Chapter 2
Vendors
In Chapter 2, you learn how Peachtree handles Accounts Payable transactions with vendors.

When Bellwether Garden Supply orders and receives inventory from vendors, Account No. 12000, Inventory, is debited. Accounts Payable and the vendor account is credited.
Software Objectives, p. 53

- Restore data from Exercise 1-2. (This backup was made on pp. 49-50.)
- Enter a purchase order.
- Enter and post a vendor invoice in the Purchases/Receive Inventory window.
- Go to the Payments window to pay a vendor.
- Print a check in payment of the vendor invoice.
- Analyze payments and vendor credit memos.
- Make two backups: back up Chapter 2 data; and back up Exercise 2-2.
Web Objectives, p. 53

- Use your Internet browser to go to the book’s website at

- Complete the Internet activity for Accounting Students.

- Use a word processing program to write a summary about the website(s) that you visited.
In Chapter 1 on pp. 49 and 50, you backed up (saved) Exercise 1-2. In order to begin where you left off, you restore data from Exercise 1-2. Restoring will allow you to start where you left off at the end of Chapter 1.

Peachtree includes the special journals; for example, the Payments window is the Cash Disbursements Journal; the Purchases/Receive Inventory window is the Purchase Journal.

The work in Chapters 1-7 is cumulative. Chapter 7’s financial statements reflect within chapter activities and end-of-chapter exercises.
Peachtree Tips

- Change global settings to show general ledger accounts, pp. 57 and 58 (Options; Global). If the boxes in the Hide General Ledger Accounts area are checked, then general ledger accounts are hidden. Make sure the boxes in the Hide General Ledger Accounts section are unchecked so that there is a GL Account field on the Sales/Invoicing window and other special journal windows.

- To set global options, see steps 1-4 on pp. 57 and 58.

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### Hide General Ledger Accounts

- Accounts Receivable (Quotes, Sales Orders, Invoicing, Credit Memos, Receipts)
- Accounts Payable (Purchase Orders, Purchases, Credit Memos, Payments)
- Payroll Entry

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### Other Options

- Warn if a record was changed but not saved
- Hide inactive records
- Recalculate cash balance automatically in Receipts, Payments, and Payroll Entry
- Use Timecards/Accounting Link

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### Line Item Entry Display

- 1 Line
- 2 Line

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### Smart Data Entry

- Automatic field completion
- Automatically create IDs on maintenance windows
- Drop-down list displays automatically
Peachtree Tips

- Peachtree defaults to hiding the general ledger accounts. This is called Accounting Behind the Screens. (pp. 57-58)
- The illustrations in the book show the general ledger accounts. This means that there is a GL Account field on the special journal windows.
- Once you set global options for one company, they are in effect for all Peachtree companies.
Backing Up Chapter 2

In Chapter 2, you make two backups. The Chapter 2.ptb backup is made on pages 81-82 and the Exercise 2-2.ptb backup is made on pages 88-89. Refer to the chart shown on page 2 in the textbook to see all the backups made in Part 1 (Chapters 1-8).

<table>
<thead>
<tr>
<th>Backup Name</th>
<th>KB</th>
<th>Pg Nos.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter 2.ptb</td>
<td>3,302 KB</td>
<td>81-82</td>
</tr>
<tr>
<td>Exercise 2-2.ptb</td>
<td>3,300 KB</td>
<td>88-89</td>
</tr>
</tbody>
</table>
Chapter 2 Topics

1. Software & Web Objectives, p. 53
2. Getting Started, p. 54
3. Restoring data from Chapter 1, pp. 54-55
4. Accounts payable tasks, pp. 56-57
   a. The purchase order window, p. 57
   b. Changing global settings for Accounting Behind the Screens, pp. 57-62
   c. Printing purchase orders, pp. 63-64
   d. The Purchases/Receive Inventory window, pp. 65-66
   e. Adding a new vendor, pp. 66-68
   f. Entering a vendor invoice, pp. 69-70
   g. Editing a Journal Entry, p. 70
   h. Posting a purchase transaction, pp. 70-71
Chapter 2 Topics (concluded)

5. Payments to vendors, pp. 71-74
6. Printing checks, pp. 74-77
7. Displaying the vendor ledgers, pp. 77-78
8. Vendor credit memos, pp. 78-81
9. Backing Up Chapter 2 data, pp. 81-82
10. Internet activity, p. 82
11. Summary and Review, pp. 82-83
   a. Going to the net, p. 83
   b. Multiple choice questions, pp. 83-86
   c. Exercise 2-1, pp. 86-88
   d. Exercise 2-2, pp. 88-89
   e. Chapter 2 index, p. 90
From the menu bar, click Options; Global.

The boxes in the section Hide General Ledger Accounts must be unchecked, p. 57.
In the Other Options area, two boxes are checked.

Click on the General tab. Make sure the Line Item Entry Display and Smart Data Entry match what is shown. Click <OK>.
Purchase Orders window, pp. 58-59

From the Navigation Bar, select Vendors & Purchases; select then New Purchase Order.
Select ABNEY, Abney and Son Contractors, as the vendor. (This is step 6 on page 59.)

Continue with steps 7 and 8 on pages 60. Read the Comment box on p. 60. If necessary, make changes to the Options; Global Decimal Entry selection.
After completing steps 9 - 14 on page 61, the completed Purchase Orders window is shown.
From the completed Purchase Orders window, click on the Journal icon.

<table>
<thead>
<tr>
<th>Account No.</th>
<th>Description</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>12000</td>
<td>Catalog #811315: Bird Bath - S</td>
<td>1,039.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inventory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12000</td>
<td>Assembled Redwood 12-Room Bird</td>
<td>2,795.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inventory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20000</td>
<td>Accounts Payable</td>
<td></td>
<td>3,834.00</td>
</tr>
<tr>
<td></td>
<td>Accounts Payable</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

G/L accounts are updated only when items on the purchase order are received.

Totals: 3,834.00  3,834.00
After completing steps 1 and 2 on p 63, the purchase order prints. This purchase order is shown on p. 64.

![Purchase Order Image]

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Unit Cost</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>AVY-101100 Bird Bath - Stone Gethro Zen</td>
<td>50.95</td>
<td>1,019.00</td>
</tr>
<tr>
<td>50</td>
<td>AVY-101500 Assembled Redwood 12 Room Bird House</td>
<td>65.90</td>
<td>2,795.00</td>
</tr>
</tbody>
</table>

**TOTAL**: $3,814.00

Authorized Signature ____________________________
From the Vendors & Purchases page, select New Bill. The Purchases/Receive Inventory window appears.
Maintain Vendors, p. 66

With the cursor in the Vendor ID field, press the plus key <+> and the Maintain Vendors window appears.

Complete pages 66-68.
After completing the steps 1-7 on page 69, the completed Purchases/Receive Inventory window is shown.

Read pages 70-71. Complete steps 1-3 on page 71.
Payments window, p. 72

From the Vendors & Purchases page, select then select Pay bill. The Payments window appears.

- Complete steps 2 and 3 on pp. 72-73.
The completed Payments window is shown on page 73.
From the menu bar, select Reports & Forms, then Accounts Payable.

Scroll down the Report list. Double-click on the Disbursement Checks folder to open it. Then, click on OCR AP Laser Preprinted.

Complete steps 3-9, pp. 75-77.
From the Vendors & Purchases page, Recently Used Vendor Reports area, link to Print or View the Vendors Ledgers. (Hint: If necessary, link to View All Vendor & Purchases Reports; then view or print the vendor ledgers.)
Chapter 2
Glossary of Terms
Cash discounts from vendors in return for early payment of an invoice, for example, 2% 10 days, net 30.
The business form used by the purchasing department to place an order with a vendor. Purchase Orders, abbreviated P.O., authorize the vendor to ship the ordered merchandise at the stated price and terms.
A combination of letters and numbers that are used to identify customers and vendors. A coding system is set up for Bellwether Garden Supply’s vendors. Bellwether’s coding system uses uppercase letters; for example, Abbott’s Landscaping is coded as ABBOTT.
Case sensitive, p. 67

Refers to the use of lowercase and uppercase letters. When coding a customer or vendor number, you must use either a capital or lowercase letter. For example, abbott is not the same as ABBOTT.
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Link to Student Edition.</td>
</tr>
<tr>
<td>3.</td>
<td>In the Course-wide Content list, link to Internet Activities; then link to Part 1 Internet Activities for Chapter 1-8. Open or save. (You can also choose Chapter 2, then link to Internet Activities. (In the Choose a Chapter field, if you select Chapter 2 observe that other chapter-specific link are available; for example, Multiple Choice Quiz, True or False, PowerPoint Presentations and Going to the Net Exercises.) Also observe that Course-wide Content includes a Glossary link.</td>
</tr>
<tr>
<td>5.</td>
<td>If necessary, scroll down to ACCOUNTING STUDENTS – Chapter 2. Complete steps 1-3.</td>
</tr>
<tr>
<td>6.</td>
<td>Using a word processing program, write a summary about the site(s) you selected. Remember to include the website address of each link. Your summary should be no more than 75 words or less than 50 words.</td>
</tr>
</tbody>
</table>

1. **gTLD** is an abbreviation for what word(s)? (Hint: Click on **gTLD** to answer this question.)

2. What is the number of domain names worldwide?

3. How many .com names are there?

4. List the extensions that are used with domain names.