

OverNet Computer Services

Mechanic helpdesk query

How To Process A Bad Debt.

This document shows how to process a bad debt.

STEP 1 – CREATE A LEDGER.

Press Ctrl-Alt-L and type BAD DEBT to display the existing bad debt ledger or, if the ledger does not exist, it will confirm that you want to create this ledger. Verify that the BAD DEBT ledger has the GROUP set to E, the GST TYPE set to F and the STATUS set to N.

STEP 2 – ENTER THE TRANSACTION.

Use program 2,8,1 to enter a Journal Entry transaction as shown here...

TYPE	CODE	COMMENT	DEBIT	CREDIT
C	SMITH A	Write off a bad debt.		500.00
E	BAD DEBT	Write off a bad debt.	500.00	

This journal moves the outstanding balance from customer SMITH A into the BAD DEBT ledger. At the end of the year, your accountant will ensure that these amounts are credited off and the business expense is claimed.

Press F7 to post the journal and then verify that the customers account in the 3,1,2 enquiry is now \$0.00.

STEP 3 – CHANGE THE CUSTOMER.

We recommend that, to avoid any further bad debts (or even to recover this at a later stage) the following line is entered into the FURTHER INFORMATION lines of the customers details...

! BAD DEBT - NO FURTHER WORK

From now on, each time you access this customer this message will appear as a reminder.

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OverNet Computer Services 9 Ceruttu Way, Wantirna South, Victoria, Australia, 3152.
Ph. 1300-880-193 Fax.(03) 9801-6114 Website. www.overnet.net.au