Chapter 4

Vendors and Inventory

Scenario: In this chapter, start by checking your data and Dashboard graphics. Remember to read the information next to the stop sign, then check the data entered so far. In Chapter 4, you use a bank statement to reconcile the checking account, enter vendors and inventory, record transactions, and display reports. You also display reports, financial statements, and the audit log. The objectives specify the work that is completed in Chapter 4.

OBJECTIVES

1. Start QuickBooks Online and sign into Student Name Sales and Service.
2. Complete Check Your Data: Data metrics and visualization, Expense and Sales transactions, and the October 30 Trial Balance.
3. Complete bank reconciliation with the October bank statement.
4. Enter new vendors.
5. Enter inventory products and services.
6. Record vendor transactions.
7. Print reports and financial statements.
8. Filter the audit log.
9. Export reports to Excel and PDF.
10. Complete Check Your Progress.
11. Review and complete the QuickBooks Resources and Activities.
12. Complete Exercises 4-1, 4-2, 4-3 and Certification Q&A practice test.

In Chapter 4, make sure your data is ready for adding new **vendor**s who offer Student Name Sales and Service 30 days to pay for merchandise purchased. The Vendors page is where the company keeps track of suppliers. Vendors are people or companies that you pay money to, such as a store, utility, landlord, or subcontractor.

Before adding vendors, reconcile Account 101 Checking from the October 31 bank statement. Once the checking account is reconciled, the October 31 Trial Balance is displayed. Then, vendors are added to demonstrate QBO's accounts payable system.

GETTING STARTED

1. Start your browser. Go online to http://qbo.intuit.com. (*Hint:* Type the website address to go to Intuit's web server. You can save your User ID.)
2. Sign in with your User ID and Password. (*Hint:* You can save your User ID. When you sign in, sometimes a pop-up may appear. Read the information, click ☒ to close the pop-up.)

IMPORTANT: To verify your work so far, complete Check Your Data. If you notice any differences with the Dashboard graphics, Sales and Expense transactions, or the Trial Balance, make the necessary edits *before* completing bank reconciliation and adding transactions.

CHECK YOUR DATA

The purpose of Check Your Data is to make sure you have completed work correctly. To do that, check data metrics for Profit and Loss, Expenses, Sales, and Bank Accounts. Also check Expense transactions, Sales transactions, and the October 30 Trial Balance. If needed, drill down on transactions that need

editing, then <Save>. Transactions are added in Chapter 4 and continued in Exercise 4-1.

Make sure your data matches what is shown in Figures 4-1 through 4-5. Work accumulates in Chapters 2, 3 and 4, and Exercise 2-1, 2-2, 3-1, and 3-2. To check the data saved to this point, the bar and pie charts, line graphs, bank account balance, expense and sales transactions, and the October 30 trial balance should be the same. *Do not skip these steps.*

Data Metrics and Visualization

To check your data, select Dashboard > Business overview. Your graphs should agree with Figures 4-1 and 4-2. After checking Dashboard graphics, compare your expense transactions (Figure 4-3), sales transactions (Figure 4-4), and the October 30 trial balance (Figure 4-5) to the ones shown.
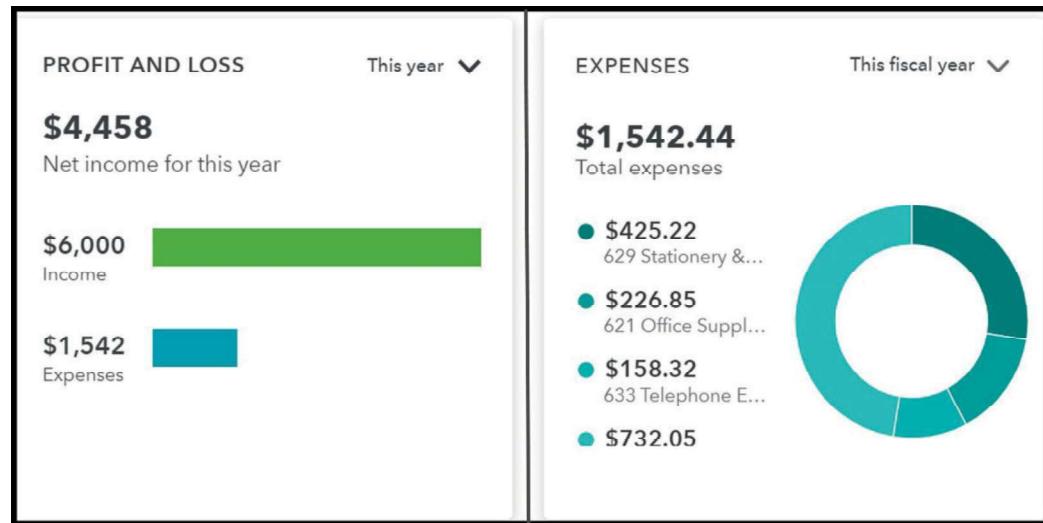

Figure 4-1: Profit and Loss and Expenses

If your data does <u>not</u> agree, edit journal entries. Figures 4-1 through 4-5 show how work has accumulated up to this point.
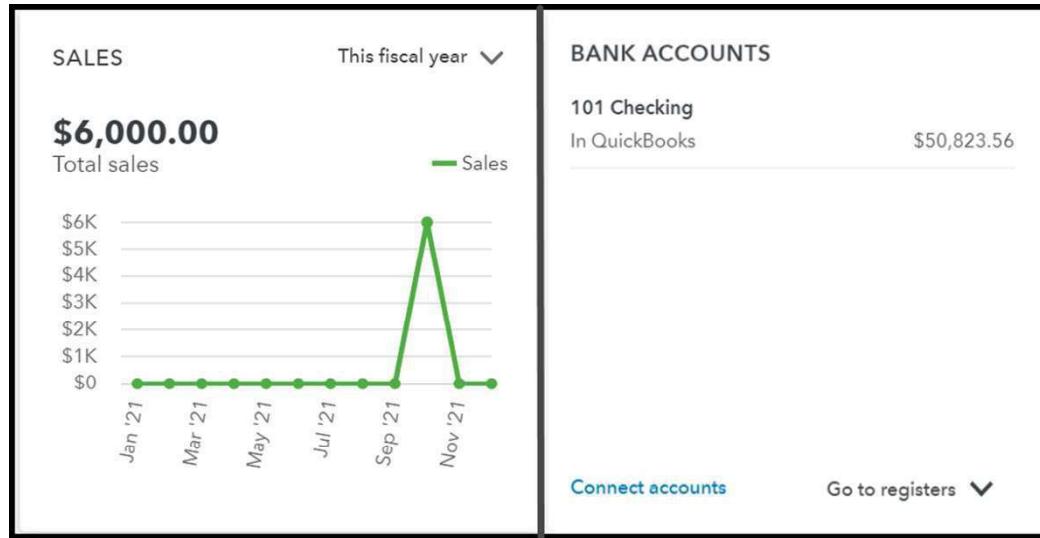

Figure 4-2: Sales and Bank Accounts

1. From the Navigation bar, select

   . In Chapter 3 and Exercise 3-1, these Expense transactions were completed. If needed, drill down to edit. Compare your Expense transactions with Figure 4-3. (*Hint:* The date order may be different on your Expense Transactions page. Click DATE to resort.) At the bottom of the TOTAL column, the Total is $10,542.44.

Student Name Sales and Service

Type: All transactions · Status: All statuses · Delivery method: Any · Date: Last 365 Days

Date	Type	No.	Payee	Category	Memo	Total
10/02/2021	Check	1010	Lake Insurance	Prepaid Insurance		$3,000.00
10/03/2021	Check	1011	U.S. Post Office	Shipping and Delivery Expense		$47.00
10/03/2021	Check	1012	Chronicle News	Dues & subscriptions		$75.00
10/04/2021	Check	1013	SPR Gas	Utilities Expense		$79.00
10/05/2021	Check	1014	Conlin Rentals	Prepaid Rent		$6,000.00
10/10/2021	Check	1015	Office Suppliers	Office Supplies & Software		$106.52
10/12/2021	Check	1016	Western Telephone	Telephone Expense		$76.19
10/15/2021	Check	1017	Vince Bartel	Repairs & Maintenance		$140.00
10/19/2021	Check	1018	Office Suppliers	Office Supplies & Software		$100.34
10/20/2021	Check	1019	Moss Advertising	Advertising & Marketing		$125.00
10/23/2021	Check	1020	Cellular Service	Telephone Expense		$82.13
10/25/2021	Check	1021	Journal of Accounting	Dues & subscriptions		$75.00
10/29/2021	Check	1022	Hour Deliveries	Freight & Delivery		$42.40
10/30/2021	Check	ATM	Village Restaurant	Meals & Entertainment		$126.40
10/30/2021	Check	1023	Paper Supply Co.	Stationery & Printing		$425.22
10/30/2021	Check	1024	Hour Deliveries	Freight & Delivery		$22.25
10/30/2021	Check	1025	Office Suppliers	Office Supplies & Software		$19.99
						$10,542.44

Figure 4-3: Expense Transactions

2. From the Navigation bar, select
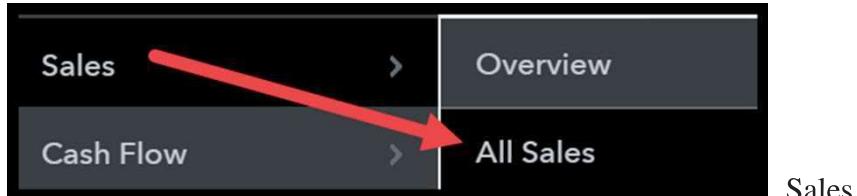
. Sales
Transactions appear. The Total Sales Transactions are $6,366.00.

Student Name Sales and Service

Type: All transactions · Status: All statuses · Delivery method: Any · Date: Last 365 Days

Date	Type	No.	Customer	Memo	Due date	Balance	Total	Status
10/30/2021	Sales Receipt	1003	Cash Sales			$0.00	$1,591.50	Paid
10/20/2021	Sales Receipt	1002	Cash Sales			$0.00	$2,122.00	Paid
10/16/2021	Sales Receipt	1001	Cash Sales			$0.00	$2,652.50	Paid
							$6,366.00	

Figure 4-4: Sales Transactions

Edit, if any of your Expense or Sales Transactions are incorrect.

October 30 Trial Balance

Display the October 30, 20XX Trial Balance. In Chapter 3 and Exercise 3-1, the account balances include the October 1 through 30 transactions.

Student Name Sales and Service		
Trial Balance		
As of October 30, 2021		
	DEBIT	CREDIT
101 Checking	50,823.56	
123 Prepaid Rent	6,000.00	
125 Prepaid Insurance	3,000.00	
135 Computer Equipment	10,000.00	
205 Loan Payable		5,000.00
207 Arizona Department of Revenue Payable		366.00
301 Common Stock		60,000.00
401 Sales		6,000.00
601 Advertising & Marketing	125.00	
605 Dues & subscriptions	150.00	
609 Freight & Delivery	64.65	
619 Meals & Entertainment	126.40	
621 Office Supplies & Software	226.85	
625 Repairs & Maintenance	140.00	
627 Shipping and Delivery Expense	47.00	
629 Stationery & Printing	425.22	
633 Telephone Expense	158.32	
635 Utilities Expense	79.00	
TOTAL	$71,366.00	$71,366.00

Figure 4-5: October 30 Trial Balance

Do your debit and credit balances agree? Make sure your Expense transactions, Sales transactions, and Trial Balance agree with Figures 4-3, 4-4, and 4-5. If needed, drill down and edit. Display the 10/1 thru 10/30 Trial Balance again.

fyi	QuickBooks Online updates automatically. When you sign in, the latest version of the software is being used. Some screen images may change but differences are minor. Regularly check Text Updates.

ACCOUNT RECONCILIATION

Student Name Sales and Service receives a bank statement every month for their checking account, Account 101 Checking. The bank statement shows which checks, ATMs, and deposits cleared the bank. To reconcile the bank statement, use QBO's reconcile feature. Student Name Sales and Service's bank statement is shown below and on the next page.

Statement of Account, Checking Account		Student Name Sales and Service	
October 1 to October 31, 20XX		2905 E. Skyline Dr,	
Account No. 7731-2256		Tucson, AZ 85718	
REGULAR CHECKING			
Previous Balance	10/1/XX	$ 50,000.00	
4 Deposits (+)		$11,366.00	
16 checks (-)		$10,416.04	
1 Other Deductions (-)		$126.40	
Service Charge		$20.00	
Ending Balance	10/31/XX	**$50,803.56**	
DEPOSITS			
	10/17/XX	$2,652.50	
	10/18/XX	$5,000.00	
	10/21/XX	$2,122.00	
	10/30/XX	$1,591.50	
CHECKS (Asterisk * indicates break in check number sequence)			
	10/3/XX	1010	$3,000.00	
	10/4/XX	1011	$47.00	
	10/4/XX	1012	$75.00	
	10/6/XX	1013	$79.00	
continued	10/7/XX	1014	$6,000.00	

	10/17/XX	1015	$106.52	
	10/16/XX	1016	$76.19	
	10/16/XX	1017	$140.00	
	10/24/XX	1018	$100.34	
	10/26/XX	1019	$125.00	
	10/26/XX	1020	$82.13	
	10/26/XX	1021	$75.00	
	10/31/XX	1022	$42.40	
	10/31/XX	1023	$425.22	
	10/31/XX	1024	$22.25	
	10/31/XX	1025	$19.99	
OTHER DEDUCTIONS (ATM's)				
	10/20/XX	ATM	$126.40	

Bank Reconciliation is the process of bringing the balance of the bank statement and the balance of the checking account into agreement. The Reconcile feature can be used with other accounts too.

Checking Account Register

1. From the Navigation bar, select

.

2. Double-click 101 Checking. The Bank Register 101 Checking page appears.

A list of all the transactions entered from 10/1/20XX through 10/30/20XX is shown. The Check register

Ending Balance is $50,823.56 and does <u>not</u> include the service charge.

Figure 4-6: Ending Balance

The bank statement balance on the previous page includes the $20 service charge: $50,823.56 - $20.00 = $50,803.56. Each check and each deposit have cleared the bank. Follow these steps to reconcile.

1. From the Bank Register page, click **Reconcile**.
2. When the Match the books to the bank records page appears, read it, then
    select **Get started**.
3. Read Reconcile like a pro > **Let's do it**. Read the Welcome! Grab your statement and we'll get started popups by clicking <Next>.

    Which account do you want to reconcile? Account 101 Checking is automatically completed. (*Hint:* If not, select 101 Checking).
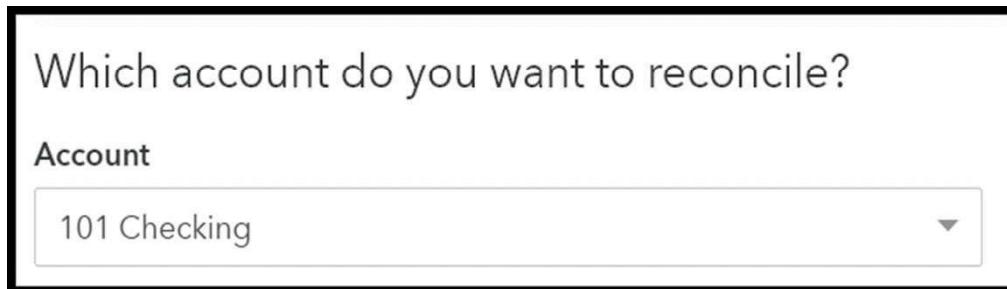
Figure 4-7: Account 101 Checking

Add the following information. Fields with asterisks must be completed.

Ending balance*:	type **$50803.56**
Ending date*	type **10/31/20XX** (current year)
Service Charge:	type **$20.00**
Date:	type **10/31/20XX** (current year)
Account:	603 Bank Charges & Fees completed automatically.

Which account do you want to reconcile?

Account

101 Checking

Add the following information

Beginning balance	Ending balance *	Ending date *
0.00	50,803.56	10/31/2021

Enter the service charge or interest earned, if necessary

Date *	Service charge	Expense account
10/31/2021	20.00	603 Bank Charges &...

Date	Interest earned	Income account
	0.00	Account

Start reconciling

Figure 4-8: Reconcile an account

Before clicking [Start reconciling] check each field. Use the current year. Read the popups.

4. The Reconcile 101 Checking page appears. Place a checkmark next to each check and deposit including the $50,000 owner investment. Make sure every transaction is checked including the Service Charge of $20.00. The top of the Reconcile page is shown below.

Figure 4-9: Reconcile 101 Checking

Observe the STATEMENT ENDING BALANCE *and* the CLEARED BALANCE shows $50,803.56 which is the same as the Ending Balance on the Bank Statement on page 153. Also, the Difference shows 0.00.

5. After checking the Reconcile page, click **Finish now**. (*Hint*: If you click on the down arrow next to <Finish now>, options include Save for later or Close without saving. If you have an error, select <Close without saving>.)

6. After selecting <Finish now> a Success page appears.
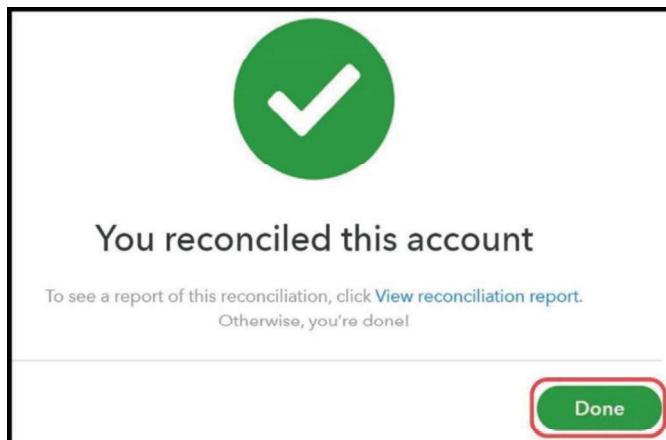
Figure 4-10: Success, you reconciled

7. After selecting **Done**, you are returned to the Reconcile page. Follow these steps to save your October 31_Reconcilation Report.

a. From the Navigation bar >select Reports > type and select **Reconciliation Reports.**

b. The History by account page appears. The Account field shows 101 Checking, the Report period is Since 365 days ago, the 2021 field shows 10/31/20XX > click View report.

Figure 4-11: History by account

c. To highlight information on the report, right-click > copy the reconciliation report information.

d. Open a blank Excel workbook and paste the information. Adjust the column widths and reformat the report to show the Reconciliation Report.

e. Save the Excel file, and save as PDF. The file name is **Chapter 4_October 31 Reconciliation Report**.

Comment: If you are saving as a PDF file only, from the displayed report select the <Print> icon. In the Destination folder, select Save as PDF.

The Reconciliation Report's summary is shown on the next page.

Student Name Sales and Service 101 Checking, Period Ending 10/31/20XX Reconciliation Report Reconciled on: XX/XX/XX Reconciled by: Student's name	
Summary	USD
Statement beginning balance	$0.00
Service charge	-$20.00
Checks and payments cleared (17)	-$10,542.44
Deposits and other credits cleared (5)	$61,366.00
Statement ending balance	**$50,803.56**

Troubleshooting: To correct a reconciliation, refer to Appendix A, Troubleshooting, Unreconcile a Transaction.

Trial Balance

1. Go to the Reports > display the 10/1/20XX to 10/31/20XX Trial Balance.

Figure 4-12: October 31 Trial Balance

Account 101 Checking shows the same balance as the bank statement, $50,803.56 on page 153. Account 603 Bank Charges shows a balance of $20.00.

2. Save the October 31 Trial Balance as an Excel and PDF file. Use the file name **Chapter 4_October 31 Trial Balance**.

3. Select Dashboard > Business overview. If you selected This year for the Profit and Loss, Expenses and Sales, these graphs are shown.
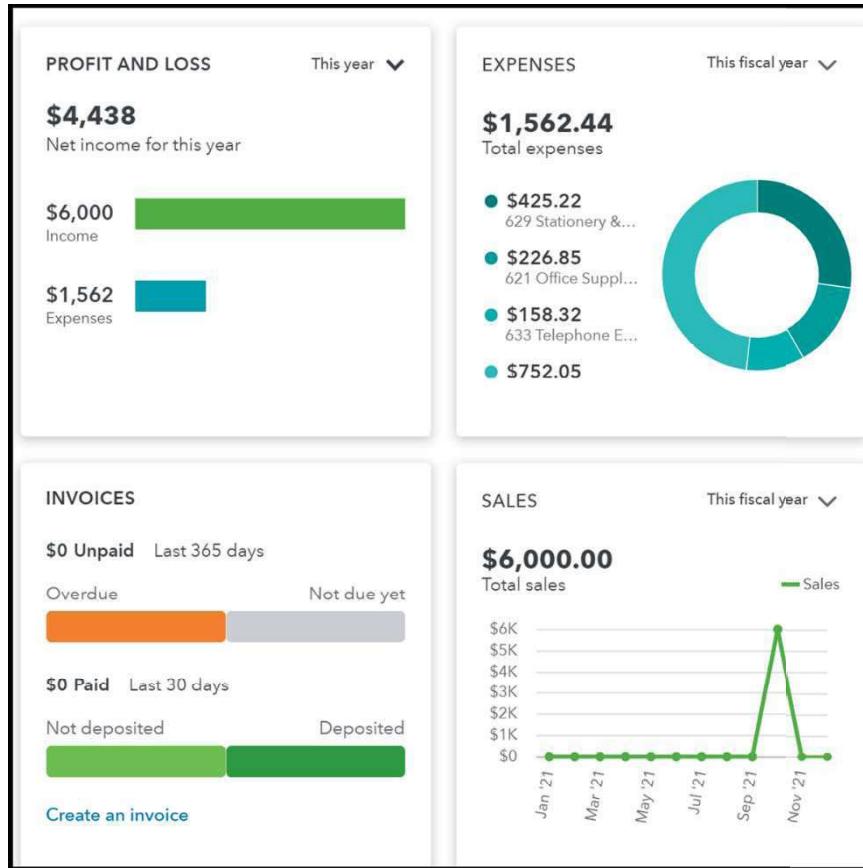
Figure 4-13: Profit and Loss, Expenses and Sales

Why is the Invoices bar graph blank? Invoices default to the Last 365 days. Since no invoices have been completed, Invoices show zeroes. Invoices will be completed in later chapters. Because This year, and this Fiscal year can be selected, Profit and Loss, Expenses, and Sales show results.

For 101 Checking, Bank Accounts shows the reconciled amount, $50,803.56.

Figure 4-14: 101 Checking, $50,803.56

ACCOUNTS PAYABLE: VENDORS

In Chapter 3, vendors that paid by check were added. The vendors added in Chapter 4 are paid later. Vendors are the businesses that offer credit to buy merchandise and/or assets, or credit for expenses incurred.

When Student Name Sales and Service makes purchases on account from vendors, the transactions are known as *accounts payable transactions*. QBO organizes and monitors *accounts payable*. Accounts Payable is the amount of money the business owes.

New vendors are set up in the next section. The Vendors page shows information about vendors who offer credit. Since your company buys on credit from various vendors, the business needs to keep track of the amount owed and the due dates of bills. QBO's accounts payable system does that.

Vendors Page

To go to the Vendors page, from the Navigation bar, select Expenses > Vendors

.
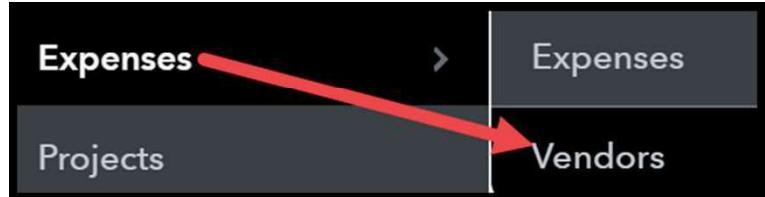
Figure 4-15 lists the vendors added in Chapter 3.

Figure 4-15: Vendor List

In Chapter 3, when checks were entered, these vendors were added on-the-fly. No addresses or other information was included.

Create New Checks

The transaction register on the next page shows checks that are issued on November 1, 20XX. The date entered is **11/1/XX** (the current year). QBO stores payment information. When needed, change the payment amount.

Before entering transactions, verify the 10/31 balance of $50,803.56, select Accounting > Chart of Accounts > 101 Checking > View Register. The Bank Register 10/31/20XX balance is $50,803.56.

Ck. No.	Date	Description of Transaction	Payment	Deposit	Balance
	10/31	*Balance*			*$50,803.56*
1026	11/1	SPR Gas	$84.32		$50,719.24
1027	11/1	Western Telephone	$76.19		$50,643.05
1028	11/1	Hour Deliveries	$46.90		$50,596.15
1029	11/1	Moss Advertising	$125.00		$50,471.15
1030	11/1	Paper Supply Co. (envelopes)	$127.96		$50,343.19

1. Another way to go to the Vendors page is to click
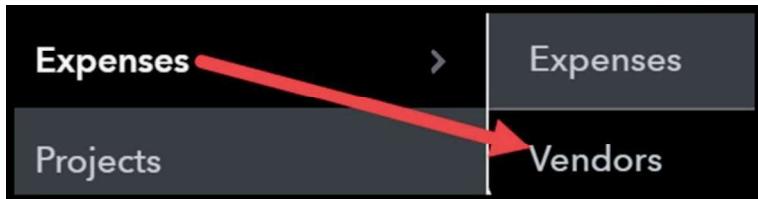
2. In the box next to SPR Gas, click on the box to put a checkmark in it. Click on the down-arrow next to Create bill > select Write check.
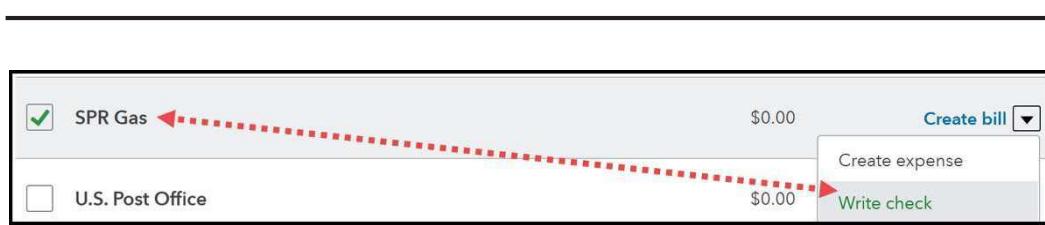
Figure 4-16: SPR Gas > Write check

3. Using the transaction register, complete the appropriate fields. *(Hint:* Type the date, **11/1/20XX**, amount, **$84.32,** CATEGORY 635 Utilities Expense, if necessary, **1026** in the Check no. field). If QBO stored the amount paid in October, type the amount shown on the Transaction Register.
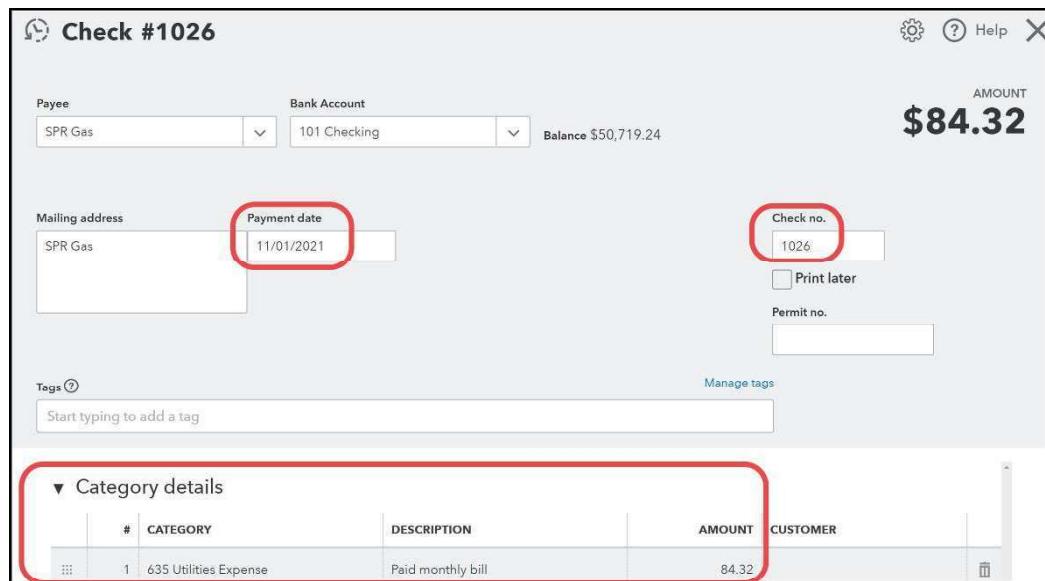
Figure 4-17: Check #1026

4. <Save and Close>. From the Vendors page, complete checks 1027-1030. There are a couple ways to enter vendor checks.
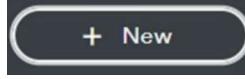
   1) > Check > select the appropriate vendor > type the Payment date > Check no., if necessary > Amount > click <Save and new>.

2) From the Vendors page > select the vendor (payee) > Write check > enter the check information > click <Save and new>.

Troubleshooting: What if the Balance on the Check page does <u>not</u> show $50,343.19. That's the Transaction register balance on page 163. Click > compare Recent Checks to the transaction register. Drill down to change > Save.

Verify the 11/1/20XX checking account balance of $50,343.19. (*Hint:* Select Accounting > Chart of Accounts > View register.) The ENDING BALANCE shows:
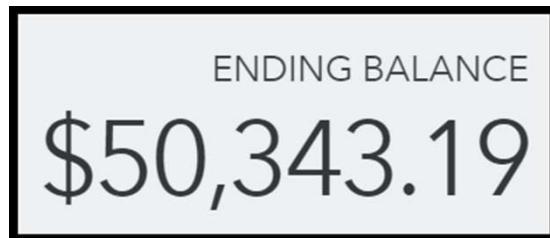

Figure 4-18: Ending Balance, $50,343.19

New Vendors

1. From the Navigation bar, select

 >

. If the Know your location popup appears, click <Block>. (*Hint:* Block so that QBO does <u>not</u> automatically show similar company names from their *database*.) On the Vendor Information page, complete these fields.

Title, First Name, Last name:	Type **Mr. Peter McClellan**
Company:	**AmpleStore Inc.**
*Display name as:	Select AmpleStore Inc.
Print on check as is checked:	AmpleStore Inc.
	(completed automatically)
Address:	**200 West Concord Ave.**
City/Town:	**Palo Alto**
State:	**CA**
ZIP:	**94301**
Country:	**USA**
Phone:	**650-555-8527**
Terms:	Select Net 30
as of:	Type **11/1/20XX**

Figure 4-19: Vendor, AmpleStore Inc.
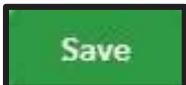
2. Click **Save**. Add the following vendors.

Title, First Name, Last name:	**Ms. Linda Rios**
Company:	**Any Time Deployment**
*Display name as:	Select Any Time Deployment
Print on check as:	Any Time Deployment
Address:	**1189 W. Burnside**
City/Town:	**Lexington**
State:	**MA**
ZIP:	**02421**
Country:	**USA**
Phone:	**781-555-4671**
Terms:	Select Net 30
as of:	Type **11/1/20XX**

Save

Title, First Name, Last name:	**Mr. Jon Chen**
Company:	**CloudZ Channel**
*Display name as:	Select CloudZ Channel
Print on check as:	CloudZ Channel
	(completed automatically)
Address:	**110 Merit Street**
City/Town:	**Menlo Park**
State:	**CA**
ZIP:	**94025**
Country:	**USA**

Phone:	**650-555-3250**
Terms:	Select Net 30
as of:	Type **11/1/20XX**

Title, First Name, Last name:	**Ms. Geraldine Harrison**
Company:	**Conf/Call**
*Display name as:	Select Conf/Call
Print on check as:	Conf/Call
	(completed automatically)
Address:	**700 North Prince Street**
City/Town:	**Tempe**
State:	**AZ**
ZIP:	**85008**
Country:	**USA**
Phone:	**480-555-2411**
Terms:	Select Net 30
as of:	Type **11/1/20XX**

Vendor Contact List

To view all of the vendors added in Chapters 3 and 4, do this.

1. From the Navigation bar, select > type and select **Vendor Contact List** in the search field.

Student Name Sales and Service

Vendor Contact List

VENDOR	PHONE NUMBERS	EMAIL	FULL NAME	ADDRESS
AmpleStore Inc.	Phone: (650) 555-8527		Mr. Peter McClellan	200 West Concord Ave. Palo Alto CA 94301 USA
Any Time Deployment	Phone: (781) 555-4671		Ms. Linda Rios	1139 W. Burnside Lexington MA 02421 USA
Cellular Service				
Chronicle News				
CloudZ Channel	Phone: (650) 555-3250		Mr. Jon Chen	110 Merit Street Menlo Park CA 94025 USA
Conf/Call	Phone: (480) 555-2411		Ms. Geraldine Harrison	700 North Prince Street Tempe AZ 85008 USA
Conlin Rentals				
Hour Deliveries				
Journal of Accounting				
Lake Insurance				
Moss Advertising				
Office Suppliers				
Paper Supply Co.				
SPR Gas				
U.S. Post Office				
Village Restaurant				
Vince Bartel				
Western Telephone				

Figure 4-20: Vendor Contact List

The four vendors added in this chapter show the vendor names, phone numbers, full names, and addresses. In Chapter 3, vendors were added with only the vendor's name.

2. Export the Vendor Contact List to Excel and save as a PDF file. Use the file name **Chapter 4_Vendor Contact List**.

When you enter bills for a vendor, Accounts Payable and the vendor, are credited. The asset account or expense account is debited.

AUDIT LOG

QuickBooks Online maintains a log of each financial transaction as it is added, changed, or deleted. The audit log serves as an audit trail that lets you see exactly what changes were made when they were made, and who made them. Information includes the date, name of user, type of event, the name of the customer or vendor, and the original transaction dates and amounts. You can also select View in the History columns

1. Select [⚙] > Audit log. All the work you have completed is shown. (*Hint:* Your Date Changed column will differ.) The author's partial Audit Log is shown below. In the USER field, your name is shown.

Audit Log
Student Name Sales and Service

Date Changed	User	Event	Name	Date	Amount	History
Jun 4, 1:45 pm Mountain Standard Time	Carol Yacht	Logged in.				
Jun 4, 1:28 pm Mountain Standard Time	Carol Yacht	Added Vendor: Conf/Call				View
Jun 4, 1:26 pm Mountain Standard Time	Carol Yacht	Added Vendor: CloudZ Channel				View
Jun 4, 1:15 pm Mountain Standard Time	Carol Yacht	Added Vendor: Any Time Deployment				View
Jun 4, 1:12 pm Mountain Standard Time	Carol Yacht	Added Vendor: AmpleStore Inc.				View

Figure 4-21: Partial Audit Log

2. To edit work, go to a transaction row and click View > link to the History of this transaction to see the original completed form.

INVENTORY PRODUCTS AND SERVICES

An *inventory item* is a product that is purchased from vendors for sale to customers. Inventory is tracked within Account No. 115 Merchandise Inventory on the balance sheet. Because the Merchandise Inventory account is increased or decreased for every purchase, sale or return, its balance in the general ledger is current. When Student Name Sales and Service purchases and receives inventory items, they are added to inventory. When those items are sold, they are subtracted from inventory.

Key points about inventory:

- The value of an inventory item is the amount the company paid for it.
- Recording the purchase of an inventory item increases the Inventory Asset account on the Balance Sheet by the cost of the item and increases the Quantity on Hand units for that item.
- Recording the sale of an inventory item decreases the Inventory Asset account by the original cost of the item and decreases the Quantity on hand for that item.
- Recording a sale also increases the Cost of Goods Sold account by the original cost of the item and increases the Sales or Product Income account by the amount the customer paid for that item. The difference between the income amounts and the COGS amount is the gross profit on that item.

Products and Services

Use *products and services* to enter transaction descriptions and prices or rates. Products and services can also be added on a purchase form (such as a bill or purchase order) or a sales form (such as an invoice, sales receipt, or estimate).

Inventory items, also called products, are tracked both at their purchase cost and sales price. To make sure the Account #, Account name, Type, and Detail Type are correct, go to the Account List (Reports > type and select **Account List**). QBO tracks purchases and sales using these classifications. Make sure your account list agrees. If necessary, drill down on the account to edit.

Account #	Account	Type	Detail Type
105	Accounts Receivable (A/R)	Accounts receivable (A/R)	Account Receivable (A/R)
115	Merchandise Inventory	Other Current Assets	Inventory
401	Sales	Income	Sales of Product Income
501	Cost of Goods Sold	Cost of Goods Sold	Supplies & Materials - COGS

When you add inventory, the Products or Service Information page includes these fields for inventory costing (shown on page 179, Figure 4-30).

Fields	Account used
Inventory Asset Account	115 Merchandise Inventory
Income Account	401 Sales
Expense Account	501 Cost of Goods Sold

In this chapter, Vendors and Inventory, and in Chapter 5, Customers and Sales, these account distributions are recorded when purchases and sales are posted.

Purchase inventory on account

Account	Debit	Credit
115 Merchandise Inventory	$300.00	
201 Accounts Payable/AmpleStore Inc.		$300.00
Bill No. AS7 received from AmpleStore Inc. for the purchase of 20 data storage products, $15 each, for a total of $300.		

Sold inventory on account

Account	Debit	Credit
105 Accounts Receivable/eBiz*	$150.00	
501 Cost of Goods Sold	$75.00	
401 Sales		$150.00
115 Merchandise Inventory		$75.00
Sold 5 data storage products on account to eBiz for a total of $150, Invoice 1007. (*Hint:* Data storage is purchased from the vendor for a cost of $15 each. The sales price to customers is $30 each.)		

*Why isn't Arizona Department of Revenue Payable credited? The customer, eBiz, is located in Wilmington, DE. Delaware does not have sales tax.

Observe that when inventory is purchased on account, the cost of the product increases Merchandise Inventory (account debited) and Accounts Payable/vendor is credited. When inventory is sold on account, Account Receivable/customer is debited for the sales price and Cost of Goods Sold is

debited for the cost of inventory. Sales is credited for the sales price and Merchandise Inventory is credited for the cost of inventory.

When products are set up, general ledger accounts are updated when purchases and sales are recorded. QBO tracks cost of goods sold, stock levels, sales prices, and vendors. This is an example of a ***perpetual inventory*** system. In a perpetual inventory system, an up-to-date record of inventory is maintained and the inventory account is revised each time a purchase or sale is made.

QBO's inventory tracking has specific effects on the Balance Sheet and Profit & Loss reports. On the Balance Sheet, the inventory account is associated with the inventory-enabled Product/Service item. Inventory is grouped under Other Current Assets. The asset balance shows the cost of your current (unsold) inventory.

The P&L report shows the Sales of Product Income accounts and the Cost of Goods Sold accounts that are associated with your inventory-enabled Product/Service items. COGS accounts are displayed in a separate section of the P&L report between the Income and Expense sections. The difference between your Total Income amount and your Total COGS amount is shown on the Gross Profit line.

Make sure that your Sales settings for Products and services are On. Select Gear > Account and settings > Sales. Edit if necessary. Compare Product and services with Figure 4-22.

Figure 4-22: Sales > Products and services

Check Account and Settings for Expenses. If necessary, place a checkmark next to Track billable expenses and items as income. The default bill payment terms are Net 30. Check the Bills and expenses selections then <Save>.

Figure 4-23: Expenses > Bills and expenses

After saving, Bills and expenses looks like Figure 4-24.

Figure 4-24: Bills and expenses
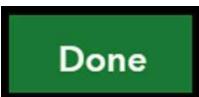
Follow these steps to add inventory.

1. From the Navigation bar >
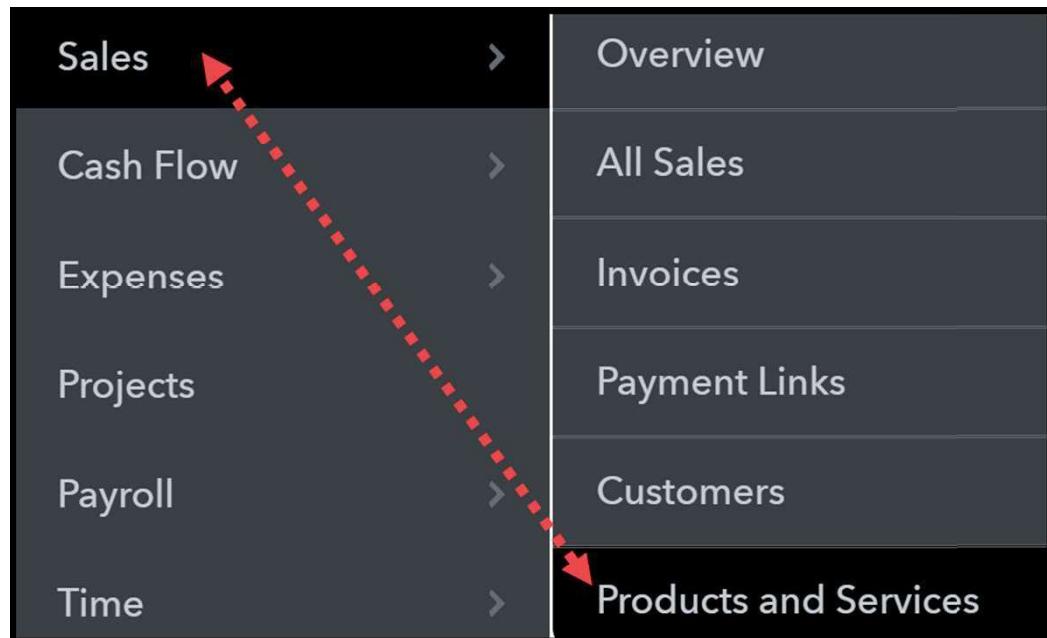
Figure 4-25: Sales > Products and Services

2. The Products and Services page appears. Click **New**. The Product/Service Information page appears. Select Inventory.
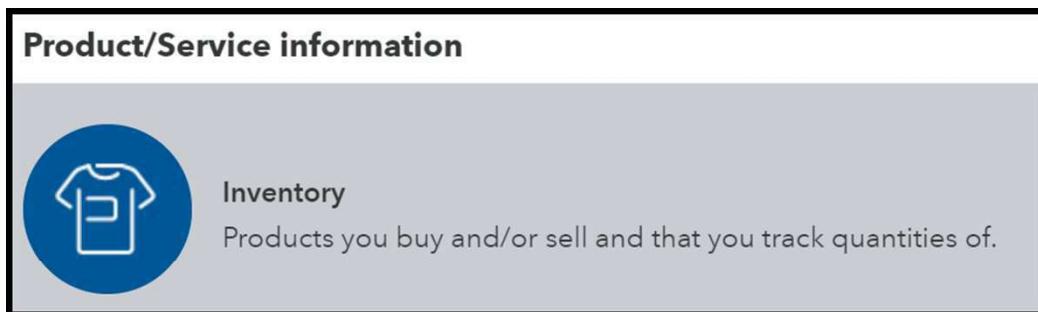

Figure 4-26: Product/Service Information > Inventory

After selecting Inventory, complete these fields. (*Hint:* An asterisk * indicates field that must be completed.)

Name: Type **Data storage**

Initial quantity on hand*:   **0** (you *must* type a zero)

As of date*:   **10/01/20XX** (current year)

Inventory asset account:

Figure 4-27: Select 115 Merchandise Inventory

You **must** select 115 Merchandise Inventory. Do <u>not</u> accept the default. Click on the down-arrow to select 115 Merchandise Inventory.

Description: **Data storage**

Sales price/rate: **$30**

Income account:

Figure 4-28: Select 401 Sales

You **must** select 401 Sales. Do <u>not</u> accept the default. Click on the down-arrow to select 401 Sales. If necessary, scroll up.

Purchasing information:	**Data storage**
Sales tax category:	Accept default, Taxable – standard rate
Cost:	**$15**
Expense account:	501 Cost of Goods Sold (completed automatically)
Preferred Vendor:	Select AmpleStore Inc.

Troubleshooting: If you do not have selections for Account 115 Merchandise Inventory or 401 Sales, do this:

➢ Check Account and settings, Figures 4-22, 4-23, 4-24, pages 175-176.
➢ Check the Chart of Accounts – 115 Merchandise Inventory, Type is Other Current Assets, Detail Type is Inventory; 401 Sales, Type is Income, Detail Type is Sales of Product Income. Refer to Figure 2-38A, page 83, for the Chart of Accounts (or Account List).

The Product/Service Information page is shown below *and* on the next page.

Figure 4-29: Product/Service information

Product/Service information (concluded)

Figure 4-30: Product/Service information (concluded)

Important: Verify these fields: Initial quantity on hand, 0 (zero); As of date, 10/1/20XX; Inventory asset account, 115 Merchandise Inventory; Description, Data storage; Sales price/rate, 30; Income account, 401 Sales; Sales tax category, Taxable – standard rate; Purchasing information, Data storage; Cost, 15; Expense account, 501 Costs of Goods Sold; Preferred Vendor, AmpleStore Inc.

3. <Save and New>. The Product/Service information, Inventory is ready for the next items.

Name*:	**Network products**
Initial quantity on hand*:	**0** (zero)
As of date*:	**10/01/20XX** (current year)
Inventory asset account:	*Select* 115 Merchandise Inventory
Description:	**Network products**
Sales price/rate	**$50**
Income account:	*Select* 401 Sales
Sales tax category:	Taxable – standard rate
Purchasing information:	**Network products**
Cost:	**$25**
Expense Account:	501 Cost of Goods Sold
Preferred Vendor:	Select Any Time Deployment

4. <Save and New>.

Name*:	**Web server**
Initial quantity on hand*:	**0** (zero)
As of date*:	**10/01/20XX** (current year)
Inventory asset account:	*Select* 115 Merchandise Inventory

Description:	**Web server**
Sales price/rate:	**$400**
Income Account:	Select 401 Sales
Sales tax category:	Taxable – standard rate
Purchasing information:	**Web server**
Cost:	**$200**
Expense Account:	501 Cost of Goods Sold
Preferred Vendor:	CloudZ Channel

5. <Save and New>. Select Inventory item.

Name*:	**Webinars**
Initial quantity on hand*:	**0** (zero)
As of date*:	**10/1/20XX** (current year)
Inventory asset account:	*Select* 115 Merchandise Inventory
Description:	**Webinars**
Sales price/rate:	**$90**
Income account:	*Select* 401 Sales
Sales tax category:	Taxable – standard rate
Purchasing information:	**Webinars**
Cost:	**$45**
Expense account:	501 Cost of Goods Sold
Preferred Vendor:	Conf/Call

6. <Save and close>.

Products and Services List

7.   After entering inventory items, the Products and Services page appears. The
     Products and Services list shows the name, type, sales description, sales
     price, cost, taxable and zero for qty (quantity) on hand. To see individual
     product costs, link to the item. When inventory is sold, some of the items are
     taxable. In Chapter 5, information about sales tax is included.

8.   From the Navigation bar, select **Reports** > in the Search field,
     type and select **Product/Service List** > press <Enter>.

Figure 4-31: Reports > Product/Service List

Export the Product/Service List to Excel and save as a PDF file. Use the file
name **Chapter 4_Product Service List**. (*Hint:* Your Product/Service List
may include additional accounts that QBO adds automatically. This is okay.)

VENDOR TRANSACTIONS

In QBO, information about a purchase can be recorded on the Vendors page *or*

by selecting [+ New] > Bill. A **bill** posts to Accounts Payable and the vendor with the appropriate expense or asset account. You enter a bill payable to a vendor to record an expense or purchase of assets.

Enter Bills

Date	Description of Transaction
11/2/20XX	Bill no. AS7 received from AmpleStore Inc. for the purchase of 20 data storage products, $15 each, for a total of $300.
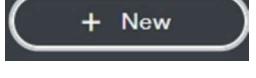
1. After clicking [+ New] > select Bill. The Bill page appears.
2. Complete these fields.

    Choose a vendor: Select AmpleStore Inc.
    Bill date: Type **11/2/20XX** (Due date automaitcally completed.)
    Bill No.   **AS7**
    In the Item details section, click on the right-arrow to
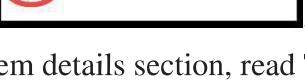
    expand it [▶ Item details]. (*Hint:* If you do not have an Item details section, read Troubleshooting.)
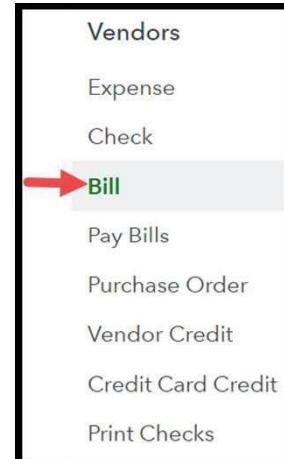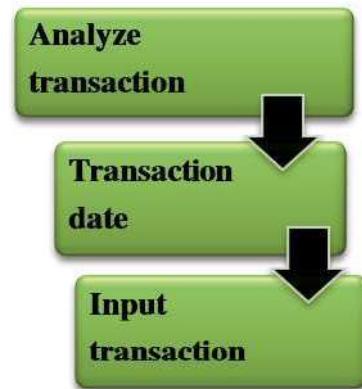
Figure 4-32: + New > Bill

Troubleshooting: My Bill page does <u>not</u> show an Item Details area? What should I do? Click <Yes> to close the Bill page without saving. Go to

 > Account and settings > Expenses. Make sure Show Items table on expense and purchase forms is On. To edit, click . Return to step 1 to enter Bill no. AS7.

Figure 4-33: Show items table on expense and purchase forms

PRODUCT/SERVICE: select Data storage
QTY: **20** (The Item details section is shown below)

Figure 4-34: Bill > Data Storage > 20 items, $300.00

Figure 4-35: Save and new

Additional transactions

Date	*Description of Transaction*
11/3/20XX	Bill no. ATD90 received from Any Time Deployment for the purchase of 10 network products, $25 each, for a total of $250. (*Hint:* In the ▼ Item details section Product/Service field, select Network products.)
11/3/20XX	Bill No. CZ33 received from CloudZ Channel for the purchase of 8 web servers, $200 each, for a total of $1,600. (*Hint:* In the ▼ Item details area Product/ Service, select Web server.)
11/3/20XX	Bill No. 78CC received from Conf/Call for the purchase of 6 webinars, $45 each, for a total of $270. (*Hint:* In the ▼ Item details area, Product/Service field, select Webinars.)
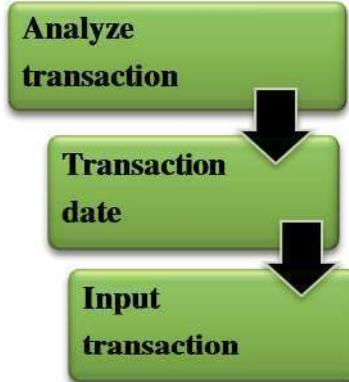
REPORTS

Display the following reports. Your professor may require additional reports.

Journal

To see the transactions that you have entered, display the Journal report.

1. If necessary, close the Bill page by clicking [×] on the right side of the Bill page.

2. Click **Reports**. Type and select **Journal** in the Search field. Press <Enter>.

3. Type **11/1/XX** to **11/3/XX** > press <Tab>. (*Hint:* Use the current year. Type either four characters or two characters for the year.)

Journal
November 1-3, 2021

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT #	ACCOUNT	DEBIT	CREDIT
11/01/2021	Check	1026	SPR Gas		101	101 Checking		$84.32
				Paid monthly bill	635	635 Utilities Expense	$84.32	
							$84.32	$84.32
11/01/2021	Check	1027	Western Telephone		101	101 Checking		$76.19
				Paid monthly bill	633	633 Telephone Expense	$76.19	
							$76.19	$76.19
11/01/2021	Check	1028	Hour Deliveries		101	101 Checking		$46.90
				Delivery	609	609 Freight & Delivery	$46.90	
							$46.90	$46.90
11/01/2021	Check	1029	Moss Advertising		101	101 Checking		$125.00
				Advertising expense	601	601 Advertising & Marketing	$125.00	
							$125.00	$125.00
11/01/2021	Check	1030	Paper Supply Co.		101	101 Checking		$127.96
				Envelopes	629	629 Stationery & Printing	$127.96	
							$127.96	$127.96
11/02/2021	Bill	AS7	AmpleStore Inc.		201	201 Accounts Payable (A/P)		$300.00
				Data storage	115	115 Merchandise Inventory	$300.00	
							$300.00	$300.00
11/03/2021	Bill	ATD90	Any Time Deployment		201	201 Accounts Payable (A/P)		$250.00
				Network products	115	115 Merchandise Inventory	$250.00	
							$250.00	$250.00
11/03/2021	Bill	CZ33	CloudZ Channel		201	201 Accounts Payable (A/P)		$1,600.00
				Web server	115	115 Merchandise Inventory	$1,600.00	
							$1,600.00	$1,600.00
11/03/2021	Bill	78CC	Conf/Call		201	201 Accounts Payable (A/P)		$270.00
				Webinars	115	115 Merchandise Inventory	$270.00	
							$270.00	$270.00
TOTAL							**$2,880.37**	**$2,880.37**

Figure 4-36: November 1-3 Journal

4. Export the Journal to Excel and save as an Excel file. Use the file name **Chapter 4_Journal**. (*Hint:* If you did not type a description, the memo/description column will be blank or show a different description. This is okay.)

Transaction Detail by Account

1. Go to the Reports page. In the Search field > type and select **Transaction Detail by Account** > from 11/1/XX to 11/3/2XX > [Run report].

Figure 4-37: November 1-3 Transaction Detail by Account

2. Export the Transaction Detail By Account to Excel and save as a PDF file. Use the file name **Chapter 4_Transaction Detail by Account**.

Trial Balance

1. Go to the Reports page. In the Search field, type and select **Trial Balance** from 10/1/XX to 11/3/XX > | Run report | .

Student Name Sales and Service

Trial Balance

As of November 3, 2021

	DEBIT	CREDIT
101 Checking	50,343.19	
115 Merchandise Inventory	2,420.00	
123 Prepaid Rent	6,000.00	
125 Prepaid Insurance	3,000.00	
135 Computer Equipment	10,000.00	
201 Accounts Payable (A/P)		2,420.00
205 Loan Payable		5,000.00
207 Arizona Department of Revenue Payable		366.00
301 Common Stock		60,000.00
Opening Balance Equity		0.00
401 Sales		6,000.00
601 Advertising & Marketing	250.00	
603 Bank Charges & Fees	20.00	
605 Dues & subscriptions	150.00	
609 Freight & Delivery	111.55	
619 Meals & Entertainment	126.40	
621 Office Supplies & Software	226.85	
625 Repairs & Maintenance	140.00	
627 Shipping and Delivery Expense	47.00	
629 Stationery & Printing	553.18	
633 Telephone Expense	234.51	
635 Utilities Expense	163.32	
TOTAL	$73,786.00	$73,786.00

Figure 4-38: November 3 Trial Balance

Comment: Make sure your November 3 Trial Balance agrees with the one shown. Journal entries may need to be edited. Compare your Journal to Figure 4-36, page 186, edit as needed. If Opening Balance Equity is shown *without* an account number and has a zero balance, this is okay. Depending on when QBO updates, accounts wth zero balances may be shown. Reports can be filtered so that zero balance do not display. This is shown in Chapter 5.

2. Export to Excel and save as a PDF file. Use the file name **Chapter 4_Trial Balance.** Observe that Account 101 Checking's balance, $50,343.19 is the same as the Bank Register balance – select

.

Inventory Valuation Summary

1. Go to the Reports page > in the Search field, type and select **Inventory Valuation Summary** as of **11/3/XX** > .

	SKU	QTY	ASSET VALUE	CALC. AVG
Data storage		20.00	300.00	15.00
Network products		10.00	250.00	25.00
Web server		8.00	1,600.00	200.00
Webinars		6.00	270.00	45.00
TOTAL			$2,420.00	

Student Name Sales and Service
Inventory Valuation Summary
As of November 3, 2021

Figure 4-39: November 3 Inventory Valuation Summary

Observe that the Asset Value, $2,420.00, is the same as Account No. 115, Merchandise Inventory, and Account No. 201 Accounts Payable, on the Trial Balance.

2. Export to Excel and save as a PDF file. Use the file name **Chapter 4_Inventory Valuation Summary.**

Vendor Balance Summary as of 11/3/20XX

1. Go to the Report page. In the Search field, type and select **Vendor Balance Summary** > Report period, Custom > As of 11/3/20XX. Figure shows the year as 2021.

Figure 4-40: Report period > Custom > as of 11/03/21

Figure 4-41: November 3 Vendor Balance Summary

2. Observe that the Vendor Total, $2,420.00, is the same as Account 201 Accounts Payable, on the Trial Balance (Figure 4-38). Export to Excel and save as a PDF file. Use the file name **Chapter 4_Vendor Balance Summary.**

A/P Aging Summary

1. Go to the Reports page. In the Search field, type and select **Accounts Payable Aging Summary** > Report period > All Dates > [Run report] .
    (*Hint:* Select All dates so that the current date does not affect the report.)
    Observe that the Total is also $2,420.00 which matches the balances of
    Account 115 Merchandise Inventory and Account 201 Accounts Payable on
    the Trial Balance (Figure 4-38).

Figure 4-42: A/P Aging Summary

2. Export to Excel and save as a PDF file. Use the file name **Chapter 4_AP Aging Summary.** (*Hint:* Why does my report show amounts in the 1-30
    column? Depending on the date your entered transactions, *either* Current or
    1-30 is correct.)

FINANCIAL STATEMENTS

In QBO, the *financial statements* report economic information about the
business. In QBO, the financial statements include:

*   **Profit and Loss:** The Profit and Loss is also called an income statement. It
    summarizes income and expenses for the year or other period of time so you

can tell whether you are operating at a profit or loss. The report shows subtotals for each income or expense account in your chart of accounts. The last line shows your net income (or loss) for the year or other period of time.

- **Balance Sheet:** The Balance Sheet summarizes the financial position of a business. It shows the value of the company's assets, liability, and equity as of a particular day. It is called a Balance Sheet because the value of the assets is always exactly equal to the combined value of the liabilities and equity. The balance sheet shows the *accounting equation*.

$$\text{Assets} = \text{Liabilities} + \text{Equity}$$

- *Statement of Cash Flows*: A report that shows how changes in the balance sheet accounts and income affect cash and cash equivalents, and breaks the analysis down to operating, investing, and financing activities.

1. **Profit and Loss**: Go to Reports > Favorites > Profit and Loss > 10/1/XX to 11/3/XX > Run report .

	TOTAL
Income	
401 Sales	6,000.00
Total Income	**$6,000.00**
GROSS PROFIT	$6,000.00
Expenses	
601 Advertising & Marketing	250.00
603 Bank Charges & Fees	20.00
605 Dues & subscriptions	150.00
609 Freight & Delivery	111.55
619 Meals & Entertainment	126.40
621 Office Supplies & Software	226.85
625 Repairs & Maintenance	140.00
627 Shipping and Delivery Expense	47.00
629 Stationery & Printing	553.18
633 Telephone Expense	234.51
635 Utilities Expense	163.32
Total Expenses	**$2,022.81**
NET OPERATING INCOME	$3,977.19
NET INCOME	$3,977.19

Student Name Sales and Service
Profit and Loss
October 1 - November 3, 2021

Figure: 4-43: October 1 to November 3 Profit and Loss

Export the Profit and Loss to Excel and save as a PDF file. Use the file name **Chapter 4_Profit and Loss**.

2. **Balance Sheet** from 10/1/20XX to 11/3/20XX.

Student Name Sales and Service
Balance Sheet
As of November 3, 2021

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
101 Checking	50,343.19
Total Bank Accounts	**$50,343.19**
Other Current Assets	
115 Merchandise Inventory	2,420.00
123 Prepaid Rent	6,000.00
125 Prepaid Insurance	3,000.00
Total Other Current Assets	**$11,420.00**
Total Current Assets	**$61,763.19**
Fixed Assets	
135 Computer Equipment	10,000.00
Total Fixed Assets	**$10,000.00**
TOTAL ASSETS	**$71,763.19**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
201 Accounts Payable (A/P)	2,420.00
Total Accounts Payable	**$2,420.00**
Other Current Liabilities	
205 Loan Payable	5,000.00
207 Arizona Department of Revenue Payable	366.00
Total Other Current Liabilities	**$5,366.00**
Total Current Liabilities	**$7,786.00**
Total Liabilities	**$7,786.00**
Equity	
301 Common Stock	60,000.00
318 Retained Earnings	
Opening Balance Equity	0.00
Net Income	3,977.19
Total Equity	**$63,977.19**
TOTAL LIABILITIES AND EQUITY	**$71,763.19**

Figure 4-44: November 3 Balance Sheet

Export the Balance Sheet to Excel and save as a PDF file. Use the file name **Chapter 4_Balance Sheet**.

3. **Statement of Cash Flows:** Go to Reports > type and select **Statement of Cash Flows** > 10/1/20XX to 11/3/20XX > select <Run Report>.

Figure 4-45: October 1 to November 3 Statement of Cash Flows

Save as a PDF file and export to Excel. Use the file name **Chapter 4_Statement of Cash Flows**. The Cash at end of period agrees with Account 101 Checking on the Balance Sheet.

FILTER THE AUDIT LOG

QuickBooks Online records all financial transactions. It also tracks user login/logout activity, changes to settings, customers, suppliers, and employees.

The audit log shows:

- The date of any change to your books.
- The name of the user who made the change.
- The type of change or event.
- The name of any customer or supplier related to the change.
- Any original transaction date and amount.

Comment: You must Sign Out from QBO for logout to be shown on the Audit Log. The system does not record a Sign Out if you close your browser, go to another website, or time out because of inactivity.

There are several ways to view the Audit Log:

- To limit the view to specific users, dates, or types of events, filter the User, Date changes, and Events.
- To control which columns are shown and printed, click the Gear icon.
- To open a transaction in the Event column, click its link.
- To see a history of the event, click View in the History column.
- To view more events, scroll to the bottom of the screen and click <Next>.

To print the current view of the Audit Log (the History column doesn't print), click Print. For best results, select Landscape orientation from your browser's Print dialog box.

Audit a Transaction

1. Go to Gear > Audit log. The Audit Log displays.
2. In the User field, select your name > Date changed field, This Year *or* All Dates > Events field, All transactions. (*Hint:* If the Audit Log page includes a Filter button, select it, then apply the selections shown on Figure 4-46).
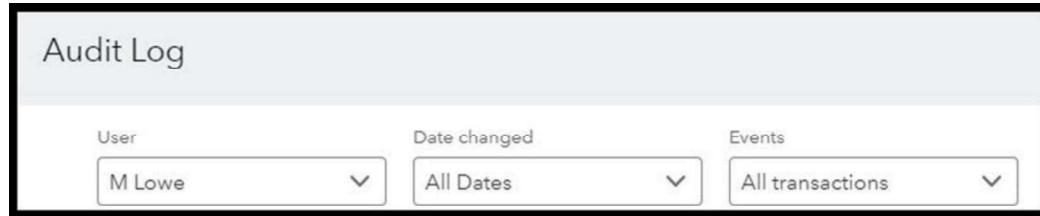
Figure 4-46: Audit log selections

3. The Audit Log shows a list of all the transactions entered. The columns include Date Changed (the date you entered transactions), User, Event, Name, Date, Amount. The History columns includes a link to View.
4. Go to Bill No. 78CC > link to View.
5. The Audit Hisotory page shows the **History of this transaction**.

Figure 4-47: History of transaction

6. Drill down on Bill No. 78CC ID: 36 to see the original entry. The Bill page is shown. After reviewing the transaction, close the Bill page. Return to the Dashboard.

In the History column, you can view a transaction to see when the transaction was entered. To more conveniently monitor when events occurred, you can filter the Audit Log. For example, select Sign in/sign out to see when logins and logouts occurred.

Some Audit Log events are not transactions perhaps they are vendor or employee actions. For these types of events, you can click View to see the history, but you can't audit exactly what data may have been changed.
If you see nothing in the History column, this is the type of event that has no history. This could be a login or logout event or a setting change. To more conveniently monitor when these types of events happened, you can filter the Audit Log to show only certain types of events.

How does the Audit Log work?

On the QuickBooks servers, the events are recorded in ***Greenwich Mean Time (GMT)***. When the times are displayed in the Audit Log and Audit History, software on a computer interprets the GMT time and changes it to reflect the appropriate time zone.

CHECK YOUR PROGRESS

Check Your Progress assignments are included within Connect and below.

1. What is the account balance as of 11/3/20XX in each of these accounts? Indicate whether these accounts have debit (dr.) or credit (cr.) balances.

    Account 101 Checking   _____

    Account 115 Merchandise Inventory   _____

Account 201 Accounts Payable _____

Account 207 Arizona Department of Revenue Payable _____

Account 601 Advertising & Marketing _____

Account 603 Bank Charges & Fees _____

Account 629 Stationery & Printing _____

2. What is the 11/3 Net Income? _____

3. What is the 11/3 total Liabilities and Equity? _____

4. What is the quantity and asset value of data storage?

_____

5. What is the quantity and asset value of network products?

_____

6. What is the quantity and asset value of web servers?

_____

7. What is the quantity and asset value of webinars?

_____

8. Using the Dashboard's Business overview selection, answer these questions.

    D A V E

    a. What graph is used to report Net income for the year?

    _____

    b. In what month were sales completed?

    _____

9. Where does the Dashboard show "Everything else?" What is its balance? From the Dashboard, how do you access the report that lists its accounts? What accounts show Everything else's total? Show your calculation.

    D A V E

    _____

    _____

    _____

    _____

SIGN OUT

Go to your initial > Sign out.

QUICKBOOKS RESOURCES AND ACTIVITIES

If your professor requires **Connect,** the following resources may be assigned for grading.

1. Multiple-choice and true or false questions.
2. Analysis question(s).
3. Check Your Progress.
4. Chapter work and end-of-chapter exercises.
5. Problem solving.
6. Certification Q&A.
7. Test Bank.
8. Additional student resources (ASR).

Additional Student Resources (ASR)

The following resources can be found on the Additional Student Resources (ASR) page in Connect's eBook. If you are not using Connect, your instructor can provide you with an ASR page document that contains *URLs* to access these resources:

1. Narrated PowerPoints.
2. QBO Videos. The PowerPoints include links to the videos.

   a. How to manage bills with QuickBooks Online.
   b. How to track what you've spent: expense reports.
   c. Explore videos

3. Text Updates.

Exercise 4-1: Complete Exercise 4-1.

1. If necessary, start QBO at http://qbo.intuit.com.
2. Add the following vendor. Press <Tab> between fields.
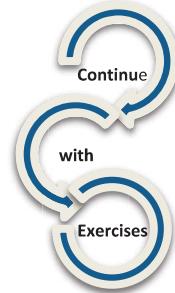
Title, First Name, Last name:	**Ms. Sherry Milton**
Company:	**Computers 2 You**
*Display name as:	Select Computers 2 You
Print on check as:	Computers 2 You
Address:	**2006 East 14 Avenue**
City/Town:	**Los Angeles**
State:	**CA**
ZIP:	**90046**
Country:	**USA**
Phone:	**213-555-2300**
Terms:	Select Net 30
as of:	Type **11/1/20XX**

3. Add the following Inventory item:

Name*:	**Computers**
Initial quantity on hand*:	**0** (zero)
As of date*:	**10/01/20XX** (current year)
Inventory asset account:	Select 115 Merchandise Inventory
Description:	**Computers**
Sales price/rate:	**$1000**
Income account:	Select 401 Sales
Sales tax category:	Taxable – standard rate
Purchasing information:	**Computers**

Cost:	**$500**	
Expense account:	501 Cost of Goods Sold	
Preferred Vendor:	Computers 2 You	

4. *Before* entering checks, confirm the Dashboard's $50,343.19 Bank account balance. The 101 Checking balance agrees with the transaction register balance on page 163.

5. Use the transaction register on the next page to enter checks.

Check No.	Date	Description of Transaction	Payment	Deposit	Balance
	11/1	*Balance*			*$50,343.19*
1031	11/4	Office Suppliers[1]	$90.82		$50,252.37
1032	11/4	Moss Advertising	$125.00		$50,127.37
1033	11/5	Cellular Service	$82.13		$50,045.24
ATM	11/5	Village Restaurant	$46.40		$49,998.84
1034	11/6	Hour Deliveries	$42.25		$49,956.59
1035	11/6	Office Suppliers	$21.00		$49,935.59
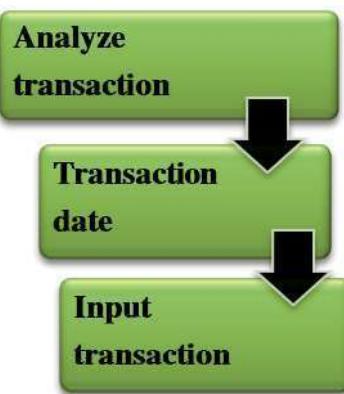
5. Display the Register for Account 101 Checking. From the Navigation bar, select **Accounting** > Chart of Accounts > double-click 101 Checking. Make sure your ending balance is $49,935.59. If not, edit checks.

6. Complete the following transactions. (*Hint:* QBO stores quantities and amounts from earlier Bills. Before saving, make sure the QTY and total fields are correct.)

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[1] If necessary, type **1031** in the Check no. field.

Date	Description of Transaction
11/8/20XX	Bill no. 80C2U received from Computers 2 You for the purchase of 20 computers, $500 each, for a total of $10,000.
11/8/20XX	Bill no. ATD131 received from Any Time Deployment for the purchase of 11 network products, $25 each, for a total of $275. (*Hint:* Type the quantity.)
11/8/20XX	Bill No. CZ40 received from CloudZ Channel for the purchase of 7 web servers, $200 each, for a total of $1,400.
11/8/20XX	Bill No. 91CC received from Conf/Call for the purchase of 5 webinars, $45 each, for a total of $225.
11/8/20XX	Bill No. AS12 received from AmpleStore Inc. for the purchase of 25 data storage devices, $15 each, for a total of $375.
11/9/20XX	Sold three computers for cash, $1,000 each, Amount $3,000; Sales tax $183; Total $3,183; Sales Receipt no. 1004.[2] (*Hint:* Click + New > Sales Receipt > Product/Service, select Computers > Based on location is the default, click $0.00 to compute sales tax.) *As of this writing,* $0.00 is below the Subtotal.
11/10/20XX	Sold four computers for cash, $1,000 each, Amount $4,000; Sales tax $244; total $4,244; Sales Receipt no. 1005.
11/11/20XX	Bill no. 112C2U received from Computers 2 You for the purchase of 6 computers, $500 each, for a total of $3,000.

[2]If necessary, type **1004** in the Sales Receipt no. field.

| 11/11/20XX | Bill No. 115CC received from Conf/Call for the purchase of 5 webinars, $45 each, for a total of $225. |
| 11/12/20XX | Sold three computers for cash, $1,000 each, Amount $3,000; Sales tax $183; Total $3,183. Sales Receipt no. 1006. |

7. Continue with Exercise 4-2.

Exercise 4-2: Follow the instructions below to complete Exercise 4-2:

1. Export the reports to Excel and save as PDFs. Run reports from 10/1/20XX to 11/12/20XX. When necessary, in the Report period field select Custom, then type the appropriate date.
    *   Exercise 4-2_Vendor Contact List
    *   Exercise 4-2_Product Service List
    *   Exercise 4-2_Journal
    *   Exercise 4-2_Transaction Detail by Account
    *   Exercise 4-2_Trial Balance
    *   Exercise 4-2_Inventory Valuation Summary
    *   Exercise 4-2_Vendor Balance Summary
    *   Exercise 4-2_Accounts Payable Aging Summary
    *   Exercise 4-2_Profit and Loss
    *   Exercise 4-2_Balance Sheet
    *   Exercise 4-2_Statement of Cash Flows

2. **Check Figures** (from 10/1/20XX to 11/12/XX):

    o   Account 101 Checking, $60,545.59
    o   Account 115 Merchandise Inventory, $12,920.00
    o   Account 201 Accounts Payable, $17,920.00
    o   Account 207 Arizona Department of Revenue Payable, $976.00
    o   Account 401 Sales, $16,000.00

- o   Account 501, Cost of Goods Sold, $5,000.00
- o   Account 621 Office Supplies & Software, $338.67
- o   Total Liabilities and Equity, $92,465.59

Exercise 4-3: Problem Solving

Exercise 4-3 is available within Connect. It includes:

Problem Solving
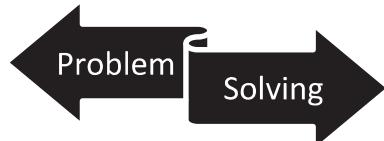
1. What report lists the debits and credits for each transaction? Show the total on November 12.
2. Identify the report that shows revenues and expenses. Explain how to display this report and the final balance.
3. Identify the report that shows assets, liabilities, and equity. Show the steps for displaying that report, and the final balance(s).
4. Using the Sales line graph, click on the October 20XX and November 20XX dots. Drill down to see the month/year for Sales? What report shows detail for Sales? How do you drill down from that report to see the transaction dates?

D
A
V
E
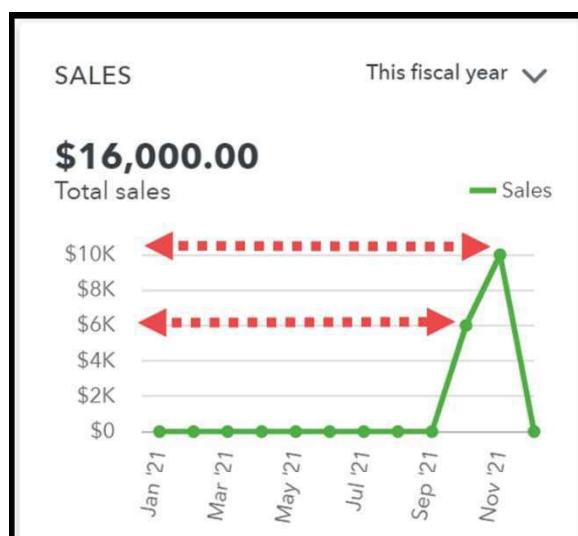
Figure 4-48: October and November Sales

Certification Q&A Practice Test

Certification Q&A multiple-choice questions are available within Connect. For this chapter, the certification practice test is mapped to these exam objectives: QuickBooks Online Administration, Sales and Money In, Vendors and Money Out, Basic Reports and Views. Refer to the QBO Certified User_Exam Objectives.pdf.

CHAPTER 4 INDEX