

A/R CORRECTIONS & ADJUSTMENTS

Here are some tips on handling those odd Accounts Receivable issues that happen occasionally. All are handled through the "Update A/R file" function unless noted otherwise.

A customer has an unpaid balance that you have determined is uncollectable because the customer is no longer in business. How do you clear it from your A/R file?

If there is just one invoice, go to the "Application/Correction with no cash receipt". Enter the customer number, etc. and go to the second screen. At the end of the line showing the open invoice, click on the **Credit** link. Enter a description like "Write off balance" and a G/L account of something like "Bad Debts." An A/R credit will be created and applied to your open invoice.

If there are several invoices, determine the total amount to be written off. Choose the "A/R Credit" option. Enter the customer number, etc. The amount of the credit should be the total you are writing off for this customer. On the second screen, apply the credit to the open invoices.

A customer gave you a deposit which you put into A/R. Then, the order was cancelled and the customer wants the refund returned. How do you do that?

The easiest way to handle this is to use the Customer Refund routine. If you haven't used this option before, go to your System Options for A/R and make sure you have a refund vendor and the refund G/L account set up. If you need help with this part, call Technical support.

Then, in A/R pick the "Application/Correction with no cash receipt" option. Enter the customer number, etc. and go to the second screen. At the end of the line showing the open invoice, click on the **Refund** link. You may specify the amount to be refunded (the amount remaining on the deposit would be the default) and a short description.

An A/R debit will be created and applied to the deposit. At the same time, an Accounts Payable invoice will be created for the same amount as the debit. The customer's address will be included in the A/P entry as the "pay to" vendor.

The journal entry for both the A/R debit and the A/P invoices will appear on your next Cash Receipts journal.

You can also use this technique to refund overpayments.

If you don't want to use the Refund option, enter an A/R debit memo. For the G/L account, use "A/R other" or some other miscellaneous account. Apply the A/R debit to the deposit.

Then, go to Accounts Payable and enter an A/P invoice (and include the invoice on a check run later) or enter as a single check. Use a vendor that you have set up to prompt for the address to be used on the check and enter the customer's address. For the G/L account in the A/P distribution, use the same account you used when you did the A/R debit.

You entered a payment but applied it to the wrong invoice. How do you fix it?

Ask for the "Application/Correction with no cash receipt" option. Enter your customer number. **If the original invoice has been marked as completely paid, check the "Show Cleared Detail?" box.** If there is still an amount due on the invoice, you do not need to check the box. Proceed to the second screen.

If you checked the "show cleared detail" box, all of the invoices you have ever done for this customer will be listed so be patient if it takes awhile to list everything.

Find the invoice to which you originally posted the payment. Enter a **negative** of the amount you originally applied.

If you want to apply the payment to another invoice, find that invoice and click on the check box at the beginning of the row. The amount you are unapplying should be placed in the “new application” field. If you want to leave the amount as unapplied, find the payment that you entered and entered the same amount as a **positive** amount.

This technique also works if you apply a credit to the wrong invoice as shown below..

| | | | | | | | | | |
|-------------------------------------|--------|--------|----------|----------|----------|----------|----------|----------|--------------|
| <input type="checkbox"/> | 000715 | 002402 | 12/18/09 | 12/28/09 | 651.99 | | 651.99 | | |
| <input type="checkbox"/> | 000716 | 002411 | 12/18/09 | 12/28/09 | 224.53 | | 224.53 | | |
| <input type="checkbox"/> | 000717 | 002416 | 1/20/10 | 1/30/10 | 388.80 | | 388.80 | | |
| <input type="checkbox"/> | 000718 | 002426 | 1/20/10 | 1/30/10 | 718.20 | | 718.20 | | Tax Credit |
| <input checked="" type="checkbox"/> | 000719 | 002432 | 1/25/10 | 2/ 4/10 | 1117.50 | 1117.50 | | -1117.50 | Tax |
| <input type="checkbox"/> | 000720 | 002432 | 1/25/10 | 2/ 4/10 | -1117.50 | -1117.50 | | | Tax |
| <input checked="" type="checkbox"/> | 000721 | 002432 | 1/25/10 | 2/ 4/10 | 1117.50 | | 1117.50 | 1117.50 | Tax Credit |
| <input type="checkbox"/> | DP0082 | 002417 | 1/25/10 | 1/25/10 | -1000.00 | | -1000.00 | | Debit Refund |
| <input type="checkbox"/> | PY0212 | | 1/25/10 | 1/25/10 | -500.00 | -236.62 | -263.38 | | Debit Refund |
| <input type="checkbox"/> | 000727 | 002449 | 2/ 4/10 | 2/14/10 | 488.20 | | 488.20 | | |
| <input type="checkbox"/> | 000728 | 002454 | 2/ 9/10 | 2/19/10 | 1020.70 | | 1020.70 | | |
| <input type="checkbox"/> | 000730 | 002469 | 4/15/10 | 4/25/10 | 5890.05 | | 5890.05 | | Tax Credit |
| <input type="checkbox"/> | 000731 | 002473 | 4/15/10 | 4/25/10 | 440.72 | 440.72 | | | Tax |
| <input type="checkbox"/> | PY0214 | | 4/15/10 | 4/15/10 | -1000.00 | -1000.00 | | | |
| <input type="checkbox"/> | PY0215 | | 4/15/10 | 4/15/10 | -225.00 | -225.00 | | | |
| <input type="checkbox"/> | 000733 | 002475 | 4/21/10 | 5/ 1/10 | 1453.60 | 559.28 | 894.32 | | Tax Credit |
| <input type="checkbox"/> | PY0217 | | 4/21/10 | 4/21/10 | -1000.00 | -1000.00 | | | |
| <input type="checkbox"/> | 000734 | 002478 | 5/ 6/10 | 5/16/10 | 1890.00 | | 1890.00 | | Tax Credit |
| <input type="checkbox"/> | 000737 | 002497 | 7/ 2/10 | 7/12/10 | 804.20 | | 804.20 | | Tax Credit |

You entered a payment and applied it to the wrong customer's account. How do you fix it?

Ask for an “A/R debit” and enter the amount of the payment. For the G/L account, use your “Cash” account. If you applied the payment, check the “Show Cleared Detail?” box. If the payment was not applied, you can leave the box unchecked. Enter the incorrect customer number, then go to the second screen.

If the payment was not applied, enter the positive amount of the payment in the “new application” field on the payment row in the table.

If you **did** apply the payment to invoices under the wrong customer, find the invoice(s) to which you applied the payment. Unapply them by entering a negative of the amount that you originally applied to the invoice into the “new application” field for each invoice. So, if you applied \$100 originally, enter -100 into the new application field.

The total of the new applications field including the debit must equal zero.

Then, go to the correct customer and enter the payment. If you only want the payment to show once on your deposit ticket, you can enter the payment on the correct customer's account as an A/R credit to Cash. If you don't use the deposit ticket, just reenter it as a payment as if you were doing it the first time.

You need to correct the customer's order number so it will show correctly on the statement. How can you do that short of doing a credit invoice and rebilling?

Go to

Accounts Receivable
Miscellaneous functions
Miscellaneous A/R adjustments

Enter the customer and invoice number. You may change several pieces of information including the due date and the customer order number.

Miscellaneous A/R Adjustments

Customer: 900000 Whitman Lighting Center

Transaction Number: 000737

Due Date: 7/12/10

Cash Discount Date: 7/1/10

Cash Discount Amount: 16.00

Order Number: 002497

Description: Polo shirts

Customer's order number: WLC1007102

Job ID: Fun Run

Update Reset Exit