Lesson 5

Customers and Sales Part 1

Table of Contents

Lesson Objectives

- To learn about the different formats available for sales forms

- To create a new invoice

- To learn the purpose and use of the Item list

- To see how QuickBooks records the information you enter on sales forms

- To memorize an invoice transaction for reuse

- To add a new item to the Item list

- To add a new price level to the Price Level list

- To associate a price level with a customer

- To generate statements

Using Sales Forms for Payment in the Future

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

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

To display a completed invoice:

1. Click **Customers** on the Home page to open the **Customer Centre**.

2. Click on the name of the customer whose invoice you would like to view.

3. From the **Transactions** list at the bottom right, double-click on an invoice to open it.

4. Close the invoice.

📝 **NOTES**

Using Sales Forms for Payment at the Time of Sale

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

To display a completed sales receipt in QuickBooks:

5. Click **Customers** on the Home page to open the **Customer Centre**.

6. Click on the name of the customer whose Sales Receipt you would like to view.

7. From the **Transactions** list at the bottom right, double-click on a sales receipt to open it.

8. Close the Sales Receipt.

NOTES

Filling in a Sales Form

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

To enter customer information on an invoice:

1. On the **Home** page, click **Create Invoices**.

2. If you have custom templates, choose the template you would like to use from the drop-down list at the top.

3. In the **Customer:Job** field, enter the name of the customer/job you wish to create an invoice for.

4. If the **Billable Time/Costs** window pops up and you are invoicing for billable expenses, choose to add billable time or expenses. Otherwise, choose to exclude billable time/costs.

📝 **NOTES**

Filling in the Line Item Area

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

But items are not just products you sell or services you provide to clients. Line items can be anything you might want to put in the detail area of an invoice, like a discount, a subtotal line, or even just a note about what work was performed.

To complete the line item area of an invoice:

1.   In the **Quantity** field, choose the quantity of the product or service the customer is purchasing and press **Tab**.

2.   In the **Item** field, choose the product or service you are charging the customer for and press **Tab**.

3.   QuickBooks populates the **Description** field based on the item details from the **Items List**, but you can enter a custom description. Press **Tab** when done.

4.   The **Price Each** field is populated by the item's entry on the **Items List**, but you can enter a custom price. Press Tab when done.

5.   The **Amount** field is the total amount being charged for the item based upon the **Quantity** and **Price Each**. This can be changed manually as well. Press **Tab**.

6.   The **Tax** field determines what tax will be applied to the item. QuickBooks chooses this based upon entries on the **Items List** and the **Customers List**, but it can also be changed manually.

QUANTITY	ITEM	DESCRIPTION	PRICE EACH	AMOUNT	TAX
5	Lighting Retail:Table Lamp	Table Lamp - Tiffany	119.95	599.75	G

NOTES

Completing the Sales Form

To complete and record the invoice:

1. Click the **down arrow** under the **Print** button near the top of the screen and then select **Preview**. This is how the invoice will appear to the customer if it is printed or emailed as a pdf.

2. Click **Zoom In** and use the scroll bars to see the invoice items at greater magnification.

3. Click **Close**.

4. In the **Create Invoices** window, record the sale by clicking **Save & Close**.

QuickBooks records the invoice in your **Accounts Receivable** account, which is an account that tracks the amount of money your customers owe you. QuickBooks gives you many tools to keep an eye on Accounts Receivable, such as the Customer Centre and Accounts Receivable reports.

Reporting Accounts Receivable

1. From the **Home** page, click **Customers**.

2. The **Balance Total** is the amount of money each customer owes you. This amount is also known as **Accounts Receivable**.

3. Close the **Customer Centre**.

NOTES

The Accounts Receivable balance for each customer is the sum of all their unpaid invoices and unapplied credit memos. You can see a listing of unpaid invoices and unapplied credit memos on the Open Invoices report.

To run the Open Invoices report:

1. From the **Reports** menu, choose **Customers & Receivables** and then **Open Invoices**.

2. This report shows all the transactions that go into calculating the Accounts Receivable balance for each customer.

3. **Close** the report.

   NOTES

Invoices usually have a **due date**, which tells the customer how long they have until they need to pay their invoice. It is possible to view Accounts Receivable balances by customer, and also see whether or not they are late on paying the invoices that make up those balances with **Aging** reports.

To run the Accounts Receivable Aging Summary report:

1. From the **Reports** menu, choose **Customers & Receivables** and then **A/R Aging Summary**.

2. This report displays each customer with an **Accounts Receivable** balance and what part of their balance is **Current** (not overdue), **1-30** days overdue, **31-60** days overdue, **61-90** days overdue and over **90** days overdue.

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
Allin, Hilda						
600 SQ Ft Additi... ▶	235.00 ◀	0.00	0.00	0.00	0.00	235.00
Total Allin, Hilda	235.00	0.00	0.00	0.00	0.00	235.00
Bentley, Karen						
Roof and Attic	235.00	0.00	0.00	0.00	0.00	235.00
Total Bentley, Karen	235.00	0.00	0.00	0.00	0.00	235.00
Card, Brad						
Theatre Room	235.00	0.00	0.00	0.00	0.00	235.00
Total Card, Brad	235.00	0.00	0.00	0.00	0.00	235.00
Greene, Jeremy						
Kitchen Renova...	235.00	0.00	0.00	0.00	-31,500.00	-31,265.00
Total Greene, Jere...	235.00	0.00	0.00	0.00	-31,500.00	-31,265.00
Nielsen, Clinton						
Study Addition	250.66	0.00	0.00	0.00	0.00	250.66
Total Nielsen, Clin...	250.66	0.00	0.00	0.00	0.00	250.66
TOTAL	1,190.66	0.00	0.00	0.00	-31,500.00	-30,309.34

White Ridge Construction Company
A/R Aging Summary
As of August 12, 2016

3. You can also **double-click** any of the balances to see a list of invoices that make up that balance.

4. **Close** the report.

Repeating a Sale

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

To memorize an invoice:

1. Make sure you have the invoice you want to memorize displayed on your screen.

2. From the task bar, at the upper left, choose **Memorize**.
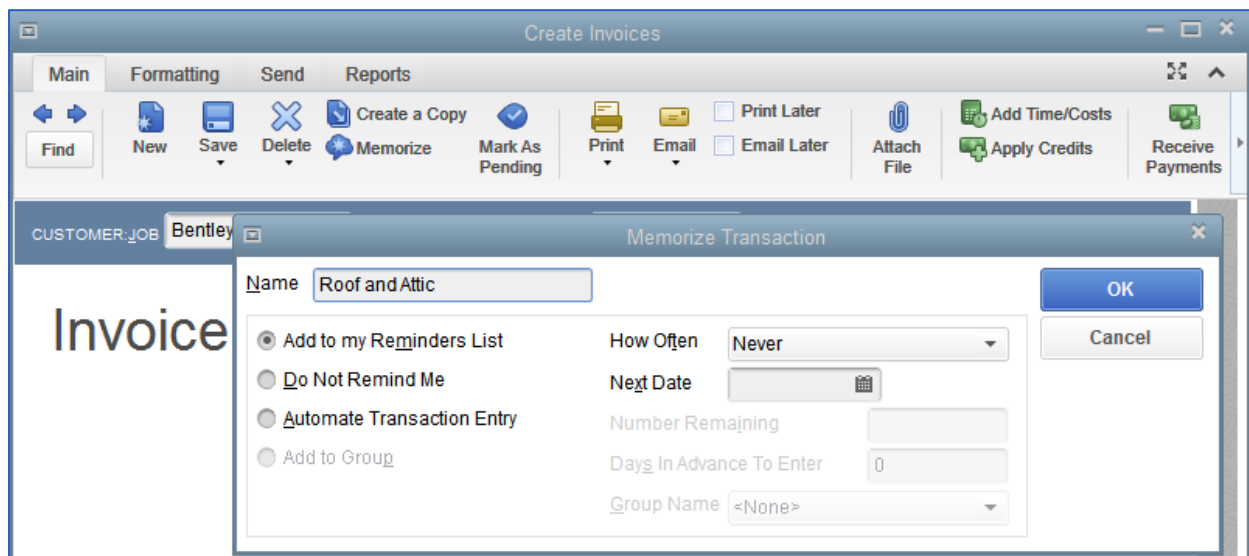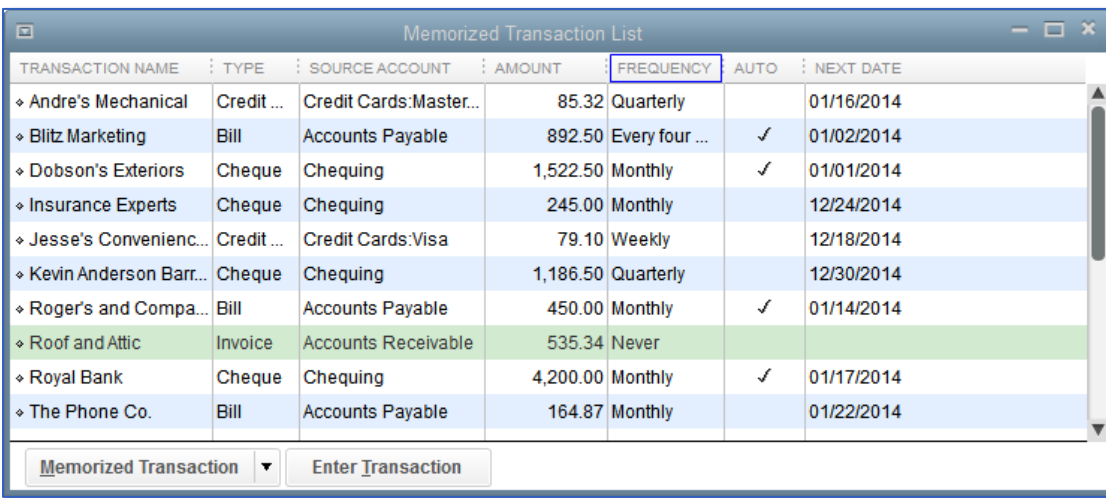
3. In the **Name** field, type a description that helps you recognize the memorized invoice.

4. Click **OK**.

5. Close the **Create Invoice** window and don't save the invoice.

NOTES

To recall a memorized sale:

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

7. Double-click the transaction you just added.

8. Fill in any information that may have changed, such as the date, items or amounts.

9. Click **Save & Close** to record the invoice.

10. Press the **Esc** key to close the **Memorized Transaction List**.

NOTES

Creating Batch Invoices

Batch invoicing allows you to create multiple invoices for a list of customers without having to create each invoice individually. This can be great for recurring service billing.

To create a batch invoice:

1. From the **Customers** menu, choose **Create Batch Invoices**.

2. Use the **Look for** field to search for customers by name or attribute, or simply select customers from the list at the bottom left.

3. You can hold the **Ctrl key** on your keyboard while clicking customer names to select more than one customer at a time.

4.   Click **Add** to move the selected customers to the list of those you want to invoice.

5.   Click **Next**.

6. Enter the information you would like reflected on your invoice.

7. Click **Next**.

8. Review the list of customers and click **Create Invoices**.

9. Click **Email** to send the invoices to your customers or **Print** to print the invoices.

10. Click **Close** to close the Batch Invoice Summary.

Entering a New Item

Items are what you use on sales forms like estimates, sales orders, invoices, and sales receipts to categorize what products or services you are selling to the customer. Each item is mapped to one or more accounts, which tells QuickBooks how to categorize the income, expense or inventory asset value of the item when it is used on sale or purchase forms.

To add an item:

1. From the **Home** page, click **Items & Services**.

2. Click the **Item** menu button at the bottom left of the window then choose **New**.

3.   In the **New Item** window, choose an item type from the **Type** drop-down list.

NOTE: When you select an item type, a description of how that item should be used will appear to the right of the drop-down box.

4.   Enter an item name or number in the **Item Name/Number** field.

5.   In the **Description** field, enter what you want the customer to see as the description when this item is used on a form.

6.   You can assign a standard rate in the **Rate** field.

7.   In the **Tax Code** field, assign a standard sales tax code.

8.   In the **Account** field, choose the income account you want QuickBooks to use when posting sales income from this item.

9.   Click **OK** to add the new item to the Item list.

10. Close the **Item List**.

NOTES

Creating New Price Levels

Price levels come in two varieties and allow you to quickly alter the prices of products on invoices, sales receipts and credit memos. **Fixed Percentage** price levels allow you to increase or decrease the prices of all products it is assigned to on a sale. **Per Item** price levels allow you to choose specific products and assign increases or decreases to their prices when the price level is applied on a sale.

To create a new price level:

1. From the **Lists** menu, choose **Price Level List**.
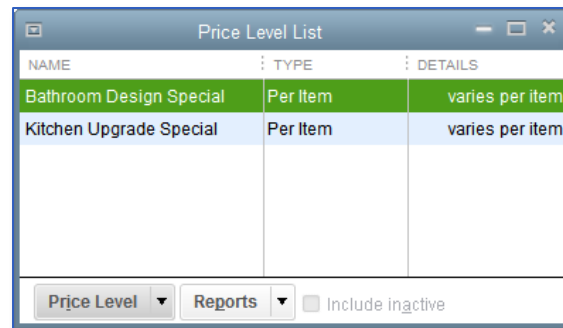
2. From the **Price Level** menu button, choose **New**.
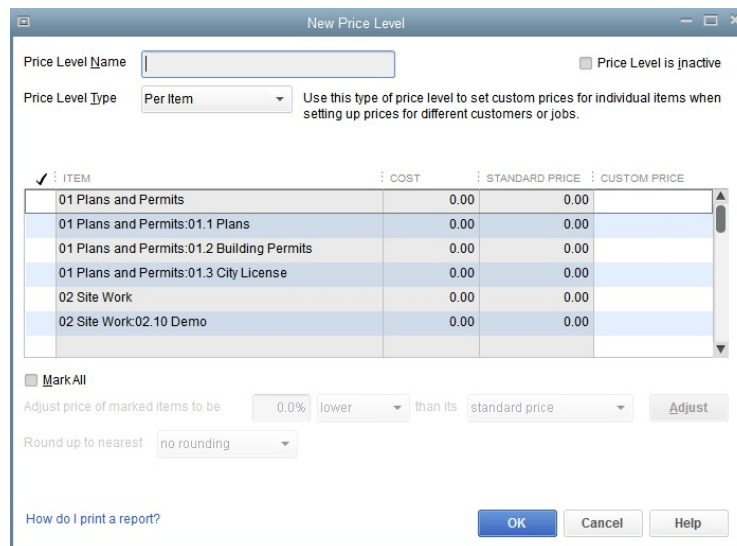
3. In the **Price Level Name** field, enter a name for the price level.

4. From the **Price Level Type** drop-down list, select **Fixed %** or **Per Item**.

5. Set your price level increases or decreases, and set your rounding parameters.

6. Click **OK**.

7. Close the **Price Level** list.

Associating Price Levels with Customers

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

To associate a price level with a customer:

1. Click the **Customer** icon on the **Home** page.

2. In the **Customers & Jobs** list, **double-click** the customer whose price level you wish to set.

3. Click the **Payment Settings** tab.

CUSTOMER NAME	Lew Plumbing - C
CURRENT BALANCE	220.00 How do I adjust the current balance?

Address Info
Payment Settings
Sales Tax Settings
Additional Info

ACCOUNT NO.		CREDIT LIMIT	
PAYMENT TERMS	Net 30	PRICE LEVEL	Commercial [?]
PREFERRED DELIVERY METHOD	E-mail	ADD ONLINE PAYMENT LINK TO INVOICES	Follow Company Default [?]
PREFERRED PAYMENT METHOD	Master Card		

CREDIT CARD INFORMATION

CREDIT CARD NO.	9922xxxxxxx2222
EXP. DATE	09 / 2018
NAME ON CARD	Lew Plumbing
ADDRESS	221 Old Bayshore Rd
ZIP / POSTAL CODE	94326

Can I save the Card Security Code?

☐ Customer is inactive   OK   Cancel   Help

4. From the **Price Level** drop-down menu, choose the price level you want to associate with the customer.

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

Now when you create a sales form for this customer the price will automatically be adjusted according to the price level.

NOTES

Assigning Price Levels to Individual Line Items

NOTE: This function is available in QuickBooks Premier and Enterprise Editions.

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

- You've associated a price level with a customer but want to charge the normal sales price for an item on a single sale to that customer

- You want to use a price level for one or more items but you don't want to assign a price level to the customer for whom you're recording the sale

To apply a price to a single line item:

1. On a sales form, click in the **Rate** or **Price Each** drop down arrow and select the price level you want to use from the drop-down list.

2. When you move out of the **Rate** or **Price Each** field, QuickBooks recalculates the amount and balance due.

NOTE

Using the Income Tracker

The Income Tracker helps you manage collecting payments from your customers. It lists all invoices, and separates those that are overdue so that they are easier to find. You can send email reminders to one customer or many customers, and it tracks customer notes about your collection efforts.

To review overdue and nearly-due payments for all customers:

1. Click the **Customer** icon on the **Home** page.

2. Click **Income Tracker** on the top ribbon.

3. Use the colored tabs on the top to filter the information.

4. Open the down-facing arrow in the **Action** column for a list of actions you can take with each line.

5. Click on the **Overdue** tab. Customers are late on their payments for these invoices.

6. Click the top left checkbox next to the **Customer** column header.

7. Click **Batch Actions** and **Batch Email**. Using this feature you can email a reminder to all of your overdue customers.

8. Close the email window and the **Income Tracker**.

NOTES

Generating Statements

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

Statements are different from other forms in QuickBooks such as invoices, sales receipts, or cheques in that they are not transactions. Furthermore, because QuickBooks already has all the information you need to create statements, you don't have to fill them out. Instead, you review the information that appears on each statement, decide whether to add finance charges, and print them.

To generate reminder statements:

1. From the **Home** page, click **Statements**.

2. For **Statement Date**, enter the date you want to appear on the statement.

3. To choose the date range of the transactions you'd like the customer to see, enter a **From** and **To** date in the **Statement Period From/To** fields. Or choose to show All open transactions with the **All Open Transactions** button.

4. Under **Select Customers**, choose which customers you want to create statements for.

5. The **Additional Options** area allows you to choose between different templates, print due dates of invoices on the statement, and other options.

6. Click **Assess Finance Charges** if you would like to add finance charges to overdue customers. Enter an assessment date if applicable.

7. Click **Assess Charges**.

8. Click **Preview**.

9. Click **Close**.

10. Close the **Create Statements** window.

NOTES

Review Activities

1. From the **File menu** in QuickBooks, choose **Open or Restore Company**. QuickBooks displays the **Open or Restore Company window.**

2. Select **Restore a backup copy** and click **Next.**

3. Select **Local backup** and click **Next**.

4. In the **Open Backup Copy** window, navigate to the appropriate directory.

5. Select the **qblesson.qbb** file, and then click **Open**.

6. In the **Open or Restore Company** window, click **Next**.

7. Navigate to your directory.

8. In the **File Name** field of the **Save Company File As window**, type **Lesson5** and then click **Save**.

9. Enter the **Password: QBDT2020!**

10. Click **OK** when you see the message that the file has been successfully restored.

● From the **Home** page, open the **Customer Centre**. From the **Customer Centre**, create a new customer named **Rob Boss Painting**.

● Create an invoice for **Rob Boss Painting**. The date of the invoice is the 15th of the current month, and they need to pay the invoice by the 15th of next month. The customer is purchasing two **Standing Lamps**.

● Create a sales receipt. In the **Customer: Job field**, click the drop-down arrow and choose **Add New**. Create a new customer named **Libia Ruvacano**. Fill out the sales receipt so that you sell one **Track Light** to Libia on the 20th of the current month.

● Run the **A/R Aging Summary** report. How many customers are current on their invoices and how many are overdue? Note that Rob Boss Painting is on the report due to the invoice you created for him earlier, but the sales receipt for Libia Ruvacano is not. This is because Libia already paid you so that transaction never involved Accounts Receivable, but Rob Boss still owes you money.

● Create a new service named **Spring Cleaning**. Enter the **Description** as "Spring cleaning at your home or office" and the price is $500. Assign the **Tax Code** of S and for the Account, create a new income account named **Cleaning Income**.

● One of your customers needs spring cleaning on a yearly basis so create a memorized transaction for them. Create a sales receipt for **Allin, Hilda** and enter **Spring Cleaning** as the sales item. Click **Memorize**, and then select **Automate Transaction Entry**. On the right, set the transaction to be created yearly on April 1st with the next entry on April 1st of next year. Click **OK**, and then **Cancel** the sales receipt.

● Batch invoice **Karen Bentley, Brad Card, and Clinton Nielson** for one **Table Lamp**. The date of the invoice should be the 15th of the current month.

● Create a new Fixed % price level. Make the price level decrease item prices by 25%, round to the nearest penny and name the price level, **"Wholesaler Discount."**

● Assign the Wholesaler Discount price level to Rob Boss Painting.

● Create an invoice for **Rob Boss Painting**. The invoice should be for the 15th of the current month and **Rob Boss Painting** needs to pay the invoice by the 15th of next month. Sell Rob Boss Painting 50 **Wood Doors: Exterior Doors**. Note that the price level is being applied to their purchase. Save the invoice.

● Select **Statements**, and create statements for **"All open transactions as of Statement Date"** and choose your current date. Also, uncheck **"Include only transactions over ___"** and click **Print**. Then click **Preview**. You can now see the statements to mail to customers.