Intuit® Academy

Customer and Supplier Processes

INTUIT

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CUSTOMER AND SUPPLIER PROCESSES

A key benefit of using QuickBooks is the ability for end users to easily enter in all their customer and supplier information and have quick access to this information which helps control their cash flow.

Customers will be set up from the initial set up process. However please note that for clients that are retail and record daily sales they may have customers listed as days of the week to be able to track their daily sales and run sales reports. QuickBooks allows easy entry of both invoices and retail sales.

Before creating an invoice or sales receipt Items and Services need to be set up. These can be done via the **Item and Service** icon on the main page alternatively from the tool bar **Lists** > **Item List**. This opens the **Item List dialogue** box.

In QuickBooks, an **Item** is anything that a company buys, sells, or resells to run the business. Items can be products, services, charges like shipping and handling, subtotals and discounts. These are types of items from which to choose.

TYPES OF ITEMS

When creating or editing an **Item** generally the following can be entered:

- **Service** – For services that are either charged for or purchased, such as specialised labour, consulting hours, and professional fees

- **Item Name/Number** – This does not appear on the invoice

- **Description** – This is what the customer will see on the invoice, and can either be set when creating the item or at the invoice stage

- **Rate/Price** – This can be entered if this is a set amount. It can also be over-ridden on the invoice itself.

- **Sales VAT code** – Please note that this will only appear if VAT is switched on. QuickBooks makes it easy to track VAT by assigning a VAT code to each transaction or line item where VAT applies.

    The following are codes QuickBooks automatically creates:

Code	Description
E	Exempt
EGS	EC Goods Standard (20.0%)
EGZ	EC Goods Zero-Rated (0%)
ESS	EC Services Standard
ESZ	EC Services Zero-Rated
N	Not Registered
R	Reduced (5%)
RC	Reverse Charge (Carousel/MT...
S	Standard (20.0%)
Z	Zero-Rated (0%)
O	Outside the Scope of VAT

These are recorded on every transaction:

- **Account** – Where this item is posted to in the Chart of Accounts

In QuickBooks Premier there is an additional option to add a **Unit of Measure**. If a unit of measure is added the rate will correspond to that measure — for example if you purchase in cases and then sell single units.

- **Stock** – For goods purchased and tracked as inventory before they are resold. The stock preference must be turned on to see this. We will cover stock in more detail later in the manual.

- **Stock Assembly** – Assembly items allows the user to combine stock items and assembly costs into new, separately trackable items that represent the finished goods that are produced and sold as shown in the screen capture. Basically QuickBooks allows you to indicate what single items go into the final assembled item, then sell the Assembled Item. If you sell an Assembled Item, QuickBooks knows to deduct all the single items that went into that assembled item, from stock.

- **Non-stock part** – For goods that are purchased but the company doesn't keep in stock (or doesn't want to track stock for). These can include office supplies, and materials that have been bought for a specific customer that you charge back to them.

- **Other Charge** – For miscellaneous labour, materials, etc. such as shipping and handling fees, setup fees, service charges, or late-payment fees.

- **Subtotal** – A Subtotal Item totals all items above on a form, up to the previous total. This is useful in applying a percentage discount or surcharge to the subtotal.

- **Discount** – To subtract a percentage or a fixed amount from a total or subtotal. For example CIS Deductions as shown in the below screen capture. When setting up CIS Deductions it will need to be assigned to an Expense Account and named CIS Deductions.

NOTE: **Discount** is not used to apply an early payment discount, instead use the Receive Payment window for that.

- **Group** – This is useful for quickly entering a group of individual items that are often sold together. Instead of entering each item individually on an invoice enter the name of the group item. QuickBooks then fills in the details for the items in the group.

- **Payment** – This is to record partial payment for example a deposit that is received at the time of sale and reduces the amount owed on the invoice.

- **VAT Item** – To add additional VAT rates.

- **VAT Group** – Used to calculate and individually track two or more VAT items that apply to the same sale.

INVOICING

Invoices can be created from the main page by clicking on the invoice icon or alternatively from the tool bar **Customers** > **Create Invoices**.
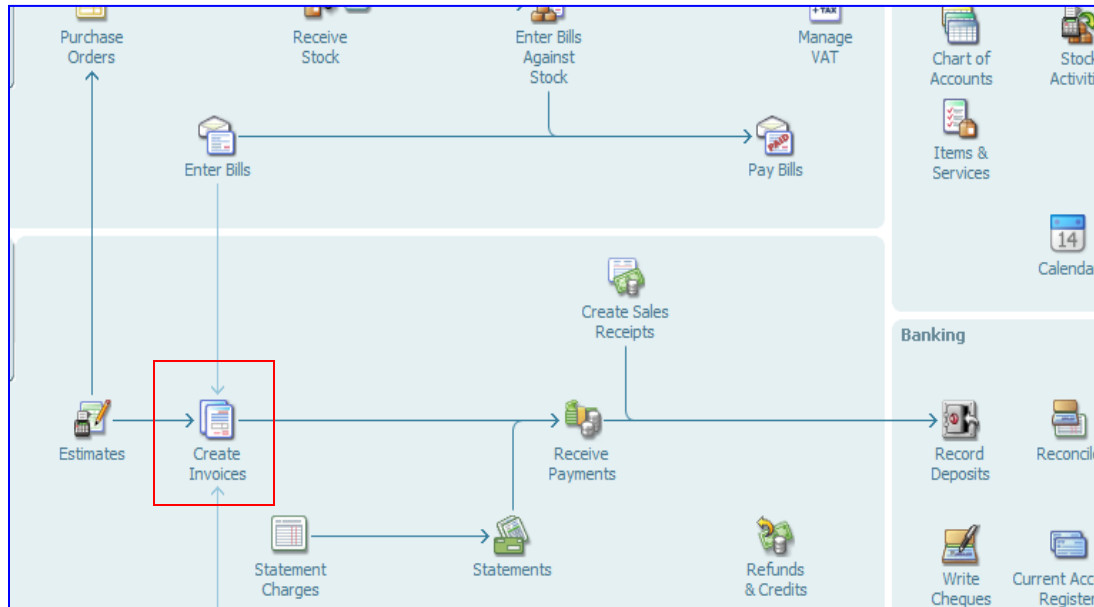
1. Clicking on **Create Invoices** will open a blank invoice.

2. From the drop down choose the customer to be invoiced. You will also notice at this point that there is an **Add New** function and a customer can also be added in here.

3. The Invoice date and number are shown on the top right of the invoice and these can be amended if required.

4. The invoice template can also be chosen.

5. Information can now be added onto the invoice choosing the item from the drop down, the description – this is what the customer will see, quantity.

NOTE: If a Unit of Measure and Rate/Price has been set for this item these will automatically appear, these can be overridden if needed. The final column records the VAT rate for that item.

6. The invoice can be emailed using the **Send** icon or printed and mailed.

CIS INVOICE

For an invoice that requires CIS deductions to be recorded the following would apply:

1. Create the invoice normally (choose the customer, add the date, etc).

2. Enter labour charges in ???

3. Use the **Subtotal** item so the discount only applies to that amount.

4. Enter the **CIS Discount** item as shown in the screen capture displayed earlier in this text (during the discussion of the types of **Items** available in QuickBooks.)

5. Enter in any other charges that are required, i.e. materials.

BATCH INVOICING

If there is an invoice that needs to be sent to multiple customers a single batch can be created by choosing from the tool bar **Customers** > **Create Batch Invoices**.

This is especially helpful if a client is a gym, landscape company or children nursery etc., when the same invoice gets sent out each month to many customers. Before Batch Invoicing, these invoices would need to be created one by one; now they can be created once and sent to many customers in one batch.

1. Choose the customers to invoice and the details of the invoice.

Batch Invoice

Step 2 of 3: Choose the line items for the batch invoice and click **Next**.

How do I enter the terms, VAT rate, and send method?

Date 08/03/2012   Template   Intuit Professional ...

Item	Description	Qty	U/M	Rate	Amount	VAT
Consultation		4		25.00	100.00	S

Customer Message

Total   120.00

2. Review and **Create Invoices**

3. The invoice can be customised via the **Customise** icon.
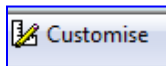
This opens the **Customise** dialogue box where amendments can be made.

Once you have the invoices the way you want them, you can email, or print them.

RECEIVING PAYMENT FOR AN INVOICE

This can be accessed from the main home page icon or from the tool bar **Customers > Receive Payments**.

1. Enter the payment details.

2. When payments have been received they need to be deposited into a bank account. This can be accessed by the **Record Deposits** icon. This opens the **Payment to Deposit** dialogue box.

3. Tick the transactions that are to be deposited. By ticking all the transactions this creates one single deposit which will match the total amount deposited into the bank.

4. Choose the Bank Account the money is to be deposited to.

5. Once you choose **Save** and **Close**, the deposit will now be reflected in the Bank Account.

RECORDING DAILY SALES

Sales Receipts will record daily sales or sales that do not have an invoice raised against them. This can be accessed by the **Sales Receipt** icon on the main home page or from the tool bar **Customers** > **Sales Receipts**.

Enter sales information in the same way an invoice was recorded.

NOTE: This is where a day of the week could replace a customer name.

This would then be recorded as a deposit into the appropriate bank account.

SUPPLIER PROCESSES

Suppliers are set up in the initial set up process. Supplier invoices are entered by the **Enter Bills** icon on the main home page or from the tool bar **Suppliers** > **Enter Bills**. The Enter Bills dialogue box opens

1. Enter in supplier invoice details.

NOTE: Enter the amount in the column and not the top Amount Due box-this will pre populate itself based on the information entered in the Amount column. Assign the expense to an Account-where it will be posted to in the Chart of Accounts. The appropriate VAT rate will also need to be added in.

2. Expenses can be applied to a customer or job for reporting purposes and also billed back to the customer if applicable.

3. These can then be added to the customer invoice by choosing to create an **Invoice for Time & Expense**.
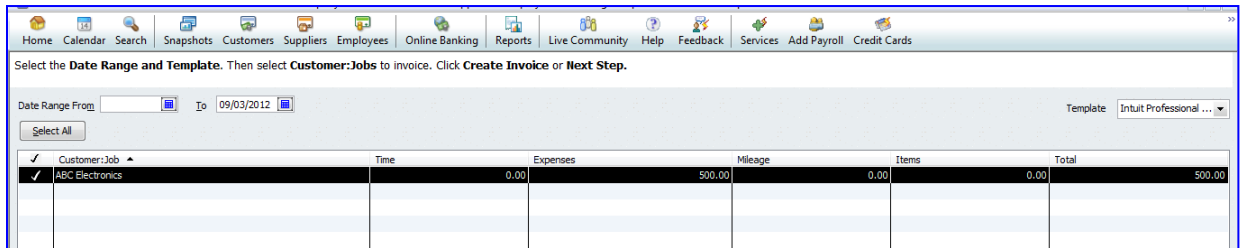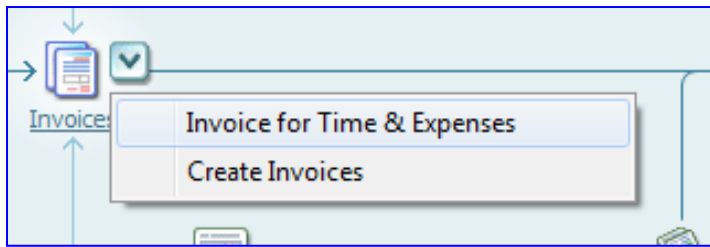
This will automatically create the invoice and additional items can then be added.
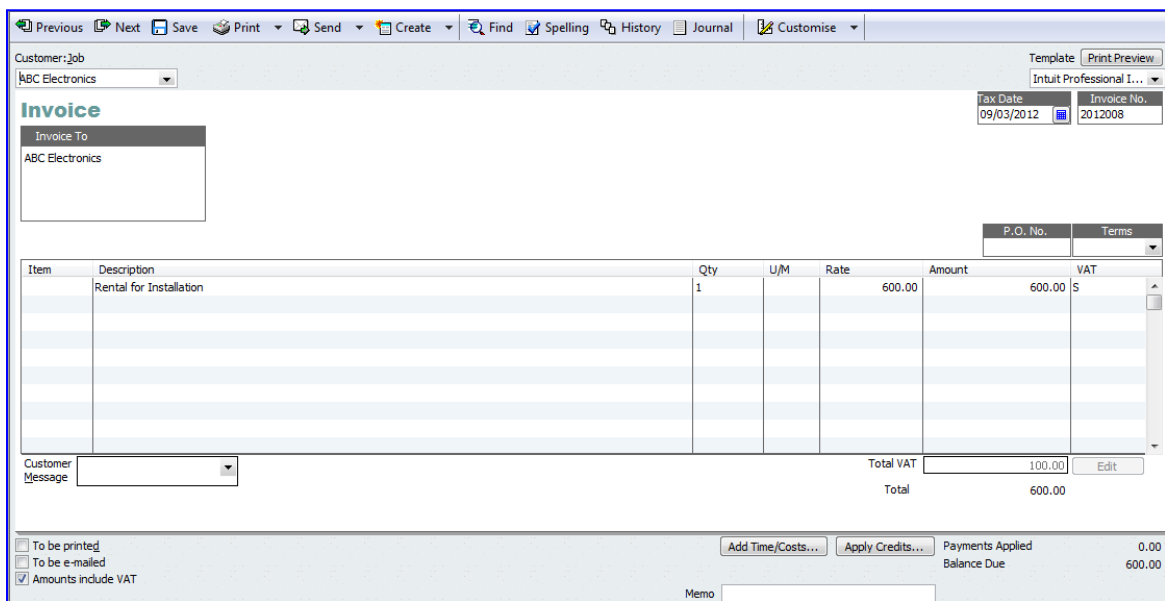
TO PAY SUPPLIER INVOICES

Use the **Pay Bills** icon from the main home page or **Suppliers** > **Pay Bills**. This will open the Pay Bills dialogue box.

Bills to be paid are ticked with payment details recorded at the bottom of the screen.

NOTE: Users have the option of using pre printed cheques. Alternatively they can record their own cheque number or chose a different payment method.

RECORDING PAYMENTS

Use Write Cheques to record transactions such as petty cash transactions, bank charges, direct debits, standing orders, loan repayments and payment of credit card balances. To flag the cheque as a direct debit, enter *DD* in the **Cheque Number** field and for standing orders enter *SO*.

This can also be used to transfer money between two bank accounts. Enter the name of the bank account money is being transferred into, under **Account**. The cheque number can be marked as *TRF* for transfer. The **Write Cheques** dialogue box can be accessed from the **Write Cheques** icon on the main home page or alternatively from the tool bar **Banking** > **Write Cheques**.

As with supplier invoices, payments can also be assigned and recorded as billable to a customer.

If this transaction is a direct debit or standing order this transaction can be memorised.

1. Fill in the cheque as usual. Go to **Edit** in the menu bar and select **Memorise Cheque**.

2. Enter a name for the memorised transaction and fill in the details, give the transaction a name. Choose **Automate Transaction Entry** for it to be entered automatically or select **Add to my Reminders List** if it is not to be automatically entered. This is useful for regular payments that are a variable amount. Enter frequency of payment and amount.

If this payment has been added to the Memorised Transaction List, these can be viewed and recorded from the tool bar **Lists** > **Memorised Transaction List**.
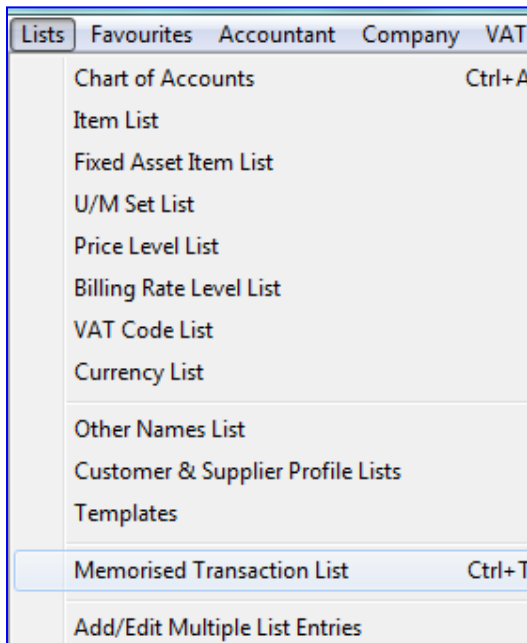
STOCK

Please note this option will only be available if the Stock function is switched on. If it isn't this can be changed from the tool bar **Edit** > **Preferences**.
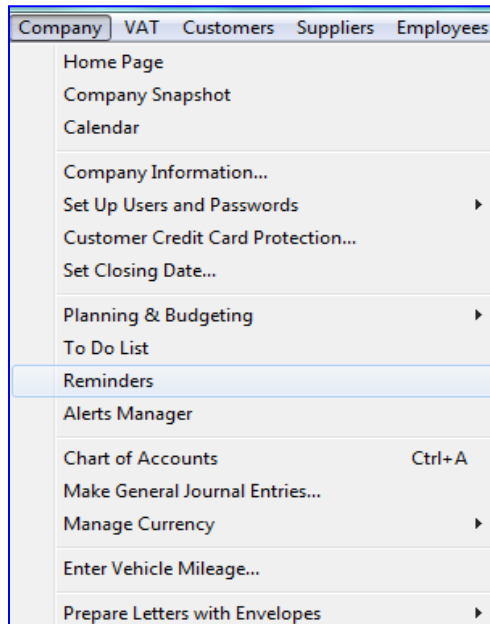
When setting up items they must be recorded as Stock items.

1. Enter the **Item Name/Number**, **Description,** and in the **Purchase Information** section, enter the Net **Cost** price to the company and the **VAT code**. If the purchase price includes VAT, then ensure the **Amts Inc VAT** box is ticked.

   NOTE: This needs to be ticked before entering the amount in. A preferred supplier can be entered if applicable

2. In the **Sales Information** section, enter the **Price** it sells for, the **VAT Code** and the **Income Account** it is to be posted against in the Chart of Accounts.

3. In the **Stock Information**, enter the amount of stock **On Hand** as well as the **Reorder Point**. The Reorder Point is the moment that QuickBooks will set a reminder to order more. The reminder will appear in the tool bar **Company** > **Reminders**.

The Item List will now have two additional columns: **Total Quantity On Hand** and **On Sales Order**.

When an invoice or sales receipt is recorded the quantity that is sold will automatically change the figure On Hand.

ORDERING STOCK

1. Enter either a bill, or generate a Purchase Order. The stock levels within QuickBooks won't change until it is recorded that the items have been received.

2. When the items are recorded as received (either with or without the bill), a prompt appears that there is an open Purchase Order against that supplier.

3. Select **Yes** and then put a tick in the left hand column next to the open Purchase Order in the list. The details of the purchase order will appear and can be altered if only part of the stock has arrived.

NOTE: If a Purchase Order is not being used and it is just the bill that is being entered the **Items** tab will need to be selected and not **Expenses**.

The Stock on Hand will now automatically change.

STOCK ASSEMBLY BUILDS

After a stock assembly item has been created, the way to add assembly items to stock is by "building" them. When an assembly build has been performed, the assembly's components are deducted from stock and the quantity of assembly items is increased accordingly.

1. From the main home page click on the **Stock Activities** icon > **Build Assemblies** alternatively from the tool bar **Suppliers** > **Stock Activities** > **Build Assemblies**.

2. The **Build Assembly** dialogue box appears. By entering the item, the components needed to build the item will appear with stock levels on hand. Based on this, QuickBooks calculates the number that can be built.

This is now reflected in the Item List.

NOTE: It is important to buy and sell the same item. In this way, QuickBooks can keep stock levels accurate for each stock item.

ADJUSTING STOCK QUANTITY ON HAND

Although QuickBooks automatically adjusts the stock quantities after every purchase and sale, they may need to be adjusted manually from time to time. This may be due to fire, theft, breakage or stock assembly items that have been disassembled.

When a quantity is adjusted, QuickBooks assumes that the average cost of the item remains the same and adjusts the value accordingly. For example, if the average cost is £10 and the quantity is reduced by 2, QuickBooks reduces the value of the items on hand by £20.

Adjusting stock can be accessed by from the main **home** page >**Stock Activities** icon > **Adjust Quantity/Stock On Hand** alternatively from the tool bar **Suppliers** > **Stock Activities** > **Adjust Quantity/Stock On Hand**. This opens the **Adjust Quantity** dialogue box.

1. Either the Quantity, Total or both can be recorded. Adjustment Account – please note an income or expense account will need to be added to post the adjustment to for example Expense account for stock losses, or Income account for stock gains.

2. Click on **Find & Select Items**. This opens up a dialogue box where stock items can be selected by putting a tick next to them.

3. Enter in the adjustment.

4. QuickBooks also allows the user to print a Stock Worksheet to compare a manual stock take with the information recorded within QuickBooks. This can be accessed from the main tool bar **Suppliers** > **Stock Activities** > **Stock Take Worksheet**.

VAT

As we saw earlier QuickBooks keeps track of VAT owed on sales, and VAT that can be reclaimed on purchases. VAT details can be accessed from the **Manage VAT** icon on the main home page or alternatively from the tool bar **VAT** > **Manage VAT**.

1. VAT adjustments can be made by clicking on **Adjust VAT Owing** this will open up the dialogue box.

To file a VAT return in QuickBooks, choose **Pay Now** this will open up the **File VAT** box.

NOTE: Reports can also be accessed by clicking on the appropriate link.

2. To file the return click **File Return**.

This can be filed online to HMRC or by another method.

If a refund from HMRC is due, after completing the return QuickBooks will then automatically create an invoice for the refund amount. When the money is received from HMRC, this is recorded as any customer payment is via the **Receive Payment** icon.

If there is an amount owing, QuickBooks creates a bill (with HMRC VAT as the supplier). This can then be recorded to pay the bill right away or later on.

Press **Pay Now** or **Pay Later** to see the final confirmation message that the transactions in QuickBooks are being filed.

If the choose to **Pay Later** option has been selected, once it has been paid this will be recorded via the **Suppliers Centre**.

Payment

You owe VAT of 74,008.28 to HMRC VAT.

Whether you Pay Now or Pay Later, QuickBooks creates an entry in Accounts Payable.

If you choose Pay Later, remember to go to the Suppliers menu and Pay Bills.

| Pay Now | Pay Later | Cancel |
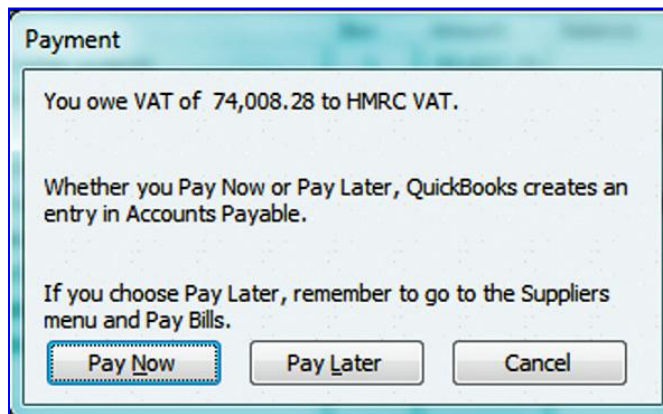
QuickBooks then closes the period covered by the return. If anyone attempts to edit a transaction from that closed period, they will be notified. The administrator can still make changes, and the difference will be accounted for in the next VAT return.