Chapter 6 - Accounts Receivable Payments & Adjustments

The **Accounts Receivable** functions allow you to check customer account balances, print statements, process payments & adjustments, look up and reprint invoices and other transactions. Your choices at the ACCOUNTS RECEIVABLE MENU are:

```
Customer Account      [View/Balances/History/Print-Statement]

Statement Print       [Batch-Print Customer Statements]

Payment Entry         [Enter Payments & Adjustments

Transactions          [View/Reprint/Edit Invoices/Payments/Adjustments

Finance Chrg          [Compute & Post New Finance Charges Due]
```

Customer Account   View a customer account screen. All open invoices for the customer will be listed. A statement for this customer may be printed at this screen.You can also look up the customer's prior invoices,payments, and adjustments using the History function. (See Sec 6.1)

Statement Print   Generates and prints statements for all (or selected) customer accounts. Statements show all unpaid invoices for these customers. (See Section 6.2)

Payment Entry   Allows you to enter payments and adjustments on customer accounts. (See Section 6.3)

Transactions   Allows you to get an on-screen list of all transactions for a period. You can also view transaction details and reprint Invoices if needed. (See Section 6.4)

Finance Charges   This allows you to force finance charges to be computed and posted to accounts anytime you choose. (See Section 6.5)

6.1 - Customer Accounts

This section of the Natural Log System allows you to view on the screen Accounts Receivable information for an individual customer. You will see a alphabetized list of customers on which you highlight the requested customer and hit **[enter]**.

```
╔═══════════════════════════════════════════════════════════════════════╗
║Cust Sort ↓     Sponsor           Bill-To Name              Rep  Balance║
╟───────────────────────────────────────────────────────────────────────╢
║  56│180 GROUP                 │180 GROUP              │ 3 │  345.00║
║ 120│1ST NATIONAL BANK         │BANKERS AGENCY         │ 4 │        ║
║  43│ABC DOORKNOBS             │WIER, TITE, & HOWE     │ 1 │        ║
║   4│ACCENTS FOR THE HOUSE     │BIG AGENCY             │ 1 │        ║
║  58│ALAMO FIREARMS            │ALAMO AGENCY           │ 1 │        ║
║  75│ALTAIR BAR & GRILL        │ALTAIR BAR & GRILL     │ 1 │1256.55 ║
║  64│ANYWHERE MOVERS           │ANY AGENCY             │ 1 │        ║
║   3│ARTS EDUCATION            │ARTS EDUCATION CTR     │ 1 │        ║
║ 113│AUDIO IDEAS               │WS & P AGENCY          │ 1 │   50.67║
║   7│BASEBALL CARD TRADERS     │BASEBALL CARD TRADERS  │ 1 │  110.98║
║   8│BERGER MILLS              │JOHNSON AGENCY         │ 1 │        ║
║  80│BEXAR MEDICAL             │BEXAR MEDICAL          │ 1 │  987.55║
║  69│BILL BLACKS'S RESTAURANT  │AFD&M AGENCY           │ 1 │        ║
║  97│BJ'S PLACE                │BJ'S PLACE             │ 4 │  125.00║
║ 105│BLUE MOON CLUB            │BLUE MOON CLUBS,INC.   │ 2 │        ║
║  10│BOB ROBERT'S PRINTING     │SANTANA AGENCY         │ 1 │        ║
║  72│BOOK HOLE                 │BOOK HOLE              │ 1 │  200.02║
║  76│BRACKENRIDGE GOLF         │BRACKENRIDGE GOLF      │ 4 │        ║
║ 125│BURNT TREE INN            │BURNT TREE INN         │ 4 │  345.67║
║ 124│CABS R US                 │CABS R US AGENCY       │ 4 │        ║
╚═══════════════════════════════════════════════════════════════════════╝
 CUSTOMER ACCOUNTS: ↓↑   Sort   Find   [Enter]-Retrieve   [Ctrl]Delete   [ESC]
```

At this screen your choices are:

↓↑	Move the highlighted cursor to another customer.
Sort	Resort list by Sponsor Name, Bill-to Name, or Acct Rep.
Find	Quickly finds a customer after you enter the first few letters of the Sponsor or Bill-To Name (based on the current sort).
[Enter]	Retrieve and display the currently highlighted customer file.
[Ctrl]Delete	Deletes customer, if there are no active Orders & no active Accounts-Receivable records. The account must say "None Open" when you vi9ew the Accounts Receivable screen.

6.1 - Customer Accounts (cont)

After selecting the desired customer as described on the previous page, you will see the customer file displayed.

```
          C u s t o m e r   A c c t / R e c   F i l e   0 0 4 3

Sponsor ABC DOORKNOBS
Bill-To WIER, TITE, & HOWE                  Acct Balance   720.00
                                            +   Unbilled    26.50
Address 223 BANKERS BLVD                    =TTL Balance   746.50
City/ST NEW YORK NY                         Last  Active 12/31/90
   Zip 10010-1923                           Client Since 10/07/89
 Tel # (212) 555-5555                       Stmnt Cycle       1
 Fax # (212) 555-5556    Source NATIONAL    Credit Limit  2000.00
Contact IMA WIER        Agency YES          Late Charges    1.50%
AcctRep 06-IMA OWNERSKID NatRep NO             Tax rate     0.00%

  Date    Reference Customer PO#      Transaction      Billed   Net Due

10/31/90 90-10-023 ESTIMATE 004 DEMO-FM ABC DOORKNOBS  240.00     0.00
11/30/90 90-11-110 ESTIMATE 004 DEMO-FM ABC DOORKNOBS  240.00   240.00
12/31/91 91-12-098 ESTIMATE 005 DEMO-FM ABC STORM DOORS 480.00   480.00




CUSTOMER: ↑↓  [Enter]-View Invoice/Pmt  Print-Statement  History  Memo [ESC]
```

Your **CUSTOMER ACCOUNT** choices are:

↑↓   Move the cursor up/down to select the invoice to be viewed.

[Enter]   View or Reprint the highlighted Invoice or Payment

History   Searches for all transactions for this customer for a specified period of time. Displays a list, and allows you to select items for viewing on-screen and reprinting, if needed. A sample of the screen listing of the Customer History is shown on the next page.

Memo   Enter up to 10 lines of notes regarding this customer.

6.11 - Customer Account History

When you select __History__ for the displayed customer, you are given the option to specify the time period to be searched. The system will find all transactions for this customer during that period, and display a list on-screen. For Invoices, the History lists the original billed amount and the amount still due. For Payments and Adjustments, the History lists the check number, the Invoice to which it was posted (Re:), and the amount. The detailed information for any of these items may be displayed by hitting __[Enter]__ when that item is highlighted.

```
 Reference    Date   Transaction Description           Billed  Pmt/Adjst   Due
 90-01-010 01-31-90 INV  DEMO-FM ABC DOORKNOBS         240.00               0.00
 90-02-340 02-20-90 PMT  Payment Ck03456 Re:90-01-010          -240.00
 90-02-450 02-28-90 INV  DEMO-FM ABC STORM DOORS       500.00               0.00
 90-03-023 03-15-90 PMT  Payment Ck03567 Re:90-02-450          -500.00
 90-03-101 03-31-90 INV  DEMO-FM ABC DOORKNOBS         240.00               0.00
 90-03-102 03-31-90 INV  DEMO-FM ABC STOMR DOORS       500.00               0.00
 90-04-056 04-12-90 PMT  Payment Ck03678 Re:90-03-101          -240.00
                    PMT  Payment Ck03678 Re:90-03-102          -500.00
 90-11-110 11-30-90 INV  DEMO-FM ABC DOORKNOBS         240.00             240.00
 90-12-098 12-31-90 INV  DEMO-FM ABC STORM DOORS       500.00             500.00




 TRANSACTION HISTORY:        Print      [Enter]-select item to view       [ESC]
```

Your choices at the __HISTORY MENU__ are:

↑↓   Move and highlight another item.

__Print__   Print a list of these transactions.

__[Enter]__   Select the highlighted item to be viewed on-screen. When
                  displayed, invoices may be reprinted, if needed.

6.2 - Statement Print

This function allows you to print statements for some or all your customers. If you just need statements for a few customers, it is easier to view their accounts on-screen and print individual statements from that screen rather than use this batch-print section.

STATEMENT SORT   You may select the sorting procedure:

Customer   This prints statements sorted by Customer Number, Sponsor Name, or Bill-To name.

Salesman   This prints statements sorted by salesman number. You may also elect to print statements for only a specified range of salesmen.

Zip Code   This prints statements sorted by Zip Code for pre-sorted mailings.

PRINT PROCEDURE   During the statement printing, the computer prints the statements one after the other without pausing. This is done in Background mode, so that you can continue to use the system while the printer runs. In some cases you may run out of paper or have some other **Printer Error**. If this happens, the computer will stop and wait for you to clear the error. Then you must restart the **Statement** printout. In the event of **Printer Error**:

1. Clear the error or problem with the printer.

2. Turn the printer OFF and then ON to clear its memory.

3. Hit **[ESC]** to return to the ACCOUNTS RECEIVABLE MENU.

4. Restart the **Statement printout** by hitting **S**.

5. After selecting the <u>same type</u> sort, tell the computer to **Restart** with the last Customer Number correctly printed.

6.2 - Statement Print (cont)

You may print past-due warnings on the statement with different text depending on the number of days past due. See Section 2.2 **Setup Format Statements**.

```
                        DEMO-FM STATEMENT


DEMO-FM RADIO                                    ACCOUNT 0043
100 S. NOWHERE ROAD
SAN ANTONIO TX 78234                        CALL YOUR ACCOUNT
                                            REP TODAY FOR OUR
                                             SPRING SPECIALS


TO: WEIR, TITE, & HOWE
    223 BANKERS BLVD
    NEW YORK NY 10010


    SPONSOR: ABC DOORKNOBS


        Listing of Activity on this Account Through 02/01/91
==============================================================================
|                    CUSTOMER                         AMOUNT   CURRENT |
|  DATE   REFERENCE   P.O. #        TRANSACTION        BILLED   BALANCE |
==============================================================================
|10/31/90|90-10-023|ESTIMATE 004|DEMO-FM OCT90 Advrtsng|  240.00|        |
|        |         |            |18 Brdcsts ABC DOORKNO|        |        |
|11/20/90|90-11-002|            |-Payment Ck 02345     | -240.00|    0.00|
|        |         |            |                      |        |        |
|11/30/90|90-11-110|ESTIMATE 004|DEMO-FM NOV90 Advrtsng|  240.00|  240.00|
|        |         |            |18 Brdcsts ABC DOORKNO|        |        |
|        |         |            |                      |        |        |
|12/31/90|90-12-098|ESTIMATE 005|DEMO-FM DEC90 Advrstng|  480.00|  480.00|
|        |         |            |36 Brdcsts ABC STORM D|        |        |
|        |         |            |                      |        |        |
|        |         |            |                      |        |        |
|        |       YOUR ACCOUNT IS MORE THAN 60 DAYS PAST DUE |        |
|        |         | PLEASE MAIL PAYMENT UPON RECEIPT  |     |        |
|        |         |            |                      |        |        |
|        |         |            |                      |        |        |
==============================================================================
                                  PLEASE PAY THIS AMOUNT | 720.00|
                                                         ===========

                            ACCOUNT SUMMARY
==============================================================================
|  121+ DAYS  |  91-120 DAYS  |  61-90 DAYS  |  31-60 DAYS  |  CURRENT   |
------------------------------------------------------------------------------
|     0.00    |      0.00     |    240.00    |     480.00   |     0.00   |
==============================================================================
```

6.3 - Payment / Adjustment Entry

ACCOUNTING METHOD The accounts receivable function of the Natural Log System uses an **Open Invoice** method of accounting. That is, it keeps a record of all unpaid Invoices for each customer until the invoice is paid. For this reason, payments need to be applied to Invoices. The Payments function is the means to enter these payments and apply them to the Invoices. The Payments function also allows you to enter any adjustments to invoices (credits or debits) and to record Pre-Payments to customer accounts. **NOTE:** Open Invoice accounting requiers you to post Payments to a specific **Invoice**. When there is no Invoice issued, as when someone Pre-pays, you must set up a **Prepayment** for that customer's account. (See Section 6.33)

PAYMENT & ADJUSTMENT ENTRY The **Payments** section allows you to process payments and adjustments to customer Accounts Receivable. At the ACCOUNTS RECEIVABLE MENU, select **Payments** and the PAYMENT MENU will appear. Your choices are:

New   Enter a new payment or adjustment. (See Section 6.31)

Retrieve   This allows you to retrieve an existing payment or adjustment.

Edit   This allows you to edit the currently displayed payment or adjustment entry. Payments may not be edited after Processing. (See Section 6.32)

Process   This choice processes (posts) the payment to the customer account. New payments are not shown on customer accounts until they are processed. This allows you to correct any errors before processing. If you detect an error after processing, you must make adjusting entries. Payments may not be edited after processing. (Sec 6.33)

On the following page is a general description of the information shown on the Natural Log Payment screen and the basic procedure for entering payments into the system. For more detailed information, see Section 6.31.

6.3 - Payment / Adjustment Entry (cont)

Payment Entry Screen:

```
┌────────────────────────────────────────────────────────────────────────────────┐
│PMT Not Posted│#  Code INV or CUST    Transaction Type    Other +/-   Payments   │
│                                                                                  │
│  Pmt Date    │1 │PMT │90-12-032   Payment Ck 0234                      122.00   │
│  02/06/91    │2 │PMT │90-11-034   Payment Ck 0234                      100.00   │
│  Check #     │3 │                                                               │
│    0234      │4 │                                                               │
│Payment Amount│5 │                                                               │
│    222.00    │6 │                                                               │
├────────────────────────────────────────────────────────────────────────────────┤
│Bill To: WEIR, TITE, & HOWE                      Sponsor:  ABC DOORKNOBS          │
│                                                                                  │
│  Date    Code              Transaction Type    Other +/-  Payments   Balance     │
│                                                                                  │
│11/31/90│INV │90-11-034 DEMO-FM ABC DOORKNOBS                            150.00   │
│11/31/90│ACM │90-11-034 Agency Commission        -38.00                 122.00   │
│02/06/91│PMT │Unposted  Unprocessed Payment               122.00          0.00   │
└────────────────────────────────────────────────────────────────────────────────┘
```

PAYMENT ENTRY OVERVIEW the Payment Screen is divided into two major parts. The top half of the screen allows you to enter the payments and the bottom half is for display of Invoice and Account information for verification so you'll know where you are posting items.

You can apply the total payment, or any portion of it, to Invoice(s) or to a Prepayment for a customer. Nine lines are provided for applying each payment to allow you to apply a single payment to more than one Invoice or Prepayment. This is helpful if a customer pays several invoices with one check. Each separate check requires its own Payment Screen.

ADJUSTMENT ENTRY   You may also enter adjustments (additions or subtractions) from open invoices using this Payment Screen. You may enter these adjustments at the same time as you enter payments. For example, if a customer takes a discount, you can enter the payment and the discount on one Payment Screen (using 2 lines) to zero out the invoice balance. You may also enter adjustments by themselves on a Payment Screen with no payment, if needed.

PROCESSING   You must **Process** the item for it to be posted to Accounts receivable, otherwise, it will be suspended and saved if you exit by hitting **[ESC]** before **Processing** the payment. The next time you go to start a **New** payment, the suspended item will be recalled and displayed. You will be given the option to continue working with it or discard it and start over. After **Processing**, you may view the Payments, Adjustments, and Invoices in the **Transaction** section described in Section 6.4.

6.31 - New Payment / Adjustment Entry

ENTERING A NEW PAYMENT OR ADJUSTMENT You may enter New Payments or adjustments by selecting **New** at the PAYMENT/ADJUSTMENT MENU. The computer will then create a temporary file to hold your payment information until it is processed. If you attempt to create a new payment while a temporary file still exists from an earlier payment entry that hasn't been processed, the computer will beep, display the existing unprocessed payment, and ask you to select one of the following:

Keep   Do not erase this file, continue working with this payment. You can then Edit and Process it.

Discard   Erase the existing unprocessed Payment and start a New Payment.

If you **Discard** the old unprocessed payment (or if there is no existing unprocessed payment), you will be asked to enter new payment information on the form shown on the following page.

> When entering a new payment, you can leave the payment unprocessed (by hitting **[ESC]**), go to another section of the system, and return to the payment later. It will be saved until processed or discarded.

REQUIRED PAYMENT INFORMATION The following information is needed to enter a **New** payment:

CHECK #   This will usually be the Check # used to make the payment. It will show up on invoices paid with this payment entry. If it is a cash payment enter Cash. If this is an Adjustment, then type in **ADJ**. You may also leave this blank if you want.

PAYMENT AMOUNT   Enter the total amount paid by this Check #. This is skipped for Adjustments.

The remaining line entries allow you to apply the payment/adjustment to any open invoices. You may also make adjustments to accounts or invoices on these lines or enter Pre-Payments to customer accounts. This multiple line format for payments allows you to record payments received for several invoices for which the customer issued only one check. See the next page.

6.31 - New Payment / Adjustment Entry

```
┌─────────────┬──┬────────────────────────┬──────────────────┬──────────┬──────────┐
│PMT Not Posted│# │Code INV or CUST        │Transaction Type  │Other +/- │ Payments │
├─────────────┼──┼────────────────────────┼──────────────────┼──────────┼──────────┤
│  Pmt Date   │1 │PMT  90-12-032          │Payment Ck 0234   │          │   122.00 │
│  02/06/91   │2 │PMT  90-11-034          │Payment Ck 0234   │          │   100.00 │
│  Check #    │3 │                        │                  │          │          │
│    0234     │4 │                        │                  │          │          │
│Payment Amount│5│                        │                  │          │          │
│    222.00   │6 │                        │                  │          │          │
├─────────────┴──┴────────────────────────┴──────────────────┴──────────┴──────────┤
│Bill To: WEIR, TITE, & HOWE              Sponsor:   ABC DOORKNOBS                   │
├───────────┬───────┬─────────────────────┬──────────┬──────────┬──────────────────┤
│  Date     │ Code  │   Transaction Type  │Other +/- │ Payments │     Balance      │
├───────────┼───────┼─────────────────────┼──────────┼──────────┼──────────────────┤
│11/31/90   │INV    │90-11-034 DEMO-FM ABC DOORKNOBS│    │      │        150.00    │
│11/31/90   │ACM    │90-11-034 Agency Commission│ -38.00 │      │        122.00    │
│02/06/91   │PMT    │Unposted  Unprocessed Payment│     │ 122.00 │          0.00    │
└───────────┴───────┴─────────────────────┴──────────┴──────────┴──────────────────┘
```

CODE   Enter a Code to describe the type of transaction. Possible choices are:

PMT   To apply a payment to decrease a customer's account balance.

ACM   Record Agency Commission if deducted from Invoice Payment

RCM   Record National Rep Commission if deducted from Invoice Payment.

BAD   To write off a bad debt to decrease a customer's account balance.

PRE   To record a prepayment on a customer account. For an Adjusting entry, this may also be used to apply a previous prepayment to an invoice. See Section 6.33 for a discussion of Prepayments.

CR   Other credits to decrease a customer's account balance.

DR   Other debits to increase a customer's account balance.

TCR   Trade credit.

FIN   Finance charges paid.

TAX   Taxes paid.

VOID   Use this to void an Invoice which was incorrectly issued.

6.31 - New Payment / Adjustment Entry

INV or CUST   Here you must enter a valid **Invoice number** for which the payment or adjustment is to be applied. When the Invoice number is entered, the computer will retrieve that Invoice and display the invoice summary information on the bottom half of the screen for verification.

> The **only exception** is when entering a **Prepayment**, the system will ask for the Customer Account number. By definition, no Invoice has yet been issued on a Prepayment. See Section 6.33 for discussion of Prepayments.

If you don't know the Invoice Number. In this case you can get an on-screen listing of open invoices for a customer by hitting **[F6]** instead of entering an invoice number. The computer will then allow you to enter the customer **number** or **name**.

If you enter a customer number, the computer will display all open Invoices for that customer and then again request an **INV or CUST**.

If you enter a name, the computer will stop and display all open Invoices for any customer matching with the NAME you requested. It will then pause and wait for you to continue the search by hitting **[SPACE]** or, if you found the customer you were looking for, hit **[ESC]** to quit the search. The computer will then once again ask for you to enter the Invoice number.

_____

TRANSACTION TYPE   This allows you to enter a description of the transaction. For payments, the default description is:

PMT Ck ####

Another choice might be: **BAD DEBT WRITE OFF**

You may enter any description you like. The description will be entered on the invoice summary to which this payment or adjustment applies.

6.31 - New Payment / Adjustment Entry

OTHER +/-   This column is skipped if you entered the **PMT** code or the **PRE** code. For all other codes, this column allows you to increase or decrease a customer account. For example, suppose an advertiser has taken some type of discount of $50 when he paid his bill for $1000 in advertising. You can enter the payment on the first line as **PMT** of $950. However, since the invoice is for $1000, he still has a balance of $50. You can use the **Other +/-** column to credit (**CR**) the invoice for -$50 and enter a Transaction Type of "DISCOUNT TAKEN". This would then show up on the invoice summary as the original $1000 sale with a $950 payment and $50 "Other Credit" for a balance remaining of zero.

APPLY PMT   This column will only be used if the Code is **PMT** or **PRE**. The computer will print in this column the remaining payment which has not yet been applied on previous lines. You can enter this amount by hitting **[Enter]** or enter any amount up to this remaining unapplied balance.

PROCESSING PAYMENT/ADJUSTMENT ENTRIES After you have entered and verified Payment or Adjustment information, the Payment or Adjustment must be posted to the customer accounts. This is done by selecting **Process** at the PAYMENT MENU. After you select **Process**, the computer will check to be sure that the Payment "Balances" ($ applied = $ paid). If not, you won't be allowed to Process this payment until is corrected, unless force the system to process anyway. The computer Processes the Payment one line at a time and posts all information to Accounts and Invoices. As each line is processed, ***** will appear next to the line number.

> **Notice:** Payments or adjustments will not be reflected on the customer accounts **until they are Processed**! After you Process a Payment or Adjustment, **it may no longer be edited.** Any corrections will have to be done using an adjusting entry after you process any payment.

TRANSACTION REFERENCE NUMBER After Processing is complete, this Payment will be assigned a Reference Number and may be **Retrieved** at anytime in the future for verification. **It may not be edited after posting**. If you need to correct an error, create a **New** Payment and enter an adjustment to the Account or Invoice involved.

6.32 - Correcting Payment / Adjustment Errors After Processing

After Transactions are **Processed**, they can't be edited. However, they can be corrected by reversing (or canceling) the original entry, and reentering the correct data.

Payment Error Example: You have incorrectly posted a $100 payment to Invoice 91-09-102 but it should have been posted to Invoice 91-01-201. You need to **reverse** this entry and then make the correct entry so all of your reports will be correct. This reversal is done by entering a new payment with the same check number posted to the **incorrect** Invoice, with a **negative** amount:

PMT Not Posted	#	Code INV or CUST	Transaction Type	Other +/-	Payments
Pmt Date 03/06/91 Check # 12345 Payment Amount -100.00	1 2 3 4 5 6	PMT 91-09-102	Correct Error		-100.00
Bill To: WEIR, TITE, & HOWE			Sponsor: ABC DOORKNOBS		
Date Code		Transaction Type	Other +/-	Payments	Balance

After **Processing**, there are 2 payments entered, one for $100 and one for -$100 which zero out on collections and A/R reports. This cancels or reverses the original incorrect entry. You may then re-enter the correct payment as shown below:

PMT Not Posted	#	Code INV or CUST	Transaction Type	Other +/-	Payments
Pmt Date 03/06/91 Check # 12345 Payment Amount 100.00	1 2 3 4 5 6	PMT 91-09-201	Payment Ck 12345		100.00
Bill To: WEIR, TITE, & HOWE			Sponsor: ABC DOORKNOBS		
Date Code		Transaction Type	Other +/-	Payments	Balance

6.32 - Correcting Payment / Adjustment Errors After Processing

After Transactions are **Processed**, they can't be edited. However, they can be corrected by reversing (or canceling) the original entry, and reentering the correct data.

Adjustment Error Example: You have incorrectly posted a $100 credit to Invoice 91-09-102 but it should have been posted to Invoice 91-01-201. You need to **reverse** this entry and then make the correct entry so all of your reports will be correct. This reversal is done by entering a single Adjustment:

PMT Not Posted	#	Code	INV or CUST	Transaction Type	Other +/-	Payments
Pmt Date 03/06/91 Check # ADJUSTMENT Payment Amount	1 2 3 4 5 6	DR CR	91-09-102 91-09-201	Debit A/R Credit A/R	100.00 -100.00	

Bill To: WEIR, TITE, & HOWE			Sponsor: ABC DOORKNOBS			
Date	Code		Transaction Type	Other +/-	Payments	Balance

After Processing, Line 1 of the above entry will reverse the original credit (CR) to Invoice 91-09-102 by posting a debit (DR). Note DR's are positive as they **increase** the A/R balance. Line 2 posts a credit (CR) to the correct Invoice 91-09-201. Note CR's are negative as they **decrease** the A/R balance.

6.33 - Handling PrePayments

WHEN CUSTOMERS PAY IN ADVANCE   Because Natural Log uses an Open-Invoice accounts receivable system, all payments must be credited to an Invoice. Many times customers pay in advance, particularly political advertisers. Obviously, you don't have an Invoice to post the payment against.

PREPAYMENT ENTRY   The Natural Log System allows you to enter these payments received before an Invoice is generated as Prepayments. When asked to enter the **Code** to describe the Payment or Adjustment (See Section 6.31), you will enter **PRE**. Instead of applying this against an open Invoice, the system generates a Credit entry against the customer's account which will show up on any accounts receivable report you generate.

```
┌─────────────────┬───┬──────────────────┬────────────────────┬────────────┬──────────┐
│ PMT Not Posted  │ # │ Code INV or CUST │ Transaction Type   │ Other +/-  │ Payments │
├─────────────────┼───┼──────────────────┼────────────────────┼────────────┼──────────┤
│   Pmt Date      │ 1 │ PRE  Acct: 0043  │ Prepayment on acct │            │  500.00  │
│   03/06/91      │ 2 │                  │                    │            │          │
│   Check #       │ 3 │                  │                    │            │          │
│     00090       │ 4 │                  │                    │            │          │
│ Payment Amount  │ 5 │                  │                    │            │          │
│     500.00      │ 6 │                  │                    │            │          │
├─────────────────┴───┴──────────────────┴──────────┬─────────┴────────────┴──────────┤
│ Bill To: WEIR, TITE, & HOWE                        │ Sponsor:   ABC DOORKNOBS        │
├───────┬──────┬─────────────────────────────────────┼────────────┬──────────┬────────┤
│ Date  │ Code │              Transaction Type       │ Other +/-  │ Payments │ Balance│
├───────┼──────┼─────────────────────────────────────┼────────────┼──────────┼────────┤
│       │      │                                     │            │          │        │
│       │      │                                     │            │          │        │
└───────┴──────┴─────────────────────────────────────┴────────────┴──────────┴────────┘
```

AUTOMATIC ASSIGNING OF PREPAYMENTS TO INVOICES   When you enter a new prepayment, you may specify which Pending Order ### the prepayment is to be applied against. **NOTE:** If you do enter an order ###, the Billing system will automatically apply this prepayment **ONLY** against invoices for this order ### when the invoices are generated.

PREPAYMENTS WHICH ARE NOT ASSIGNED TO AN ORDER   If you don't enter an order ###, this prepaid credit will be automatically applied on a first-come basis as a credit on **ANY** invoice issued by the Billing Module for this customer.

6.33 - Handling PrePayments (cont)

APPLYING PREPAYMENTS USING ADJUSTING ENTRY   After you have generated an invoice for a customer which has an unused **unassigned Prepayment** or an **incorrectly assigned Prepayment**, you must make an **adjusting entry** to apply the prepayment to a specific Invoice. Otherwise, you will have a credit entry for the customer and an Invoice showing as being owed for the same customer. The system will never automatically apply the Prepayment because you didn't assign it to any particular Order (or to the wrong order) and the system has no way of knowing which invoice a prepayment applies to. To make this adjustment, you go into **New Payments** and instead of entering a check #, enter **ADJ**. This tells the computer that you want to make an adjustment. The Prepayment is applied on one Adjusting entry, using 2 steps:

1) On line 1, when the computer asks you for the **Code**, you will enter **PRE**. Then you will enter the **Reference number of the Prepayment**. The computer will display the prepayment on the bottom half of the screen. You will then enter (as a **minus** amount) the Prepayment amount you want to apply to the Invoice. This is the amount of the prepayment which will be deducted from the prepayment credit balance.

2) On line 2, you will enter **PRE** (to apply prepayment) and the **Invoice number** to be credited. After entering this number, the computer will show the current invoice information at the bottom of the screen. You may enter any kind of description that you like (we recommend "apply prepmt ##-##-###" to create an audit trail). You then enter (as a **plus** amount) the amount to be credited against the invoice balance.

PMT Not Posted	#	Code	INV or CUST	Transaction Type	Other +/-	Payments
Pmt Date 04/01/91 Check # ADJUSTMENT Payment Amount	1 2 3 4 5 6	PRE PRE	91-03-356 91-03-556	Deduct Prepayment Apply Prepayemnt		-500.00 500.00

Bill To: WEIR, TITE, & HOWE				Sponsor: ABC DOORKNOBS	
Date	Code		Transaction Type	Other +/- Payments	Balance

PROCESSING   After you are sure the Adjustment is correctly entered, be sure to **Process** it so that it will be posted to the account.

6.33 - Correcting PrePayments After Processing

After Prepayment Transactions are **P**rocessed, they can't be edited. However, they can be corrected by reversing (or canceling) the original entry, and reentering the correct data.

EXAMPLE: Prepayment posted to incorrect account. Suppose you posted a $500 Prepayment to account #0043 that should have been posted to account 0034. The incorrect Prepayment was assigned a reference number of 91-04-022. You first need to make a reversing entry using negative amounts. This zeroes out the collections report and A/R. (-$500 and +$500 zero each other out)

PMT 91-04-023	#	Code	INV or CUST	Transaction Type	Other +/-	Payments
Pmt Date 03/06/91 Check # 92833 Payment Amount -500.00	1 2 3 4 5 6	PRE	Acct 0043	Prepaid On Acct		-500.00

Bill To: WEIR, TITE, & HOWE			Sponsor: ABC DOORKNOBS			
Date	Code		Transaction Type	Other +/-	Payments	Balance

After Processing, this Prepayment 91-04-023 ($-500) is created to offset Prepayment 91-04-022 (+$500). Enter check **# ADJ** to enter an Adjusting entry to zero the 2 Prepayments against each other. Subtract $500 from 91-04-22 and add $500 to 91-04-023, zeroing each, with a net A/R effect of zero.

PMT 91-04-024	#	Code	INV or CUST	Transaction Type	Other +/-	Payments
Pmt Date 03/06/91 Check # ADJUSTMENT Payment Amount	1 2 3 4 5 6	PRE PRE	91-04-022 91-04-023	Correct Prepayment Correct Prepayment		-500.00 500.00

Bill To: WEIR, TITE, & HOWE			Sponsor: ABC DOORKNOBS			
Date	Code		Transaction Type	Other +/-	Payments	Balance

You can then proceed to enter the correct Prepayment as usual.

6.33 - Correcting PrePayments After Processing

EXAMPLE: Prepayment was assigned to incorrect Invoice. Suppose you posted a $500 Prepayment to account #0043 which was assigned a reference number of 91-04-022. It was automatically assigned to an incorrect Invoice (or you assigned it to an incorrect Invoice using Adjustment entries). Enter an Adjusting Entry to transfer the amount to the correct Invoice. First deduct the Prepayment amount from the incorrect Invoice (91-05-777). Then assign it to the correct invoice (91-06-777).

PMT 91-04-023	#	Code	INV or CUST	Transaction Type	Other +/-	Payments
Pmt Date 03/06/91 Check # ADJUSTMENT Payment Amount	1 2 3 4 5 6	PRE PRE	91-05-777 91-06-777	Transfer Prepayment Transfer prepayment		-500.00 500.00

Bill To: WEIR, TITE, & HOWE				Sponsor: ABC DOORKNOBS		
Date	Code		Transaction Type	Other +/-	Payments	Balance

EXAMPLE: Prepayment was REFUNDED because it was never used. Suppose you posted a $500 Prepayment to account #0043 which was assigned a reference number of 91-04-022 but the customer didn't run the advertising and you refunded the money. Enter an Adjusting Entry to deduct the amount from the Prepayment. Then **Process**, and when Natural Log warns you of an "unbalanced" transaction, tell it to process it anyway. This cancels the Prepayment and a $500 adjusting entry will be shown on the end-of-month adjustments report.

PMT 91-04-023	#	Code	INV or CUST	Transaction Type	Other +/-	Payments
Pmt Date 03/06/91 Check # ADJUSTMENT Payment Amount	1 2 3 4 5 6	PRE	91-04-022	Refund Prepayment		-500.00

Bill To: WEIR, TITE, & HOWE				Sponsor: ABC DOORKNOBS		
Date	Code		Transaction Type	Other +/-	Payments	Balance

6.4 - View / Reprint Transactions

The **T**ransaction function allows you to look up any Invoice, Payment, or Adjustment which was entered in the Natural Log System. You can also edit Invoices to make corrections. Actually these old Invoices are canceled and then used as the basis for editing and re-issuing an Invoice.

TRANSACTIONS are saved in the Natural Log database for 5 years. When you enter this section, by hitting **Transactions** at the ACCOUNTS RECEIVABLE MENU, you will be asked for which month you want to scan Transactions. Enter ##-## (month-year). You will then see a listing of all transactions for that month.

```
Reference | Date    |     ####-Sponsor Name     | Bill-To Name         | Amount Rep
90-03-001 |03-01-90 |PMT  0043-ABC DOORKNOBS    | WIER, TITE, & HOWE   |  500.00 00
90-03-002 |03-01-90 |PMT  0345-FLY BY NIGHT AI  | CRASH & BURN AGENCY  | 1000.00 03
90-03-003 |03-01-90 |VOID 0123-NS FAT FARMS     | NS FAT FARMS         | -500.00 01
          |         |ADJ  0123-NS FAT FARM      | NS FAT FARMS         |  500.00 01
90-03-004 |03-03-90 |INV  0331-HIGH VALLEY ELE  | HIGH VALLEY ELEC COOP|  950.00 02
90-03-005 |03-03-90 |INV  0446-RED BEAK INN     | RED BEAK INN         |  125.00 05
90-03-006 |03-10-90 |ADJ  0290-RECKUM DRIVING   | RECKUM DRIVING SCHOOL| -100.00 00
          |         |ADJ  0390-BLUE POOL SERVI  | BLUE'S AGENCY        |  100.00 01
90-03-007 |03-15-90 |PMT  0512-SW TEXAS WATER   | SW TEXAS WATER SYSTEM|  333.00 00
          |         |PMT  0512-SW TEXAS WATER   | SW TEXAS WATER SYSTEM|  500.00 00
          |         |PMT  0512-SW TEXAS WATER   | SW TEXAS WATER SYSTEM|  100.00 00
          |         |ADJ  0512-SW TEXAS WATER   | SW TEXAS WATER SYSTEM|  -50.00 00
90-03-008 |03-15-90 |PMT  0210-CENTEX AIR       | A.G.Y. AGENCY        |  400.00 09
90-03-009 |03-15-90 |VOID 0090-KARLZ KARZ       | CARL KAY             | -100.00 09
          |         |ADJ  0090-KARLZ KARZ       | CARL KAY             |  100.00 09
90-03-010 |03-16-90 |PMT  0421-QUICKCAR WASH    | WE'RE IT AGENCY      |   99.00 01
```

MAR-91 TRANSACTIONS: <u>F</u>ind <u>P</u>rint:[List/Invoice Copies] <u>C</u>hange-Month [ESC]
[Enter]-View Highlighted Item

Your choices are:

Find	Search for an item.
Print	Prints transaction list or reprint copies of Invoices.
ChangeMonth	Changes the display month.
[Enter]	Move the cursor to highlight the desired item, hit **[Enter]**, and the detailed information of that item will be displayed. If you get an Invoice on the screen, **Edit** will load it into the Invoice Editor. (See Section 6.41)

6.41 - Edit / Reissue Invoices

INCORRECTLY ISSUED INVOICES Occasionally an invoice is issued incorrectly due to some type of entry error or missed communication. The Natural Log system will not allow you to edit an issued invoice for accounting control reasons. It will let you copy an invoice into an Invoice Editor, correct it, and reissue a new Invoice, while voiding the old one.

CHANGING BROADCAST INFORMATION In **Accounts Receivable**, get the desired Invoice on the screen (using either **Transactions** or **Customer Accounts**), and then hit **Edit**. Any Invoice broadcast information can be changed in the same manner as Invoices can be edited before they are issued. (See Section 5.3)

CHANGING ADDRESS/SALESMAN/OTHER INFORMATION You can also change addresses, salesman assigned, commissions, etc by hitting the [F10] key in the editor.

REISSUE THE INVOICE The Invoice must be reissued for any changes to take effect. Note that it will have a **New Invoice number**. To reissue the invoice, select [P]rint [F]inal which will print a corrected invoice, save the changes, and void the old invoice. Failure to reissue the Invoice will result in the old information staying in Accounts Receivable. You can also select **[P]rint [C]hargeOnly** to save the invoice changes and void the old invoice but NOT print an new invoice.

VOIDING AN INVOICE If an invoice needs to completely voided off a customer's account so it will not show up on any statement of account, go into **P**ayments **N**ew. Enter ADJ for the check numner (to designate that this is an Adjusting entry). Then enter VOID for the payment code and enter the invoice reference number of the invoice to be voided. Then **P**rocess the adjustment. This will void and remove any invoice(s) which are designated on this screen as VOID.

6.5 - Finance Charges

COMPUTING & POSTING FINANCE CHARGES Natural Log can compute and post Finance Charges (or late fees) to accounts. This is done from the Accounts Receivable menu by choosing **Finance Charges**. Natural Log will ask you to verify the Revenue Types for which finance charges are to be computed. This allows you to exclude Trade or other revenue types which should not accrue finance charges.

FINANCE CHARGE POSTING DATE   Natural Log then asks for the date through which finance charges are to be posted. This must be within the currently-open billing month. The system then asks if you want a printed list of finance charges posted.

FINANCE CHARGE COMPUTATION METHODOLOGY Natural Log computes and posts finance charges through the date you specify for any customers for which you entered a "Late Fee" percentage. The system adds this percentage per month to every invoice outstanding over 1 month.

> **Example**: Invoice 97-03-131 was issued on March 31,1997. On April 30, Natural Log will add one month's finance charges to the principal balance as of April 30. On May 31, it will add another month's finance charges, and so on.

FINANCE CHARGES <u>NOT</u> COMPOUNDED Natural Log does NOT compute compound finance charges, but computes the Finance Charges on the invoice <u>principal</u> amount, as some states do not allow compounding.

> **In the above example**: If the finance charge rate was 1.5% per month and the original invoice balance was $100, on April 30 Natural Log would add $1.50. On May 31 it would add $1.50 (1.5% x $100). Note it did NOT charge May finance charges on the $1.50 finance charge added for April.

POSTING PAYMENTS WITH ACCRUED FINANCE CHARGES When a customer pays an invoice which has accrued finance charges there are 3 possibilities:

6.5 - Finance Charges (cont)

POSTING FINANCE CHARGES Possible scenarios:

1. The customer pays the full amount including the finance charges. In this case, just post the entire payment to the invoice, as Natural Log already increased the invoice balance by the finance charges posted through that date.

> **WARNING** If you pay sales commissions based on "Collections Reports", the entire amount posted as PMT will be "commissionable" on the Collection Report, including the amount that was finance charge. If this is unacceptable, post the payment as 2 lines, one as PMT for the amount of the original invoice. Then post a second line as PMT for the amount of the finance charges BUT when asked for the commission % on the PMT, enter 0%. The finance charge portion of the payment WON'T be commissionable to the salesman.

2. The customer makes a partial payment. Just post the amount actually paid to the invoice. The system will then use the new unpaid balance to compute future finance charges.

3. Then customer pays the original invoice principal amount but refuses to pay the finance charges. In this case you will need to post an adjusting entry (See example below) <u>IF</u> you want to forgive the finance charges. If you want to leave them pending on his account, you need to do NOTHING.

> **EXAMPLE**: Customer paid the $100 originally billed but won't pay the $3.00 posted as Finance Charges. You can post the $100 payment along with the $3.00 adjustment to the finance charges as shown below. The Finance Charge amount will be displayed in the bottom half of the screen after you enter the invoice number so you can know how much Finance Charges need to be canceled. Instead, you could post the finance charges adjustment as a separate adjusting entry, but it's often easier to enter it with the payment as shown.

PMT 91-04-023	#	Code	INV or CUST	Transaction Type	Other +/-	Payments
Pmt Date 03/06/91 Check # 12345 Payment Amount 100.00	1 2 3 4 5 6	PMT FIN	91-05-777 91-05-777	Payment Ck 12345 Cancel Finance Chrg	 -3.00	100.00
Bill To: WEIR, TITE, & HOWE				Sponsor: ABC DOORKNOBS		
Date	Code		Transaction Type	Other +/-	Payments	Balance