



Overview & Objective – The purpose of this I M & U is to demonstrate the creation of AR Credit and Debit Memos. This precedes **Applying Credit and Debit Memos**, which must be completed to adjust an invoice.

Procedural Note – Unless these procedures are followed by *application* of the Credit or Debit Memo (see IM&U: Applying Credit & Debit Memos) no adjustment will be recognized. *Application must follow creation.*

Initial Preparation – Prior to the creation of an AR Credit or Debit Memo the following information specific to the original AR Invoice must be noted. The easiest way to locate this detail is by drilling down on the source AR Invoice or by accessing a detail report. List of Adjustment Terms:

1. **Customer** – The name of the payer or Customer
2. **Reference Invoice Number** – The **Invoice Number** recorded. Although Intacct does not require this input it is strongly recommended that every Credit or Debit Memo utilize this reference.
3. **GL Account** – The GL Account originally associated with the item requiring adjustment.
4. **Dimensions** – The dimensions originally associated with the item requiring adjustment (Dept, Loc, etc).

Initial Navigation – To navigate to the Accounts Receivable: Adjustments screen (from the Accounting Console):

1. Go to the Applications dropdown
2. Select the Accounts Receivable Module
3. Under Transactions, click on the [Account Adjustments](#) (link)

Creating an AR Adjustment – The title “Accounts Receivable: Adjustments” should appear in the upper left hand corner. Click the [Add] (button) in the upper right hand corner. The title “AR Adjustment” should now appear in the upper left hand corner, entry as follows:

- **Adjustment Type** – Select either a Credit or Debit Memo from the drop-down. Creating and applying an AR Credit Memo decreases amounts due on a specific invoice (markdown), where creating and applying an AR Debit Memo increases amounts due on a specific invoice (markup).
- ***Date** – Select a date for adjustment (usually, today). The *Date affects the posting date per subsidiary ledger reporting, while the GL Posting Date (below) affects the posting date per GL reporting.
- **Note:** *Date should not be greater than the GL Posting Date, and generally should be the same date.
- **GL Posting Date** – Select a date for GL posting (generally, the same as the *Date field). The date can correspond with the prior month-end (cases where the adjustment occurred in that month).
- **Customer** – Select the Customer for whom the Credit (markdown) or Debit (markup) will be applied.
- **Adjustment Number** – The reference in this field should appear as - - New - -, and is system supplied.
- **Reference Invoice Number** – Select the **Invoice Number** as originally entered on the AR Invoice for adjustment.
- **Description** – Enter a description of the markdown or markup
- **Attachments** – If you are required to submit electronic backup of the adjustment the attachments can be made here. After clicking the Attachments dropdown and the [Add](#) (link) a dialog-box is presented.
- **GL Account** – Select an Account for which the adjustment will be posted against (likely the original GL)
- **Amount** – Input the amount of the markdown or markup
- **Memo** – This text field can be used for any additional memo relating to the Credit or Debit Memo
- **Dimensions** – Add Dimensions by selecting from the Department and Location dropdowns or by clicking on the [Add](#) (link) for additional Dimensions.

⇒ When all entries have been made click the [Save] (button) (upper right hand corner).

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 Creating AR Credit and Debit Memos contact The NDH Group, Ltd. at 312.461.0505 or on the web: <http://www.ndhcpa.com>.