CREDITOR JOURNALS

Application	ChreosClient – Chreos 3
Module	Creditors
Access	"Creditors | Journal"
Minimum service pack	SP26
This document	Creditor Journals Ref 4.6 Release 1 Published October 2001

Overview

Creditor journals are used for making changes to creditor balances where a Creditor invoice, Inwards goods or Creditor payment is an inappropriate alternative.

Details Displayed

- **Date**. This must be in the current creditor period.
- **Journal #**. This entry point will only be displayed if the journal is to be allocated manually. The entry can be numeric digits only and no reference is made to previous numbers entered. If it is set for automatic incremental entry, the next number as displayed in the "Maintenance | Setup | Documents" screen will be used but not shown here. Refer to the "Setup (9. 1)" information sheet for setting up these options. Uniqueness is not enforced in either instance.
- **Net**. This is a tax exclusive amount. If the amount is entered as a positive value a 'CR' will appear next to it. A 'DR' will appear if it is entered as a negative amount.
- **Tax.** The consumption tax value of the journal entry can be entered manually or left blank if no tax is involved in the transaction. However if you click the [$$$] button the Tax will be calculated automatically based on the entered net value entered at the default Consumption Tax rate. This rate is set in the "Maintenance | Setup | Consumption Tax" screen. The button can not be clicked if the default rate is 0%.
- **Gross.** The total value of the journal entry, being the sum of net and tax, is displayed here.
- **Creditor Search.** This panel displays the creditor search facilities. Refer to the "Creditor Search (1.4)" information sheet.
- **Creditor Detail.** The address, current and total account balance of the top creditor is displayed.

- **Entry Type.** The second side of double entry associated with a journal can have either of two destinations:
  - **General Ledger –** No other debtor in involved. A general ledger account will be selected.
  - **Creditor –** A second creditor account is to have the funds moved from or to it. The creditor will need to be selected.
- **Ledger Account** or **Search For Double Entry Creditor.** This depends on which option you have selected in the Entry Type panel. If you have selected general ledger this panel will display the general ledger search panel. If you have selected Creditor then it will display the creditor search panel. Refer to either the "Account Search (1.6)" or the "Creditor Search (1.4)" information sheets for details of their use.

To Enter A Journal Entry

- Enter the journal entry details.
- Enter the amount details.
- Select the creditor.
- Select the entry type.
- Select either the general ledger account or the double entry creditor that the funds are to be journaled to.
- Click the [Save] button.

What Happens Financially

If the 'Gross' amount is positive the top creditor's account will be increased in value by this amount which means that the amount that you owe them will increase. If this amount is negative then your indebtedness to them is reduced.

If the 'Entry Type' is 'Creditor' then the second creditor's account will move in the opposite direction to the top creditor and by the same amount. In this instance there will be no difference in the tax status as it will simply transfer from one creditor to the other.

If a general ledger account is selected then the net amount will go to that account with the opposite type ('DR' or 'CR') to how it was entered. The tax amount will go to the tax account identified in the "General Ledger | Account linking" screen, again with the opposite type ('DR' or 'CR') to how it is entered in the journal.

When To Use The Creditor Journal

- To enter outstanding creditor values when setting up a new company in Chreos.
- To alter an account when you have decided not to pay the full amount of an account.

- If you receive a prompt payment discount as a journal entry from a creditor.
- To correct a payment that has been entered against the wrong creditor.
- To alter a payment when the incorrect amount was entered.

When Not To Use The Creditor Journal

- When returning stock. In this and all instances where there are stock levels being altered an invoice or credit note will need to be received and processed.

Related Issues

- Use the "Creditor | Pay creditors" screen to allocate a journal against other transactions.

Examples Of Journal Usage

Moving from existing system to Chreos #1

You are moving the accounts of an existing company into Chreos. The company is registered for consumption tax on an invoice basis. You want to enter the figures so that they are aged correctly on a monthly basis. If you are going to start trading in Chreos on 1st October then the debtor module needs to start on 31st July.

Journal in each balance for each creditor. They should be entered as a net amount only with no extra tax content. The 'Entry type' will be 'General Ledger'. The General Ledger account to select should be called something like "Opening balances". Please refer to the "Moving a Company To Chreos (71.4)" information sheet for the full details on the use of this account. The amounts should be entered as positive (CR) except for those creditors which you have debit balances (they owe you) which are entered as negative amounts.

When all the entries are correctly entered the "Creditors | End of period" function can be run.

Moving from existing system to Chreos #2

Using the same parameters as "Moving from existing system to Chreos #1" above except that the company is registered for consumption tax on an payments basis. Everything is done as per that example except that each amount has to be broken down to a net amount and a tax amount so that the gross amount is equal to the aged amount being brought over.

Received prompt payment discount after payment.

You have previously paid all of an invoice except for the prompt payment discount you expect to receive. The discount has now been confirmed. Enter the amount of the discount as a negative amount (DR). If you are going to do this as a tax adjustment as well then the amount would need to be broken up between "Net" and "Tax". If there is no tax issues then the full amount is entered as "Net". The "Entry type" will be "General Ledger" and the account selected is likely to be something like "Discounts received" but as an alternative the actual account that was invoiced against could be selected.

An example of this would be a prompt payment discount from your electricity supplier. You can either select an account to record the amount of discount received or select "Electricity" and reduce the record of the amount spent on electricity.