used in the line item area of the invoice above.

____

____

____

9. On which of the following can you **not** use price levels?

   a Invoices
   b Sales receipts
   c Credit memos
   d Purchase orders

10. QuickBooks: Pro allows you to assign price levels to which of the following?

    a Specific customers
    b Individual line items on sales forms
    c Both a and b
    d None of the above

11. If a wood door costs $120.00 and you set the rounding option to 1.00 minus .11, what price would appear on an invoice for the wood door?

    a $120.11
    b $120.89
    c $119.89
    d $119.11

12. True or false: Price levels affect Discount items.

    a True
    b False

13. Which of the two methods described in this lesson for providing customers with information about overdue invoices allows you to assess finance charges?

    a ____
    b ____

Review activities

1. Create an invoice for Rock Castle Construction that uses the new Repairs:Plumbing line item. Create the invoice for a new customer by adding information to the Customer list “on the fly.”
2. Filling out a sales receipt is similar to filling out an invoice form. Create a sales receipt for a customer of Rock Castle Construction, and select the Undeposited Funds option. (You need to select this option only if the preference to use that account as the default deposit to account is not set.) After you create the sales receipt, open the Undeposited Funds account register to see the transaction QuickBooks created automatically.
3. Create a new price level for Rock Castle Construction for their January sales event. You want all the prices to be 10% off and rounded to the nearest $.95. Then, create an invoice and add some items. Apply the January Sales Event price level and see the affect on the price listed. How would you change the price level so that all prices are rounded to the nearest $.49?

Answers to review questions

1. When receiving payment at the time of sale, you create a *sales receipt* in QuickBooks.
2. When customers are returning items, you record the return on a *credit memo*.
3. In QuickBooks, you can record payments made using which of the following?

   a Cash
   b Check
   c Credit card
   ✔ **d** *All of the above*

4. Which item type should you use when recording a partial payment from a customer on an invoice?

   a Subtotal
   ✔ **b** *Payment*
   c Service
   d Non-inventory Part

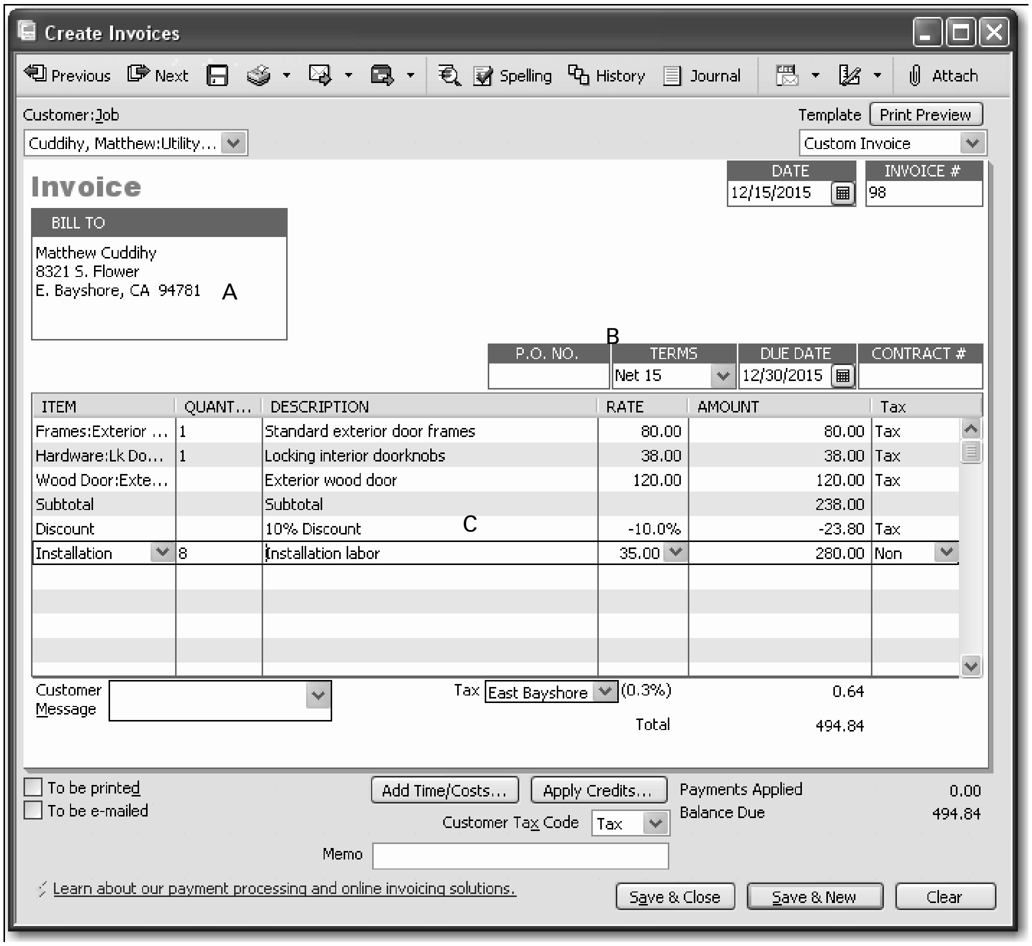
5. True or false: QuickBooks lets you save sales forms as PDF files.

   ✔ **a** *True*
   b False

6. If you regularly invoice a customer for similar items or services, you can *memorize* the invoice to save time.

7. From which list (or lists) does QuickBooks get the information for A, B, and C in the graphic below?

   a Customers & Jobs List
   b Customers & Jobs list (if associated terms with the customer); Terms list
   c Item List



8. List the item types used in the line item area of the invoice above.

   Inventory Part, Subtotal, Discount, and Service.

9. On which of the following can you **not** use price levels?

   a Invoices
   b Sales receipts
   c Credit memos
✔ **d** *Purchase orders*

10. QuickBooks: Pro allows you to assign price levels to which of the following?

   a Specific customers
   b Individual line items on sales forms
✔ **c** *Both a and b*
   d None of the above

11. If a wood door costs $120.00 and you set the rounding option to 1.00 minus .11, what price would appear on an invoice for the wood door?

   a $120.11
   b $120.89
✔ **c** *$119.89*
   d $119.11

12. True or false: Price levels affect Discount items.

   a True
✔ **b** *False (Price levels only affect Service, Inventory, Non-Inventory Part, and Inventory Assembly items)*

13. Which of the two methods described in this lesson for providing customers with information about overdue invoices allows you to assess finance charges?

   a *Invoice letters*
   b *Reminder statements*