Sage Business Cloud Accounting: Creating New Customers and Vendors

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Creating New Customers/Vendors

Learning Objectives

After completing this module you should be able to:

- Add new customers
- Add new vendors
- Understand account details
- Identify when a particular area is affected by a **Settings** feature
- Override default settings at the customer level
- Create custom credit limits and due dates for invoices
- Create custom messages that override the default message
- Create Price Defaults
- Enable Foreign Currency

NOTE Throughout the duration of the course, you will encounter important icons and visual conventions as part of your learning experience to guide learners through the chapters. Some of the cues are indicated here.

|	Important Information / Important Note / Additional Information	Item where caution and attention is required or additional insight and information is provided.
	Exercise	Your opportunity to practice a concept.
	End of Exercise	Indicates the end of an exercise.
	Check Your Knowledge	Review questions at the end of a lesson to check your understanding and ability to implement concepts.
	Summary	Overview of the most important items covered in a section or lesson.
	End of Lesson	The end of the lesson.

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Adding New Customers

It's the day of the Grand Opening for Divine Chocolates. There was a great turn out for the celebration. Customers were offered free chocolate samples upon arrival and all new customers received 10% off their first order. Christina received several orders and now needs to begin adding her new customers into **Accounting.** She'll also need to create invoices for those orders. Her first customer, Lisa Smith ordered 100 solid chocolate bells as wedding favors for her guests for her upcoming wedding in August. She'd like them in white boxes and delivered the day of her event.

Let's begin by adding her first customer, Lisa Smith. From the home screen click **Contacts**.
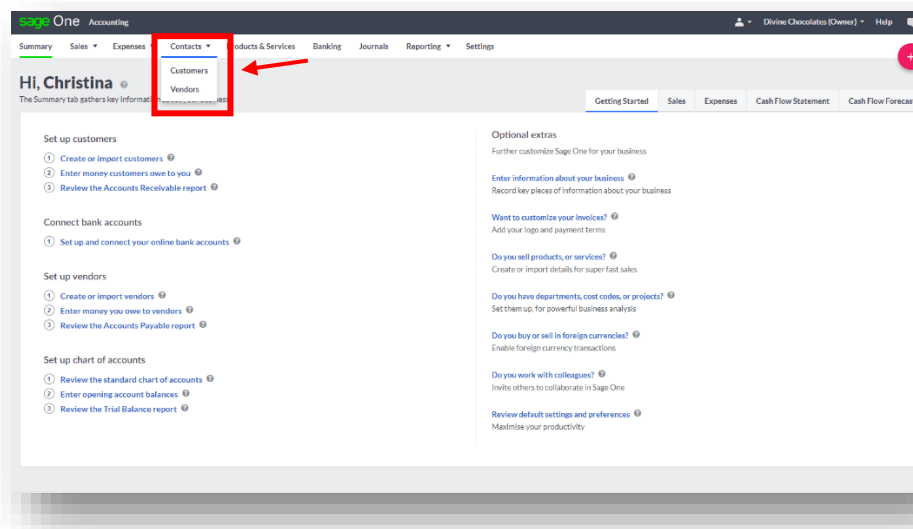
Accounting displays the dashboard with a list of all customers and vendors. To add a new customer, navigate to, and select the blue **New Customer** icon.
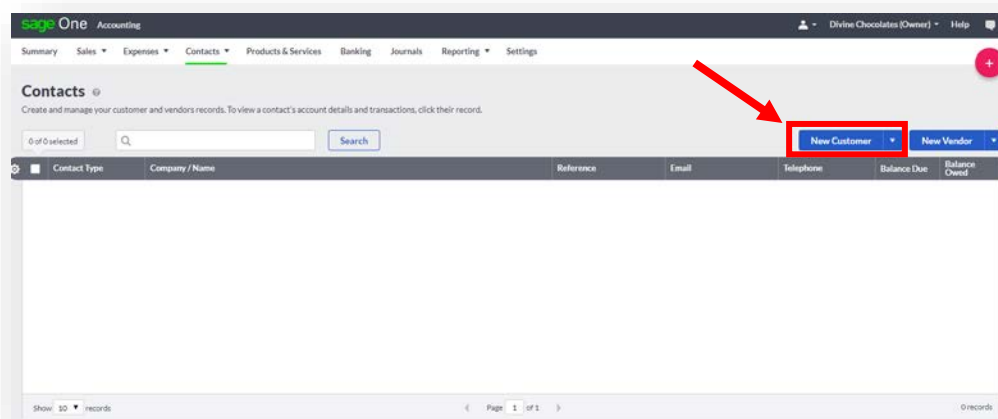
Account Details

In the **Create A New Customer** entry box, enter Lisa's customer information in the appropriate fields including **First Name**, **Last Name** and other important contact information including phone, email, etc. The **Business Name** field will be the name that appears in the customer list on the **Contacts** dashboard.

Account Default

The **Account Default** is the default sales ledger account Divine Chocolates will post to each time an invoice, credit note, quick entry or sales quote will post to for this particular customer. When running reports or doing further sales analysis, Divine Chocolates will have insight into the specific sales, credits, etc. for this customer based on the sales **Account Default** selection chosen here and will override the default sales ledger account within **Record and Transaction Settings**.

If you recall, in module two, I mentioned pointing out when an area we were working in was affected by a particular **Setting**. This is one of those areas. The default ledger **Account Default** shown here within the customer contact screen is being pulled from SETTINGS > INVOICE & BUSINESS PREFERENCES >RECORD AND TRANSACTIONS SETTINGS:

Record and Transactions Settings ⓘ

Choose the preferences and defaults to use when creating records and transactions.

CUSTOMERS

Set defaults for your sales to customers.
You can override these for individual sales later if you like.

Days before invoices overdue**						30
Ageing (for reporting)	From	30	60	90	120	
	To	59	89	119	Older	
Sales Ledger Account**		4000 - Sales				▼

NOTE: When creating products and services (inventory) and adding them to an invoice, we can override *BOTH* the default **Sales Ledger Account** from the default settings AND the customer sales **Account Default**. In this scenario, the ***default product or service ledger account is used instead*** of the default **Sales Ledger Account** OR the customer sales ledger **Account Default**. We'll explore this in further detail when setting up inventory in a future module. For visual purposes, the inventory **Sales Account** is pulled from: PRODUCTS AND SERVICES>NEW ITEM>I SELL THIS ITEM:

Create an Item

Create any items that your business buys or sells.

Item Information

Select a Type*	Stock	Non-stock	Service
	Quantities in and out are tracked	Quantities are not tracked	Services you buy and sell

Item Code*   e.g. Short name or code

Item Description*

Category   No categories found ⓘ

I Sell This Item

Sales Prices	Price Name	Price ($)
	Sales Price	0.00
	Trade	0.00
	Wholesale	0.00
	Retail	0.00
	Discounted Rate	0.00

Sales Account*   4000 - Sales   ▼

Alright, now that we know the ledger account can be pulled from two different places, (default settings or when setting up products and services within inventory), let's look at how we can *override* the default **Sales Ledger Account** at the customer level every time a particular customer makes a sale with Divine Chocolates. This will easily allow Divine Chocolates to better analyze customer sales when running reports. Let's return to the customer contact screen to finish creating Lisa Smith's contact record.

All sales/services associated with Lisa's account will default to GL *Account Default 4000 – Sales - Products* but can be changed by selecting a new one from the **Chart Of Accounts** in the drop-down box. For now, let's leave it set to the default. **Accounting** comes with a standard **Chart Of Accounts,** so there is no need for students to spend valuable class time having to set up a chart. **Accounting** has already done it for you! But many more can be added which we will explore later in this lesson.

Business Number

When adding a business customer, be sure to add the EIN or Employee Identification Number in the **Business Number** field. This is generated by the proper Canada tax revenue agency when registering your business for the first time and used to identify businesses whether they are sole proprietorships, corporations, partnerships, or other non-personal entities. It will be required to setup a bank account and to report all tax remittances. Lisa Smith is an individual customer, so we'll leave that field blank for now.

Delivery Address

If you recall, Lisa wanted her wedding favors delivered to the onsite location where her reception is taking place. **Accounting** allows a separate delivery address to be added. The **Delivery Address** field is also used for business deliveries of inventory or products to a separate address.

Click on the **Delivery Address** tab, uncheck the **Same as Invoice Address** and input the address for the wedding venue: *100 Queen Street, Toronto, ON M5A 1S7*

Create a new customer

Business Name*	Lisa Smith	Email	lsmith@aol.com
Contact Name	Lisa Smith	Mobile	3938404902
Reference	Wedding	Telephone	

Account Details | **Delivery Address** | Payment Details | Defaults | Notes

☐ Same as Invoice address

Canada ▾

Address 1	100 Queen Street
Address 2	
City	Toronto
Province*	Ontario (ON) ▾
Postal Code	M5A 1S7

Save

To add a delivery address outside Canada, select Europe, UK, Ireland, US or Other. That makes doing business globally for Christina easier.

Account Details | **Delivery Address** | Payment Details | Defaults | Notes

☐ Same as Invoice address

Canada ▾

- Canada
- Europe
- UK & Ireland
- US
- Other

Address 1	100 Queen Street
Address 2	
City	Toronto
Province*	Ontario (ON) ▾
Postal Code	M5A 1S7

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Payment Details – Credit Limit/Credit Terms

Lisa Smith is a new customer of Divine Chocolates. As the business owner, if Christina would like to extend credit or prevent Ms. Smith from exceeding the limit offered by Divine Chocolates, Christina can add that here:

Payment Terms

Credit limit: Credit limits can be set at the customer level in the **Set Credit Limit** box. Divine Chocolates would like to extend credit to Lisa Smith in the amount of $1500. *Enter a credit limit of $1500.* Should Ms. Smith exceed this limit, her financials will be highlighted in red within the **Accounts Receivable A/R Aging Report**. Once a customer reaches 80% of their credit limit, their financials will be highlighted in orange.

Credit Terms: 30 days is the default number of days allotted to determine when a customer invoice is due.

The default credit terms setting is pulled from SETTINGS > INVOICE & BUSINESS PREFERENCES > RECORD AND TRANSACTIONS SETTINGS:

You can *override* the default and either increase or decrease a customer's credit terms at the customer level within the payment details tab when setting up the customer contact record. Since Lisa Smith is a new customer, and we're not yet familiar with her payment history, Christina's decided to leave her terms set to the default of 30 days.

Invoice Message Customization

Messages printed on customer invoices, credit notes, quotes, estimates, statements and remittance advice can be customized specifically for a customer. In doing so, they will override the default message that appear for all customers within the **Settings**.

The default email message setting is pulled from SETTINGS > EMAIL MESSAGES > EMAIL DEFAULTS

Invoices	English (Canadian)	French (Canadian)
Credit Notes		
Quotes	**Default Email Message**	
Estimates	Thank you for your business - we're pleased to attach your invoice in PDF.	
Statements	Full details, including payment terms, are included.	
Remittance Advice	If you have any questions, please don't hesitate to contact us.	
Tables of Data	Kind regards, Air Canada 1-888-247-2262	

Let's customize a message for Lisa Smith's invoices to one more specific to her occasion. Type:

"Lisa, thank you for your business! We look forward to creating delicious wedding favors for your wedding day! Final changes to custom orders must be made 7 days in advance. 50% deposit required. Remaining balance due upon pickup."

Create a new customer   ✕

Business Name*	Lisa Smith	Email	lsmith@aol.com
Contact Name	Lisa Smith	Mobile	3938404902
Reference	Wedding	Telephone	

Account Details | Delivery Address | **Payment Details** | Defaults | Notes

PAYMENT TERMS   BANK DETAILS

☑ Set Credit Limit ($)   1500.00   Account Name [ ]

☑ Set Credit Terms   30   days   Bank Transit Number [ ]

Lisa, thank you for your business! We look forward to creating delicious wedding favors for your wedding day!

Final changes to custom orders must be made 7 days in advance. 50% deposit required. Remaining balance due upon pickup.

Institution Number [ ]

Account Number [ ]

BIC/SWIFT [ ]

Save

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Bank Details

Should a customer want their banking information on file, it can be added here. It is for informational purposes only. We will explore banking further in another lesson.

Defaults

Price Default

If you recall in the beginning, we discussed that by customizing **Settings** within **Accounting** enables greater flexibility in how Divine Chocolates business is run. The **Defaults** shown here are a good example. You can set up multiple prices (up to ten) for each product and service being sold. Once those prices are set up, they can be pulled to customize individual customer pricing within the customer contact record, saving time when creating invoices.

The default pricing that appears from the drop-down menu within a customer record are pulled from SETTINGS > RECORD AND TRANSACTION SETTINGS > PRODUCTS AND SERVICES

Sales Price, Trade and **Wholesale** are standard price defaults contained within the dropdown menu but many more can be added. By adding a specific rate for a particular customer, eliminates the administrative task of changing rates for specific customers when creating invoices, etc. For example, you can offer special rates for:

- Military personnel
- Schools
- Senior Citizens
- AAA members
- Mr. Jones

NOTE: It's important to note, if your price default isn't set up within **Settings** first, it will *not* appear as a selection within the drop-down menu when creating a new contact.

NOTE: It's also important to note, ***actual pricing*** is determined when products and services are created or when creating an invoice, but ***not*** here. We are only creating the naming convention for the product/service price names, here.

Product Prices

To add new price defaults for products, navigate to **Settings** and select **Record and Transaction Settings.**
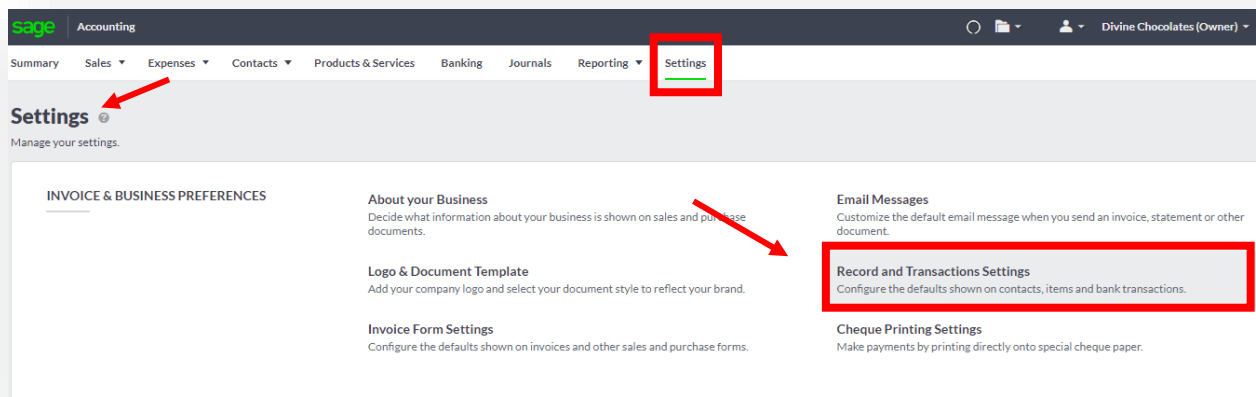
Simply enter a price name and check the box for it to be available for use throughout **Accounting.** Divine Chocolates is going to offer all first-time customers promotional pricing.

Type: New Customer Promo in first available line item. Be sure to leave the **'In Use'** box checked so the price default is available when Divine Chocolates is creating invoices, etc.

Christina will also offer all military personnel 10% all orders. Therefore, we'll need to create a special rate. Navigate to the next available line item. *Type: Military.* Click **Save.**

Service Rate

Divine Chocolates will be offering wedding catering as a service billed in one-hour increments. Therefore, we'll need to add a service rate of **'Hourly'** to the rate list. Be sure to leave the **'In Use'** box checked so the price default is available when Divine Chocolates is creating invoices, etc.

Type: Hourly. Click **Save.**

Language

To select which **Language** customer emails and invoices print in, English or French, select from the drop-down menu. Lisa Smith is an English-speaking customer so we'll leave the default to English.

Changing to French will display the following:

Currency

When Divine Chocolates business plan was created, they knew they wanted to offer their decadent sweets to chocolate lovers around the world. **Accounting** allows Christina to process foreign currency transactions and easily record invoices, credit notes, payments, and receipts in different currencies. Christina will need to set up this feature within the **Accounting** settings first.

She can choose to use live exchange rates from the Federal Reserve System (FRS), which update daily, which gives Christina confidence she's always using the most up to date rate. Losses or gains can also be tracked as a result of changes in the rate

To enable the multi-currency feature, navigate to SETTINGS > CURRENCIES > CURRENCY TRANSACTION.

NOTE: This feature will not appear in the customer contact record if the feature isn't enabled within **Settings** first.

Check the box, **Enable Foreign Currency Transactions:**

Use Live Exchange Rates - If Christina were coming from another Accounting system, and needed to create invoices with a foreign currency she could enable the Foreign Currency Transaction feature but not activate live exchange rates. Simply uncheck the box that says, **'Use Live Exchange Rates'**. In doing so she would have to manually enter the rates for the relevant currency at the time the invoice was created in the old system. This can also be done in the **Sales Invoice** menu when creating an invoice and entering/overriding the rate when posting individual transactions. Divine Chocolates does want to use live exchange rates so we'll leave that box checked.

Once **Live Exchange Rates** have been enabled, three currencies are automatically created and appear in the list below:

- US Dollar (USD)
- Canadian Dollar (CAD)
- Mexican Nuevo Peso (MXN)

NOTE: The base currency, Canadian Dollar in this case, can't be deleted. Nor can it be deleted if the currency has been used in a transaction.

To create a new currency, navigate to the next available line item and select it from the drop-down menu. The live exchange rate automatically appears from the Federal Reserve System. Otherwise, manually enter the exchange rate when not using live exchange rates.

Add: **Pound Sterling**. Click **Save.**

Bank Charges Ledger Account

This GL account will track the cost of foreign transaction fees and bank charges Divine Chocolates incurs while transacting business in other countries.

Gains/Losses: Any losses or gains as a result of changes in the rate are tracked and posted against this GL account. If the exchange rate changes between the time an invoice is generated versus when a payment is made or credit

note/refund, the difference in the rate is posted to the **Exchange rate gain/(loss) account.**

This amount appears as an overhead on the **Profit and Loss Report:**

Notes

The last section when creating a new customer, is **Notes.** This is an ideal location to enter any pertinent information as it relates to the customer. For example, if they are moving to a new location and when, gate access codes, order information, hours of operation etc. The notes are informational only and will not print on customer correspondence. Since we'll want to have key information about Lisa Smith's wedding, her order and event details in her file, we'll want to enter those details here. Once done, click **Save.**

Type: "Lisa Smith is new customer from our Grand Opening Event. She placed an order for 100 solid chocolate bells for her wedding on August 18. 2018. Wedding favors will be placed in white boxes. Order will be delivered to 100 Queen Street, Toronto, ON M5A 1S7 on August 17, 2018. She is the main POC for the event. Chocolate to be refrigerated immediately upon arrival"

Lisa Smith will now appear in the contact list with all customers within the dashboard. You've just added your first customer!

Creating Vendor Records

New Vendor

Accounting lets you manage expenses of all types including debit expenses, credit card expenses, entering and paying bills and more. Simple transaction entry is done easily and efficiently. Before entering expenses it's best to add your vendors first.

For the first few months, Divine Chocolates will use a vendor to prepare all products (inventory) to kick start sales and get business of the ground,until their kitchen equipment and materials arrive. Christina has selected *Toronto Chocolate Makers* to craft the wedding bells for Lisa Smith's upcoming wedding and fulfill initial orders. Therefore, Christina will need to create a new vendor record within **Accounting** to keep track of all expenses and purchases We just added our first customer contact Lisa Smith, now let's add our vendor.

From the **Contacts** dashboard, navigate to **Contacts** and Select **New Vendor**:
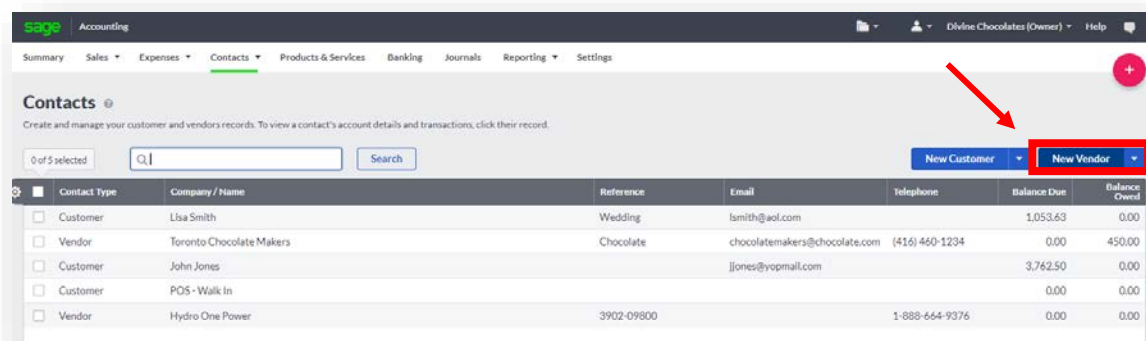
Fill in all pertinent vendor info:

a. **Business Name**: *Toronto Chocolate Makers*

b. **Contact Name:** *Harry Lewis*

c. **Reference:** Assign an optional account number *98035*

d. **Email:** *chocolatemakers@chocolate.com*

e. **Telephone:** *(416) 460-1234*

f. **Address:** *900 Dupont St., Toronto, ON M6G 1Z4*

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g. **Account Default:** Similar to the **Account Default** when creating a new customer, a default *purchase* ledger account is used when creating vendor bills, vendor credit notes, vendor quick entries. All expense and purchase transactions associated with Toronto Chocolate Makers will post to GL Account *5000 - Cost Of Goods Sold*.

NOTE: If using products and services, when adding these items to an invoice, the default **Product** or **Service Ledger Account** is used **instead of** the **Account Default** selected here.

h. As with a customer record, you can override the default ledger account and select a different **purchase** account from within the drop-down menu or create a new one within the **Chart of Accounts.**

To create a new ledger account, navigate to SETTINGS > FINANCIAL SETTINGS > CHART OF ACCOUNTS

Click **New Ledger Account:**

Fill in all pertinent Vendor info and click **Save.**

Let's return to the vendor record to complete the setup of *Toronto Chocolate Makers:*

i. **Business Number:** 15-character account number assigned to a business from the Canada Revenue Authority. *Enter 123456789012345*

j. **Payment Details/Defaults/Notes:** Similar to creating a new customer, add any credit limits, terms, bank details, language preference and notes and click **Save.**

Once successfully added, our new vendor appears in the **Contacts** list within the dashboard:

Check Your Knowledge

Answer the following questions about the material covered in this lesson.

Short Answer

1. There are 5 tabs contained within the customer contact record. What are 5 key settings that can be chosen at the customer level that will override the default settings contained within Record and Transaction Settings?

_____

_____

_____

_____

Multiple Choice

Mark the correct answer(s) to the question below.

2. Of the **Account Default** (in the customer contact record), the **Sales Account** (within Inventory), or the **Sales Ledger Account** (in Record and Transaction Settings)

which general ledger account code takes precedence for posting transactions to when Divine Chocolates is billing customers for chocolates?

- A. _____ Account Default
- B. _____ Sales Account
- C. _____ Sales Ledger Account
- D. _____ None of the above

3. What is the default # of days an invoice is allotted before considered overdue?

- A. _____ 45 days
- B. _____ 60 days
- C. _____ 120 days
- D. _____ 30 days

4. If a message isn't customized within the contact record for invoices at the customer level, where can you find the generic default message that appears on all customer statements, invoices, credit notes etc.?

- A. _____ Settings > Customer Contact Record
- B. _____ Getting Started Dashboard
- C. _____ Settings > Email Messages
- D. _____ Settings > Record & Transaction Settings

5. Christina wants to send an invoice to a customer that purchased some chocolates in Tokyo. For some reason, the invoice she's creating only shows Canadian currency, and the live exchange rate isn't appearing. What did Christina forget to do?

- A. _____ Call the customer
- B. _____ Enable Foreign Currency Transactions within **Currencies** in **Settings**
- C. _____ Add the currency Japanese Yen in **Currency Settings**
- D. _____ Select Japanese Yen as the **Currency** within the **Account Details** of the customers contact record

True or False
Enter 'T' for True or 'F' for False for each of the affirmations below.

6. _____ Accounting allows up to 5 different prices for each product and service
7. _____ If a price default doesn't appear as a selection within the drop-down menu it's because it hasn't been set up in the opening balances
8. _____ Price Defaults are set up within the Record and Transaction settings but the actual pricing is determined when setting up products and services in inventory.

End of Lesson

Please note:

Every effort has been made to ensure that the information provided in this educational series is accurate, up-to-date, and complete, but no guarantee is made to that effect. URLs and additional resources 'Beyond the Classroom' are continuously changing. Because the software is customizable in a number of ways, the language used in this guide may be different from what you 'see' when you work with your company's data file(s).

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