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Infomine



Product	: Macola Progression 7.x , MA1102 , MA1102 Accounts Receivable (A/R)
Release valid	: -
Doc Id	: 00.678.322
Title	: How to Refund Money for Returned Merchandise

Processing cash refunds for deposits made on sales or for sales returns is a process involving a series of steps in Progression. There is no inherent method for processing cash out of AR as all cash payments are done from within AP – if used, or by processing manual payments using journal entries in GL –if AP is not used. This document provides guidance on methods to accomplish this; it is not, however, intended to be all inclusive. Any method currently in use by any given user can be utilized. The key factor is that the process provides proper information to all sub-ledger applications and GL.

There are two aspects to be considered when processing cash refunds for sales: AR must be properly netted of the cash (as well as netting the invoice as required), and the refund itself needs to be processed. This document assumes AP is in use.

If O/E is not involved:

Assumption: a cash deposit was made for an order that is to be billed at a future date. This typically will have a cash receipt for the customer applied to 0 (open credit). An invoice may or may not have been processed into the system.

- In AR, process a check reversal for the cash receipt. This will remove all information relating to the cash receipt from AR and create necessary reversing entries for GL
- If no invoice had yet been processed, nothing else needs done in AR

- If an invoice had been processed and the goal is to net this invoice because customer will not be completing purchase, process a Credit Memo to net the invoice to 0.00
- If an invoice had been processed and the customer will be completing the purchase, and paying in the future, nothing further need be done in AR
- From within AP, process a voucher and issue a check for the customer

There are several options for the AP side of the process. Typically, a customer is not also a normal vendor, and therefore would not be setup as a vendor. If the cash refund would be deemed an isolated incident, the processing the transaction as a miscellaneous vendor would be acceptable. This could be done as a normal voucher that would be selected for payment as part of normal payment routines, or as a prepaid voucher which would process an immediate check. Another option would be to issue a hand written check for the refund and process journal entries for hits to the proper GL accounts and not use AP at all.

If O/E is involved:

OE involvement indicates inventory items have been processed as a part of the sale. The cash refund could be based on an O type order (including a cash deposit) that is being cancelled, but no inventory actually shipped that would need to be returned. It could be based on an order that has been billed and shipped (also including a cash deposit) and still has a balance due or an order that has been paid in full for some time that involves a return of merchandise.

- From within AR process a check reversal to clear the cash information from within AR; this will create necessary reversing entries for the GL accounts impacted by the original cash receipt
- If an invoice has been processed/posted into AR and the customer is intending to complete the sale and more inventory will be shipped to be paid at a future time, only whatever processing is necessary to pick the inventory and ship to the customer would need be done, referencing the invoice already processed
- If the goal is to net the invoice to 0 as the customer is not

intending on completing the sale, process credit memo to net the invoice and any transactions in OE/IM to properly reflect the return of any inventory items

- If there was no invoice that had been processed based on billing an order, then whatever processing steps are necessary to cancel the order or to bill the order at a future date based on re-shipping inventory to the customer would need to be done
- From within AP, process a voucher and issue a check for the customer

There are several options for the AP side of the process. Typically, a customer is not also a normal vendor, and therefore would not be setup as a vendor. If the cash refund would be deemed an isolated incident, the processing the transaction as a miscellaneous vendor would be acceptable. This could be done as a normal voucher that would be selected for payment as part of normal payment routines, or as a prepaid voucher which would process an immediate check. Another option would be to issue a hand written check for the refund and process journal entries for hits to the proper GL accounts and not use AP at all.

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