

INSTALLMENT BILLING

Understanding installment billing.

You must create an installment bill for each item number. If a customer wishes to purchase several items on installment we suggest you create a "Bill of material" for this sale. At the time the sale is made the system will generate a bill that is due 30 days from today. The next bill will be automatically when: The bill goes over 30 days and at the time you run close. Example: If a customer gets an installment billing on Jan 9th, a bill will be generated on Jan 9th. When you run Jan month end close a bill will not be generated because it has not gone past 30 days. When you run Close on Feb. 28th/29th a bill will be generated. If you want the bills to generated faster you can do them manually by going into the Bill menu using option 15. This will call for all bills that have gone over 30 days as of today's date and generate an invoice. If you do several installments billings you may want to call for the invoices every Friday. That way if one is due it will kick out an invoice, if it is not due it will do nothing.

GL's effected:

1. When a sale is made, the packing slip is released, registers are called for, the following takes place.
 - a. On-hand quantity is reduced.
 - b. Sales is credited for the full amount of the sale.
 - c. Inventory is credited for the full amount of the cost.
 - d. Cost of goods is debited
 - e. Notes Receivable is debited.
2. If a down payment is made at time of purchase:
 - a. Notes receivable is credited
 - b. Cash in bank is debited.
3. When a bill is created each month:
 - a. Notes receivable is credited for the amount of that bill.
 - b. Accounts Receivable is debited for the amount of that bill.
4. When payment is received:
 - a. A/R is credited by the payment amount
 - b. Cash in bank is debited.

In the event a customer decides next week that they do not want the Machine, below is the way to remove/delete the installment billing process.

1. Create a bill for the full amount \$2,450.00 (machine = \$2,000.00 + Interest \$450.00) shipped 1<F->. This will put the inventory back in stock.
2. Use EQPRCHUP to call up cust# and Item# then use <F4> to delete it. This will prevent any more bill from being generated.
3. Use the credit that was generated in step 1 to pay off any bills in his AR and write off the balance generated against the notes receivable account.

If a customer wants to pay off an installment billing early do the following:

1. Bill him for the balance using an item # whose product group "Sales G/L#" has your notes receivable account. You may want to create an Item# called INSTPAYOFF using the notes receivable account. Make sure you use purchase group 950 or above.
2. Use EQPRCHUP and delete the record same as step 2 above.
3. Since he is paying off the installment early you may want to give him an interest credit. You need to create an Item# INTCREDIT using a sales GL# in the product group because when you made the sale the full amount went into sales.