

CONTRA

In accounting there are many ways to accomplish one objective. To help with the understanding of contra, I have a recommendation as to how you may handle Contra situations in Accounts Receivable / Payable.

We recommend that you set-up a CONTRA G/L# close to your A/R and CASH CLEA/RING G/L's. This CONTRA G/L account will only be used as a temporary holding account until the Accounts Receivable have been written off.

SITUATION: Vendor # 55555 has sent you a statement for \$5,000.00 and they owe you \$500.00 in open A/R. You Are going to pay this vendor within 10 days and you plan on taking a \$100.00 discount. You and the vendor have agreeded that you should reduce his/her payment by the \$500.00 that they owe you in open A/R.

I'm going to show the example using A/P Manual Check Maintenance but the Manual and Voucher maintenance is so similar that you should be able to work with both using this one example.

A/P Manual Check Maintenance		A/PVMNT		
Batch: STEVE		Voucher Detail		
Edit: 001				
*Vendor: 55555		*P.O.: 00000 - 0 Check#: 00123		
Invoice: 654		Invoice amount: 4500.00 Invoice date: 082095		
A/P description: _____				
Discount amount: 100.00 (H)old?				
Seq	Loc	G/L number	Amount	Dsc
01	01	4805 0000	ADVERTISING	5000.00
02	01	1250 0000	Contra Account	500.00-
03				

[Fig 1-1]

Cash Receipts Entry

Enter Cash Amount: 0

Enter Check Number: CONTRA

Enter Customer Number: 00157 <Enter>
-OR-
Hit CMD 12 for SeA/Rch

MISCELLANEOUS CASH

Enter G/L Number: _____
Optional Message: _____

Deposit Date: 8/16/95

Deposit Total Posted So FA/R: \$.00

[Fig 1-2]

The next screen you will need to select which open A/R you wish to credit with the contra amount.
Select F6 to write off invoice.

CASH01 - 03
00157 Cash Receipts Entry H
BOB'S WELDING SERVICE Check# CONTRA Cash Date 8/16/95

Sq#	Inv. #	Inv Date	Orig. Amt	Sls Tax	Amt. Due	Check #
01	878787	3/03/87	500.00		500.00	
02	444444	3/06/87	449.36	21.40	249.36	
03	210795	6/12/87	1690.50		1690.50	

Seq: 01 Invoice No: Amount To A/Pply: 000000 Change Cust #:
Check Amt .00
Allocated .00 **F6=Write Off One Invoice** F9=Cash Left on Acct
Cash Left .00 F18=Write Off ALL Invoices F24=More Options

[Fig 1-3]

When you select the F6 to write off one invoice, this next screen jumps up and asked for the G/L# to use and you will put your CONTRA G/L#. making sure the amount is correct. If the contra will not pay off the A/R completely you may put a lower number. If you wish to pay more than one A/R then you can by repeating the above steps till you credit the full amount of the contra.

General Ledger Account No.: 01 1250 0000
CONTRA

Amount: 50000
Description: Contra vnd# 55555

[Fig 1-4]