



Overview & Objective – The purpose of this I M & U is to demonstrate the application of AR Credit and Debit Memos to outstanding invoices. This procedure succeeds **Creating AR Credit and Debit Memos**.

Procedural Note – Unless these procedures are preceded by *creation* of the Credit or Debit Memo (see IM&U: Creating Credit & Debit Memos) no adjustment will be recognized. *Application must follow creation.*
Note: *applying Debit Memos is identical to the process of applying cash to open customer invoices.*

Initial Navigation – To navigate to the Select Invoices for Payment screen (from the Accounting Console):

1. Go to the Applications dropdown
2. Select the Accounts Receivable Module
3. Under Activities, click on the Receive a Payment (link)

Selecting Customers for Application of Credit Memos – The title “Select Invoices for Payment” should appear in the upper left hand corner, entry as follows:

- **Payment Method** – Select the “Record Transfer” option from the dropdown
- ***Account Type** – Select the “Bank Account” option per the radio options
- ***Account** – Leave the default bank account per the dropdown (the selected account does not matter)
- ***Customer** – Select Customer the Credit will be applied

Selecting Invoices for Application of Credit Memos – The title “Select Invoices for Payment” should appear in the upper left hand corner, entry as follows:

I. **Payment Information**

- ***Receipt Date** – Enter a date *consistent with the *Payment Date (below)*.
- ***Payment Date** – Enter a date the Credit Memo will be applied. This date should be equal or prior to the date entered when creating the AR Credit Memo (**See I M & U, “Creating AR Credit and Debit Memos” and instructions on entry of the “*Date” field**).
- ***Transferred Amount** – Enter “0.00” in the “*Transferred Amount” field
- **Reference Number** – Memorize the transaction as “Application of AR Credit Memo [as of date]”

II. **Available Credits (Credit Memos/Negative Invoices/Inline Credits)**

- Mark the “Receive Full” checkbox for the Credit Memo to be applied

III. **Available Invoices and Debit Memos**

- Mark the “Receive Full” checkbox for the Invoice that the Credit Memo is applied...then...
 - ...In the “Amount Received” field enter the dollar amount of the Credit Memo (amount should equal the original amount of the Credit Memo selected). **Note:** After an amount is entered into the “Amount Received” field the checkbox for the invoice will automatically be **UNMARKED**. Do not **attempt to remark this checkbox** –it should remain unchecked.

⇒ When the Credit Memo is applied click the [Save] (button) (upper right hand corner)

⇒ Review the **AR Ledger** or **Sales Register Report** to ensure the Memo was correctly applied

Selecting Customers for Application of Debit Memos – The title “Select Invoices for Payment” should appear in the upper left hand corner, entry as follows:

- **Payment Method** – Enter the payment method (check, charge card, record transfer, cash)
- ***Account Type** – Select either the “Bank Account” or “Undeposited Funds Account” radio button. Use of Undeposited Funds will require an additional deposit procedure for processing the final receipt to your bank deposit account (see additional I M & U “Recording Deposits.”)
- ***Account** – For deposit of the receipt select either a bank account or the GL account for undeposited funds (holding account for receipt).
- ***Customer** – Enter the name of the payer (party from whom the payment came from)

Selecting Invoices for Application of Debit Memos – The title “Select Invoices for Payment” should appear in the upper left hand corner, entry as follows:

I. **Payment Information**

- ***Receipt Date** – Enter a date *consistent with the *Payment Date (below)*.
- ***Payment Date** – Enter a date the Debit Memo will be applied. This date should be equal or prior to the date entered when creating the Debit Memo (**See I M & U “Creating AR Credit and Debit Memos” and instructions on entry of the “*Date” field**).
- ***Check/Payment/Transferred/Cash Payment Amount** – Enter the amount of the receipt to be applied.
- **Check #/Authorization Code/Reference Number** – Memorialize the transaction as “Receipt for Debit Memo [as of date]”

II. **Available Invoices and Debit Memos**

- Mark the “Receive Full” checkbox for the Debit Memo that the cash is applied to...then...
 - ...In the “Amount Received” field enter the dollar amount of the cash to be applied. **Note:** After an amount is entered into the “Amount Received” field the checkbox for the invoice will automatically be **UNMARKED**. Do not **attempt to remark this checkbox** –it should remain unchecked.
 - ⇒ When the receipt is applied to the Debit Memo click the [Save] (button) (upper right hand corner)
 - ⇒ Review the **AR Ledger** or **Sales Register Report** to ensure the Memo was correctly applied

Overview of Process – An overview of the AR **enter-to-adjust process**:

Enter Invoice/Payments ⇒ Create AR Credit or Debit Memo ⇒ Apply AR Credit or Debit Memo

Further Instruction & Use – For further information regarding Applying AR Credit and Debit Memos contact The NDH Group, Ltd. at 312.461.0505 or on the web: <http://www.ndhcpa.com>.