

# Receiving and Tracking Customer Payments

*In this chapter:*

- Apply customer payments
- Apply credits and discounts to invoices
- Handle cash sales
- Deposit customer payments into your bank account
- Track receivables
- Impose finance charges
- Send statements to customers

# Chapter 10

The best accounts receivable task is receiving the payments. However, you need to make sure you apply customer payments correctly so that you and your customers have the same information in your records.

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## Receiving Invoice Payments

As you create invoices and send them to your customers, there's an expectation that money will eventually arrive to pay off those invoices. And, in fact, it almost always works that way. In accounting, there are two ways to apply the monies that pay off invoices:

**Balance Forward** This is a system in which you consider the total of all the outstanding invoices as the amount due from the customer, and you apply payments against that total. It doesn't matter which particular invoice is being paid because it's a running total of payments against a running total of invoices.

**Open Item** This is a system in which payments you receive are applied to specific invoices. Most of the time, the customer either sends a copy of the invoice along with the check or notes the invoice number that is being paid on the check stub to make sure your records agree with the customer's records.

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## Setting Default Options for Receiving Customer Payments

QuickBooks assumes you're using a balance forward system, but you can override that default easily. In fact, changing the system so you apply payments directly to specific invoices is just a matter of a mouse click or two, using the following steps:

1. Choose Edit | Preferences and click the Sales & Customers icon in the left pane.
2. Move to the Company Preferences tab.
3. In the Receive Payments section at the bottom of the dialog, select or deselect options to match your needs:
  - **Automatically Apply Payments** means that when you enter the amount you've received from the customer, QuickBooks will automatically pay off invoices, starting with the oldest.
  - **Automatically Calculate Payments** tells QuickBooks to let you omit the amount of the customer's payment and select invoices to pay off. QuickBooks adds up the invoice amounts and applies the total as the customer's payment.
  - **Use Undeposited Funds As A Default Deposit To Account** automatically posts the payments you receive to the Undeposited Funds account, and you deposit the funds into a bank account.

All of these options are explained in greater detail in this chapter.

## Recording Invoice Payments

When a check arrives from a customer, choose Customers | Receive Payments from the menu bar to bring up a blank Receive Payments window, as shown in Figure 10-1.

**FIGURE 10-1** The Customer Payment form has all the fields needed to apply payments accurately.

Click the arrow to the right of the Received From field and select the customer or job from the drop-down list using the following guidelines:

- If the payment is from a customer for whom you're not tracking jobs (or for an invoice that wasn't related to a job), select the customer. The current balance for this customer automatically appears in the Customer Balance field.
- If the payment is for a job, select the job. The current balance for this job automatically appears in the Customer Balance field.
- If the payment covers multiple jobs, select the customer to see all invoices for all jobs. The current balance for this customer automatically appears in the Customer Balance field.

In the Amount field, enter the amount of this payment. (You can omit this step and let QuickBooks calculate the amount of the payment—see the section “Calculating the Payment”).

Click the arrow to the right of the Pmt. Method field and select the payment method:

- If the payment method is a check, enter the check number in the Check # field that appears.
- If the payment method is a credit card, complete the Card No. and Exp. Date fields.

If you have a merchant account with the QuickBooks Merchant Account Service, click the option Process Credit Card Payment When Saving.

The Memo field is optional, and you can use it if you have a note you want to attach to this payment record.

In the Deposit To field (if it exists), select the bank account for depositing the payment, or select Undeposited Funds if you're using that account to receive payments (see the section "Turning Payments into Bank Deposits," later in this chapter). If the Deposit To field doesn't exist, your Sales & Customers Preferences are configured to deposit payments to the Undeposited Funds account automatically (a good idea).



**NOTE:** You can add any additional payment methods you need by choosing <Add New> in the Pmt Method drop down list (see Chapter 5 to learn about adding items to QuickBooks lists).

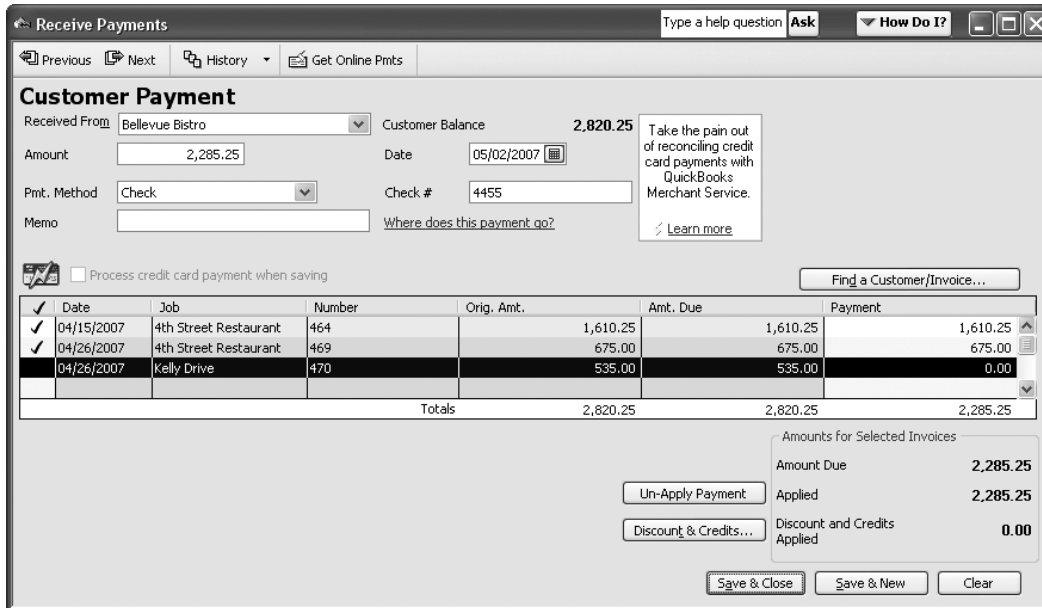
## Calculating the Payment

If you've enabled the Automatically Calculate Payments option in the Sales & Customers category of the Preferences dialog (the default setting), you can omit data entry in the Amount field and head directly for the list of invoices in the Receive Payments window. As you select each invoice for payment, QuickBooks calculates the total and places it in the Amount field. (For some reason, when you click the first invoice listing, QuickBooks opens a dialog asking if you want to continue to use this option.)

If you haven't enabled the option to calculate payments automatically, and you select an invoice listing without entering the amount of the payment first, QuickBooks issues an error message, telling you that the amount of the payment you're applying is higher than the amount you entered in the header section (the amount you received from the customer). In that case, enter the amount of the payment in the Amount field at the top of window.

## Applying Payments to Invoices

By default, QuickBooks automatically applies the payment to the oldest invoice(s), as seen in Figure 10-2, unless the amount of the payment exactly matches the amount of another invoice.



**FIGURE 10-2** QuickBooks has applied the payment in a logical manner.

You could face any of several scenarios when receiving customer payments:

- The customer has one unpaid invoice, and the payment is for the same amount as that invoice.
- The customer has several unpaid invoices, and the payment is for the amount of one of those invoices.
- The customer has several unpaid invoices, and the payment equals the total of multiple invoices.
- The customer has one or more unpaid invoices, and the payment is for an amount lower than any single invoice.
- The customer has several unpaid invoices, and the payment is for an amount greater than any one invoice but not large enough to cover two invoices.
- The customer has one or more unpaid invoices, and the payment is for a lesser amount than the current balance. However, the customer has a credit equal to the difference between the payment and the customer balance.

You have a variety of choices for handling any of these scenarios, but for situations in which the customer's intention isn't clear, the smart thing to do is call the customer and ask how the payment should be applied. You must, of course, apply the entire amount of the customer's check.

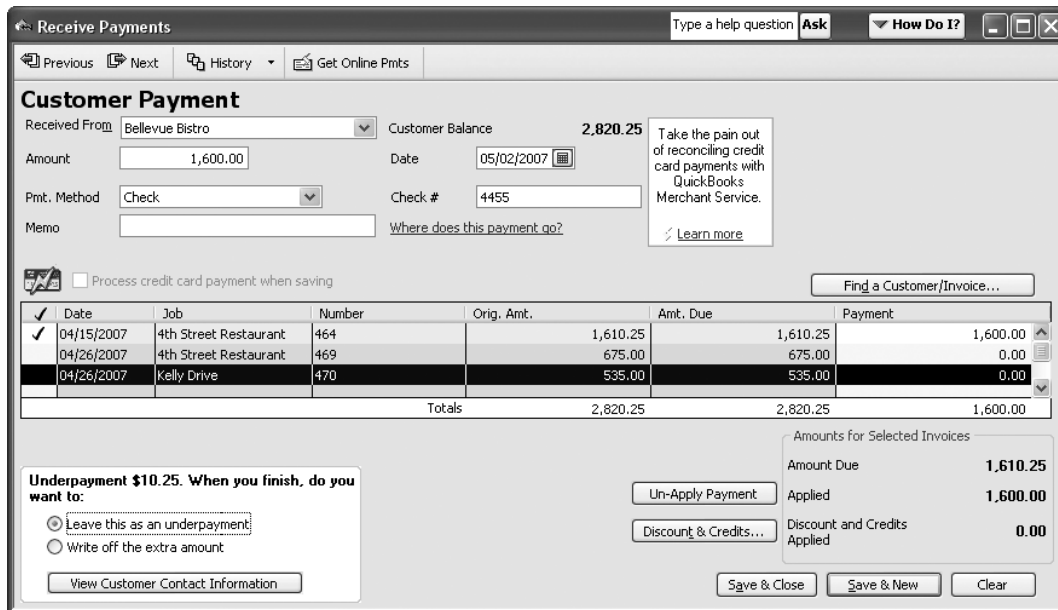
If you are not tracking invoices and are instead using a balance forward system, just let QuickBooks continue to apply payments against the oldest invoices.

If the customer sent a copy of the invoice with the payment or indicated the invoice number on the check or stub, always apply the payment to that invoice, even if it means an older invoice remains unpaid. Customers sometimes do this deliberately, usually because there's a problem with the older invoice. The rule of thumb is "apply payments according to the customers' wishes." Otherwise, when you and the customer have a conversation about the current open balance, your bookkeeping records won't match.

If the customer payment doesn't match the amount of any invoice, check to see whether the customer indicated a specific invoice number for the payment. If so, apply the payment against that invoice; if not, let the automatic selection of the oldest invoice stand.

## Handling Underpayments

After you apply the customer's payment, if it isn't sufficient to pay off an existing invoice, the Receive Payments window displays a message that asks whether you want to leave the underpaid amount as an underpayment, or write it off (see Figure 10-3).



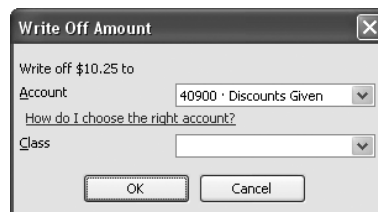
**FIGURE 10-3** You must decide how to handle the underpayment.

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If you want to ask the customer about the reason for the underpayment, click the button labeled View Customer Contact Information. The customer record opens, and you can call your contact at the customer's place of business (assuming you entered the name and telephone number when you created the customer).

If you opt to retain the underpayment, the invoice you selected for payment remains as a receivable, with a new balance (the original balance less the payment you applied). When you click Save & Close (or Save & New if you're entering more customer payments), QuickBooks makes the appropriate postings.

If you select the option to write off the underpayment, when you click Save & Close or Save & New, QuickBooks opens the Write Off Amount dialog so you can choose the posting account, and, if applicable, apply a class to the transaction.



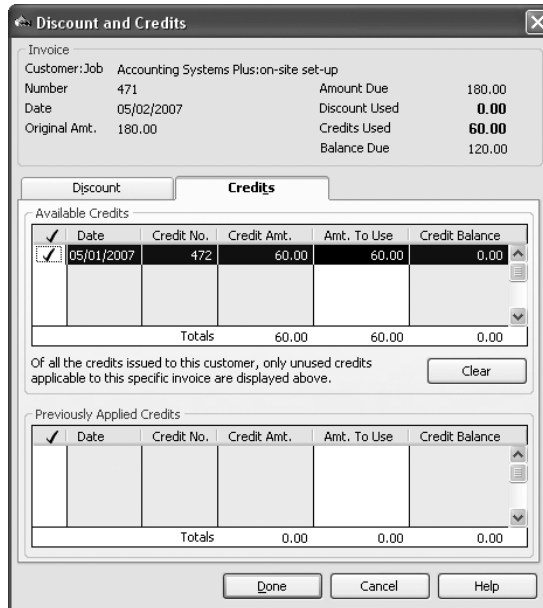
Discuss the account to use for a write off with your accountant. You can create an Income or Expense account for this purpose, depending on the way your accountant wants to track receivables you've decided to forgive.

Do not use this feature as a "bad debt" solution, because writing off bad debts for tax purposes is a more complicated function than merely deciding, "Oh, what the heck, I'll let this slide."

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## Applying Credits to Invoices

You can apply any existing credits to an open invoice, in addition to applying the payment that arrived. If credits exist, customers usually let you know how they want credits applied, and it's not unusual to find a note written on the copy of the invoice that the customer sent along with the check. To apply a credit balance to an invoice, click the Discounts & Credits button on the Customer Payment window, which opens the Discount And Credits dialog.



Select the credit you want to apply. Depending on the circumstances, here's how QuickBooks handles the credits:

**The Credit Total Is Equal to or Less Than the Unpaid Amount of the Oldest Invoice** This reduces the balance due on that invoice. If the customer sent a payment that reflects a deduction for the amount of his or her credits (a common scenario) so that the credit total is equal to the unpaid amount, the invoice has no remaining balance.

If applying the existing credit along with the payment doesn't pay off the invoice, the balance due on the invoice is reduced by the total of the payment and the credit.

The amount of the credit is added to the postings for the invoice. Don't worry—this change only affects the invoice balance and the accounts receivable posting; it doesn't change the amount of the payment that's posted to your bank account.

**The Credit Total Is Larger Than the Amount Required to Pay Off an Invoice**

If the customer payment is smaller than the amount of the invoice, but the amount of credit is larger than the amount needed to pay off the invoice, the balance of the credit is available for posting to another invoice.

To apply the unapplied credit balance to another invoice, click Done and select the next invoice in the Receive Payments window. Then click the Discounts & Credits button and apply the credit balance (or as much of it as you need) against the invoice. Any unused credits remain for the future.



You should send a statement to the customer to reflect the current, new invoice balances as a result of applying the payments and the credits to make sure your records and your customer's records match.

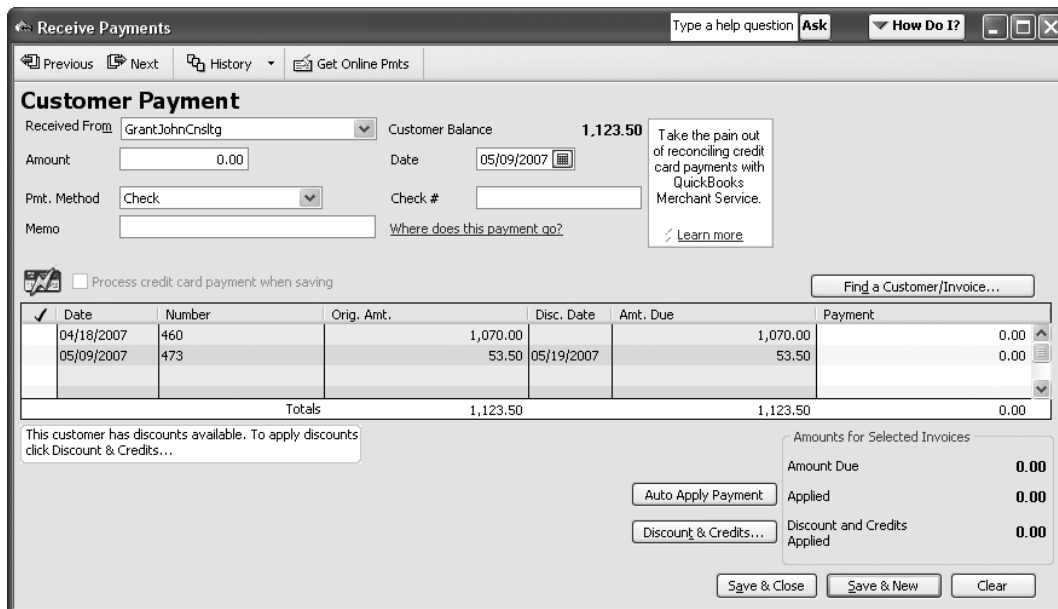
### Applying Credits to a Different Job

You may have a situation in which a customer has already paid the invoices for a job when the credit is created, or has paid for part of the job, exceeding the amount of the credit. If the customer tells you to apply the credit balance to another job or to float the credit and apply it against the next job, open the credit transaction and change the job. Then apply the credit to another invoice or tell QuickBooks to retain it as an available credit.

### Applying Discounts for Timely Payments

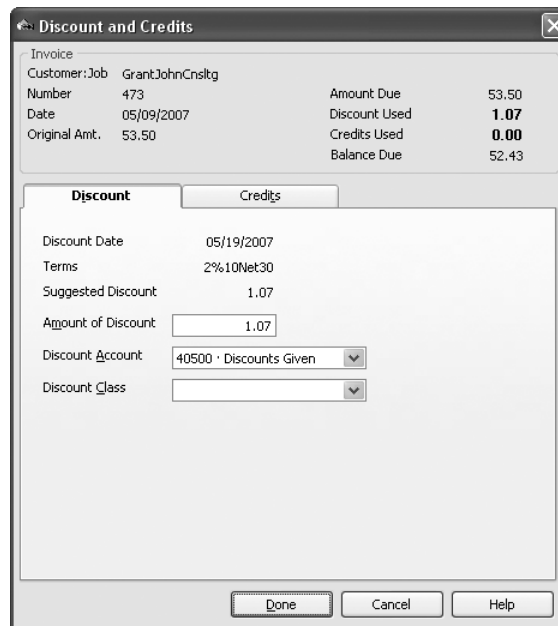
If you offer your customers terms that include a discount if they pay their bills promptly (for instance, 2%10 Net30), you must apply the discount to the payment if it's applicable.

Figure 10-4 shows the Receive Payments window for a customer who has an invoice that is eligible for a discount for timely payment. The only clue you have to recognize an invoice with such a discount is the fact that the Disc. Date column shows the date by which the invoice must be paid to receive the discount. For customers or invoices without discount terms, that column is blank in the Receive Payments window.



**FIGURE 10-4** A discount date appears for invoices that have terms offering discounts.

QuickBooks doesn't apply the discount automatically, for instance by offering a column with the discount amount and selecting that amount as part of the payment. Instead, you must select the invoice (unless QuickBooks automatically selected it in order to apply the payment) and click the Discount & Credits button to see the Discount And Credits dialog connected to this invoice.



If the payment arrived by the discount date, QuickBooks inserts the amount of the discount to use. Accept the amount of discount and enter a Discount Account (see "Posting Discounts" later in this section). If you're tracking classes, enter the class, and then click Done.

You can change the amount of the discount, which you may want to do if the customer only made a partial payment (less than is required to pay off the invoice after the discount is applied) and you want to give a proportionately smaller discount.

Click Done to return to the Receive Payments window. You'll see that QuickBooks has added a discount column and displayed the discount amount in that column. If the net amount and the customer payment amount are the same, the invoice is now paid off.

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## Applying Discounts for Untimely Payments

Sometimes customers take the discount even if the payment arrives after the discount date. (It's probably more accurate to say that customers *always* take the discount even if the payment arrives later than the terms permit.) You can apply the payment to the invoice and leave a balance due for the discount amount that was deducted by the customer, if you wish. However, most companies give the customer the discount even if the payment is late, as part of "good will."

When you click the Discount Info button in that case, QuickBooks does not automatically fill in the discount amount—it's too late, and no accounting software is forgiving, generous, or aware of the need to humor customers to preserve good will. Simply enter the amount manually and then click Done to apply the discount to the invoice.

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## Posting Discounts

To track the amount of money you've given away with discounts, you should create a specific account in your chart of accounts. You could post discounts to your standard income account(s), which will be reduced every time you apply a discount. The math is right, but the absence of an audit trail bothers me (and bothers many accountants). It's better to create an Income account (I call mine "Discounts Given").



**CAUTION:** If there's an account named "Discounts" in the part of your chart of accounts that's devoted to expenses or cost of goods, don't use that account for your customer discounts, because it's there to track the discounts you take with your vendors.

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## Turning Payments into Bank Deposits

Use the Deposit To field in the Receive Payments window to select an account for depositing the payments. You can select a bank account or select the Undeposited Funds account.

If you don't see the Deposit To field, it means you set your configuration options to post cash automatically to the Undeposited Funds account. (The option is in the Preferences dialog in the Sales & Customers category.)

## Depositing Cash Receipts into the Undeposited Funds Account

When you enable automatic use of the Undeposited Funds account (or manually select that account in the transaction window), each payment you receive is entered

into the account named Undeposited Funds (QuickBooks establishes this account automatically). It's an account type of Other Current Asset.

When you finish applying customer payments in QuickBooks, and you're ready to make your bank deposit, you move the money from the Undeposited Funds account into a bank account by choosing Banking | Make Deposits from the menu bar. See the section "Making Bank Deposits" later in this chapter for the rest of the details.

While the Undeposited Funds account shows each individual payment you received, the bank account shows only the total amount of each bank deposit (the payments you selected for transfer to the bank in the Undeposited Funds account). This matches the bank statement that shows up each month, making it easier to reconcile the account.

### Depositing Cash Receipts into a Bank Account

Depositing each payment directly to the bank means you don't have to take the extra step involved in moving cash receipts from the Undeposited Funds account into the bank account. However, each payment you receive appears as a separate entry when you reconcile your bank account.

If you receive six payments totaling \$10,450.25 and take the checks to the bank that day, your bank statement shows that amount as the deposit. When you reconcile the bank statement, each deposit you made (for each individual payment you received) is listed in your bank register. You'll have to select each payment individually, mark it as cleared, and make sure it matches the day's deposits on the bank statement. (See Chapter 14 for detailed instructions on reconciling bank accounts.)

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### Understanding Customer Payment Postings

When you receive money in payment for customer invoices, QuickBooks automatically posts all the amounts to your general ledger. Following are the postings if you select the Undeposited Funds account:

Account	Debit	Credit
Undeposited Funds	Total of cash receipts	
Accounts Receivable		Total of cash receipts

When you make the actual deposit, using the Make Deposits window, QuickBooks automatically posts the following transaction:

Account	Debit	Credit
Bank	Total of deposit	
Undeposited Funds or Bank Account		Total of deposit

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Here are the postings for a sale to a customer who has terms that permit a 1% discount. Let's assume the sale was for \$100.00. The original invoice posted the following amounts:

Account	Debit	Credit
Accounts Receivable	\$100.00	
Income		\$100.00

Notice that the postings are unconcerned with the discount amount. You don't have to account for the discount until it's used by the customer.

When the customer's payment arrived, the 1% discount was deducted from the invoice total. When you enter the customer payment, which is in the amount of \$99.00, the following postings occur:

Account	Debit	Credit
Undeposited Funds or Bank Account	\$99.00	
Accounts Receivable		\$100.00
Discounts Given	\$1.00	

## Handling Cash Sales

A *cash sale* is a sale for which you haven't created an invoice, because the exchange of product and payment occurred simultaneously. Cash sales are the same as invoiced sales insofar as an exchange of money for goods or services occurs. The difference is that there's no period of time during which you have money "on the street" (you have no receivable as a result of the transaction). You can have a cash sale for either a service or a product, although it's far more common to sell products for cash. Most service companies use invoices, and most retail companies deal with cash.



**NOTE:** QuickBooks uses the term *sales receipt* instead of *cash sale*. However, the term *cash sale* is the common jargon (a sales receipt is a piece of paper a cash-paying customer receives).

I'm assuming that a cash sale is not your normal method of doing business (you're not running a candy store). If you *are* running a retail store, the cash sale feature in QuickBooks isn't an efficient way to handle your cash flow. You should either have specialized retail software (that even takes care of opening the cash register drawer automatically and also tracks inventory) or use QuickBooks to

record your daily totals of bank deposits as a journal entry. You might want to look at the QuickBooks Point of Sale product, which is designed for retailers. More information is available on the QuickBooks website, [www.quickbooks.com](http://www.quickbooks.com).



**NOTE:** Don't take the word "cash" literally, because a cash sale can involve a check or a credit card.

There are two methods for handling cash sales in QuickBooks:

- Record each cash sale as a discrete record. This is useful for tracking sales of products or services to customers. It provides a way to maintain historical records about those customers in addition to tracking income and inventory.
- Record sales in batches (usually one batch for each business day). This method tracks income and inventory when you have no desire to maintain historical information about each customer that pays cash.

To record a cash sale, choose Customers | Enter Sales Receipts from the menu bar, which opens the Enter Sales Receipts window shown in Figure 10-5.

Item	Description	Qty	Rate	Class	Amount	Tax

**FIGURE 10-5** A Sales Receipt form is like an invoice, a receive payment form, and a printable customer receipt, all rolled into one transaction window.

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## Entering Cash Sale Data

If you want to track customer information, enter a name in the Customer:Job field or select the name from the drop-down list. If the customer doesn't exist, you can add a new customer by choosing <Add New>.



**TIP:** If you track customers who always pay at the time of the sale, you might want to consider creating a customer type for this group ("Cash" seems an appropriate name for the type). You can separate this group for reports or for marketing and advertising campaigns. See Chapter 5 to learn about creating customer types.

If you're not tracking customers, invent a customer for cash sales (I name the customer "Cash Sale," which seems appropriate, if not creative).

Even if you use a generic "cash sale" customer name, you can put the customer's name and address in the Sold To box. After you print and save the transaction, QuickBooks asks if you want to update the information in the customer record of your generic cash customer. Click No to avoid changing the record of the "cash sale" customer. In the future, when you view the transactions for the generic customer, the name and address of the specific customer for each cash sale remain in the box.

Every field in the Enter Sales Receipts window works exactly the way it works for invoices and payments—just fill in the information. To save the record, click Save & New to bring up a new blank record, or click Save & Close if you're finished.

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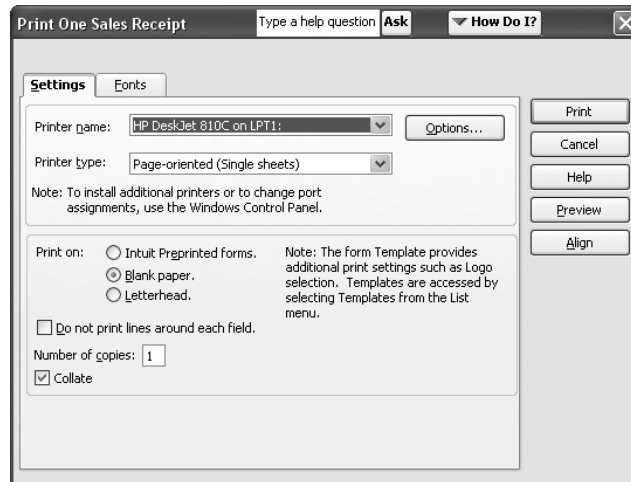
## Printing a Receipt for a Cash Sale

Some cash customers want a receipt. Click the Print button in the Enter Sales Receipts window to open the Print One Sales Receipt dialog, shown in Figure 10-6. If you're not printing to a dot-matrix printer with multipart paper and you want a copy of the receipt for your files, be sure to change the specification in the Number Of Copies box.

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## Customizing the Cash Receipts Template

I think a lot is missing from the QuickBooks cash receipts template. For example, there's no place for a sales rep, which is needed if you're paying commissions on cash sales, or you just want to track the person who made the sale. There's no Ship To address if the customer pays cash and wants delivery, nor is there a Ship Via field.



**FIGURE 10-6** Choose the options you need to print a receipt for the customer.

The solution is to customize the Custom Sales Receipts form. Specific instructions on customizing templates are in Chapter 23, and I won't go over all those steps here; instead, use the guidelines in the following sections to change the Custom Sales Receipt template.

### Change the Options in the Header Tab

Depending on your needs, you should consider one or more of the following suggestions for making changes in the Header tab of the Additional Customization dialog box:

- If you wish, change the Default Title. You might prefer the term Cash Receipt, or just Receipt.
- If you ever ship products to cash customers, select the Ship To field for both the Screen and the Print forms.
- If you're tracking salespersons (either for commission or just to know who made the sale), add the REP field. You can add the field to the screen version and omit it from the print version.
- If you ship products to cash customers, add the Ship Date and Ship Via fields to the screen and print versions.

### Change the Options in the Columns Tab

Use the Columns tab to add or remove columns in the line item section of the form. You can also change the order in which the columns appear. (For instance, perhaps you'd rather have Qty in the first column instead of the Item number.)



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## Handling Batches of Cash Sales

If you sell products or services and receive instant payment on a more frequent basis, you might want to consider batching the transactions. This works only if you don't care about maintaining information about the customers and no customer expects a printed receipt (except for one that may be produced by your cash register). This technique also works if you have a business in which sales and service personnel return to the office each day with customer payments in hand.

Create a customized template using the steps described in Chapter 23, with the following guidelines:

- Name the form appropriately (for example, "Batch Sales" or "Sales Batch").
- On the Header tab, keep only the Date and Sale Number fields in the header part of the template.
- On the Header tab, deselect all the optional fields.
- On the Footer tab, remove the Message field.

To batch-process cash sales, use the new template with the following procedures:

- Use a customer named "Cash" or "CashSale."
- In the line item section, use a new line for each sale, regardless of whether the same customer is purchasing each item, each item is purchased by a different customer, or there's a combination of both events.
- Use the Save & Close button at the end of the day. If you need to close the window during the day (perhaps you'd like to get some other work done in QuickBooks), open the Sales Receipt window and click the Previous button to find your previous record.

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## Understanding the Cash Sale Postings

Accounting standards treat cash sales in the simplest, most logical manner. If you've sold a service instead of an inventory item for cash (perhaps a service call for a one-time customer you don't want to invoice), the postings are very straightforward:

Account	Debit	Credit
Undeposited Funds or Bank Account	Total cash sales	
Revenue		Total cash sales

If the cash sale involved inventory items, here are the postings:

Account	Debit	Credit
Undeposited Funds or Bank Account	Total cash sales	
Income		Total cash sales
Cost of Sales	Total cost of items sold	
Inventory Asset		Total cost of items sold

### Tracking the Till in QuickBooks

Now I'm going to suggest you make it a bit more complicated, but don't panic, because it's not difficult. In the long run, these suggestions will make your bookkeeping chores easier. There's also a chance you'll make your accountant happier.

If you haven't enabled the automatic posting of received funds to the Undeposited Funds account (in the Sales & Customers category of the Preferences dialog), you can choose any bank account you wish. If you use a regular bank account, your sales won't appear in the Payments To Deposit window when you tell QuickBooks you're taking your cash receipts to the bank. (See the section "Making Bank Deposits" later in this chapter.) In fact, your bank account will be incremented by the amount of cash you post to it from cash sales, even though the money isn't really there until you make the trip to the bank. There are two other ways to track receipts from cash sales separate from customer payments; pick the one that appeals to you:

- Opt to post the receipts to the Undeposited Funds account but deposit those funds separately when you work in the QuickBooks Payments To Deposit window.
- Opt to post the receipts to a new account called "Undeposited Till" (or something similar) and move the money into your bank account with a journal entry.

The advantage of having a "Till" account is that you can match the contents of the physical till to the posting account. Create an account of the type Other Current Asset to represent the cash till, and select it as the account when you use the Enter Sales Receipts window.

If you deal in real cash and have a cash register, you need to fill the till to make change. Cash a check from your operating account and post the amount to the new account (which I call "Undeposited Till"). Then put the cash (small bills and change) into your physical till. This produces the following posting (assuming \$100.00 was the amount of the check).

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Account	Debit	Credit
Checking		\$100.00
Undeposited Till	\$100.00	

When it's time to go to the bank, leave the original startup money (in this example, \$100.00) in the till, count the rest of the money, and deposit that money into your checking account. When you return from the bank, make the following journal entry:

Account	Debit	Credit
Checking	Amt. of deposit	
Undeposited Till		Amt. of deposit

In a perfect world, after you make the deposit and the journal entry, you can open the register for the Undeposited Till account and see a balance equal to your original startup cash. The world isn't perfect, however, and sometimes the actual amount you were able to deposit doesn't equal the amount collected in the Enter Sales Receipts transaction window. To resolve this, see the section "Handling the Over and Short Problem" later in this chapter.

Incidentally, if you want to raise or lower the amount you leave in the till for change, you don't have to do anything special. Just deposit less or more money, and the remainder (in the register for the Undeposited Till account and also in the physical till) just becomes the new base.

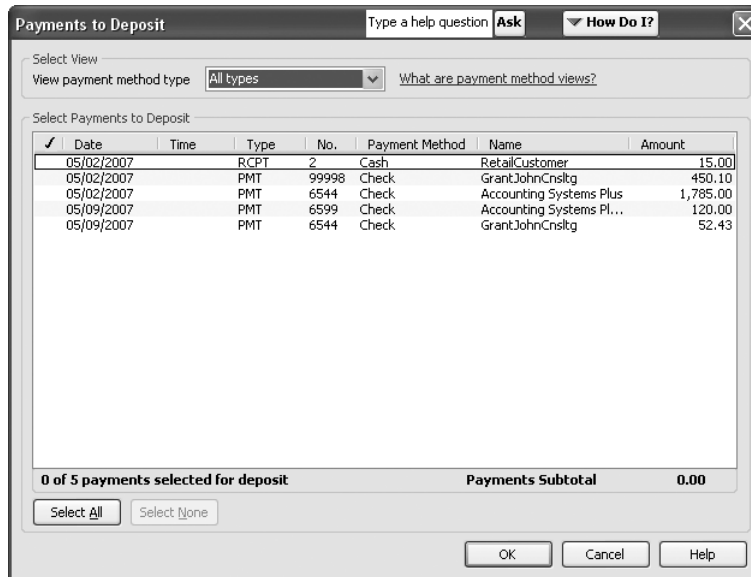
## Making Bank Deposits

If you use the Undeposited Funds account, when it's time to go to the bank you have to tell QuickBooks about your bank deposit. Otherwise, when it's time to reconcile your bank account you'll have a nervous breakdown.

## Choosing the Payments to Deposit

As you've been filling out the payment and cash sales forms, QuickBooks has been keeping a list in the Undeposited Funds account. That list remains designated as Undeposited Funds until you clear it by depositing them. (If you've been depositing every payment and cash receipt to a specific bank account, this section doesn't apply to you.)

To tell QuickBooks to make a bank deposit, choose Banking | Make Deposits from the menu bar, which brings up the Payments To Deposit window, shown in Figure 10-7.



**FIGURE 10-7** All the income you've collected since the last bank deposit is waiting to be deposited.



**NOTE:** You may have other deposits to make, perhaps refunds, loan proceeds, capital infusion, or some other type of deposit. Don't worry—you can tell QuickBooks about them in the next transaction window. This window is only displaying the payments you've entered into QuickBooks through customer-based transaction windows.

Notice the following about the Payments To Deposit window:

- The Type column displays information about the payment type for each transaction—PMT for payment of an invoice and RCPT for a cash sale.
- The Payment Method column displays the specific payment method for each transaction, such as cash, check, a specific credit card, and so on.

This information is important because you should match it to the way your bank records deposits; otherwise, bank reconciliation becomes much more complicated.

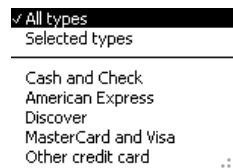
For example, your bank probably lists credit card deposits separately from a deposit total for cash and checks, even if all the money was deposited the same day. That's because your credit card deposits are probably made directly to your bank account by your merchant account bank.

## Select Deposit Items

If you only have a few transactions to deposit, select those you just deposited (when you went to the bank) by clicking their listings to place a check mark in the left column. Click Select All if you took all the payments to the bank for deposit.

## Separate Deposit Items by Payment Method

If you have to separate deposits by type, select a payment method from the drop-down list at the top of the Payments To Deposit window.



Choose Selected Types to open the Select Payment Types list and choose multiple payment types to include in the same deposit. For example, you may use the Other category to signify a money order or a traveler's check, and you're listing those items on the same deposit slip in which you listed checks.

The listings on the Payments To Deposit window change to include only the deposits that match the selected payment method.

## Separate Cash From Checks

The drop-down list for payment method types doesn't provide separate payment methods for cash and checks. However, if you take a cash bag to the bank (sometimes deposited in a night deposit safe available after banking hours), select only the checks and deposit them. Then start the process over to select only the cash (or do it the other way around). You end up with two deposits being transferred to the bank on the same day.

This is a common practice when depositing cash, because sometimes the bank notifies you that their automatic counting machine produced a different total from the total on your deposit slip (you probably don't own counting machines for coins and paper money). If that happens, you can edit the cash sales deposit item in your bank register, and the cause of the edit will be obvious.

## Separate Deposits by Bank Account

If you're depositing money into multiple bank accounts, select only the transactions that go into the first account. After you complete the deposit, start this process again and deposit the remaining transactions into the other account(s).

## Credit Card Deposits

You can't deposit credit card payments until your merchant bank notifies you that the funds have been placed in your account.

- If you have QuickBooks online banking, the deposit shows up in the downloaded report from your bank (see Chapter 15 to learn about managing online banking transactions).
- If you have online access to your merchant card account, the transfer will appear on the activities report on the website.
- If you don't have any form of online access, you'll have to wait for the monthly statement to arrive (or contact the bank periodically to see if anything showed up in your account).

If your merchant bank deducts fees before transferring funds, learn how to deposit the net amount in the section "Calculating Merchant Card Fees," later in this chapter.

## Filling Out the Deposit Slip

Clicking OK in the Payments To Deposit window brings up the Make Deposits window, shown in Figure 10-8.

Received From	From Account	Memo	Chk No.	Pmt Meth.	Class	Amount
RetailCustomer	15000 · Undeposited...			Cash		15.00
GrantJohnCnsltng	15000 · Undeposited...		99998	Check		450.10
Accounting Systems ...	15000 · Undeposited...		6544	Check		1,785.00

Deposit Subtotal 2,250.10

To get cash back from this deposit, enter the amount below. Indicate the account where you want this money to go, such as your Petty Cash account.

Cash back goes to:  Cash back memo:  Cash back amount:

Deposit Total 2,250.10

Buttons: Save & Close, Save & New, Clear

**FIGURE 10-8** The Make Deposits form is a virtual bank deposit slip.

Select the bank account you're using for this deposit. Then make sure the date matches the day you physically deposit the money.

### **Adding Items to the Deposit**

If you want to add deposit items that weren't in the Payments To Deposit window, click anywhere in the Received From column to make it accessible and select an existing name by clicking the arrow, or click <Add New> to enter a name that isn't in your system. If the source of the check is any entity that isn't a customer or vendor (perhaps you're depositing your own check to put additional capital into the company, or you have a check representing a bank loan), you can either skip the Received From column or add the name to the Other Names List. (If you don't need to track the entity as a customer or vendor, it's fine to skip the name.)

Press TAB to move to the From Account column and enter the account to which you're posting this transaction. Following are some common scenarios:

- If the check you're depositing represents a bank loan, use the liability account for that bank loan (you can create it here by choosing <Add New> if you didn't think to set up the account earlier). The bank should already be in your Vendor List because you have to write checks to repay the loan.
- If the check you're depositing represents an infusion of capital from you, use the owner's capital account in the Equity section of your chart of accounts.
- If the check is a refund for an expense (perhaps you overpaid someone, and they're returning money to you), use the vendor's name, and post the deposit to the same expense account you used for the original transaction.
- If the check is a rebate from a manufacturer instead of the vendor, skip the Received From column and post the amount to the original expense account you used when you purchased the item.

Use the TAB key to move through the rest of the columns, which are self-explanatory.

### **Calculating Merchant Card Fees**

If your merchant card bank deposits the gross amount of each transaction and charges your bank account for the total fees due at the end of the month, you don't have to do anything special to deposit credit card payments. You can deal with the fees when your bank statement arrives by entering the fee directly in the bank account register, posting the amount to the merchant card fee expense account.

If your merchant card bank deducts fees from transactions and deposits the net proceeds to your account, it takes a few extra steps to track credit card transactions and deposit the correct amount.

Select the credit card transactions in the Payments To Deposit window. These are gross amounts, representing the sales price you charged (and the customer paid). Then click OK to move the deposits to the Make Deposits window.

In the first empty line below the transactions that were transferred to the Make Deposits window, click the Account column and select the account to which you post merchant card fees.

Move to the Amount column and enter the fee as a negative number. Now, the net matches the amount that the merchant card company deposited in your bank account, and your merchant card expense has been posted to the general ledger.

### Getting Cash Back from Deposits

If you're getting cash back from your deposit, you can tell QuickBooks about it right on the Make Deposits window, instead of making a journal entry to adjust the total of collected payments against the total of the bank deposit.



**NOTE:** If you're keeping the money for yourself and your business isn't a corporation, use the Draw account to post the cash back. If your business is a corporation, you can't keep the money for yourself.

Enter the account to which you're posting the cash (usually a petty-cash account), and enter the amount of cash you want back from this deposit. Even though you can put the cash in your pocket, you must account for it, because these are business funds. As you spend the cash for business expenses, post the expense against the same petty-cash account with a journal entry, eventually washing out the amount you took back when you made this deposit.



**CAUTION:** Many banks will not cash checks made out to a company, so your ability to get cash back may be limited to checks made out to you, personally.

### Printing Deposit Slips

If you want to print a deposit slip or a deposit summary, click the Print button in the Make Deposits window. QuickBooks asks whether you want to print a deposit slip and summary, or just a deposit summary.

If you want to print a deposit slip that your bank will accept, you must order printable deposit slips from QuickBooks. The QuickBooks deposit slips are guaranteed to be acceptable to your bank. You must have a laser printer or inkjet printer to use them. When you print the deposit slip, there's a tear-off section at the bottom of the page that has a deposit summary. Keep that section for your own records and take the rest of the page to the bank along with your money.



If you don't have QuickBooks deposit slips, select Deposit Summary Only and fill out your bank deposit slip manually.

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## • Handling the Over and Short Problem

If you literally take cash for cash sales, when you count the money in the till at the end of the day, you may find that the recorded income doesn't match the cash you expected to find in the till. Or you may find that the money you posted to deposit to the bank doesn't match the amount of money you put into the little brown bag you took to the bank.

This is a common problem with cash, and, in fact, it's an occasional problem in regular accrual bookkeeping. One of the ensuing problems you face is how to handle this in your bookkeeping system. QuickBooks is a double-entry bookkeeping system, which means the left side of the ledger has to be equal to the right side of the ledger. If you post \$100.00 in cash sales but only have \$99.50 to take to the bank, how do you handle the missing 50 cents? You can't just post \$100.00 to your bank account (well, you could, but your bank reconciliation won't work and, more importantly, you're not practicing good bookkeeping).

The solution to the Over/Short dilemma is to acknowledge it in your bookkeeping procedures. Track it. You'll be amazed by how much it balances itself out—short one day, over another. (Of course, if you're short every day, and the shortages are growing, you have an entirely different problem, and the first place to look is at the person who stands in front of the cash register.)

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## • Creating Over and Short Accounts

To track Over/Short, you need to have some place to post the discrepancies, which means you have to create some new accounts in your chart of accounts, as follows:

- Create an account named Over, using the account type Income.
- Create an account named Short, using the account type Income.

If you're using numbered accounts, use sequential numbers on the next level from your regular Income accounts. For example, use 49000 if your regular Income accounts are 40000, 40100, 40300, and so on.

If you want to see a net number for Over/Short (a good idea), create three accounts. Create the parent account first and name it Over-Short (or Over&Short), and then make the Over and Short accounts subaccounts of the parent account. If you use account numbers, make the three numbers sequential; for instance:

- 49000 Over/Short (parent account)
- 49010 Over (subaccount)
- 49020 Short (subaccount)

---

## Creating Over and Short Items

If you track cash sales by tracking batches of sales in a Sales Receipt transaction, you need items for your overages and shortages (in QuickBooks, you need items for everything that's connected with entering sales data in a transaction window).

Create items for overages and shortages as follows:

- Create two non-inventory part items, one named Overage, the other named Shortage.
- Don't assign a price.
- Make the item nontaxable.
- Link each item to the appropriate account (or subaccount) that you just created for Over/Short.

Now that you have the necessary accounts and items, use the Over and Short items right in the Sales Receipts window to adjust the difference between the amount of money you've accumulated in the cash-sale transactions and the amount of money you're actually depositing to the bank. It's your last transaction of the day. Remember to use a minus sign before the figure when you use the Short item.

---

## Tracking Accounts Receivable

Collecting the money owed to you is one of the largest headaches in running a business. You have to track what's owed and who owes it, and then expend time and effort to collect it. All of the effort you spend on the money your customers owe you is called *tracking accounts receivable* (or, more commonly, *tracking A/R*).

You can track overdue invoices and then remind your customers, in gentle, or not-so-gentle ways, to pay. In this chapter, I go over the tools and features QuickBooks provides to help you track and collect the money your customers owe you.

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## Using Finance Charges

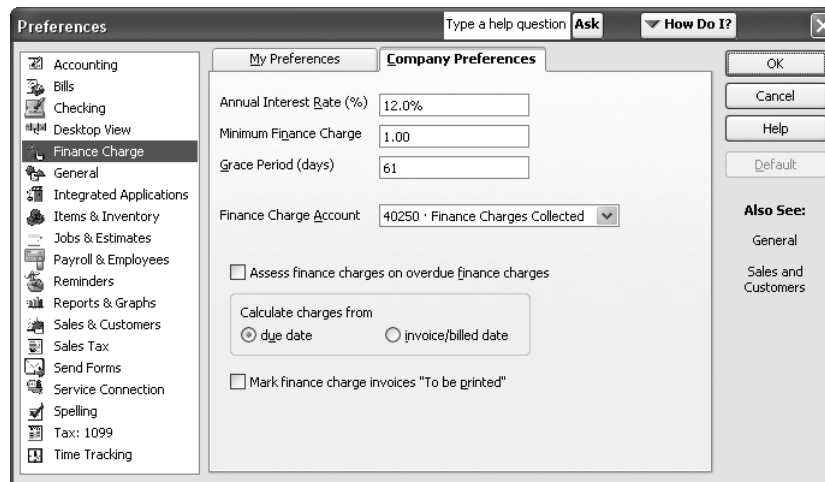
You can impose finance charges on overdue amounts as an enticement to get your customers to pay on time. Incidentally, this isn't "found money"; it probably doesn't cover its own cost. The amount of time spent tracking, analyzing, and chasing receivables is substantial, and in all businesses "time is money."

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## Configuring Finance Charges

To use finance charges, you have to establish the rate and circumstances under which they're assessed. Your company's finance charges are configured as part of your company preferences. Choose Edit | Preferences to open the Preferences dialog.

Then click the Finance Charge icon in the left pane and select the Company Preferences tab (see Figure 10-9).



**FIGURE 10-9** Configure the way in which you'll impose finance charges on overdue balances.

Here are some guidelines for filling out this dialog:

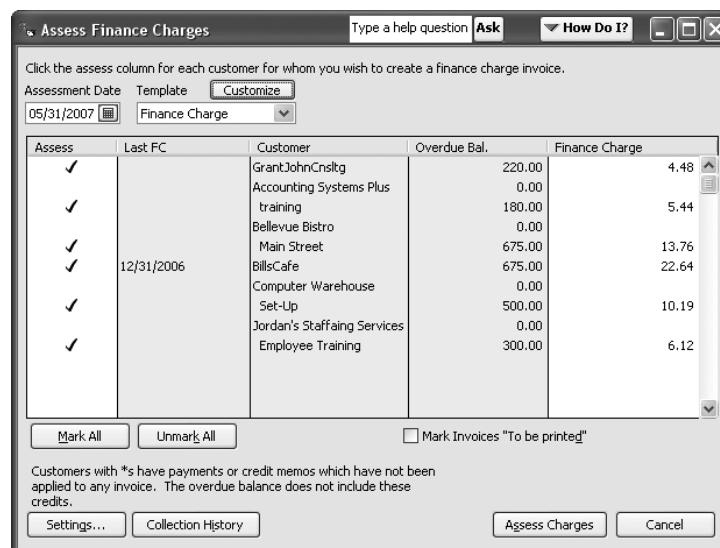
- In the Annual Interest Rate field, replacing the default data (0.00%) with any positive number automatically enables the Finance Charges feature (the dialog has no Yes/No check box to enable or disable finance charges).
- Notice that the interest rate is annual. If you want to charge 1.5 percent a month, enter 18% in the Annual Interest Rate field.
- You can assess a minimum finance charge for overdue balances. QuickBooks will calculate the finance charge, and if it's less than the minimum, the amount will be rolled up to the minimum charge you specify here.
- Use the Grace Period field to enter the number of days of lateness you permit before finance charges are assessed.
- During setup, QuickBooks probably created an account for finance charges. If so, select it. If not, enter (or create) the account you want to use to post finance charges (it's an income account).
- The issue of assessing finance charges on overdue finance charges is a sticky one. The practice is illegal in many states. Selecting this option means that a customer who owed \$100.00 last month and had a finance charge assessed of \$2.00 now owes \$102.00. As a result, the next finance charge is assessed on a balance of \$102.00 (instead of on the original overdue balance of \$100.00). Regardless of state law, the fact is that very few businesses opt to use this calculation method.

- Specify whether to calculate the finance charge from the due date or the invoice date (it's common to use the due date).
- QuickBooks creates an invoice automatically when finance charges are assessed in order to have a permanent record of the transaction. By default, these invoices aren't printed; they're just accumulated along with the overdue invoices so they'll print as a line item on a monthly statement. You can opt to have the finance charge invoices printed, which you should do only if you're planning to mail them to nudge your customers for payment.

Click OK to save your settings after you've filled out the window.

## Assessing Finance Charges

You should assess finance charges just before you create customer statements, which is commonly a monthly chore. Choose Customers | Assess Finance Charges from the menu bar. The Assess Finance Charges window opens (see Figure 10-10) with a list of all the customers with overdue balances.



**FIGURE 10-10** QuickBooks automatically assesses finance charges as of the assessment date you specify.

If you have any customers that have made payments that you haven't yet applied to an invoice, or if any customers have credits that you haven't yet applied to an invoice, an asterisk (\*) appears to the left of the customer or job name. Close the Assess Finance Charges window and correct the situation, then return to this window.

## Choosing the Assessment Date

Change the Assessment Date field (which displays the current date) to the date on which you actually want to impose the charge—this date appears on customer statements. It's common to assess finance charges on the last day of the month. When you press TAB to move out of the date field, the finance charges are recalculated to reflect the new date.

## Selecting the Customers

You can eliminate a customer from the process by clicking in the Assess column to remove the check mark. Unfortunately, QuickBooks does not have a finance charge assessment option on each customer record. Therefore, all customers with overdue balances are included when you assess finance charges. This means you have to know off the top of your head which customers are liable for finance charges and which aren't—or you have to keep a list near your desk.

It can be time consuming to deselect each customer, so if you have only a few customers for whom you reserve this process, choose Unmark All, then reselect the customers you want to include.

## Changing the Amounts

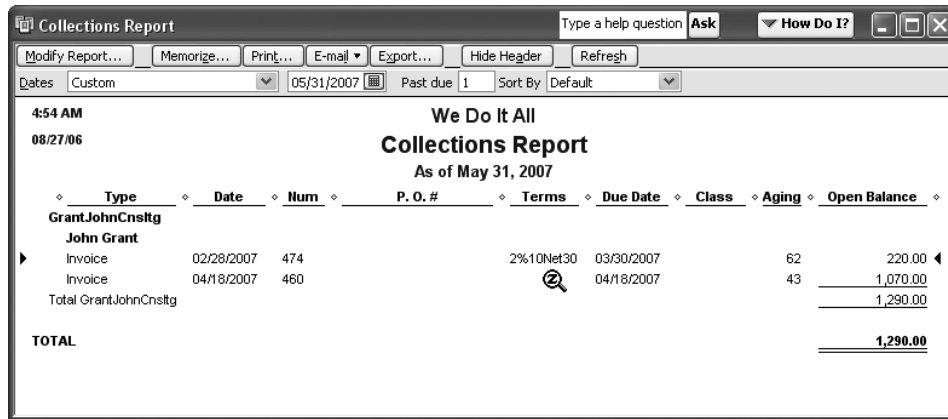
You can change the calculated total if you wish (a good idea if there are credit memos floating around that you're not ready to apply against any invoices). Just click the amount displayed in the Finance Charge column to activate that column for that customer. Then enter a new finance charge amount. If you need to calculate the new figure (perhaps you're giving credit for a floating credit memo), press the equal sign (=) on your keyboard to use the QuickBooks built-in calculator.

## Checking the History

To make sure you don't assess a charge that isn't really due (or fair), you can double-check by viewing a customer's history from the Assess Finance Charges window. Select a customer and click the Collection History button to see a Collections Report for the selected customer (see Figure 10-11). Your mouse pointer turns into a magnifying glass with the letter "z" (for "zoom") in it when you position it over a line item. Double-click any line item to display the original transaction window if you need to examine the details.

## Saving the Finance Charge Invoices

If you're sure all the calculations and figures are correct, click Assess Charges in the Assess Finance Charges window. When you create your customer statements, the finance charges will appear. If you've opted to skip printing the finance charge assessments as invoices, there's nothing more to do. If you are printing the finance charges, see the next paragraph.



**FIGURE 10-11** You can check a customer’s history to make sure the finance charges are legitimate.

### Selecting Printing Options

If you want to print the finance charge invoices (they really are invoices because they add charges to the customer balance), be sure to select the Mark Invoices “To Be Printed” check box on the Assess Finance Charges window. You can send the printed copies to your customers as a nagging reminder. If you just want the customer to see the finance charge on the monthly statement (the common method for most businesses), deselect the printing option.

To print the finance charge invoices, choose File | Print Forms | Invoices. The list of unprinted invoices appears, and unless you have regular invoices you didn’t print yet, the list includes only the finance charge invoices. If the list is correct, click OK to continue on to the printing process.

## Sending Statements

On a periodic basis, you should send statements to your customers. (Most businesses send statements monthly.) They serve a couple of purposes: they remind customers of outstanding balances, and they provide detailed documentation of your records which your customers can match against their own records.

If you’re coming to QuickBooks from a manual system or a system in which you tracked invoices and payments in a spreadsheet, statements will seem like a miraculous tool. Creating statements from customer cards maintained manually, in a word processing document or in a spreadsheet, is a nightmare. As a result, companies without real accounting software generally don’t even bother to try.

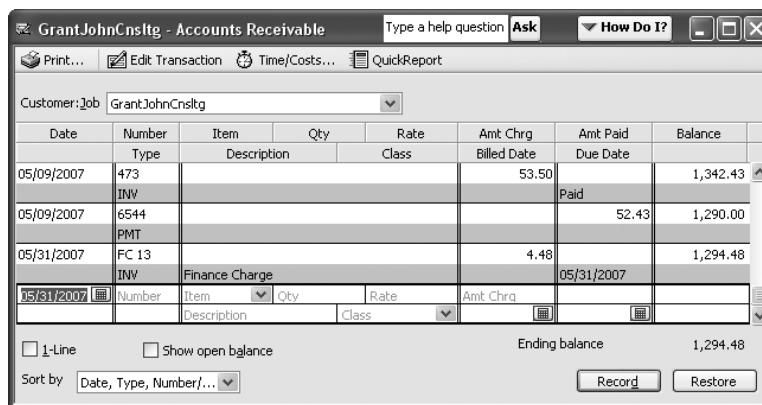
## Entering Statement Charges

Before creating statements, you should create any transactions that should appear on the statements. Invoices and payments appear automatically, but you may want to add statement charges. A *statement charge* is a charge you want to pass to a customer for which you don't create an invoice. You can use statement charges for special charges for certain customers, such as a general overhead charge, or a charge you apply for your own out-of-pocket expenses (instead of using the reimbursable expenses feature for expenses incurred on behalf of the customer). Some companies use statement charges instead of invoices for invoicing regular retainer payments.

You must add statement charges before you create the statements (or else the charges won't show up on the statements). Statement charges use items from your Item List, but you cannot use any of the following types of items:

- Items that are taxable, because the statement charge can't apply the tax.
- Items that have percentage discounts (instead of discounts with specific amounts), because the statement charge can't look up the discount percentage (and therefore can't apply it).
- Items that represent a payment transaction, because those are negative charges, which a statement charge doesn't understand.

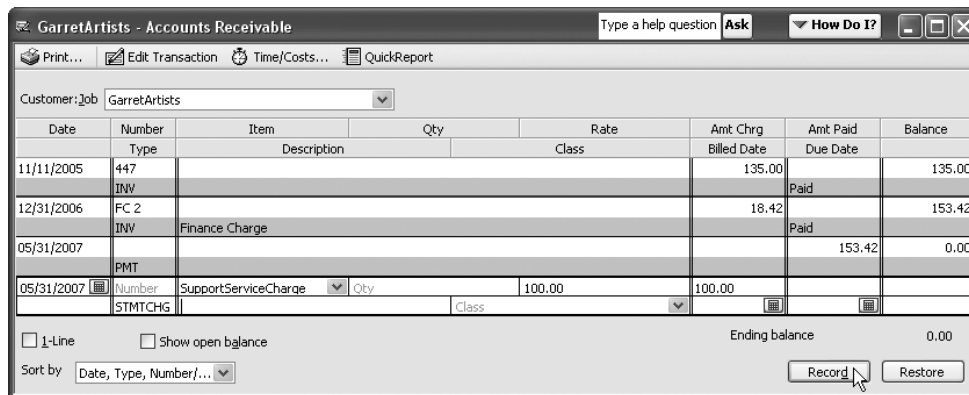
Statement charges are recorded directly in a customer's register or in the register for a specific job. To create a statement charge, choose Customers | Enter Statement Charges from the menu bar to open the customer register, which looks like Figure 10-12. By default, QuickBooks opens the register for the first customer in



**FIGURE 10-12** Statement charges are entered directly in a customer or job register.

your Customers & Jobs List. Then use the following steps to add statement charges (use the TAB key to move through the register's fields):

1. Select the appropriate customer or job from the drop-down list in the Customer:Job field at the top of the register.
2. Enter the date on which the statement charge is being assessed.
3. In the Item field, select the item for the statement charge from the drop-down list.
4. Enter a quantity in the Qty field if the item is invoiced by quantity.
5. Enter a rate (or accept the default rate if one exists) if you're using the Qty field.
6. Enter the amount charged if the Qty and Rate fields aren't used (if they are, the total amount is entered automatically).
7. Optionally, edit the item description.
8. Optionally enter the billed date, which does not have to match the transaction date in the first column of the register. Postdating or predating this field determines which statement it appears on.
9. Optionally enter the due date, which affects your aging reports and your finance charge calculations.
10. When all the fields you want to use are filled in, click Record to save the transaction.



Continue to select customers and/or jobs to enter additional statement charges.

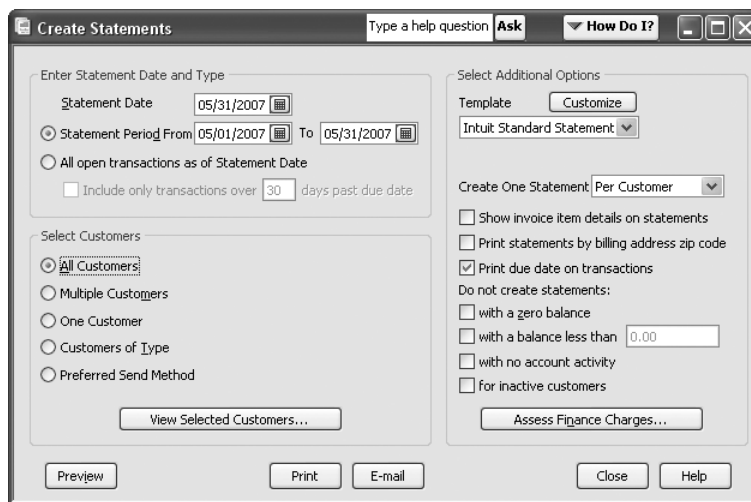
## Creating Statements

Before you start creating your statements, be sure that all the transactions that should be included on the statements have been entered into the system. Did you forget anything? Applying credit memos? Applying payments? Assessing finance charges? Entering statement charges?



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When all customer accounts are up to date, choose Customers | Create Statements to open the Create Statements dialog, shown in Figure 10-13.



**FIGURE 10-13** Configure the specifications for selecting customers who receive statements.

### Selecting the Date Range

The statement date range determines which transactions appear on the statement. The printed statement displays the previous balance (the total due before the “From” date) and includes all transactions that were created within the date range. The starting date should be the day after the last date of your last statement run. If you do monthly statements, choose the first and last days of the current month; if you send statements quarterly, enter the first and last dates of the current quarter—and so on.

If you choose All Open Transactions As Of Statement Date, the printed statement just shows unpaid invoices and charges and unapplied credits. You can narrow the criteria by selecting the option to include only transactions overdue by a certain number of days (which you specify). However, this makes the printed statement more like a list than a standard statement.

### Selecting the Customers

It's normal procedure to send statements to all customers, but if that's not the plan, you can change the default selection.

If you want to send statements to a group of customers, click the Multiple Customers option to display a Choose button next to the option. Click the Choose button to bring up a list of customers and select each customer you want to include.

You can manually select each customer, or select Automatic and then enter text to tell QuickBooks to match that text against all customer names and select the matching customers. (The automatic match option isn't efficient for multiple customers because it only matches exact text, not partial text, and therefore only matches one customer at a time.) Click OK when all the appropriate customers are selected.

If you're sending a statement to one customer only, select One Customer, and then click the arrow next to the text box to scroll through the list of your customers and select the one you want.

To send statements to customers who are designated with a specific customer type, select the Customers Of Type option, and then select the customer type you want to include from the drop-down list. This works, of course, only if you created customer types as part of your QuickBooks setup.



**TIP:** If you want to send statements to certain customers only, create a customer type for statement recipients (name the type "Stmnts").

### Filtering for Send Methods

If your customers vary in the way you send them statements (the option selected in the Preferred Send Method field of the customer record), you can opt to handle your statement delivery in batches, using one delivery method per batch. To do this, select the Preferred Send Method option, and then select the send method for this batch from the drop-down list that appears:

- **E-mail** Sends the statements by e-mail, using the QuickBooks e-mail services feature.
- **Mail** Sends the statements to QuickBooks services, where the invoice is created with a tear-off slip that the customer can use to pay the invoice. QuickBooks mails the invoice. (This is a fee-based service.)
- **None** Means no special handling. You print the statements, put them in envelopes, and mail them.

### Specifying the Printing Options

You can specify the way you want the statements to print using the following criteria and options in the Select Additional Options section:

- You can print one statement for each customer, which lists all transactions for all that customer's jobs, or you can print a separate statement for each job.

- You can opt to show invoice item details instead of just listing the invoice on the statement. If your invoices have a lot of line items, this could make your statements very long (possibly too many pages to get away with a single postage stamp). I don't see any particular reason to select this option, because most customers have copies of the original invoices—if they don't, they'll call you with questions and you can look up the invoice number and provide details (or reprint the invoice and send it).
- Printing statements in order by ZIP code is handy if you're printing labels that are sorted by ZIP code. This option is also important if you have a bulk mail permit, because the post office requires bulk mail to be sorted by ZIP code.
- By default, the original due date for each transaction listed on the statement is displayed on the statement. If you have some reason to hide this information from your customers (I can't think of a good reason), QuickBooks offers the opportunity to deselect the option.

### **Specifying the Statements to Skip**

You may want to skip statement creation for customers who meet the criteria you set in the Do Not Create Statements section of the dialog. If statements are the only documents you send to customers (you don't send the individual invoices and credits you create), selecting any of these options makes sense.

If, however, you use statements to make sure you and your customers have matching accounting records, you should create statements for all customers except inactive customers.

### **Last Call for Finance Charges**

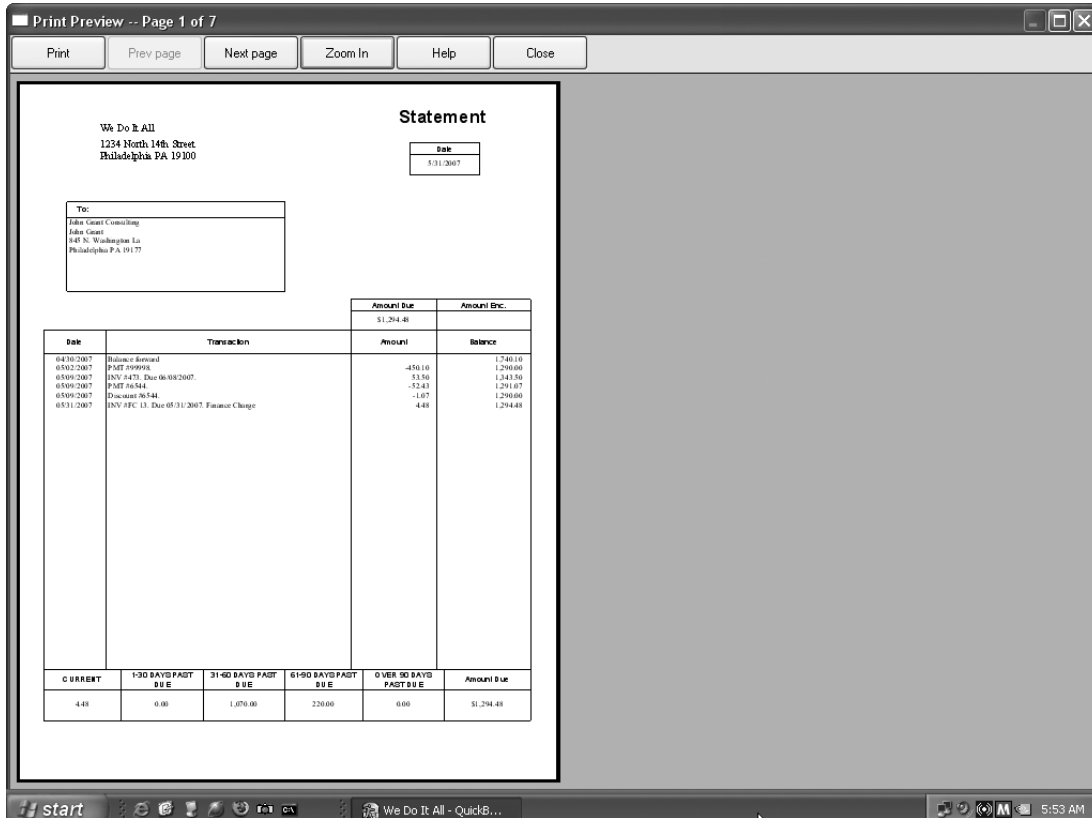
If you haven't assessed finance charges and you want them to appear on the statements, click the Assess Finance Charges button. The Assess Finance Charges window opens, showing customers who have been selected for finance charges.

If you've already assessed finance charges, QuickBooks will warn you (when you click the Assess Charges button) that finance charges have already been assessed as of the selected date. If you ignore the message, another round of finance charges is imposed (and you'll have a lot of angry and distrustful customers). Therefore, this window is useful only if you don't assess finance charges as described earlier in this chapter.

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## **Previewing the Statements**

Before you commit the statements to paper, you can click the Preview button to get an advance look (see Figure 10-14). This is not just to see what the printed output will look like; it's also a way to look at the customer records and to make sure that all the customers you selected are included.



**FIGURE 10-14** Use the Next Page button in the Preview window to make sure all selected customers are included.

Use the Zoom In button to see the statement and its contents close up. Click the Next Page button to move through all the statements. Click Close to return to the Create Statements window.

## Printing the Statements

When everything is just the way it should be, print the statements by clicking the Print button in either the Print Preview window or the Create Statements window. If you click Close in the Preview window, you return to the Create Statements window—click Print to open the Print Statement(s) window. Then change the printing options as needed.



**CAUTION:** If you click Print in the Preview window, all the statements are immediately sent to the default printer with no opportunity to change printers or set other print options.

## Customizing Statements

You don't have to use the standard statement form—you can design your own. The instructions for creating a template with customized fields and columns are in Chapter 23. If you want to create a customized template for statements, think about adding the Terms field to the statement (which is not selected by default). It doesn't seem fair to tell a customer of amounts past due without reminding the customer of the terms.

## Running A/R Aging Reports

*A/R Aging reports* are lists of the money owed you by your customers, and they're available in quite a few formats. They're for you, not for your customers. You run them whenever you need to know the extent of your receivables. Many companies run an aging report every morning, just to keep an eye on the amount of money on the street ("on the street" is business jargon for uncollected receivables).

### ► FYI

#### A/R Totals

The total amount of A/R is the value of your A/R asset. It can be an important asset and, in fact, banks give lines of credit and loans using the A/R balance as part of the collateral.

When your accountant visits, you can bet one of the things he or she will ask to see is this report. When your accountant asks for an aging report, another safe bet is that you'll receive a request to see the amount posted to A/R in your general ledger. The general ledger A/R balance and the total on the aging report must be the same (for the same date)—not close, not almost, but *exactly* the same. If the figures are not identical, your general ledger isn't "proved" (jargon for, "I'm sorry, we can't trust your general ledger figures because they don't audit properly").

If your A/R account balance doesn't prove to your A/R report for the same date, you've messed up some transactions. Most of the time, this means you used the A/R account in a journal entry, and that's a no-no. You or your accountant, or both of you, must find the bad entry and correct it, because your A/R report total must match the A/R account balance for the same date.

A couple of aging reports are available in QuickBooks, and you can also customize any built-in reports so they report data exactly the way you want it. To see an aging report, choose Reports | Customers & Receivables, and then choose either A/R Aging Summary or A/R Aging Detail (these reports are explained next).

## A/R Aging Summary Reports

The quickest way to see how much money is owed to you is to select A/R Aging Summary, which produces a listing of customer balances (see Figure 10-15).

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
<b>GrantJohnCnsItg</b>	325.48	1,070.00	0.00	220.00	0.00	1,615.48
<b>Accounting Systems Plus</b>						
software	0.00	120.00	0.00	0.00	0.00	120.00
training	5.44	0.00	0.00	0.00	180.00	185.44
<b>Total Accounting Systems Plus</b>	5.44	120.00	0.00	0.00	180.00	305.44
<b>Bellevue Bistro</b>						
4th Street Restaurant	0.00	675.00	0.00	0.00	0.00	675.00
Kelly Drive	0.00	535.00	0.00	0.00	0.00	535.00
Main Street	13.76	0.00	0.00	675.00	0.00	688.76
<b>Total Bellevue Bistro</b>	13.76	1,210.00	0.00	675.00	0.00	1,898.76
<b>BillsCafe</b>	22.64	0.00	0.00	0.00	675.00	697.64
<b>GarretArtists</b>	100.00	0.00	0.00	0.00	0.00	100.00
<b>Computer Warehouse</b>						
Set-Up	10.19	0.00	0.00	500.00	0.00	510.19
<b>Total Computer Warehouse</b>	10.19	0.00	0.00	500.00	0.00	510.19
<b>Jordan's Staffing Services</b>						
Employee Training	6.12	0.00	0.00	300.00	0.00	306.12
<b>Total Jordan's Staffing Services</b>	6.12	0.00	0.00	300.00	0.00	306.12
<b>TOTAL</b>	<b>483.63</b>	<b>2,400.00</b>	<b>0.00</b>	<b>1,695.00</b>	<b>855.00</b>	<b>5,433.63</b>

**FIGURE 10-15** A summary report provides totals for each customer, broken down by aging periods.

## A/R Aging Detail Reports

If you choose Aging Detail from the Accounts Receivable reports menu, you see a much more comprehensive report, such as the one seen in Figure 10-16. The report is sorted by aging interval, showing individual transactions, including finance charges, for each aging period.

Type	Date	Num	P. O. #	Name	Terms	Due Date	Class	Aging	Open Balance
<b>Current</b>									
Invoice	05/31/2007	FC 9		Accounting System...		05/31/2007			5.44
Invoice	05/31/2007	FC 10		Bellevue Bistro:Ma...		05/31/2007			13.76
Invoice	05/31/2007	FC 11		BillsCafe		05/31/2007			22.64
Invoice	05/31/2007	FC 12		Computer Wareho...		05/31/2007			10.19
Invoice	05/31/2007	FC 13		GrantJohnCnstg		05/31/2007			4.48
Invoice	05/31/2007	FC 14		Jordan's Staffaing...		05/31/2007			6.12
Stmt Charge	05/31/2007			GarretArtists	15thOfM...				100.00
<b>Total Current</b>									162.83
<b>1 - 30</b>									
Invoice	04/26/2007	469		Bellevue Bistro:4th...	Net30	05/26/2007		5	675.00
Invoice	04/26/2007	470		Bellevue Bistro:Ke...	Net30	05/26/2007		5	535.00
<b>Total 1 - 30</b>									1,210.00
<b>31 - 60</b>									
Invoice	04/18/2007	460		GrantJohnCnstg		04/18/2007		43	1,070.00
<b>Total 31 - 60</b>									1,070.00
<b>61 - 90</b>									
Invoice	02/28/2007	474		GrantJohnCnstg	2%10Ne...	03/30/2007		62	220.00
Invoice	02/28/2007	476		Bellevue Bistro:Ma...	Net30	03/30/2007		62	675.00
Invoice	02/28/2007	477		Computer Wareho...	2%10Ne...	03/30/2007		62	500.00
Invoice	02/28/2007	478		Jordan's Staffaing...	2%10Ne...	03/30/2007		62	300.00
<b>Total 61 - 90</b>									1,695.00
<b>&gt; 90</b>									
Invoice	01/19/2007	457		BillsCafe	Net30	02/18/2007		102	675.00

**FIGURE 10-16** Detail reports display information about every transaction that's involved in each customer's A/R balance.

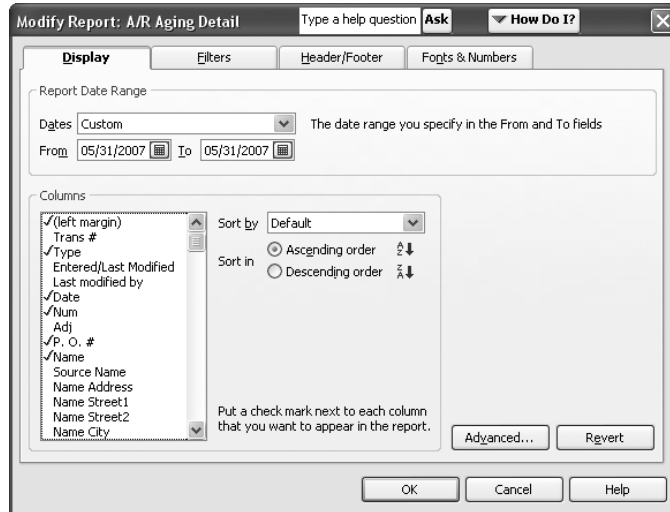
## Customizing Aging Reports

If you don't use (or care about) all of the columns in the A/R Aging Detail report, or you'd prefer to see the information displayed in a different manner, you can customize the report. Start by clicking the Modify Report button on the report to see the Modify Report window shown in Figure 10-17.

### Customizing the Columns

The most common customization is to get rid of any column you don't care about. For example, if you use the classes feature but don't care about that information in your aging report, get rid of the column. Or you might want to get rid of the Terms column since it doesn't impact the totals. To remove a column, scroll through the Columns list and click to remove the check mark. The column disappears from the report.

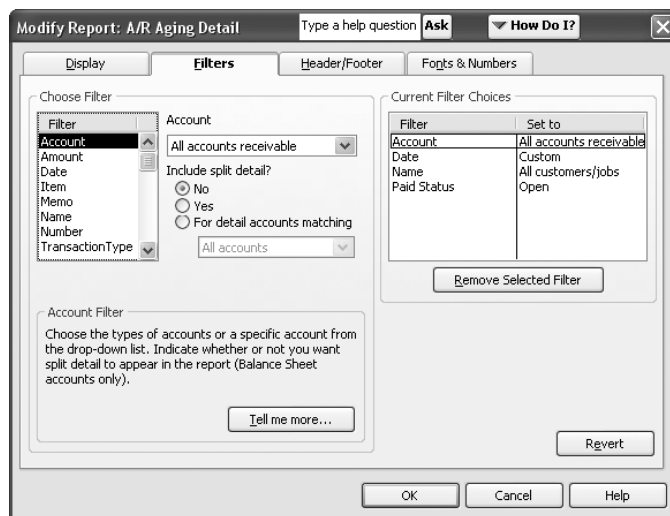
While you're looking at the list of column names, you may find a column heading that's not currently selected but that contains information you'd like to include in your report. If so, click that column listing to place a check mark next to it. The column appears on the report and the data linked to it is displayed.



**FIGURE 10-17** Customize the A/R Aging Detail report to get exactly the information you need.

## Filtering Information

If you want to produce an aging report for a special purpose, you can easily filter the information so it meets criteria important to you. To filter your aging report, click the Filters tab (see Figure 10-18).



**FIGURE 10-18** Filters let you specify criteria for displaying data.



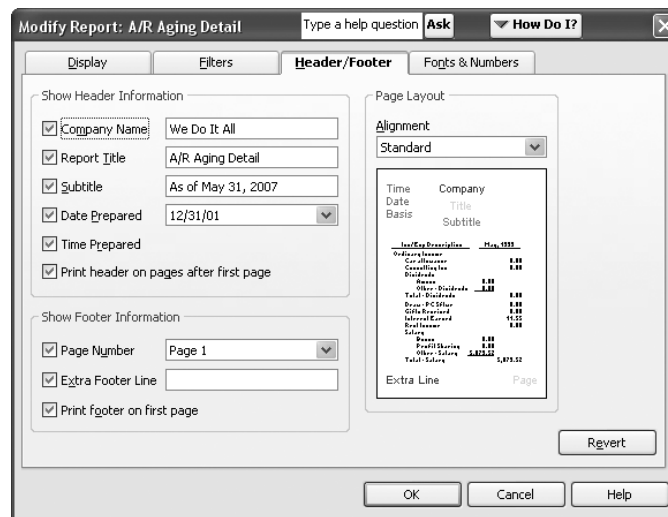
Select a filter and then set the conditions for it. (Each filter has its own specific type of criteria.) For example, you can use this feature if you want to see only those customers with receivables higher than a certain figure or older than a certain aging period.



**CAUTION:** If you filter the report in a way that affects the amounts, your report total will not match your A/R account balance. Use this type of filter only to get certain types of information for yourself, not for an “official” aging report.

### Configuring Header/Footer Data

You can customize the text that appears in the header and footer of the report by making changes in the Header/Footer tab shown in Figure 10-19.



**FIGURE 10-19** Specify the text you want to display on the top and bottom of the report.

You’ll probably find that your decisions about the contents of the header and footer depend on whether you’re viewing the report or printing it. And, if you’re printing it, some stuff is more important if an outsider (a banker or your accountant) will be the recipient of the report, rather than your credit manager.

For example, the date and time of preparation is more important for outsiders than for you. Incidentally, on the Header/Footer tab, the Date Prepared field has a meaningless date—don’t panic, your computer hasn’t lost track of the date.

That date is a format, not today's date. Click the arrow to the right of the field to see the other formats for inserting the date. The Page Number field also has a variety of formats to choose from.

You can eliminate a Header/Footer field by removing the check mark from the field's check box. For fields you want to print, you can change the text. You can also change the layout by choosing a different Alignment option from the drop-down list.

### Customizing the Appearance

Click the Fonts & Numbers tab to change the format of the report. You can change the way negative numbers are displayed, and you can change the fonts for any or all the individual elements in the report.

When you close the report window, QuickBooks may ask if you want to memorize the report with the changes you made (if you told QuickBooks to stop asking, you won't see the message). Click Yes so you don't have to go through all the modifications again. If QuickBooks doesn't ask, memorize the report using the instructions in the next section.

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### Memorizing Aging Reports

If you've customized a report and have the columns, data, and formatting you need, there's no reason to reinvent the wheel the next time you need the same information. Instead of going through the customization process again next month, memorize the report as you designed it. Then you can fetch it whenever you need it.

Click the Memorize button in the report window. When the Memorize Report dialog appears, enter a new name for the report, optionally save it within a report group, and click OK.

From now on, this report name will be on the list of memorized reports you can select from when you choose Reports | Memorized Reports from the menu bar.



**NOTE:** When you use a memorized report, only the criteria and formatting is memorized. Each time you open the report, the data is generated from the QuickBooks transaction records, so you get current, accurate information.

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### Importing Memorized Reports

If you're using a Premier edition of QuickBooks, you can export a memorized report (all versions of QuickBooks can import a memorized report). If you're an accountant using a Premier edition, this means you can create and memorize a report that has exactly what you need, laid out exactly the way you need it. Then, send the memorized report to your client. You can open the report when you visit

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the client or have the client open the report, and then export the contents to Excel and send it to you. When you export a memorized report, the exported document is called a template. The template can be imported into any edition of QuickBooks. Detailed information about exporting memorized reports is available in *Running QuickBooks 2007 Premier Editions* from CPA911 Publishing ([www.cpa911publishing.com](http://www.cpa911publishing.com)). The book is available at your favorite bookstore or online bookseller.

If you receive an exported report template, the process of importing it converts the template into a memorized report that's added to the Memorized Report List of the currently open company file. To import a memorized report template, follow these steps:

1. Choose Reports | Memorized Reports | Memorized Report List.
2. Click the Memorized Report button at the bottom of the window and select Import Template to open the Select File To Import dialog.
3. Navigate to the drive or folder that contains the exported template file you received and double-click its listing.
4. In the Memorize Report dialog, enter a name for the report or accept the displayed name (which is the name applied by the person who exported the template) and click OK to import the report.

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### • Printing Reports

Whether you're using the standard format or one you've customized, you'll probably want to print the report. When you're in a report window, click the Print button at the top of the window to bring up the Print Reports dialog. If the report is wide, use the Margins tab to set new margins, and use the options on the Settings tab to customize other printing options.

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### • Running Customer and Job Reports

Customer and job reports are like aging reports, but they're designed to give you information about the selected customers/jobs instead of providing information on the totals for your business. There are plenty of customer reports available from the menu that appears when you choose Reports | Customers & Receivables:

- **Customer Balance Summary Report** Lists current total balance owed for each customer.
- **Customer Balance Detail Report** Lists every transaction for each customer with a net subtotal for each customer and job.
- **Open Invoices Report** Lists all unpaid invoices, sorted and subtotaled by customer and job.

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- **Collections Report** A nifty report for nagging customers. Includes the contact name and telephone number, along with details about invoices with balances due. You're all set to call the customer and have a conversation, and you can answer any questions about invoice details.
- **Accounts Receivable Graph** Shows a graphic representation of the accounts receivable. For a quick overview, there's nothing like a graph.
- **Unbilled Costs By Job** Tracks job expenses that were linked to customers or jobs that you haven't yet invoiced.
- **Transaction List By Customer** Displays individual transactions of all types for each customer.
- **Online Received Payments** Shows payments received from customers who pay you online (only appears on the menu if you've signed up with QuickBooks to accept online payments).
- **Customer Phone List** Displays an alphabetical list of customers along with the telephone number for each (if you entered the telephone number in the customer record).
- **Customer Contact List** Displays an alphabetical list of customers along with the contact, telephone numbers, billing address, and current open balance for each. Give this list to the person in charge of collections.
- **Item Price List** Lists all your items with their prices and preferred vendors.