

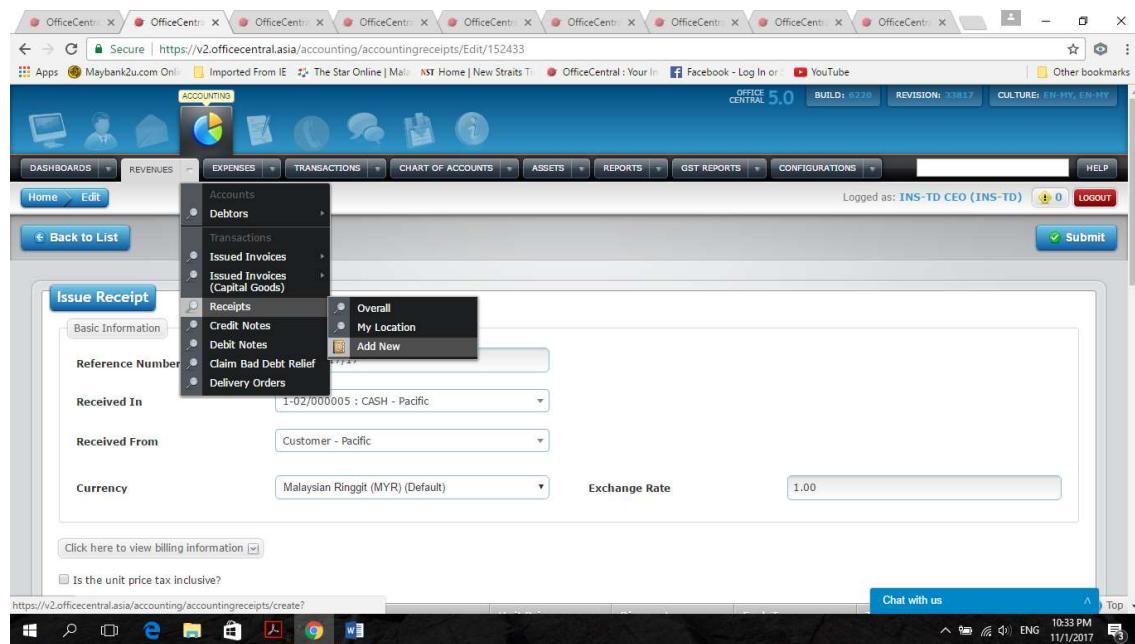
Scenario Analysis No. 18 – Managing collections as deposits before invoices are issued? What you can do to ensure proper recording for your business!

In business, sometimes it is expected that the customer to pay deposit upfront. The invoice is only issued later when the service/item is delivered and the remaining balance paid. How to track the transactions to ensure that for every invoice issued by the business, the deposit payment and the remaining balance payment are accordingly linked to the invoice.

Below is my proposal on how, system-wise, the transactions can be managed. Effectively, the two receipts for the cash received are to be identified as payments for the single invoice issued. With this approach, all invoices are accounted for (together with the delivery of services/items by the business to the customer) and the payments are correctly and fully received by the business. The example is from an SME dealing in motor vehicle insurance.

DEPOSIT TRANSACTIONS:

STEP 1: Issue “Received Payment” for the cash received as deposit



Select the correct “Received In” and “Received From” from the displayed list to denote “Who receives the cash” and “From whom the cash is received”.

Select the “Items” as appropriate to denote “deposit”.

Issue Receipt

Basic Information

Reference Number: REC-A/2017/17

Received In: 1-02/000005 : CASH - Pacific

Received From: Customer - Pacific

Currency: Malaysian Ringgit (MYR) (Default)

Exchange Rate: 1.00

Click here to view billing information

Is the unit price tax inclusive?

Qty	Item	Unit Price	Discount	Excl. Tax	Tax	Incl. Tax
1.0000	(6-01/000005) Cover Note - Deposit	650.0000	0.00	650.00	No tax	650.00
	Cover Note - Deposit					

After "SUBMIT" check that the accounting entries are as expected; cash received from "Sales Revenue – Deposit".

DR Cash – <staff> CR Sales Revenue - Deposit

Screen-shot of the transaction is as per below.

DO NOT APPROVE THE TRANSACTION YET! (This receipt shall be matched with the invoice created later).

Transaction Date: 11 Jan 2017

Description: deposit received

Account	Debit	Credit	Projects	Project Details
1-02/000005 : CASH - Pacific	650.00	0.00		Please select project detail
6-01/000005 : Sales Revenue - Deposit	0.00	650.00		Please select project detail

Payment Information

Type	Ref No	Amount	Bank Account
Cash		650.00	1-02/000005 : CASH - Pacific

STEP 2: Issue "Invoice" when the Cover Note is issued

Enter the Customer Account identified by the staff handling the transaction. Select the correct "Item" as appropriate.

Secure | https://v2.officecentral.asia/accounting/invoices/Edit/453426

Back To List Issue Invoice Save

Basic Information

Reference Number	INV-A/2017/10	Date Issued	11 Jan 2017
To	1-04/000005 : Customer - Pacific	Date Due	10 Feb 2017
	0 : Customer - Pacific	Purchase Order Ref No	Purchase Order Ref No
		Delivery Order Ref No	Delivery Order Ref No
Currency	Malaysian Ringgit (MYR) (Default)	Exchange Rate	1.00
Subject	WPF9762		

[Click here to view billing information](#)

Is the unit price tax inclusive?

Qty	Item	Unit Price	Discount	Excl. Tax	Tax	Incl. Tax
1.0000	6-01/000004 Cover Note - Pacific	1,000.0000	0.00	0.0000	No tax	1,000.00
	Cover Note - Pacific					

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After "SUBMIT" check that the accounting entries are as expected; cash receivable from Customer Account identified by the staff handling the transaction arising from "Sales Revenue – <insurance co.>".

Secure | https://v2.officecentral.asia/accounting/invoices/Edit/453426

Back to List Information Save

Terms

Remarks

Transaction Details

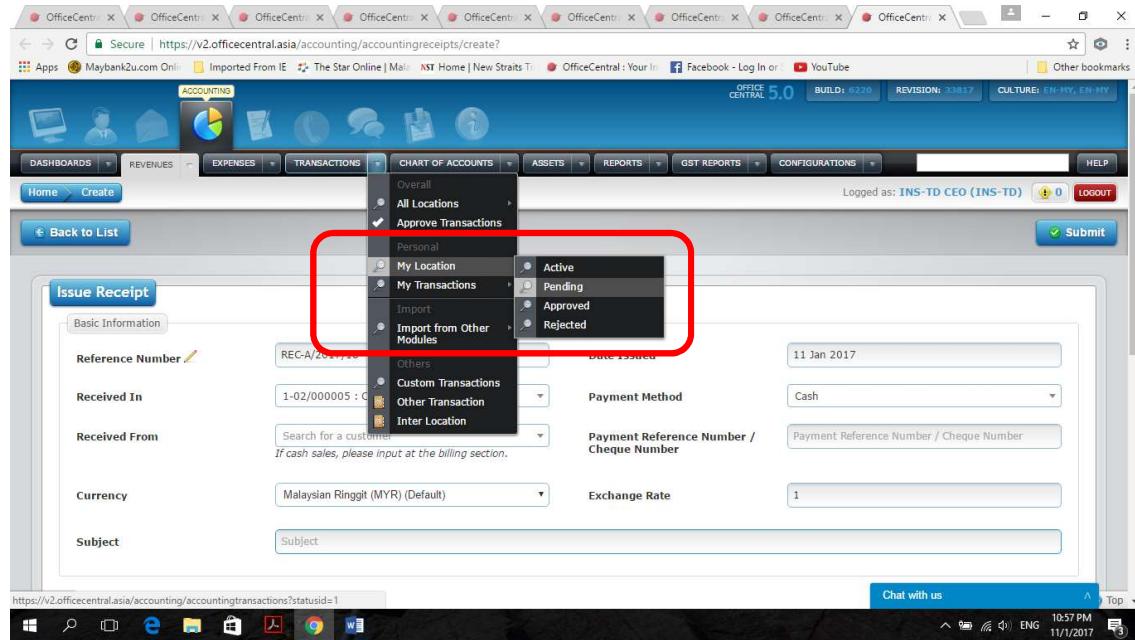
Transaction Date 11 Jan 2017

Description WPF9762

Account	Debit	Credit	Projects	Project Details
6-01/000004 : Sales Revenue - Pacific	0.00	1000.00	<input type="button" value="X"/>	Please select project detail
1-04/000005 : Customer - Pacific	1000.00	0.00	<input type="button" value="X"/>	Please select project detail

Add Debit Add Credit

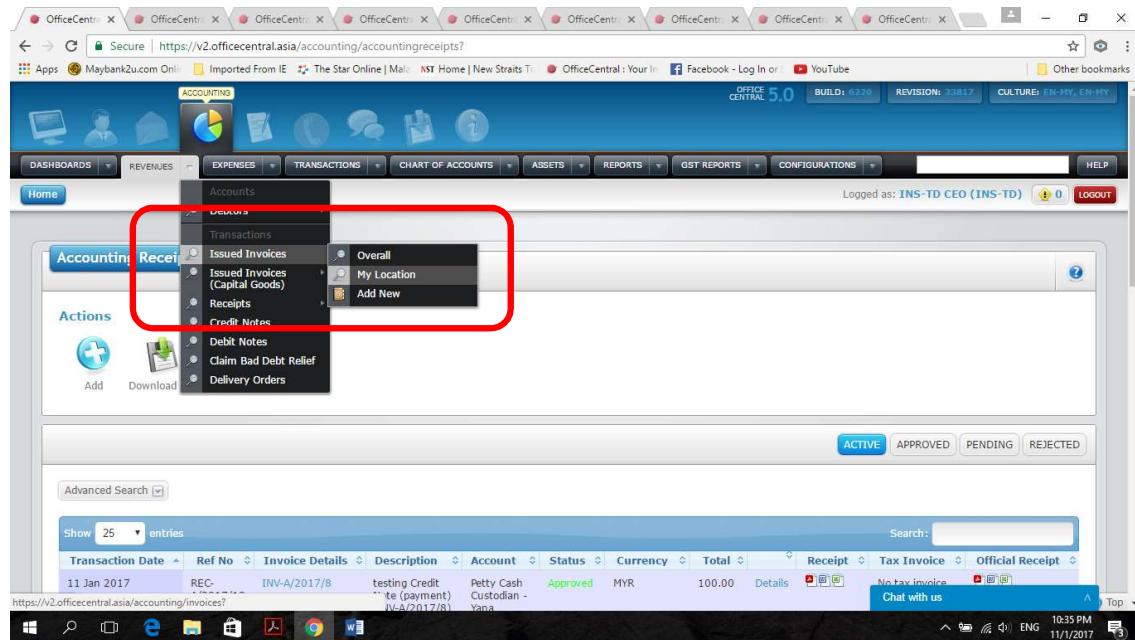
Review the “Pending” transaction for the invoice and “Approve” if the entries are in order.



STEP 3: Issue “Received Payment” when cash is received for the remaining balance.

Go to “Revenue”, “Issued Invoices”, “My Location” to display the list of all invoices

Select the required invoice, and click on “Receive Payment”.



Click on “Receive Payment” and update the requisite information.

Secure | https://v2.officecentral.asia/accounting/invoices?

Actions

Add Download Invoices

SHOW ALL PAID UNPAID REJECTED

Advanced Search

Show 25 entries Search: INV-A/2017/10

Transaction Date	Invoice No	Debtor	Currency	Invoice Amount	Date Issued	Date Due	Invoice Info	Status	Action	Download	Simplified
11 Jan 2017	INV-A/2017/10	Customer - Pacific	MYR	1000.00 (BALANCE : 650.00) REC-A/2017/18	11 Jan 2017	10 Feb 2017	Not Yet Due	Approved	Details Receive Payment Issue Credit Note Issue Debit Note	         	W63.55mm

Showing 1 to 1 of 1 entries

First Previous 1 Next Last

/ Receive Payment

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10:36 PM 11/1/2017

Copy the details of the invoice and paste into the “subject” field. Under “Item” click on the “Add Item” button.

In the new line, select product “Sales Revenue – Deposit”. When entering the “Unit Price”, ensure the figure is negative which denotes that the cash from deposit is applied against the “Invoice”. The effect is the amount for the receipt is the net amount.

Secure | https://v2.officecentral.asia/accounting/AccountingReceipts/Edit/152434

Apps Maybank2u.com Online Imported From IE The Star Online | Mail NST Home | New Straits Ti OfficeCentral : Your In Facebook - Log In or YouTube Other bookmarks

[Back](#) Received From Customer - Pacific [Submit](#)

Currency Malaysian Ringgit (MYR) (Default) Exchange Rate 1.00

[Click here to view billing information](#)

Is the unit price tax inclusive?

Qty	Item	Unit Price	Discount	Excl. Tax	Tax	Incl. Tax
1.0000	Custom Product Cover Note - Pacific	1,000.0000	0.00	1,000.00	No tax 0.00	1,000.00
1.0000	(6-01/000005) Cover Note - Deposit Cover Note - Deposit	-650.0000	0.00	-650.00	No tax 0.00	-650.00

[+ Add Item](#)

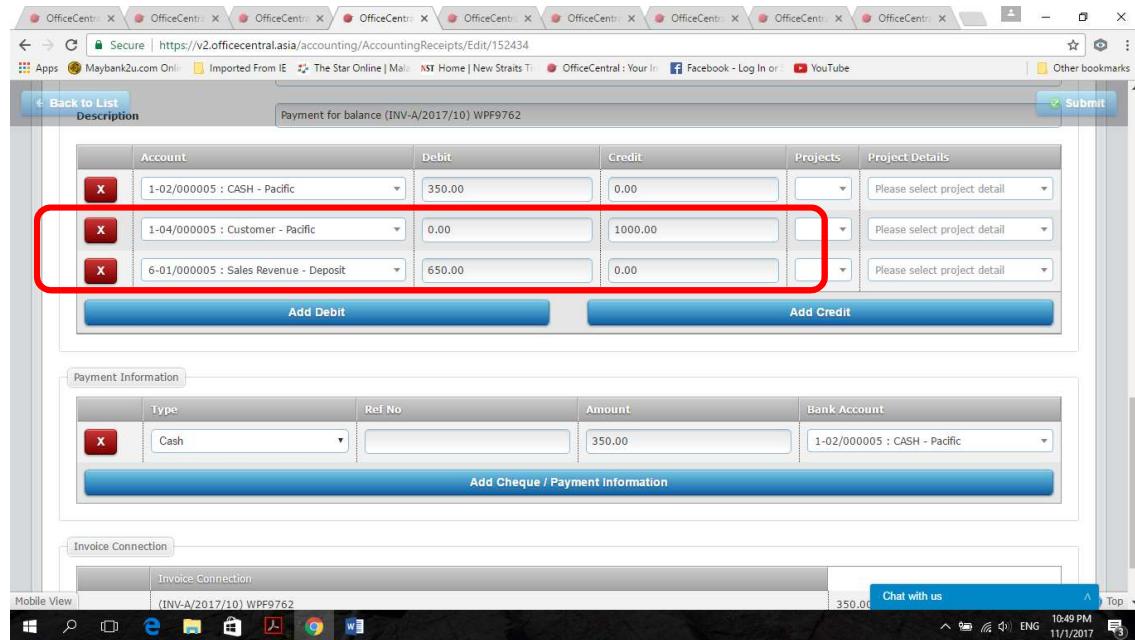
Amount Exd Tax	350.00
Discount	0.00
Tax	0.00

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After “SUBMIT” check that the accounting entries are as expected. Click on “+Add debit” to create a new line. In the new line enter the deposit details and the amount received earlier as deposit.

Change the figure for “Customer - <Staff>” to the amount as per the cover note.

Click "SUBMIT" to proceed.



The screenshot shows the 'Edit' screen for an accounting receipt. The 'Debit' section contains three entries:

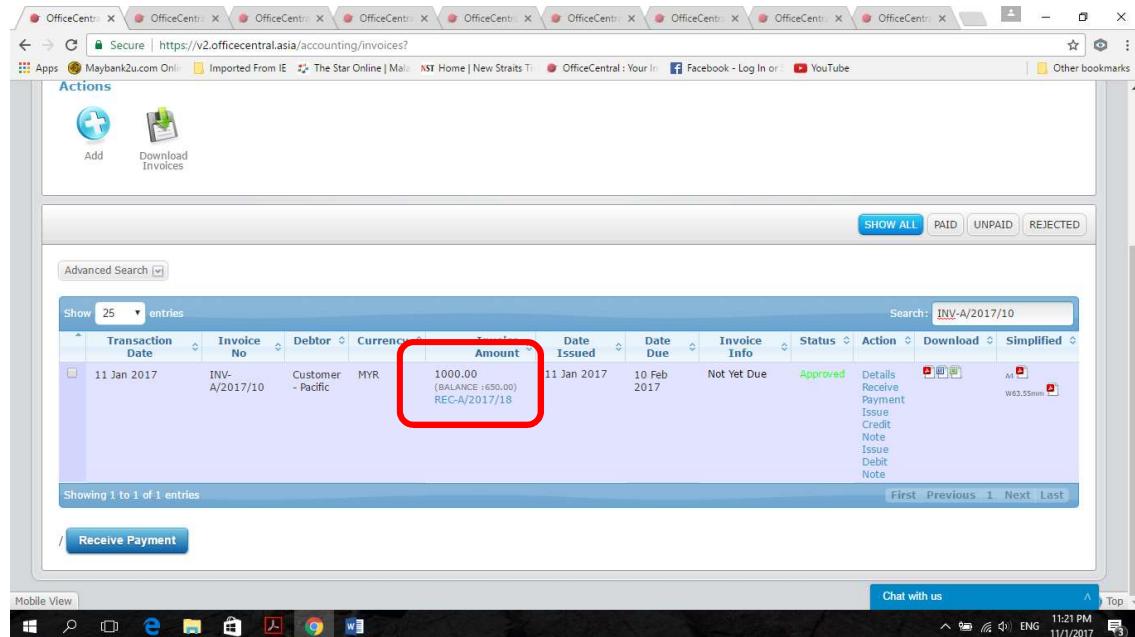
Account	Debit	Credit	Projects	Project Details
1-02/000005 : CASH - Pacific	350.00	0.00		Please select project detail
1-04/000005 : Customer - Pacific	0.00	1000.00		Please select project detail
6-01/000005 : Sales Revenue - Deposit	650.00	0.00		Please select project detail

Below the table are 'Add Debit' and 'Add Credit' buttons. The 'Credit' section is empty. The 'Bank Account' field is set to '1-02/000005 : CASH - Pacific'.

DO NOT APPROVE THE TRANSACTION YET!

STEP 4: Match the Deposit "Receipt" to the "Invoice"

BEFORE

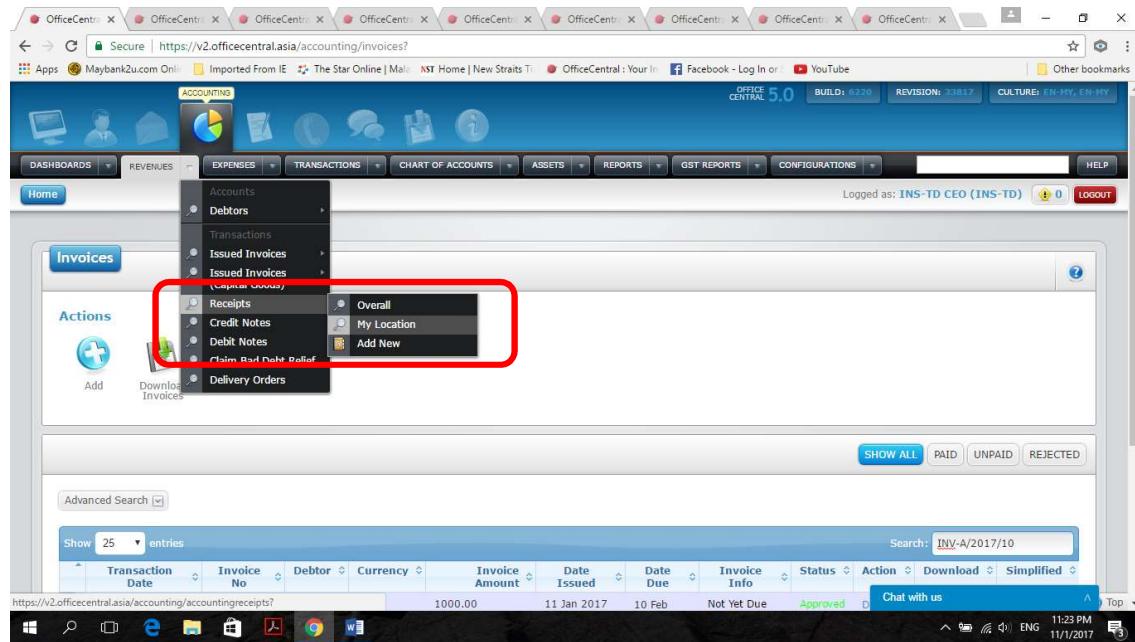


The screenshot shows the 'Invoices' list screen. A single invoice entry is displayed:

Transaction Date	Invoice No	Debtor	Currency	Amount	Date Issued	Date Due	Invoice Info	Status	Action	Download	Simplified
11 Jan 2017	INV-A/2017/10	Customer - Pacific	MYR	1000.00 (BALANCE : 650.00) REC-A/2017/18	11 Jan 2017	10 Feb 2017	Not Yet Due	Approved	Details Receive Payment Issue Credit Note Issue Debit Note	Print Edit Delete	W63.55mm

Below the table are 'First', 'Previous', 'Next', and 'Last' buttons. The 'Action' column shows options for viewing details, receiving payment, issuing, crediting, and deleting the invoice.

Select the required receipt from the receipt issued list



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OFFICE CENTRAL 5.0 BUILD: 8220 REVISION: 33817 CULTURE: EN-MY, EN-MY

ACCOUNTING

DASHBOARDS REVENUES EXPENSES TRANSACTIONS CHART OF ACCOUNTS ASSETS REPORTS GST REPORTS CONFIGURATIONS HELP

Home Invoices Actions

Accounts Debtors Transactions Issued Invoices Issued Invoices [Create New](#)

Receipts Overall [My Location](#) Add New

Add Download Invoices

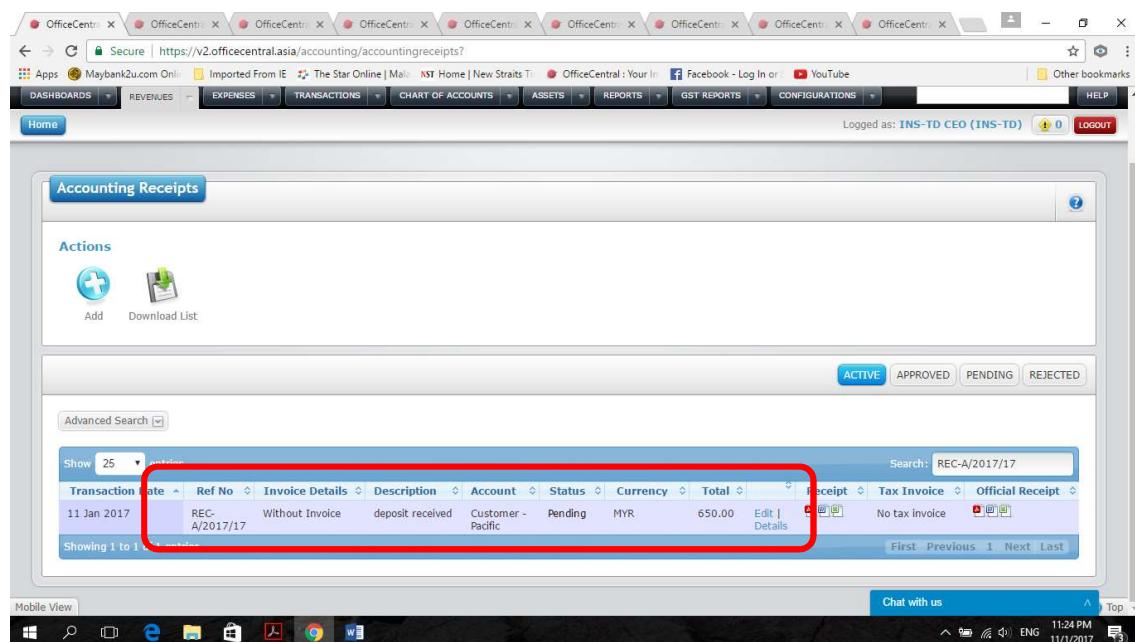
SHOW ALL PAID UNPAID REJECTED

Advanced Search

Show 25 entries Search: INV-A/2017/10

Transaction Date	Invoice No	Debtor	Currency	Invoice Amount	Date Issued	Date Due	Invoice Info	Status	Action	Download	Simplified
11 Jan 2017	1000.00	11 Jan 2017	10 Feb	Not Yet Due	Approved	Edit	View	Delete	Download	Print	Simplified

https://v2.officecentral.asia/accounting/accountingreceipts?



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OFFICE CENTRAL 5.0 BUILD: 8220 REVISION: 33817 CULTURE: EN-MY, EN-MY

ACCOUNTING

DASHBOARDS REVENUES EXPENSES TRANSACTIONS CHART OF ACCOUNTS ASSETS REPORTS GST REPORTS CONFIGURATIONS HELP

Home Accounting Receipts Actions

Add Download List

ACTIVE APPROVED PENDING REJECTED

Advanced Search

Show 25 entries Search: REC-A/2017/17

Transaction Date	Ref No	Invoice Details	Description	Account	Status	Currency	Total	Receipt	Tax Invoice	Official Receipt
11 Jan 2017	REC-A/2017/17	Without Invoice	deposit received	Customer - Pacific	Pending	MYR	650.00	Edit View	Print	Download

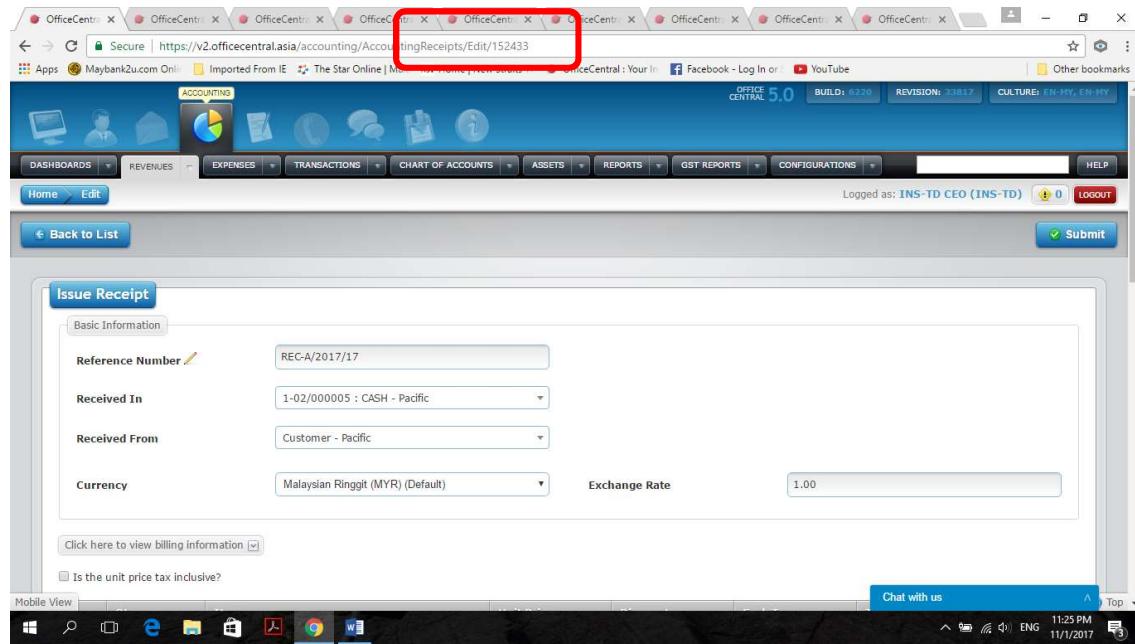
Showing 1 to 1

First Previous 1 Next Last

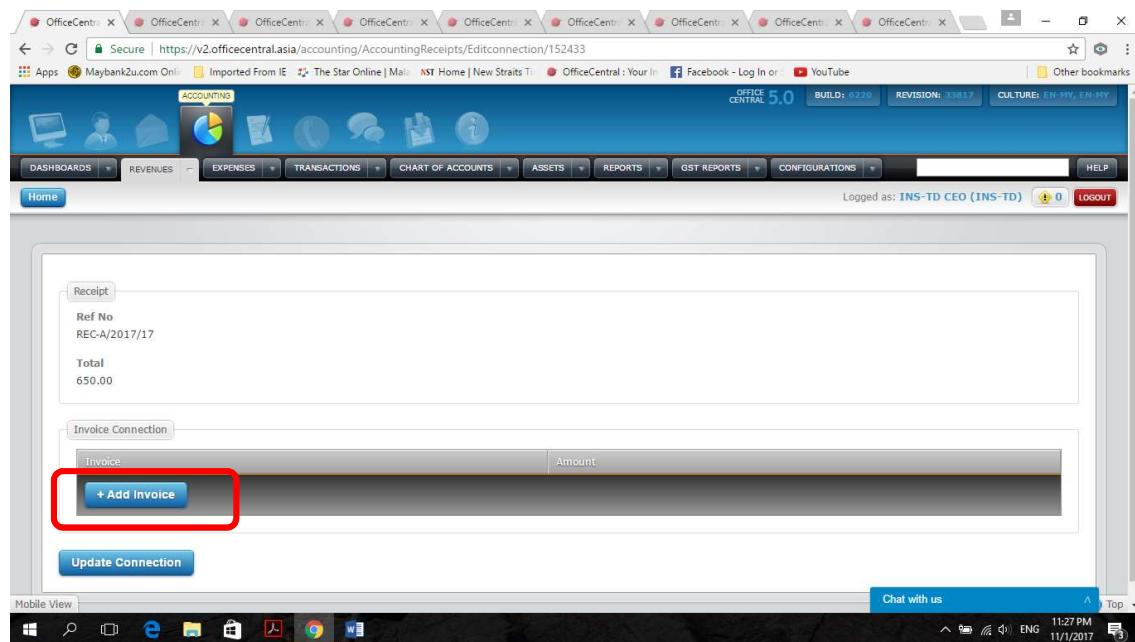
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https://v2.officecentral.asia/accounting/accountingreceipts?

Click on "Edit"



At the URL address, insert “connection” after the words “Edit” and press enter. Click “+Add invoice” to and select the required invoice reference number. Enter the amount for the deposit.



Click “Update Connection” to proceed.

Ref No
REC-A/2017/17

Total
650.00

Invoice Connection

Invoice
INV-A/2017/10 : WPF9762 (Balance: 650.00)

Amount
650

+ Add Invoice

Update Connection

AFTER

Actions

Add Download Invoices

SHOW ALL PAID UNPAID REJECTED

Advanced Search

Search: INV-A/2017/10

Transaction Date	Invoice No	Debtor	Currency	Invoice Amount	Date Issued	Date Due	Invoice Info	Status	Action	Download	Simplified
11 Jan 2017	INV-A/2017/10	Customer - Pacific	MYR	1000.00 (BALANCE: 0.00)	11 Jan 2017	10 Feb 2017	Paid	Approved	Details	W03.55min	

Showing 1 to 1 of 1 entries

First Previous 1 Next Last

/ Receive Payment

APPROVE THIS PENDING TRANSACTION.

STEP 5: Review all related information

CASH LEDGER = 650 + 350 = 1000

General Ledger

12 Dec 2016 | 11 Jan 2017 | Search | Print | Copy | Email | Print Preview | Export

Transactions

1-02/000000 : CASH

1-02/000005 : CASH - Pacific

Date	Transaction Number	Ref No	Payment No	Description	Debit	Credit	Balance
				Opening Balance (12 December 2016)			0.00
11 Jan 2017	RP000017/2017	REC-A/2017/17		deposit received	650.00	0.00	650.00
11 Jan 2017	RP000018/2017	REC-A/2017/18		Payment for balance (INV-A/2017/10) WPF9762	350.00	0.00	1,000.00
				TOTAL CASH - Pacific	1,000.00	0.00	1,000.00
				TOTAL CASH	1,000.00	0.00	1,000.00

4

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CUSTOMER - <Staff> LEDGER = 1000 – 1000 = 0

General Ledger

1 Jan 2017 | 11 Jan 2017 | Search | Print | Copy | Email | Print Preview | Export

Transactions

1-04/000000 : DEBTORS

1-04/000005 : Customer - Pacific

Date	Transaction Number	Ref No	Payment No	Description	Debit	Credit	Balance
				Opening Balance (1 January 2017)			0.00
11 Jan 2017	GI000010/2017	INV-A/2017/10		WPF9762	1,000.00	0.00	1,000.00
11 Jan 2017	RP000018/2017	REC-A/2017/18		Payment for balance (INV-A/2017/10) WPF9762	0.00	1,000.00	0.00
				TOTAL Customer - Pacific	1,000.00	1,000.00	0.00
				TOTAL DEBTORS	1,000.00	1,000.00	0.00

4

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DEPOSIT LEDGER = 650 – 650 = 0

General Ledger

Transactions

6-01/000000 : SALES REVENUES

6-01/000005 : Sales Revenue - Deposit

Date	Transaction Number	Ref No	Payment No	Description	Debit	Credit	Balance
				Opening Balance (1 January 2017)	-		0.00
11 Jan 2017	RP000017/2017	REC-A/2017/17		deposit received	0.00	650.00	650.00
11 Jan 2017	RP000018/2017	REC-A/2017/18		Payment for balance (INV-A/2017/10) WPF9762	650.00	0.00	0.00
				TOTAL Sales Revenue - Deposit	650.00	650.00	0.00
				TOTAL SALES REVENUES	650.00	650.00	0.00

SALES REVENUE LEDGER = 1000

General Ledger

Transactions

6-01/000000 : SALES REVENUES

6-01/000004 : Sales Revenue - Pacific

Date	Transaction Number	Ref No	Payment No	Description	Debit	Credit	Balance
				Opening Balance (1 January 2017)	-		0.00
11 Jan 2017	GI000010/2017	INV-A/2017/10		WPF9762	0.00	1,000.00	1,000.00
				TOTAL Sales Revenue - Pacific	0.00	1,000.00	1,000.00
				TOTAL SALES REVENUES	0.00	1,000.00	1,000.00

Note: GNZ shall be organizing a seminar for SME entrepreneurs on 24 January 2017 at Bangi gateway. For more information and registration please visit our website or contact me at gazali.jaafar@gmail.com.

GNZ.