QUICKBOOKS
PRO 2018

3 | Working with Vendors

LEARNING OBJECTIVES

Tracking expenses properly is very important for your financial statements as well as for keeping your vendors happy! A vendor is essentially anyone to whom you pay money. However, this does not include employees. A vendor could be the electric company, the organization to which you pay taxes, a merchandise supplier, or subcontractors you pay to do work for your customers. QuickBooks allows you to produce 1099 tax forms for subcontractors at the end of the year. In this chapter, you will examine the QuickBooks lists, activities, and reports that allow you to effectively deal with vendors.
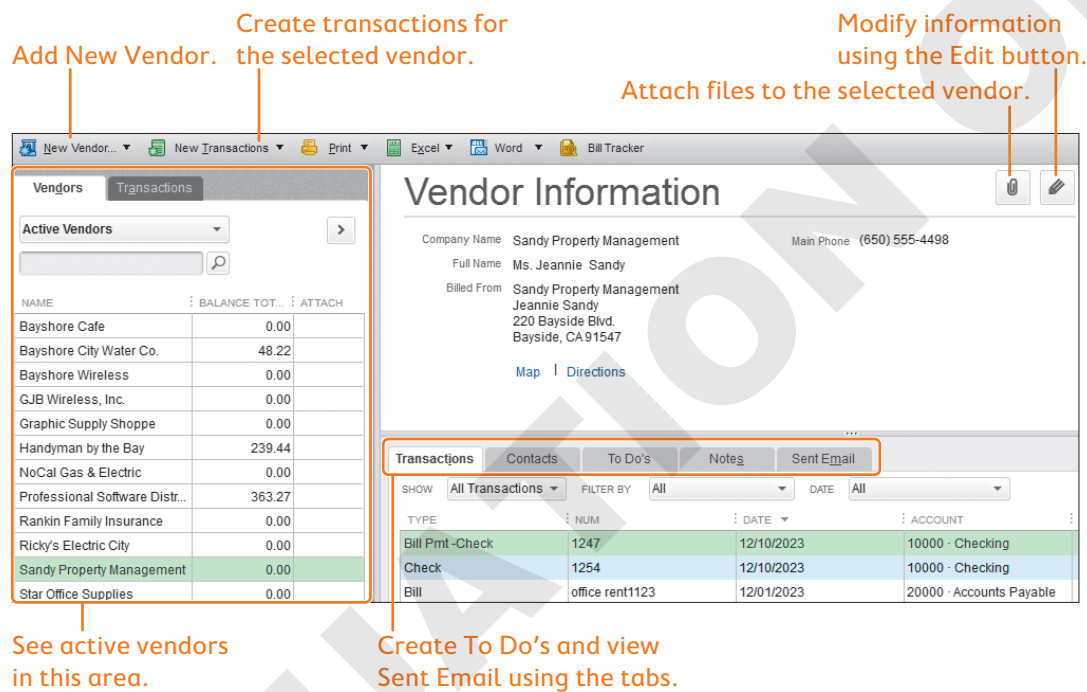
▸ Identify features of the Vendor Center and Vendor Lists

▸ Enter and pay bills

▸ Write and print checks

▸ Correct errors in vendor transactions

▸ Produce vendor and profit & loss reports

🗁 Project: Average Guy Designs

Now that Guy Marshall has set up his customers and entered transactions related to them, he needs to set up the Vendor List before he can track expenses. These transactions include entering and paying bills and writing checks. Guy will also learn how to produce reports that will provide relevant vendor information as well as a profit & loss report.

You can access the Vendor List and activities (entering and paying bills) from the Vendor Center, pictured below. When you select a vendor from the Vendor Center, it provides an all-in-one look at that vendor's information, bills, and payments.

Create transactions for
Add New Vendor.   the selected vendor.

Modify information
using the Edit button.

Attach files to the selected vendor.

See active vendors
in this area.

Create To Do's and view
Sent Email using the tabs.

The Vendor Center

The Vendor Center contains one type of list that is used in various forms and reports. Each vendor's record in the list is organized into five tabs: Address Info, Payment Settings, Tax Settings, Account Settings, and Additional Info, where you can create custom fields to store additional data about the vendor. Keep in mind that, the more information you enter for each vendor, the better your customized reports will be because you can sort, group, and filter your reports using information pulled from the vendor records. This list can even be exported to contact management software such as Microsoft® Outlook.

The Vendor List

Setting up the Vendor List is a necessary function and will allow you to customize each vendor so that it makes other functions easier. These customizations can include setting Vendor IDs for

1099 vendors, setting default accounts such as Utilities for your Electricity vendor, and storing the type of vendor, such as service provider.

Creating a New Vendor

You can access the Vendor List via the menu or Home window. Subcontractors should be set up as vendors, not as employees.

Each tab holds additional fields to track vendor information.

Contact fields on the Address Info tab are customizable.

Vendors→Vendor Center→New Vendor→New Vendor

Setting Up Default Expense Accounts for a Vendor

In QuickBooks, when you add a new vendor, you have the option to associate up to three expense accounts with that vendor. These accounts will automatically fill in when you enter a bill for this vendor. By setting up expense account information to be prefilled, tracking expenses is easier and faster.

Once set up, when that vendor is entered in the Enter Bills, Write Checks, or Enter Credit Card Charges windows, QuickBooks will automatically fill in the expense account names for you. You can always choose to override the default accounts that are filled in by changing them in the individual transaction window. If there are fewer than three expense accounts for a vendor, just leave the additional account prefill fields blank.

Set up default expense accounts for a vendor here.

Editing an Existing Vendor

Once created, the vendor can always be edited through the Vendor Center. The only item that cannot be edited after you have created and saved a new vendor is the opening balance (it must

be adjusted through the accounts payable register). When you change the information for a vendor, including the vendor's name, it will be reflected in both future and past transactions.

Deleting a Vendor

You can delete a vendor from the Vendor List *as long as you have not used it in a transaction*. If you have used it in a transaction, you can make it inactive, but you cannot delete it until after you close the books for a period.

Making a Vendor Inactive

If you have a vendor with whom you are no longer working, you cannot delete the vendor from the associated list if that vendor has been involved in any transactions. What you can do is make the vendor inactive. If you find you need a list entry again for that vendor, you can reactivate it.

Merge Duplicate Vendors

Occasionally, you may find that you have two records created for the same list entry. QuickBooks allows you to merge these duplicate entries into one. You perform the merge by editing one of the entries and changing its name to match the other exactly. The two entries will permanently become one and all prior transactions with the merged list entry will reflect the change in name. Refer to QuickBooks Help in addition to the following regarding merging vendors:

- You can merge up to four vendors at a time.
- You cannot merge vendors with online transactions or direct deposits.
- You can merge vendors only when you are logged in as a QuickBooks "Admin" user.

Warning! Merging list entries cannot be undone!

DEVELOP YOUR SKILLS 3-1

In this exercise, you will manage the Vendor List for Average Guy Designs, adding, editing, merging, and deleting vendors. The password for all files unless otherwise stated is Password1. *Leave the company file open unless otherwise instructed.*

1. Start QuickBooks 2018.
2. Choose **File→Open or Restore Company**.
3. Open **DYS_Chapter03 (Company)** or restore **DYS_Chapter03 (Portable)** from your file storage location and save your file as: **DYS_Chapter03 Average Guy Designs**

Edit an Existing Vendor

When this vendor was created, the address and phone number for Graphic Supply Shoppe wasn't available, so you will add it now.

4. Click the **Vendors** button on the Home page.
5. From the list of vendors, double-click **Graphic Supply Shoppe** to open it for editing.

Tip! When you double-click a record on the Vendor List, QuickBooks opens it for editing. You could also single-click the vendor you wish to open and then click the **Edit** button.

6. Enter the following information to edit the vendor:
   - Main Phone: **(212) 555-6743**
   - Address Details Billed From: **302 E 44th St.** Enter **New York, NY 10017**

7. Click **Copy** >> to copy the Billed From address to the Shipped From field and then click **OK** to accept the address.

8. Click **OK** to complete the change to the vendor record.

Add a New Vendor

Next you will add a new vendor to the list.

9. Click the **New Vendor** button on the toolbar of the Vendor Center and then choose **New Vendor**.

10. Enter this information to complete the vendor record:
    - Vendor Name: **GJB Wireless, Inc.**
    - Company Name: **GJB Wireless, Inc.**
    - Full Name: **Mr. Amir Dhanu**
    - Job Title: **Business Sales Rep**
    - Main Phone: **(650) 529-1112**
    - Address Details Billed From: **721 Chicago Ave.** Enter **Bayshore, CA 91547**

11. Click **Copy** >> to copy the Billed From address to the Shipped From field and then click **OK** to accept the address.

12. From the New Vendor window, click the **Payment Settings** tab and enter the payment information:
    - Account No: **E31W006**
    - Payment Terms: **Net 30**

13. Click the **Additional Info** tab and choose **Service Providers** from the Vendor Type list.

14. Click **OK** to create the new vendor record.

Delete a Vendor

Guy has not purchased anything from Paper Palace yet, and the company has just gone out of business. You will now delete this company from the Vendor List.

15. Click the **Paper Palace** record in the Vendor List to select it.

16. Choose **Edit→Delete Vendor**.

    QuickBooks asks you to confirm the deletion. QuickBooks wants to ensure that you don't delete anything by accident; it will always ask you to confirm deletions.

17. Click **OK** to confirm the deletion.

18. Close the Vendor Center window.

Entering Bills

When you have set up your initial Vendor List, you can begin to enter spending transactions. In this section, you will learn to enter bills and use accounts payable, which is the account credited when bills are entered. When you enter a bill, you *must* specify a vendor because accounts payable will be credited by the transaction.

When entering bills, you need to decide if the expenditure is for an expense or for items that you will add to your inventory if you are tracking inventory.

The Ribbon shows commands such as Memorize and Pay Bill.

This area provides a snapshot of information for the selected vendor.

This drop-down arrow ▾ allows you to select an existing vendor, and stored information will fill in.

To pass on an expense to a customer, select the Customer:Job and check the Billable column.

The Importance of Entering Reference Numbers and Memos

When entering a bill, it is very important to enter reference information or the bill number in the Ref. No. field and notes in the Memo fields. The first memo field is for information that will print on a check created when you pay this bill. The second memo field is for internal use and can include any information that you want to track. The memo information displays in reports, is searchable, and can aid you if you are looking for a bill.

Passing on Expenses to Customers

When you enter a bill, you may be purchasing equipment or supplies or incurring a consultant's fee that you want to pass on to the customer. QuickBooks allows you to easily indicate which expenses are to be billed to a customer by providing a "Billable?" column in the Enter Bills window. When

you make an item billable to a specific customer, the next time you invoice that customer, you will be asked if you'd like to add the outstanding billable time and costs to the invoice.

Billable Time/Costs   ✕

ⓘ The customer or job you've selected has outstanding billable time and/or costs.

Do you want to:

◉ Select the outstanding billable time and costs to add to this invoice?

◯ Exclude outstanding billable time and costs at this time? (You may add these later by clicking the Add Time/Costs button at the top of the invoice.)

FLASHBACK TO GAAP: COST

Remember that when a company purchases assets, it should record them at cost, not fair market value. For example, if you bought an item worth $750 for $100, the item should be recorded at $100.

The cost of goods sold (COGS) comprises expenses that are directly related to the manufacture of products or services that the company sells. Some expenses that might be considered COGS are labor, raw materials, depreciation, and overhead. You cannot pass on the COGS to a customer (it is instead incorporated into the final price of the product), so make sure that you use the proper type of account (expense) if the costs are to be billed to your customer.

BEHIND THE SCENES

When entering bills, QuickBooks takes care of all the accounting for you. Here is an illustration of the accounting going on behind the scenes.

20000•Accounts Payable		63300•Insurance Expense	
	125.49	125.49	

Rankin Family Insurance	
	125.49

The sub-register for the vendor has a credit along with Accounts Payable.

↗ Vendors→Enter Bills

DEVELOP YOUR SKILLS 3-2

In this exercise, you will enter bills, track expenses, and enter a vendor "on the fly." You just received a bill for Internet service that you will enter into QuickBooks.

1. Click the **Enter Bills** task icon in the Vendors area of the Home page.
2. Click the **Vendor** drop-down arrow ▾ on the bill and then choose **GJB Wireless, Inc.**

    Look at the form and notice that the vendor's address and terms fill in for you from the underlying list and that the due date is calculated.

3. Enter this information to create a bill:

    • Date: **091023**

    The date will format correctly after you leave this field.

    • Ref. No.: **Inv 0616 08/2023**

    • Amount Due: **61.28**

    • Memo: **GJB Wireless, Internet Service 08/2023**

4. Account column under the Expenses tab: Type **co** and then choose **61700•Computer and Internet Expenses**.

    When you typed co, *QuickBooks filled in* Computer and Internet Expenses *from the underlying list for you (in this case, the Chart of Accounts).*

Set Default Accounts for a Vendor

You know that all bills for GJB Wireless, Inc., will use the same expense account, so you will now edit the vendor and set the account prefills right from the Enter Bills window.

5. Click the **Edit** ✎ button in the history pane of the Enter Bills window to display the Edit Vendor window.
6. Click the **Account Settings** tab and then choose **61700•Computer and Internet Expenses** from the first drop-down list.
7. Click **OK** to save the changes to the vendor record and return to the bill.
8. Change the Terms on the bill to **Net 15**.

    Whenever you make a change to a vendor's information on a form such as the Enter Bills window, QuickBooks asks whether you want to make that change permanent when you save. Otherwise, the new information will appear only on the current form.

9. Click **Save & New** to enter the bill and then click **Yes** to change the default Terms for the vendor. Leave the Enter Bills window open for the next step.

BEHIND THE SCENES BRIEF

61700•Computer and Internet Expenses DR 61.28; **20000•Accounts Payable CR <61.28>**

Enter a Bill for a Vendor Not on the Vendor List

When you enter a vendor name that is not on the Vendor List, QuickBooks allows you to add it to the Vendor List "on the fly."

10. In the Vendor field at the top of a new bill, type **Rankin Family Insurance** and then tap ⬚Tab⬚.

   A Vendor Not Found window will appear.

11. Click **Set Up**.

   You could have chosen to Quick Add the vendor, in which case you could proceed with the bill; however, you would have to return to the Vendor List at a later time and edit the entry to include all the vendor information in your company file.

12. Enter the following information to create the new vendor:

   • Company Name: **Rankin Family Insurance**

   • Full Name: **Mrs. Mary Rankin**

   • Job Title: **Owner/Agent**

   • Main Phone: **(650) 555-7762**

   • Address Details Billed From: **1456 Pine St.** ⬚Enter⬚ **Bayshore, CA 91547**

13. Click **Copy>>** and then click **OK** to copy the address to the Shipped From field.

14. Click **OK** to accept the information for the new vendor.

15. Enter this information to create the bill:

   • Date: **091023**

   • Ref. No: **Inv 769 08/2023**

   • Amount Due: **125.49**

   • Memo: **Rankin, Inv 769 08/2023**

   A good practice is to fill in both memo fields; copy the memo from the first memo field into the memo field on the expense line.

   • Account: Type **i** and choose **63300•Insurance Expense**

   > **BEHIND THE SCENES BRIEF**
   >
   > 63300•Insurance Expense DR 125.49; **20000•Accounts Payable CR <125.49>**

16. Click **Save & Close** to record the bill.

Paying Bills

When you have entered your bills, you will need to pay them in a timely manner. In QuickBooks, you use the Pay Bills window to debit accounts payable. The other half of the equation (the account that will be credited) depends on the account from which you withdraw funds (or charge, in the case of bill payment by credit card).

Warning! When you have used the Enter Bills window, make sure you use the Pay Bills window to issue the payment—*not* the Write Checks window! If you use the Write Checks window, it will not pay off the bill, thus you will expense the purchase twice and not "clear out" the entry in the accounts payable account.

Choose which bills to pay; note discount and credit information.

Use Filter By for bills for a specific vendor.

Use Sort By to see choices for viewing your bills in a chosen order.

Choose the option you want to use to sort your bills.

Payment Details

At the bottom of the Pay Bills window, you must make three important choices regarding your payment: Payment Date, Payment Method, and Payment Account.

- **Payment Date—**Make sure you select the date you want the payment to be reflected in your bank and Accounts Payable accounts.

- **Payment Method—**You can choose how you will pay the bill. If you choose to pay by check, you must select whether you will print the check later in a batch, or at the time and assign it a check number. If you choose to pay by credit card, you must have a credit card account set up prior to selecting it from the Payment Method drop-down list.

- **Payment Account—**You can select to pay the bill from any bank account you have set up. When you select an account, QuickBooks will show you the ending balance for the account so you can ensure you have enough money to pay the bill. Make sure to select the proper account, as it will be credited behind the scenes!

Bill payment options

The Payment Summary Window

When you have chosen to pay the selected bills in the Pay Bills window, QuickBooks will display a Payment Summary window. There are three options available to you from this window: pay another bill, print checks, or close the window.

BEHIND THE SCENES

Let's look at the accounting scenario that results when you pay bills.

20000•Accounts Payable	10000•Checking
125.49	125.49

Rankin Family Insurance	
125.49	

QuickBooks debits the sub-register for the vendor (Rankin Family Insurance) along with Accounts Payable.

↗ Vendors→Pay Bills

DEVELOP YOUR SKILLS 3-3

In this exercise, you will enter a partial payment for one of the bills because the service hasn't been completed. You will complete this task for Guy by using the Pay Bills window because the bills were originally entered in the Enter Bills window and, therefore, are "sitting" in Accounts Payable.

1. Click the **Pay Bills** task icon on the Home page.
2. Click in the checkbox beside the bill due for **Rankin Family Insurance**.
3. In the Payment section at the bottom of window, enter the following:
   - Date: **091823**
   - Method: **Check**
   - Click **To Be Printed**
   - Account: **10000·Checking**

4. Click the **Pay Selected Bills** button.

BEHIND THE SCENES BRIEF
20000•Accounts Payable DR 125.49; **10000•Checking CR <125.49>**

5. Click **Pay More Bills** in the Payment Summary window.

Make a Partial Bill Payment

You will now help Guy to pay a partial amount of a bill due.

6. Click in the checkbox beside the bill due for **GJB Wireless, Inc.** to select it.

7. Double-click on **61.28** in the Amt. To Pay column to select it for the GJB Wireless, Inc., bill, type **50**, and tap Tab .

8. Click the **Pay Selected Bills** button to complete the transaction.

9. Click **Pay More Bills** in the Payment Summary window.

Take a look at the current bills to be paid in the Pay Bills window. Notice that the bill for GJB Wireless, Inc., is still on the list, but only for the remaining amount due of $11.28.

BEHIND THE SCENES BRIEF
20000•Accounts Payable DR 50.00; **10000•Checking CR <50.00>**

10. Close the Pay Bills window.

Writing and Printing Checks

If you are using the cash basis of accounting, you do not have to use the enter bills and pay bills features of QuickBooks—even though they are useful features for managing cash flow. Instead, you can simply write a check to pay for your expenditures when they are due and expense them properly. Additionally, if you handwrite a check for which there was no bill entered into Quick-Books, you will not use the pay bills feature.

Warning! Remember that if you use the Enter Bills feature, you must use the Pay Bills feature for the bills you have entered! If you don't, your expenses will be overstated, funds will remain in Accounts Payable, and your reports will not reflect accurate amounts.

As with the Pay Bills window, you must decide from which account to issue the check and whether to print the check or add it to a batch for later printing.

The Print Later option sets
the check number to print.

This field allows you to choose
the account that the transaction
is being charged to.

The Pay to the Order of field will prefill
the information from the Vendor List.

Banking→Write Checks

Print Checks Setup

To be sure every item prints in the proper location on the checks, you will need to align the checks to your printer. If you change your printer, you will have to realign your checks. It is important to select the check style that matches the checks you have purchased and to print a sample check to ensure proper alignment. Uploading a signature graphic file instead of manually signing each check is a great time-saving feature, although caution should be applied if others have access to the Write Checks feature.

Printing Checks

When you choose to print your checks in the Pay Bills and Write Checks windows, QuickBooks will "hold" all of them in a queue until you are ready to print a batch of them.

		Select Checks to Print		

| Bank Account | 10000 · Checking ▼ | | First Check Number | 1247 |

Select Checks to print, then click OK.
There are 2 Checks to print for $875.00.

✓	DATE	PAYEE	AMOUNT
✓	12/10/2023	Ricky's Electric City	125.00
✓	12/30/2023	Sandy Property Managem...	750.00

Choose which checks from your batch to print.

BEHIND THE SCENES

The behind the scenes accounting that occurs when you write a check is a hybrid of the two previous transactions (Enter Bills and Pay Bills), with the elimination of Accounts Payable, the middle man.

67100•Rent Expense		10000•Checking	
750.00			750.00

↱ File→Printer Setup

↱ File→Print Forms→Checks

DEVELOP YOUR SKILLS 3-4

In this exercise, you will pay for expenses with both printed and handwritten checks.

1. Click the **Write Checks** task icon in the Banking area of the Home page.
2. Complete the check with this information:
   - Ensure the **Print Later** box on the Ribbon is checked
   - Bank Account: **10000•Checking**
   - Date: **121023**
   - Pay to the Order of: **Sandy Property Management**
   - Amount to Pay: **750**

- Memo: **Sandy Property, Rent 01/2024**
- Account: **67100•Rent Expense**

> **BEHIND THE SCENES BRIEF**
>
> 67100•Rent Expense DR 750.00; **10000•Checking CR <750.00>**

3. Click **Save & New** to record this check and leave the Write Checks window open.

Record a Handwritten Check

You may not always be at your computer when you wish to write a check. In this situation, Guy has taken his checkbook shopping, and you need to record the handwritten check.

4. Click to remove the checkmark from the **Print Later** box, so the check number field can be edited.

5. Enter this information to record the handwritten check:

- No: **1248**
- Date: **123023**
- Pay to the Order of: **Bayshore Cafe** (then [Tab] and choose **Quick Add**, choose **Vendor**, and then click **OK**)
- Amount: **37.49**
- Memo: **Bayshore Cafe, Lunch with Client 12/2023**
- Account: Type **m** (choose **Meals and Entertainment**)

> **BEHIND THE SCENES BRIEF**
>
> 64300•Meals and Entertainment DR 37.49; **10000•Checking CR <37.49>**

6. Click **Save & Close** to complete the transaction.

Print a Batch of Checks

After you have indicated that checks are to be printed, you need to issue a separate command to print them.

7. Click the **Print Checks** task icon in the Banking area of the Home page.

> **Note!** If you don't see the Print Checks task icon, use the sizing arrow to make the Home page larger or choose File→Print Forms→Checks.

8. Enter **1249** as the first check number.

By default, all of the checks will be selected.

9. Click the checkmark to the left of **Sandy Property Management** to deselect it and then click **OK**.

10. Click the **Printer Name** drop-down arrow ▾.

At this point you can verify that the correct printer is selected. Choose a PDF driver to send the checks to a file or to an available printer to actually print the checks.

11. Ensure that **Voucher** is chosen as the check style and then click **Print**.

When complete, QuickBooks will display a Print Checks - Confirmation window. Here you have the opportunity to reprint any checks that did not print correctly or to troubleshoot the order in which your checks printed.

12. Click **OK** in the Print Checks - Confirmation window.

Notice that there are links to help you if your checks do not print correctly.

Editing Vendor Transactions

QuickBooks tries very hard to make sure you don't make errors that will affect what happens behind the scenes, as shown by the Open Bills Exist window that is displayed. However, some-times users still end up making mistakes that need to be corrected!

The Open Bills Exist window is displayed when you try to write a check to a vendor for whom you have an outstanding bill.

Fixing Errors

The following table outlines a common vendor-related error as well as an error that occurs in the Write Checks window, the effects of the errors behind the scenes, and how to correct them.

✔ *Best Practice*

After a transaction has been cleared during the reconciliation process, it should not be changed. Because each situation may require a different solution, you may want to check with an accountant.

COMMON ERRORS AND FIXES

Error	Effect Behind the Scenes	The Fix
A bill is entered but the Pay Bills window is not used when the payment is made.	Your expenses will be double-stated and Accounts Payable for the vendor is not "cleared out."	Void the check or credit card payment for the expense and then enter the transaction properly using the Pay Bills window.
A "regular" check was cut to pay payroll or sales tax liabilities.	The liability accounts are not cleared out; QuickBooks payroll essentially has a second set of books that are affected only when you pay the liabilities through the proper method.	Void the "regular" check and then process the payment through the proper method (Pay Payroll Liabilities or Pay Sales Tax).

FLASHBACK TO GAAP: PRUDENCE

Remember that if you need to choose between two solutions, pick the one that is less likely to overstate assets and income.

DEVELOP YOUR SKILLS 3-5

In this exercise, you will find and edit a bill. You will start by helping Guy to edit the bill for Ricky's Electric City for 3-D Printer Repair, as it should have been for $225.00 rather than $125.00.

1. Choose **Edit→Find**.
2. Be sure the **Simple** tab is selected and then enter the following information:
   - Transaction Type: **Bill**
   - Vendor: **Ricky's Electric City**
3. Click the **Find** button, single-click the bill for **Repair 3-D Printer** in the results list, and then click the **Go To** button.
4. Change the **Amount Due** on the bill to: **225.00**
5. Click **Save & Close**; click **Yes** to record the transaction with the changes.
6. Close the Find window.

Void a Check and Pay a Bill with a Check

Unfortunately, Guy has already gone straight to the Write Checks window to pay the Bayshore City Water Co. bill and has written a check for this expense. You must fix Guy's mistake by voiding the check and reentering the payment correctly using the Pay Bills window.

By writing a check for an outstanding bill in the Write Checks window, Guy has stated the expense twice and has not cleared the amount from Accounts Payable.

BEHIND THE SCENES BRIEF
68600•Utilities:68620 Water DR 525.37; **10000•Checking CR <525.37>**

7. Choose **Banking→Write Checks**.

8. Click the **Previous** button, above the Find button, until the check to Bayshore City Water Co. Guy entered on 11/12/2023 is displayed.
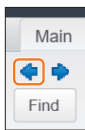
You can look for a transaction by using the Previous and Next buttons if you believe the transaction to be easy to locate. If not, use the Find or Search feature.

9. Choose **Edit→Void Check**.

This check had the Print Later box selected. To void the check QuickBooks will automatically assign a check number. Keep in mind that, for internal control, every check should be accounted for.

10. Change the Check No. to: **1251**

This check number should be set to the next available number.

11. In the **Memo** field, after VOID:, as an explanation, type: **incorrectly processed; should have been entered through Pay Bills, not Write Checks**

12. Click **Save & Close** to close the Write Checks window and click **No, Just Void the Check** in the QuickBooks window, if necessary.

Click Yes if the check was written in the prior period. Because this check was written in the same period, no journal entry is necessary.

13. Choose **Vendors→Pay Bills** to properly pay the bill.

14. Enter the payment correctly:

- Click in the checkbox to select the **Bayshore City Water Co.** bill.
- Payment Date: **112523**
- Payment Method: **Check**
- Check No.: **To Be Printed**
- Account: **10000•Checking**

> **BEHIND THE SCENES BRIEF**
>
> 10000•Checking DR 525.37; **68600•Utilities: 68620 Water CR <525.37>**
> 20000•Accounts Payable DR 525.37; **10000•Checking CR <525.37>**

15. Click **Pay Selected Bills**.

16. Click **Done** in the payment summary window.

Before moving on, think about what you have just completed and make sure you understand the "why" behind it. You have deleted the overstated expenses by voiding the check and have "cleared out" Accounts Payable for Bayshore City Water Co. by processing the payment correctly.

Producing Vendor and Profit & Loss Reports

After you have recorded your vendor-related transactions, QuickBooks has many reports that you can produce to view your data. The general types of reports are:

- List reports
- Summary reports that subtotal your data and provide a summary
- Transaction reports that show each transaction that makes up the subtotal found in a summary report

If you wish to see all transactions grouped by vendor, there are two different reports you can run. The *Vendor Balance Detail* report (found in the Vendors & Payables category) shows only those transactions affecting Accounts Payable (transactions entered and paid as "bills"). The *Expense by Vendor* reports (both summary and detail, found in the Company & Financial category) show transactions made by all payment methods.

The Profit & Loss (P&L) Report

Now that you have recorded both income and expenses, you will be able to run a meaningful profit & loss (P&L) report. It is important to make sure all income and expense transactions are entered so that income is matched to expenses for the period you are reporting. The P&L report will reflect all transactions that have affected income and expense accounts.

> Reports→Report Center→Company & Financial→Profit & Loss | Reports→Company & Financial→Profit & Loss

FLASHBACK TO GAAP: MATCHING

Remember that expenses need to be matched with revenues.

DEVELOP YOUR SKILLS 3-6

In this exercise, you will produce a vendor summary report, a vendor detail report, and a profit & loss report. You will use the QuickZoom feature to drill down into your data to see where the data originated, and you can edit the source transaction after you've QuickZoomed to it. You will start by creating a report that shows what you owe all vendors. Then you will use QuickZoom to see the details of where a balance originated.

1. Choose **Reports→Vendors & Payables→Vendor Balance Detail**.

    You can generate reports through the Report Center or the menu bar with the same result. The report will be displayed with the date range of All selected, as it is the default for this particular report.

2. Place your mouse pointer over the amount due of 11.28 for GJB Wireless, Inc., until you see the zoom pointer and then double-click.

    A custom Vendor Transaction Detail Report will be displayed that shows the transactions leading to the balance for GJB Wireless, Inc.

3. Place your mouse pointer over the Bill date 09/10/2023 that you entered for this vendor until you see the zoom pointer and then double-click.

    The Enter Bills window will open with the bill that you entered for this vendor earlier in this chapter. If need be, you could edit the transaction at this point.

4. Choose **Window→Close All,** clicking **No** if asked to memorize any of the reports displayed.

Display a Vendor Summary Report

Now you will create a report that shows a summary of all expenses by vendor, regardless of payment method.

5. Choose **Reports→Company & Financial→Expenses by Vendor Summary**.

6. Type **a** to set the date range to **All**.

    The Expenses by Vendor Summary report will be displayed, listing the total amount ever paid or accrued for each active vendor.

7. Close the report, clicking **No** when asked if you want to memorize it.

Create a Profit & Loss Report

Guy would now like to see whether the company had a net income or loss for December based on the transactions entered.

8. Choose **Reports→Company & Financial→Profit & Loss Standard**.

    Remember, you can display all reports available through the Report Center via the menu bar as well.

9. Set the correct date range:

    • From: **120123**

    • To: **123123**

10. Click **Refresh** on the Report toolbar.

Average Guy Designs, Chapter 3 Profit & Loss December 2023	
	Dec 23
▼ **Income**	
42700 · Photography Income ▶	200.00 ◀
43200 · Design Income	4,345.00
48800 · Print Layout Income	520.00
Total Income	5,065.00
Gross Profit	5,065.00
▼ **Expense**	
61500 · Job Materials	195.50
64300 · Meals and Entertainment	37.49
64900 · Office Supplies	352.00
67100 · Rent Expense	1,500.00
▼ 68600 · Utilities	
68620 · Water	525.37
Total 68600 · Utilities	525.37
Total Expense	2,610.36
Net Income	**2,454.64**

You will see a report that shows your total income and expenses for the time period along with the resulting net income (or loss). The income portion of your report should match the illustration. The date range was set to Custom on the toolbar. QuickBooks gives you the option to set the exact date range you desire in your reports.

11. Close the Profit & Loss report, choosing not to memorize it, and leave the company file open.

Tackle the Tasks

Now is your chance to work a little more with Average Guy Designs and apply the skills that you have learned in this chapter to accomplish additional tasks. You will use the same company file you used in the Develop Your Skills exercises throughout this chapter. Enter the following transactions, referring to the concepts in the chapter as necessary.

Add a Vendor	Enter the following vendors:
	Professional Software Distributors ♦ 6439 Washington Square, Wausau, WI 54401 ♦ Contact: Abby Gibbs, Manager, (715) 555-9922 ♦ Acct #: PR203X ♦ Vendor Type: Supplies ♦ Net 15 ♦ Account Settings: 61700•Computer and Internet Expenses
	Handyman by the Bay ♦ 16 Spruce Street, Bayshore, CA 11717 ♦ Contact: Bryan Duffy, Manager, (631) 234-1212 ♦ Acct #: 20944 ♦ Vendor Type: Service Provider ♦ Net 30 ♦ Account Settings: 67200•Repair and Maintenance
	Star Office Supplies ♦ 40 Noor Ave., S. San Francisco, CA 94080 ♦ Contact: Jim Nadiera, Manager, (650) 888-9999 ♦ Acct#: 87340 ♦ Vendor Type: Supplies ♦ Net 30 ♦ Account Settings: 64900•Office Supplies
Enter Bills	Enter the following bills:
	Professional Software Distributors; Dated: 12/26/2023; Amt. $563.27; Ref. No.: Inv 17-222; Acct: 61700•Computer and Internet Expenses
	Handyman by the Bay; Dated: 12/2/2023 Amt. $239.44; Ref. No.: Inv 16-001; Acct: 67200•Repairs and Maintenance
	NoCal Gas & Electric; Dated: 12/15/2023; Amt. $82.37; Memo: NGE Dec 2023; Acct: 68610 Gas & Electric
	Bayshore City Water Co.; Dated: 12/15/2023; Amt. $48.22; Memo: BC Inv 9435D1; Due: 12/31/2023; Acct: 68620•Water
Pay Bills	On 12/31/2023, pay all bills due on or before 12/30/2024; Acct.: Checking; check to be printed
	Show All Bills, then on 12/31/23 pay $200 towards the bill for Professional Software Distributors, to be printed.
Write and Print Checks	Write a check on 12/31/2023 to Star Office Supplies for $36.21 for Office Supplies, check #1252
	Print all checks waiting in the queue, first check #1253
Generate Reports	Create reports that will answer the following questions:
	Which bills are due as of 01/09/2024?
	What is my company's current balance with each vendor?
	What is the contact information and current balance for each vendor?
	Did I have a profit or a loss during December 2023?

Self-Assessment

Check your knowledge of this chapter's key concepts and skills using the Self-Assessment quiz here, in your ebook, or in your eLab course.

1. In QuickBooks, subcontractors are considered vendors.

2. Vendors must be entered into the Vendor List before you can enter a bill for them.

3. You can delete a vendor from the Vendor List as long as it has been used fewer than ten times in transactions.

4. When you use the Enter Bills window in QuickBooks, you MUST specify a vendor.

5. You can choose a payment method from the Pay Bills window.

6. You must use the Enter Bills and Pay Bills features to account for expenses; you CANNOT just write a check.

7. If you use the cash basis of accounting, you MUST use the Write Checks window (not the Enter Bills window) when paying bills.

8. QuickZoom allows you to quickly print a report for a single list record.

9. If you accidently merge two list entries, you can choose to undo the action.

10. You have to enter only your income transactions to create an accurate Profit & Loss report.

11. When you pay a bill, which account is debited?
    A. Accounts Payable
    B. Checking
    C. Accounts Receivable
    D. Telephone Expense

12. Which of the following is NOT one of the five tabs shown when editing a vendor's record?
    A. Payment Settings
    B. Report Settings
    C. Tax Settings
    D. Account Settings

13. What will prevent you from deleting a vendor record from the Vendor List?
    A. You have previously edited the vendor's information.
    B. You entered an account number for the vendor.
    C. You used the vendor in a transaction.
    D. All of these options

📌 Reinforce Your Skills

Emily Holly's company, Electrical Energy, Inc., has purchased supplies and is working with several new vendors. As QuickBooks coordinator you now need to enter vendors, enter and pay bills, and write checks in the Vendor Center. The password for all files unless otherwise stated is Password1. *Leave the company file open unless otherwise instructed.*

REINFORCE YOUR SKILLS 3-1

Manage the Vendor List

In this exercise, you will work with the Vendor List for Electrical Energy, Inc. You will edit an existing vendor, create a new vendor, and delete a vendor. To begin, Ace Hardware has changed its name to Four Brothers Hardware. You will make that change in QuickBooks.

1. Choose **File→Open or Restore Company**.
2. Open **RYS_Chapter03 (Company)** or restore **RYS_Chapter03 (Portable)** from your file storage location and save your file as: `RYS_Chapter03 Electrical Energy`
3. Choose **Vendors→Vendor Center**.
4. Double-click **Ace Hardware** to open it for editing.
5. Change the vendor's name to: `Four Brothers Hardware`

    You will have to change the name in four separate places, including the Vendor Name, Company Name, and Billed From address on the Address Info tab and on the Payment Settings tab in the Print Name on Check As field. This new name will be reflected in all transactions that deal with this vendor—past and present.

6. Click **OK** to accept the change.

Add a New Vendor

Emily has begun to purchase job supplies from a new vendor in Oregon. You will set up the company as a vendor.

7. Click the **New Vendor** button and then choose **New Vendor**.
8. Enter the following information to create a new vendor:
    - Company Name: `Valley Building Supply`
    - Contact Name: `Ms. Carmela Hutch`
    - Job Title: `Owner`
    - Phone: `(503)914-9438`
    - Fax: `(503) 914-9455`
    - Address: `525 E. Valley Road` Enter `Salem, OR 97305`
    - Account #: `84-976`
    - Terms: `Net 15`
    - Vendor Type: `Materials`
9. Click **OK** to accept the new vendor record.

Delete a Vendor

10. Click **Computer Suppliers** to select it.

11. Choose **Edit→Delete Vendor**.

12. Click **OK** to confirm the deletion.

13. Close the Vendor Center window and leave the company file open.

REINFORCE YOUR SKILLS 3-2

Enter and Pay Bills

In this exercise, you will enter a bill Emily just received. You will also pay all bills due by a certain date.

1. Choose **Vendors→Enter Bills**.

2. Enter this information to complete the bill:

- Vendor: **Valley Building Supply**
- Date: **121923**
- Ref. No.: **Valley Bldg, 12/2023**
- Amount: **$100.00**
- Memo: **Valley Bldg, Plugs and Switches 12/2023**
- Account: **51400•Job Materials Purchased**

3. Click **Save & Close** to enter the transaction and close the window and click **Yes** in the Future Transactions window, if necessary.

Pay a Bill

4. Open the Pay Bills window by choosing **Vendors→Pay Bills**.

5. Choose **Show All Bills** (you should find one) and select the bill.

6. Set the date to **122323** and set the check to be printed from the Checking account.

7. Click **Pay Selected Bills** to record the payment and close the window.

8. Click **Done** in the Payment Summary Window and leave the company file open.

REINFORCE YOUR SKILLS 3-3

Create Billable Payment to a Customer

In this exercise, you will enter a bill for supplies that will be billable back to the customer, and you will also invoice that customer for the billed amount.

1. Choose **Vendors→Enter Bills**.

2. Use this information to complete the bill:

- Vendor: **Four Brothers Hardware**
- Date: **111823**
- Ref No.: **Four Br, 11/2023**

- Amount Due: **14.95**

- Memo: **Four Br, 50 Amp circuit breaker replacement for Willow Gardens: Electric Gate**

  On the Expenses tab, you will enter the new account "on the fly."

- Account: Select **51400*Job Materials Purchased** and then type: **Billable Supplies Purchased** (then ⬚Tab⬚)

- Account Not Found: **Set Up** to set up the new account

- Choose **Expense** (click **Continue**)

- Number: **51500**

- Description: **Supplies purchased but billable to customer**

- Click **Save & Close** to add the new account and return to the bill

- Customer:Job: **Willow Gardens:Install New Electric Gate-Service Entry**

- Billable: Ensure the box is checked

3. Click **Save & Close**.

Invoice a Customer for a Billed Purchase

4. Choose **Customers→Create Invoices**.

5. Select the Customer:Job: **Willow Gardens:Install New Electric Gate-Service Entry**.

6. Choose **Select the outstanding billable time and costs to add to this invoice?**.

7. Click **OK**.

8. In the Choose Billable Time and Costs window, click the **Expenses** tab.

   Notice that Expenses is showing (1) expense on the tab.

9. Click in the first column to check **Four Brothers Hardware**'s billable cost line and then click **OK**.

10. Click in the **Email Later** checkbox to deselect it.

11. Select the entire entry for Invoice # and type: **06**

12. Use this information to fill out the second line item of the Invoice, below the 50 Amp breaker:

    - Item: **Installation**

    - Qty: **0.5**

    - Rate: **70.00**

    - *Tax: Non

13. Click **Save & Close**, clicking **Yes** in the Future Transactions window and **No** in the Available Credits window.

14. Leave the company file open.

REINFORCE YOUR SKILLS 3-4

Write and Print Checks

In this exercise, you will write a check for an expense and print the checks you have created.

1. Choose **Banking→Write Checks**.
2. Set the check to print later.
3. Enter this information to complete the check:
   - Date: **122623**
   - Pay to the Order of: **Westchester County** (**Quick Add** it to the Vendor List)
   - Amount: **$250**
   - Memo: **Business License, 2023**
   - Account: **61000•Business License and Permits**
4. Click **Save & Close** to accept the transaction and close the window.

Print a Batch of Checks

5. Choose **File→Print Forms→Checks**.

   Notice that, by default, QuickBooks selects all checks; you can change this if you need to.

6. Ensure that **Checking** is the bank account and then enter **11353** as the first check number.
7. Click **OK** to move to the Print Checks window.

   At this point you can verify that the correct printer and check style are selected. Now, either print the checks to a PDF file or physically print the checks using an available printer.

8. Click **Print** after you have chosen how you will print the checks.
9. Click **OK** in the Print Checks - Confirmation window and leave the company file open.

REINFORCE YOUR SKILLS 3-5

Find and Edit a Transaction

In this exercise, you will use the Find feature to locate a transaction rather than click the Previous button repeatedly. You also will edit the date to ensure accurate record keeping as Emily realized an incorrect date was entered on the April Con Edison bill.

1. Choose **Edit→Find**.
2. Choose **Bill** as the Transaction Type and **Con Edison** as the Vendor.
3. Enter the date range as **04/01/2023** to **04/30/2023** and then click **Find**.
4. Double-click the bill dated **4/16/2023** in the bottom portion of the window.

   The Enter Bills window will open; leave it open for the next step.

Edit a Transaction

5. Change the date of the bill to **041023** and add a Memo: **Con Ed, 04/2023**

6. Click **Save & Close**, choose **Yes** to record the change, close the Find window, and leave the company file open.

REINFORCE YOUR SKILLS 3-6

Create Vendor and P&L Reports

In this exercise, you will run vendor and P&L reports for Electrical Energy, Inc.

1. Choose **Reports→Vendors & Payables→Vendor Balance Summary**.

2. Choose **Reports→Company & Financial→Profit & Loss Standard**.

3. Type **a** to set the date range to **All**.

4. Choose **Window→Close All**, choosing not to memorize either report.

5. Close the company file.

✎ Apply Your Skills

Wet Noses Veterinary Clinic has not had time to maintain its vendor records. You will manage the vendor list, enter and pay bills, write checks and edit transactions to bring the company QuickBooks file up-to-date. The password for all files unless otherwise stated is Password1.

APPLY YOUR SKILLS 3-1

Work with the Vendor List

In this exercise, you will manage the Vendor List and create a report of vendors with contact information for Wet Noses.

1. Open **AYS_A1_Chapter03 (Company)** or restore **AYS_A1_Chapter03 (Portable)** from your file storage location and save your file as: **AYS_A1_Chapter03 Wet Noses Clinic**

2. Using the following information, create three new Vendor List entries.

   Vendor 1:
   - Name: **Casey's Consulting**
   - Contact Name: **Ms. Casey Scripps**
   - Job Title: **Owner**
   - Phone: **425-555-9569**
   - Fax: **425-555-9568**
   - Address: **902 Creekview Dr.** Enter **Kirkland, WA 98034**
   - Account No.: **JR154**
   - Terms: **Due on Receipt**
   - Type: **Consultant**

   Vendor 2:
   - Name: **Take a Walk**
   - Contact Name: **Ms. Shannon High**
   - Job Title: **Walker**
   - Phone: **206-555-9433**
   - Fax: **206-555-9434**
   - Address: **13602 75th Ave. NE** Enter **Seattle, WA 98132**
   - Account No.: **VET87**
   - Terms: **Net 15**
   - Type: **Service Providers**

   Vendor 3:
   - Name: **Billy's Van Service**
   - Contact Name: **Mr. Billy Ranch**
   - Job Title: **President**
   - Phone: **425-555-4477**

- Fax: **425-555-4478**
- Address: **9501 NE 182nd Pl.** ⏎Enter **Bothell, WA 98011**
- Account No.: **BB23**
- Terms: **Net 15**
- Type: **Service Providers**

3. Edit the **Puget Sound Power Company** vendor record to display **Shaunda Jones** as the contact.

4. Add these vendor types to the existing vendor records, adding a new entry to the **Vendor Type List** when necessary:

   - Wyland Broadband: **Service Providers**
   - Northshore Water Company: **Utilities**
   - Oberg Property Management: **Service Providers**
   - Puget Sound Power Company: **Utilities**
   - Seattle Vet Supply: **Suppliers**
   - Whoville Office Supplies: **Supplies**
   - Brian's Pet Taxi: **Service Providers**

5. Run the **Vendor Contact List** report to display your list of vendors with contact information.

6. Click the **Excel** ⌄ button and export this list to a new worksheet, saving the worksheet to your file storage location as: **CH3_A1 Vendor Contact List**

7. Close the company file.

APPLY YOUR SKILLS 3-2

Enter and Pay Bills

In this exercise, you will first manage expenses incurred by Wet Noses, run a report showing all unpaid bills, and then pay the bills.

1. Open **AYS_A2_Chapter03 (Company)** or restore **AYS_A2_Chapter03 (Portable)** from your file storage location and save your file as: **AYS_A2_Chapter03 Wet Noses Clinic**

2. On 7/2/2023, Dr. James received a bill from Seattle Vet Supply for **$3,813.58**. It should be broken down by account as follows: $1,773.25 for medical supplies, $1,056.92 for vaccines, and $983.41 for medicines. The Ref. No. is: **Inv 77-9-56** and the memo is: **Seattle Vet, Inv 77-9-56 07/2023**

3. Enter a bill received on 7/8/2023 from Northshore Water Company for **$210.67**. The Ref. No. is **Water Bill, 07/2023** and the memo is: **Northshore Water, Water Bill 07/2023**

4. On 7/18/2023, a bill was received from Puget Sound Power Company for **$241.33**. The Ref. No. is **Power Bill, 07/2023** and the memo is: **Puget Sound Power, Power Bill 07/2023**

5. Enter a bill received on 7/21/2023 from Wyland Broadband for **$159.44**. It should be broken down by account as follows: $55.99 for Internet service and $103.45 for telephone service. The Ref. No. is **Int/Phone 07/2023** and the memo is: **Wyland, Int/Phone, 07/2023**

6. Run the **Unpaid Bills Detail** report for **All** dates to determine which bills are outstanding and to see the total amount payable.

7. Click the **Excel** `Excel ▼` button and export this list to a new worksheet, saving the worksheet to your file storage location as: **CH3_A2 Unpaid Bills**

8. On 7/22/2023, Sadie decided to sit down and pay her bills. Pay all of the bills due on or before 7/22/2023. You will print the checks later.

9. Close the company file.

APPLY YOUR SKILLS 3-3

Write Checks, Find and Adjust a Bill, and Print Checks

In this exercise, you will write checks for Dr. James, and you will record an adjusted amount for the bill from Patrick Janitorial Service. Use the Find feature to locate the transaction. Then you will print checks.

1. Open **AYS_A3_Chapter03 (Company)** or restore **AYS_A3_Chapter03 (Portable)** from your file storage location and save your file as: **AYS_A3_Chapter03 Wet Noses Clinic**

2. Dr. James took her employees for a working lunch at **Rose's Cafe** on **07/24/2023**. She wrote a check at the restaurant for **$84.35**, using check number **1418**, for the **Meals and Entertainment** expense.

3. Sadie received a bill from **Animal Lovers** for an advertisement for **$135.00** on **07/25/2023**. Because she just paid her bills, she has decided to simply write a check for the expense and will print it later.

4. Locate the **Wyland Broadband** bill dated **07/21/2023** and increase the Computer and Internet Expenses portion of the bill by $40.00, to **$95.99**, which leads to a revised total due of $199.44.

5. Run the **Vendor Balance Detail** report for July 1 through 31, 2023.

6. Click the **Excel** `Excel ▼` button and export this list to a new worksheet, saving the worksheet to your storage location as: **CH3_A3 Vendor Balance Detail**

7. Print all checks in the queue using **1419** as the first check number.

8. Close the company file.

✈ Extend Your Skills

In this exercise, you will review emails and sort through papers on your desk, entering the information into QuickBooks, as appropriate. Remember, you are digging through papers that have piled up on your desk and you are also addressing random emails, so it is up to you to determine the correct order in which to complete the tasks. Open **EYS_Chapter03 (Company)** or restore **EYS_Chapter03 (Portable)**. The password is *Password1*. Continue to use the **Baked Café Company Checklist** file you've already started, or open it from the EYS Miscellaneous Files for Chapter 02 if you haven't completed the previous chapter's EYS exercise.

- In today's mail, February 15, 2023, two bills were received: One from Cable & Web, Inc., for the website hosting fee, account #61750, of $29.99 for the month of February 2023. Cable & Web's bills are always due in 30 days. The second bill is from The Community Connection located at 57 E Sydney Avenue, Mt. Vernon, NY 10550. The contact person is Jonna McKinnon, Office Manager, and the bill for Advertising in their weekly paper for 3 months is $385 and is due on receipt.

- A check stub found on the desk shows handwritten check #1002 on 1/27/23 for $39.20 in stamps (office supplies) at the local Tarrytown, NY, US Postal Service office. A receipt is in the pile on the desk.

- An email received from Wholesale Candy Importers, Inc., states that they are going out of business, effective immediately. While the company is in the Vendor List, Baked Café has never conducted business with this company, so it can safely be deleted.

- Before leaving for the day on February 15, pay the two bills that arrived in the mail, checks to be printed later.

- Scribbled note from the office manager: "Please provide me with a report detailing the amount owed to each of our vendors for the month of February. Thank you."

- Check #1001, written to Cable & Web, Inc., on February 1, 2023, was never printed. This check should not have been entered and should now just be voided, as the bill arrived on February 15 in the mail and should be processed accordingly.

- Elmwood Day Camp scheduled a cake decorating workshop for February 3, 2023. You needed to hire an outside vendor to facilitate the workshop. You received a bill from Rose of Rose's Catering, which provided this service, and which is a billable expense to account #60100•Billable Services. Purchased for $165. You received a bill from Rose's Catering on February 8, 2023, which you will charge to Elmwood Day Camp for this 2.5-hour workshop job for a total invoice of $300.

- Print all checks in the batch using the beginning check #1003.

- Using the **Baked Café Company Checklist** under the Chapter 3: Vendors heading, list three decisions, accounts, or pieces of information needed or any other ideas you think you will need to set up your company file or to be able to report on after going through these exercises.