SQLW¢rks

Title of document	How to write off bad debts in Sales Accounts
Author	Christine Whitaker
Date Created	08/03/2016

Version Control:

Version	0.2
Last Edited by	Huma Mahmood-Khan
Date	07/08/2023

Purpose

This procedure has been created to detail the methods through which a user can write off bad debts in Sales Accounts.

Scope

This procedure applies to all Lineal Software Solutions staff, as well as any prospective customers or clients who intend to utilise SQLWorks within their business environment. The procedure is aimed at the end user, who will be operating the SQLWorks client for the first time.

Table of Contents



Procedure

How to write of a bad debt in Sales Accounts

- 1. When a customer has failed to pay a sales accounts invoice and you have decided to write off this debt, a credit note needs to be raised on SQLWorks and reconciled against that invoice, using the 'Bad Debtors' Nominal Code.
- 2. Go to 'Sales Accounts' on the side navigation bar under the heading 'Accounts', select the Company's on the list and click on the 'Transactions' tab.

• • •	DB:Lineal_demo - Main Window - Sales Accounts - VPN:No - User:Huma	
SQLWOrks Company Name Acc	A CONSTITUTION OF	
Adornica Company Name	Company Name Adornica Dashboard Defaults Print & Ord [el Number 012	234 567890 2500 1 2500
> 🛐 SQLWorks CRM	SL Code / H0 00687 🕅 Open Invoices	omi@lineal.co.uk / New Invoice
Accounts	Tel Number 01234 567890 2500	
Accounts	E-mail naomi@lineal.co.uk / Address 1 193	34 Example Street 1500 New Credit Note
ales Accounts	Sales Invoice Address: 2000 - Address 2	Duplicate Into Invoice
a: Purchase Accounts	Address 1 1934 Example Street 1500	Duralizate Inte One III Mate
a futenza Accounta		rinstaple 500 Reverse Into Credit Note
🍼 Shop Sales	1000000	A00 0AA
🔯 Contracts	Country Devon	
	Postcode AA00 0AA	Contra Payment
> 🏚 Bank	Country Name UK Current 30 60	Set Invoice Print Status
> 👩 Nominal	Quotes Orders Transactions New Invoice	e 🎸 New Receipt 🦮 Set Skip Print Flag
> 🔛 Audit	Dated	Due Ref Fx
Z Mulit	New Invoice 🎸 New Receipt 🤍 New Credit Note 🍕 🗘 Status Allocations 21 Jul 2023 20	9 Aug 2022 021612 6
N Red adapter Data	Dated Due Ref Fx Total Balance Ty Pr Date Group 20 Jul 2023 19	9 Aug 2023 021013: E Drint Domittanco

- 3. Click on the invoice that needs to be written off. Right click and select 'Duplicate into Credit Note', which opens the Sales Transaction dialog box. Click 'No' to the prompt asking if you want to re-price the transaction. Make a note of the VAT inclusive credit note total, which should reflect the Balance on the original invoice.
- 4. If your invoice has more than one line, you will need to click the red minus buttons to remove unwanted lines. Only one line is allowed for the Bad Debt account.

Put Put I	the last second second second second				P		Manufact	
Prd Code Desc	Unit Descrij Quantity	Amount \	VAT C: VAT	Total	Dept	Anl	Nominal	
1 2021-BIKE_NEW V Premium Bike Assembly 2021	Each	1 500.00	6 🗹	100.00	600.00 MISC ~	000 ~	160 🗸	🖶 🖳 🛆 🗹 🗾
2 Extra Item (Blue Paint)		1 75.00	6 🖌	15.00	90.00 MISC ~	000 ~	160 🖌	🖶 🖳 🛆 🗹 🗹 🖃

- 5. You can change the text if required and will need to type the original VAT inclusive invoice total, in the Gross Amount box, because the next step will zero the VAT.
- 6. Use the drop down arrow in the 'Nom' field on the right hand side to change the nominal code to 'Bad Debtors A/C'. Click OK to the warning that the VAT code is set to zero. Double check that the credit note Balance reflects the total bad debt on the original invoice.

- 7. Click 'Save & Close' to save the credit note.
- 8. Right click the credit note on the transactions list and select 'Reconcile'. You can then type the full amount in the 'Allocate' field of the invoice containing the bad debt, or type 'A' to automatically insert the full amount in the Allocate box. There should be no amount remaining.
- 9. The debt has now been sent to the Bad Debtor's Nominal code for your account records and has been removed as an outstanding invoice from Sales Accounts.
- 10. If there is VAT to be reclaimed this can be done via a vatable journal from the Nominal Ledger. To navigate your way to the Nominal Ledger go to the SQLWorks Navbar and click on 'Accounts', then click on 'Nominal', then select 'Nominal Ledger'. Select the correct nominal code from the table below the search bar, click the 'Post Journal' button on the tool bar and setup a two line journal between bad debt and your debtors VAT code. When adding the debtors VAT line tick the 'Declare as VAT' option to ensure this amount will be picked up in the calculation of the next VAT quarter.

000						DB:	Lineal_demo	Main Wi	ndow -	Nominal Le	dger - VPM	l:No - U	ser:Hun	na			
SQLW orks				Edit		New A/C 🛛	Post Journal	N. A	e 🍤	Cancel	000		Dept	MISC	0	Year	2
> 🛐 SQLWorks CRM	160 P&L II	come item de	sci 16	60	-	Income item des									Info	Actual	
v 👺 Accounts	OB:Lineal_demo - Nominal Journal - VPN:No - User:Huma																
ales Accounts	s' Add ite						Department Code			MISC descript		- / c	ancei	~		-	
🎎 Purchase Accounts		Date 7 eriod	Aug 2023	3		econciled 0	Analysis Code			000 descriptio				~			
🎻 Shop Sales	Descr						Nominal Code			P&L Expense i				~			
💋 Contracts							Debit Reference		_		Credit Declare	0.0	0 0 Turnove	As	VAT		
> 🧝 Bank	Double Click t												Turnove	V A3			
🗸 🚛 Nominal	Dat	e J/No Refe	rence R	RcG	Tax?	Debit	Credit	Dept	Anl	GL	Description						
🍫 Nominal Ledger																D J	5
🧳 Analysis																	
🎻 Departments																	
🚳 Dashboard																	
👺 Standing Journals				. 1	Totals	0.00	0.00	Balance		0.00	1						
🐙 Day Book						0.00	0.00			0.00							
🦽 VAT Ledger																	





Gold Microsoft Partner

Copyright © 2020 Lineal Software Solutions Ltd. ® Registered in England and Wales No. 05347221. Registered Office: The Barton, Lower Loxhore, Barnstaple, North Devon, EX31 1SY. Registered Trademark No. UK00003167556