

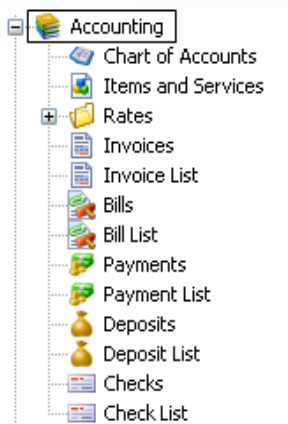
Accounts Receivable Special Procedures

Introduction

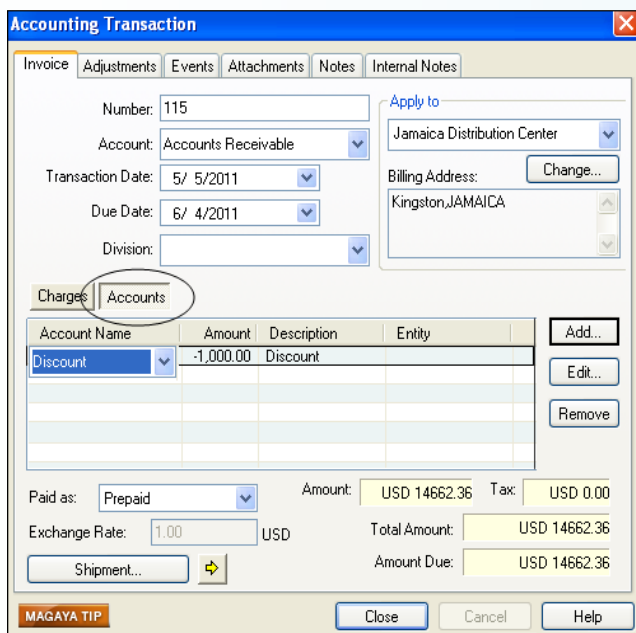
This month's how-to article explains how to perform the following accounting procedures using features in Magaya software version 8.0 (released in July 2011):

- 1) Process a discount for a customer
- 2) Handle bounced checks
- 3) Process wire transfer fees

Former workarounds for previous versions of the software are not needed in version 8.0. All of the following steps can be done from the Accounting folder in your Magaya software.



Processing Discounts



To add a discount to an invoice, follow these steps:

- 1) First create the invoice as you normally would by filling in the fields and adding the charges into the Invoice dialog box.
- 2) Next, click the "Accounts" tab (next to the "Charges" tab) in the Invoice dialog box.
- 3) Click the Add button. Select a discount expense account by clicking in the "Account Name" column. In the dropdown menu, select the expense account for discounts.
- 4) In the "Amount" column, click the space and enter a minus sign and the number; for example, to offer a \$1,000.00 discount, enter -1000.00 in the column.

The Description and Entity columns are optional.

The total will be updated automatically. Click the Close or OK button to save.

Handling Bounced Checks

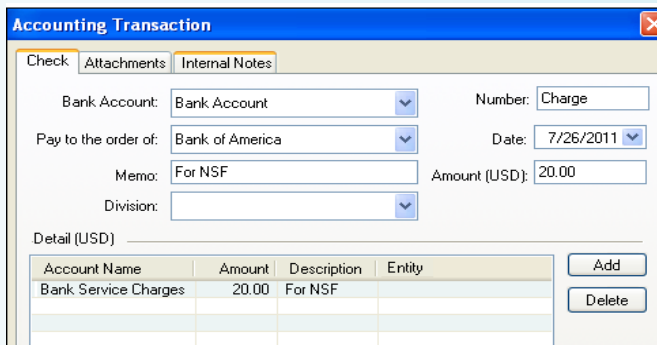
Handling bounced checks in your Magaya system requires two transactions: One records the bank fee, and another creates a new invoice.

Scenario: You have already received the payment, but the check bounced due to non-sufficient funds (NSF).

- 1) Create a Check to Expense:

When you receive the bounced check from the bank, make a "Check to Expense" to record the bank fee.

Make the check payable to the bank for the NSF fee amount (\$20.00).



- 2) Now create another Invoice: Click the "Accounts" tab of the Invoice dialog box as shown here:

Charges			
Accounts			
Account Name	Amount	Description	Entity
Bank Account	1,500.00	Freight charges Invoice 1755	
Bank Service Fee	25.00	For NSF	

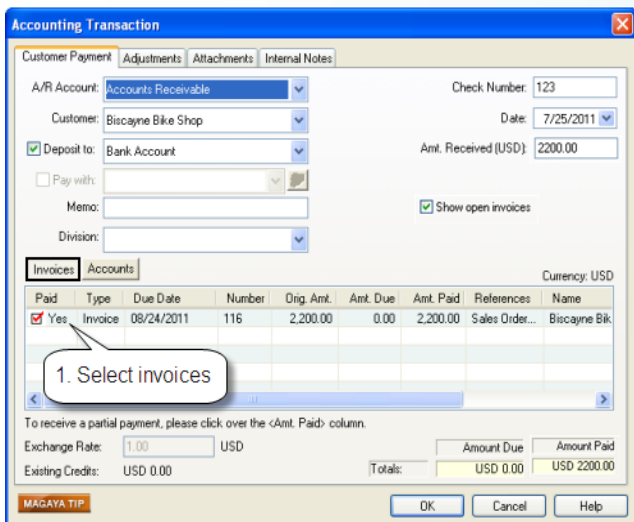
Include the amount that you will charge your customer to cover the fee that the bank charged you (\$25.00), and the amount that the customer paid in the check that bounced (\$1,500.00) that needs to be subtracted from the bank.

The "Bank Service Fee" is the income account in the Chart of Accounts for bank service charges such as this bounced check fee of 20.00. This example shows a fee of \$5.00 added for processing.

Processing Wire Transfer Fees

When you receive a payment via wire transfer, the customer sends the full amount, but the bank charges you a fee for the wire transfer. There are two options to process this: 1) The payment that you receive will show the fee; or, 2) process the payment in full and create a Check to Expense for the wire transfer fee. The choice depends on how your bank charges you. The following example shows how to process option 1:

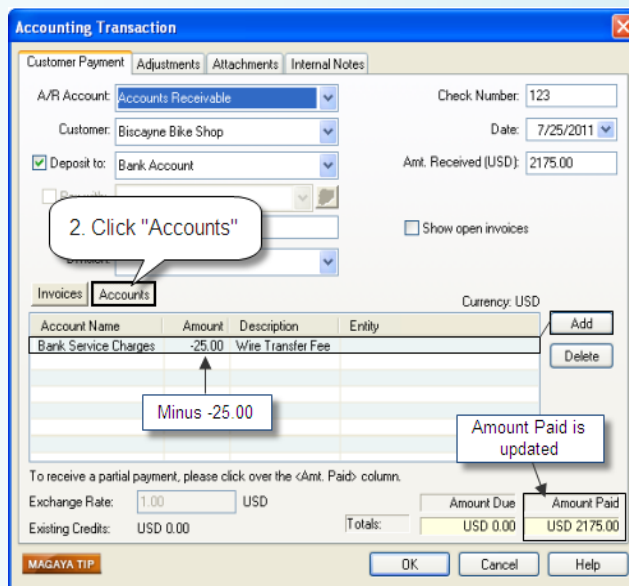
- 1) In the Payment dialog box, click the invoices in the Charges tab that you want to apply the payment to.



Note: Click the checkbox to show open invoices.

- 2) Click the "Accounts" tab (next to the Charges tab).
- 3) Click the "Add" button, and add the information on the line:

Account Name (Bank Service Charges), Amount (this is the wire transfer fee that the bank charged you; this example shows -25.00), and a description (this is optional, but this example shows "Wire Transfer Fee").



The total amount received must equal the amount paid (\$2200.00 minus the fee of \$25.00 = \$2175.00).

Click OK to save.

For more special AR procedures such as keeping track of petty cash in your Magaya system, see the *Magaya Software Accounting Manual*.