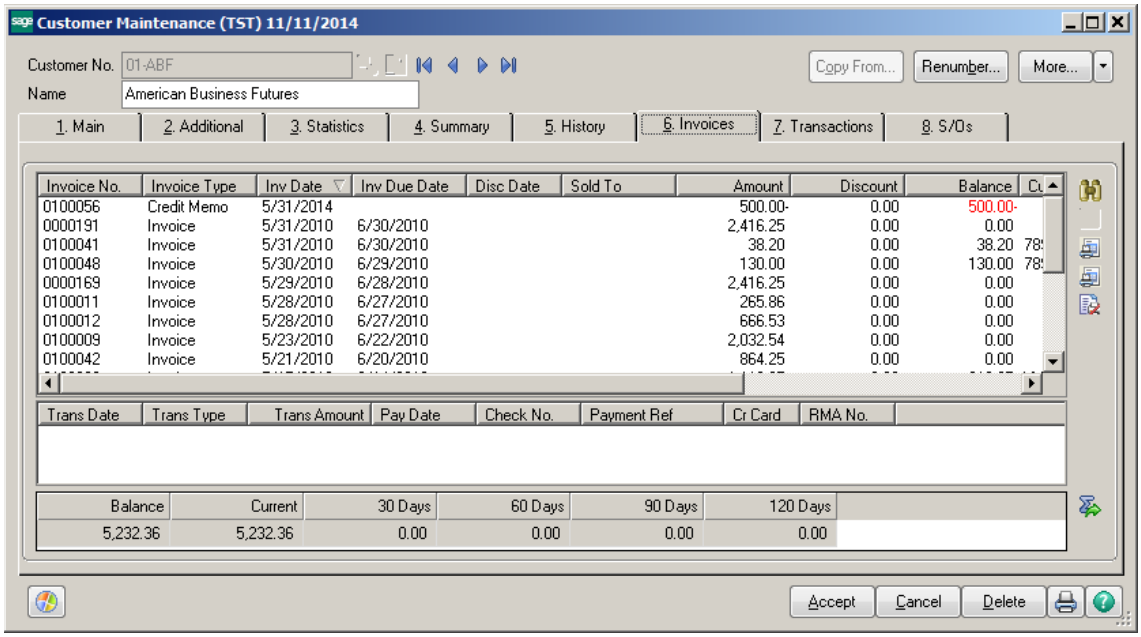
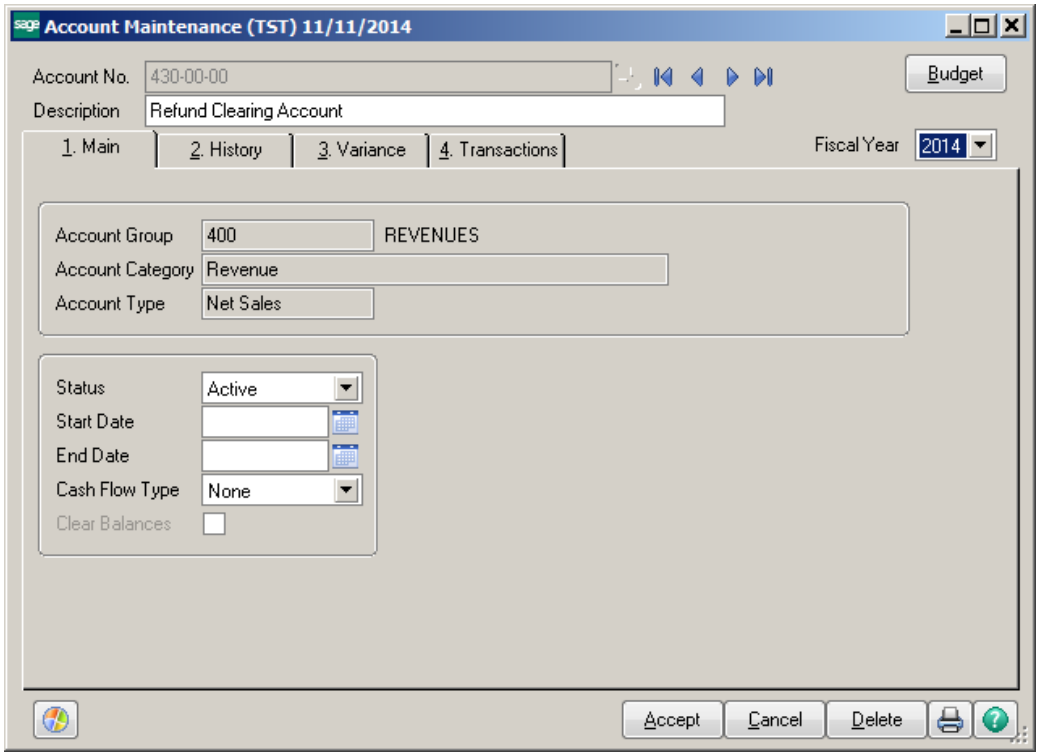
How to Refund a Customer's Credit

When a customer has a credit balance they will occasionally request a refund for that amount.



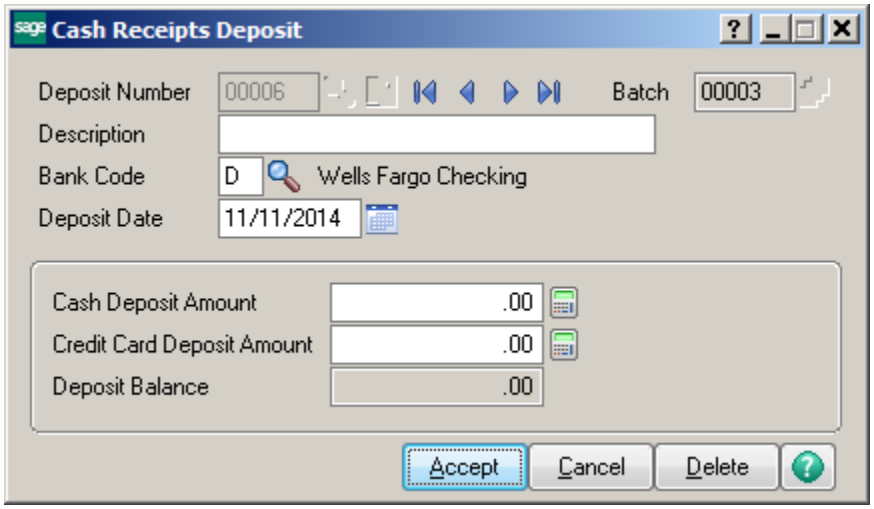
CREATE AN AR CLEARING ACCOUNT:

Click on General Ledger -> Main -> Account Maintenance. Create a Refund Clearing Account. This will be used to adjust your AR Credit Invoice to and post the AP Check. The balance should always be zero.

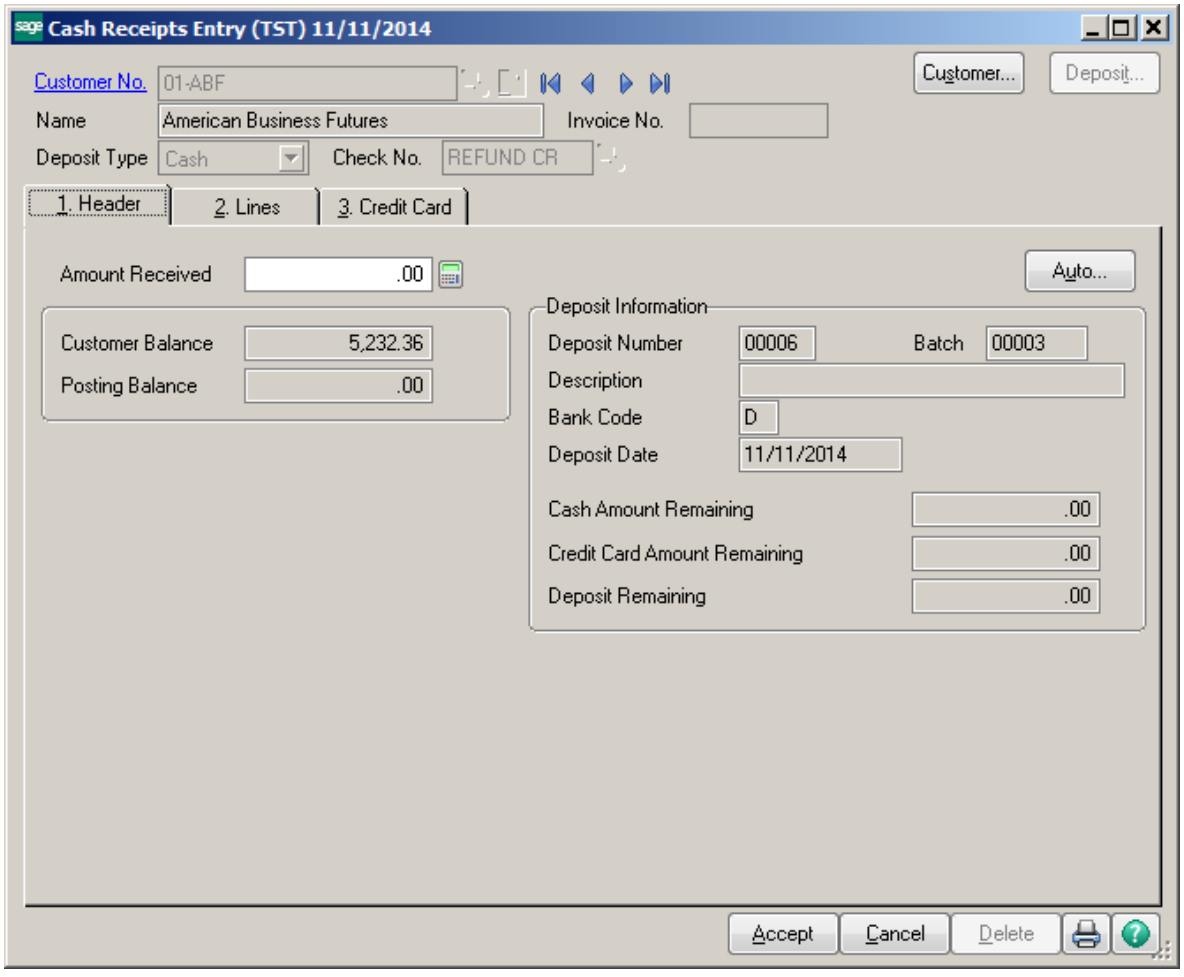


ACCOUNT RECEIVABLE:

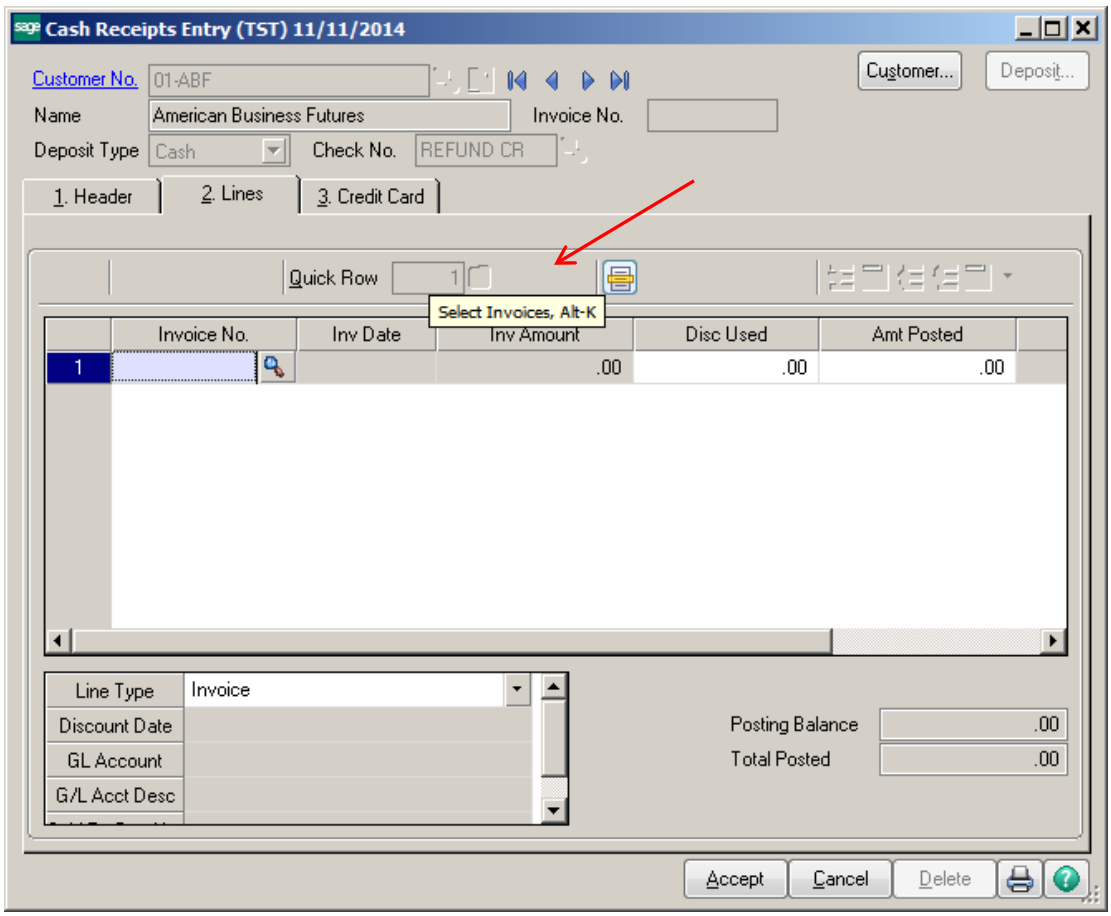
Click on Cash Receipts Entry. Create a new Batch, if you are using batch processing. Select a new Deposit Number, enter ZERO for the Cash Deposit Amount.

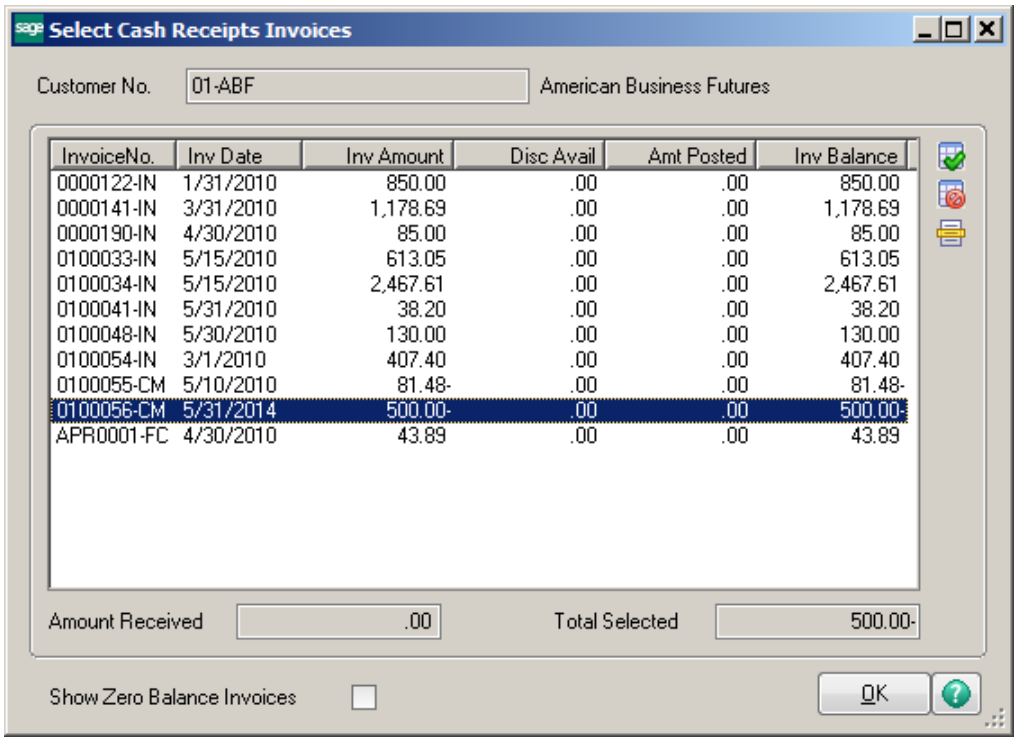


Enter the Customer Number in the Customer Number field. Enter REFUND CR for Check Number and Zero for the Amount Received.

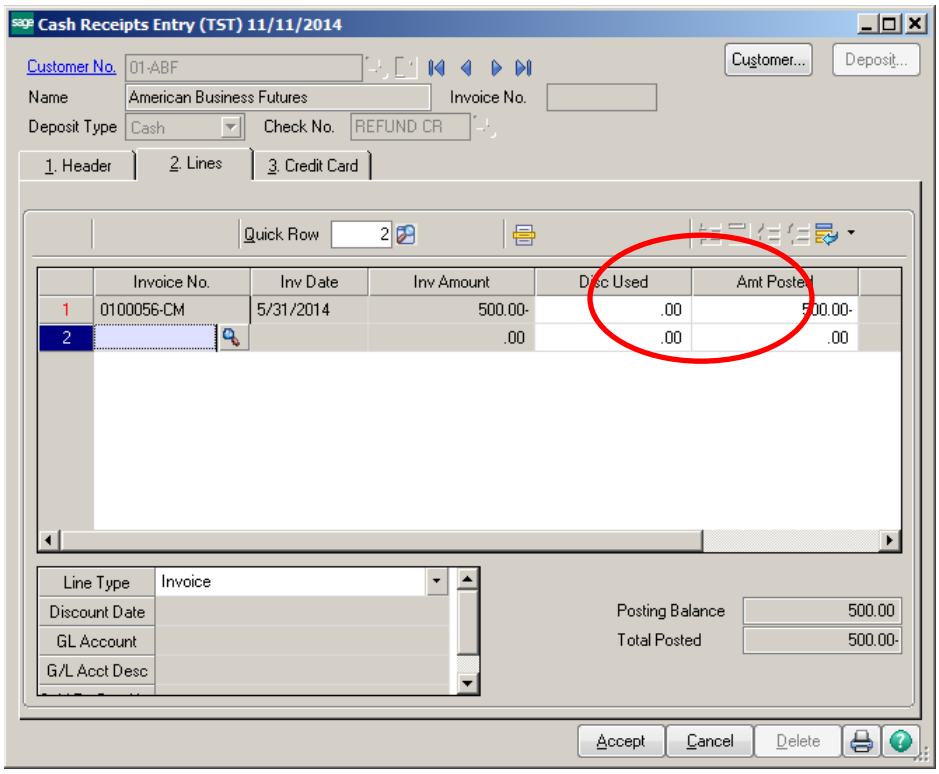


Click on the Lines tab. Click the Select Invoices icon. Select the Credit invoice from the list.

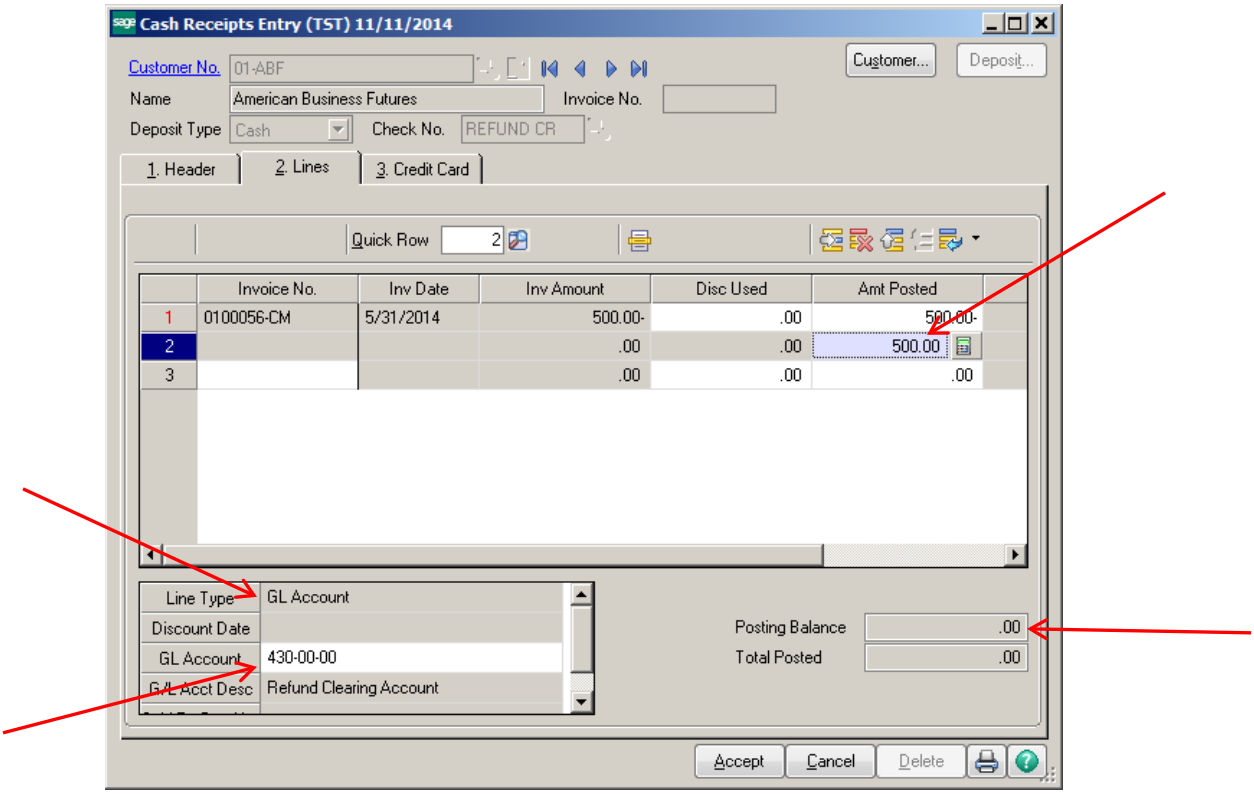




Confirm that the amount in the Amount Posted field is the entire amount of the credit.



On Line 2, click on the Line Type field in the bottom grid and select GL Account from the drop down. Enter the Refund account in the GL Account field. The system will automatically enter the debit amount of the invoice in the Amount Posted field. The Posting Balance will now show Zero. Click Accept.



Print the Cash Receipts Journal and Update.

Cash Receipts Journal
Register Number: CR-000002
Batch Number: 00003

Test Company (TST)

Cash Deposits

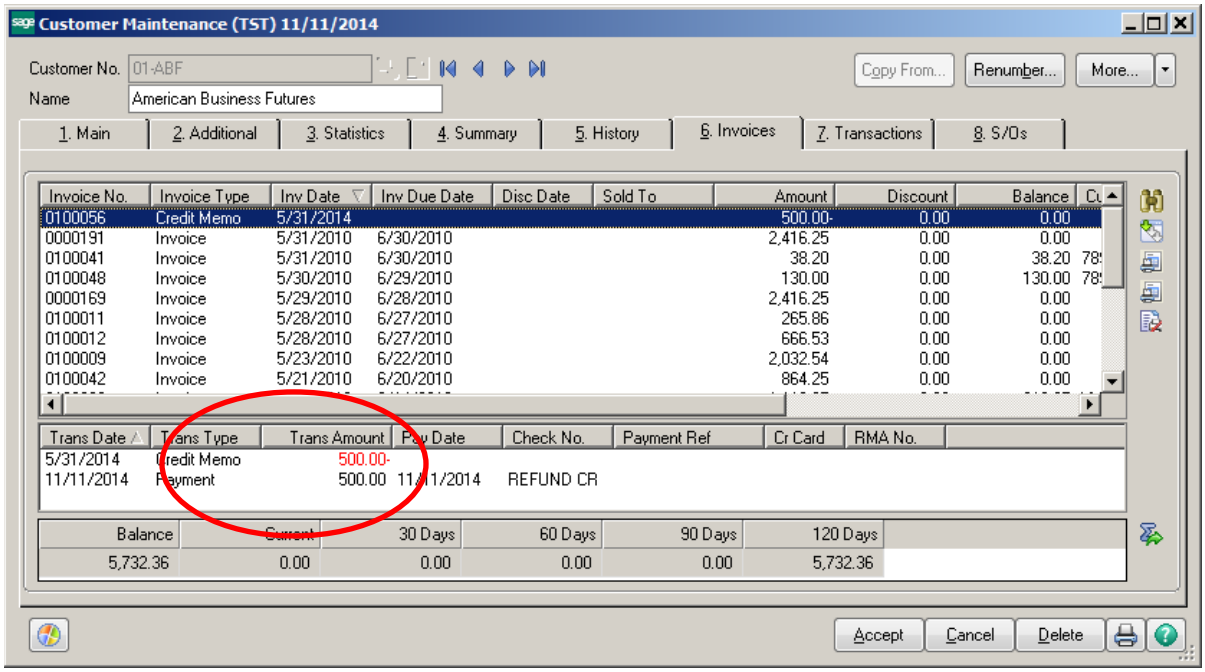
Customer Number\Name / Invoice Number	Comment	Amount Applied	Discount Date	Discount Amount	Invoice Balance	Credit A/R	Credit Misc Account
Bank: D Wells Fargo Checking		Batch Number: 00003	Deposit Date: 11/11/2014	Deposit Number: 00006		Deposit Amount:	0.00
01-ABF	American Business Futures	Check Number: REFUND CR					
0100056-CM		500.00-		0.00	0.00	500.00-	
GL: 430-00-00		500.00					500.00
	Posting Total:	0.00		0.00		500.00-	500.00
	01-ABF Total:	0.00		0.00		500.00-	500.00
	Division 01 Total:	0.00		0.00		500.00-	500.00
	Deposit 00006 Total:	0.00		0.00		500.00-	500.00
	11/11/2014 Total:	0.00		0.00		500.00-	500.00
	Bank D Total:	0.00		0.00		500.00-	500.00
	Cash Deposits Total:	0.00		0.00		500.00-	500.00
	Report Total:	0.00		0.00		500.00-	500.00

Accounts Receivable Recap By Division
Register Number: CR-000002
Batch Number: 00003

Test Company (TST)

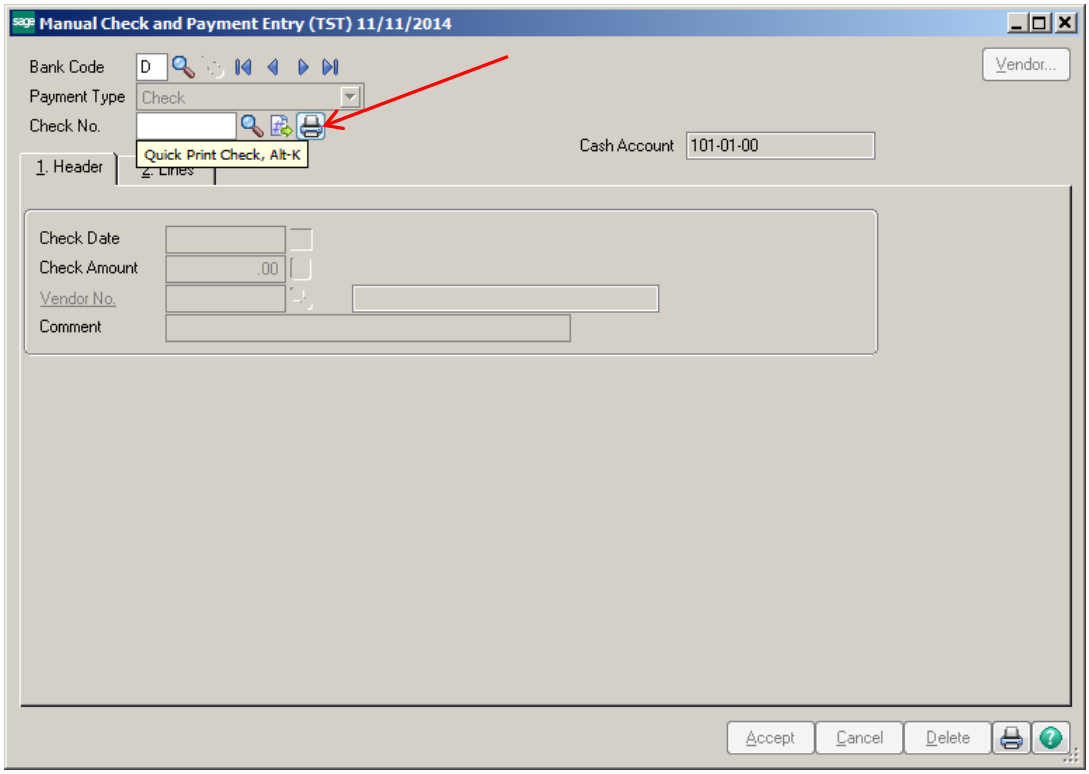
Division Number: 01 EAST SALES OFFICE

G/L Account	Description	Debit	Credit
105-00-01	Accts. receiv. - East Warehse	500.00	
430-00-00	Refund Clearing Account		500.00
	Division 01 Total:	500.00	500.00

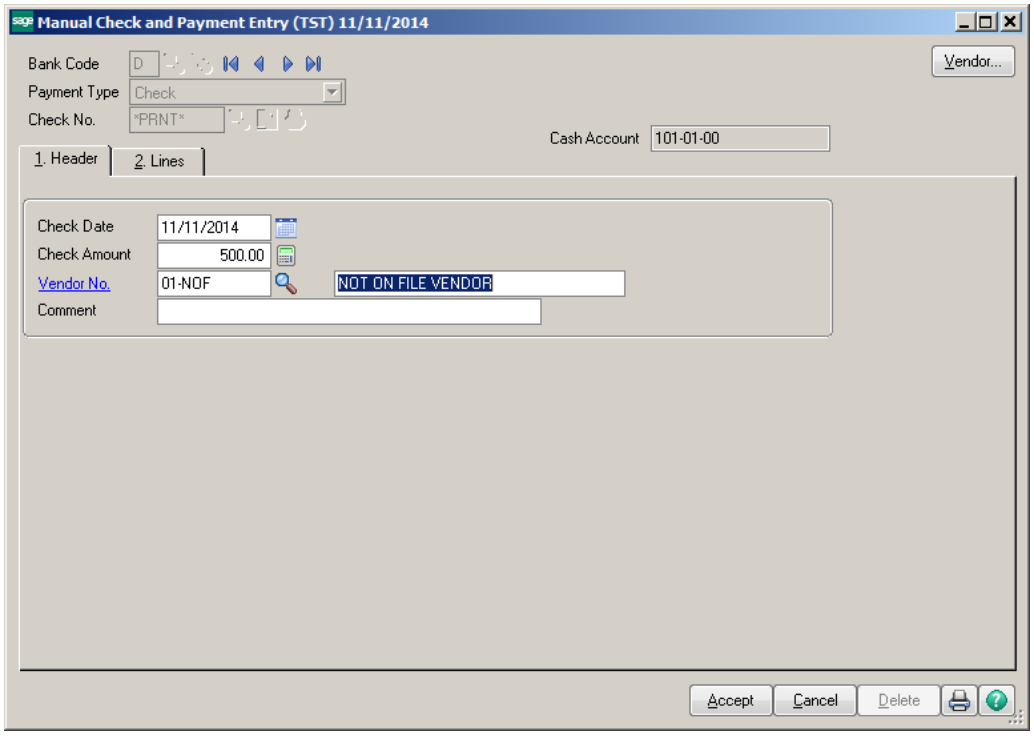


ACCOUNTS PAYABLE:

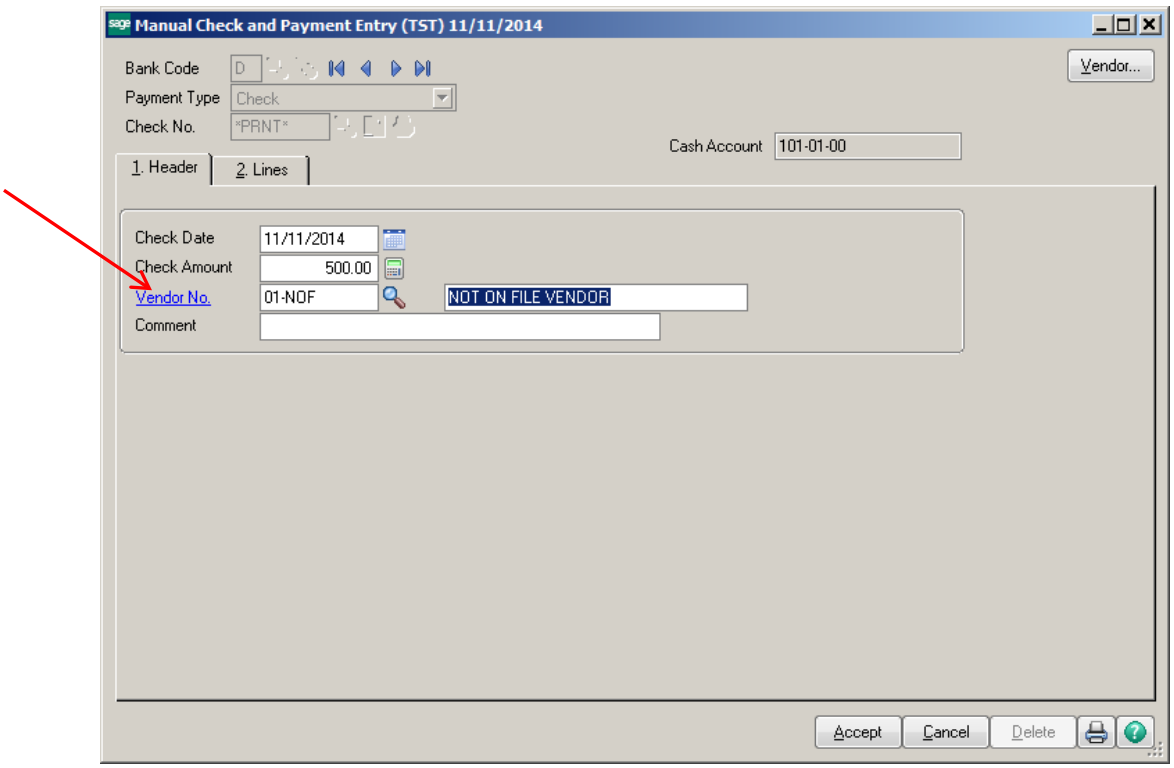
Click on Accounts Payable -> Main -> Manual Check Entry. Click on the Quick Print icon.



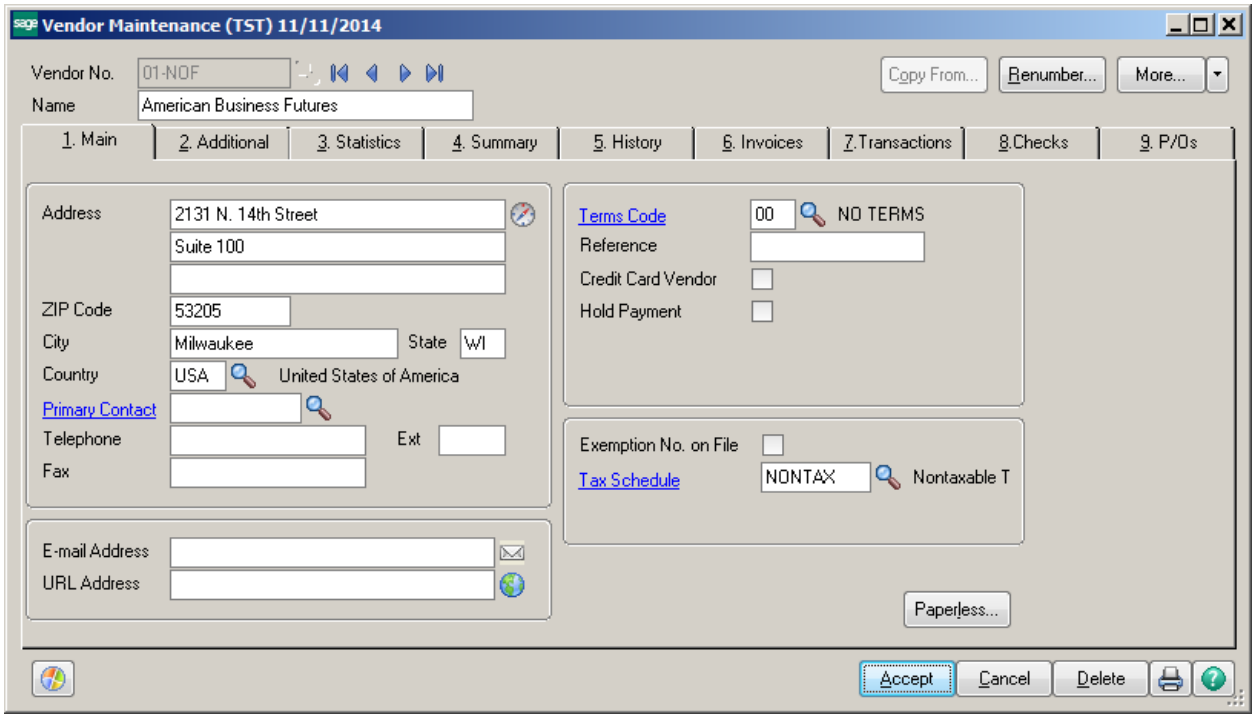
Enter the amount of the check and NOF as the Vendor Number.



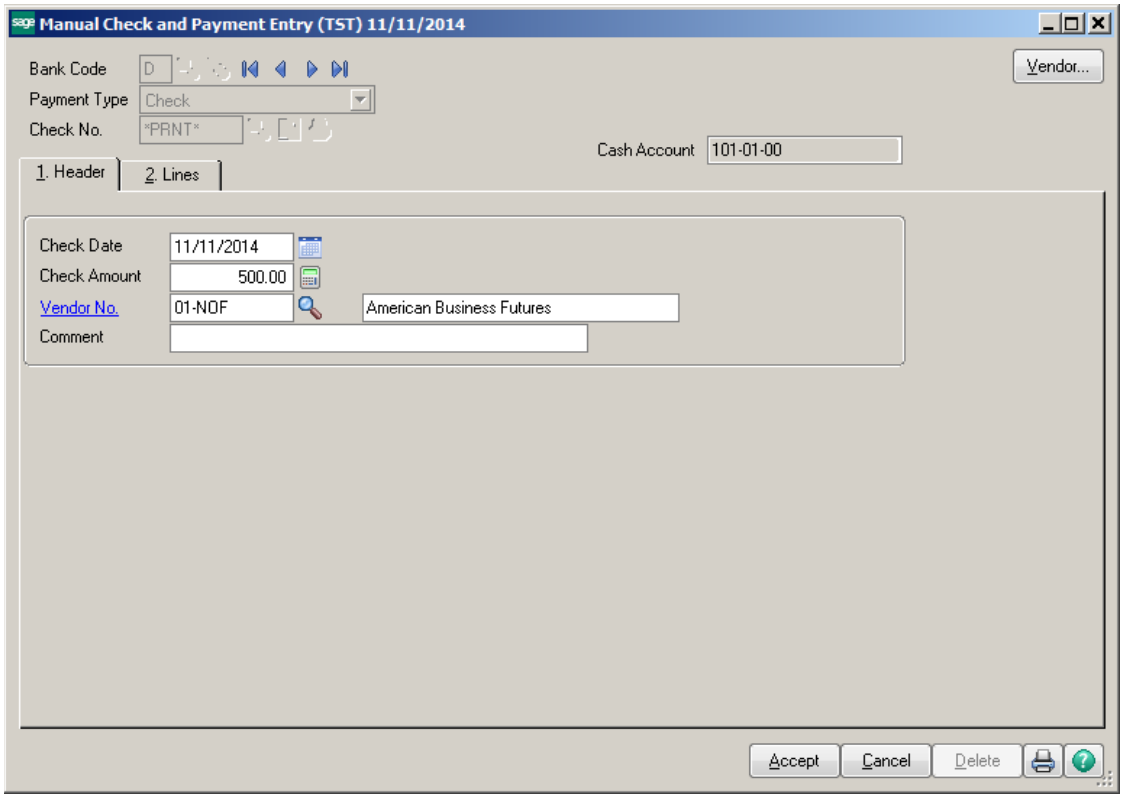
Click on the Vendor No. hyper link. The Vendor Maintenance box will open.



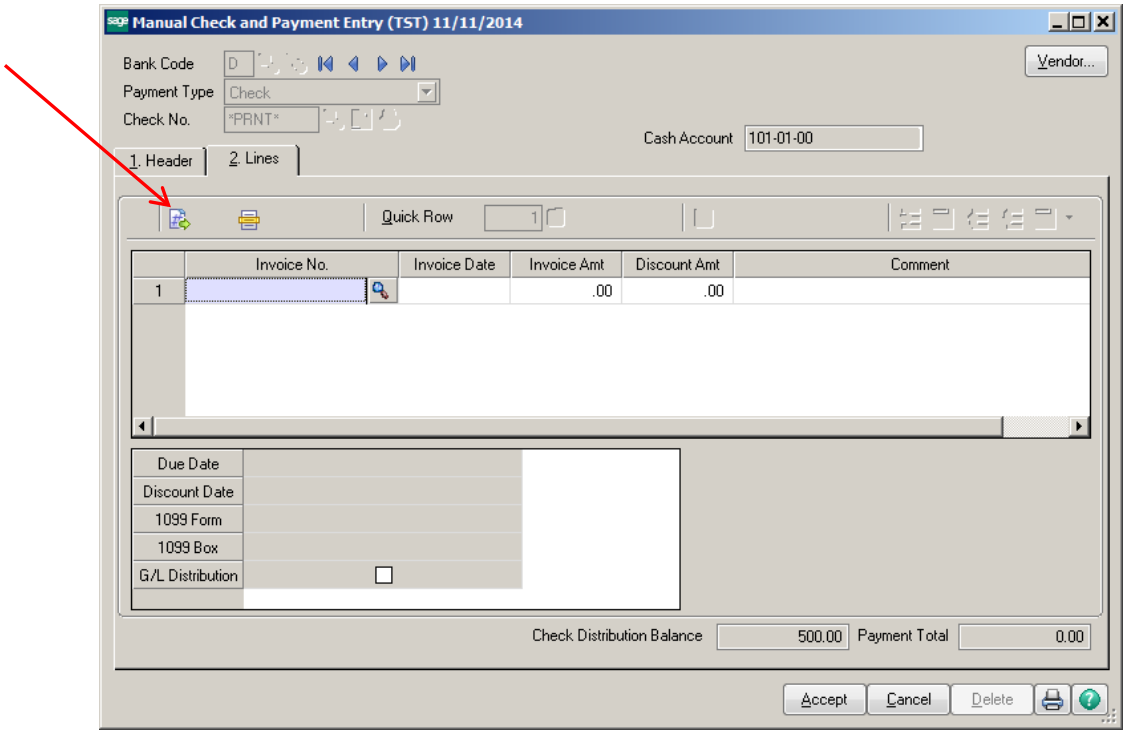
Enter the Customer address information that you are sending the Refund check to.



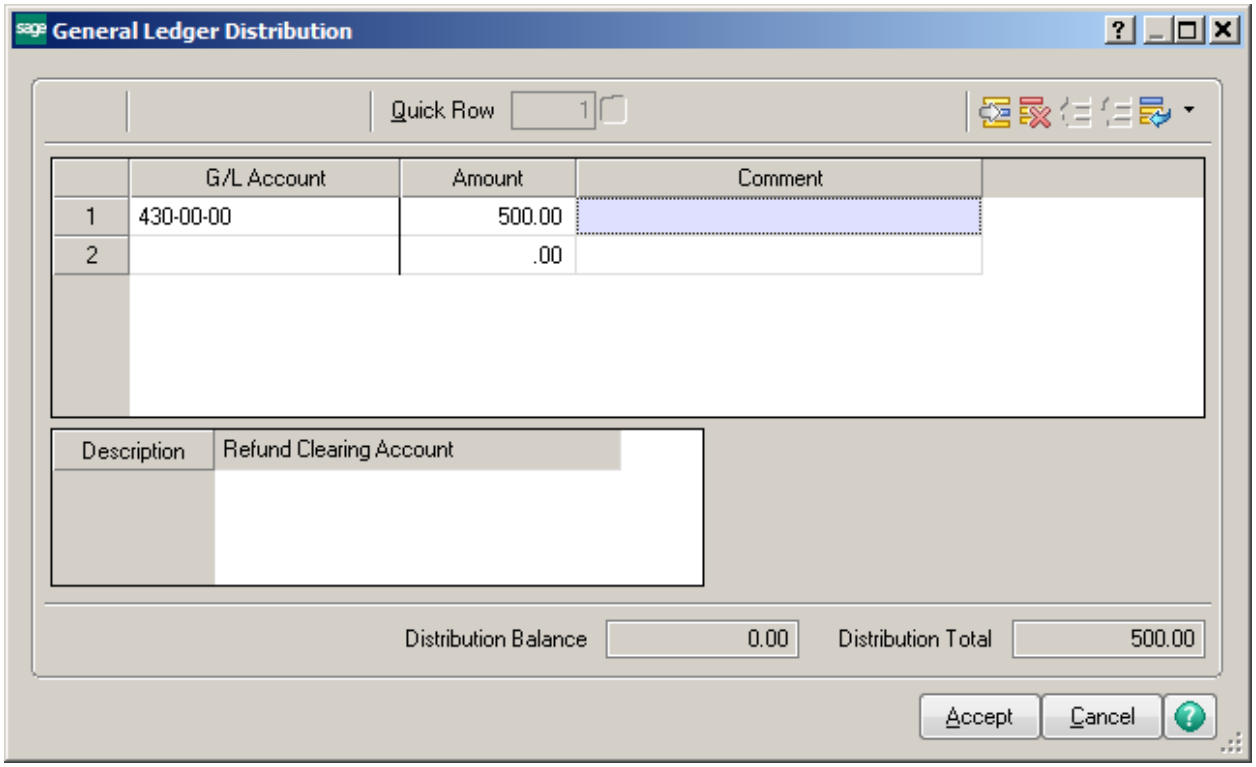
The Customer Name will now appear in the Vendor Name field.



Click on the Lines tab. Click on the GL Distribution button.



Select the Refund Clearing Account for the GL account. Enter the refund amount in the Amount field. Click Accept.



Date	Invoice Number	Comment	Amount	Discount Amount	Net Amount
11/11/2014	CK00000101		500.00	0.00	500.00

Check: 000001 11/11/2014 American Business Futures Check Total: 500.00

000001

*FIVE HUNDRED AND XX / 100

11/11/2014 **********500.00*

American Business Futures
2131 N. 14th Street
Suite 100
Milwaukee, WI 53205

01-NOF

Print the Check Register and Update.

Manual Check and Payment Register
Journal Posting Date: 11/11/2014
Register Number: MC-000003

Test Company (TST)

Bank: D Wells Fargo Checking

Check Number/ Invoice Number	Check Date Invoice Date	Vendor Number	Invoice Amount	Discount	Distribution Amount	Check Amount
000001 CK00000101	11/11/2014	01-NOF	American Business Futures			500.00
	11/11/2014		500.00	0.00		
G/L Account: 430-00-00			Refund Clearing Account		500.00	
		Bank D Total:	500.00	0.00	500.00	500.00
		Report Total:	500.00	0.00	500.00	500.00

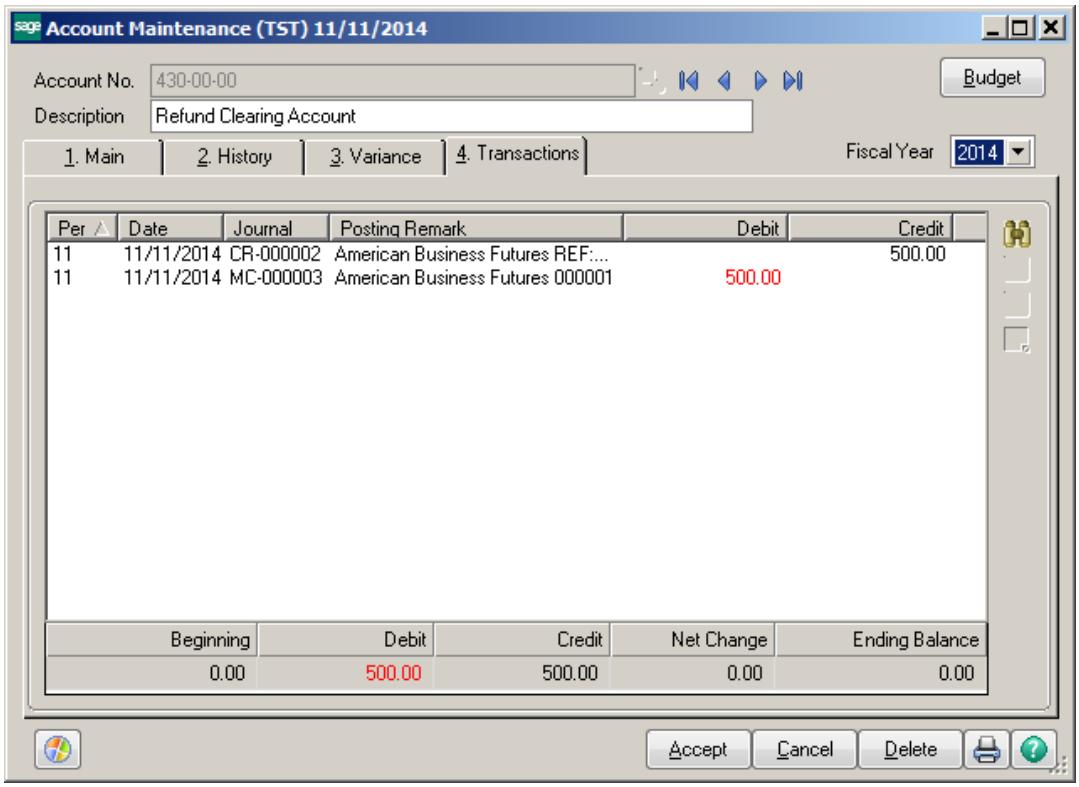
Accounts Payable Manual Check and Payment Register - Recap By Division
Journal Posting Date: 11/11/2014
Register Number: MC-000003

Test Company (TST)

Division Number: 01 TRADE ACCOUNTS PAYABLE

G/L Account	Description		Debit	Credit
101-01-00	Cash in bank - Reg. checking			500.00
430-00-00	Refund Clearing Account		500.00	
		Division 01 Total:	500.00	500.00

The General Ledger Balance for the Refund account will be zero.

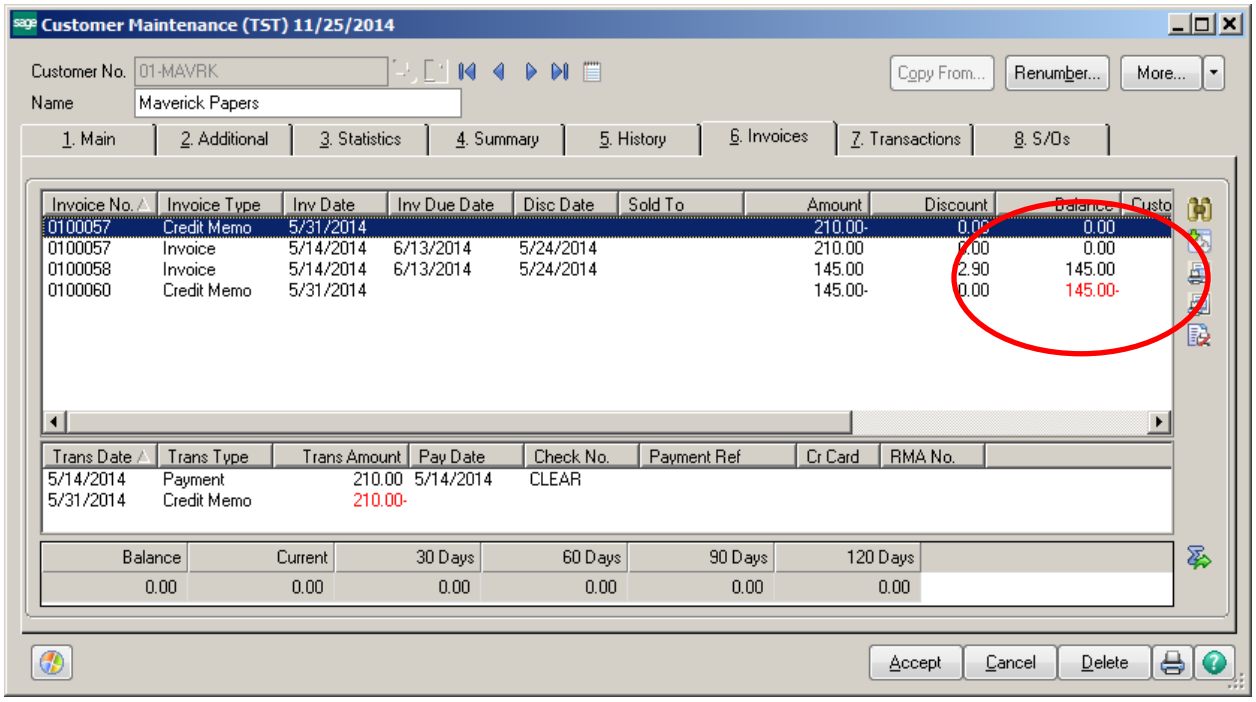


OTHER OPTIONS:

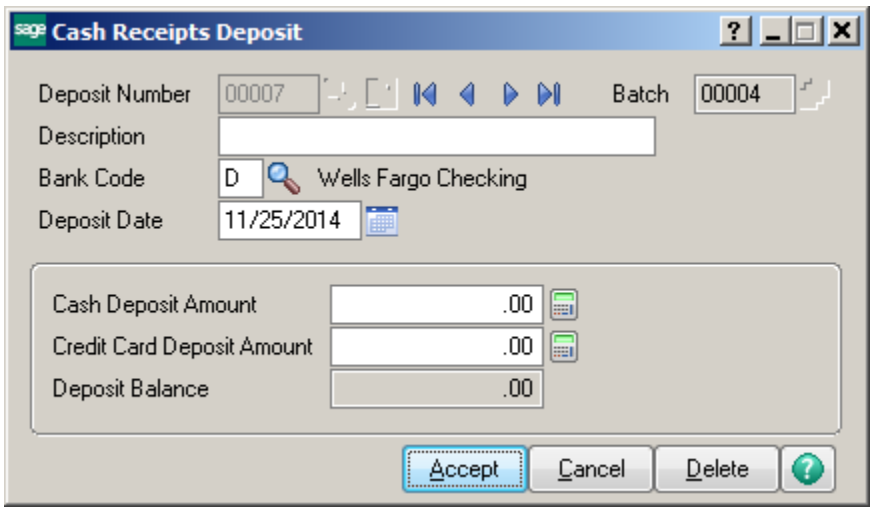
You can set up the Customer as a Vendor if you don't want to use the Not-On-File (NOF) Vendor code. You can enter the refund as an Invoice and make a payment using Check and Electronic Payments instead of doing a Quick Print check. Then use Manual Check entry to clear the two invoices against each other.

Match Open Credit to Invoices

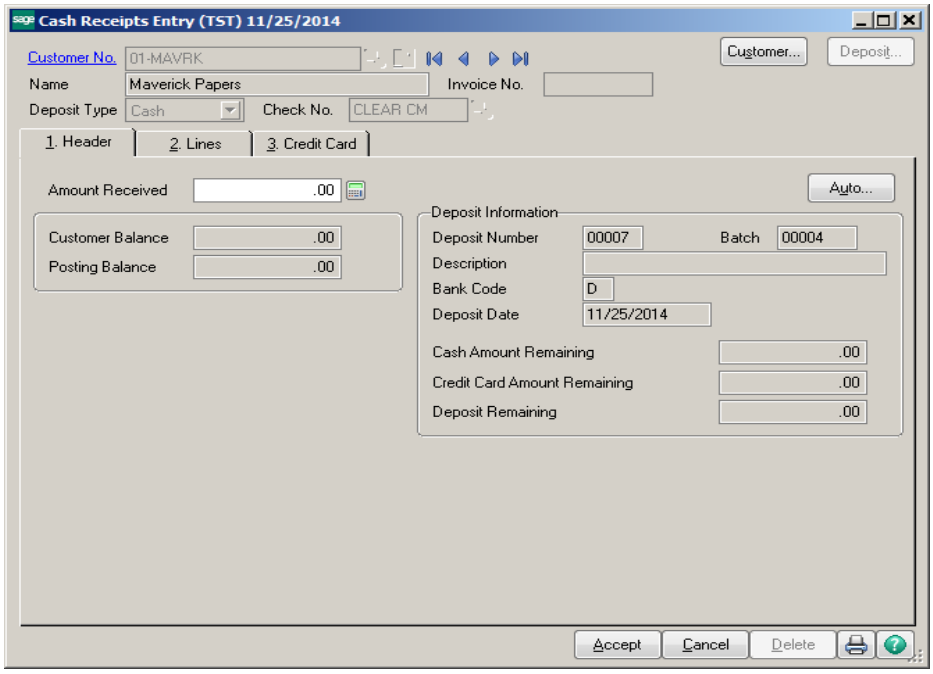
Method 1 – Zero Cash Receipt



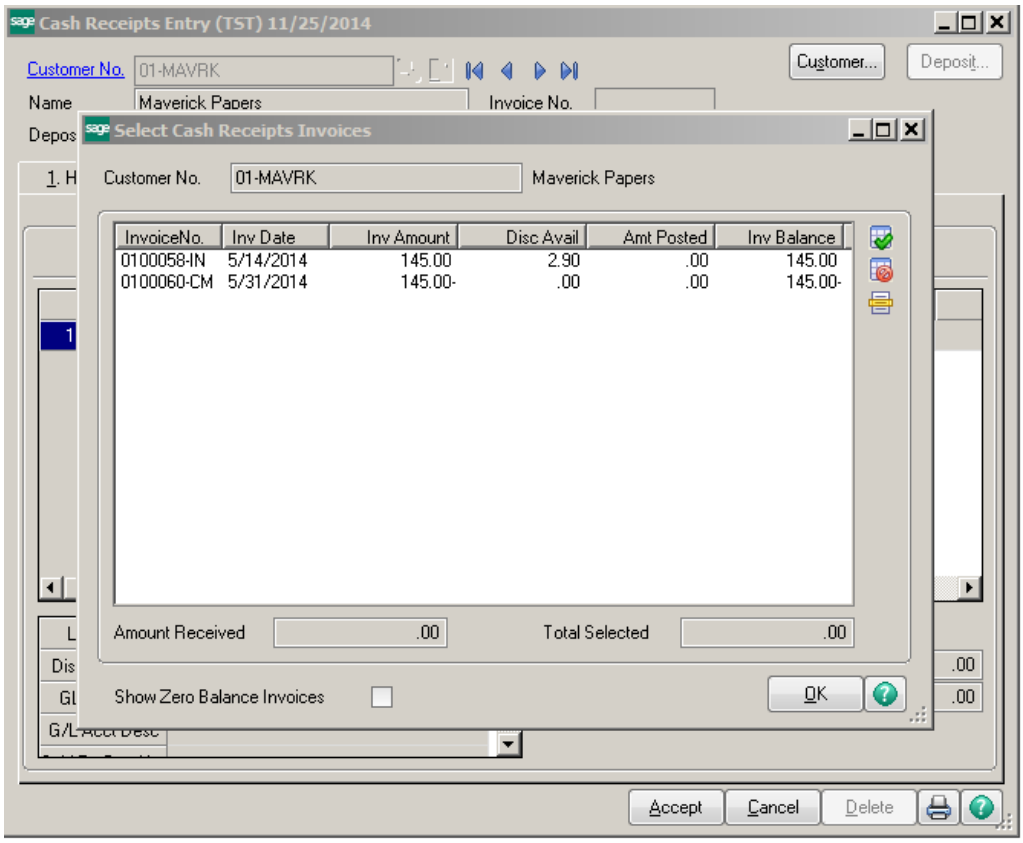
Click on Cash Receipts Entry. Create a new Deposit with a zero Cash Deposit Amount.



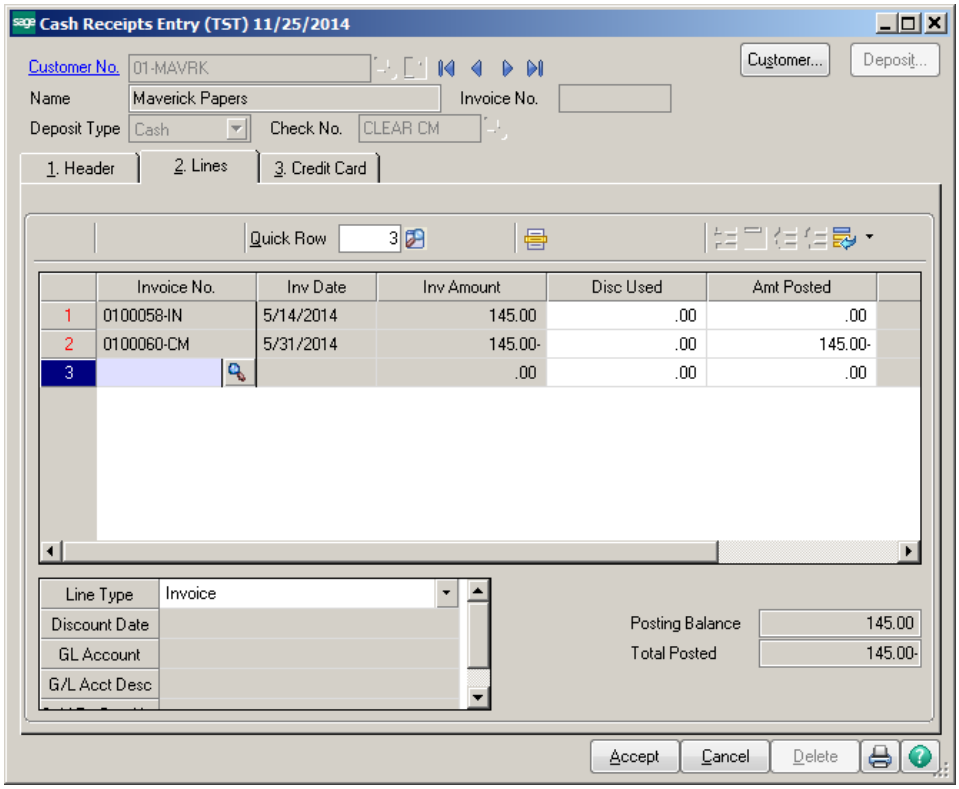
Select the Customer Number and enter CLEAR CM in the check number field. Amount Received should be Zero. Click on the Lines tab.



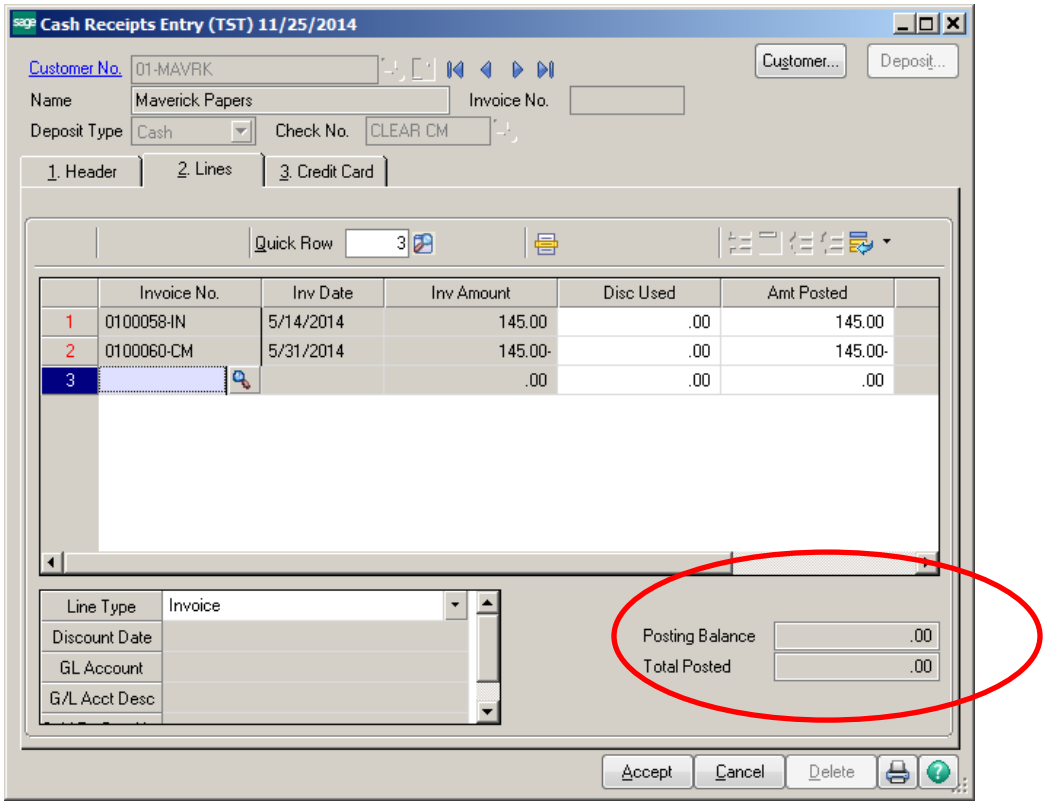
Click the Select Invoices button. Choose the invoices that you want to post against each other and click Ok.

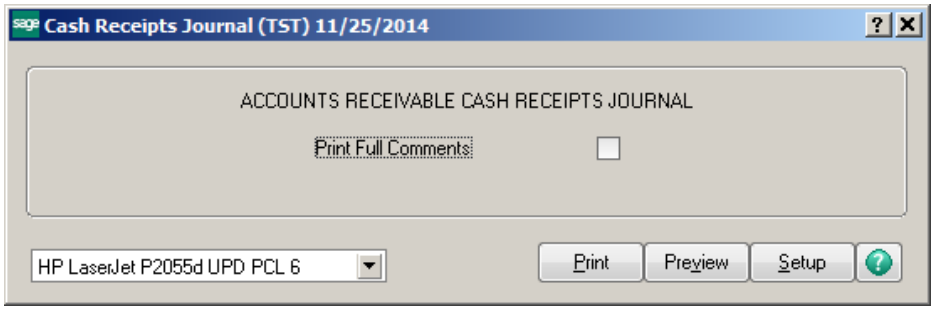


***Important** – Make sure that the Amount Posted field is the same as the Invoice Amount. You may have to click on that field and manually enter the invoice Amount.



The Posting Balance should be Zero. Click on Accept. Print and Update the Cash Receipts Journal.



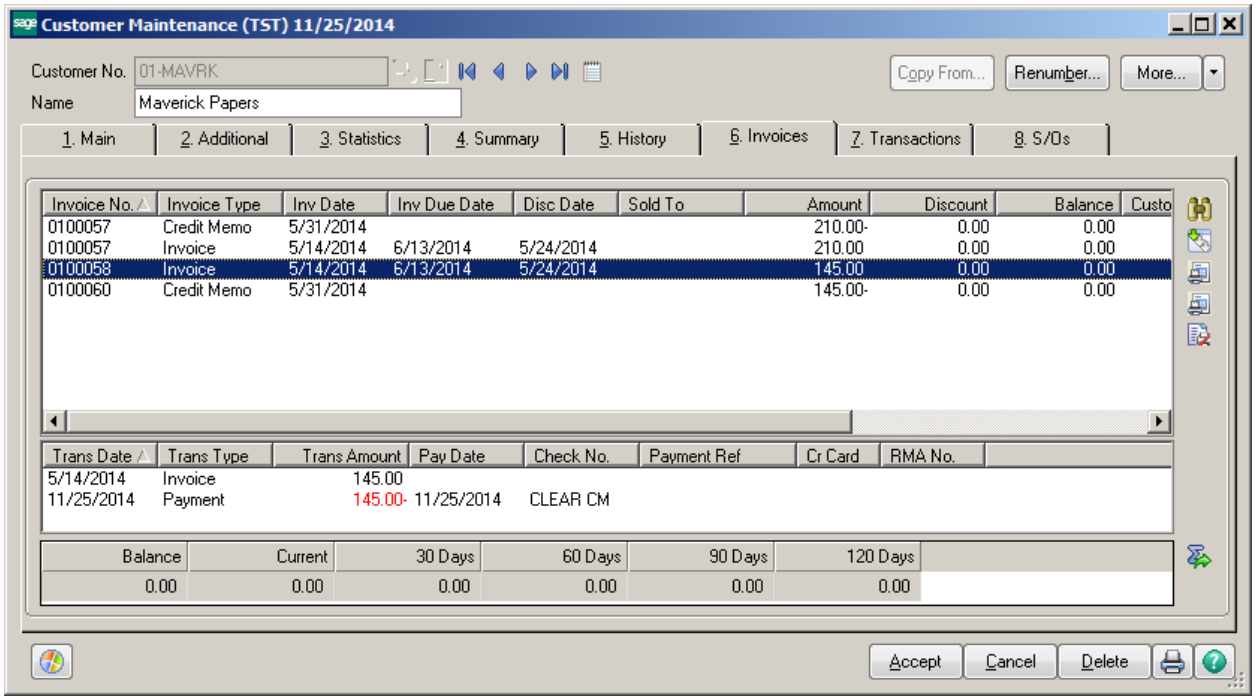


Cash Receipts Journal
Register Number: CR-000003
Batch Number: 00004

Test Company (TST)

Cash Deposits
Customer Number\Name

Invoice Number	Comment	Amount Applied	Discount Date	Discount Amount	Invoice Balance		Credit A/R	Credit Misc Account
Bank: D Wells Fargo Checking		Batch Number: 00004		Deposit Date: 11/25/2014		Deposit Number: 00007	Deposit Amount:	0.00
01-MAVRK Maverick Papers		Check Number: CLEAR CM						
0100058-IN		145.00	5/24/2014	0.00	0.00		145.00	
0100060-CM		145.00-		0.00	0.00		145.00-	
	Posting Total:	0.00		0.00			0.00	0.00
	01-MAVRK Total:	0.00		0.00			0.00	0.00
	Division 01 Total:	0.00		0.00			0.00	0.00
	Deposit 00007 Total:	0.00		0.00			0.00	0.00
	11/25/2014 Total:	0.00		0.00			0.00	0.00
	Bank D Total:	0.00		0.00			0.00	0.00
	Cash Deposits Total:	0.00		0.00			0.00	0.00
	Report Total:	0.00		0.00			0.00	0.00



Page: 1

Statement

Test Company

Statement Date: 11/25/2014

Salesperson: Susan Maye

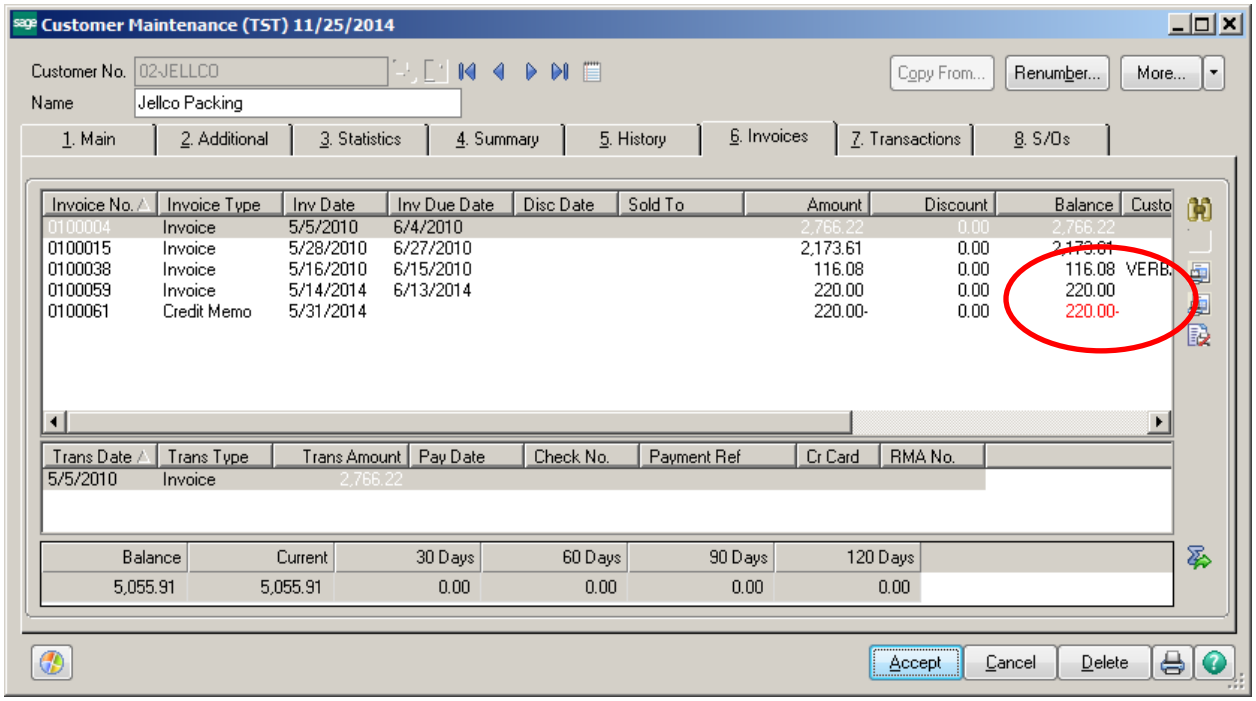
Maverick Papers
220 Michigan Ave.
Chicago, IL 60601

Customer Number: 01-MAVRK

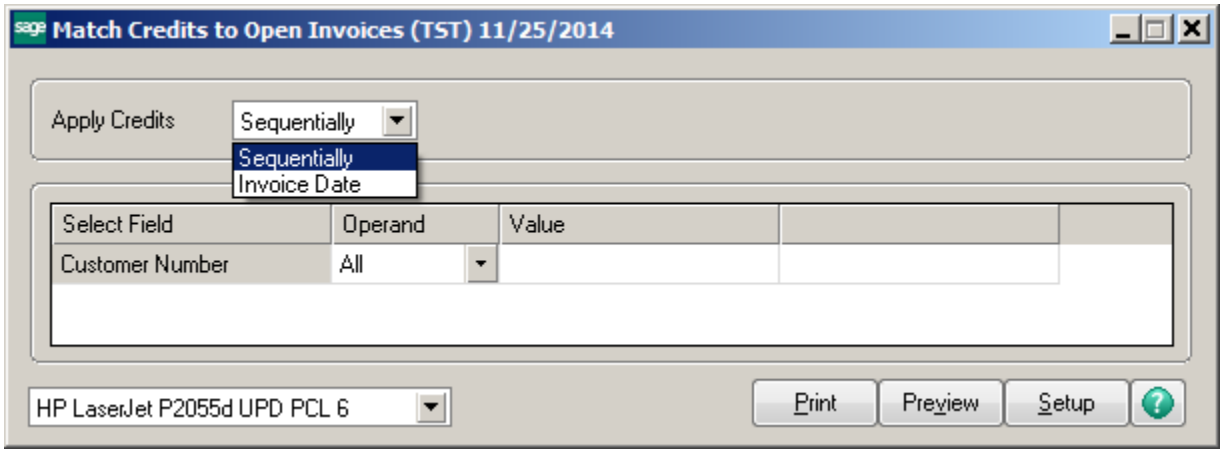
Contact: Annette O'Toole

Date	Reference	Description	Charge	Credit	Balance
5/14/2014	0100058-IN		145.00		
11/25/2014		Payment Ref: CLEAR CM		145.00	0.00
5/31/2014	0100060-CM			145.00	
11/25/2014		Payment Ref: CLEAR CM	145.00		0.00

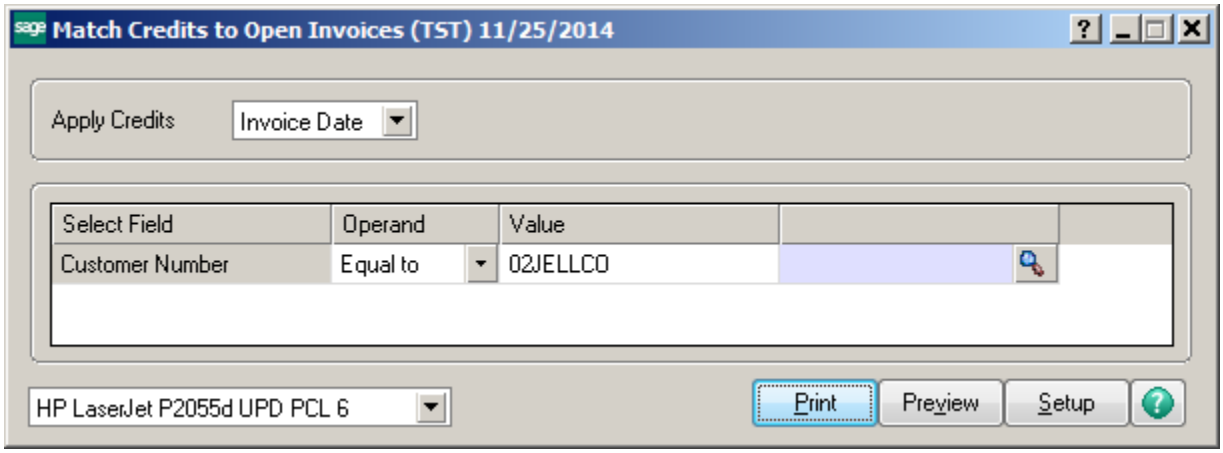
Method 2 – Match Credits to Open Invoices



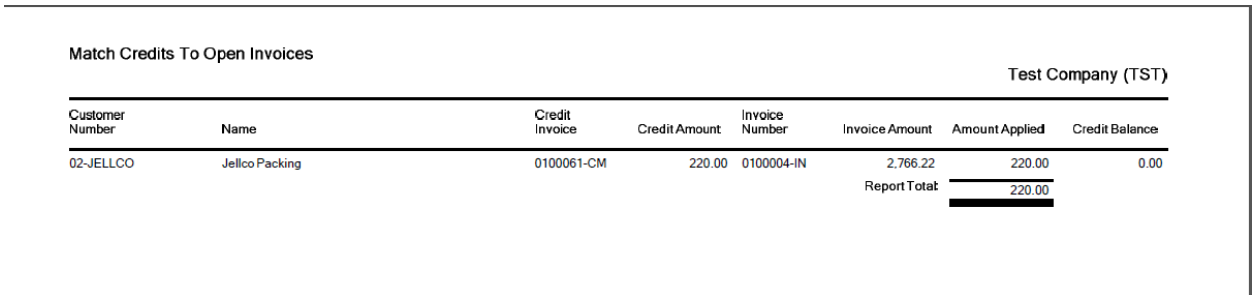
Click on Period End, then Match Credits to Open Invoices. Select to match Sequentially or by Invoice Date. Then enter the Customer number in the Value field.



Click Print.



***Important** – the system will choose the oldest invoice to apply the credit too.

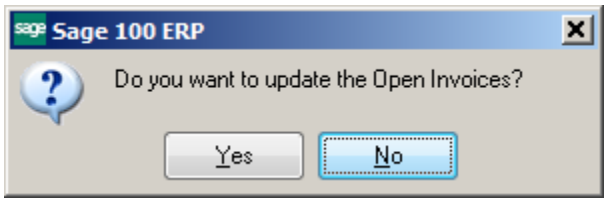


Match Credits To Open Invoices

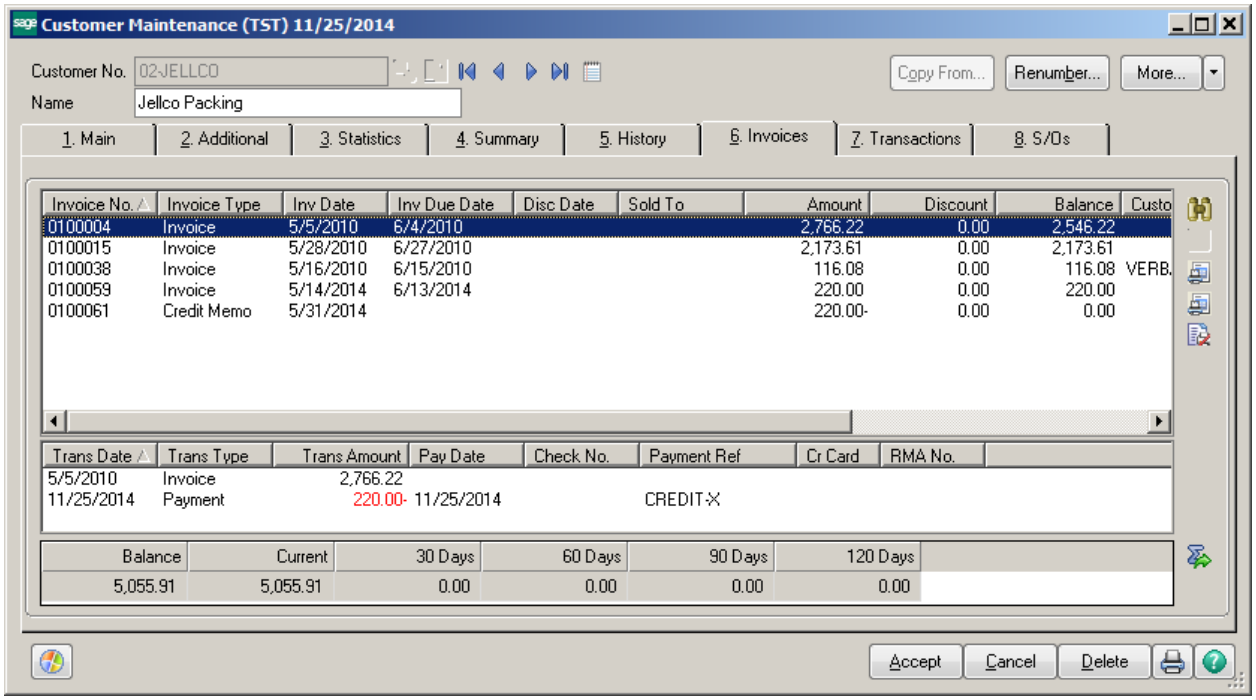
Test Company (TST)

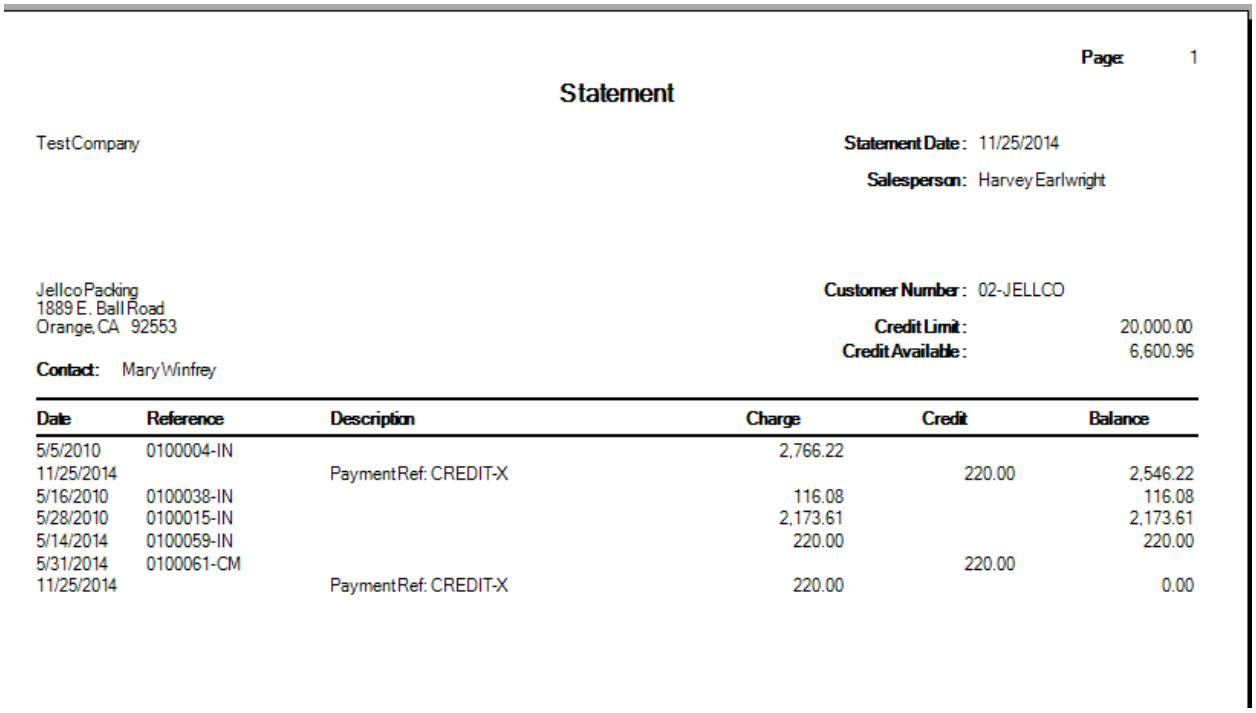
Customer Number	Name	Credit Invoice	Credit Amount	Invoice Number	Invoice Amount	Amount Applied	Credit Balance
02-JELLCO	Jellco Packing	0100061-CM	220.00	0100004-IN	2,766.22	220.00	0.00
					Report Total:	220.00	

Click Yes to Update.



The Invoice will be shown as Paid with a Payment Reference of CREDIT-X.





Page: 1

Statement

Test Company

Statement Date: 11/25/2014

Salesperson: Harvey Earlwright

Jellco Packing
1889 E. Ball Road
Orange, CA 92553

Customer Number: 02-JELLCO

Credit Limit: 20,000.00

Credit Available: 6,600.96

Contact: Mary Winfrey

Date	Reference	Description	Charge	Credit	Balance
5/5/2010	0100004-IN		2,766.22		
11/25/2014		Payment Ref: CREDIT-X		220.00	2,546.22
5/16/2010	0100038-IN		116.08		116.08
5/28/2010	0100015-IN		2,173.61		2,173.61
5/14/2014	0100059-IN		220.00		220.00
5/31/2014	0100061-CM			220.00	
11/25/2014		Payment Ref: CREDIT-X	220.00		0.00