

Homework Assignment

Project 5 – Expenses / Money Out

This Project’s Homework Assignment focuses on working with the expenses or “money out” aspects of QBO including setting up items to purchase; creating and processing forms such as **Purchase Orders**, entering and paying **Bills**, writing **Checks**, recording other forms of payment, receiving customer discounts, and tracking and billing **Billable Expenses**.

Homework Assignments will only review materials you have already learned, but they may cover materials from earlier Projects along with current content.

Remember that you can always go back to earlier Projects if you need help.

| Step | Directions / Question | Answer |
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| 1 | Access the QBO Test Drive company at https://qbo.intuit.com/redirect/testdrive | |
| 2 | After opening the Test Drive company: <ul style="list-style-type: none"> Extend the <i>Log Out</i> time to 3 hours | |
| 3 | In Account and Settings , under the Gear : In the Expenses tab: <ul style="list-style-type: none"> In the <i>Bills and Expenses</i> section, make sure <i>Make expenses and items billable</i> is turned on. Also, the sub-selection <i>Track billable expenses and items as income</i> is turned on and set to <i>In a single account</i> In the Advanced tab: <ul style="list-style-type: none"> In the <i>Chart of Accounts</i> section, ensure the <i>Billable expense income account</i> is set to Billable Expense Income | |
| 4 | In the Products/Services list, Create a new Inventory Item named Mulch to be sold to your customers with the following information: <ul style="list-style-type: none"> SKU: 121867 Category: Landscaping Initial quantity on hand: 32 as of today’s date with a Reorder point of 20 Inventory asset account: Inventory Asset Description: <i>Lawn Mulch</i> Sales Price/Rate: \$15 Income Account: Sales of Product Income No changes to the Sales Tax section Purchasing Information Description: Red Cedar mulch Cost: \$5.78 Expense Account: Cost of Goods Sold Preferred Vendor: Tania’s Nursery | |

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| 5 | <p>Within the Vendor list, Locate <i>Tania's Nursery</i> and edit the following information:</p> <ul style="list-style-type: none"> • Last Name: Kronberg-Millstone • Terms: Net 10 |
| 6 | <p>Create a new Purchase Order with the following information:</p> <ul style="list-style-type: none"> • Vendor: Tania's Nursery • Date: Today's date • Ship To: Red Rock Diner • Item details: 20 units of Mulch at a rate of \$5.78 for Customer: Red Rock Diner • Your message to vendor: "Please note the shipping address on this order." <p>Save the Purchase Order but leave it open. Either print or save the image to compare with the <i>Answer Sheet</i> provided at the end of the <i>Homework Assignment</i>. When finished, select Save and Close.</p> <p>Label it as: Project 05 – Step 06 – Purchase Order</p> |
| 7 | <p>What is the total amount of the Purchase Order?</p> |
| 8 | <p>Two days after the Purchase Order for <i>Tania's Nursery</i> was prepared and sent, the complete shipment was received at the <i>Red Rock Diner</i> and the Bill was delivered to your office.</p> <p>Enter the new Bill into QBO matching with the open Purchase Order. (See the window on the right side.) When preparing the Bill, make sure the item line is marked as Billable, that <i>Red Rock Diner</i> is selected as the Customer, and Tax is checked. When finished, select Save and Close.</p> |
| 9 | <p>After entering the Bill for the Mulch from <i>Tania's Nursery</i>, It's time to prepare the Invoice for <i>Red Rock Diner</i> for the Mulch and Labor to spread the mulch.</p> <ul style="list-style-type: none"> • Open a new Invoice for <i>Red Rock Diner</i> and add the Billable expenses (from the window on the right side) • Manually change the rate on the Mulch to \$15 (for a total amount of \$300) • Add a separate Product/Service line for two Hours at \$45 per hour with the Description: "Mulch spreading" (non-taxable) • Red Rock Diner is in California (for tax purposes) <p>Save the Invoice but leave it open. Either print or save the image to compare with the <i>Answer Sheet</i> provided at the end of the <i>Homework Assignment</i>. When finished, select Save and Close.</p> <p>Label it as: Project 05 – Step 09 – Invoice</p> |

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| 10 | What was the total amount of the invoice's Balance Due ? | |
| 11 | <p>The day after the Bill was received and <i>Red Rock Diner</i> was invoiced, you find out that 2 bags of the Mulch split open on the delivery truck and never made it to the diner. After talking to Tania, she emails you a notice that she is removing the 2 bags from the Bill you received.</p> <p>Enter a Vendor Credit from <i>Tania's Nursery</i> showing the credit for 2 bags of Mulch at \$5.78 each. (Do NOT mark the line as Billable or Taxable but enter <i>Red Rock Diner</i> as the Customer for tracking purposes.) In the Memo field, enter "Two bags of mulch not received."</p> <p>When finished, select Save and Close.</p> | |
| 12 | <p>After recording the Vendor Credit from <i>Tania's Nursery</i>, you also need to prepare a Credit Memo to <i>Red Rock Diner</i> for the 2 bags of Mulch that were previously invoiced but never received.</p> <p>Enter a Credit Memo into QBO to <i>Red Rock Diner</i> for the 2 bags at \$15.00 each plus tax. In the <i>Message displayed on credit memo field</i>, replace the current message with "Sorry for the confusion!"</p> <p>Either print or save the image to compare with the <i>Answer Sheet</i> provided at the end of the <i>Homework Assignment</i>. When finished, select Save and Close.</p> <p>Label it as: Project 05 – Step 12 – Credit Memo</p> | |
| 13 | Two days later, you pay the Bill to <i>Tania's Nursery</i> using the Pay Bill function. Make sure to apply the outstanding credit before you finalize the payment which will come out of your Checking account with the check being printed later. (That is the only bill you pay that day.) | |
| 14 | Looking at <i>Red Rock Diner</i> in your Customer list, what is the Open Balance ? | |
| 15 | Looking at <i>Tania's Nursery</i> in your Vendor list, what is the Open Balance ? | |

* As of 04/10/2024

IMPORTANT NOTE: Because you are working with a "live" company Test Drive file, Intuit may change answers without notice. If you have questions or need assistance, reach out to the [bsnsAtlas.com](https://www.bsnsAtlas.com) team in our private Facebook group at:

www.facebook.com/groups/bsnsAtlas