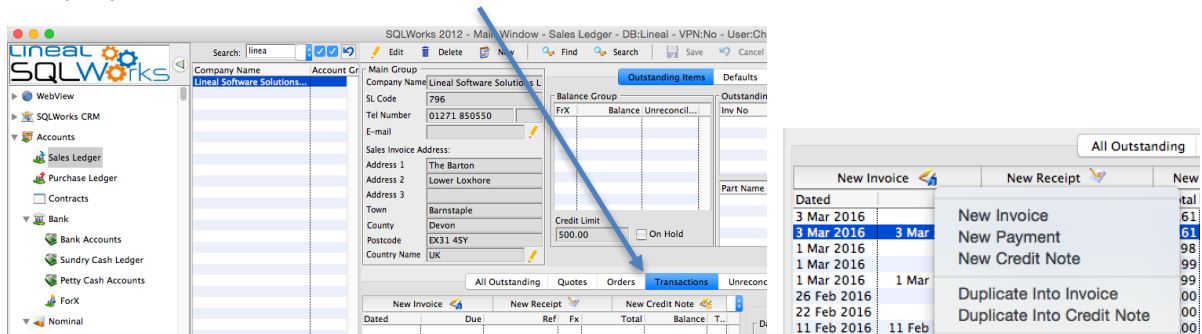


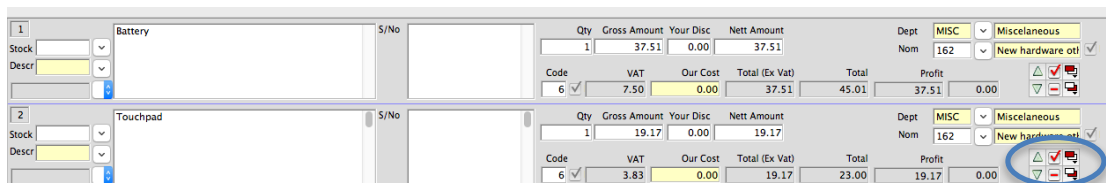
How to write off bad debts in the Sales Ledger

Procedure

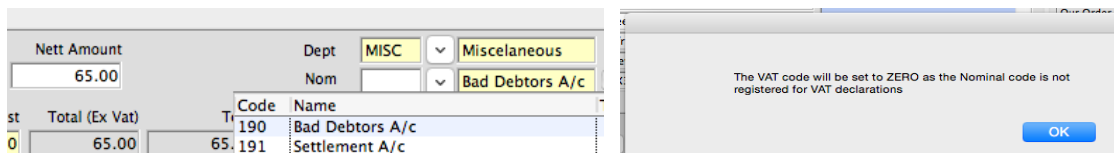
1. When a customer has failed to pay a Sales Ledger invoice and you have decided to write off this debt, a credit note needs to be raised on SQLWorks and reconciled against that invoice, using the “Bad Debtors” Nominal Code.
2. Go to the “Sales Ledger” on the side navigation bar under the heading “Accounts”,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



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.



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 the Sales Ledger.