

Great Plains Assignment

Accounting Information Systems – ACC440 - Bradford Kim's Flowers Business Activities for February, 2005

- Posting batches and printing reports and checks may take a few moments (be patient).
- Make sure you answer the questions throughout this document **as you go**.
- An * denotes reports/source documents you must print out and turn in for credit in addition to the project answer sheet. Please staple the reports to the back of the answer sheet to turn in.

I. Familiarization with Default Information

Review and Print Information in Great Plains

Immediately upon purchasing Microsoft's Great Plains, Kim did some basic configuration. She set up a chart of accounts for her new business, established accounts for each vendor, entered information about each inventory item she sells, and determined what inventory items she would purchase from each vendor. Please review the information she has entered:

Review Chart of Accounts

Cards ==> Financial ==> Account

Use the Next button or lookup button to browse through the accounts.

Print a Chart of Accounts *

Reports ==> Financial ==> Account

From the Reports Listing, Choose All Accounts

Click on the Chart of Accounts Option, Click Insert and Click the Print Button. The report will be displayed on the screen. Now click the Print button to send a copy to the printer.

Review Kim's Chart of Accounts.

Notice that account numbers have two segments. The first segment indicates the division (1=Floral, 2=Gifts and 3=Administrative). The second segment of the account is the account number. The account number segment is referred to as the *Main Segment*.

STOP—Do Question #1

View the Vendors Kim Has Set Up

Cards ==> Purchasing ==> Vendor

Use the Next button or the lookup button to scroll through the vendors. Kim has made arrangements with several different vendors to allow her to purchase items on credit. Before she can actually enter Purchase Orders and other transactions for these vendors, she had to enter the vendor information into the system.

STOP—Do Question #2

Take special note of the Address ID field (at bottom of screen). Each vendor may have more than one address, for example one for a warehouse and one for home office. Although not optimal, Kim may set up a vendor in Great Plains without an address assigned. The Address ID field is used to uniquely identify each of these addresses. Address information is stored in a separate *Address* table that has the vendor ID and Address ID as its primary key. Table layout is as follows:

VENDOR (Vendor ID, Vendor Name, Vendor Class, Primary Address ID, etc.)

VENDOR ADDRESS (Vendor ID, Address ID, Address 1, City, State)

STOP—Do Question #3

View the Inventory Items Kim Has Set Up

Cards ==> Inventory ==> Item

Use the Next button or lookup button to browse through the Inventory Item information. In addition to setting up Vendor information, Kim has identified initial inventory items she expects to stock. Any item she wishes to stock must be entered here before it can be ordered or sold.

STOP—Do Question #4

Lookup Peace Roses (Item 15) and Click the Accounts button: This button shows default GL accounts that will be used whenever a purchase or sale is entered into a subsystem for this item. Different accounts are used for floral and gift items. These default accounts greatly simplify entering of information about purchase or sales into the system because we do not have to enter the account information each time. **Click OK to exit the Accounts Display. Close the Inventory Cards window.**

Cards ==> Inventory ==> Price List. Lookup Peace Roses (15): This window allows you to see the default selling prices that have been set up for the item. Notice that Kim has defined three different units of measure (U of M) for Peace Roses – each, half dozen and dozen. By identifying these units of measure, she can give price breaks for purchasing items in larger quantities. This also makes data entry easier when she sells items by the dozen. The word Retail also appears several times in the pricing information. This indicates that these are Kim's Retail prices for sales to customers. If she sold flowers to other flower shops too, she could have a separate Wholesale price list for these sales. **Close the Pricing window.**

Cards ==> Inventory ==> Vendors. Lookup Peace Roses (15): This window allows you to see the vendors that Kim has set up for each item. To see the vendors already assigned, under Vendor Lookup, choose Assigned Vendors. Then, click the next record browse button near the Vendor ID field to see the two vendors she purchases this item from.

STOP—Do Question #5

Print a Listing of Inventory Items *

Reports ==> Inventory ==> Item

Select Detailed Item List report from the pull down menu. Click the All option, click Insert and then click Print. Click the print button again and the report will be sent to the printer. Review the Inventory Item Listing

II. Sales Business Process: Backorder and Cash Sales

Kim's Flowers has various business processes for sales. We will cover two: (1) She does weddings, where information about the flowers ordered are entered into a **back order** prior to the wedding, then goods are actually received and delivered to customer, the customer in sent an invoice, and cash is received. (2) She makes cash sales, where the goods are sold and the cash is received simultaneously.

The following steps take you through preparing a **back order** for a wedding. Cash Sales will be covered later.

Change the User date to 2/13/05

Recording Customer Sales Orders

Although Kim had not officially opened, Shari Marston was walking down the street and saw her new sign and knocked on the door. Shari explained that her wedding was only 7 days away on February 20 and her cousin, who was supposed to do the flower arrangement, was in the hospital. None of the other flower shops in town could accommodate her order. Kim agreed to provide flowers for Shari's wedding and created a back order based on the different bouquets, boutonnieres and corsages Shari wanted.

Enter a Customer Record

Before entering Shari's order, Kim must first record Shari's customer information.

Cards ==> Sales ==> Customer

- **Customer ID: 100**
- **Name: Shari Marston**
- **Class ID: Retail**

Note that when you entered the class ID, several other fields were automatically filled in for you. These include the tax schedule, payment terms, trade discount and price level. These are defaults that Kim has set up for efficient data entry.

STOP—Do Question #6

- **Address ID: MAIN**
- **Address: 400 S. 24th**
- **City: Ogden**
- **State: KS**
- **Zip: 66514**
- **Do not change any other fields**
- **Click SAVE**

Create a Sales Batch

Kim has decided that all sales-related documents (e.g. back orders and invoices) should be entered in **BATCHES**. That way as her business grows and someone else is entering the information, Kim can review and approve the batch before posting. **Note that the Sales document batch is in addition to the batch that Great Plains will automatically create with any GL entries that result from the transactions entered into the Sales subsystem.** Hence, to record a transaction for sales through to the general ledger, Kim will follow these steps:

1. Set up a sales batch
2. Enter sales transactions into the sales batch
3. Post the sales batch to update the Accounts Receivable and Inventory subsystems
4. Post the GL batch (which was automatically created when she posted to the subsystem) to update the GL to reflect information from the subsystems

Transactions ==> Sales ==> Sales Batches

- **Batch ID: 1**
- **Comment: Shari Marston's Wedding**
- **Origin: Sales Transaction Entry**
- **Checkbook ID: Checking** (this is the default cash account 3-1000 used to record any cash receipts from customers for items in this batch)
- **Transactions: 1**
- **Batch Total: \$343.44**

STOP—Do Question #7

Click on transactions at bottom of window

Enter a Back Order Document

For large orders on account, Kim creates a **Back Order document**.

Transactions ==> Sales ==> Sales Trx Entry

Enter the following information for Shari's Order

- **Type: Back Order**
- **Type ID: This should default to Order** (Note: Kim could set up more than one type of back order— possibly for business accounts versus for weddings. Kim currently has only one type).
- **Document Number: Accept the default** (should be BK0001)
- **Customer ID: 100** (Shari Marston)
- **Date: 2/13/2005**
- **Batch ID: (use the lookup button to assign to the batch you just set up)**
- **Default Site: MAIN** (this is the company location from which the item is being sold. Kim only has one location, the main office. This information is used for detailed tracking of inventory locations.)

Enter in the items described below, tabbing to the next line after each item entry. Use the lookup button to select the proper unit of measure (e.g. Each, Dozen, and Half Dozen). IF YOU MISENTER AN ITEM NUMBER you cannot go back and edit it. To correct your mistake, click on the item number and Choose **Edit, Delete Row** from menu at top of screen.

(Item numbers are in parentheses)

- 2 dozen white roses (11)
- 4 dozen white lilies (41)
- 4 dozen red lilies (42)
- 2 dozen red mums (32)
- 2 dozen fillers (51)
- 2 dozen greenery (57)
- 2 each crystal bowls (03)

STOP—Do Questions # 8, 9, and 10

- **When you finish the last line item, move down to the next blank line.** The sales tax should compute automatically. Total for the Back Order should be **\$343.44.**
- **Click Save the save the transaction in the batch.**

Print a Copy of the Back order *

Transactions ==> Sales ==> Print Sales Docs

To print the document:

- **Document type: Back Order**
- **Print: Documents**
- **Include: Document; Format: Blank Paper**
- **Ranges: From BKO001, To BKO001**
- **Click Insert to record this range in the restrictions box**
- **Click Print**
- **In the windows that appear, check the appropriate boxes to print both the document and the Exception report to the screen**
- **When the Back Order document comes up, if it looks OK, click Print.**

(Note: If you have difficulty printing the Back Order, repeat the steps above but click the "Reprint Previously Printed" box. If this still does not work, go to Inquiry → Sales → Sales Documents. BKO001 should appear in the listing. If it does not, check the History box and click Redisplay. Click anywhere in the row showing the Back Order you want to print. Click the Document Number heading to display the Back Order. Click File → Print.)

View the Effect of the Back Order on Inventory

Inquiry ==> Inventory ==> Item

Use the next record browse button to view the inventory items order by Shari.

STOP—Do Question #11

Now is the time to make sure your batch totals agree (manual versus computerized). Go back and check this in Transactions ==> Sales ==> Sales Batches.

III. Purchasing Business Process: Generating Purchase Orders

An example of data integration in an ERP can be found in the purchasing module of Great Plains. Based on the back order you just entered, you can automatically create Purchase Orders.

View the Back Order and Generate Purchase Orders

Transactions → Sales → Sales Trx Entry

- Maximize the window
- Click the next record button to see the Back Order you just created (BK0001)
- Click the Purchase Button (near the top of the screen)
- The Purchase Orders Preview window should appear.

This window shows information about PO's that *could* be prepared from the Sales Orders/Backorders based on default information we set up (what vendors we use for what items). View the window and examine the Purchase Orders created by Great Plains.

STOP—Do Question #12

Next, Click the “Generate” button at the bottom of the window (need to maximize screen to see it) to automatically generate PO's for these items. Print to the screen the Purchase Order Generation Report and check it. Once you generate PO's, you have the option of changing them if need be. Since Kim needs additional inventory for potential cash sales, she will edit these PO's for more inventory.

View Purchase Orders

Transactions ==> Purchasing ==> Purchase Order Entry

Maximize the window.

Click the Next Record browse button to see the first Purchase Order for Mary's House of Flowers (PO0001). Based on the automatically generated purchase order, 2 dozen white roses are being ordered. **Add the following items to the purchase order:**

2 dozen red roses (Item 12)

1 dozen pink roses (Item 13)

1 dozen yellow roses (Item 14)

- The total for the order should be \$105 (should be computed once you tab after last entry)
- Click Save to save the order.

Click the Next Record Browse button to go to the second PO (PO0002) for Ron's Floral Greenhouse. **Add items or change quantities on this purchase order.**

- PO0002, Ron's Floral Greenhouse (Vendor 900)
 - red mums (32) – Change quantity to 3 dozen
 - white lilies (41) – Keep quantity of 4 dozen
 - red lilies (42) – Change quantity to 5 dozen
 - fillers (51) – Change quantity to 3 dozen
 - basic greenery (57) – Change quantity to 4 dozen
- Total should be \$210.

- Click the notepad next to Vendor ID and make yourself a note that Ron said he might be out of White Lilies. Attach the note to the PO using the Attach button.
- **Save the order.**

Click the Next Record Browse button to go to the purchase order for **Andrew's Floral Supply:**

- **PO003, Andrews' Floral Supply (Vendor 902)**
 - crystal bowls (03) – Change quantity to 15
 - 10 large vases (01)
 - 5 small vases (02)
 - 20 candle holders (85)
- **Total should be \$81.25.**
- **Save the order.**

Print the Purchase Orders to send to Vendors (note: they could be emailed). *

Transactions ==> Purchasing ==> Print Purchasing Doc

- **Print: Purchase Orders**
- **Purchase Order Format: Blank Paper**
- **Ranges: From PO001 To PO003**
- **Click Insert**
- **Click Print**
- **Print both the document and the exception report to the screen**
- **If the POs look OK, click Print to print copies of the POs only. (Make sure nothing is on the exception reports by viewing on the screen).**

(Note: If you have difficulty printing the Purchase Orders, repeat the steps above but click the "Reprint Previously Printed" box. If this still does not work, Go to Inquiry → Purchasing → Purchase Order Docs. Check the Open Purchase Orders and Historical Purchase Orders boxes and click Redisplay. Click anywhere in the row showing the Purchase Order you want to print. Click the PO Number heading to display the Purchase Order. Click File → Print.)

STOP—Do Question #13

View the Effect of Purchase Orders on Inventory Items, Vendor Accounts, and GL Accounts:

Inquiry ==> Inventory ==> Item
Inquiry ==> Purchasing ==> Trx by Vendor
Inquiry ==> Financial ==> Detail

STOP—Do Question #14

Change the User date to 2/19/05

Recording Receipt of Goods and Invoices for Inventory Items

Kim's vendors generally send both the goods and their Invoice at the same time. Today, Kim received all of the goods ordered on Purchase Orders PO001 - PO003. To record receipt of the goods and invoices, complete the following steps. Completing these steps will result in updating of the appropriate subsystems and the GL.

Recording an Inventory Receiving Transaction

Transactions ==> Purchasing ==> Receivings Trx Entry
Enter the following information for inventory received from Mary's House of Flowers (PO001)

- **Type: Shipment/Invoice** (because we receive both shipment and invoice at the same time) ENTERING THIS CORRECTLY IS VERY IMPORTANT. YOU WILL RUN INTO PROBLEMS LATER IF YOU ENTER ONLY SHIPMENT HERE
- **Receipt Number: Accept the default number (should be RCT001)**
- **Vendor Document Number: INV0043 (the vendor's invoice number that came with packing slip)**
- **Date: 2/19/2005**
- One way to enter the remainder of the receipt is to enter each field individually, (i.e. vendor number and each line from the packing slip). However, Kim knows that her vendors almost always ship all of the items ordered on a Purchase Order at the same time. Essentially, the receiving document needs to look just like the Purchase Order. As a result, she can speed entry by having Great Plains automatically enter all of the items ordered on the original Purchase Order into the receiving screen. To do this, click the Auto-Rcv button in the upper right hand corner of the window.
- **Enter PO001 and click the View Details button.** You should see all of the lines from the purchase order. Click Mark All or individually check all boxes for receive all.
- **Click "Receive" at the bottom of the screen** to automatically populate the fields of the receipt based on the information from the purchase order.

The total should be the same as the PO001 created earlier.

STOP—Do Question #15

- **Click the Distribution Button:** This screen shows you how this transaction will be recorded in the GL based on defaults Kim set up.
- **Click OK to close the distributions window**
- **Click the POST button to post the transaction to the subsystems** (we are using REAL TIME posting not BATCH).

Now you can record the following additional receipts in the same way as above:

- Receipt (should be RCT002) for PO002 – Ron's Floral Greenhouse Invoice# 116
- Receipt (should be RCT003) for PO003 – Andrew's Floral Supply Invoice# 2042

STOP—Do Question #16

View the Effect of Receipts on Inventory Items

Inquiry ==> Inventory ==> Item

Use the Next button to view the inventory items received. Make sure, for instance, candleholders (85) shows Quantity on Order is zero and On Hand and Available 20 units.

View the Effect of Receipts on Vendor Accounts

Inquiry ==> Purchasing ==> Trx by Vendor

Use the Next button to view the accounts. Make sure that all three vendors show balances.

STOP—Do Question #17

View the Effect of Your Transaction on the GL

Inquiry ==> Financial ==> Detail

Go to the Inventory-Floral account (1-1050). There are no transactions. Similarly, if you go to the Accounts Payable account (3-2000), the transaction will not show up there either. What happened?

Your journal entry, which was entered through the Payables Management subsystem updated that module, but not the GL. ERP systems post in batch mode from modules to the GL. These automatically created batches must be posted to the GL to affect GL balances. This is a control: companies setup access for posting to allow for appropriate segregation of duties, including authorization and independent review of transactions. The next step explains how to post from subsystems to the GL.

Post the Transactions to the GL

Transactions ==> Financial ==> Series Posting
Click Mark All and Post.

View the Effect of the Receipt on General Ledger Accounts

Inquiry ==> Financial ==> Detail

Type in account 1-1050 then TAB. Floral Inventory should now be updated.

Type in account 2-1050 then TAB. Gifts Inventory should now be updated.

Type in account 3-2000 then TAB. Accounts payable should now show the additional liabilities.

IV. Sales Business Processes: Delivery, Cash Receipts and Cash Sales

Change the User date to 2/20/05

Delivering and Invoicing Goods Sold on Account (Accounts Receivable)

Today, Kim delivered all of the flowers for Shari Marston's wedding. Back at the office, Kim converts the Back Order document to an Invoice which she prints out and mails to Shari. This results in recording of the appropriate transactions in the subsystems and GL.

Transfer (Convert) a Back Order to an Invoice

Transactions ==> Sales ==> Sales Trx Entry

- **Press the next record browse button to view Shari's back order (BKO001)**
- **Click the "Transfer" button at top of window.**
- **Check the "Transfer to Invoice" box and click Totals and Deposits (there were no deposits though)**
- **Click Transfer button at bottom of window**
- **When a window pops up print the Sales Order transfer log to the screen.** There should be no errors and one document transferred. The new Invoice number (INV001) should be listed. It should say "Backorder BKO001 successfully transferred to Inv001"
- **Close the transfer log report window**
- **Now you should see the invoice (it looks pretty much like the Back order, except the Type in the upper left-hand corner has changed)**
- **The invoice date should be 2/20/05**
- **The invoice total should be same as the backorder (\$343.44)**
- **Click the distributions button at bottom of screen to see accounts affected when this transaction is posted to GL.**

STOP—Do Question #18

Click OK to close the distributions window.

- **Notice that the transaction is still set up to save to a batch (BATCH 1).**
- **Click Save in the Sales Transaction entry window to save the invoice.**

Print the Invoice *

Transactions ==> Sales ==> Print Sales Docs

- Document Type: Invoice
- Print: Documents
- Include: Click Document; Format should be Blank Paper
- Ranges: From INV001 to INV001
- Click Insert to insert this range in the Restrictions field

STOP—Do Question #19

- Click Print
- Print both the Document and the Exception report to the screen
- Click Print to print a copy of the invoice to send to Shari. You do not have to print the Exception report.

STOP—Do Question #20

Approve the Sales Batch

Recall that when Kim decided to enter sales in batches, the goal was to be able to review the transactions at the end of the day and approve them before they were posted (useful when others enter the transactions when Kim's Flowers grows). Because the invoice will influence the balances in customer accounts, it must be posted to the Sales subsystem/module. Before this is possible, Kim must follow the steps below to approve the batch. She does this by entering a password.

Transactions ==> Sales ==> Sales Batches

- Click the Next Record button to view BATCH 1 information.
- Check the Approved box at the bottom of the screen.
- Enter the password *kim* (all in lower case) in the box. *Note that, when the password is entered, the login name of the individual approving the batch is recorded, this is a double check to assure that only authorized people have the password. Also realize that Kim should use the transactions button to review the transactions prior to posting them. Finally, obviously, only individuals authorized to approve sales transactions should be given the password and a much better password than this one should be used!*
- Click Save to save the approval of the SALES batch

Post the Sales Batch

Transactions ==> Sales ==> Series Post

Click Mark All and Post to post the invoice to sales subsystem. Once the batch is approved, anyone with access to the system can post the batch. Close sales series posting.

View the Effect of the Invoice on Inventory Items

Inquiry ==> Inventory ==> Item

Use the Next button to view the Crystal Bowl item (03). Note that the quantity on hand has decreased to 13 (you originally bought 15) and the quantity sold is now 2.

View the Effect of the Invoice on Customer Accounts

Inquiry ==> Sales ==> Trx By Customer

Use the Next button to view Shari's account. Notice the invoice has been posted to her account as a current amount due.

Inquiry==> Sales ==> Payment Summary

Click the Next button to view Shari's account balance.

STOP—Do Question #21

Post the Sales Transactions to the GL

Posting the sales batch only updated the Sales/inventory subsystems. The GL has not been updated, and would not until the “financial statement close” at month-end. Let’s do it now, however.

Transactions ==> Financial ==> Series Posting
Click Mark All and Post.

View the Effect of the Invoice on the General Ledger Accounts

Inquiry ==> Financial ==> Detail

Type in account 1-6050 and press tab. COGS–Floral should now show a debit for the cost of the flowers on Shari’s order, \$213

Keep this window open to review the audit trail.

Review the Audit Trail for the transaction

An important feature of any ERP is the ability to *drill down* to see the audit trail for a transaction or to find more details about an amount.

- **Click anywhere in the row with the \$213 debit to highlight it**
- **Click the 'Journal Entry' column title** (it is blue and underlined). You should see the original GL journal entry with all of its debits and credits (you may have to scroll up to see all of the accounts). This is the entry that was automatically created by the Sales subsystem when you created the Shipment/Invoice. The Journal Entry number at the top left is used to identify this journal entry. This is the first document in the electronic audit trail for this transaction as you trace it backwards from the GL Account (1-6050, COGS-Floral) to the original source document.

STOP—Do Question #22

Change the User date to 2/22/05 -- GRAND OPENING OF KIM's FLOWERS!

Recording Receipt of Payments on Account from Customers

Shari Marston's mother was very impressed with the flowers from the wedding. So impressed that she decided to come in and thank Kim for her hard work and wish her well with the grand opening. While in the shop, she paid \$200 on Shari's account.

Record a Cash Receipt on Account

Transactions ==> Sales ==> Cash Receipts

Receipt: Accept the Default Number (should be PYMNT001)

Date: 2/22/05

Customer ID: 100 (Shari Marston)

Click Check

Amount: \$200

Checkbook: CHECKING

Click the Apply button. This screen allows you to show which invoices the payment should be applied to. You can check the box next to the invoice or click the Auto Apply button at the top of the screen. Use either method (b/c it doesn’t matter in this instance) and answer the following question:

STOP—Do Question #23

Click OK to exit the Apply screen.

Click the “Distribution” button. Make sure the distribution is correct. Click OK to exit the Distributions window.

Click “Post” to post the transaction.

STOP—Do Question #24

Recording Cash Sales

Begin a Sales Batch for Cash Sales

Remember that Kim is entering all sales transactions using batches. For daily sales for cash, she uses the *current day* as the BATCH ID. She made two cash sales today using her paper source documents and now she is entering them into Great Plains batch mode. First, she must initiate a sales batch for cash sales.

Transactions ==> Sales ==> Sales Batches

- Batch ID: 2/22/05 (the current date)
- Origin: Sales Transaction Entry
- Comment: Cash Sales for 2/22/05
- Posting Date: 2/22/05
- Checkbook ID: Checking
- Transactions/Batch Total: 2, \$34.56
- Click “Save” to save the batch (named 2/22/05)

Enter Invoices for Cash Sales

Transactions ==> Sales ==> Sales Trx Entry

Enter the following information for Kim’s first Cash Sale

- Type: Invoice
- Type ID: This should default to INVOICE.
- Document Number: Accept the default (should be INV002)
- Customer ID: CASH SALES (Although this is a cash sale, Great Plains requires a customer account number (cash sales is the “customer”) to enter an invoice.)
- Date: 2/22/05 (this should be the default if you updated the user date correctly)
- Batch ID: 2/22/05 (use lookup)
- Default Site: MAIN

Enter in the items described below, clicking next after each item is entered. IF YOU MISENTER AN ITEM NUMBER you cannot go back and edit it. To correct your mistake *before saving the document*, click on the item number and Choose Edit, Delete Row.

1 half doz pink roses (13)

1 each fillers (51)

1 each greenery (57)

- When you finish the last line item, tab to the next blank line and the sales tax should compute automatically. The total for this Invoice should be **\$19.44**
- Amount Received: Before filling in this amount, notice that the On Account field shows the invoice amount of \$19.44, indicating the amount of the invoice is to be charged on account. To correct this, enter **\$19.44** in the Amount Received field to reflect that the customer paid the full amount in cash. THEN PRESS THE TAB KEY.
- A new window should come up asking for information about the payment. Check to make sure the date is 2/22/05. Click the Insert button on the lower left-hand part of the window to record the default information provided and Click OK.

- You should now be back at the Invoice. The On Account field at the bottom should now be zero, which is what you want for a cash sale.
- **Click the Distributions button. Make sure the accounts make sense. Click OK.**
- **Click “Save” to save the transaction in the batch named 2/22/05. (DO NOT click Post.** Remember, you are saving the transactions to a batch, and then you will post the batch.)

Now you can enter the information for the following additional cash sale. You cannot change invoices once their batch has been posted, so make sure you check yourself now.

- **Invoice INV003:**
 4 each candle holders (85)
 Invoice total/Amount Received should be \$15.12

Print the Invoices *

Transactions ==> Sales ==> Print Sales Docs

- **Document Type: Invoice**
- **Print: Document**
- **Include: Document**
- **Range: From INV002 to INV003** Usually, Kim would print each invoice as the customer paid. To save time, you are printing them all at once.
- **Click Insert**
- **Click Print and send to printer. You do not need to print the exception report.**

Approve and Post the Sales Batch

Periodically, Kim would review, approve and post the sales batch.

Transactions ==> Sales ==> Sales Batches

- **Select the 2/22/05 batch and make sure the batch totals agree.**
- **Check the Approved box at the bottom of the screen.**
- **Enter the password kim (all in lower case) in the box.**
- **Click the Post button to post the batch named 02/22/05.**

View the Effect of the Transactions on Customer Accounts

Inquiry ==> Sales ==> Trx by Customer

Go to the CASH customer account. You should see charges and receipts for each invoice you entered. If you do not, you forgot to enter the appropriate amount in the Amount Received box when you entered the invoice. Correct your error by entering cash receipts at: Transactions ==> Sales ==> Cash Receipts. Make sure you apply the receipts to the proper invoices.

View the Effects of the Transactions on Inventory Items

Inquiry ==> Inventory ==> Item

Scroll through the items to look at the items you just sold. Notice that the Quantity Sold has increased and the Quantity on Hand has decreased.

Post the Sales Transactions to GL

Transactions ==> Financial ==> Series Posting
mark all, then post

View the Effects of the Transactions on the GL Accounts

Inquiry ==> Financial ==> Detail

Look at Cash, Inventory–Floral, Inventory–Gifts, Sales Tax Payable, COGS–Floral, COGS–Gifts, Sales–Floral, and Sales--Gifts

V. Sales Business Processes

You have now seen the application of two different revenue business processes: backorder/invoice and cash sales. The result of these business processes is ultimately the same, revenues go up, cash goes up; the steps are just different. Other businesses may have different revenue business processes.

STOP—Do Question #25

VI. Expenditure Business Processes

Change the User Date to 2/24/05

Recording Immediate Cash Payments to Vendors

Kim wrote a check for \$900 for February (this month, \$450) and March (next month's, \$450) rent. Next month's rent would be a prepaid.

Recording Checks for Immediate Cash Payments

Transactions ==> Financial==>Bank Transactions

- Options: Enter Transaction
- Type: Check
- Transaction Date: 02/24/05
- Checkbook ID: CHECKING
- Number: Accept the Default
- Paid To: Landlords R Us
- Description: February and March rent
- Amount: 900.00
- Enter the Appropriate Accounts: First, press the lookup button so that you can see accounts descriptions as you enter the account numbers. Notice that the Cash account (3-1000) is automatically credited. Go to the blank (next) row to enter other side of entry.
- Click Post to Post the Transaction after you make sure debits equal credits.

Post the Transaction to General Ledger

Transactions → Financial → Series Posting (mark all and post)

View the Effect of Your Transaction on the GL

STOP—Do Question #26

Change the User date to 2/25/05

Recording Liabilities

Kim just received two bills for Feb: a \$120 bill from Kansas Power and Light (KPL) for electricity and a \$40 bill from City of Manhattan for water. She enters these in as liabilities and will pay them later.

Record a Liability for Expenses other than Purchases of Inventory (Steps are illustrated for the energy bill. When finished, repeat the steps for the water bill)

Transactions ==> Purchasing ==> Transaction Entry

Amounts charged to vendors that do not involve inventory items are entered directly into the Purchasing System through this window. Complete data entry for the following fields (others should be left blank or at their default values):

- Voucher Number: Accept the default
- Document Type: Invoice

- **Description:** February electric bill
- **Doc. Date:** 2/25/05
- **Vendor ID:** Use the Lookup Button to select the Vendor ID for KPL
- **Address ID:** MAIN
- **Payment Terms:** ACCOUNT (Kim set the system up so that entering these terms will automatically enter a due date of the end of this month for this liability. She could set up many different payment terms to indicate different credit terms for different vendors. These terms can also incorporate things like purchases discounts such as 2/10, net/30)
- **Document Number:** 45444 (KPL's invoice number)
- **Purchases:** \$120
- **Cash/Check/Credit Card:** Leave these at zero to indicate no payment was made at the time we charged the items.

Stop Do Question #27

- **Click the Distributions Button:** This shows the GL account distribution. A credit has been made to accounts payable automatically. **You also need to fill in the appropriate debit account because Kim did not set up a default. Click OK after you have made sure the journal entry balances.**
- **Click POST to post the transaction immediately to the Purchasing module.** Be careful to make sure the transaction is right before you post. You cannot go back and change it. If you make a mistake, you must create a *reversing entry*.
- **Repeat the steps above to enter the invoice for the water bill from City of Manhattan. The source document is # 22432.**

Post the Transactions to General Ledger

Transactions ==> Financial ==> Series Posting

View the Effect of Your Transaction on the GL

Inquiry ==> Financial ==> Detail

Change the User Date to 2/28/05

Paying Vendors on Account

It is now the last day of the month and Kim has funds available to pay her bills.

Select Checks

These steps create a *batch* of checks that will be posted to the subsystems/modules when the checks are printed.

Transactions ==> Purchasing ==> Select Checks

- **Batch ID:** 2/28/05. When you press TAB, a Window will come up asking if you want to create the batch. **Click ADD to create the batch and give it a description. Click SAVE to accept the defaults. Close.** You should now be back in the select checks window.
- **Make sure the radio button for ALL VENDORS (to pay) is selected.**
- **Make sure ALL VOUCHERS radio button is selected (we want to pay all bills).**
- **Due Date Cutoff:** Kim wishes to pay any Invoice due on or before 2/28/05, so select the Due Date button and enter 022805 in the due date box.
- **Accept the defaults for all of the remaining fields.**
- **Click Build Batch (at the top of the window).** Great Plains will automatically create payment transactions for all invoices fitting the criteria you selected. This will take a few moments. **You can tell it is done when the Batch Total near the top of the window changes. The total should be \$556.25.**

Stop Do Question #28

- Close this window.
- Click the **Distribution Button**: This shows the GL accounts effected by the payment. **Close this window.**
- Close the **Edit Payables Checks** and **Select Payables Checks** windows.

Print Checks *

Transactions ==> Purchasing ==> Print Checks

- Batch ID: 2/28/05
- Check Number: Accept the default
- Check Date: 2/28/05
- Sort Checks By: Accept default.
- Check Format: 3 per Page/no stub
- Separate Remittance: Make sure this is **Unchecked**. Kim will use the remittance included with the vendor's invoices.
- Print: Checks
- Click Print
- Choose to print the checks to the screen. The checks will flash on the screen and then the **Post Payables Checks** window will come up on the screen. Click **Process** to post the checks to the payable subsystem.
- Review the Checks. If you check contains all XXX's you forgot to select to print checks rather than alignment forms.
- Click the **Print** button to print the checks.

Stop Do Questions #29 and 30

View the Effects of Payments on Vendor Accounts

Inquiry ==> Purchasing ==> Transactions by Vendor

This screen will show all of the invoices and payments for the vendor

Inquiry ==> Purchasing ==> Vendor Yearly

This screen will show the resulting balances in the vendor account

Post the Payments to the General Ledger to get ready for the financial statement close

Transactions ==> Financial ==> Series Posting

- Click mark all and POST

VII. Financial Statement Close Process

On 2/28/05 at the end of the day, Kim is going to close out the month. There should be no outstanding batches or transactions to post (she thinks). However, she must do two things: (1) reconcile GL to subsidiary ledgers (inventory, AP and AR) and (2) determine if there are any adjusting entries to book. Follow the steps below to close out Kim's Flowers books for Feb 2005.

1. Print a Summary Trial Balance for Feb 2005 (default format). *
2. Reconcile the Subsidiary ledgers to GL control accounts
 - Print an Inventory Activity Report (Stock Status) (default format). *

- **Print an Accounts Receivable Aged Trial Balance (default format).***
- **Print an Accounts Payable Aged Trial Balance (default format).***

3. Compare your subsidiary ledger printouts for Inventory, AR and AP to their respective control accounts (ending balance) in the General Ledger Trial Balance. They should agree. If not, you either 1) didn't post a batch, 2) didn't post an entry, 3) made an error requiring a reversing entry of some sort. If they don't balance you need to audit your work and figure out where the error came from and how to correct.

Stop Do Question #31

4. Record Adjusting Journal Entries

So far, none of your transactions have been recorded directly to the GL. Instead, GL entries resulting from events have been created as a result of entering information about the events in other subsystems -- Purchasing, Sales, Inventory. This was because these events influenced the subsidiary ledger accounts maintained in these subsystems. Only a few journal entries are recorded directly in the GL. These are entries that do not affect Cash, Inventory, Accounts Payable or Accounts Receivable. Most involve financing and investing activities (transactions with owners and the bank) or adjusting entries. Kim made entries on February 1 as you noted at the first of the problem. Your job now is to record adjusting journal entries at the end of February related to these original entries.

- ADJE1: Based on your answer to #1, Kim borrowed some money from the bank. Assume the Note Payable accrues interest of 6% a year. Accrue one month (February) of interest.
- ADJE2: The refrigerators that Kim invested are to be depreciated straight line, no salvage value, for 10 years. Accrue one month (February) of depreciation.

Stop Do Question #32

Recording the Adjusting Entry for Interest Expense

Transactions ==> Financial ==> General

- **Journal Entry: Accept the default number**
- **Batch ID: Leave blank (we will post these immediately)**
- **Transaction Type: Standard**
- **Transaction Date: 2/28/05**
- **Source Document: ADJ1 (interest)**
- **Reference: Feb interest**
- **Enter the appropriate accounts and amounts.**
- **Click Post to post immediately to the GL**

Recording the Adjusting Entry for Depreciation Expense the same way (Source Doc ADJ2, Reference Feb Depreciation).

Review the Effect of the Transactions on the GL

Inquiry ==> Financial ==> Detail

Make sure the effect of your transactions on the balances was as you desired.

5. **Print a Detailed Trial Balance ***
6. **Print Financial Statements ***
 - **Print the default options for the Balance Sheet, Income Statement, Statement of Retained Earning and Statement of Cash Flows**

Stop Do Question #33