CHAPTER 12
ACCOUNTS RECEIVABLE

In Chapter 11, students learned how to use PCA's Purchases/Receive Inventory task. Now that merchandise was purchased from vendors, students are ready to sell that merchandise. In order to do that, students complete Chapter 12, Accounts Receivable, and learn how to use PCA's Sales/Invoicing task.

In Chapter 3, Customer Transactions, students entered a sales invoice for Bellwether Garden Supply, the unit price, description, account number, and sales taxes were automatically calculated. You may want to have students review Chapter 3, textbook pages 87 through 125 to see how this worked.

Before students use the Sales/Invoicing task, they need to set up customer defaults, sales tax information, and customer maintenance information. After these defaults are set up, PCA uses that information when a sale is recorded.

In Chapter 12, students see how PCA's accounts receivable system works. Accounts receivable are what customers owe the business. Credit transactions from customers are called accounts receivable transactions.

Customer receipts work similarly to paying vendor invoices. When a customer pays an existing invoice there are two steps:

1. Enter the customer's ID code so that a list of existing invoices for the customer displays.

2. Select the invoice that applies to the customer's check, then select the Pay box.

The flowchart below shows how PCA's accounts receivable system works.

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┌─────────────────────────────────────────────────────────┐
│          Print and send an invoice to your customer.      │
└─────────────────────────────────────────────────────────┘
                              │
                              ▼
┌─────────────────────────────────────────────────────────┐
│        The customer sends you a check to pay the bill.    │
└─────────────────────────────────────────────────────────┘
                              │
                              ▼
┌─────────────────────────────────────────────────────────┐
│  Select the invoice that applies to the customer's check, then │
│  select the Pay box.                                      │
└─────────────────────────────────────────────────────────┘
```
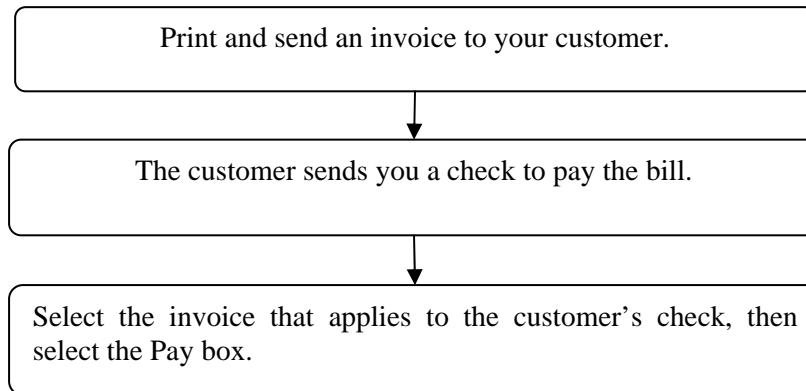
SOFTWARE OBJECTIVES: In Chapter 12, your students used the software to:

1. Set up customer default information.

2. Set up sales tax information.

3. Set up customer maintenance information.

4. Record credit sales, cash sales, and sales returns.

5. Record customer receipts, partial payments, and edit invoices.

6. Make four backups: 1) back up Chapter 12 beginning data; 2) back up Chapter 12 data; 3) back up Exercise 12-1; 4) back up Exercise 12-2.

WEB OBJECTIVES: In Chapter 12, your students did these Internet activities:

1. Used their Internet browser to go to the book's website.

2. Went to the Internet Activity link on the book's website. Then, selected WEB EXERCISES PART 3. Completed the second web exercise in Part 3–WebCPA: Tools and Resources for the Electronic Accountant.

3. Used a word processing program to write summaries of the websites that they visited.

PCA TIPS, Chapter 12

➢ Students must complete Chapter 11 before they start Chapter 12.

➢ If the general ledger account (GL account column) is not displayed on the Sales/Invoicing window, check the global options. In the Hide General Ledger Accounts section, all boxes must be unchecked.

LECTURE OUTLINE FOR Chapter 12

A. Software Objectives, pages 421

B. Web Objectives, page 421

C. Getting Started, pages 422-423

1. Setting up customer defaults, page 424
2. Setting up sales tax defaults, pages 425-427
3. Setting up customer maintenance information, pages 427-430

D. Backing Up Your Data, pages 430-431

E. Recording Sales, pages 431-432

1. Entering invoices for credit sales, pages 432-433
2. Printing sales invoices, pages 433-438
3. Entering a service invoice, pages 439-441
4. Sales returns: Tasks; Credit Memos, pages 442-444

F. Recording Receipts and Cash Sales, page 445

1. Entering a receipt, pages 445-448
2. Cash sales, pages 448-449
3. Finance charges, page 450

G. Printing Customer Forms, page 450

ANSWERS TO GOING TO THE NET

1. The abbreviation commonly used for accounts receivable is A/R.
2. The control account is the total accounts receivable balance from your general ledger.
3. The beginning accounts receivable total, plus charge sales for the month, minus payments on account for the month, should equal the ending accounts receivable total.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. c (Tasks; Sales/Invoicing)
2. c (Accounts receivable)
3. d (Vendors)
4. a (Tasks/Receipts)
5. d (California)
6. c (a. and b.)
7. c (8%)
8. c (Account No. 23100)
9. b (ap001)
10. c (Receipts)
11. c (Account No. 40200)
12. b (Customer ledger)
13. a (Credit memo)
14. d (Account No. 40400)
15. d (Chapter 12)

Solution to Exercise 12-2 (4)

Student Name Service Merchandise
Sales Journal
For the Period From Jan 1, 2005 to Jan 31, 2005
Filter Criteria includes: Report order is by Invoice/CM Date. Report is printed in Detail Format.

Date	Account ID	Invoice/CM #	Line Description	Debit Amnt	Credit Amnt
1/6/05	40400	101	Four tool kits		340.00
	50500		Cost of sales	120.00	
	12000		Cost of sales		120.00
	11000		Alan Currier	340.00	
1/6/05	40200	102	Three hardware sets		450.00
	50000		Cost of sales	150.00	
	12000		Cost of sales		150.00
	11000		Bob Bruno	450.00	
1/6/05	40200	103	Six hardware sets		900.00
	50000		Cost of sales	300.00	
	12000		Cost of sales		300.00
	11000		Reva Nichols	900.00	
1/9/05	40400	CM101	Returned one tool kit	85.00	
	50500		Cost of sales		30.00
	12000		Cost of sales	30.00	
	11000		Alan Currier		85.00
		Total		**2,375.00**	**2,375.00**

Solution to Exercise 12-2 (5)

Student Name Service Merchandise
Cash Receipts Journal
For the Period From Jan 1, 2005 to Jan 31, 2005
Filter Criteria includes: Report order is by Check Date. Report is printed in Detail Format.

Date	Account ID	Transaction Ref	Line Description	Debit Amnt	Credit Amnt
1/9/05	11000	Invoice 101	Invoice: 101		255.00
	10200		Alan Currier	255.00	
1/13/05	11000	Invoice 102	Invoice: 102		450.00
	10200		Bob Bruno	450.00	
1/16/05	40200	Cash	Two hardware sets		300.00
	50000		Cost of sales	100.00	
	12000		Cost of sales		100.00
	40400		Two tool kits		170.00
	50500		Cost of sales	60.00	
	12000		Cost of sales		60.00
	10200		Lee Louden	470.00	
1/17/05	40400	Cash	Two tool kits		170.00
	50500		Cost of sales	60.00	
	12000		Cost of sales		60.00
	10200		Kathy Williamson	170.00	
				1,565.00	**1,565.00**

Solution to Exercise 12-2 (6)

Student Name Service Merchandise
Customer Ledgers
For the Period From Jan 1, 2005 to Jan 31, 2005
Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Customer ID Customer	Date	Trans No	Type	Debit Amt	Credit Amt	Balance
ac001	1/6/05	101	SJ	340.00		340.00
Alan Currier	1/9/05	CM101	SJ		85.00	255.00
	1/9/05	Invoice 101	CRJ		255.00	0.00
bb002	1/6/05	102	SJ	450.00		450.00
Bob Bruno	1/13/05	Invoice 102	CRJ		450.00	0.00
rn003	1/6/05	103	SJ	900.00		900.00
Reva Nichols						

Solution to Exercise 12-2 (7)

Student Name Service Merchandise
General Ledger Trial Balance
As of Jan 31, 2005
Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Account ID	Account Description	Debit Amt	Credit Amt
10200	Portland Bank	39,979.91	
10400	Downtown Savings & Loan	14,300.00	
11000	Accounts Receivable	900.00	
12000	Merchandise Inventory	14,630.00	
13000	Supplies	1,000.00	
14000	Prepaid Insurance	2,400.00	
15000	Furniture and Fixtures	3,500.00	
15100	Computers & Equipment	5,500.00	
15500	Building	85,000.00	
27000	Long-Term Notes Payable		10,000.00
27400	Mortgage Payable		60,000.00
39009	Student Name, Capital		96,450.00
39010	Student Name, Drawing	400.00	
40200	Sales-Hardware		1,650.00
40400	Sales-Tools		595.00
50000	Cost of Goods Sold-Hardw	550.00	
50500	Cost of Goods Sold-Tools	210.00	
59500	Purchase Discounts		12.80
70000	Maintenance Expense	120.00	
71000	Office Expense	139.82	
73500	Postage Expense	37.00	
76000	Telephone Expense	41.07	
	Total:	**168,707.80**	**168,707.80**