4 Working with Vendors

Vendors are the people and businesses you buy products and services from. In this chapter, you will build a Vendors List. You will prepare vendor-related purchase and expense transactions, such as creating an Accounts Payable bill and recording a credit card and debit card purchase. You will also create vendor Accounts Payable and purchase-related management reports to assist with purchase history and unpaid bills.

LEARNING OBJECTIVES

- Set up vendors
- Edit settings and preferences
- Create expense transactions
- Make payments to vendors
- Create vendor reports

NOTE! QuickBooks Online is updated frequently, so don't be alarmed if your screen doesn't exactly match your learning solution. The processes shown should generally be the same.

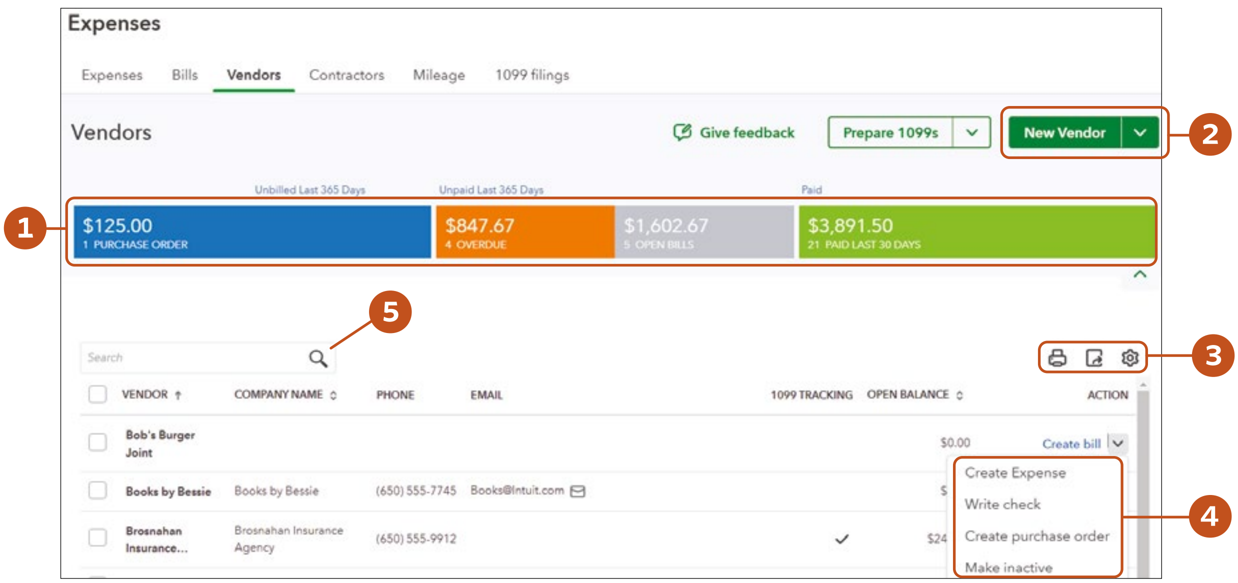
Project: Craig's Design and Landscaping Services

Craig Carlson purchases supplies from a number of businesses. He would like to set up all these businesses as vendors in QuickBooks Online. Craig pays for his purchases in several different ways. He has an account with some of his vendors so he can make purchases and then receive a bill to be paid later. Craig also uses his credit and debit cards for many purchases.

TIP! For critical edits to this course based on software updates and more, access the Update Report from your course or the QuickBooks Online Update Reports page (lablearning.com/qbo-updates) at the start of every chapter.

The Expenses Center

The Expenses center houses the Vendors List, which provides information about your vendors and your transactions with them in a single place. The Expenses center allows you to perform vendor-related tasks such as searching for vendors, adding vendors, importing vendor lists, editing and merging vendor information, and making vendors inactive. The Expenses center also includes tools that allow you to quickly perform tasks such as printing and exporting the Vendors List and adjusting list settings.



1. Money bar
2. New Vendor button
3. Print, Export, and Settings icons
4. Individual vendor Action menu
5. Vendor search field

The Money Bar

The Vendors List contains a multi-colored Money bar that gives you a quick snapshot of Accounts Payable, including open, past-due, and paid bills. You can click the Money bar sections to access more detailed information about these bills.

The Vendors List

The Vendors List displays vendor names, contact information, and open balances at a glance, as well as detailed transaction information when you select a specific name. The Action menu lets you quickly create transactions for the selected vendor.

TIP! Use the keyboard shortcut Ctrl+Alt+V to go to the Vendors List.

Adding Vendors

QuickBooks Online does not allow you to add two vendors with the same exact name. You must include a middle initial or other distinguishing identifier in the Customer Display Name field to make the names different.

If you have vendors who are independent contractors, you will want to enable the option (in the Additional Info section of the setup) to track 1099 payments and add the tax ID.

You can add vendors individually, or you can import them from an Excel or CSV worksheet.

View the Intuit Education video "How to Add Your Vendors to QuickBooks Online" in your course or ebook.

Best Practice

As you create new vendors, enter as much information as possible so you can fully utilize the power of QuickBooks Online data when creating management reports. For example, be sure to include address and contact information in the Vendors List.

TIP! Using the Expenses center is not the only way to add vendors. You can also add new vendors from within a Purchase/Expense form by typing the vendor name and adding details as directed. Or, you can choose + New→Add Vendor.

Ask Yourself 4-1: What does the Money bar in the Expenses center provide an overview of?

A. Accounts Payable

B. Accounts Receivable

DEVELOP YOUR SKILLS 4-1

In this exercise, you will add a new vendor in Craig's Design and Landscaping Services.

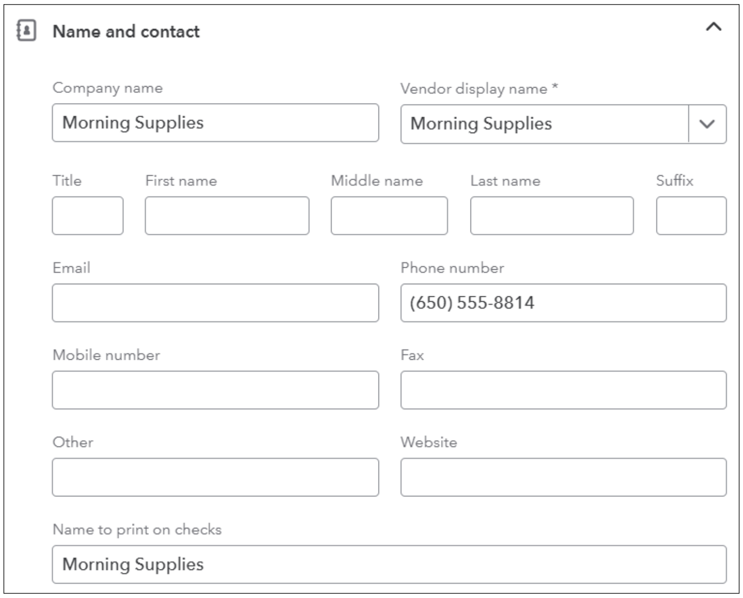
Before You Begin: *Access the QuickBooks Online test drive at* qbo.intuit.com/redir/testdrive *and leave the test drive open for the entire chapter.*

NOTE! Remember, the QuickBooks Online user interface is updated frequently, so some of the names and features in course exercises may differ from what you see on your interface.

1. Click **Expenses** on the Navigation bar and then click the **Vendors** tab.

   The Vendors List displays.
2. Click the **New Vendor** button at the upper-right corner of the browser window.
3. Type `Morning Supplies` as the company name and then tap Tab.
4. The display name should fill automatically; if not, type: `Morning Supplies`

5. Type **`650-555-8814`** in the Phone Number field.



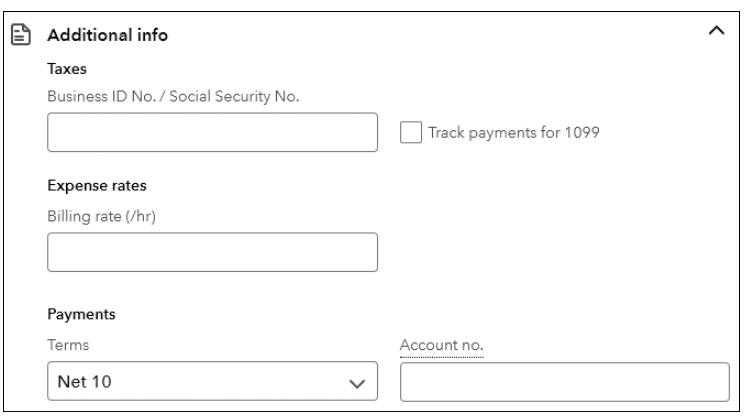
6. Fill in the address as indicated:

   `1458 Magnolia`

   `Bayshore, CA 94305`

   You can tap Tab *to move from field to field in QBO.*

7. Choose **Net 10** in the Terms field.



8. Click **Save**.

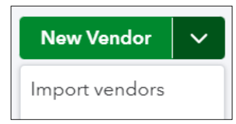
   The Vendor Display Name field is the only required field to set up a new vendor. By completing more fields, you will be able to create more vendor management reports.

Importing Vendor Data from an Excel or CSV File

QuickBooks Online allows you to import vendor lists from an Excel or comma-separated values (CSV) worksheet. One way you can import vendor lists is by accessing the Import Data tool from the Gear menu.

The Import Data tool allows you to import information not only about vendors but also about customers, Charts of Accounts, and products and services. The tool includes forms and prompts to help you upload and map your lists to the QuickBooks Online format. This feature is a great time-saver for existing businesses that have large lists.

QuickBooks Online often provides multiple ways of doing something, depending on where you are working within the application. Besides using the Import Data tool, you can also import data from within the Expenses center.



Gear→Tools→Import Data | Expenses center→New Vendor→Import Vendors

Ask Yourself 4-2: A new business is likely to make use of the Import Data command. True or false?

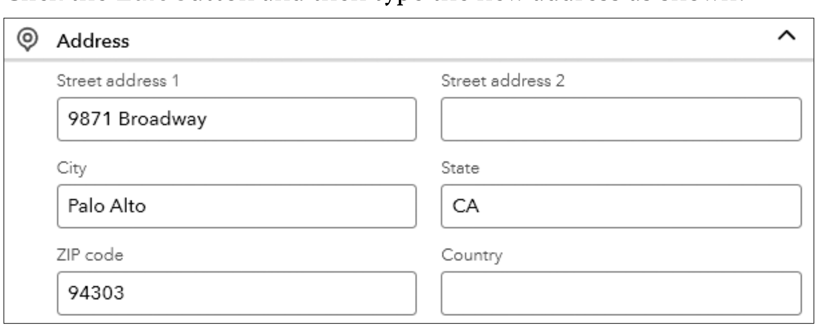
Editing, Merging, and Making Vendors Inactive

Your Vendors List is customizable. After you add a vendor, you can go back and edit the record. You can also merge two vendors if you find that the same one is listed twice. Doing so will combine all the vendor's transactions into a single record. Finally, to keep your Vendors List current and less cluttered, you can inactivate vendor records that you are no longer dealing with. As with customers, you can inactivate vendors but can never truly delete them.

DEVELOP YOUR SKILLS 4-2

In this exercise, you will edit vendor data, merge two vendor records, and make one vendor inactive. Books by Bessie notified you that they have moved. You will start by editing the address.

1. Choose **Books by Bessie** from the Vendors List.
2. Click the **Edit** button and then type the new address as shown:

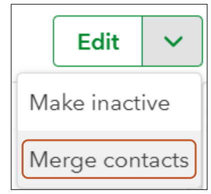


3. Click **Save**.
4. Return to the Vendors List by clicking the **Vendors** tab or pressing Ctrl+Alt+V.

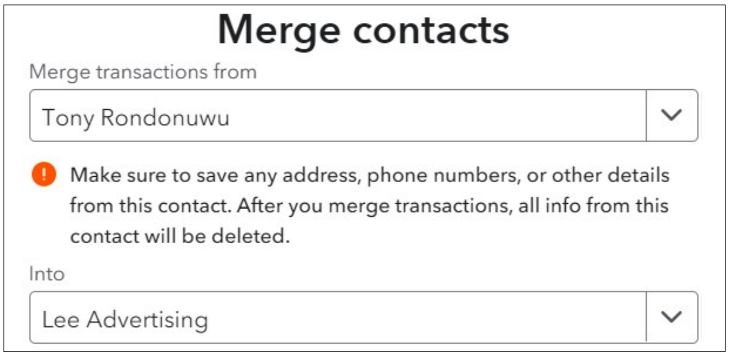
Merge Two Vendors

You have discovered that Lee Advertising is actually owned by Tony Rondonuwu, who is currently listed as a separate customer in your company file. You will now merge these two records. The process is similar to that for merging customers.

5. Choose **Tony Rondonuwu** from the Vendors List.
6. Choose **Edit menu ⌄→Merge Contacts**.

   The Merge Contacts window appears with Tony Rondonuwu selected as the vendor to merge transactions from.
7. Choose **Lee Advertising** from the Into field and then click the **Merge Contacts** button.

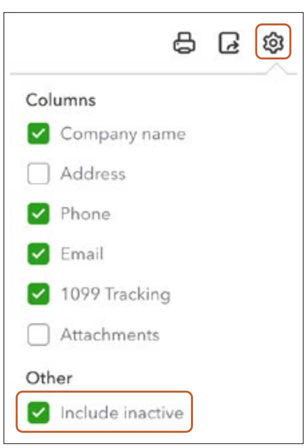
   

8. Return to the Vendors List.

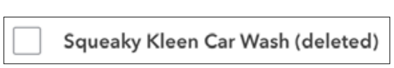
Make a Vendor Inactive

Craig reviewed the Vendors List and wants to remove old or inactive vendors. Squeaky Kleen Car Wash closed last month, so you will make this vendor inactive.

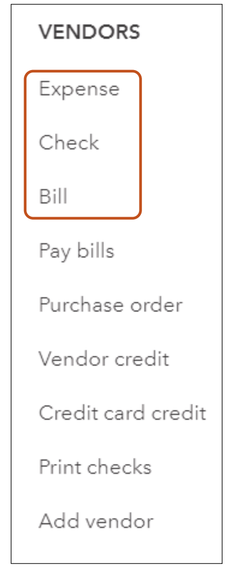
9. Select **Squeaky Kleen Car Wash** from the Vendors List.
10. Choose **Edit menu ⌄→Make Inactive** from the drop-down menu; confirm the change when prompted.
11. Return to the Vendors List.
12. To see a complete list of vendors, including inactive vendors, click the **Settings** icon above the Action menu and then click in the check box for **Include Inactive**.

    The inactive vendor is now included in the list, but it has been marked as deleted.

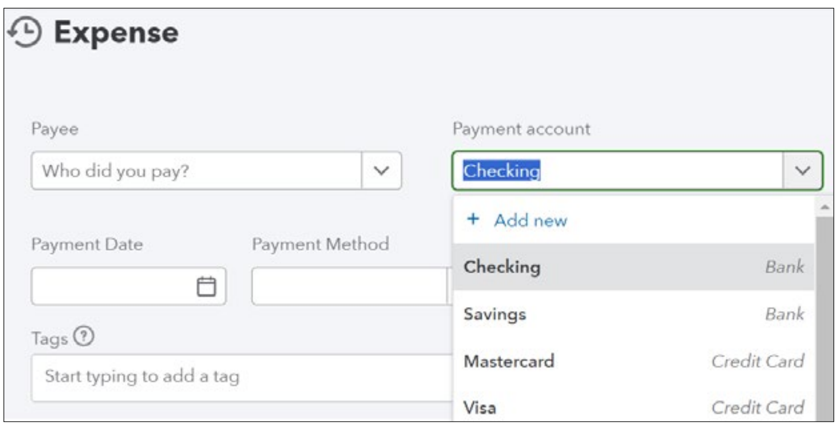
Creating Vendor Transactions: Purchases and Expenses



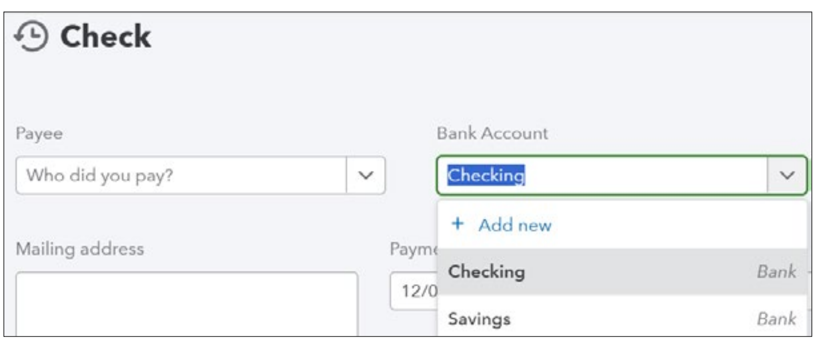
Vendor transactions in QuickBooks Online are recorded either as an expense when you pay at the time of purchase, or as a bill if you make a purchase and pay later. Expense forms are used for all payments made with a debit card, credit card, automatic withdrawal, or wire transfer. If you have an account with your vendors, you will enter the bill on the date you made the purchase and pay the bill at a later time.

Remember that all QuickBooks Online forms are intuitive. An Expense form will always credit the bank or credit card account chosen. A Check form will always credit the bank account chosen. A Bill form will always credit Accounts Payable; this default setting cannot be changed.

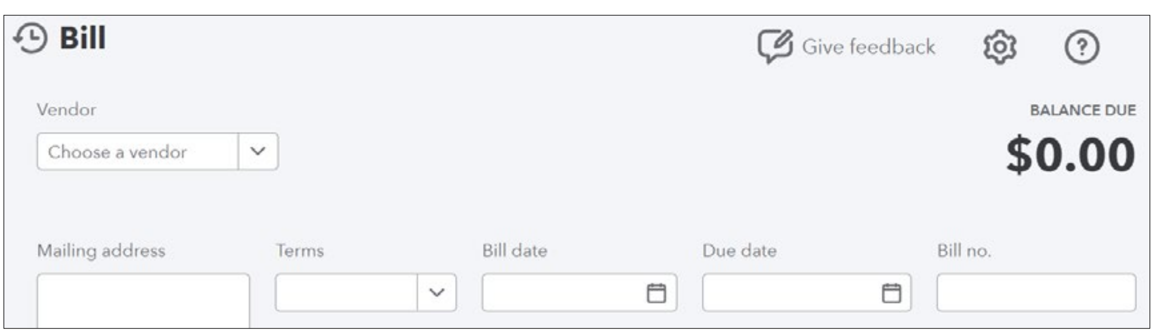
At the time of this writing, Intuit is experimenting with different form templates for checks, expenses, bills, purchase orders, vendor credits, credit cards, etc. Your forms may appear differently from what is displayed and discussed here.



Expense form



Check form



Bill form

BEHIND THE SCENES: Bills

In accrual basis accounting, expenses are recorded when you have the obligation to pay, meaning when the expense occurs (not when it is paid). When entering a $230 bill for general supplies, the Accounts Payable account (a liability) increases with a credit and the Supplies Expense account increases with a debit.

Accounts Payable	Supplies Expense
Liabilities INCREASE	*Equity DECREASES*

	Assets	=	Liabilities	+	Capital (Equity)	+	Revenue (Equity)	–	Expenses (Equity)
Beg. Balance:	+ $8,000		+ $2,000		+ $5,000		+ $4,000		– $3,000
Transaction:			+ $230						– $230
End. Balance:	+ $8,000		+ $2,230		+ $5,000		+ $4,000		– $3,230

Accounts Payable		Supplies Expense	
Debit	*Credit*	*Debit*	*Credit*
	$230	$230	

When the bill is paid, Checking decreases with a credit and Accounts Payable decreases with a debit.

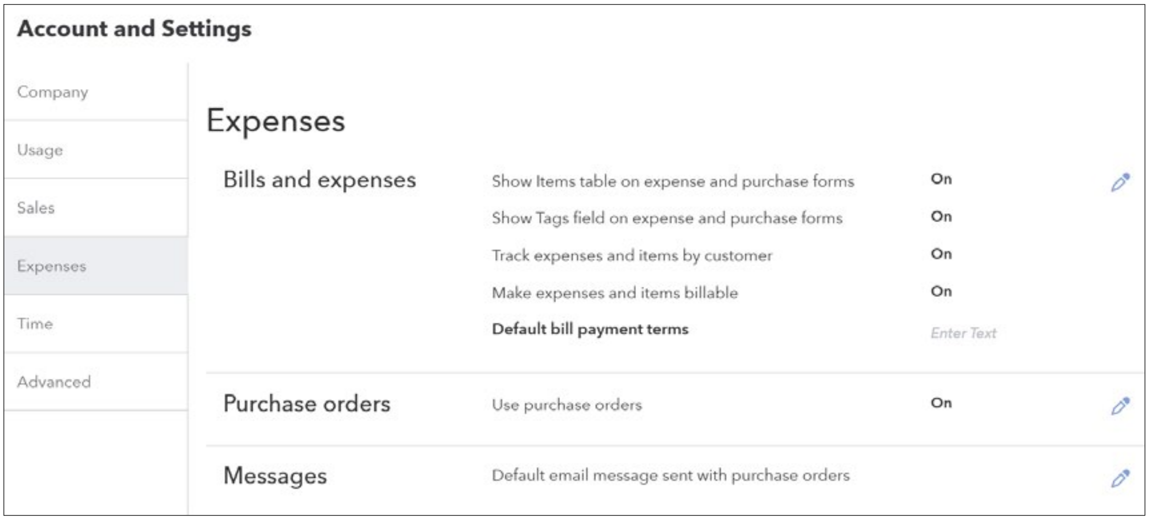
	Assets	=	Liabilities	+	Capital (Equity)	+	Revenue (Equity)	–	Expenses (Equity)
Beg. Balance:	+ $8,000		+ $2,230		+ $5,000		+ $4,000		– $3,230
Transaction:	– $230		– $230						
End. Balance:	+ $7,770		+ $2,000		+ $5,000		+ $4,000		– $3,230

Checking		Accounts Payable	
Debit	*Credit*	*Debit*	*Credit*
	$230	$230	

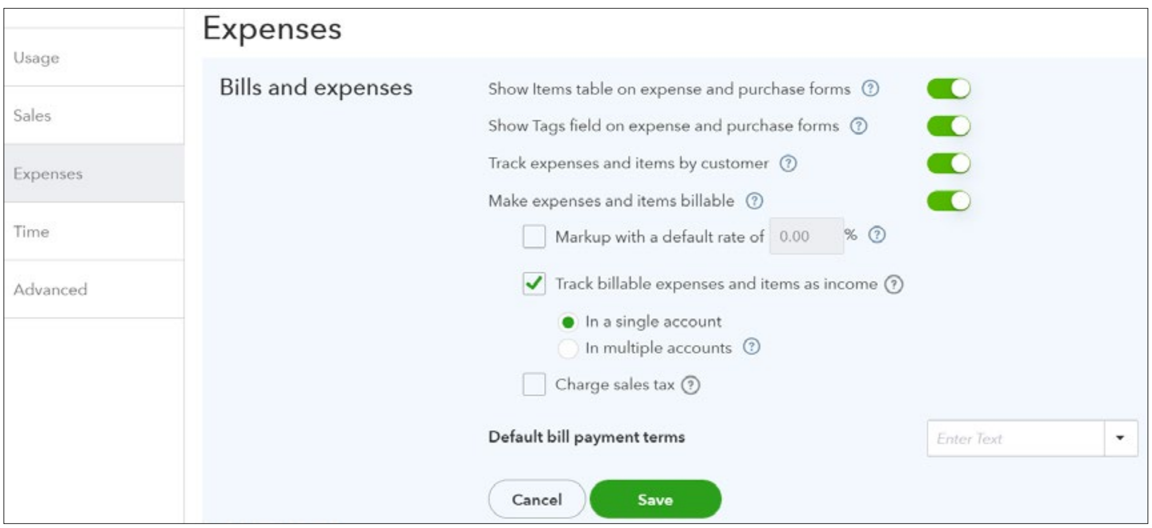
Customizing Expense Form Settings

Before you begin recording expense transactions, decide what information should appear on expense forms and then check that form settings are appropriate for your business. Although you can customize the content of expense forms by using the Edit icon in the Expenses folder, you cannot customize their appearance (as you can with customer forms such as invoices and sales receipts).

In the following figure of the Expenses section of the Account and Settings screen, all of the defaults are "On" for Craig's Design and Landscaping:



When you click the Edit icon in the Bills and Expenses section, you can change the terms, markup, sales tax, and more.



Gear→Account and Settings→Expenses

Creating Check, Expense, and Bill Records

QuickBooks Online forms are designed to work dynamically with one another. If you link your Chart of Accounts and your Products and Services List correctly as you prepare your expense or purchase forms, the appropriate accounting transactions will be created when you make a transaction.

If you write a check at the time of a purchase, you will use a Check form to record your transaction. If you use a credit card or debit card to pay for items at the time of purchase, you will use an Expense form. If you purchase goods and services and pay for them later, then you will enter the transaction in a Bill form and pay the bill at a later date.

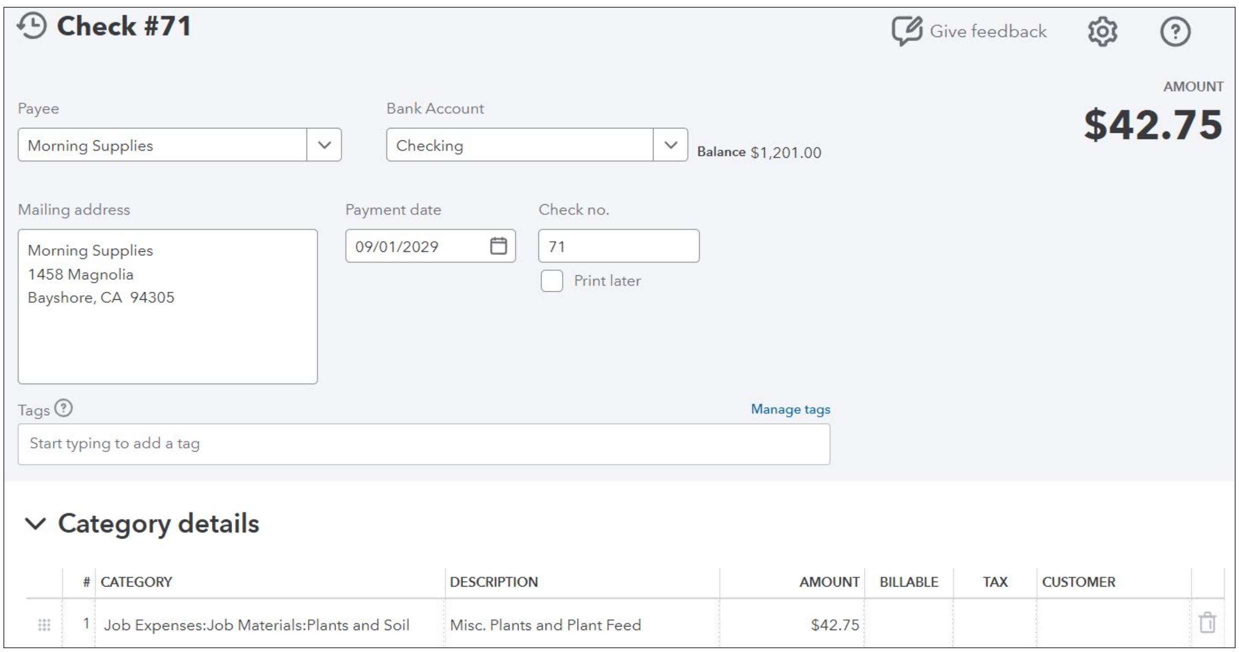
WARNING! It's not a good practice to record expenses on a journal entry or directly on a Bank Withdrawal form. The profit and loss report would be correct, but the purchases/expenses would not appear on vendor reports.

DEVELOP YOUR SKILLS 4-3

In this exercise, you will record a check, a credit card purchase, and a debit card purchase for purchases made on September 1, 2029. You will start by recording a purchase made by check at Morning Supplies.

Craig stopped by Morning Supplies to purchase some materials he needed. It was a small purchase, so he used a check that he happened to have in his wallet.

1. Choose **+ New→Vendors→Check**.
2. Choose **Morning Supplies** as the payee field and tap [Tab].
3. Choose **Checking** as the account type, if necessary, and tap [Tab] twice.
4. Type **09/01/2029** for the payment date and tap [Tab].
5. If necessary, enter **71** as the check number (it will likely AutoFill for you).
6. Choose **Job Materials:Plants and Soil** in the Category field and tap [Tab].
7. Type **Misc. Plants and Plant Feed** in the Description field and tap [Tab].
8. Type **42.75** in the Amount field.



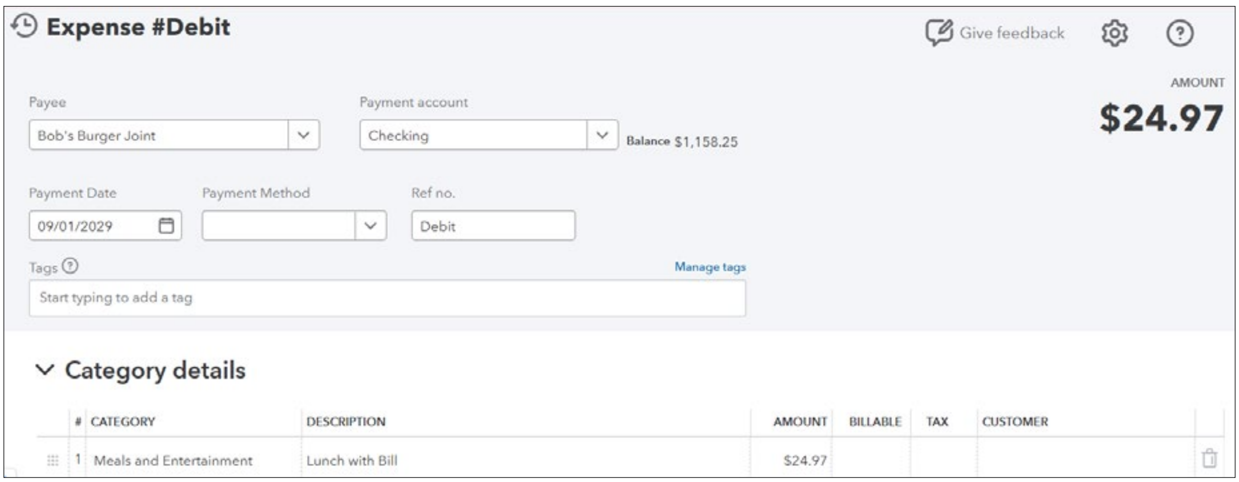
9. Choose to **Save and Close** the Check form.

Create an Expense Form

Craig met Bill for a quick lunch at Bob's Burger Joint on 09/01/2029. Craig paid with his debit card. You will now use an Expense form to record the transaction.

10. Choose **+ New→Vendors→Expense**.
11. Choose **Bob's Burger Joint** in the payee field and tap [Tab].

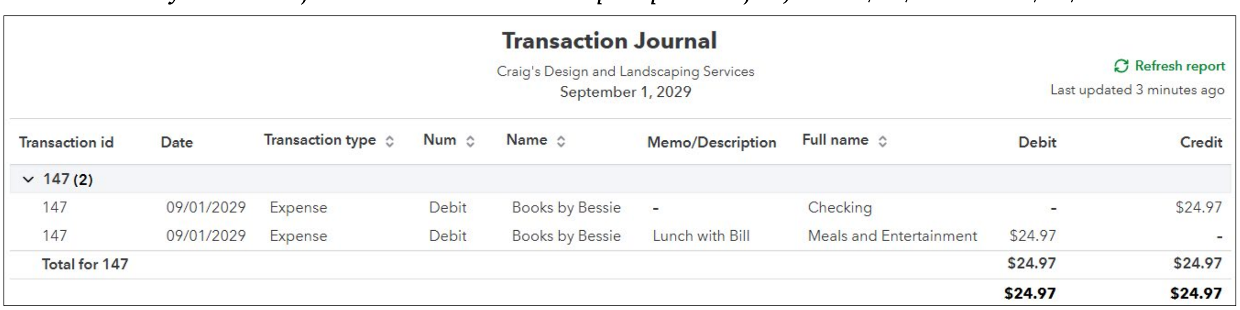
    When entering an expense transaction, it's important to indicate from which account it was paid. In this case, the account may already be chosen.
12. Choose **Checking** as the account type, if necessary, and tap [Tab].
13. Type `09/01/2029` for the payment date and tap [Tab] twice.
14. Type `Debit` in the Ref. No. field and tap [Tab].
15. Choose **Meals and Entertainment** in the Category field and tap [Tab].
16. Type `Lunch with Bill` in the Description field and tap [Tab].
17. Type `24.97` in the Amount field.



18. Choose **Save**.

    Now you will view the accounting behind the scenes for this transaction.
19. In the bottom tray, click the **More** button and then choose **Transaction Journal**.

    You may need to define custom dates in the report period. If so, use 09/01/2029 to 09/01/2029.



Transaction Journal
Craig's Design and Landscaping Services
September 1, 2029

Refresh report
Last updated 3 minutes ago

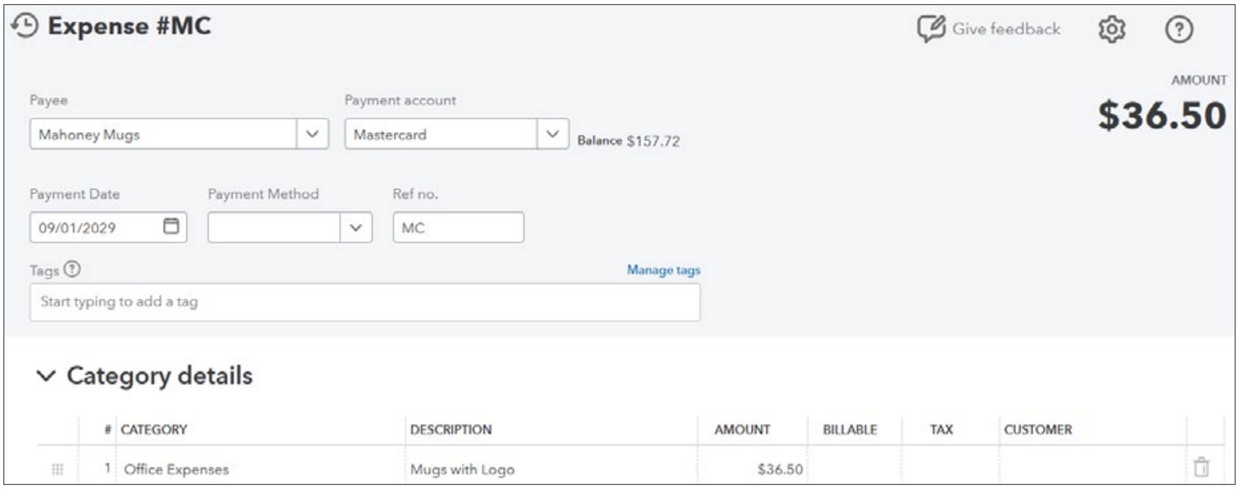
Transaction id	Date	Transaction type	Num	Name	Memo/Description	Full name	Debit	Credit
147 (2)								
147	09/01/2029	Expense	Debit	Books by Bessie	-	Checking	-	$24.97
147	09/01/2029	Expense	Debit	Books by Bessie	Lunch with Bill	Meals and Entertainment	$24.97	-
Total for 147							$24.97	$24.97
							$24.97	**$24.97**

In this example, Meals and Entertainment is the debit and Checking is the credit.

Record a Credit Card Purchase

In this transaction, you will enter a credit card purchase for coffee mugs with a logo from Mahoney Mugs.

20. Choose **+ New→Vendors→Expense**.
21. Complete the Expense form as noted, tapping Tab to navigate the fields:
    - Payee: **Mahoney Mugs**
    - Account: **Mastercard**
    - Payment Date: **09/01/2029**
    - Ref No.: **MC**
    - Category: **Office Expenses**
    - Description: **Mugs with Logo**
    - Amount: **36.50**



22. Choose **Save and Close**.

Managing Accounts Payable

You can use QuickBooks Online to manage your Accounts Payable—that is, purchases that will be paid later or on account. When vendors send you bills and you enter these bills in QuickBooks Online, you can keep track of the amount you owe for purchases in any given period. As you set up each vendor, you can specify the terms for that vendor. You can also enter the terms directly on the Bill form.

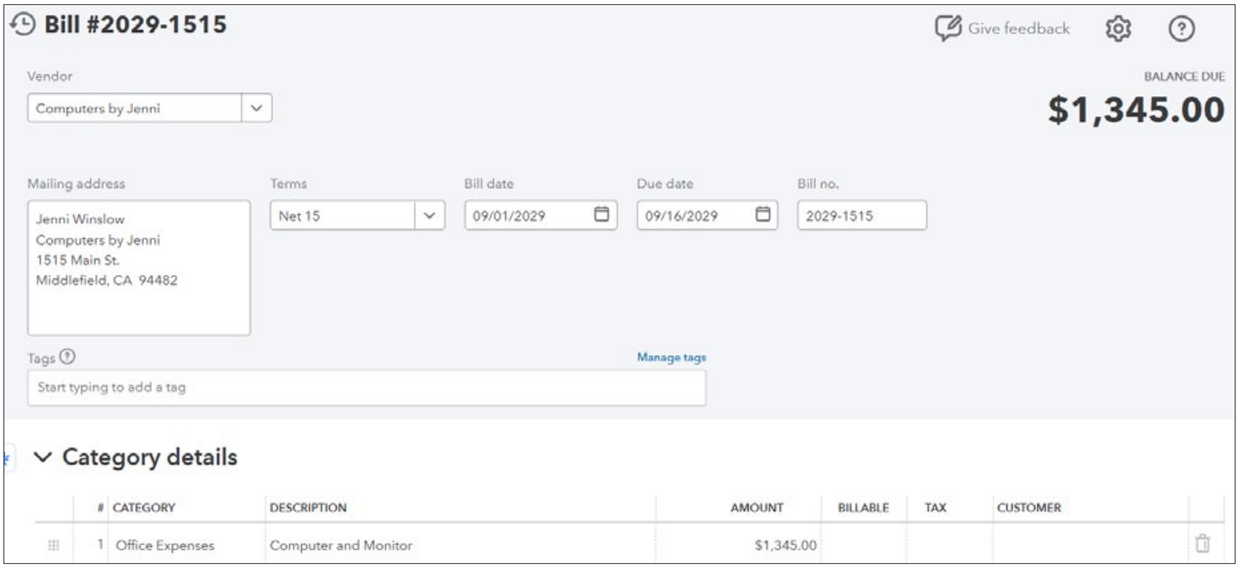
The new Bill Pay feature allows you to schedule payments of bills to vendors using a bank transfer or debit or credit card simply by clicking the Save and Schedule Payment option. This feature is currently included in your QuickBooks Online Plus and Advanced subscription and is provided by Melio.

DEVELOP YOUR SKILLS 4-4

Craig has ordered a new computer and monitor for his office from Computers by Jenni. They will be delivered today, 9/1/2029, and the terms are Net 15 days. In this exercise, you will enter a bill for purchases made today and payable in 15 days.

1. Choose **+ New→Vendors→Bill**.

2. Complete the Bill form as follows, using [Tab] to navigate the fields:
   - Vendor: **Computers by Jenni**
   - Terms: **`Net 15`**
   - Bill Date: **`09/01/2029`**
   - Bill No.: **`2029-1515`**
   - Category: **Office Expenses**
   - Description: **`Computer and Monitor`**
   - Amount: **`1345.00`**

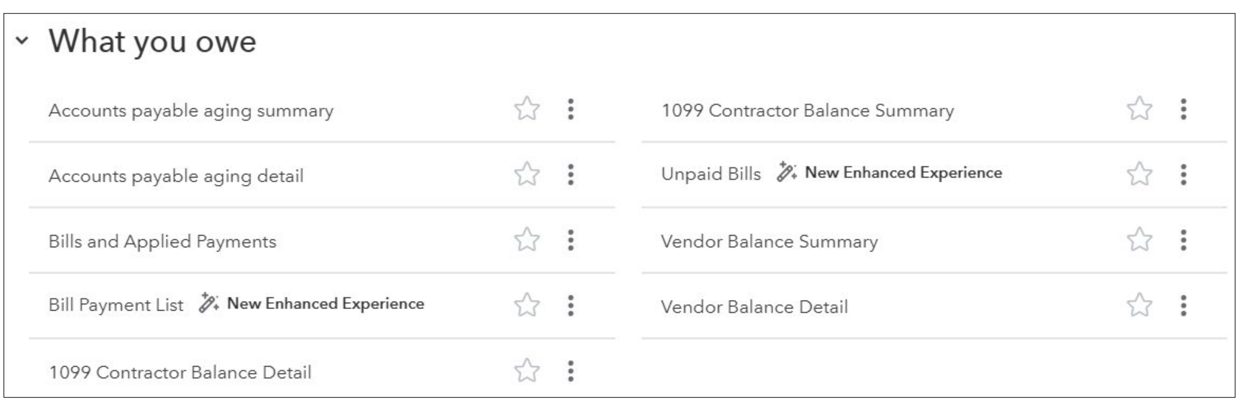


3. Choose **Save**.
4. In the bottom tray, choose **More→Transaction Journal**.

   Accounts Payable is the credit, which increases liabilities on the balance sheet. Office Supplies is the debit, which increases expenses on the profit and loss statement.

Accounts Payable Reports

The Reports center on the Navigation bar contains a number of vendor-related reports to help you manage your Accounts Payable. For example, the What You Owe section in the All folder lets you track what you owe and when payments are due so that you can manage your cash flow. The Accounts Payable Aging Summary report in the Standard folder shows your unpaid bills and how long you have owed on them.



DEVELOP YOUR SKILLS 4-5

In this exercise, you will create reports to assist you in managing the Accounts Payable for Craig's Design and Landscaping Services.

1. Click **Reports** on the Navigation bar.
2. In the What You Owe section, click **Accounts Payable Aging Summary**.
3. Type **09/30/2029** in the As Of field.
4. Click **Run Report**.

   This report summarizes the vendors and the amounts due.

A/P Aging Summary Report

Craig's Design and Landscaping Services
As of September 30, 2029

Refresh report
Last updated 3 minutes ago

Vendor	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	Total
Brosnahan Insurance Agency	-	-	-	-	$241.23	$241.23
Computers by Jenni	-	$1,345.00	-	-	-	$1,345.00
Diego's Road Warrior Bodyshop	-	-	-	-	$755.00	$755.00
Norton Lumber and Building Ma...	-	-	-	-	$205.00	$205.00
PG&E	-	-	-	-	$86.44	$86.44
Robertson & Associates	-	-	-	-	$315.00	$315.00
TOTAL	**-**	**$1,345.00**	**-**	**-**	**$1,602.67**	**$2,947.67**

5. To see details about various totals, click any amount.
6. Review details as you like and then return to the **Reports** center.
7. Click the **Standard** tab. In the What You Owe section, choose **Vendor Balance Summary**.
8. Ensure that *All Dates* appears in the Report Period field and then click **Run Report**.

   This report gives you similar information as the Accounts Payable Aging Summary but in a different format.

Craig's Design and Landscaping Services

VENDOR BALANCE SUMMARY

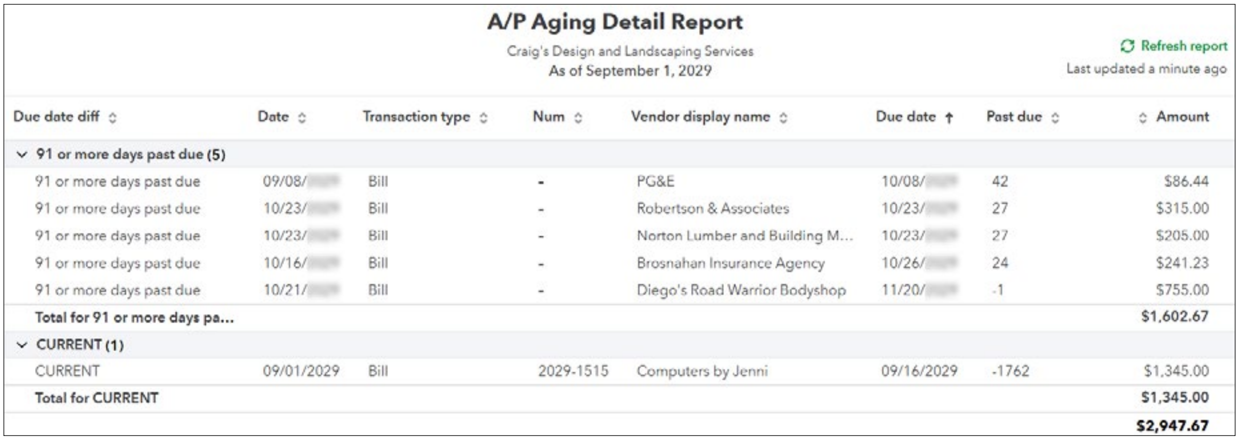
All Dates

	TOTAL
Brosnahan Insurance Agency	241.23
Computers by Jenni	1,345.00
Diego's Road Warrior Bodyshop	755.00
Norton Lumber and Building Materials	205.00
PG&E	86.44
Robertson & Associates	315.00
TOTAL	**$2,947.67**

Craig would like to know whether any bills are overdue. The Accounts Payable Aging Detail report will provide this information.

9. Return to the **Reports** center.
10. In the What You Owe section, choose **Accounts Payable Aging Detail**.
11. Change the “as of” date to **`9/1/2029`** and click **Run Report**.

    The report lists each bill, the number of days it is past due, and the amount.



A/P Aging Detail Report

Craig's Design and Landscaping Services

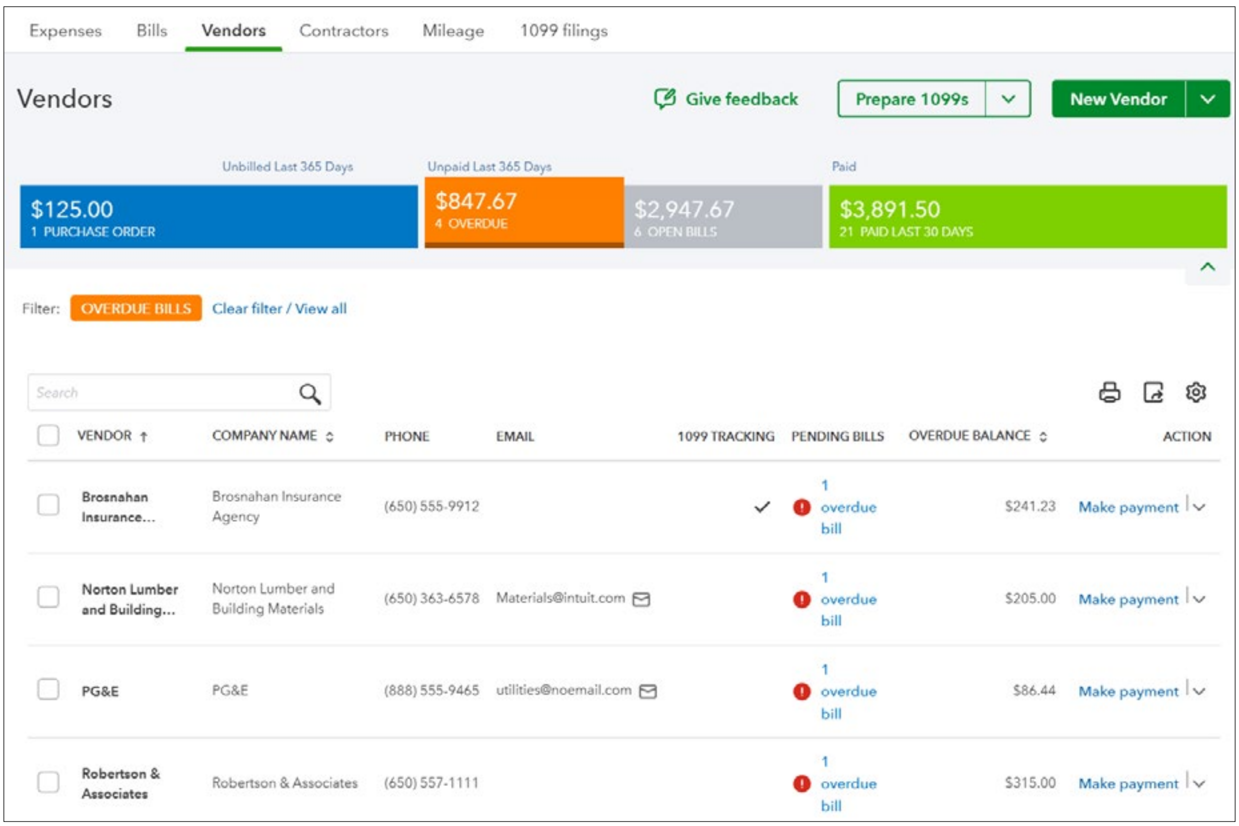
As of September 1, 2029

Refresh report

Last updated a minute ago

Due date diff	Date	Transaction type	Num	Vendor display name	Due date	Past due	Amount
91 or more days past due (5)							
91 or more days past due	09/08/	Bill	-	PG&E	10/08/	42	$86.44
91 or more days past due	10/23/	Bill	-	Robertson & Associates	10/23/	27	$315.00
91 or more days past due	10/23/	Bill	-	Norton Lumber and Building M...	10/23/	27	$205.00
91 or more days past due	10/16/	Bill	-	Brosnahan Insurance Agency	10/26/	24	$241.23
91 or more days past due	10/21/	Bill	-	Diego's Road Warrior Bodyshop	11/20/	-1	$755.00
Total for 91 or more days pa...							$1,602.67
CURRENT (1)							
CURRENT	09/01/2029	Bill	2029-1515	Computers by Jenni	09/16/2029	-1762	$1,345.00
Total for CURRENT							$1,345.00
							$2,947.67

You can access similar information on the Vendors List’s Money bar by clicking the orange Overdue section to display only overdue bills.



Other Vendor Reports

The Standard tab includes a category called Expenses and Vendors. These reports provide summaries and/or detailed information about purchases by vendor, as well as purchases by Product/Service.

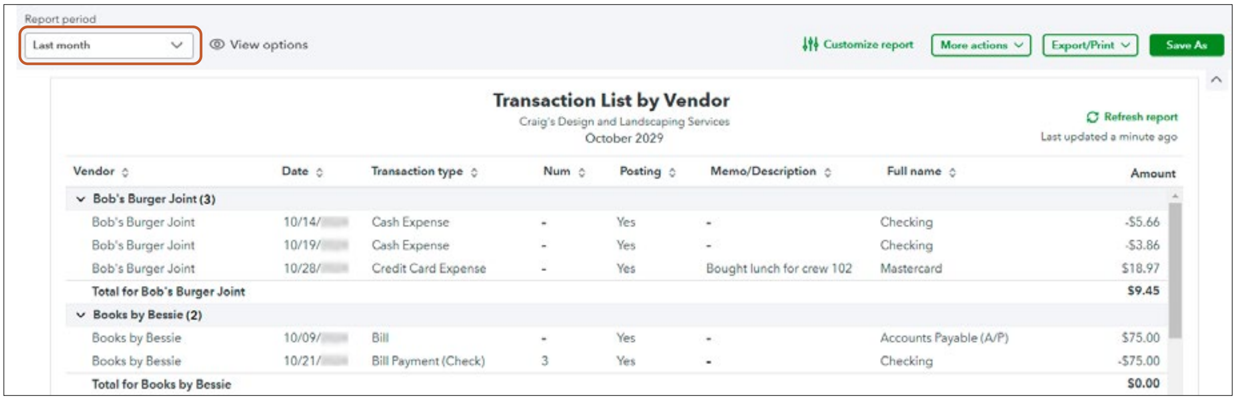
Reports center→Standard tab→Review Expenses and Purchases

DEVELOP YOUR SKILLS 4-6

In this exercise, you will prepare a vendor report to show Craig the transactions for each vendor last month.

1. Open the **Reports** center and click the **Standard** tab.
2. Choose **Transaction List by Vendor** in the Expenses and Vendors section.
3. Choose **Last Month** in the Report Period field.

   A partial list of the report appears here. Your dates will vary.



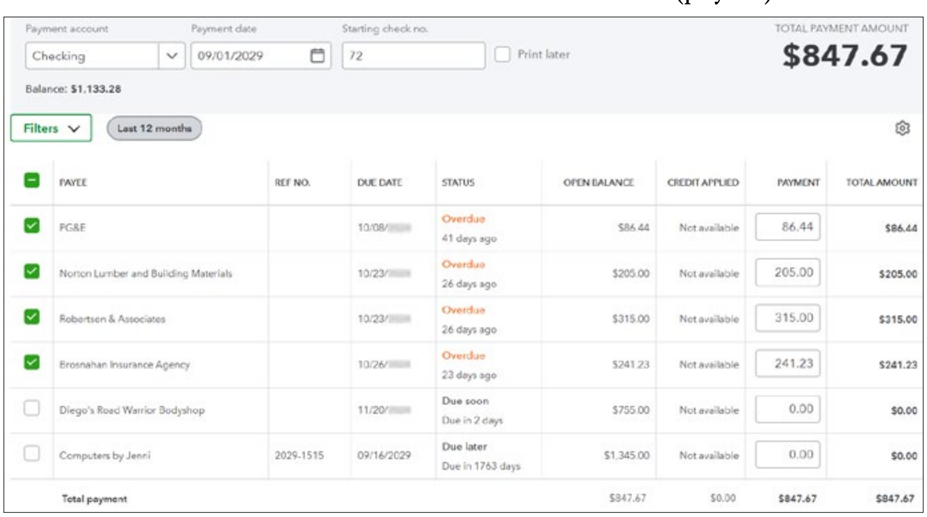
Paying Bills

When you pay bills in QuickBooks Online, you choose the account to make the payment from. When you pay with a check, the Accounts Payable (liability) decreases *and* the checking account balance (asset) decreases. You can also pay bills with a credit card.

DEVELOP YOUR SKILLS 4-7

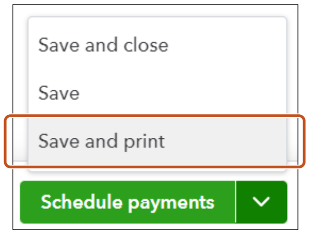
In this exercise, you will pay all the bills that are past due and print checks.

1. Choose **+ New→Vendors→Pay Bills**.
2. Choose **Checking** as the payment account and tap [Tab].
3. Type **`09/01/2029`** in the payment date field and tap [Tab].
4. The Starting Check No. field should fill in with check number 72; if not, update it.
5. Click the check boxes to the left of the first four vendors (payees).



Print Checks

6. In the lower-right corner, choose **Save and Print** from the drop-down menu.



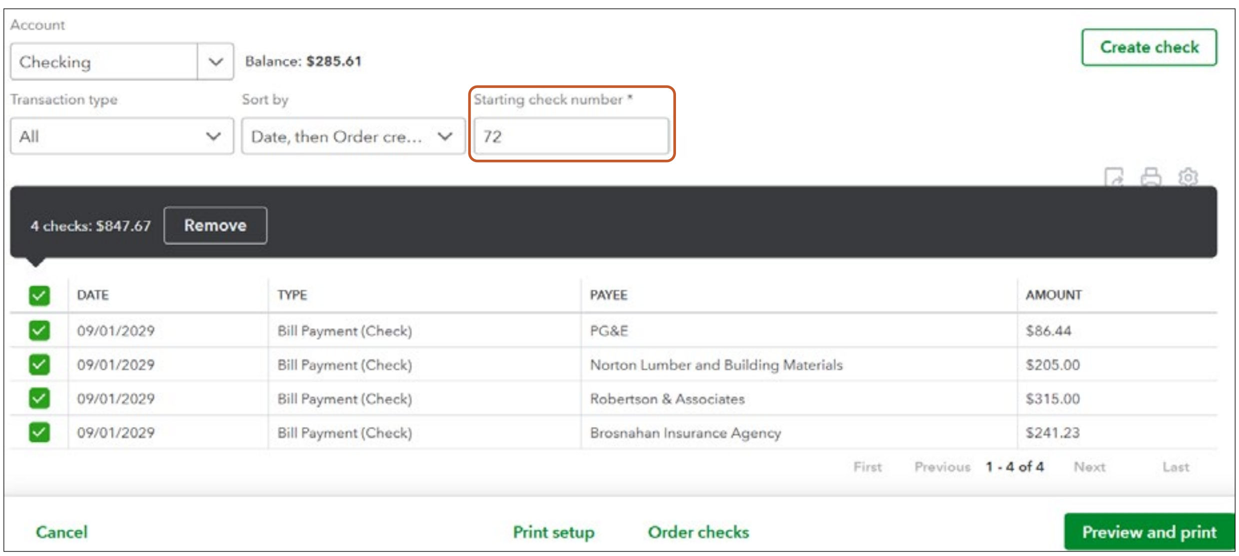
7. Choose **Voucher** as the check type and then click the **Yes, I'm Finished with Setup** button in the lower-right corner.

   You are returned to the Pay Bills window.

8. Close the Pay Bills window and then go to **New→Print Checks**.
9. Click the check boxes for the four checks and then click **Preview and Print**.

   The Print Checks window opens.

10. Verify that *Checking* is the account type, enter **72** as the starting check number, and then click **Preview and Print**.



   If this were a real work situation, you would now load your checks into your printer. For this example, you will print on plain paper or to a PDF file.

11. On the Print Preview screen, click **Print** and choose to print on blank paper or to a PDF file. (If printing to PDF, choose an appropriate name for the file.)
12. Close the Print Preview screen.
13. Click **Done** in the next window and then close the Print Checks window.
14. Return to the **Expenses** center.

    No bills are overdue now.

Tackle the Tasks

This is your opportunity to apply some of the skills learned in this chapter to accomplish additional tasks for Craig's Design and Landscaping Services. To refresh your memory, refer to the concepts and Develop Your Skills exercises as needed.

Before You Begin: Close the current test drive window and then open a new test drive window.

Task	Use This Information
Set Up New Vendors	• Christina Gomez, 456 College Ave., Bayshore, CA 94301 • Gloria's Garden, 8585 Main Drive, Bayshore, CA 94302 • KGS Tax and Accounting, PO Box 145, Bayshore, CA 94302 Try adding multiple vendors from the New Vendor drop-down menu.
Record a Check	Paid Gloria's Garden for purchase of Custom Garden Art; Job Expenses: Job Materials category; paid $255 with check number 71 on 9/03/2029
Create a Bill	Billed $100 by Books by Bessie for accounting services (Legal & Professional Fees account); bill number 2029-902; dated 9/3/2029; due in 15 days
Create a Bill	Dated 9/4/2029 from Cal Telephone for purchase of a new speaker gadget for conference room; bill number 15188 for $89.23; Office Expenses category; due in 15 days
Create an Expense	Paid Squeaky Kleen Car Wash $19.99 for a car wash with MasterCard on 9/5/2029; Automobile category
Pay Bills	For Books by Bessie and Cal Telephone on 9/17/2029 from the checking account; start with check number 72
Create a Transaction List by Vendor Report	Report duration: 9/1/2029 through 9/30/2029 Export the report to Excel (XLSX) and save the file to your **Chapter 04** folder as: **CH04 TTT CDLS Transaction List by Vendor**

Your report should look something like this. (Remember here and throughout that QuickBooks Online can change at any time, and this includes report formatting and layout.)

Transaction List by Vendor
Craig's Design and Landscaping Services
September 2029

Refresh report
Last updated a few seconds ago

Vendor	Date	Transaction type	Num	Posting	Memo/Description	Full name	Amount
Books by Bessie (2)							
Books by Bessie	09/03/2029	Bill	2029-902	Yes	-	Accounts Payable (A/P)	$100.00
Books by Bessie	09/17/2029	Bill Payment (Check)	72	Yes	1345	Checking	-$100.00
Total for Books by Bessie							**$0.00**
Cal Telephone (2)							
Cal Telephone	09/04/2029	Bill	15188	Yes	-	Accounts Payable (A/P)	$89.23
Cal Telephone	09/17/2029	Bill Payment (Check)	73	Yes	-	Checking	-$89.23
Total for Cal Telephone							**$0.00**
Gloria's Garden (1)							
Gloria's Garden	09/03/2029	Check	71	Yes	-	Checking	-$225.00
Total for Gloria's Garden							**-$225.00**
Squeaky Kleen Car Wash (1)							
Squeaky Kleen Car Wash	09/05/2029	Expense	-	Yes	-	Mastercard	$19.99
Total for Squeaky Kleen Car ...							**$19.99**
							-$205.01

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 course.

1. You can delete a vendor in QuickBooks Online. *True* *False*
2. You can have two vendors with the same name. *True* *False*
3. A vendor is a person or business you sell services or products to. *True* *False*
4. You can set up a new vendor only from the Vendors List. *True* *False*
5. You can record purchases with a credit card in QuickBooks Online. *True* *False*
6. The Manage Accounts Payable report in the Standard folder categorizes unpaid bills based on how overdue they are. *True* *False*
7. You can customize the appearance of a Bill form in QuickBooks Online. *True* *False*
8. You can import vendor information into QuickBooks Online. *True* *False*
9. A Vendor Balance Summary report is useful for knowing the total amount purchased from each vendor. *True* *False*
10. Hector is a supplier who sells you products. Which list should you add him to?
    - **A.** Contacts
    - **B.** Customers
    - **C.** Vendors
    - **D.** Chart of Accounts
11. To enter a transaction for a service paid for using a debit card, you would:
    - **A.** choose + New→Vendors→Debit Card
    - **B.** choose + New→Vendors→Payment
    - **C.** choose + New→Vendors→Expense
    - **D.** choose + New→Vendors→Bill
12. How can you track Accounts Payable in QuickBooks Online?
    - **A.** Record an expense and then pay it.
    - **B.** Enter a bill and then pay it.
    - **C.** Write a check for the expense.
    - **D.** You cannot track Accounts Payable in QuickBooks Online.
13. To take a quick look at all past-due bills, you should:
    - **A.** create a Transaction List by Vendor report.
    - **B.** click the orange Past Due section on the Money bar in the Expenses center.
    - **C.** create a Chart of Accounts and check the balance in Accounts Payable.
    - **D.** choose + New→Vendors→Pay Bills.

Reinforce Your Skills

REINFORCE YOUR SKILLS 4-1

Add and Edit Vendors

In this exercise, you will add new vendors to the Puppy Luv Pampered Pooch company file and update a vendor's contact information.

Before You Begin: *Access your trial subscription to QuickBooks Online.*

1. Open the **Expenses** center and then click the **Vendors** tab.
2. Choose **New Vendor menu button ▼→Multiple Vendors** and enter the information for the following vendors in the appropriate fields:
   - Sundown District Water, PO Box 1455P, Los Angeles, CA 90051
   - Silva's Catering, 123 East Southside, Los Angeles, CA 90022; 310-555-1414
   - Steve Nguyen, 78441 Normandie Ct., Los Angeles, CA 90005; 310-555-8138
3. Edit the Ace Groomer and Supply Company vendor with this new information:

   1475 West Main St.

   Bullhead City, AZ 86426

   Hector@Ace.email.net

   800-555-7491

REINFORCE YOUR SKILLS 4-2

Review and Set Default Expense Settings

In this exercise, you will review and set the Expense form defaults for Puppy Luv Pampered Pooch.

1. Choose **Gear→Your Company→Account and Settings**.
2. Click **Expenses** at right and then open the Bills and Expenses section for editing.
3. Edit the Show Tags Field on Expense and Purchase Forms option to **Off**.
4. Edit the default bill payment terms to **Net 15**.
5. Ensure that the option to use purchase orders is turned **Off**.

   Remember to save your changes and click Done. You won't always be reminded to do this, but you should always save and close out screens to complete the actions.

REINFORCE YOUR SKILLS 4-3

Create Purchase and Expense Forms

The Grand Opening party for Puppy Luv Pampered Pooch was a great success. Sadie has given you all the receipts for the party expenses, plus a few bills that need to be scheduled for payment. In this exercise, you will create the purchase/expense transactions for Puppy Luv Pampered Pooch. You will need to add a vendor.

1. Choose **+ New→Vendors→Check** and record the following: Check number 10006 for $200 to Silva's Catering for all food and beverages for the Grand Opening; Meals & Entertainment account; dated 08/09/2029.

2. Choose **+ New→Vendors→Expense** and record the following: $125 paid by debit card to Steve Nguyen for Window Display; Marketing account; paid on 07/30/2029.
3. Choose **+ New→Vendors→Bill** and record the following: Bill number 2029-115 dated 7/27/2029 for $55.50; from Bonni's Dog Biskits, 144 Beach Rd., Ventura, CA 93003; for some treats for the pooches; Pooch Supplies account; due in 15 days.

REINFORCE YOUR SKILLS 4-4

Create a Vendor Report

Sadie would like a report to show all of the vendor transactions to date. In this exercise, you will create some vendor- and expense-related reports for Sadie.

1. Open the **Reports** center.
2. Click the **Standard** tab, and under Expenses and Vendors choose **Transaction List by Vendor**.
3. Choose **All Dates** as the report period in the date drop-down menu.

Transaction List by Vendor

Puppy Luv Pampered Pooch

All Dates

Refresh report

Last updated a minute ago

Date	Transaction type	Num	Posting	Memo/Description	Account full name	Amount
Ace Groomer and Supply... (1)						
07/05/2029	Check	10001	Yes	-	Los Angeles City Bank	-$16,000.00
Total for Ace Groomer and S...						-$16,000.00
Bonni's Dog Bikits (1)						
07/27/2029	Bill	2029-115	Yes	-	Accounts Payable (A/P)	$55.50
Total for Bonni's Dog Bikits						$55.50
Capital Properties (1)						
07/30/2029	Check	10005	Yes	-	Los Angeles City Bank	-$3,300.00
Total for Capital Properties						-$3,300.00
City of Los Angeles Clerk (1)						
07/10/2029	Check	10002	Yes	Business License	Los Angeles City Bank	-$450.00
Total for City of Los Angeles ...						-$450.00
Doggies Plus (1)						
07/15/2029	Check	10003	Yes	-	Los Angeles City Bank	-$2,500.00
Total for Doggies Plus						-$2,500.00
George's Pet Media (1)						
07/17/2029	Check	10004	Yes	-	Los Angeles City Bank	-$800.00
Total for George's Pet Media						-$800.00
Silva's Catering (1)						
08/09/2029	Check	10006	Yes	-	Los Angeles City Bank	-$200.00
Total for Silva's Catering						-$200.00
Steve Nguyen (1)						
07/30/2029	Expense	Debit	Yes	-	Los Angeles City Bank	-$125.00
Total for Steve Nguyen						-$125.00
						-$23,319.50

Apply Your Skills

Now it's time to use your new skills to prepare all the Puppy Luv Pampered Pooch purchase and expense transactions for the first few weeks of August. The first step in the accounting cycle is to analyze the transaction, determine what accounts will be affected, and then choose the appropriate action—in the right sequence and on the right form. The second step is to record the transaction.

In these exercises, you will perform these steps of the accounting cycle. To simulate a real-world accounting environment, some of the information to be entered is presented in a random fashion—imagine a pile of bills, receipts, and notes that you have to sort through and analyze. Take your time and think carefully about your choices.

APPLY YOUR SKILLS 4-1

Add and Edit Vendors

Sadie has been busy looking for new suppliers and networking with local dog breeder associations, shelters, and Chambers of Commerce. She has found a couple new vendors and received additional information from an existing vendor. In this exercise, you will add and edit vendors.

1. Add these vendors:
   - Sundown District Gas and Electric, PO Box 259RT, Los Angeles, CA 90051
   - District Party Décor, 1411 E Magnolia, Los Angeles, CA 90052
2. Edit the George's Pet Media vendor with this new information:
   GPM@email.net
   310-555-7711

APPLY YOUR SKILLS 4-2

Create Purchase and Expense Transactions

Sadie has left you some receipts for payment made and a few bills to enter. She has written notes so you know which account to record the transaction in. In this exercise, you will create the transactions for these receipts and bills. (Hint: You may need to add vendors and accounts/categories.)

1. Review the list and then create the necessary transactions:
   - Debit card transaction for decorations for the Grand Opening; 7/30/2029 at District Party Décor; $37.88; Office Supplies and Software
   - Debit card transaction for raffle tickets, tissue paper, and ribbons; $25.66 at Office Plus; 7/28/2029; Office Supplies and Software
   - Credit card purchase; 7/25/2029; Sundown District Chamber of Commerce lunch meeting; $45; Meals & Entertainment
   - Credit card purchase; 7/28/2029 for $389.10 from District Party Décor for rental of tables and chairs, balloons, and music for the Grand Opening party; Equipment Rental Expense
   - Credit card purchase; 7/27/2029 to US Post Office for stamps; $47.00; Postage
   - Bill dated 7/30/2029 from Sundown District Water for $16.84; for service from 7/20/2029 to 7/28/2029; due in 15 days; Utilities

- Bill dated 7/30/2029 from PetEdge, PO Box 100, Beverly, MA 01915; for pooch nail clippers; bill number 89774; $48.96; due in 15 days; Pooch Supplies
- Bill dated 7/28/2029 from Designs for You, 1004 Makers Road, Los Angeles, CA 90022; bill number 29-8944; due in 15 days; for 1000 business cards; $108; Marketing
- Bill dated 8/08/2029 from Sundown District Chamber of Commerce for one-year membership; $250.00; bill number PLPP 2029; due in 15 days; Dues and Subscriptions

APPLY YOUR SKILLS 4-3 QG

Prepare Report and Pay Bills

Sadie has asked you to provide a list of all unpaid bills. She will advise you about which bills to pay and any additional reports she would like to review. In this exercise, you will prepare a report of unpaid bills for Sadie.

1. Prepare an **Accounts Payable Aging Summary** report as of August 15, 2029.
2. Export the report to Excel, saving it in your **Chapter 04** folder as:
   `CH04 AP Aging 8.15.29`
3. Pay all the bills due by 8/12/2029 on **8/10/2029**. The beginning check number is **10007**.
4. Print the checks to a PDF file and then save checks **10007–10008**.
5. Print a **Vendor Balance Summary** report for all dates.

   The balance should be $315.80.
6. Export the report to Excel, saving it in your **Chapter 04** folder as:
   `CH04 Vendor Balance Summary`

   Vendor Balance Summary
   Puppy Luv Pampered Pooch -
   All Dates

   Refresh report
   Last updated a minute ago

Vendor	Total
PetEdge	$48.96
Sundown District Chamber of Commerce	$250.00
Sundown District Water	$16.84
TOTAL	**$315.80**

7. Prepare a **Transaction List by Vendor** report for all dates; export it to Excel, saving it in your **Chapter 04** folder as: `CH04 Transaction List By Vendor`

CHECK FIGURE *Your figures should match those shown here:*

Los Angeles City Bank	$51,920.96
Accounts Payable	$315.80
City Credit Union	$481.10

Keeping on Track

The next chapter builds on the work completed in this chapter. Before moving on, run a Trial Balance report and confirm your accounts so you don't carry over any errors. If something is off, investigate the transactions from this chapter. The first step in figuring out an error is to review the steps of the assignments to make sure all work was completed as directed. Most errors deal with dates, amounts, or classifications.

Puppy Luv Pampered Pooch
Trial Balance End of Chapter 4

All Dates

	Debit	Credit
Los Angeles City Bank	51,920.96	
Accounts Receivable (A/R)	220.50	
Prepaid Rent	3,300.00	
Undeposited Funds	0.00	
Salon Equipment	16,000.00	
Accounts Payable (A/P)		315.80
City Credit Union		481.10
Owner's Investment		75,000.00
Pooch Services		743.50
Dues and Subscriptions	250.00	
Equipment Rental	389.10	
Marketing	1,033.00	
Meals & Entertainment	245.00	
Office Supplies & Software	63.54	
Pooch Supplies	2,604.46	
Postage	47.00	
Taxes & Licenses	450.00	
Utilities	16.84	
TOTAL	$ 76,540.00	$ 76,540.00