

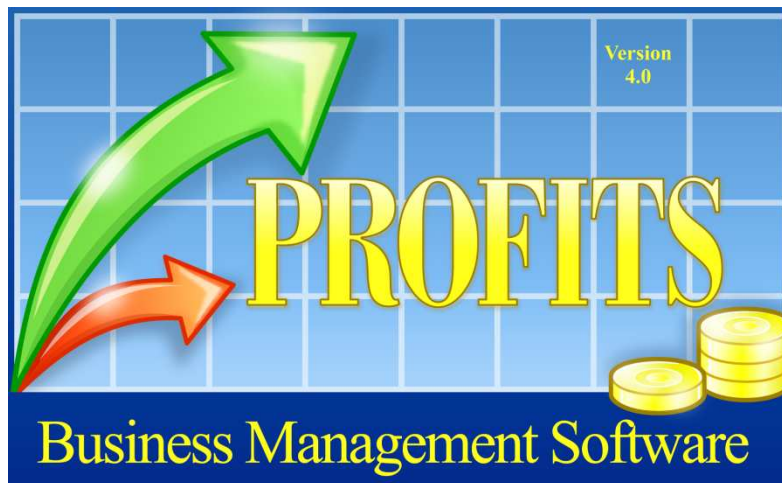
Profits Quick Start Guides



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Handling NSF Checks

How to handle returned checks

Profits AR system tracks your outstanding invoices and payments. When you apply a payment (Check) to a customer's account you should apply it to the individual invoices being paid by the customer. This way when viewing the customers AR history during the month you will be able to see which invoices have been paid (and when) and which ones are still open. At the end of the month all the paid in full invoices will be purged to the AR history file. Your current AR will then only show the outstanding invoices.

Sometimes you will apply a check to an invoice and then the check will be returned. When this happens you need to let Profits know this. There are two things that need to happen in Profits to get your books back in balance. First the customers AR balance needs to be increased by the amount of the returned check and your CASH account needs to be reduced by the amount of the returned check. You might also have to adjust for a bank processing fee.

If you are running v4.5.3 or above you can easily make these adjustments using menu 3.1.1 (Enter Invoice Summaries). This option is normally used to add invoices to a customer's account when converting to the Profits system, but it can also be used anytime you need to add an invoice to a customer's account. Simply enter customer number, invoice amount, invoice number and date. You can add a comment about the entry in the reference field if you wish. If the return check was for multiple invoices enter each invoice on a separate line.

```

Screen: PROFITS
Enter Invoice Summaries >>>> TESTING PCS R: <<<<
  PGM=A0000 - Station 008 29 Nov 2011 15:35:24
----- Customer ----- Invoice -----
Number  Name                Amount  Number  Date    Reference
KENSILR KEN SILER/SUSPENSE A  250.00 123456 100511 NSF CHK # 223344
KENSILR KEN SILER/SUSPENSE A  125.00 123587 101511 NSF CHK # 223344
KENSILR KEN SILER/SUSPENSE A  350.00 123701 102511 NSF CHK # 223344
      .00      0 102511
1Help  2Print  4Menu  5Up    6Down  7Insert 8Delete 10Search
  
```

When you have entered all the invoices for the returned check you should then press F2 and print the edit listing. Make sure that the total of the report equals the check amount.

```

DATE - 29 Nov 2011  TIME - 19:46:50          >>>> TESTING PCS R: <<<<          PAGE 1
                                INVOICE SUMMARY EDIT LISTING

----- CUSTOMER -----
NUMBER  NAME                AMOUNT  INVOICE  DATE      REFERENCE
-----  -----
KENSILER KEN SILER/SUSPENSE A  250.00  123456  05 Oct 2011  NSF CHK # 223344
KENSILER KEN SILER/SUSPENSE A  125.00  123567  15 Oct 2011  NSF CHK # 223344
KENSILER KEN SILER/SUSPENSE A  350.00  123701  25 Oct 2011  NSF CHK # 223344

                                725.00

```

If everything is in balance, then you can use 3.1.2 (Post Invoice Summaries) to post the transactions into the customer's account. When you take this menu option make sure that you toggle the 'Are these NSF Transactions?' to [Yes].

```

Screen: PROFITS
Post Invoice Summaries          >>>> TESTING PCS R:
----- PGM=A0050  - Station 008----- 29 Nov 2011  19:4:

Enter G/L Period to post entries to: 11
Are these NSF Transactions? [Yes]

1Help          4Menu

```

Setting this toggle to [Yes] will tell the system that you want to adjust your AR and CASH accounts instead of your AR and SALES accounts. You don't want your sales figures to be increased because this

is not a new invoice, it updated the sales figures when the original invoice was posted from the billing system.

How to handle bank charges

If your bank charged you a fee for processing the returned check you will need to inform Profits about this also. Otherwise your cash account will not balance with your bank balance. The simplest way to handle this type of charge is to do a general ledger journal entry.

These are done using menu 8.1.1 (Enter Journal Entries). All journal entries require a minimum of two entries. In this case we need to reduce our CASH account and increase an expense account. For this example we are going to update the BANK CHARGES expense account.

The first thing you will need to do is name the “Source” of the entries you are about to make. This is just a name that will identify the group of entries so we can access them again later before posting them. We will select GJ for the journal code and enter the date of the returned check for the posting date. Leave [No] for the ‘Reverse Next Period’.

```
Enter Journal Entries >>>> TESTING PCS R: <<<<
--- PGM=GL000 - Station 008----- 29 Nov 2011 -----19:59:02---
Source NSF CHARGE      Journal Code [GJ]   Posting Date 112911   Reverse Next
                          Period [No ]

1Help          3GoBack          8Delete
```

Now we will enter the transactions to adjust each of the two accounts we mentioned earlier. Since we want to reduce our cash balance we will enter the CASH account (1020) and a credit amount. You can provide a description as to why you are making this entry. Next we will enter the offsetting entry which in this case will be BANKCHARGES (6080).

If you look at the bottom of the screen you will see that the ‘Difference:’ is zero. Your debits and credits must equal zero before you can post to general ledger in Profits. So you are now ready to post using menu 8.1.2 (Post Journal Entries).

```

Enter Journal Entries >>>> TESTING PCS R: <<<<
PGM=GL000 - Station 008 29 Nov 2011 20:19:05
Source NSF CHECK Journal Code [GJ] Posting Date 112911 Reverse Next
Period [No ]

Account Debit Credit Journal Reference
Number Amount Amount Date Description Number
-----
1020 .00 25.00 112911 NSF CHK KENSILER 0
6080 25.00 .00 112911 NSF CHK KENSILER 0
0 .00 .00 112911 NSF CHK KENSILER 0

Total: 25.00 25.00 Difference: .00

Bank Charges

1Help 5Up 6Down 7Insert 8Delete 9End 10Search
    
```

When you select the option to post the entries you will need to enter/verify the period you want to post the entries to. In most cases Profits will display the correct period but if the transaction is for the previous month you might need to change it here.

Normally you would also select [This Year] unless the transaction was really for the previous year and you currently have two years of general ledger open. If you do not see this question then you only have one year open and Profits will post it to the current year automatically.

```

Post Journal Entries >>>> TESTING PCS R: <<<<
PGM=GL100 - Station 008 29 Nov 2011 20:10:28

Enter G/L Period to post entries to: 11
Which year do you want to post to? [This Year]

1Help 3GoBack
    
```

You will be prompted with one more question, 'Are these adjusting entries?', leave this as [No] and press Ctrl-Enter. When the posting is completed you will receive a General Journal showing how the accounts were updated.

```

DATE - 29 Nov 2011  TIME - 20:20:54          >>>> TESTING PGS R: <<<<          PAGE 1
                                     GENERAL JOURNAL
                                     THIS YEAR

```

ACCOUNT NUMBER DESCRIPTION	ENTRY DESCRIPTION	DATE	REF. NUMBER	DEBIT	CREDIT SOURCE	POST TO REFERENCE
1020 Money Market - ING	NSF CHK KENSILER	29Nov2011		.00	25.00 NSF CHECK	01 GJ513/0001
6080 Bank Charges	NSF CHK KENSILER	29Nov2011		25.00	.00 NSF CHECK	01 GJ513/0002
				25.00	25.00	

How to charge the customer an NSF fee

If you would like to recoup the fees your bank charged you or you want to be compensated for the extra work that your personal had to do to handle the NSF check you should use the Order Entry system (2.1.1). This way you will generate an invoice to the customer informing them of the charge that was added to their account.

If you have a lot of NSF checks you might want to set up an inventory item that contains a description for the charge and what GL account the charge should post to. If you don't have many you can just use a non-inventoried item or the "S" item. If you use either of the latter two options make sure to enter the price and the GL account that you want updated. You should probably also set the order to non-taxable so that sales tax is not charged on this fee.

Print and post the invoice with the rest of your daily invoices and you are done.

Summary

Reverse NSF Check

Make entry in 3.1.1

Post using 3.1.2 and select [Yes] for 'Are these NSF Transactions'

Account for Bank Charges

Use 8.1.1 to enter charge using CASH (1020) and BANKCHRGs (6080)

Post using 8.1.2

Invoice Customer for Service Fee

Enter an Invoice using 2.1.1