

# 4

## Working with Customers



Your customers are the people and businesses that you sell your products and services to. In this chapter, you will learn the features of the Sales centre and how to create sales transactions, such as invoices, sales receipts, estimates and more. You will manage your business's Accounts Receivable, track customer-related transactions, manage products and services and create customized customer- and sales-related reports.

### LEARNING OBJECTIVES

- ▶ Set up customers and sub-customers
- ▶ Edit sales settings and preferences
- ▶ Create estimates, invoices and sales receipts
- ▶ Receive payments and record bank deposits
- ▶ Create advanced customer transactions and reports
- ▶ Process credits and refunds

## Project: Long for Success -- Event Planning

Linda is excited because now that she is set up with QBO, she can create her invoices herself and receive payments when her customers pay her. She wants to make sure all her current customers are set up so she can manage their sales but also keep in touch with them for future events. In planning for some upcoming larger events, she wants to be able to create estimates for her customers and apply milestone invoices against them up until the date of the event. At the end of the day, she also wants your help in running reports on her sales to see where she is making the most money with respect to her customers and her services.



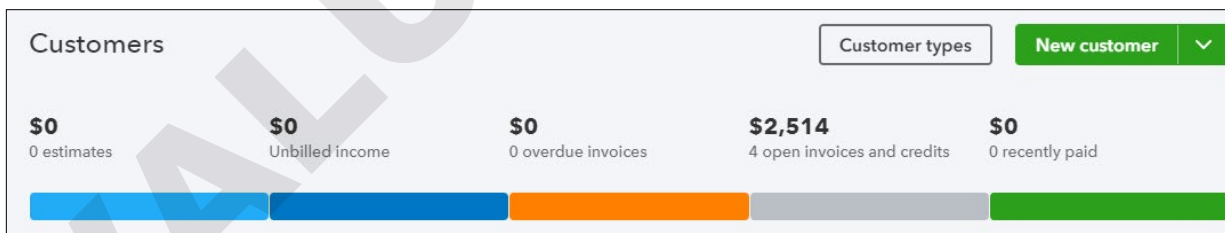
**TIP!** For critical edits to this course based on software updates and more, access the Update Report from your course or the QuickBooks Online for Canada Update Reports page ([lablearning.com/qboc-updates](http://lablearning.com/qboc-updates)) at the start of every chapter.

## The Sales Centre

In this area of QBO, you will store information about your customers and their transactions in a single place. It provides access in one spot to perform customer-related tasks such as searching for customers, adding customers, importing lists of customers, editing and merging customer information and making customers inactive.

**TIP!** At any time, you can view a QBO file as a business or as an accountant by selecting that option from the Gear menu. But note that the sample company is in Accountant view and cannot be changed; you will be able to change your trial account view. Remember that all visuals throughout this course show the Accountant view.

The Sales centre contains six tabs: Overview, All Sales, Invoices, Customers, Products and Services, and Price Rules (once it is enabled). Along with a customizable list of your customers and their details, the Customers area contains a multicoloured money bar that gives you a quick snapshot of the company's A/R balance. You can click money bar sections to access more detailed information about estimates, unbilled activity and unpaid and paid invoices.



**Customer search field** **Print, Export and Settings icons (use Settings to change the visible columns)**

<input type="checkbox"/>	CUSTOMER / PROJECT	PHONE	SALES TAX	CURRENCY	OPEN BALANCE	ACTION
<input type="checkbox"/>	Abercrombie Internat Abercrombie Internatio			USD	\$0.00	<b>Create invoice</b> ▾ Create sales receipt Create estimate Create charge Create time activity Make inactive Create statement
<input type="checkbox"/>	Adwin Ko Ko International Ltd	604 999-9998		CAD	\$1,695.00	
<input type="checkbox"/>	Alex Blakey Blakey Group			USD	\$0.00	
<input type="checkbox"/>	Andre Prefontaine Andre's Bakeries			HKD	HK\$0.00	

**Action menu**

## Adding Customers and Sub-Customers

If you are not importing a list of customers from a file, you will need to add them one at a time. When adding a customer or sub-customer into your QBO company file, work through the Customer Information screen in full. There is information that needs to be added here to ensure proper recording and billing of sales.

**TIP!** You cannot not add two customers with the same name. If you happen to have two different customers who have the same name, you must create a variation in one (such as a middle name or initial) to add it to the list.

Many accounting professionals use the sub-customer feature to create jobs for their customers for simple tracking of work being completed on specific projects. There is a Projects section available for QBO Plus company files for those who want or need more functionality with customer projects.


As you work through the Customer Information window, do not forget to complete the tabbed sections that follow the Address. The Payment and Billing tab is where you designate how this customer is to be billed if you are working in multicurrency.

Be aware that you cannot select the currency unless the Multicurrency feature is enabled in your QBO company; once Multicurrency is enabled and a currency is selected for the customer, you cannot change the associated currency after saving the customer details. If a currency is not selected, the customer default is your home currency, in this case the Canadian Dollar.

Once these details are saved, they can be viewed by selecting the customer and choosing Customer details. This is where you will also see any assigned price rules for the customer.

### Best Practice

To maximize the effectiveness of the information you have for your customers, enter as much as possible. This will help you fully realize the power of QuickBooks Online data when creating reports as well as when managing your customer base. Use the notes area to record special items about the customer you don't want to forget and, under attachments, upload documents such as contracts or other items you want to keep with your customer details for easy reference.

 View the Intuit Canada video “How to Add Customers to QuickBooks Online” in your course or ebook.

**Ask Yourself 4-1:** What does the money bar in the Sales centre overview?

- A. Accounts Payable
- B. Accounts Receivable

## DEVELOP YOUR SKILLS 4-1

In this exercise, you will create a new customer and sub-customer for Long for Success -- Event Planning. Remember, the user interface for QuickBooks Online is updated frequently, so some of the names and features in course exercises may differ from what you see on your interface.

**Before You Begin:** Access the QBO Canada sample company at [tinyurl.com/qboc-education](http://tinyurl.com/qboc-education) and leave it open for the entire chapter.

1. Open the **Sales** centre from the Navigation bar and click the **Customers** tab.
2. Click the **New Customer** button at the top-right corner.
3. Complete the Customer Information form as follows:
  - First Name: **Edward**
  - Last Name: **Bruce**
  - Display Name As: This should auto-fill; if not, type **Edward Bruce**
  - Email: **eBruce@hotmail.net**
  - Phone: **416-555-1118**
  - Address: **1452 Santiago Road, Toronto, ON, M4K 3T1**
  - Currency (Payments section): **CAD Canadian Dollar**

The screenshot shows the 'Customer' form in QuickBooks Online. At the top, the title is 'Customer' with a close button (X) on the right. Below the title, there is a 'Currency' dropdown menu set to 'CAD Canadian Dollar'. The main section is titled 'Name and contact' and is expanded. It contains several input fields: 'Title' (empty), 'First name' (filled with 'Edward'), 'Middle name' (empty), 'Last name' (filled with 'Bruce'), and 'Suffix' (empty). Below these fields, there are two more fields: 'Company name' (empty) and 'Customer display name \*' (filled with 'Edward Bruce').

4. Click **Save** and then choose **Sales** on the Navigation bar to return to the Customers list. As it was the last place you were, you should go there automatically; if not, click Customers.

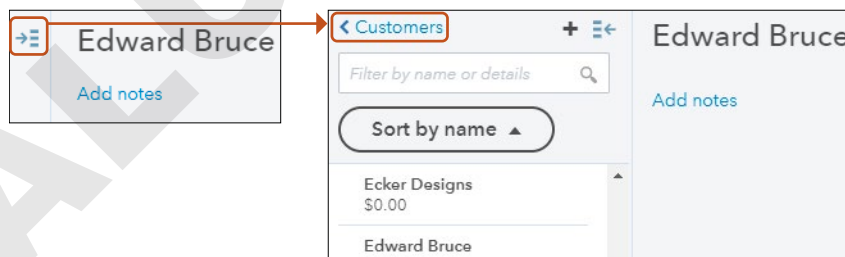
## Add a Sub-Customer

Edward Bruce has accepted the proposal to have Linda handle his 20th anniversary party. You will create a sub-customer to track this specific job more easily, as Edward says if all goes well, he'll come back to have Linda handle his daughter's wedding reception.

5. Click the **New Customer** button and follow these steps to create a sub-customer:

- A.** Type **20th Anniversary Party** in the Customer Display Name field.
  - B.** Check the **Is a Sub-Customer** checkbox.
  - C.** Choose **Edward Bruce** from the Parent Customer menu.
6. Click **Save** and then click **Sales** on the Navigation bar.

After you save a new customer or sub-customer, QBO will return you to that customer's area. To add more customers, you can either return to the Customers list, as we did above, or click the hidden Customers list to the left and click on the + sign.



## Importing Customers from an Excel or CSV File

QBO allows you to import customer lists from an Excel or comma-separated values (CSV) worksheet. The Import Data tool allows you to import information about customers, suppliers, Charts of Accounts, and products and services. The tool includes forms and prompts to help you upload and map your lists to QBO format. This feature is a great time-saver for existing businesses that have large, preexisting lists.

QBO often provides multiple ways to complete a task, depending on where you are working within the application. In addition to accessing the Import Data tool from the Gear menu, you can also import data from within the Customer area of the Sales centre.

Gear→Tools→Import Data→Customers

Sales centre→Customers→New Customer menu button ▼→Import Customers

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

### DEVELOP YOUR SKILLS 4-2

In this exercise, you will work within the Customers area to import customers from an Excel file.

1. Click **New Customer menu button ▼** and choose **Import Customers**.

*Moving forward, the names of menu buttons will be shortened from “New Customer menu button ▼” to “New Customer ▼.”*

2. Click **Browse**, navigate to your **Chapter 04** folder and select **CH04 Import Customers.xlsx**.

3. Click **Next** at the lower-right corner of the browser window.
4. Review the mapping to verify that the fields selected for import match the QBO fields, click **Next** and then review the records ready for import.
5. Click **Import**.

*A message appears informing you that the records were successfully imported.*

## Editing, Merging and Making Customers Inactive

Your Customers list view can be customized to a degree. Within the list, every customer record can be edited, merged if you have duplicates or made inactive if you are no longer providing services to that customer. The only customer detail that cannot be edited is the currency.

**NOTE!** In QuickBooks Online, customers, suppliers and ledger accounts can be made inactive but can never be deleted.

**Ask Yourself 4-3:** If you will no longer be working with a customer, you should delete that customer. True or false?

### DEVELOP YOUR SKILLS 4-3

In this exercise, you will edit a customer address, merge two customers and make a customer inactive. You will start by editing the address for Clement's Cleaners, which just notified you that it has moved.

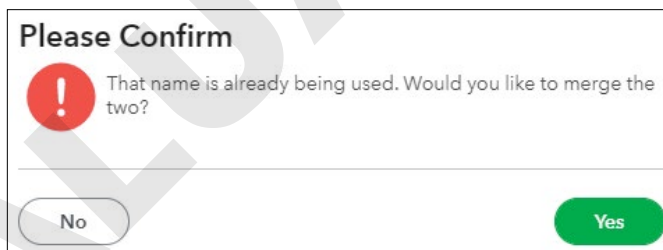
1. Choose **Clement's Cleaners** from the Customers list.  
Click the company name, not the check box to the left of the name.
2. Click the **Edit** button at top right, beside *New Transaction*.
3. Change the street address in the Billing Address field to **15851 N Ocean Dr** and then click **Save**.
4. Return to the **Sales** centre, **Customers** tab.



### Merge Two Customers

You have discovered that Whitehead and Sons is owned by Kari Steblay. You need to merge these two records.

5. Choose **Whitehead and Sons** from the Customers list and then click the **Edit** button at the top-right corner.
6. Edit the Display Name As field to show **Kari Steblay** and then click **Save**.
7. Choose **Yes** in the dialog box to confirm the change and then return to the Customers list.



### Make a Customer Inactive

Linda reviewed the Customers list and has asked you to remove old or inactive customers. Cathy's Consulting Company is no longer an active customer. There are two ways to make a customer inactive, and you will try each.

8. Choose **Cathy's Consulting Company** from the Customers list and then click the **Edit** button.
9. Click **Make Inactive** at the bottom of the window and click **Yes** when prompted.



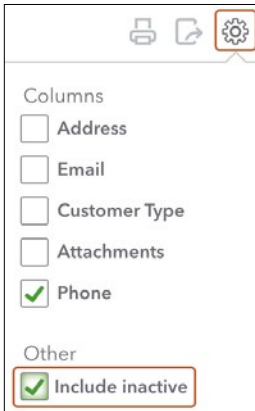
You are returned to the Cathy's Consulting Company customer page. Now, so you can try the other method of making a customer inactive, you will reverse what you just did.

10. Click **Make Active** at the upper right and then return to the Customers list.



*Now let's make a customer inactive directly from the Customers list.*

11. Scroll to Cathy's Consulting Company and choose **Action menu**→**Make Inactive**; accept the prompt and return to the Customers list.
12. To see a complete listing of customers, including inactive customers, click the micro gear **Settings** icon above the Action menu and then click the checkbox for **Include Inactive**.



13. Scroll down the list to the customer Cathy's Consulting Company.

*The inactive customer is included in the list and is tagged as (deleted). If you made an error, you can click Make Active in the Action column to reverse it.*



## Creating Customer and Sales Transactions

You can create many customer and sales transactions in QBO. When referring to sales transactions, we are referring to the transactions that are directly related to revenue. A sale in QBO can be recorded in one of two ways: either with a sales receipt when a customer pays for a product or service at the time of sale or with an invoice when a customer pays after the sale of a product or service, usually with terms like Net 30 days.

Other customer transactions will include transactions that are either posting, meaning they impact the ledger accounts, or non-posting, where they are for information purposes only. A credit memo and refund receipt are two posting transactions as they impact the revenue as well, but as credits. Estimates, delayed charges and delayed credits are all non-posting transactions that are for information and tracking purposes but can all be converted, or added, to a sales transaction in the future.

QBO forms are designed to work dynamically with one another. If you link your Chart of Accounts and your Products and Services list correctly, then as you prepare your sales forms, the appropriate accounting entries will be created when you complete the transaction. For example, when you make a sale on account (to be paid later) and select the Invoice transaction form, the Accounts Receivable (A/R) account and the Sales ledger account increase by the amount of the sale. When you receive payment at the time of sale and select the Sales Receipt transaction form, the Sales account and a deposit account increase by the amount of the sale.

**WARNING!** It is not a good practice to record sales on a journal entry or directly on a bank deposit form. The profit and loss report would be correct, but the sales would not appear on sales reports or within the customer transaction history.

## Customizing Sales Form Settings

Before you begin sending sales forms to your customers, it is important to decide what information should appear on your sales forms and confirm that the sales form settings are appropriate for your business.

It is also important that sales forms reflect your company's image. You can use the Custom Form Styles settings to customize the appearance of your Invoice, Sales Receipt and Estimate forms. You have six styles to choose from. After choosing a style, you can further customize the form's appearance, header and footer, and how the detail is reported in same. You can even import a style for invoices and estimates if you have something already designed in Word. You will need to download the import guide to ensure your document file is set up correctly for import.

### Best Practice

To help brand your business and ensure people easily find your contact information, include your logo, contact information and website address on all forms that customers, suppliers and other members of the public will see. If you are set up to collect sales tax, your registration number should also be visible on all forms.

 View the Intuit Canada video “Customize Sales Forms” in your course or ebook.

Gear→Your Company→Custom Form Styles→New Style

Gear→Your Company→Account and Settings→Sales

## DEVELOP YOUR SKILLS 4-4

Linda has asked you to create a sales receipt that reflects her business. She has told you what colour, font and other information she wants. In this exercise, you will create a customized sales receipt form for Long for Success.

1. Choose **Gear→Your Company→Custom Form Styles**.
2. Click the **New Style** button in the top-right corner and choose **Sales Receipt** from the menu.
3. Set the name of the receipt to: **My Sales Receipt**  
*The Give Your Template a Name field may be prepopulated. You can edit the existing text or type new text.*
4. Click **Change Up the Template** and choose the **Airy Classic** style.  
*This option might be called Dive In with a Template.*
5. Click **Try Other Colours** and choose the green colour with value **#79BD58** from the colour palette.  
*This option might be called Splash On Some Colour.*
6. Click **Select a Different Font** and choose **Courier** as the font type.  
*This option might be called Get Choosy with Your Font.*
7. In the top creation bar, click the **Content** tab.



8. Click the top portion of the form on the right side of the browser window to open options for editing this section.

9. On the left side of the window, click the **+ Address** link to expand the list and then confirm that the Street Address field has a checkmark next to it.
10. Click the middle portion of the form on the right side of the window and, at left, click in the **Date** checkbox to add a Date column to the receipt.
11. Click the bottom portion of the form at right, and at left edit the customer message field to: **It has been a pleasure to have your business. Enjoy your day.**
12. Click **Done** and then return to the Dashboard.

## The Transaction View

Once you are ready to start creating transactions in QBO, you will do so by completing a transaction form within a QBO window. You will notice quite quickly that all the different transactions look very similar and for the most part require the same information, with subtle differences depending upon the transaction type and any customization you have done in your account settings.

Using an Invoice form as an example, let's review some keys areas in the transaction forms that are good to be aware of.

The screenshot shows the 'Invoice no.1017' form. At the top right, the 'BALANCE DUE' is \$0.00. The form includes fields for Customer, Customer email, Billing address, Terms (Net 30), Invoice date (06/02/2029), Due date (06/03/2029), and Invoice no. (1017). There is a table with columns: #, PRODUCT/SERVICE, DESCRIPTION, QTY, RATE (CAD), AMOUNT (CAD), SALES TAX, and CLASS. Below the table are buttons for 'Add lines', 'Clear all lines', and 'Add subtotal'. At the bottom, there is a 'Message on Invoice' field with a pre-filled message: 'It's a pleasure doing business with you. Remember, referrals are appreciated.' and a 'Discount percent' field.

- 1 By clicking this symbol that looks like a clock going backward, you will find your “recent” transactions for the particular transaction form you are completing.
- 2 It is best for every transaction to be associated with a customer (invoice) or supplier (expense); for invoices, you must assign a customer.
- 3 The transaction date is essential for proper record-keeping. An incorrect date means incorrect financial reporting. For accrual accounting, the date must be the date of the sale or the purchase.
- 4 The Gear icon in a transaction form controls what fields and columns appear on that form.

- 5 You must indicate a product or service on all sales forms. For expenses and bills, record transactions directly to ledger accounts or as inventory items. If you are registered to collect and remit sales tax, select a sales tax code for every line item.
- 6 Often confusing, the Amounts Are setting tells QBO how to treat the transaction. Exclusive of Tax means the amount in the line is net of tax, so sales tax will be added on top of it.
- 7 If you need to subtotal line items, simply click on the last line of input and then on the subtotal button. Doing so will add a subtotal line of all the items above (available only on sales forms).
- 8 Tags are labels used to assist in customizing and tracking almost all QBO transactions. They can help provide you with more insight into your business transactions.

The Amounts Are field has two other options: Inclusive of Tax, which means the amount in the line already includes sales tax, and Out of Scope, which indicates the transaction has nothing to do with sales tax at all. Out-of-scope transactions are very rare, as almost all transactions relate to sales tax even if they are exempt from tax. An example is creating an expense to the Receiver General to pay taxes owing; neither a sale nor purchase, this is purely to make a payment.

**NOTE!** You can add some additional customization to your transaction forms. For sales forms, you can customize your transaction numbers to suit your needs, set terms or add custom fields and service dates, but you must enable the settings that allow this first.

Gear→Your Company→Account and Settings→Sales→Sales Form Content

## The Transaction Form “Bottom Bar”

The bottom bar of a transaction offers a selection of things to do regarding the transaction you are working on. Cancel, revert and print or preview are clear in what they do; however, the other three options might need a bit more explanation.

### Make Recurring

As we previously discussed when creating a recurring journal entry, when you select to make the transaction you have just created recurring, it takes you to a template screen where you complete all of the specifications for the recurring item. You can make almost every transaction in QBO recurring, including sales receipts and charging a customer’s credit card, if you are set up for QBO payments.

Making a transaction recurring does not mean it has to be posted automatically. As the recurring function creates a template, you can choose whether this is something that is scheduled to automatically reoccur or whether it sits as a template for you to use when you need it again. This is a good practice to do when you have complex postings that you post infrequently but want to remember how to complete them. Save them as an unscheduled template and use them as required. Your recurring transactions and templates are stored with your other lists.

 View the Intuit Canada video “Create a Recurring Transaction” in your course or ebook.

Gear→Lists→Recurring Transactions

## The More Menu

The More menu shows in the bottom black bar of a transaction only after the transaction has been saved. Depending on the transaction, this menu allows you to copy, void or delete the transaction, as well as review the transaction journal and the audit history to see details on who created or edited the transaction and what was changed. The copy function is quite handy when you want to do what you did the last time without having to reenter all the information again or make the original recurring.

There may be times when you need to correct, void or delete a transaction in QuickBooks Online. Errors are easy to fix, but you must be watchful of the dates and transaction numbers. To correct a transaction, you need only to locate it, make the correction and save. Choose to void a transaction when you need to nullify the transaction but maintain the integrity of the accounting records; a note should be attached to the transaction to explain the reason for voiding it. Delete completely removes the transaction and is not recommended in most cases.

**WARNING!** You must maintain the accounting records as they were recorded and reported. Changing a transaction in a previously closed period could cause significant problems and will likely need to be corrected again. If you are audited, the CRA will likely expect to see the transactions in sequential order, so in all cases, void an invoice instead of deleting one.

## Customize

This option is found only with the sales transactions and is used to change the template for the transaction you are creating and how it will look to your customers. If you have multiple form templates, you can switch back and forth within the transaction form, depending upon which customer you are sending the form to.

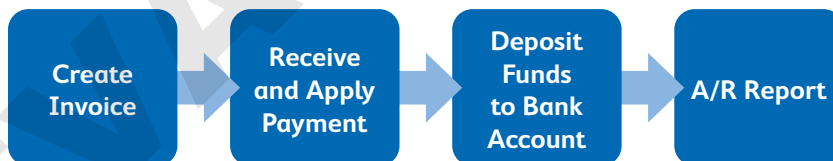
## Invoices

When selling services or products to your customers, there are two different ways to handle the sale for your accounting records: invoices and sales receipts.


If you will be billing your customers and allowing them to pay later, or in installments, you will use the Invoice transaction form; the Invoice form records the details of the sale to your customer, including all products and/or services sold, additional costs such as shipping, discounts and added sales tax.

When recording sales by invoicing a customer, the amount of the sale is recorded in Accounts Receivable (A/R) until paid. This allows you to track balances owing from your customers and apply payments as they are received.

The typical process for sales when using invoices is:



After applying payments to outstanding invoices, it is important to review your A/R detail report to show which invoices remain outstanding. Cash flow for the business hinges on getting invoices paid on time, so monitoring the A/R balances frequently as part of your month-end processes will help keep that on track.

 View the Intuit Canada video “How to Create an Invoice in QuickBooks Online” in your course or ebook.

## DEVELOP YOUR SKILLS 4-5

Edward Bruce just dropped off his signed contract for his anniversary party with Linda and needs to be invoiced for the venue. In this exercise, you will create an invoice for the venue for Edward to pay within the next fifteen days.

1. Choose **+ New** → **Customers** → **Invoice**.
2. Complete the fields for the invoice as indicated:
  - Choose a Customer: **Edward Bruce: 20th Anniversary Party**
  - Terms: **Net 15**
  - Invoice Date: **01/09/2029**
  - Invoice No.: **5011**
  - Product/Service: **Venue Rental**
  - Amount (CAD): **500**
  - Sales Tax: **HST ON**
3. Click **Save**.

### View the Transaction Journal

Now you will view the behind-the-scenes accounting for this transaction.

4. Click **More** in the bottom tray and then choose **Transaction Journal**.

*Report formats in QBO are currently being updated. Your report may be in modern view:*

Transaction Journal							
Long for Success -- Event Planning						<a href="#">Refresh report</a> <small>Last updated a few seconds ago</small>	
Date	Transaction type	#	Name	Memo/Description	Account full name	Debit	Credit
▼ 182 (3)							
01/09/2029	Invoice	5011	Edward Bruce:20th Anniversary...	-	Accounts Receivable	\$565.00	-
01/09/2029	Invoice	5011	Edward Bruce:20th Anniversary...	Venue rental	Billable Expenses Income	-	\$500.00
01/09/2029	Invoice	5011	Edward Bruce:20th Anniversary...	-	GST/HST Payable	-	\$65.00
Total for 182						\$565.00	\$565.00

Modern view

*Or your report may be in classic view:*

Long for Success -- Event Planning							
Journal							
September 1, 2029							
DATE	TRANSACTION TYPE	#	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
01/09/2029	Invoice	5011	Edward Bruce:20th Anniversary ...		Accounts Receivable	\$565.00	
				Venue rental	Billable Expenses Income		\$500.00
					GST/HST Payable		\$65.00
						\$565.00	\$565.00

Classic view

*In this course, most report images will show classic view, as that is more common at this time.*

## BEHIND THE SCENES: Sales Transaction

A great thing about QBO is that for almost every transaction form completed, you can see the transaction journal that QBO created behind the scenes. Debits and credits in accounting can get quite confusing for many people. For those not as familiar with the accounting process, the transaction journal will show you how you have impacted the ledger accounts. It is especially helpful when there is an error, and you need to understand what you did in order to correct it.

Look at the journal you created for Bruce's invoice in the last exercise. You can see that the impact is a debit to the asset account, A/R in this case, and a credit to the income and sales tax accounts.

The debit to A/R increases the asset account, and this amount remains as an outstanding A/R amount for the company until the customer pays it. A credit to an income account increases revenue and, in this case, increases the GST/HST Payable liability account, too.

When this invoice is paid, you will see a credit to A/R, which clears out the A/R balance, and a debit to the bank account where the money was deposited, increasing the balance.

Remember the accounting equation to help understand the impact on the general ledger.

	Assets	=	Liabilities	+	Equity		
					Capital	+ Revenue	- Expenses
<b>Beg. Balance:</b>	+ \$8,000		+ \$2,000		+ \$5,000	+ \$4,000	- \$3,000
<b>Transaction:</b>	+ \$565		+ \$65			+ \$500	
<b>End. Balance:</b>	+ \$8,565		+ \$2,065		+ \$5,000	+ \$4,500	- \$3,000

Both sides must be equal, and a minimum of two accounts is always affected.

## Sales Receipts

Unlike invoices, sales receipts do not impact the A/R account. Sales receipts are when the sale and payment are made at the same time. Consider if you are using your QBO company file as a point-of-sale (POS) system, where you record purchases as you sell to customers and they pay you right away with a debit card, cash or a credit card. Instead of doing two steps, issuing an invoice and then receiving a payment against that invoice, the sales receipt does it all in one. The impact on the income ledger accounts would be the same, but nothing will impact the A/R account, as you will not be waiting for payment.

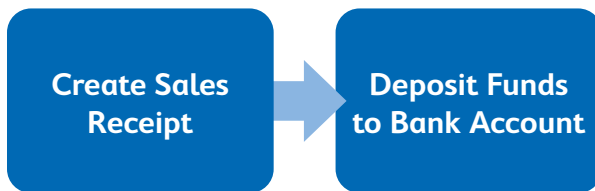
**NOTE!** Do not let the concept of a sales receipt confuse you into thinking this is now the cash accounting method instead of the accrual method. That is not the case. This is just how these types of sales are being processed in your records, but your accounting method does not change.

The Sales Receipt transaction form looks almost identical to the Invoice transaction form with just one noticeable difference: the payment line where you enter the payment method, reference number and the deposit to account. Just like when you receive a payment against an invoice, here you want to fill these fields in if you can. The payment method will determine which account should be selected for the Deposit to account.

## Best Practice

When considering what account to deposit to, look to the payment method. If the payment was made in cash, deposit this to the cash or petty cash account where it will sit until you deposit the cash to the bank account. If the payment was made by credit card or debit card, you might choose to deposit to a clearing account or to the undeposited funds account. Using the undeposited funds account allows you to collect, and hold, many payments to make one deposit. This method is beneficial for depositing funds received to the bank through a credit card machine or if you have cheques to deposit later. It will also allow you to do a debit posting to a merchant fees account, in the “add funds to this deposit section,” at the same time to reduce a deposit due to a merchant or wire fee.

As you can see, the process for managing sales when using sales receipts is half that of when you are invoicing customers. Because the sale is paid immediately, there is no outstanding balances report to review and follow up on and no payments to apply in an additional transaction window.



**Ask Yourself 4-4:** When do you record a sales receipt?

- A. When the customer pays at the time of the sale
- B. When the customer will pay later, after the sale

## DEVELOP YOUR SKILLS 4-6

*Edward Bruce needs to pay for the catering for the party upfront. In this exercise, you will create a sales receipt for the catering for Edward to pay Linda for today.*

1. Choose + **New** → **Customers** → **Sales Receipt**.
2. Complete the fields for the sales receipt as indicated:
  - Choose a Customer: **Edward Bruce: 20th Anniversary Party**
  - Sales Receipt Date: **05/09/2029**
  - Sales Receipt No.: **5012**
  - Payment Method: **Cheque**
  - Reference No.: **254**
  - Deposit To: **Undeposited Funds**
  - Product/Service: **Catering**
  - Description: **Party food for 150**
  - Amount (CAD): **1500** and Tax: **HST ON**
3. Save and close the sales receipt.

## Estimates and Progress Invoicing

Estimates are a non-posting sales transaction. This means that though you are creating a transaction for a sale, since it is not an invoice or sales receipt, the details on the estimate will not impact the ledger accounts. Most businesses use estimates to quote on future jobs or for jobs that will be invoiced multiple times for various amounts of the total cost, which is called [progress invoicing](#).

When creating an estimate, your process will be just like that of creating an invoice for your customer. You can at any time modify an existing estimate to resend to a customer until it is accepted. You can also save an estimate as a template under recurring transactions if you find you will quote on similar jobs in the future.

Once a customer accepts an estimate, you can convert it immediately to an invoice for either the full amount or partial amounts. To use the progress invoicing feature, it must be enabled in your account settings.



View the Intuit Canada video “How to Create Estimates, Quotes & Proposals in QuickBooks Online” in your course or ebook.

Gear→Your Company→Account and Settings→Sales→Progress Invoicing

### DEVELOP YOUR SKILLS 4-7

*Linda is pricing a new event for Kari Steblay. In this exercise, you will create an estimate for the venue rental, catering and Gold party services.*

1. Choose **+ New**→**Customers**→**Estimate**.
2. Complete the fields for the estimate as indicated, remembering to save when finished:
  - Choose a Customer: **Kari Steblay**
  - Estimate date: **15/09/2029**
  - Estimate no.: **1005**
  - Line 1, Product/Service: **Gold party** and Amount: **2000**
  - Line 2, Product/Service: **Venue Rental** and Amount: **500**
  - Line 3, Product/Service: **Catering** and Amount: **1500**

*Remember to set the sales tax for all lines as HST ON.*

3. Click **Save** and then click **More** in the bottom tray.

*Notice that, unlike with invoices and sale receipts, there is no option to review the transaction journal, as none exists. Remember, estimates are non-posting entries.*

4. Under the customer name, change the status to **Accepted** and then save and close the estimate.

The screenshot shows the 'Customer' details for Kari Steblay. The 'Estimate status' dropdown menu is open, displaying four options: 'Pending', 'Accepted', 'Closed', and 'Rejected'. The 'Accepted' option is highlighted with a red rectangular box. The 'Billing address' section is also visible, showing the address: Kari Steblay, 4234 King Cole Blvd, Toronto ON M3P 3N1.

After saving, you are taken back to the customer area, within Kari Steblay's customer details. If this doesn't occur, return to the Customers list and Kari Steblay's profile. Stay here to complete the next part.

## Convert an Estimate into an Invoice

**NOTE!** As of this publication, progress invoicing is not available in the sample company. If necessary, skip the rest of this exercise and continue with the next topic.

5. While in Kari Steblay's customer area, choose **New Transaction**→**Invoice**.

Alternatively, while in the Transaction list view for Kari Steblay, you can see the estimate you just created, and you can also see that you can select **Create Invoice** on that same line using the Action menu. This would create an invoice for the full amount of the estimate, but for this exercise, you want to do a partial invoice, so you use the **New Transaction** option instead. In the Invoice transaction window, you will now see that the right-hand "drawer" is showing. This is where you select items to include in this invoice; in this case you see the estimate you created.

6. Click **Add**.

The screenshot shows the details for Estimate #1005, dated Aug 23, with a total amount of \$4,520.00 (Taxable). The items included are: Holiday party - gold level, Venue rental, and Catering -- food & beve... There is a 'More' link below the items. At the bottom of the card, the 'Add' button is highlighted with a red rectangular box, and an 'Open' button is visible to its right.

As you have enabled progress invoicing, you must decide how much you want to bill Kari at this time.

7. Invoice Kari for 50% of the event, as shown:

**How much do you want to invoice?**

Total of all estimate lines = \$4,000.00

50% of each line = \$2,000.00

Custom amount for each line

**Copy to invoice**

*If you do not see this option, that means you have not yet enabled progress invoicing*

8. Click **Copy to Invoice** and update these lines:

- Invoice Date: 25/09/2029
- Invoice No.: 5013

9. Click **Save and Close**.

## Receiving and Depositing Customer Payments

Customer payments on open invoices are entered into QBO and applied to the appropriate invoice through the + New menu or through the Customers list, using the Action menu. There is no default deposit to account when posting a payment. What you will notice is that the deposit to account will pre-populate with the same one that you used the last time. Depending on who you ask, many accounting professionals will recommend using Undeposited Funds as the deposit to account for all transactions. This is not necessary and becomes a preference, and best practice, that you will set up when working in the company files. As we discussed in the Sales Receipts section earlier, there are times when it makes sense to deposit to a cash account, or even directly to the bank account.

The **Undeposited Funds account** is where QBO holds payment amounts received until they are allocated to a specific asset account in the records; the asset account corresponds to the real bank or cash account. The payments that you have deposited to Undeposited Funds will be seen when you go to complete a bank deposit.

### + New → Other → Bank Deposit

Any payment you have received that you have deposited to Undeposited Funds should be listed here. To complete the bank-deposit transaction, select the items listed that you want to deposit together, being sure to select the account they were deposited to and the date they were deposited. It is important that your deposit in QuickBooks Online matches exactly what was deposited in the physical bank account; otherwise, there will be issues when it comes time to complete period-end reconciliations.



View the Intuit Canada video “Receive Payments in QuickBooks Online” in your course or ebook.



View the Intuit Canada video “Record Bank Deposits in QuickBooks Online” in your course or ebook.

## DEVELOP YOUR SKILLS 4-8

In this exercise, you will record the receipt of payment from Adwin Ko and deposit it to the bank.

1. Choose **+ New**→**Customers**→**Receive Payment**.
2. Complete the fields as indicated:
  - Choose a Customer: **Adwin Ko**
  - Payment Date: **01/09/2029**
  - Payment Method: **Cheque**
  - Reference No.: **55841**
  - Deposit to: **Undeposited Funds**
3. In the Outstanding Transactions section, click the **Invoice # 1010** checkbox.

Once you enter the customer, all the customer's open invoices appear in the lower portion of the window.

**Receive Payment**

Customer: Adwin Ko | Email: | Cc/Bcc | Find by invoice

Send later

Payment date: 01/09/2029

Payment method: Cheque | Reference no.: 55841 | Deposit to: Undeposited Funds

**Outstanding Transactions**

Find Invoice No. | Filter > | All

<input checked="" type="checkbox"/>	DESCRIPTION	DUE DATE
<input checked="" type="checkbox"/>	Invoice # 1010 (26/11/2024)	26/12/2024

4. Save and close the received payment.

*The Accounts Receivable account decreases by \$1,695, and the Undeposited Funds account increases by \$1,695.*

## Make a Bank Deposit

5. Choose **+ New**→**Other**→**Bank Deposit**.  
*A list of all undeposited funds appears. You will select the payments to include in this deposit.*
6. If necessary, choose **Chequing** from the Account menu at the top of the transaction window.
7. Type **10/09/2029** in the Date field.

8. In the bottom section, click the checkboxes for **Adwin Ko** and **Edward Bruce: 20th Anniversary Party** to choose these payments for deposit.

Select the payments included in this deposit							
<input checked="" type="checkbox"/>	RECEIVED FROM ▲	DATE	TYPE	PAYMENT METHOD	MEMO	REF NO.	AMOUNT (CAD)
<input checked="" type="checkbox"/>	Adwin Ko	01/09/2029	Payment	Cheque ▼		55841	1,695.00
<input checked="" type="checkbox"/>	Edward Bruce:20th Anniversary Party	05/09/2029	Sales Receipt	Cheque ▼		254	1,695.00

9. Save and close the deposit.

*After you save the record, QBO records an increase in the Chequing account and a decrease in the Undeposited Funds account.*

## Other Customer Transactions

In addition to the core customer and sales transactions just discussed, there are other transactions you may use when working with customers in QBO. Depending upon your company, or your customer's company, you might use some of these other transactions, or perhaps not at all.

### Price Rules

The QuickBooks Online Essentials and Plus versions allow you to create unique price rules for specific customer types, product/service types or date ranges. Once a price rule is created, you can apply the rule to a specific customer, and the price rule will automatically apply to all future transactions. Rules can apply to all or to only specific customers and to all or to only specific products. A rule can be a fixed amount, a percentage or a custom price per item, and the price can be increased or decreased.

There are many ways a business can use the Price Rules feature to streamline workflow, such as for discounts or seasonal sales or if you sell your products in a foreign country and use foreign currencies.

**Ask Yourself 4-5:** For what can you create a price rule?

- A. Customer types
- B. Products/services
- C. Date ranges
- D. All of these

### DEVELOP YOUR SKILLS 4-9

*In this exercise, you will enable the Price Rules feature and create a percentage rule for all new customers for Holiday Party. You will then create a new customer and create an invoice for a Holiday Party.*

1. Choose **Gear**→**Your Company**→**Account and Settings**→**Sales**.

- In the Products and Services section, click to turn on **price rules**. You will need to click **Save** and then **Done** to complete the action.

The screenshot shows the 'Account Settings' page. On the left is a navigation menu with 'Sales' selected. The main content area is titled 'Products and services' and contains several options: 'Show Product/Service column on sales forms', 'Show SKU column', 'Turn on price rules' (highlighted with a red box), and 'Track quantity and price/rate'.

- Set up the new customer:

- Name: **Kim Christian**
- Address: **1415 East Sunny Way, Toronto, ON M7X 3R3**

You will notice when setting up a new customer that if you are working in multicurrency but don't select a specific currency in the Payment and Billing area of the customer details, QBO will automatically make it your home currency, in our case Canadian dollars.

Now you will set up the new rule.

- Choose **Gear**→**Lists**→**All Lists** and then click **Price Rules**.

- Click **Create a Rule**.

The first time you access the Price Rules, you may need to click *Get Set Up Free*. After you create your first rule, this will change to say *New Price Rule*.

- Follow these steps to create the price rule:

The screenshot shows the 'Create a price rule' form. It has several fields: 'Rule name' (containing 'Early Bird Pricing' with annotation A), 'Currency' (set to 'All currencies'), 'Customer' (set to 'Select individually' with annotation B), and 'Products and services' (set to 'Holiday party' with annotation C). The 'Price adjustment method' is set to 'Percentage' (with annotation D), 'Percentage' (set to 'Decrease by'), and '10 %'. The 'Rounding' is set to 'No rounding'. There are 'Start date' and 'End date' fields (both optional) and an 'Apply rule' button.

- Enter **Early Bird Pricing** in the Rule Name box.
  - Click the **Customer** drop-down arrow and choose **Select Individually**. At the bottom of the window, use the **+ Add Customer** button to add the new customer.
  - Choose **Holiday Party** as the service.
  - Choose **Percentage** as the adjustment method, indicating a **Decrease By** of 10 percent. QBO will automatically calculate the correct adjusted price based on the information provided.
- Click **Apply Rule** and then save and close the form.

8. Create invoice 5014 for Kim Christian for a Gold level Holiday Party, dated 30/09/2029, completing the fields as shown. Being so early, she qualifies for the Early Bird Party rate. Don't forget to save and close the form.

*Notice the Rate field has a drop-down arrow, which, when clicked, displays the rule rate and the default rate.*

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE (CAD)	AMOUNT (CAD)	SALES TAX	CLASS
1	Holiday party:Gold par	Holiday party - gold level	1	1,800	1,800.00	HST ON	Enter Text
2				Early Bird Party	1,800		
				Default sales rate	2,000		

Subtotal 1,800.00  
HST (ON) @ 13% on 1,800.00 234.00

## Credit Memos and Refund Receipts

There will be times in the business operations where you will need to refund, or credit, a customer for a purchase.

**TIP!** Before issuing credits, decide whether you want QBO to automatically apply credits on accounts to new invoices. Often, you will want to control where a credit is applied, so you will need to make sure the option to automatically apply credits is not checked in the advanced account settings.

Gear → Your Company → Account and Settings → Advanced → Automation

There are two ways to deal with credits or refunds, and the method chosen depends on the status of the original transaction and how you will be refunding the customer: credit memos and refund receipts. Often, you will process credit memos when an open invoice already exists but is unpaid and you need to reduce the amount. Refund receipts are used when a customer has already paid you, and you want to provide a physical refund for the product or service.

- View the Intuit Canada video “Create and Apply Credit Memos” in your course or ebook.
- View the Intuit Canada video “Create Refund Receipt” in your course or ebook.

**NOTE!** When processing a credit memo or refund receipt, use the same product or service the customer was originally charged for to ensure that the correct ledger accounts are impacted with the transaction.

## DEVELOP YOUR SKILLS 4-10

In this exercise, you will process both a credit memo and refund receipt. To begin, you will create a credit memo to apply to Jordan Burgess' outstanding invoice. Credit memos are completed in the same way as an invoice; the only difference is behind the scenes, where QBO posts the journal as the opposite of an invoice, creating opposite postings to the same ledger accounts.

1. Choose **+ New**→**Customers**→**Credit Memo**.
2. Complete the fields as indicated:
  - Choose a Customer: **Jordan Burgess**
  - Credit Memo Date: **30/09/2029**
  - Credit Memo No.: **5015**
  - Line 1, Product/Service: **General services:Services** with Amount **100** and **HST ON**

3. Choose **Save and Close**.

After saving, QBO will return you to where you were in the program before you clicked + New.

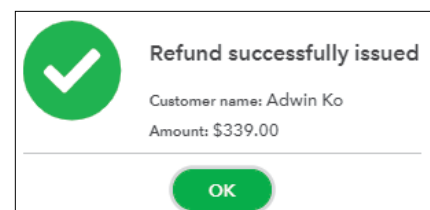
4. In the Invoices list, find the original invoice for Jordan Burgess and select **Receive Payment** from the Action menu. (This can also be done via + New→Customers→Receive Payment.)
5. Use the same date as the credit memo: **30/09/2029**
6. In the bottom section, click in the checkboxes for **Invoice #1011** and **Credit Memo #5015** to apply the credit to the invoice. The Amount Received field should contain zero as you are not posting an additional payment, just applying a credit.

If your credit memo is not showing up in the list, it has likely been automatically applied to the open invoice. If you do not want that to happen again, make sure the automation is turned off, as discussed earlier in the chapter.

## Process a Refund Receipt

Now you will switch gears and deal with refund receipts. Adwin Ko is requesting a refund for one hundred name badges he received, as they were defective. You will process the refund and send him a cheque.

7. Choose **+ New**→**Customers**→**Refund Receipt**.
8. Complete the fields as indicated:
  - Choose a Customer: **Adwin Ko**
  - Refund Receipt Date: **10/09/2029**
  - Payment Method: **Cheque**
  - Refund Receipt No.: **5016**
  - Refund From: **Chequing**
  - Cheque No.: **2085**
  - Line 1, Product/Service: **Name Badges** (do not select *Name Badges: Old*) with QTY **100** and **HST ON**
9. Save and close the refund receipt and click **OK** to acknowledge the note.



## Delayed Charges and Credits

Unlike credit memos and refund receipts, delayed charges and credits are non-posting entries. These transactions are treated as “reminders” for something you want to apply to a future sales transaction for your customer. If, for example, you wanted to make sure a customer received a credit against the next invoice, you would create a delayed credit. If you have a customer whom you do not want to forget to charge for a product or service you have not invoiced for yet, you will create a delayed charge.

These transactions will sit in the transaction list of the customer’s area until they are applied to a future sales transaction. As with applying an estimate or reimbursable expense to an invoice, when you next create a sales transaction for the customer, the right-hand drawer will be visible, and you will be able to grab the charge or credit to apply.

Delayed charges and delayed credits are created in the same way; however, when they are used on future sales transactions, their impact on those transactions, or on the ledger, will be different.

 View the Intuit Canada video “Working with Delayed Charges” in your course or ebook.

### DEVELOP YOUR SKILLS 4-11


*Linda wants to make sure her customer, Chadha’s Consultants, gets a referral credit on its next event invoice with her. In this exercise, you will create a delayed credit to make sure Linda doesn’t forget.*

1. Choose **+ New**→**Customers**→**Delayed Credit**.
2. Complete the fields as indicated:
  - Choose a Customer: **Chadha’s Consultants**
  - Delayed Credit Date: **15/09/2029**
  - Line 1, Product/Service: **Catering** with Amount **150** and **HST ON**

*Don’t forget to save and close.*

## Creating Customer and Sales Reports

The Reports centre on the Navigation bar contains numerous customer- and sales-related reports. These reports help you analyze which products and services customers are buying, how much they are spending, how much money they owe and how long they have owed it.

 View the Intuit Canada video “How to Use QuickBooks’ Reports Centre: Categories, Insights & Information” in your course or ebook.

### DEVELOP YOUR SKILLS 4-12

*In this exercise, you will create several reports that will help you analyze Linda’s customers and sales. You will start with a Customer Balance Summary report.*

1. Click **Reports** in the Navigation bar.
2. Click the **Standard** tab, scroll to the Who Owes You category and then choose **Customer Balance Summary**. (You can also type the report name in the search bar.)

*The summary displays all balances due for each customer; each sub-customer’s balance is also listed as a subtotal for the customer.*

**CHECK FIGURE** Verify that your total is \$21,453.04 and that your figures match those shown here:

Long for Success -- Event Planning	
CUSTOMER BALANCE SUMMARY	
All Dates	
	TOTAL
Anilkumar Pillai	4,407.00
Benjamin Yeung	8,249.00
▼ Edward Bruce	
20th Anniversary Party	565.00
<b>Total Edward Bruce</b>	<b>565.00</b>
Hazel Robinson	-974.63
Jordan Burgess	339.00
Kari Steblay	7,288.50
Kim Christian	2,034.00
Lew Plumbing	-454.83
<b>TOTAL</b>	<b>\$21,453.04</b>

3. Click **Reports** in the Navigation bar again.

### Create a Customer Balance Detail Report

Now you will create a report that allows you to see more detail, such as invoice dates and amounts for each customer.

4. Scroll to **Who Owes You**→**Customer Balance Detail**.

Long for Success -- Event Planning						
Customer Balance Detail						
All Dates						
DATE	TRANSACTION TYPE	#	DUE DATE	AMOUNT	OPEN BALANCE	BALANCE
▼ Anilkumar Pillai						
11/01/2025	Invoice	1016	10/02/2025	4,407.00	4,407.00	4,407.00
<b>Total for Anilkumar Pillai</b>				<b>\$4,407.00</b>	<b>\$4,407.00</b>	
▼ Benjamin Yeung						
27/10/2024	Invoice	1008	26/11/2024	904.00	904.00	904.00
27/10/2024	Invoice	1009	26/11/2024	7,345.00	7,345.00	8,249.00
<b>Total for Benjamin Yeung</b>				<b>\$8,249.00</b>	<b>\$8,249.00</b>	
▼ Edward Bruce						
▼ 20th Anniversary Party						
01/09/2029	Invoice	5011	01/10/2029	565.00	565.00	565.00
<b>Total for 20th Anniversary Party</b>				<b>\$565.00</b>	<b>\$565.00</b>	
<b>Total for Edward Bruce</b>				<b>\$565.00</b>	<b>\$565.00</b>	
▼ Hazel Robinson						
05/11/2024	Payment		05/11/2024	-9,415.73	-974.63	-974.63

5. Click the **Back to Report List** link.

### Create a Sales by Customer Summary

6. Scroll to **Sales and Customers**→**Sales by Customer Summary**.

7. Choose **All Dates** from the Report Period menu.

**8. Click Run Report.**

The summary displays the total sales to each customer.

Long for Success -- Event Planning	
SALES BY CUSTOMER SUMMARY	
All Dates	
	TOTAL
Adwin Ko	1,200.00
Anilkumar Pillai	7,800.00
Benjamin Yeung	10,986.25
Cathy's Consulting Company (deleted)	9,049.80
Ecker Designs	13,012.50
▼ Edward Bruce	
20th Anniversary Party	2,000.00
<b>Total Edward Bruce</b>	<b>2,000.00</b>
Hazel Robinson	7,470.00
Jordan Burgess	300.00
Kari Steblay	7,650.00
Kim Christian	1,800.00
Lew Plumbing	2,906.00
▼ Oxon Insurance Agency	
Oxon - Holiday Party	9,000.00
Oxon - Retreat	8,216.50
<b>Total Oxon Insurance Agency</b>	<b>17,216.50</b>
Not Specified	35,000.00
<b>TOTAL</b>	<b>\$116,391.05</b>

**9. Click Back to Report List.**

**Create a Sales by Product/Service Detail Report**

Now you will create a report that details each product and service, who it was sold to and the sales amount.

**10. Scroll to Sales and Customers→Sales by Product/Service Detail.**

**11. Choose All Dates in the Report Period field and then click Run Report.**

Long for Success -- Event Planning								
Sales by Product/Service Detail								
All Dates								
DATE	TRANSACTION TYPE	#	CUSTOMER	MEMO/DESCRIPTION	QTY	SALES PRICE	AMOUNT	BALANCE
▼ Name Badges								
27/10/2024	Invoice	1009	Benjamin Yeung	Name Badges	500.00	3.00	\$1,500.00	1,500.00
26/11/2024	Invoice	1010	Adwin Ko	Name Badges	500.00	3.00	\$1,500.00	3,000.00
10/12/2024	Invoice	1014	Whitehead and Sons	Name Badges	250.00	3.00	\$750.00	3,750.00
10/12/2024	Invoice	1015	Anilkumar Pillai	Name Badges	300.00	3.00	\$900.00	4,650.00
11/01/2025	Invoice	1016	Anilkumar Pillai	Name Badges	300.00	3.00	\$900.00	5,550.00
10/09/2029	Refund	5016	Adwin Ko	Name Badges	-100.00	3.00	\$-300.00	5,250.00
<b>Total for Name Badges</b>					<b>1,750.00</b>		<b>\$5,250.00</b>	
<b>Total for Badges</b>					<b>1,750.00</b>		<b>\$5,250.00</b>	
▼ Catering								
29/05/2024	Invoice	1003	Benjamin Yeung	Catering -- food & beverage	20.00	35.00	\$700.00	700.00
04/07/2024	Invoice	1004	Lew Plumbing	Catering -- food & beverage	35.00	35.00	\$1,225.00	1,925.00
04/07/2024	Invoice	1005	Oxon Insurance Agency:Oxon - ...	Catering -- food & beverage	25.00	42.50	\$1,062.50	2,987.50
01/09/2024	Invoice	1006	Cathy's Consulting Company	Catering -- food & beverage	50.00	75.00	\$3,750.00	6,737.50
16/10/2024	Invoice	1007	Hazel Robinson	Catering -- food & beverage	75.00	50.00	\$3,750.00	10,487.50
05/09/2029	Sales Receipt	1017	Edward Bruce:20th Anniversary ...	Catering -- food & beverage	1.00	1,327.43	\$1,327.43	11,814.93
25/09/2029	Invoice	5013	Kari Steblay	Catering -- food & beverage	0.50	1,500.00	\$750.00	12,564.93
<b>Total for Catering</b>					<b>206.50</b>		<b>\$12,564.93</b>	

## Create an Estimates & Progress Invoice Summary by Customer Report

Finally, you will create a report that details estimate amounts, remaining balances and the invoices that have been created from them.

- Back in the Reports centre, scroll to **Sales and Customers**→**Estimates & Progress Invoicing Summary by Customer**.

## Projects

For QBO Plus users, the Projects function is a great way to track projects by customers, instead of using sub-customers as jobs. The process is relatively simple as all the transactions are still completed in the same way; we just associate them all now to a project under a customer versus just the customer. The result with using the Projects function is profitability reports specific to that project's success.

If you do not see Projects as an option in the Navigation bar, you will need to enable it.

At the top left you see the project details, customer name and project status.

From within a project, you can add any type of transaction (invoices, expenses, estimates, time and bills).

The screenshot shows the '2029 Winter Gala' project page. At the top left, the project name '2029 Winter Gala' and customer 'Ho Engineering Company' are displayed, along with the status 'In progress'. To the right are 'Edit' and 'Add to project' buttons. Below this is a summary section with 'Income' and 'Costs' both at '\$0.00', and 'Open' and 'Overdue' amounts also at '\$0.00'. A 'Take project tour' link is visible. A navigation bar contains 'Overview', 'Transactions', 'Time Activity', and 'Project Reports' tabs, with 'Overview' selected. Below the navigation bar, there are three large boxes showing 'INCOME \$0.00', 'COSTS \$0.00', and 'PROFIT \$0.00'. A 'Show hourly costs' checkbox is checked.

Tabs on the main page allow you to see an overview of the project figures, view the transaction list, examine the time activity assigned to the project and generate profitability reports.

- View the Intuit Canada video “How to Set Up and Use Projects in QuickBooks Online” in your course or ebook.

Gear→Your Company→Account and Settings→Advanced→Projects

## DEVELOP YOUR SKILLS 4-13

In this exercise, you will set up a project for Linda's upcoming Gala event for her customer, Ho Engineering Company. Note that sometimes in the sample company file the Projects function doesn't work, so you may or may not be able to complete this practice exercise. If not, try again later.

1. Click **Projects** in the Navigation bar and then click **Start a Project**. (If this were not your first project, you would click **New Project** in the mid right of the screen.)
2. Enter **2029 Winter Gala** as the project name and select **Ho Engineering Company** as the customer.
3. Click **Save**.

As soon as you create a project in QBO, you will have the ability to connect that project to almost every transaction form. To make sure all transactions pertaining to a project are being included in the project reporting, it is essential to ensure that all customer and supplier transactions, and even timesheets, are being recorded to the customer project, not just to the customer. Below are examples of where you will see the ability to select the project based on the transaction type.

The screenshot displays two overlapping forms in the QuickBooks Online interface. The top form is an 'Invoice no.5017' with a 'Customer' dropdown menu showing 'Ho Engineering Company - CAD' and a 'Project of Ho Engineering...' option. The bottom form is a 'Time Activity' form with a 'Customer/Project' dropdown menu also showing 'Ho Engineering Company - CAD' and '2029 Winter Gala - CAD' as a project option. A table at the bottom shows transaction details with columns for #, CATEGORY, DESCRIPTION, AMOUNT (CAD), SALES TAX, BILLABLE, MARKUP %, CUSTOMER / PROJECT, and CLASS. The table has two rows, with the second row showing 'Ho Engineering Company - CAD' as the customer and '2029 Winter Gala - CAD' as the project.

#	CATEGORY	DESCRIPTION	AMOUNT (CAD)	SALES TAX	BILLABLE	MARKUP %	CUSTOMER / PROJECT	CLASS
1	What tax category fits?	What did you pay for?		Enter Text				Enter Text
2							Ho Engineering Company - CAD 2029 Winter Gala - CAD	Customer Project of Ho Engine...

You connect a customer, or the customer's project, to the transaction being performed, ensuring that transactions are recorded properly.

## Tackle the Tasks

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

**NOTE!** Remember, dates are entered as dd/MM/yyyy. All transactions are exclusive of tax; add HST ON and review the section “A Few Things to Keep in Mind” in Chapter 1.

**Before You Begin:** Log out of the current sample company, close the browser tab and then open a new one. If you just close the browser and quickly reopen it, the sample company may not refresh.

Task	Use This Information
<b>Add New Customers</b>	Customer 1: James Steen, 123 College Ave., Toronto, ON M8T 3I4 Customer 2: Cook’s House of Design, 458 Holly Ave., Toronto, ON M7E 3R2 Customer 3: David Seth, 4881 National Blvd., Kingston, ON K9W 3J9
<b>Create Receipts</b>	James Steen paid cash for 10 Name Badges at the College Avenue address on 02/09/2029. Kate Whelan paid with cheque 5584 for six Guest Books on 02/09/2029. David Seth paid with cheque 8871 for catering for his house party for \$1200 on 02/09/2029.
<b>Create Deposit Records</b>	On 03/09/2029, deposit the cheques for Kate and David’s orders.
<b>Create Reports</b>	Linda would like to see a summary of sales by customer for all dates, as well as a summary of customer balances for all dates. Create the reports and export them to PDF, naming them: <b>CH04 TTT Sales by Cust Summary</b> and <b>CH04 TTT Cust Balance Summary</b>

# Self-Assessment

Now it's time for you to check your knowledge of the key concepts and skills introduced in this chapter. Complete the quiz in eLab or your ebook for immediate feedback!

1. Which lists can be imported from Excel into QuickBooks Online?
  - A. Transactions
  - B. Customers, Suppliers, Products and Services and Chart of Accounts
  - C. bank statements and open invoices
  - D. Transactions; Customers, Suppliers, Products and Services; and Chart of Accounts
2. How should you handle two different customers with the same name?
  - A. If the addresses are different, do nothing.
  - B. Give them different customer numbers.
  - C. Add an initial to one of the names to make it different.
  - D. There's no reason to do anything.
3. What is the difference between an invoice and a sales receipt?
  - A. An invoice is for future sales; a sales receipt is for current sales.
  - B. An invoice is for sales that will be paid in the future; a sales receipt is for when payment is made at the time of sale.
  - C. An invoice records the sale; a sales receipt records the payment.
  - D. They can be used interchangeably; there is no difference.
4. A customer pays the full amount due at the time of sale. To record the sale, click + New and choose:
  - A. Invoice
  - B. Record Sale
  - C. Sales Receipt
  - D. Receive Payment
5. Which statement is true regarding Undeposited Funds?
  - A. The account is used for unpaid invoices.
  - B. The account is used for unknown deposits.
  - C. Undeposited Funds is not an account in QuickBooks Online.
  - D. The account is used to hold payments received prior to making a deposit.
6. What would be a reason to NOT use deposits or journal entries to record sales?
  - A. You are comfortable making a journal entry.
  - B. The profit and loss report will be incorrect.
  - C. The sales reports will not include these sales.
  - D. It is okay to record sales using deposits or journal entries.

7. Where can you find reports related to customers' Accounts Receivable?
  - A. Reports→Standard tab→Customers
  - B. Reports→Standard tab→Who Owes You
  - C. Reports→Standard tab→Sales and Customers
  - D. Reports→Standard tab→Sales
  
8. Where can you find reports related to sales?
  - A. Reports→Standard tab→Sales
  - B. Reports→Standard tab→Sales and Customers
  - C. Reports→Standard tab→Business Overview
  - D. There are no sales reports in QuickBooks Online.
  
9. You need to issue a credit card refund to a customer for a defective product. Which transaction do you use?
  - A. Credit Memo
  - B. Delayed Charge
  - C. Refund Receipt
  - D. Delayed Credit
  
10. Why would a customer use the Projects function in QBO?
  - A. to report a customer's purchases
  - B. to manage sales of a product
  - C. to track profitability of a customer's job
  - D. There are no reasons to use this function.

# Reinforce Your Skills

## REINFORCE YOUR SKILLS 4-1

### Add New Customers and Customer Projects

In this exercise, you will add new customers to the Beautiful Blooms Floral Co. Customers list. Besides giving you the names of her new customers, Melanie has given you an Excel file with a list of existing customers that she knows she'll be working with this year. To save time and reduce the possibility of input errors, you will import the customer list.

**Before You Begin:** Access your trial subscription to QBO.

1. From the **Customers** list, add and save this customer:
  - Name: **Mary Beth Dunham**
  - Phone number: **416-555-4489**
2. Choose **Projects**→**Start a Project** and add Mary Beth's daughter's wedding as a new project:
  - Project Name: **Sharon's Wedding**
  - Customer: **Mary Beth Dunham**
3. Return to the **Customers** list and choose **New Customer** ▼→**Import Customers**, navigate to your **Chapter 04** exercise files folder and choose **CH04 Import Customers.xlsx**.
4. Click **Next**.
5. Review the mapping to verify the correct fields are selected and then click **Next**.
6. Review the records ready for import and then click **Import**.

*The Customers list now includes the names of the eight imported customers.*

## REINFORCE YOUR SKILLS 4-2

### Set Default Sales and Sales Form Settings

In this exercise, you will review and set default settings for Beautiful Blooms Floral Co. You and Melanie have discussed the sales terms for her business and the design of sales forms. Melanie wants to change some of the sales terms and has decided on an orange colour scheme for sales receipts and invoices.

1. Choose **Gear**→**Your Company**→**Account and Settings**.
2. On the Sales tab, edit the **Sales Form Content** section with these changes:
  - Preferred invoice terms: **Net 15**
  - Service Date: **On**

*Don't forget to save and finalize your changes.*
3. Before leaving the Sales section, enable **Progress Invoicing** (if not already turned on, this will update your default invoice template). Click **Done** after saving.
4. Choose **Gear**→**Your Company**→**Custom Form Styles**.
5. To create a new style of sales receipt:
  - Choose **Sales Receipt** from the **New Style** button.
  - Type the name as: **Orange Sales Receipt**
  - Choose the **Modern** template.

- Choose the orange colour **#ff8c00**.
- Change the font to **Courier, 10pt** and adjust all margins to **0.50**.

On the Content tab:

- Click the top section on the preview and then choose to include the company address and the business number (hide the country, if necessary).
  - Add a message to the footer: **Thank you for choosing Beautiful Blooms Floral Co.**
6. Preview the form and click **Done**.

The design of your custom form should look like that in the image below; the company info will refer to Beautiful Blooms, but the other information will be generic.

Beautiful Blooms Floral Co.		Sales Receipt				
104 Main Street Suite #100 Toronto ON M2K 5T1 +1 4165679856 melanie@example.ca www.beautifulbloomsfloral.net						
<b>BILL TO</b>						
Hilltop Dry Goods 123 Main Street City, ON K1T 2T1 Business account number 987654321 RT 0001						
SALES #	DATE					
12345	12/01/2016					
DATE		DESCRIPTION	TAX	QTY	RATE	AMOUNT
02/10/2015	<b>Product name</b>	Description of the product	HST @ 10.0%	2	225.00	450.00
02/10/2015	<b>Service name</b>	Description of the service	GST @ 5.0%	1	225.00	225.00

7. Use the Action menu to make this the default sales receipt (you may have to refresh the page to see the newest template in your list). If you receive an error, go to the Dashboard and then back to the Custom Form Styles, as QBO may just need to reset.

## REINFORCE YOUR SKILLS 4-3

### Create Sales Forms, a Deposit and a Report

Melanie decided that she would celebrate her renovation and the start of spring with a sale to help clear out old inventory. In this exercise, you will create sales receipts for Beautiful Blooms Floral Co.'s big sale day.

1. Choose **+ New** → **Customers** → **Sales Receipt**.
2. Prepare sales receipts for the following services provided on April 6, 2029:

*Hint: Choose Undeposited Funds in the Deposit To field.*

- Ted Pohlman bought 2 Fresh Flower Bouquets using his debit card (use payment method Direct Debit ongoing for debit purchases).
- Mary Beth Dunham popped in to order the Bridal Flowers for Sharon's Wedding (Melanie wants it booked under the project) and paid by cheque 284.

*Hint: If you do not see the project as an option in the customer selection, close the sales receipt and reopen; sometimes QBO needs to be refreshed after adding projects.*

- Kent Yip signed up for the Wreath workshop and paid cash.

## Create a Delayed Charge and Run a Report

Jason Cioran has come in to talk to Melanie about ongoing services and is looking for some samples. Melanie does not want to charge Jason now but wants to create a delayed charge to make sure she does not forget to bill him later.

3. Choose **+ New**→**Customers**→**Delayed Charge** and create a charge for Jason for **Weekly Office Flower Program** for 50 dollars using the same date as for the sales receipts.
4. To prepare the bank deposit to the TD Operating account for April 6, 2029, choose **+ New**→**Other**→**Bank Deposit**.  
*Melanie leaves the cash to deposit later but deposits the cheque and the debit card payment.*
5. Return to the Dashboard.
6. To run a report for April 6, 2029, click **Reports** on the Navigation bar and then choose **Standard**→**Sales and Customers**→**Sales by Customer Summary**.
7. Enter the appropriate date and then click **Run Report**.

Beautiful Blooms Floral Co. - [Student A.]	
Sales by Customer Summary	
April 6, 2029	
	TOTAL
Kent Yip	75.00
▼ Mary Beth Dunham	
Sharon's Wedding	500.00
<b>Total Mary Beth Dunham</b>	<b>500.00</b>
Ted Pohlman	90.00
<b>TOTAL</b>	<b>\$665.00</b>

# Apply Your Skills

## APPLY YOUR SKILLS 4-1 QG

### Create Estimates, a Delayed Credit and a Report

Melanie met several potential new customers at her spring sale event. Two businesses are looking for ongoing flower services for their office, and there is a potential of three weddings this coming June. In this exercise, you will create the estimates for some of her potential new customers, add a delayed credit for a future invoice and create an estimates report for Melanie.

- Create estimates for these services dated April 7, 2029:
  - Bryan Fouts wants an estimate on the Potted Plant Care Program (Weekly), for 12 weeks.  
*Hint: Price in the list is per week. Watch your quantities.*
  - Wendy Greenberg wants an estimate on Wedding Arrangements and Bridal Flowers.
  - Sharon McColl wants an estimate for the Weekly Office Flower Program, for 6 months.
- To encourage a potential customer to book their wedding with her, Melanie wants to add a delayed credit to Roy Fisher's account for a Custom Design in the amount of \$100 dated April 7, 2029.
- Create an Estimates & Progress Invoicing Summary by Customer and then an Unbilled Charges report up to April 7, 2029.
- Export both reports to Excel and save to your **Chapter 04** folder as: **CH04 Estimates and Progress Invoicing** and **CH04 Unbilled Charges 1**

**CHECK FIGURE** Your figures on your Balance Sheet and the above two reports should match those shown here as at April 7, 2029:

Petty Cash	\$100
TD Operating Account	\$1,254.45
Unbilled Charges	\$-50
Estimates by Customer	\$5,763

## APPLY YOUR SKILLS 4-2 QG

### Create Transactions, a Deposit and a Report

In this exercise, you will create all the transactions for April 8, 2029, and then create a bank deposit and report.

- Use this information to create the appropriate transactions:
  - Esther Green paid her outstanding invoice with cheque #598.
  - Roy Fisher decided to hire Melanie for the custom flower design for \$550 and wants to be invoiced; Melanie reminds you apply the credit.
  - Karuna Ramachandran pays both of her outstanding invoices with debit.

- One of the birthday vases Sharon McColl bought in February had a crack, so Melanie wants to create and apply a credit memo of \$25, plus HST, before she pays her invoice. Sharon then pays her invoice with cash, after the credit is applied.

*Hint: Once you create the credit, it may apply automatically to the oldest open invoice, depending on your settings. When you receive the payment, you'll either apply it then or see it has already been applied and is reflected in the open balance. If QBO automatically applies the credit, the date of the transaction will be recorded as the actual date you processed it. There's no need to be concerned or to change the date! This will not impact your reports.*

- Mary Beth Dunham made a recommendation to a friend of hers to hire Melanie for their wedding. Melanie tells Mary Beth that if her friend hires her, Melanie will give Mary Beth \$75 as a credit on her next invoice for the wedding arrangements. Enter the delayed credit on Mary Beth's account for Sharon's wedding.
2. Melanie will take the cheques from today's sales and all cash received to the bank and deposit them. You will need to record a bank deposit for those items and any debit card payments that were also received up through April 8 (the deposit amount should be \$2,570.75). Then, run an Open Invoices report and an Unbilled Charges report for all dates.
  3. Export both reports to Excel and save to your **Chapter 04** folder as: **CH04 Open Invoices** and **CH04 Unbilled Charges 2**

**CHECK FIGURE** Your figures on your Balance Sheet and the above two reports should match those shown here as at April 30, 2029:

TD Operating Account	\$3,619.20
Unbilled Charges	\$-25
Open Invoices	\$508.50

## APPLY YOUR SKILLS 4-3 QG

### Set Up a New Account, Create Transactions and Create a Report

Melanie met with the owners of the H2H Medical Arts Building in town. They are interested in creating a pleasant atmosphere for their customers and physicians and would like to sign up for the Weekly Office Flowers program and the Potted Plant Care program, starting April 17, 2029, and continuing until the end of the year.

The owners would also like Melanie to offer a discount to any of their physicians who order as well, for the commitment. Melanie has decided on a 10 percent discount for the owners and any new customers from the building and will bill them weekly for payment in fifteen days. In this exercise, you will set a price rule, prepare the invoice and make it recurring until the end of 2029.

1. Turn on price rules. Once enabled, Price Rules becomes a tab within the Sales centre.

*Hint: Choose Gear→Your Company→Account and Settings→Sales tab and scroll to the Products and Services section.*

2. Create a new customer named H2H Medical Arts Building.

*Now you will create the price rule; you may need to refresh QBO to see it.*

3. From the Navigation bar, choose **Sales**→**Price Rules** and create a rule with these settings:

Rule name Medical Office Clients	Currency <b>Turn on multicurrency</b> All currencies	Customer Select individually	Products and services All products and services
Price adjustment method Percentage	Percentage Decrease by 10 %	Rounding No rounding	Start date <i>optional</i> DD/MM/YYYY    End date <i>optional</i> DD/MM/YYYY
<b>Apply rule</b>			
Customers (1)		Products and services	
<b>Add customer</b>			
<b>CUSTOMER</b>	<b>COMPANY</b>	<b>TYPE</b>	<b>EXCLUDE CUSTOMER?</b>
H2H Medical Arts Building	H2H Medical Arts Building		

4. Return to the Dashboard.

5. Create a custom invoice design for H2H Medical Arts Building using these criteria:

- Name: H2H Medical
- Style: Fresh
- Colour: #202e5a (dark blue)
- Font: Courier, 10pt
- All margins: 0.50
- Include the company address
- Add the following message to the Add payment details and footer memo section: Thank you for choosing Beautiful Blooms for all your floral needs!

6. Prepare an invoice for H2H Medical Arts Building to start weekly services on April 17, 2029; use the rates you already set up for these products/services and make sure to select your custom style.

*The invoice total should be \$203.40; if not, go back and reread the opening paragraph, as something was missed; there should be two items here.*

7. Save, leave open and make recurring, weekly, on Tuesdays ending December 31, 2029.

8. In the Recurring Transactions area, use this new recurring invoice six times to post the H2H Medical transactions up to the end of May 2029. (Hint: The last one will be dated May 29, 2029.) Once you have done so, be sure to change the start date of this recurring transaction to June 5, 2029.

9. Melanie would like an overview of how sales by customer were for April 6 through April 17, 2029. Create a report for her.

Beautiful Blooms Floral Co. - [Student A.]	
<b>Sales by Customer Summary</b>	
April 6-17, 2029	
	<b>TOTAL</b>
H2H Medical Arts Building	180.00
Kent Yip	75.00
▼ Mary Beth Dunham	
Sharon's Wedding	500.00
<b>Total Mary Beth Dunham</b>	<b>500.00</b>
Roy Fisher	450.00
Sharon McColl	-25.00
Ted Pohlman	90.00
<b>TOTAL</b>	<b>\$1,270.00</b>

10. Export your report to Excel, saving the file in your **Chapter 04** folder as: **CH04 Sales by Customer Summary**
11. Run a Profit and Loss report for all dates; export to Excel and save it in your **Chapter 04** folder as: **CH04 Profit and Loss**

**CHECK FIGURE** *Your figures from various reports should match those shown here as at May 31, 2029 (note that you often need to run a Balance Sheet report to check some of your numbers, and you should always watch your report dates to ensure you get the right numbers):*

Petty Cash	\$100
TD Operating Account	\$3,413.20
Open Invoices	\$1,932.30
Sales by Customer Summary	\$4,575

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## 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.

<b>Beautiful Blooms Floral Co. - [Student A.]</b>		
<b>Trial Balance</b>		
All Dates		
	DEBIT	CREDIT
Petty Cash	100.00	
TD Operating Account	3,207.20	
Accounts Receivable (A/R)	1,932.30	
Prepaid expenses	0.00	
Undeposited Funds	0.00	
Flower Fridges	5,000.00	
Renovations:Original cost	5,000.00	
GST/HST Payable	1,592.50	
TD Reno loan		4,532.00
Owner's Equity		15,000.00
Everyday Flowers and Workshops		615.00
Sales of Product Income		1,260.00
Special Occasions		2,700.00
Flower Purchases and Supplies	2,500.00	
Marketing:Website	800.00	
Rent or lease payments	3,525.00	
Taxes and Licenses	450.00	
<b>TOTAL</b>	<b>\$24,107.00</b>	<b>\$24,107.00</b>