

Writing Off Bad Debts

If you need to write off a bad debt you can use the following procedure to record the necessary transactions in Avanti.

- 1) First of all record a Journal Credit Note for the relevant customer.
 - i) Open the Customer section, highlight the customer in the list, click **Transactions** and select **Journal Invoice/Credit** (or select **Credit Note** if using the Just Accounts edition). Alternatively select **Tasks > Customer > Journal Invoice/Credit Note** from the main menu.
 - ii) Make sure you select the **Credit Note** option in the top right of the window.
 - iii) In the **Account Ref.** column select the Bad Debt Write-Off account. If you are using the default chart of accounts this has the reference **0100**. If you are not using the default chart of accounts you may need to add a new account for this purpose (select **Records > Financial Accounts** from the main menu) and ensure you give the new account a type of Overhead or Expense.
 - iv) In the Net and VAT columns enter the total net and VAT amounts of all of the invoices that you are writing off.
 - v) Click **Save & Close** to record the credit note transaction.
- 2) Next you need to allocate the credit you entered in Step 1 against the invoices you want to write-off.
 - i) Open the Payment window by selecting **Transactions** and then **Payment** in the Customer section or select **Tasks > Customer > Payments** from the main menu.
 - ii) In Payment window, if the customer is not already displayed then you need to select them using the Customer Ref. box.
 - iii) When the customer is selected their outstanding transactions will be listed. Look for the Credit that you entered in Step 1 and tick the **Pay** box next to it so that it's Status is changed to Allocated.
 - iv) Find the invoices in the list that you are writing off and tick the **Pay** box next to

each one. When all of the invoices are selected ensure that the value in the Payment Balance box is zero and click **Save & Close**.

This process will write the debt off on the customer's record and your debtor's control balance will be reduced also. An expense will be recorded for the bad debt amount on your Profit & Loss. Finally the credit is used to allocate against the invoice(s) you are writing off.