Issue date 1st June 2011

Create Credit Notes

From time to time a business may have to issue a credit note to a customer to cancel an invoice or part of the value of the invoice. Usually, as an Invoice has already been previously created, the details of the Customer and Sales Items already exist.

It is good practice to relate the Credit note to a particular Invoice.

If an entity is not registered for VAT, then there will be no references to VAT in the displayed screens, also therefore ignore references to VAT in the guide below.

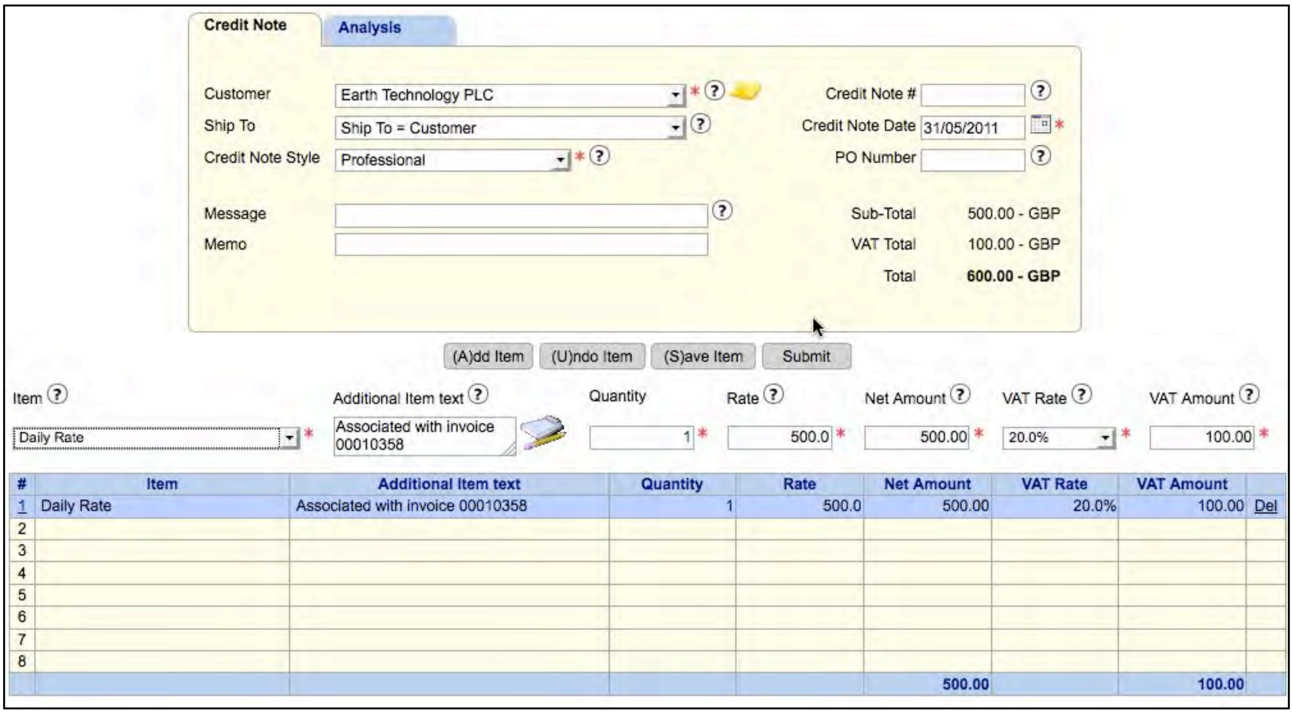
Creating a Credit Note is very similar to creating an. (See the **Creating Sales Invoices** user guide)

Creating a Credit Note Transaction

Creating a Credit Note accessed via the **ACTIVITIES** menu

ACTIVITIES → ISSUE A CREDIT NOTE

Note that if the **Prompt for Analysis** box (set in **Profile**) is ticked then when transactions are entered which require analysis to branches, IR35 or P11D reporting; the analysis tab is presented first by default so that the required analysis is not forgotten.



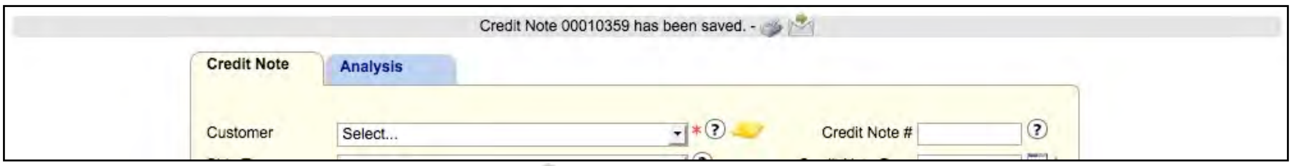
- Select the **Customer** from the dropdown list.
- If the invoice needs to show a ship-to location address (rather than the main customer address) select it from the **Ship To** dropdown. Note, ship-to details are entered in Customer Maintenance via the **LISTS** menu.
- **Terms** will default to any terms entered when the customer was set up. You may amend is necessary.
- The credit note number in the **Credit Note#** field is the next in the series; amend if necessary.

- The **Credit Note Date** defaults to to-days date, this to can be amended. This date is the transaction date for Liberty Accounts recording.
- If the **Tax Point** of the transaction for VAT purposes is different, enter the correct date in the Tax point field. Leave blank if not used.
- Enter the Customers purchase order number in the **PO/Number** field if you have one. Leave blank if not required.
- The **Message** field can be used to place a comment on the face of the credit note. Leave blank if not used.
- The **Memo** field can be used to enter free format descriptive text. It can be left blank. We suggest you use this field for a reference to the original invoice.
- The line items that make up the credit note value now need to be added. A line item is a number of units of a Sales Item extended by the unit value to give the total amount.
- **ADD ITEM** accesses the Line Item input. Select the **Item** from the dropdown. Default values, if they exist, for **Rate** (Unit sales price) and **VAT Rate** (If VAT registered). These defaults may be overridden. Enter any **Additional Item Text** (This will be printed on the credit note) and then enter the **Quantity** for the sales item. Liberty Accounts will extend the values and summarises them. **SAVE EDIT** confirms the entry. Further Line items can be entered by clicking on **ADD ITEM** on each occasion. **UNDO EDIT** cancels the current line item data. **UNDO ALL EDITS** cancels all line item inputs.

Analysis Tab

The analysis tab allows for further details to be added for recording if the business is using the Branches and/or the IR35 features. If these features are not in use, nothing needs to be added in the analysis tab.

- Select an **Associated IR35 contract** if appropriate (consult your Accountant if you are unsure.) Also see the **Working with IR35** user guide.
- Select an appropriate **Branch** if this credit note is to be analysed to a branch
- When all line items have been entered and analysis selected as required, clicking on **SUBMIT** saves and confirms the transaction.
- When all line items have been entered and analysis selected as required clicking **SUBMIT** saves the transaction. A confirmation statement displays in a grey line just beneath the main menu area. A new Create Credit Note screen also draws to allow for creating the next credit note.



In the confirmation line the **PRINT** icon prints the credit note The credit note is created in a pdf format so that it may be printed for posting as well saved on the local computer.

Clicking the **MAIL** icon will send an email with the credit note attached to the email address associated with the Customer (In Customer Maintenance). Hint, the email address will display if the mouse pointer hovers over the icon. If no valid email address has been entered then the icon will display.

- Send the credit note to the customer

Bulk Printing

Note, that for situations where a large number of invoices and credit notes need to be printed, a bulk print facility exists. Simply go to the **LISTS** menu

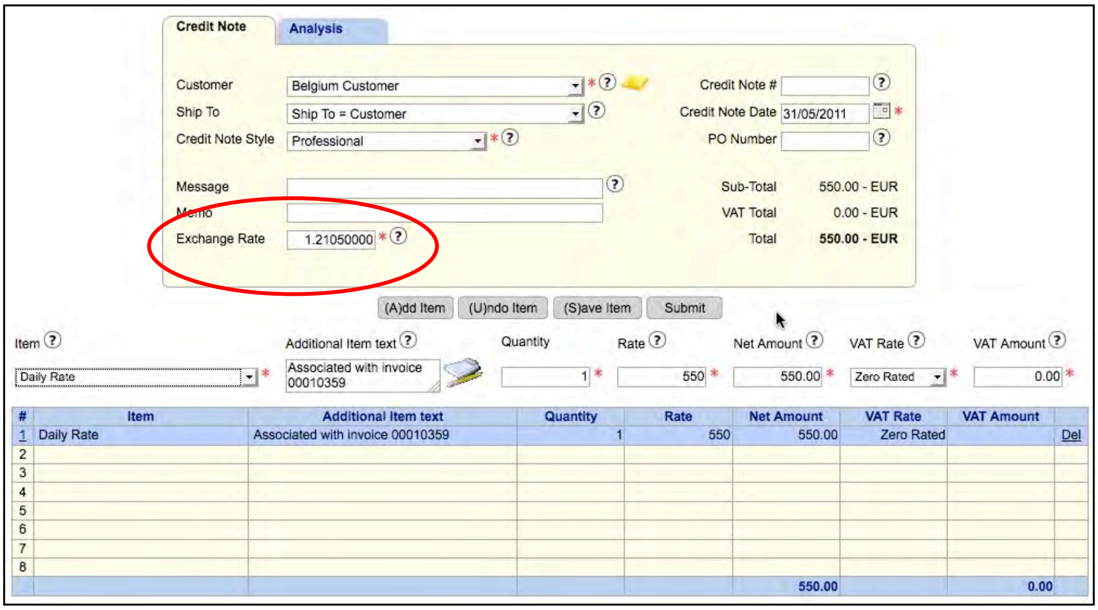
LISTS → CUSTOMER INVOICES/CREDITS.

Select the documents to be printed and click the **BULK PRINT** button. More information is available from the **BULK SALES INVOICE PRINT** user guide.

Foreign Currency Credit Note

If the selected Customer has been set up to be invoiced in a foreign currency then the screen display also has a box for an exchange rate to be entered. (See **Setting up a Customer** User guide for more information).

Note that when the Customer is selected in the drop down a warning message is displayed to alert the user that an exchange rate is required. Click **OK** to clear the alert.



Accounting standards require that the credit note transaction for accounting purposes is translated in to sterling (GBP) at the exchange rate in operation on the date on which the transaction occurred or at a contracted rate if one exists. Rates can be obtained from your bank or many internet web sites. We recommend you discuss with your advisor if you are uncertain.

The credit note and statement documents are denominated and displayed in the currency selected for the customer. The accounting entry is converted to sterling at the exchange rate entered. All internal accounting and reports will display the sterling amount.

Editing an Credit Note Transaction

Any time after a credit note has been created it can be edited, stored and reprinted. Please be sure that the changes are necessary particularly if the credit note has already been sent to the customer, or has already been taken by the customer. If a credit note has been included in a VAT return then the details of the credit note may only be viewed they cannot be changed or the credit note deleted. Likewise if a credit note is dated in a closed financial year it also cannot be changed.

Edit a credit note via the **LISTS** menu.

LISTS → CUSTOMER INVOICES/CREDITS

- Locate the relevant credit note and click on **EDIT**
- The full **Create Credit note** screen (see above) is displayed with the current data.
- Edit the data as necessary
- When editing line item entries, highlight the appropriate line by clicking on it. The information appears in the edit line. Amend as necessary and **SAVE EDIT** to complete.
- When all changes have been made, clicking on **SUBMIT** saves and confirms the transaction.

Alternatively

Edit a credit note via the **ACCOUNTS RECEIVABLE** under the **ACCOUNTS** menu.

ACCOUNTS→ CURRENT ASSET ACCOUNTS→ Select the relevant **CUSTOMER ACCOUNT**

- Locate the relevant credit note and click on EDIT
- The full **Create Credit note** screen (see above) is displayed with the current data.
- Edit the data as necessary
- When editing line item entries, highlight the appropriate line by clicking on it. The information appears in the edit line. Amend as necessary and **SAVE EDIT** to complete.
- When all changes have been made, clicking **SUBMIT** saves and confirms the transaction.