Reversing Cash Receipts

After you post cash receipts, you can no longer edit or delete them. So, what happens if you make a mistake?

Hosea Cash, the AR Clerk at Maple Air, is no stranger to mistakes! He knows that if he posts a receipt in error, he must enter a reverse cash receipt transaction. This process cancels the cash receipt and adds the previously paid invoice amount back to the invoice. If the invoice was paid in full, the invoice status changes from closed to open.

Hosea uses the Reverse Cash Receipt window to access posted cash receipts and reverse the total amount. In this course, he'll show us how to search for a receipt to reverse, how to enter the reversal, and then how to review the reversal.

Are you ready to get started? Click the top button!

Topics

- Understanding the Cash Receipt Reversal Process
- Reversing a Cash Receipt
- Reviewing the Reversal in the Customer Tracker

Understanding the Cash Receipt Reversal Process

Before Hosea shows you how to reverse a cash receipt, he'd like you to understand some fundamentals about the reversal process.

The process itself is simple. In the Reverse Cash Receipts window, Hosea will select the cash receipt he wants to reverse. He will confirm the selection. The system will then process the cash receipt, updating the allocated invoice and creating a general journal.

The reversal process creates a receipt that contains a reversing entry. This negative receipt updates the balances of the allocated invoices. The process leaves an audit trail.

The reversal process allows Hosea to apply new cash receipts to the invoices that were previously paid by the original receipt.

Hosea cannot use this process to reverse a miscellaneous cash receipt or a deposit applied to an invoice.

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Reversing a Cash Receipt

Hosea is ready to show the process. He starts by navigating to the Reverse Cash Receipts window.

His next step is to search for a cash receipt. He's looking for one that was posted over a year ago for customer Fred Miller. The allocation was incorrect, and he needs to reverse the receipt.

To open the search, he clicks the Binoculars button. He can select the receipt he wants from the search window. He can use the customer, check number, and bank account as search criteria.

Once he selects a receipt, the system displays the details. The key information includes the customer, check number, amount, and bank account. This one is for Fred Miller, check number 5202, for 600 dollars, in bank account number one.

After confirming that he has found the correct receipt, to reverse it, Hosea moves to the Reverse Date field. He uses the calendar tool to select today's date.

Hosea enters a Reason in the field to the right. The system does not require this, but he wants to enter something to help him remember that he was correcting an error with this transaction.

Now he clicks the Reverse button.

The application displays an Are You Sure message. Hosea clicks Yes. An Information window displays, confirming the reversal. Hosea clicks OK.

To review notes on what you just watched, click or tap below. To continue to the next part of the course, use the right arrow.

Reviewing the Reversal in the Customer Tracker

The reversal is complete, but Hosea likes to check the Customer Tracker to be sure. This is easy to do from the Reverse Cash Receipt window. He'll right-click the Customer ID, select Open With, and then select Customer Tracker. The Customer Tracker opens.

In the Customer field, Hosea enters MILLERFRED and presses Tab. The system retrieves data on Fred Miller, the customer for which Hosea reversed the receipt.

Hosea moves to the Financial > Payments > All sheet and clicks Retrieve.

Note that two entries exist for invoice 10272. One is the initial cash receipt and the other is the reversal that Hosea just posted. The reversal displays a negative payment amount.

Now Hosea moves to the Financial > Invoices > Open sheet. He clicks Retrieve and finds invoice 10272. It is now an open invoice.

Hosea is satisfied that he has corrected the error. Now he can go get lunch.

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Corporate Office	Latin America and Caribbean	Europe, Middle East and Africa	Asia	Australia and New Zealand
804 Las Cimas Parkway	Blvd. Antonio L. Rodriguez #1882 Int. 104	No. 1 The Arena	238A Thomson Road #23-06	Suite 2 Level 8,
Austin, TX 78746	Plaza Central, Col. Santa Maria	Downshire Way	Novena Square Tower A	100 Pacific Highway
USA	Monterrey, Nuevo Leon, CP 64650	Bracknell, Berkshire RG12 1PU	Singapore 307684	North Sydney, NSW 2060
Toll Free: +1.888.448.2636	Mexico	United Kingdom	Singapore	Australia
	Phone: +52.81.1551.7100	Phone: +44.1344.468468		Phone: +61.2.9927.6200