



Overview & Objective – The purpose of this I M & U is to demonstrate the booking and reversal of Unbilled Revenue. These procedures must be followed for the AR Ledger and GL to remain in balance.

Procedural Note – A few procedural notes apply to Recording Unbilled Revenue:

- **Amounts entered** per *Reversal of Unbilled Revenue* must **equal amounts** originally entered per *Booking of Unbilled Revenue*.
- **Posting (reporting) periods** for the *Reversal of Unbilled Revenue* and *Issuance of Invoice* must be the **same**.
- If the two above procedural notes are followed, the issuance amount of the invoice **can differ** from the Unbilled Revenue and Reversal of Unbilled Revenue transactions.

Framework – A general framework for booking Unbilled Revenue is as follows:

1. Unbilled Revenue is *booked* in the AR Module by use of a specified Account Label. The transaction amount is an estimate for the billing that will later be issued to the customer by invoice.
2. The Unbilled Revenue transaction is *reversed* in the AR Module by use of a specified Account Label for the amount of the original Unbilled Revenue. This occurs *prior to* the issuance of the customer invoice.
3. An invoice is issued from the AR Module by use of a specified Account Label for amounts that may differ from the original Unbilled Revenue and Reversal of Unbilled Revenue transactions.

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

1. Go to the Applications dropdown
2. Select the Accounts Receivable Module
3. Under Transactions, click on the Invoices (link)

Booking Unbilled Revenue – The title, “Accounts Receivable: Invoices” should appear in the upper left hand corner. Click the [Add] (button) in the upper right hand corner. The title, “Invoice” should now appear in the upper left hand corner, entry as follows:

- ***Date** – Enter the date the Unbilled Revenue is booked (the date should correspond to the posting period **that the initial revenue will be recognized**).
- ***Account Label** – Select an Account Label that corresponds to “Unbilled Revenue - ”
- ***Amount** – Enter the amount of the Unbilled Revenue for the period

⇒ When all the invoice items are entered click the [Save] (button) (upper right hand corner). Once saved, a transaction will be posted to the AR and GL Modules which will record the following entry:

Unbilled Revenue	DB	This entry allows for revenue to be recognized
Revenue	<CR>	in the correct period with unbilled recorded.

Reversal of Unbilled Revenue – To reverse Unbilled Revenues navigate to the Accounts Receivable Module > Invoices (link) > Click the [Add] (button) in the upper right hand corner. The title “Invoice” should appear in the upper left hand corner, entry as follows:

- ***Date** – Enter the date that the Unbilled Revenue is reversed. This date will be in the same posting (reporting) period as the *Issuance of Invoice* (below).
- ***Account Label** – Select an Account Label that corresponds to “Reversal of Unbilled Revenue - ”
- ***Amount** – Enter a *negative amount* in the *exact amount* of the original Unbilled Revenue transaction. **Example:** If the original Unbilled Revenue amount was **10,000** enter an amount of **-10,000**.

⇒ When all the invoice items are entered click the [Save] (button) (upper right hand corner). Once saved, a transaction will be posted to the AR and GL Modules which will record the following entry:

Revenue	DB	This entry reverses (or records “negative” rev-
Unbilled Revenue	<CR>	enue) in the period the invoice will be issued.

Issuance of Invoice – To issue the invoice navigate to the Accounts Receivable Module > Invoices (link) > Click the [Add] (button) in the upper right hand corner. The title “Invoice” should appear in the upper left hand corner, entry as follows:

- ***Date** – Enter the date the invoice is issued, which must be in the same posting (reporting) period as the *Reversal of Unbilled Revenue* (above).
- ***Account Label** – Select an Account Label that corresponds to invoicing. E.G. “Consulting Services - ”
- ***Amount** – Enter the amount that will appear on the customer issued Invoice

⇒ When all the Invoice items are entered click the [Save] (button) (upper right hand corner). Once saved, a transaction will be posted to the AR and GL Modules which will record the following entry:

AR: Trade	DB	This entry records the proper AR: Trade Amt.
Revenue	<CR>	with the revenue offset by the reversal entry.

Further Instruction & Use – For further information regarding Recording Unbilled Revenue contact The NDH Group, Ltd. at 312.461.0505 or on the web: <http://www.ndhcpa.com>.