

Handling an NSF Check

If a check is returned from the bank because of insufficient funds in the customer's account, you will need to reopen the invoices that had been marked as paid. You may also want to assess an NSF charge on the customer's account.

In the example, a check for \$406.88 from FRENCH NIGHTS was returned. A \$35 NSF Fee will be charged to the customer. This adjustment will be done in two steps:

- Enter debit for amount of original check. The G/L account to be used for this transaction would be the cash account. Check the box to show the cleared detail and back out the application of the original check on the second application screen.

The screenshot shows the 'Enter A/R Payments & Adjustments' form. The 'Type of Transaction' is set to 'A/R Debit'. The 'Amount' is 406.88. The 'Customer' is 'French Nights'. The 'Description' is 'NSF check #06122012'. The 'Apply Now?' checkbox is checked. The 'Show Cleared Detail?' checkbox is checked. The 'Start w/date' is 1/1/12. The 'G/L Account' is 'Cash in Bank'. The form includes 'Submit', 'Reset', and 'Exit' buttons. Annotations include a blue box pointing to 'A/R Debit', a red box pointing to the 'Amount' field, and an orange box pointing to the 'Apply Now?' and 'Show Cleared Detail?' checkboxes.

Type of Transaction is A/R Debit.

Enter the amount of the NSF check and give a short description of the reason for the debit.

Check the Apply Now box as well as the Show Cleared Detail. Use a Start Date that is shortly before the original transaction to shorten the amount of data you will see on the next screen.

Illustration 1: Enter Debit Memo for Returned Check

Please scroll to next page.

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Application/Correction of A/R data

Customer: 293102 **A/R notes** French Nights V12

Unapplied amount: 406.88 Original payment: 406.88 Unapplied discount: .00 Original discount: .00 Oldest balance Uncheck all 'apply' flags

Apply?	Invoice #	Order #	Date	Due on	Original Amount	Already applied	Amount due	New application	Cash Discount	Disc. Date	Discount Taken	Adjustment links
<input type="checkbox"/>	011095	711516	5/31/12	6/30/12	203.44	203.44			4.07	6/10/12		Tax
<input type="checkbox"/>	011097	711522	5/31/12	6/30/12	203.44	203.44			4.07	6/10/12		Tax
<input type="checkbox"/>	011098	711483	5/31/12	6/30/12	203.44		203.44		4.07	6/10/12		Tax Credit
<input type="checkbox"/>	011099	711488	5/31/12	6/30/12	1424.06	1424.06			28.48	6/10/12		Tax
<input type="checkbox"/>	011127	711506	6/11/12	7/11/12	1204.98		1204.98		24.10	6/21/12		Tax Credit
<input type="checkbox"/>	CM0127		6/12/12	6/12/12	-02	-02				6/12/12		Print
<input type="checkbox"/>	PY0392		6/12/12	6/12/12	-406.88	-406.88				6/12/12		
<input type="checkbox"/>	PY0393		6/12/12	6/12/12	-1424.04	-1424.04				6/12/12		
<input checked="" type="checkbox"/>	DB0104		6/14/12	6/14/12	406.88		406.88	406.88		6/14/12		Credit Print

Illustration 2: Application Screen before the Debit Memo is Applied

Application/Correction of A/R data

Customer: 293102 **A/R notes** French Nights V12

Unapplied amount: .00 Original payment: 406.88 Unapplied discount: .00 Original discount: .00 Oldest balance Uncheck all 'apply' flags

Apply?	Invoice #	Order #	Date	Due on	Original Amount	Already applied	Amount due	New application	Cash Discount	Disc. Date	Discount Taken	Adjustment links
<input checked="" type="checkbox"/>	011095	711516	5/31/12	6/30/12	203.44	203.44		-203.44	4.07	6/10/12		Tax
<input checked="" type="checkbox"/>	011097	711522	5/31/12	6/30/12	203.44	203.44		-203.44	4.07	6/10/12		Tax
<input type="checkbox"/>	011098	711483	5/31/12	6/30/12	203.44		203.44		4.07	6/10/12		Tax Credit
<input type="checkbox"/>	011099	711488	5/31/12	6/30/12	1424.06	1424.06			28.48	6/10/12		Tax
<input type="checkbox"/>	011127	711506	6/11/12	7/11/12	1204.98		1204.98		24.10	6/21/12		Tax Credit
<input type="checkbox"/>	CM0127		6/12/12	6/12/12	-02	-02				6/12/12		Print
<input type="checkbox"/>	PY0392		6/12/12	6/12/12	-406.88	-406.88				6/12/12		
<input type="checkbox"/>	PY0393		6/12/12	6/12/12	-1424.04	-1424.04				6/12/12		
<input checked="" type="checkbox"/>	DB0104		6/14/12	6/14/12	406.88		406.88	406.88		6/14/12		Credit Print

Unapplied Amount must be \$0.00 before clicking Submit.

Enter the negative of the original payment amount.
 Do this for any invoice that the original payment was made against.

Illustration 3: Application of Debit Memo to Back Out Original Payment

- Enter a second charge for the NSF fee. This can be done two ways:
 - Generate a customer invoice for the charge.
 - You can print a document to send to the customer. The charge will be posted to your regular "Sales" account.

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- Enter a second debit for the NSF charge.
 - This will put a charge directly on the A/R file. There is a way to print a document but it is a bit more awkward than an invoice. This procedure is described below.

The screenshot shows the 'Enter A/R Payments & Adjustments' form. The 'Type Entry' section has radio buttons for 'Cash Receipt', 'A/R Credit', 'A/R Debit', 'Miscellaneous Receipt (no Customer)', and 'Application/Correction with no Cash Receipt'. The 'A/R Debit' option is selected and highlighted with a purple box labeled 'Select A/R Debit for the Type of Transaction'. A green box contains the text: 'Enter the fee you wish to charge as well as a short description. The fee does not have to match what the bank charges you.' Green arrows point from this box to the 'Amount' field (35.00) and the 'Description' field ('NSF Fee for check#06122012'). A red box contains the text: 'Uncheck the "Apply Now?" box.' A red arrow points from this box to the 'Apply Now?' checkbox, which is unchecked. A blue box contains the text: 'Enter the G/L account where you wish to record the charges. You may choose to use something like Bank Charges or Sales Adjustments.' A blue arrow points from this box to the 'G/L Account' field, which has '31000' and 'OTHER INCOME' entered. The 'Receipt/Transaction Date' is '6/14/12' and the 'Book period will be' is '1206 June, 2012'. Buttons for 'Submit', 'Reset', and 'Exit' are at the bottom.

Illustration 4: Enter a Debit Memo for the NSF Charge

The screenshot shows the 'Enter A/R Payments & Adjustments' form. The 'Type Entry' section has radio buttons for 'Cash Receipt', 'A/R Credit', 'Deposit from Customer', 'A/R Debit', 'Miscellaneous Receipt (no Customer)', and 'Application/Correction with no Cash Receipt'. The 'Application/Correction with no Cash Receipt' option is selected and highlighted with a red box labeled 'Choose Application/Correction with no Cash Receipt'. The 'Invoice Number' and 'Order Number' fields are empty. The 'Customer' field has '293102' and 'French Nights' entered. The 'Show Cleared Detail?' checkbox is unchecked. The 'Receipt/Transaction Date' is '6/14/12' and the 'Book period will be' is '1206 June, 2012'. Buttons for 'Submit', 'Reset', and 'Exit' are at the bottom.

Illustration 5: Ask for Application/Corrections only to get to A/R payment detail screen

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Application/Correction of A/R data

Customer: 293102 A/R notes
French Nights

Unapplied amount: .00 Unapplied discount: .00 Oldest balance Uncheck all 'apply' flags

Apply?	Invoice #	Order #	Date	Due on	Original Amount	Already applied	Amount due	New application	Cash Discount	Disc. Date	Discount Taken	Adjustment links
<input type="checkbox"/>	011098	711483	5/31/12	6/30/12	203.44		203.44		4.07	6/10/12		Tax Credit
<input type="checkbox"/>	011127	711506	6/11/12	7/11/12	1204.98		1204.98		24.10	6/21/12		Tax Credit
<input type="checkbox"/>	DB0104		6/14/12	6/14/12	406.88		406.88			6/14/12		Credit Print
<input type="checkbox"/>	DB0105		6/14/12	6/14/12	35.00		35.00			6/14/12		Credit Print

Click the Print link on the debit memo line for the NSF Fee

Illustration 6: A/R screen where request to print A/R debit memo is entered

Key Points

- Enter a debit memo on the customer's account to return the charge to A/R.
 - Check the "Show cleared detail" checkbox if the transaction you want to reopen no longer appears on the open A/R detail.
- Enter an NSF charge if appropriate.
 - You may enter this as a miscellaneous customer invoice or as an A/R debit.