

# Receipts-

In order to understand how money's or receipts are recorded you must understand how the Finance screen relates to Account Posting and therefore how money received should be entered. It is also important to understand that cash or checks received on a vehicle are being received for more than one item (there are many different methods of payment that can make up an auto sale) and therefore it is important that those individuals entering money/receipts have access to detailed information about the receipts or be able to access this information. Another thing that should be understood, is that the actual account names may not be the same in your system but if you understand the function of the account, you should be able to convert to the names or descriptions used in your system to those used in this instructional text. We will begin by looking at the basics. It is important to make the distinction between receipts and income.

**Receipts:** are increases in assets in the form of cash, checks, credit cards, or account credits. These receipts are collected for a number of reasons such as; a sale of merchandise, overpayment on an payable account, refunds, commissions, rebates, and loans payments for merchandise or general operating expense. In the dealership it is very important to identify what the receipt of money or credit is for. Take for example pick up payments, they generally do not accrue interest. Therefore to record cash received as a payment that does accrue interest instead of as a pick up payment decreased that amount of interest you will receive from the customer.

**Income:** is money or receivables derived from the sales of merchandise or performance of a services. Income is taxable therefore it is extremely important that income be reported accurately. An example would be recording a payment received as part of a customers loan agreement with a bank as income. Income is reported when the car is delivered in the system and the Accounts Receivable is established. To record the receipt of a bank payment for a car as income, records the sale a second time.

\*\*\*\* It is important to realize that money received as Income is always considered a Receipt but **not** all Receipts are considered Income.

## How the Finance Screen Relates to Accounts Receivable:

Next we will look at the Finance Screen and how Accounts Receivable is posted. It is important to pay attention to what accounts each type of Accounts Receivable is posted to.

The screenshot shows a finance software interface with a menu bar at the top containing icons for Recall, Customer, Status, Finance, Lease, Vehicle, Trade In, Credit Bureau, Collections, and Forms. The main window is divided into several sections:

- Price and Options:** Price: 29,072.66; Options: 0.00; Trade: 6,800.00; Payoff: 1,800.00; Cash Down: 1,000.00; Deposit: 0.00; MFR Rebate: 0.00; Dealer Rebate: 0.00; Title & Reg: 30.00; Lien: 4.00; Processing: 35.00; 30 Day Temp Tag: 30.00; VSI: 0.00; Tire Tax: 0.00; Luxury Tax: 0.00; Inspection Fee: 15.00; Other: 0.00.
- Lien and Payment:** Lien: Intrust Bank; Pymts Per Year: Monthly; Num of Pymts: 48; Interest Rate: 5.250; Prepaid Fee: 0.00; Sales Tax Rate: 6.9000; Ext Svc: 650.00; Gap: 125.00; Aftermarket: 80.00; Credit Life: Joint Life; A&H: 7day Retro; Date Of Sale: 09/10/2003; Days To First: 30; 1st Pymt Date: 10/10/2003.
- Lender Information:** Save Deal As Finance or Cash Sale (checked); Abbrev: Intrust; Name: Intrust Bank; Address: PO Box 1; City: Wichita; State: KS; Zip: 67201-; Phone: ( ) - Ros And; Rsv Method: Difference; ACT Calendar (checked); Retention: 100; Odd Days: Yes.
- Payment Summary:** Payment: 650.91; Final Pymt: 0.00; Pickups: 0.00.

The status bar at the bottom indicates the user is 'IDS User' and the date/time is 'Thu, Sep 11, 2003 01:30 PM'.

How the Lien box is filled out determines how things will be posted to the General Ledger. Each Item in the Lien Menu has been set up to post amounts to specific accounts based upon how the “Presets” for that Item was set up. Normally there will be at least three items in the Lien Menu.

1. Bank- Bank Deals are where the dealer sets up the deal with the bank for the customer.
2. Cash- Cash Deals are deals where the customer sets up a deal with the bank themselves or are paying cash.
3. BPHH - BPHH Deals are where the dealer is also the Financier and therefore collects payments and interest.

**Bank Deals** will show on the Finance screen as follows. The screen will show where the figures come from and the chart directly following will show how the Accounts Receivable portion of the Sales Posting is developed:

The following chart will show the Accounts Receivable portion of the Posting Journal Entry and the source of the information in the Finance Screen.

Source in Finance Screen	A/R Posting Description	Account Name	Amount
+ Price			7092.00
+ Options			0.00
- Trade			16700.00
+ Payoff			15700.00
- Cash Down			2000.00
- Deposit			100.00
- Pick Up Payments			0.00
- MFR Rebate			0.00
- Dealer Rebate			0.00
+ NOSI			4.00
+ Sales Tax			1.58
+ Processing			25.00
+ 30 Day Temp Tag			18.00
	Amount Financed	Accounts Receivable	4040.58
Cash Down	Cash on Delivery	Cash Clearing Account	2000.00
Deposit	Deposit	Cash Clearing Account	100.00



**Cash Deals** will show on the Finance screen as follows. The screen will show where the figures come from and the chart directly following will show how the Accounts Receivable portion of the Sales Posting is developed:

The screenshot shows the Finance screen with the following key values:

- Price: 20,212.00
- Options: 0.00
- Trade: 14,200.00
- Payoff: 13,700.00
- Cash Down: 0.00
- Deposit: 0.00
- MFR Rebate: 0.00
- Dealer Rebate: 0.00
- Title & Reg: 0.00
- NOSI: 0.00
- Processing: 69.50
- 30 Day Temp Tag: 18.00
- VSI: 0.00
- KS Tire Tax: 0.00
- Luxury Tax: 0.00
- Veh. Inspection: 0.00
- Other 1: 0.00
- Lien: Cash Deal
- Pymts Per Year: Monthly
- Num of Pymts: 1
- Interest Rate: 0.000
- Prepaid Fee: 0.00
- Sales Tax Rate: 6.3000
- Ext Svc: 1,988.00
- Gap: 0.00
- Aftermarket: 0.00
- Credit Life: None
- A&H: None
- Date Of Sale: 02/20/2003
- Days To First: 0
- 1st Pymt Date: 02/20/2003
- Save Deal As Finance or Cash Sale:
- Abbrev: CASH
- Name: [Empty]
- Address: [Empty]
- City: [Empty] State: [Empty]
- Zip: [Empty]
- Phone: [Empty] Ros: [Empty] And: [Empty]
- Rsv Method: % Amt Financed
- ACT Calendar:
- Retention: 0 Odd Days: Yes
- Lender: [Empty]
- Ins: [Empty] ExtSvc: [Empty] Gap/AlterMkt: [Empty] Disc: [Empty] Aids: [Empty]
- Payment: 22,295.88
- Final Pymt: 0.00
- Pickups: 0.00

The following chart will show the Accounts Receivable portion of the Posting Journal Entry and the source of the information in the Finance Screen.

Source in Finance Screen	A/R Posting Description	Account Name	Amount
Payment	Cash on Delivery	Cash Clearing	22295.88

**BHPH Deals** will show on the Finance screen as follows. The screen will show where the figures come from and the chart directly following will show how the Accounts Receivable portion of the Sales Posting is developed:

The screenshot shows the Finance screen with the following key values:

- Price: 2,995.00
- Options: 0.00
- Trade: 0.00
- Payoff: 0.00
- Cash Down: 380.00
- Deposit: 0.00
- MFR Rebate: 0.00
- Dealer Rebate: 0.00
- Title & Reg: 0.00
- NOSI: 4.00
- Processing: 69.50
- 30 Day Temp Tag: 18.00
- VSI: 0.00
- KS Tire Tax: 0.00
- Luxury Tax: 0.00
- Veh. Inspection: 0.00
- Other 1: 0.00
- Lien: INNOVATIVE AUTO SALES
- Pymts Per Year: Monthly
- Num of Pymts: 22
- Interest Rate: 18.990
- Prepaid Fee: 75.00
- Sales Tax Rate: 6.8000
- Ext Svc: 0.00
- Gap: 0.00
- Aftermarket: 0.00
- Credit Life: Joint Life
- A&H: Joint 14day Retro
- Date Of Sale: 04/05/2003
- Days To First: 45
- 1st Pymt Date: 05/20/2003
- Save Deal As Finance or Cash Sale:
- Abbrev: IAS
- Name: INNOVATIVE AUTO SALES
- Address: 330 S BALTIMORE
- City: DERBY State: KS
- Zip: [Empty]
- Phone: [Empty] Ros: [Empty] And: [Empty]
- Rsv Method: BHPH
- ACT Calendar:
- Retention: 100 Odd Days: Yes
- Lender: [Empty]
- Ins: [Empty] ExtSvc: [Empty] Gap/AlterMkt: [Empty] Disc: [Empty] Aids: [Empty]
- Payment: 177.96
- Final Pymt: 0.00
- Pickups: 0.00

The following chart will show the Accounts Receivable portion of the Posting Journal Entry and the source of the information in the Finance Screen.

Source in Finance Screen	A/R Posting Description	Account Name	Amount
+ Price			2995.00
+ Options			0.00
- Trade			0.00
+ Payoff			0.00
- Cash Down			380.00
- Deposit			0.00
-Pick Up Payments			0.00
- MFR Rebate			0.00
- Dealer Rebate			0.00
+ Insurance Payable/Comm			4.00
+ NOSI			263.88
+ Sales Tax			213.49
+ Processing			144.50
+ 30 Day Temp Tag			18.00
	Amount Financed	Accounts Receivable- BHPH	3258.87
Cash Down	Cash on Delivery	Cash Clearing Account	380.00

Since **Pick Up Payments** can be placed on any deal and are accounted for separately, we will show only the portion of the Sales Posting entry that is added to any of the entries shown above.

The screenshot shows a finance software interface with various input fields for deal details. The 'Payment' section is highlighted in blue, showing 'Payment' at 0.00, 'Final Pymt' at 0.00, and 'Pickups' at 967.28. The 'A/R Posting Description' field is set to 'Pick Up Payments'. Other fields include Price (2,692.00), Options (0.00), Trade (0.00), Payoff (0.00), Cash Down (2,000.00), Deposit (0.00), MFR Rebate (0.00), Dealer Rebate (0.00), Title & Reg (0.00), NOSI (0.00), Processing (69.50), 30 Day Temp Tag (18.00), VSI (0.00), KS Tire Tax (0.00), Luxury Tax (0.00), Veh. Inspection (0.00), Other 1 (0.00), Lien (Cash Deal), Pymts Per Year (Monthly), Num of Pymts (1), Interest Rate (0.000), Prepaid Fee (0.00), Sales Tax Rate (6.8000), Ext Svc (0.00), Gap (0.00), Aftermarket (0.00), Credit Life (None), A&H (None), Date Of Sale (04/19/2003), Days To First (0), and 1st Pymt Date (04/19/2003). The 'Save Deal As Finance or Cash Sale' checkbox is checked, and the 'Rsv Method' is set to '% Amt Financed'. The 'ACT Calendar' checkbox is also checked. The 'Retention' is set to 0, and 'Odd Days' is set to Yes. The 'Lender' section includes 'Ins', 'ExtSvc', 'Gap/AfterMkt', 'Disc', and 'Aids'. The 'Payment' section includes 'Balloon', 'Rollback', and 'Recap' buttons. The status bar at the bottom shows 'User - IDS User' and 'Wed, Mar 03, 2004 01:34 PM'.

Source in Finance Screen	A/R Posting Description	Account Name	Amount
Pickups	Pick Up Payments	Accounts Receivable Pick ups	967.28

### Entry of Receipts

By looking at how things are posted you can begin to see pattern that will assist in the entry of receipts.

### Cash on Delivery

For Receipts that would be considered **Cash on Delivery**, (such as Deposits, Cash Down or Cash



Deal Payments, Dealer Rebates and Manufacturers Rebates) should be entered as follows. .

1. In the F&I Module
2. Go to Recall, find and highlight the persons name
3. Click on the “Finance” tab (the Finance tab is shown below)

4. Click on the  $\Sigma$  button next to the Deposit Box, the following screen will appear.

5. Enter the “Cash Amount” collected
6. Enter the “Method” of Payment
7. Enter “Check No” if applicable
8. Click the “Print Receipt” button. When you “Print Receipt” it records the receipt in the “Cash Clearing” account and the “Un-deposited Funds” account, plus cancels out the corresponding receivable.

\*\*\*\* The preparation of deposits is a step that will be reviewed later in this section.

## BHPH & Pick Up Payments

For BHPH Payments and Pick Up Payments the following procedures should be followed.

Receipts can be recorded in two ways.

1. Entry through the F&I module, collections tab
2. Entry through the collections button

### Collections through the F&I Module

1. Enter the “F&I” module, the “Recall” tab and highlight the customers name making the payment or the account number.
2. Click the “Collections” tab and the following screen will appear.

The screenshot shows the 'Collections' tab in a software interface. The account number is 1001, customer name is BHPH John, and the status is 'Active: 10 Days Late'. The 'Now Due' amount is 1394.00. The promise is 'Promise 8/14/03 Come in and make payment, bring up'. The summary section shows a loan amount of 4154.22, a balance of 3056.22, and a payment of 1394.00. The status is 'Active' and 'Charge Interest' is checked. The payment date is 09/08/2003.

Field	Value
Acct No	1001
Name	BHPH John
Home	8164443214
Work	8163614568
Status	Active: 10 Days Late
Now Due	Now Due 1394.00
Promises	Promise 8/14/03 Come in and make payment, bring up
Notes	
Loan Amount	4154.22
Balance	3056.22
Interest Rate	21
Written Off	0
Pymt Schedule	WEEKLY
Pickups Balance	0.00
Payments Made	2420
Principle Paid	1143
Pickup Paid	0
Interest Paid	1067
Unpaid Interest	0
Taxes Paid	0
Late Fee Paid	210
Status	Active
Source	
Type	Simple Interest
Num Pymts Made	12
Initial Exposure	19999999999
Finance Charge	941.78
Next Pymt Date	8/29/03
PrePaid Principle	0
Last Payment	800
Last Pymt Date	8/14/03
Charge Interest	<input checked="" type="checkbox"/>
Deferred Pymts	<input type="checkbox"/>
Grace Period	3 Days
Late Percent	5
Min Late Fee	5
Max Late Fee	20
Close Date	
Loan Cost	

3. Click on the “Take Pymt” button and the following screen will appear. Note: Boxes in blue can not be changed. Any information that needs to be changed in those boxes will need to be changed in other places.

The screenshot shows the 'Payment' screen. The account number is 1001, customer name is BHPH John, and the status is 'Active: 10 Days Late'. The 'Now Due' amount is 1394.00. The promise is 'Promise 8/14/03 Come in and make payment, bring up'. The payment date is 09/08/2003. The 'Take Pymt' button is highlighted. The loan information section shows a due date of 8/29/03, a regular payment of 49, a frequency of WEEKLY, a last payment of 8/14/03, a balance of 3056.22, and a payoff of 3,225.18.

Field	Value
Account#	1001
Customer	BHPH John
Vehicle	81213A 1993 2500
Status	Active: 10 Days Late
Now Due	Now Due 1394.00
Promises	Promise 8/14/03 Come in and make payment, bring up
Notes	
Payment Date	09/08/2003
New Charges	0.00
Base Payment	1,269.00
Prepaid Principle	0.00
Pickup Payment	0.00
Late Fee	125.00
Late Paid	125.00
Payment	1,394.00
Method	
Receipt	
Next Pymt Due	2/26/04
Due Date	8/29/03
Regular Pymt	49
Frequency	WEEKLY
Last Payment	8/14/03
Balance	3056.22
Payoff	3,225.18

4. Enter the "Payment Date"
5. Enter any "New Charges" (new charges will not increase the base payment but will decrease the amount of principle to be paid down).
6. Enter the "Base Payment" the base payment is the amount is to be paid not including late fees. When the screen appears it will automatically show the "Base Payment" as of the current date. Determining the payment amount can be done in a number of different ways.
  - a. Note that in this example the individual is way behind in making payments, but when the customer comes in he only has \$500.00. To figure that amount that would be applied to the base payment and the amount of late fees to be paid enter the \$500.00 in the "Payment" box and the system will calculate both the "Base Payment" and the "Late Fee" that is being paid.
  - b. Say for this example the customer does not have the full amount but wishes to pay \$500.00 toward the "Base Payment" and asks what fees he owes. By entering the \$500.00 in the "Base Payment" box the system will calculate the amount of fees and the total amount to be paid. The total payment will show in the "Payments" Box.
7. Enter any "Prepaid Principle" (prepaid principle is the amount paid in advance or over and above the normal payment). No interest is calculated on these payment the total amount is deducted from principle).
8. Enter the applicable "Pickup Payment", the pickup payment will normally show in this box on the date it is due.
9. Enter the "Late Fee", the late fee will normally calculate on the amount of base payment for any late payments. If you choose to reduce the fee manually then you are choosing to not collect that fee, the fee does not accumulate but calculates on the amount of principle due. For example the customer wishes to pay \$500.00 of the base and \$25.00 of the late fees. In this case you would enter \$500.00 in the "Base Payment" box and \$25.00 in the "Late Fee" box. The "Payment" will calculate as \$525.00. If however you choose to reduce the late fee to \$ 5.00 then the payment would be \$505.00 and you would not ever collect the \$20.00's in late fees.
10. The total payment will appear in the "Payment" box or you can enter the amount that the customer is going to pay in this box and it will figure the base payment and the late fees if applicable. See entering "Base Payment" above for examples of how the system calculates.
11. Enter " Method" of payment, this would be the cash, check or charge.
12. Enter the "Receipt" this would be a reference number such as a check number or transaction number of credit card or the receipt number given for a cash payment.
13. The "Next Pymt Due" date will automatically figure or can be entered manually.
14. Once entry is complete click on "Post Payment" button.

Collection through Collections Button:

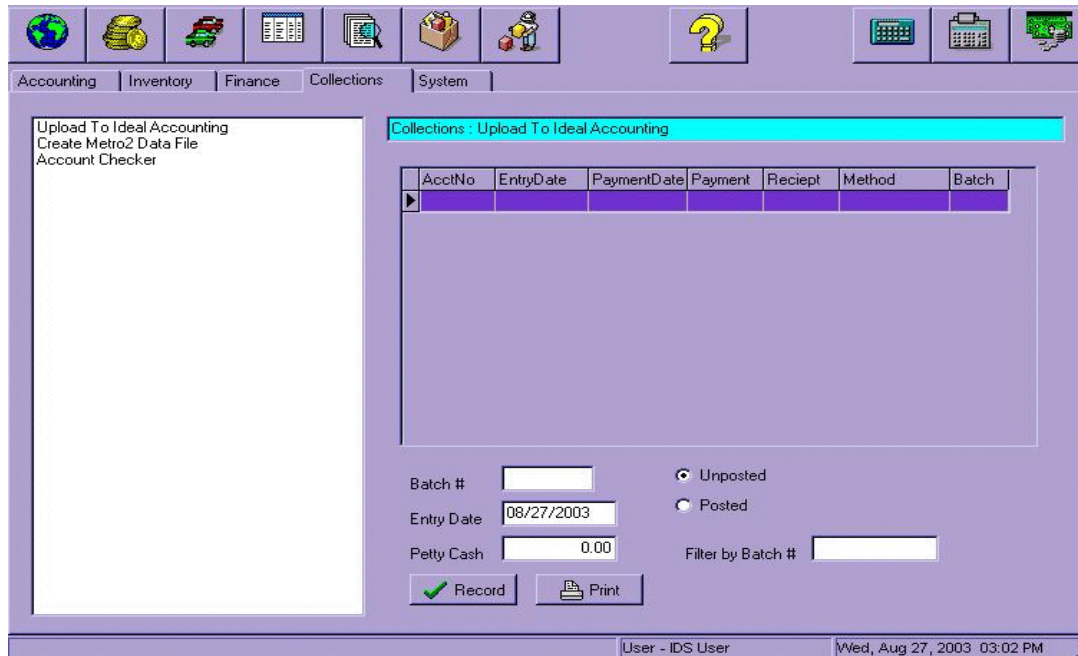
1. Click the Collections button.
2. Choose the "Account#" (drop down menu)
3. Follow steps 3-14 under Collection through F&I module above.

**Upload to Ideal Accounting** - This screen is used by the accountant or bookkeeper to record the daily collection of BHPH payments. This procedure will move the receipts out of the "Cash Clearing" account and into the "Undeposited Funds Account", use the information from this procedure to reconcile your bank deposits and enter them into the accounting system (The



preparation of deposits is a step that will be reviewed later in this section).

1. Enter the “Utilities” module, “Collection” tab and click the “Upload to Ideal Accounting” option. The following screen will appear.



2. As payments are made on BPH transactions the entries transfer to this screen to await deposit preparation and posting by the bookkeeper. To record the deposit of these funds or the addition to petty cash you will enter the “Batch #”. The batch number may be the deposit number if other fund receipts are being included in the same deposit, or you may have developed another tracking number.
3. Enter the “Entry Date”
4. Enter the amount to be held out of the deposit in “Petty Cash”
5. Click “Record” to post the transactions to the General Ledger. You can choose to print the transaction by clicking the “Print” button.
6. To print or view a selected transaction by choosing whether the item has been posted or unposted and enter the batch number in “Filter by Batch#” Then you can choose whether to view or print.

### **Receipts for Bank Financing**

When the Banks that the dealership (example: Bank Haven) sets up financing arrangements for, send a check or a wire transfer to cover the amount financed on a Loan Contract, the following procedures should be followed to enter the Receivable. This same procedure would also be used for receipts for Misc Sales and Floorplans.

Accounts Receivables holds the amount the bank owes, allows you to post received payments, and analyze them by due date. Accounts receivable is generated by Vehicle Sales, Misc Sales and the Floorplan screens.

The following is a representation of the Accounts Receivable screen.



**Accounts Receivable**

Deposit To  Date  Deposit #

Find Vendor  Deposit Amount

Balanced

Invoice/Date	Vendor / Description	Amount Due	Amt Recvd	CheckNo	W/O Bal
7/18/03	DiamlerChryslerLLC Jones Bill D1072 2002 DODGE CARAVA...	\$35,798.39	\$0.00		<input type="checkbox"/>
7/21/03	DiamlerChryslerLLC Rollinginit Johnny D1061C 1996 CHRYSL...	\$5,190.95	\$0.00		<input type="checkbox"/>
7/21/03	Intrust Bank James Robert D1066A 2001 DODGE 150...	\$18,281.73	\$0.00		<input type="checkbox"/>
7/24/03	Mfr Rebate Kaufman Andy C296 2002 CHRYSLER P...	\$1,000.00	\$0.00		<input type="checkbox"/>
7/24/03	Mr. Trim	\$45.00	\$0.00		<input type="checkbox"/>
7/17/03	St. Louis Auto Auction Inception Entry D1299 2002 Tracker	\$19,500.00	\$0.00		<input type="checkbox"/>

Pending / Received

User - IDS User    Thu, Jul 24, 2003 04:04 PM

1. In "Deposit To" enter the account number for "Undeposited Funds"
2. The "Deposit Date" will automatically enter the current date, (changes can be made if the deposit date is different from the entry date).
3. Enter your "Deposit Number"
4. Enter the amount being applied to this particular receivable.
5. Locating the specific Accounts Receivable to be paid can be accomplished in two ways.
  - a. In the "Find Vendor" box enter the first letter of the Vendors name and hit enter key. The program will highlight the first accounts receivable entry for the customer or vendor in the invoice grid. In cases where more than one entry is due for a vendor, you will search the list of entries for the specific entry in question.
  - b. Scroll through the Invoice grid to locate the specific entry.
6. Enter the amount to be applied in the "Amt Recvd" column and the check number in the "CheckNo" column for the invoice being paid. If multiple invoices are being paid, enter the amounts that apply to each invoice. (Note: Only the unpaid invoices are displayed in the Invoice grid.)
7. If the entered vendor "Received" amount equals the total "Amt Recvd" entered in the invoice grid then the "Out of Balance" field will display 0.00 and the "Record" button will become active. Double check your entries and make sure the amounts are entered for the correct invoices. Once everything is correct click "Record" to post.

The "W/O Balance column is only checked when the balance of the receivable will not be paid and you want to write off the remaining invoice amount.

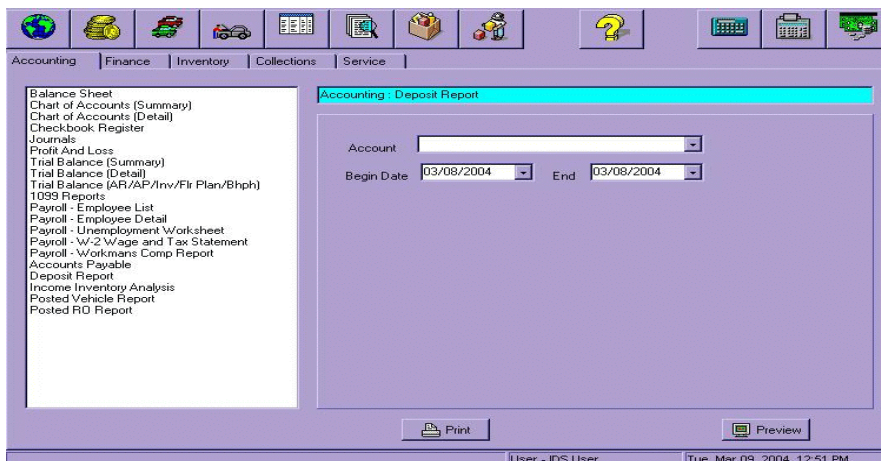
## Deposits

The deposit screen located in the Check Book is recording all deposits to the Cash, Bank and Investment account. This procedure will reconcile and record the deposits to the bank for receipts currently recorded in “Undeposited Funds” This procedure will also contain instructions on recording the receipt of monies not associated with the sale of a vehicle or service. This would include such things as reimbursement for or overpayment of expenses, and recording loans from stockholders and banks for general expense.

### Preparation of Deposits for Receipts Associated with the Sale of Vehicles or Service

It is important to find any mistakes or error entries before that actual deposit is made in the bank. Therefore this section will assist you in making sure that the entries have been made and made correctly in the accounting system before the deposit is made. It will also assist you in making out the deposit slips.

1. Each morning prepare the deposit for all receipts collected the previous day. Begin by entering the Reports Module/Accounting Tab and run the Deposit report. To run the report, the instructions below.
  - a. In the Report Module/Accounting Tab/Deposit Report the following screen will appear.



The screenshot shows a software interface for generating a deposit report. At the top, there is a menu bar with icons for various functions and a navigation bar with tabs for Accounting, Finance, Inventory, Collections, and Service. The Accounting tab is selected. On the left side, there is a list of report options, including Balance Sheet, Chart of Accounts, Journals, Profit And Loss, Trial Balance, 1099 Reports, Payroll, Accounts Payable, and Deposit Report. The Deposit Report option is highlighted. The main area of the window is titled "Accounting - Deposit Report" and contains a form with the following fields: "Account" (a dropdown menu), "Begin Date" (set to 03/08/2004), and "End" (set to 03/08/2004). At the bottom of the window, there are "Print" and "Preview" buttons. The status bar at the very bottom indicates the user is "User - IDS User" and the date/time is "Tue, Mar 09, 2004 12:51 PM".

- b. Enter the Dates that cover the period of time the receipts to be deposited were collected. Example: If today is 03/08/04 and deposits are done each morning for the previous days receipts, the dates entered would be Begin Date 03/07/04 and End of 03/07/04.
    - c. Press the “Preview” button to view the report and then print in the preview screen or press the “Print” button to print the report.
    - d. Compare the amount showing on the “Deposit” report to the amount you have counted for the Deposit ticket.
    - e. Identify any differences. If you find that a check was not entered, go to the appropriate place and enter it. If you find that the cash figures do not correspond then, talk to the people who worked the previous day to try and identify what needs to be corrected. Make necessary corrections and rerun the report.
    - f. File the deposit reports with a copy of the deposit slip received from the bank attached to it.

## Preparation of Deposits for Receipts not Associated with the Sale of Vehicles or Services

There are a number of reasons that you might have deposits not associated with the sale of vehicles or services, and each one needs to be treated based upon the reason for the deposit. Below we will go over a few of the situation that you might run into, show you how to develop the entry to record the transaction, and then how to record the deposit in the system. If you find that the you have received monies, and you are unclear or have questions as to how to enter them, please contact Michelle at Innovative Dealer Services, Inc. and she will instruct you as to how the enter the transaction.

**Reimbursement of Expenses for Overpayments, Credits or Rebates-** On occasions you will for examples, receive checks from your A/P vendors as a repayment for overpayments, or a credit for a part that was returned, or a correction in billings, or as rebates. In these cases, all are entries associated with the reimbursing of expenses that were paid out. Therefore, you will need to research how the original entry was made for the payment out.

1. Take for example, the phone company is giving you a rebate of \$50.00 because you paid your bill on time for the last year. When the check is received you will look up the entry made when the last phone bill was paid. To research the entry:
  - a. Enter the Reports Module/Journal Button and the following screen will appear.

The screenshot shows the 'Accounting: Journals' window. The 'Journal' dropdown is set to 'Disbursements'. The 'Begin Date' is '01/01/2004' and the 'End Date' is '01/21/2004'. A 'Memo1' text box is present. At the bottom, there are 'Print' and 'Preview' buttons. The status bar at the bottom indicates 'User - IDS User' and 'Mon, Mar 15, 2004 11:25 AM'.

- b. Disbursement should be chosen in the box next to Journal.
- c. Enter the “Begin Date” and “End Date” for the period of time that you believe the last payment was made to that particular vendor.
- d. Click on the “Preview” button and a report similar to the one on the next page will appear. Find the entry in question. For this example the following entry was made to pay the phone bill.

	10075	BankHaven	BankHaven	0.00	89.10
	34000	Insurance - Liability	Insurance - Liability	89.10	0.00
DJ	01/21/2004	SBC			MONTHLY TELEPHONE BILL
	10075	BankHaven	BankHaven	0.00	300.10
	88900	Telephone	Telephone	300.10	0.00
DJ	01/21/2004	CARNERBANK			LOAN #2005617-CAMILLO ANAYA VAZQUEZ PAYOFF
	10075	BankHaven	BankHaven	0.00	21,829.58
	70700	Payoff on Loans	Payoff on Trades	21,829.58	0.00
			Total:	201,315.08	201,315.08



# Disbursements Journal Report

Innovative Auto Sales

Beginning : 01/01/2004 To: 01/21/2004

March 15, 2004 11:51 am

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Src	Date	Acct #	Account Name	Ref Num	Desc	Debit	Credit
DJ	01/21/2004	Amerincan National 10075 BankHaven 20100 A/P		0			
					FISCHER JESSE 139248 1995 I	0.00 267.63	267.63 0.00
DJ	01/21/2004	MID AMERICA AUTO AUCTION 10075 BankHaven 15000 Inventory			00 HONDA CRV 000138		
					BankHaven Inventory	0.00 6,960.00	6,960.00 0.00
DJ	01/21/2004	MID AMERICA AUTO AUCTION 10075 BankHaven 15000 Inventory			01 BEETLE 467962		
					BankHaven Inventory	0.00 8,640.00	8,640.00 0.00
DJ	01/21/2004	MID AMERICA AUTO AUCTION 10075 BankHaven 15000 Inventory			03 FORD TAURUS #207720		
					BankHaven Inventory	0.00 9,590.00	9,590.00 0.00
DJ	01/21/2004	FORD MOTOR CREDIT 10075 BankHaven 20200 Payoff on Trades			DONNA CRANE		
					BankHaven Payoff on Trades	0.00 1,000.00	1,000.00 0.00
DJ	01/21/2004	JAN KENNEDY 10075 BankHaven 66000 License Fees & Per			RENEWAL		
					BankHaven License Fees & Per	0.00 68.72	68.72 0.00
DJ	01/21/2004	KDR 10075 BankHaven 66000 License Fees & Per			DEALER LICENSE RENEWAL		
					BankHaven License Fees & Per	0.00 988.00	988.00 0.00
DJ	01/21/2004	KG&E 10075 BankHaven 69925 Utilities			UTILITY BILL		
					BankHaven Utilities	0.00 772.50	772.50 0.00
DJ	01/21/2004	FEDERATED INSURANCE 10075 BankHaven 64000 Insurance - Liability					
					BankHaven Insurance - Liability	0.00 83.70	83.70 0.00
DJ	01/21/2004	FEDERATED INSURANCE 10075 BankHaven 64000 Insurance - Liability					
					BankHaven Insurance - Liability	0.00 89.10	89.10 0.00
DJ	01/21/2004	SBC 10075 BankHaven 69900 Telephone			MONTHLY TELEPHONE BILL		
					BankHaven Telephone	0.00 300.10	300.10 0.00
DJ	01/21/2004	CORNERBANK 10075 BankHaven 20200 Payoff on Trades			LOAN #2005617-CAMILO ANAYA VAZQUEZ PAYOFF		
					BankHaven Payoff on Trades	0.00 21,829.58	21,829.58 0.00
Total:						<u>201,315.08</u>	<u>201,315.08</u>



e. The journal entry to enter the phone bill for payment was

<b>Account Number</b>	<b>Account Name</b>	<b>Debit</b>	<b>Credit</b>
10075	BankHaven		300.10
69900	Telephone	300.10	

Therefore the entry to deposit the refund should be a reverse of the accounts as follows.

<b>Account Number</b>	<b>Account Name</b>	<b>Debit</b>	<b>Credit</b>
69900	Telephone		50.00
10075	BankHaven	50.00	

f. Next you would go to Accounting Module/Make a Deposit Button. The following is the “Make Deposit” screen for this example.

1. Enter the “Account” (Drop down menu)(debit side of entry) this is the asset account where the deposit is to be posted.. The “Balance” field will automatically show the bank balance of the account. For this example the BankHaven account was entered.
2. Enter the “Deposit #” This is a manually generated number that will allow you to match the total deposit to the bank statement. For this example 101 was entered.
3. Enter the “StockNo” if this is a deposit on a vehicle sale Not Applicable to this example.
4. The “Date” field will automatically show the current date, make change if deposit is made on a different date. For this example 01/31/04 was entered.
5. Enter the “Payer” (Drop down menu) The payer can be manually entered if they do not appear on the Vendor list. For this example SBC was found in the Vendor List.
6. Enter the “Amount”, for this example \$50.00 the amount of the refund check was entered.

7. “Memo” is for comments about the deposit. For the example the reason for the refund was listed in the “Memo” box.
8. Enter that “Account Number” (Drop down menu) (Credit side of entry) and amount to be applied to that account. Deposit amounts can be applied to more than one account but the total in the account grid must equal the total amount being deposited. For this example the 69900 Telephone account was entered.
9. If the “Out of Balance” field is 0.00 then click the “Record” button to post. The 'Clear All' button removes all entries on this screen. The 'Erase' button removes only the currently selected line in the account grid.

2. In another example, you receive a check from Mid-America Auto Auction, with a note explaining that you have overpaid \$ 459.00 on 2001 Beetle Stock No. 457962. You would follow the same procedure above to find the original entry and reverse the accounts, but you would use a different method to record the deposit because the credit involves an inventory item. The full procedure is as follows.

a. The original entry as found on the previous page was

<b>Account Number</b>	<b>Account Name</b>	<b>Debit</b>	<b>Credit</b>
10075	BankHaven		8640.00
15000	Inventory	8640.00	

b. The entry to deposit the refund would be as follows

<b>Account Number</b>	<b>Account Name</b>	<b>Debit</b>	<b>Credit</b>
15000	Inventory		459.00
10075	BankHaven	459.00	

c. To record the entry go to Inventory Module/Value Tab and highlight the Vehicle involved and click on Apply Cost. The following screen will appear.

The screenshot shows a software window with the following fields and values:

- Vehicle: 467962 2001 BEETLE 3VWCD21C1M467962
- Inv Acct: 15000 Inventory
- Date: 01/25/2004
- Description: Reimburse Overpayment
- Accounts Payable | Write Check | Floorplan | Adjust Cost
- Account: 10075 BankHaven
- Payable To: MID AMERICA AUTO AUCTION
- Invoice#: (empty)
- Check No: 0
- Amount: -459.00
- Base Cost
- Buttons: OK, Cancel, Help

d. Click on the “Write Check” tab and fill out the check as the screen above shows. Note that in the amount box a **-459.00** has been entered. This will record the deposit of the check. Also Note, that the Base Cost was checked, this is because it is an adjustment to the base cost of the vehicle.



**Receipt of Loans or Notes not Associated with a Vehicle-** At times the general operation of the business will require an influx of cash for things other than the purchase of vehicles. In most cases this would be a loan or note from stockholders or from a bank. Loans and notes are not treated like income, because it is not money that is earned by the business. Since this is money that will have to be paid back to the entity issuing the loan or note, it is considered a payable. When a loan or note is received the following procedure would be followed to record the receipt.

Lets take for example, a stockholder makes a wire transfer into the BankHaven account for \$10,000. You will:

1. Go to Accounting Module/Make a Deposit Button and the following screen will appear.

1. Enter the “Account” (Drop down menu)(debit side of entry) this is the asset account where the deposit is to be posted.. The “Balance” field will automatically show the bank balance of the account. For this example BankHaven has been chosen.
2. Enter the “Deposit #” This is a manually generated number that will allow you to match the total deposit to the bank statement. For this example 102 has been entered.
3. Enter the “StockNo” if this is a deposit on a vehicle sale. This transaction does not involve a “StockNo”.
4. The “Date” field will automatically show the current date, make change if deposit is made on a different date. For this example the date entered is 01/31/04
5. Enter the “Payer” (Drop down menu) The payer can be manually entered if they do not appear on the Vendor list. For this example the name of the stockholder who is loaning the money was manually entered.
6. Enter the “Amount” For this example \$10,000 was entered
7. “Memo” is for comments about the deposit. For this example the memo contains the reason for the receipt of funds.
8. Enter the “Account Number” (Drop down menu) (Credit side of entry) and amount to be applied to that account. Deposit amounts can be applied to more than one account but the total in the account grid must equal the total amount being deposited. For this example the “Account Number” chosen was 27000 Notes to Stockholders and the amount was \$10,000.
9. If the “Out of Balance” field is 0.00 then click the “Record” button to post. The 'Clear All' button removes all entries on this screen. The 'Erase' button removes only the currently selected line in the account grid.

## **Conclusion**

As you finish reading this section you should have a clearer understanding of : 1. The differences between receipts and income, 2. Where the figures that make up the Accounts Receivable section of the Sales Posting come from, 3. How to record the receipts for vehicle and services sales, 4. How to prepare deposits and, 5. How deposits are entered into the system. The importance of accurate record keeping can not be stressed enough, so if you are unclear how to enter something please contact Michelle at Innovative Dealer Services, Inc.