If you don't notice the problem until after you've printed or mailed the check, it's easiest to find the original bill in the Enter Bills window or the Accounts Payable register window, click on it to highlight it, then delete it (Edit|Delete Bill). The bill entry is no longer needed if you have entered a check with the same amount of transaction detail.

If you have not yet mailed the check you have two choices: either (1) delete the bill as described above, or (2) void the check and generate a new one from the Pay Bills window.

Using Purchase Orders to Keep Track of Ordered Items

Problem *Can QuickBooks help me keep track of things I've ordered, such as units of seed corn booked in advance of planting season?*

Solution You can use purchase orders for this purpose, however their value for showing total quantities on order is limited, so you'll have to decide if they're worth the effort.

Discussion A purchase order, or "PO", is a list of things you've ordered from a vendor and agreed-to prices. Traditional business practice is to prepare duplicate purchase orders, mail or fax one copy to the vendor, and keep one in your own files. Used this way a purchase order confirms your order with the vendor and also serves as your own record of what you've ordered.

It's unlikely that you will send many purchase orders to your suppliers—typical supplier relationships in agriculture don't call for that. But using purchase orders in QuickBooks is one way to keep track of things you've ordered or booked, like seed, chemicals, or supplies, plus details like expected delivery dates and notes about each order. A side benefit is that if you later enter a bill to pay for the things listed on a purchase order, QuickBooks can copy the detail lines from the purchase order to the bill, saving lots of typing.

Benefits of using purchase orders in QuickBooks:

◆ Provides an organized way to keep track of items you have on order.

◆ Easy to get a listing of all orders for a specific vendor.

◆ QuickBooks can automatically copy detail lines from a purchase order to a bill when you enter payment for the received items.

Limitations of using purchase orders in QuickBooks:

◆ QuickBooks reports which show quantities on order *only work for Inventory Part type items*.

This limitation is a serious one. Because the QuickBooks inventory system isn't well matched to farm inventories, items you set up for seed, chemical purchases, and the like will typically be Service or Non-inventory Part items—not Inventory Part items. But if you enter purchase orders using those item types, you'll have to view each purchase order individually and manually add up the quantities of items on order. (See page 69 for information about item types.)

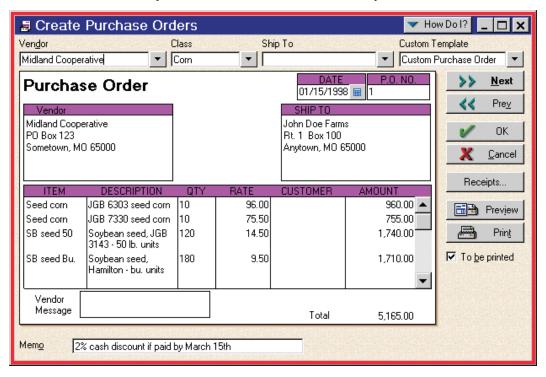## A Simple Purchase Order Example: Seed Corn Orders

The following steps illustrate an example of using purchase orders to keep track of the quantity and price of various seed corn hybrids on order from a dealer. Using the Purchase Orders form is similar to working with any other QuickBooks form, like Bills or Checks. However, all of the transaction detail on a purchase order must be entered using items (there are no separate Expenses and Items tabs).

1. **Open the Create Purchase Orders window.**

   Choose Activities|Create Purchase Orders to open the window.

2. **Fill in the form's fields.**

This example shows entries for booked corn and soybean seed.

Here are notes about some important fields and other features of the Purchase Order form.

Vendor

It is *never* a good idea to enter a purchase order without selecting a vendor, even though QuickBooks allows it.

Item

Select items in this column representing the things you have on order.

If purchase orders are to accurately represent what you have on order, be sure to use items which properly identify them. Note the two detail lines for booked soybean seed in the example. Each line uses a different item—one is for a 50-lb units of soybean seed, and the other is for bushel units.

Vendor Message and Memo

If you won't be printing off a copy of the purchase order to send to the vendor, you can use these fields to enter any notes you want to keep, such as the expected delivery date, comments about an early-booking discount, etc..

3. **Click OK to save the purchase order.**

4. **You can find out details about the seed you have on order, at any time.**

    If your purchase orders contain Inventory Part type items, an Item Listing report (Reports|List Reports|Item|Item Listing) will show the total quantity on order for each one.

    On the other hand, if the items in your purchase orders are Service or Non-Inventory Part items—which will often be the case in a farm business—there's a minor problem: no QuickBooks report can show the total quantity on order for these item types.

    To get quantity information for these item types you must look at each purchase order individually, or print them out and manually add up the quantities. A good report for this purpose is the Open Purchase Orders report (Reports|Purchase Reports|Open Purchase Orders). After opening this report you can double-click any purchase order listed in the report window to open it for viewing or printing.

5. **After taking delivery of the seed, enter a bill for it by choosing Activities|Inventory|Receive Items and Enter Bill.**

    After you select the vendor's name on the Bills form, QuickBooks will notify you that open purchase orders exist for the vendor and will ask if you want to receive against them. Choose Yes, and a list of the vendor's outstanding purchase orders will be displayed. Select the appropriate purchase order from the list, and QuickBooks will copy its detail lines onto the Bills form, where you can then change or add any details as necessary before saving the bill.

Paying Expenses with the Farm's Cash (Petty Cash)

Problem

We keep some cash on hand to use for miscellaneous farm spending. This cash is farm business cash—used for farm expenses only, and kept separate from our personal cash. How should I enter farm expenses that were paid using this cash?

Solution

Use a petty cash account.

Discussion

Petty cash is a small amount of cash kept on hand for miscellaneous spending. It is also an asset and should be included on the balance sheet. If your farm business keeps its own separate fund of cash on hand, then setting up a petty cash account is the best way to keep track of it and the expenses paid from it.