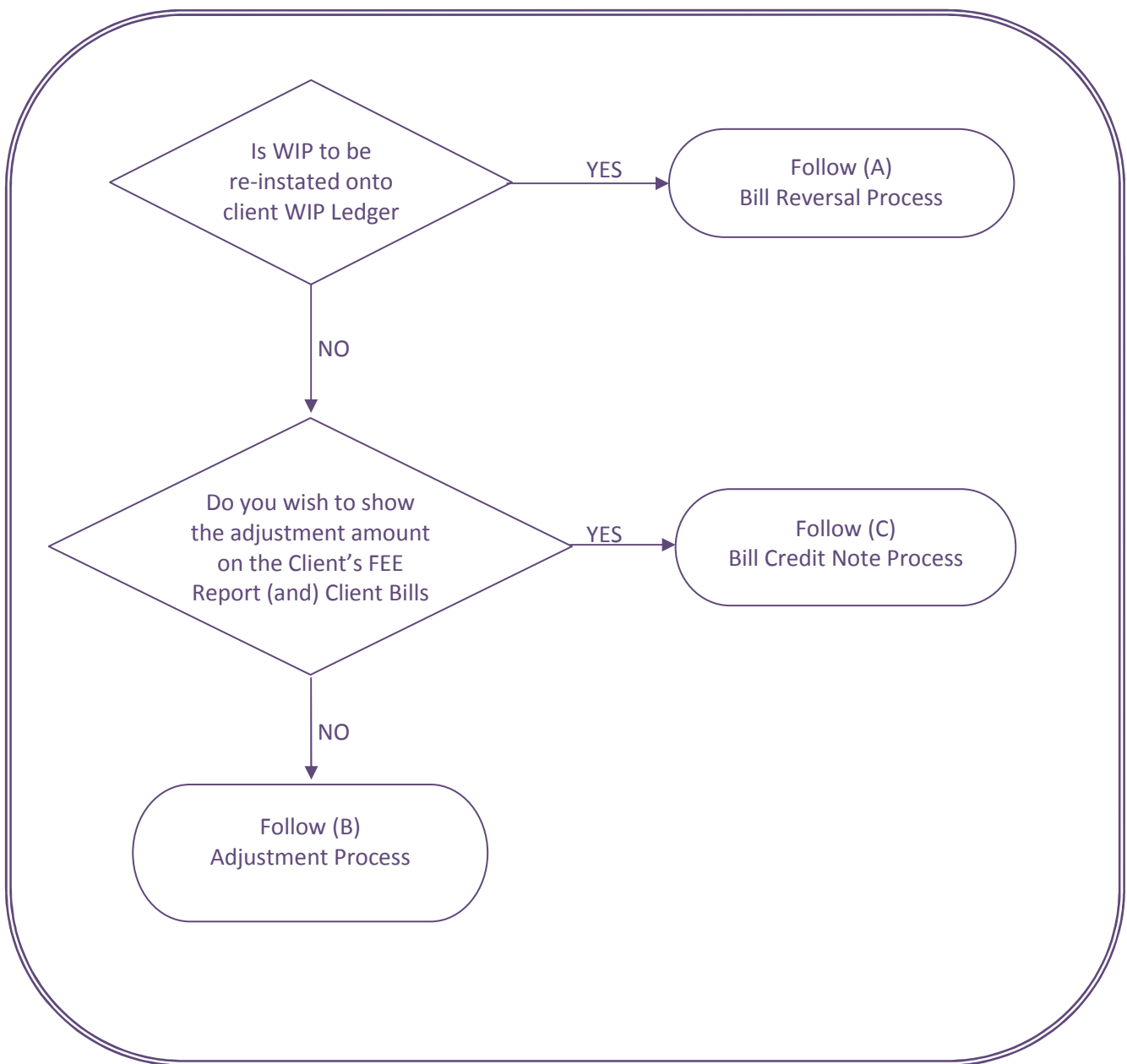# Debtors - Bill Reversals / Adjustments / Credit Notes

There are three methods of correcting errors on a bill that has already been posted in AE Practice Manager (AE PM):

- A - Reverse the bill and create a new one
- B - Make an adjustment to the bill through the Adjustment process
- C - Create a Credit Note

The method used is determined by following the chart below.

```
        ┌─────────────────────┐                    ┌─────────────────────────┐
        │  Is WIP to be        │       YES          │   Follow (A)            │
        │  re-instated onto    │ ─────────────────▶ │   Bill Reversal Process │
        │  client WIP Ledger   │                    │                         │
        └─────────────────────┘                    └─────────────────────────┘
               │
               │ NO
               ▼
        ┌──────────────────────────┐                ┌──────────────────────────┐
        │  Do you wish to show      │      YES       │   Follow (C)              │
        │  the adjustment amount    │ ─────────────▶ │   Bill Credit Note Process│
        │  on the Client's FEE      │                │                           │
        │  Report (and) Client Bills│                └──────────────────────────┘
        └──────────────────────────┘
               │
               │ NO
               ▼
        ┌──────────────────────┐
        │   Follow (B)          │
        │   Adjustment Process  │
        └──────────────────────┘
```

# A. Bill Reversals

The Bill Reversal process creates a complete reversal of the original bill and places it into Draft mode. The <u>full</u> amount must be reversed.

This process will return all WIP to the client ledger for use in future bills/invoices.

It is a three step process:

- Reverse the bill – after first unallocating any receipts posted against it.

- Post the reversal bill.

- Allocate the reversal bill in the Debtors Ledger against the original bill.
  You may issue a new bill for the correct amount making appropriate write (ups)/offs.

## *Reverse the bill*

1. Open up the relevant client and select the client's **Bills** tab.



2. Highlight the bill that you wish to reverse.

3. Click on the **Reverse** button at the bottom of the **Bills** tab.
   You will be asked to confirm if you wish to create an exact opposite bill to the one selected.

4. Click **Yes** to continue.
   The Reverse process will create a draft bill dated today's date.

**\*\* NOTE \*\***

<u>Original bill in prior period</u>

Bill reversals are to be processed in the current open period in order not to render end of month reports incorrect, for the previous period(s).

<u>Original bill in current period</u>

If you are reversing a bill/invoice in the same period in which it was created, your reversal date should not be before the original invoice date.

### *Posting the reversal bill*

1. Open up the relevant client and select the client's **Bills** tab.

2. Double-click the draft reverse bill.

3. Check the **Billing Paragraphs**.

4. You may add a paragraph with a comment as the first paragraph (if required), or select **OK**.

5. Change the bill date if required and key in the bill number (if you do not want the system to take the next bill number in sequence).

6. Submit the draft reverse bill.

7. Authorise and post the bill reversal in accordance with your existing practice billing authorisation policy. This may also be processed through the **Bills to Approve** Homepage.

### *Allocating the reversal against the original bill*

1. Enter the client's Debtor Ledger using the **Debtor Ledger** option on the Task bar.

2. Highlight the reversal invoice.

3. Whilst holding the **[Ctrl]** key on the keyboard, highlight the original invoice and click the **Allocate** button.
   You can only highlight two single items per allocation.

# B. Bill Adjustments

This Adjustment process allows for the amount of a specific bill to be increased or decreased.

Adjustments are commonly used for:

- Bad debts
- Minor amount adjustments (either up or down) to the invoice to match a payment received

Adjustments:

- DO NOT affect the client WIP Ledger in any way
- DO NOT reflect in the client Fee report(s)
- DO NOT reflect in the client **Bills** tab

## *Entering a bad debt*

1. Open the relevant client.
2. Enter the **Debtors Ledger** by clicking on this option in the Task bar.
3. Click onto the **Adjustment** option located on the Task bar.
4. Choose the relevant **Company**.
5. Enter the date of the bad debt (needs to be a date in the current open period).
6. Enter the bad debt number in the area showing as **Receipt Number** (it is recommended that you enter the original bill number).
7. In the **Description** field, enter a description if required.
8. Click into the **Bad Debt** column and enter the amount of the bad debt for the respective invoice(s). If you are reducing the bill, key the amount as a positive.
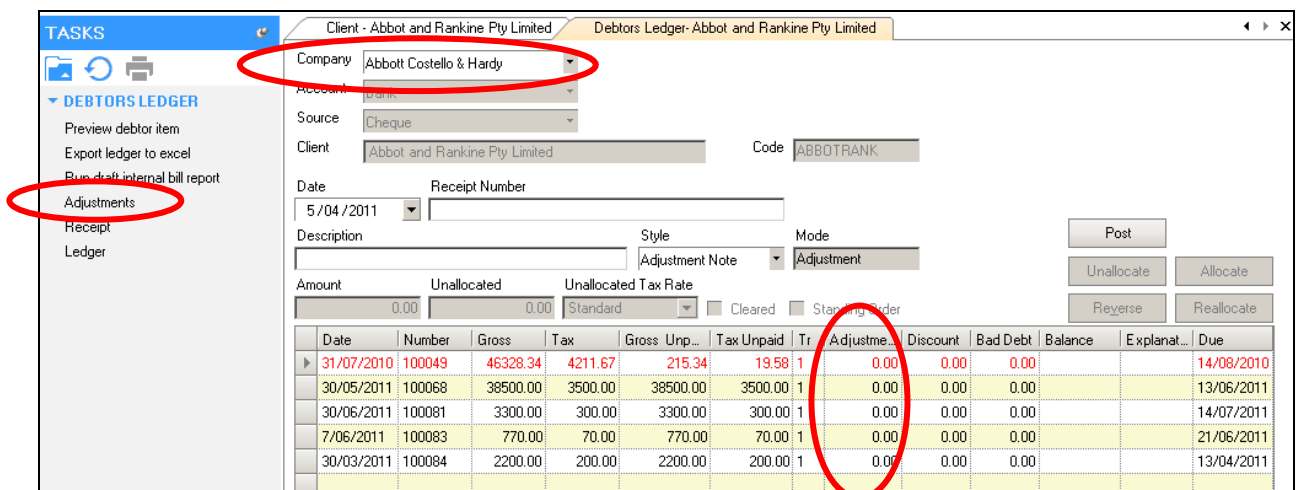


9. Click the **Post** button to post the adjustment.
   The system will automatically allocate this Bad Debt adjustment against the respective invoice(s).

## Adjustments (usually minor amounts)

Should a payment received by a client be "short" or "over" and you wish to adjust the invoice amount to match, it is recommended that an adjustment be processed.

To enter an adjustment:

1. Enter the **Debtors Ledger** by clicking on this option in the Task bar.

2. Click the **Adjustments** option located on the Task bar.

3. Choose the relevant **Company**.

4. Enter the appropriate adjustment date (needs to be a date in the current open period).

5. Enter the adjustment number in the field showing as **Receipt Number** (it is recommended that you enter the original bill number).

6. Enter a description if required.

7. Click into the **Adjustment** column and enter the amount of the adjustments for the respective bill(s). If you are reducing the bill, key the amount as a positive. If increasing the bill, key the amount as a negative (ie. -10.00).



8. Click the **Post** button to post the adjustment.
   The system will automatically allocate this adjustment against the respective bills(s).

# C. Credit Notes

The Credit Note process allows you to enter a credit to the client's Debtor Ledger.

Credit Notes:

- WILL NOT affect the WIP Ledger
- WILL APPEAR in the client Fee's report(s)
- WILL appear in the client's **Bills** tab

This is a proven method in keeping the client Total Fees report as accurate as possible.
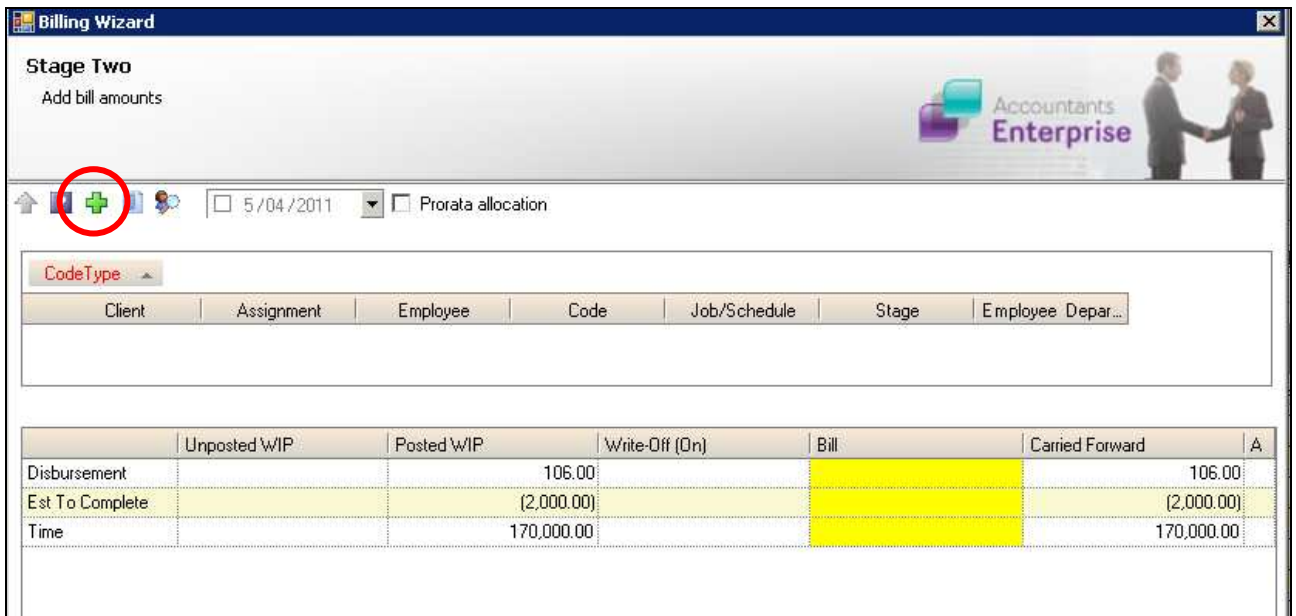
It is a two step process:

- Create a Credit Note bill using the Billing wizard
- Allocate the Credit Note against the original invoice(s) or leave it unallocated to be matched against a future bill.

## *Creating the Credit Note bill/invoice using the Billing wizard*

To create a credit note bill using the Billing wizard:

1. Launch the Billing wizard from the **Find/Search Client** window or from within the client.

2. Select Invoice Style as **Credit Note**.

3. In **Stage Two** of the Billing wizard, click the green **[+]** to add a Miscellaneous Charge.

4. Select the appropriate assignment and click **Add**.

5. Select the appropriate **Miscellaneous Charge** code (ie. Credit Note Standard) from the drop down list.



6. Enter the credit amount as a NEGATIVE amount.

7. Add any appropriate comments/notes and click **OK**.

8. Close this window.
   A separate line item with the Miscellaneous Charge listed as a Write Off and a billed amount as a negative.

| | Unposted WIP | Posted WIP | Write-Off (On) | Bill | Carried Forward | A |
|---|---|---|---|---|---|---|
| Disbursement | | 106.00 | | | 106.00 | |
| Est To Complete | | (2,000.00) | | | (2,000.00) | |
| Misc Charge | | 0.00 | 1,200.00 | (1,200.00) | 0 | |
| Time | | 170,000.00 | | | 170,000.00 | |

9. Click **Next** in the Billing wizard and add the appropriate **Bill Paragraphs** with Credit Note information as required.

10. Finalise the bill creation process as normal by submitting, authorising and posting the bill in accordance with your standard practice authorisation policy.
    You will need to allocate the Credit Note bill/invoice against the original invoice(s) via the Debtors Ledger window.