

Cash Receipts Process for recording Warranty, PDI and Service Contract payments from a manufacturer

The following process should be utilized to “pay” invoices that are of the type “WR”, “PD” or “SC”.

Background:

On a weekly basis the dealership will receive a Global Service Payment Statement and/or a Service Contract Claim Payment document. These documents represent the amounts that will show as a credit to the dealership on the month-end Parts Statement from the manufacturer. The dealership does not receive a check as a form of payment for these outstanding invoices. The amounts paid from these statements must be applied against the open invoices for the customers; “Warranty”, “PDI” and “Contract” as found in the Sales and Receivable > Customer master records of the Intec Automotive System software. These invoices are created by the posting of repair orders from the dealerships service department. The process outlined below will provide for the reconciliation of the credits (payments) reflected on the monthly Parts Statement from the manufacturer as well as reducing the open receivable for the referenced customers.

Explanation of process:

Menu: **Sales & Receivables**

Selection: **Cash Receipts Journal**

Batch Name: **Warranty** (*this may not be the current selection, if a different batch name is showing use the up arrow next to the batch name and select Warranty from the list provided*)

The following columns should appear on the journal input form.

Posting Date
Document Type
Document No.
External Document No.
Account Type
Account No.
Description
Applies to Document Type
Applies to Document No.
Amount
Balance Account Type
Balance Account No.

If a particular column is not on the form it can be added by the following process:

1. From the Menu line select VIEW
2. On the View Menu select Show Column
3. Place a check mark next to each of the field names you want to appear on the journal input form. Remove the check mark next to any field you do not want to appear on the journal input form
4. Select the OK button on the bottom of the form to confirm and add or remove your selections.
5. Arrange the columns as listed above by placing your mouse in the column’s heading

and while holding down the left mouse button slide the field to the location in the order of the fields above.

The first line and columns of the journal should be filled in as follows:

Posting Date = Cycle Date found on Global Service Payment Statement
Document Type = Leave Blank
Document No. = Cycle Number from Global Service Payment Statement (i.e. 2002-08-4)
External Document No. = same as Document No.
Account Type = Select Vendor or type a "V"
Account No. = 1033
Description = auto filled based upon the Account Type and Account No. information
Applies to Document Type = leave blank
Applies to Document No. = leave blank
Amount = Enter the full amount of the Global Services Payment Statement, entered as a positive amount.
Balance Account Type = defaults to G/L Account
Balance Account No. = leave blank

Enter one journal line for each statement line as follows:

Posting Date = Cycle Date found on Global Service Payment Statement
Document Type = Leave Blank
Document No. = Cycle Number from Global Service Payment Statement (i.e. 2002-08-4)
Account Type = Select Customer or type a "C"
Account Number = Customer Number: PDI, WARRANTY, or CONTRACT as appropriate
Description = auto filled based upon the Account Type and Account No. information
Applies to Document Type = Invoice or type an "I"
Applies to Document No. = F6 for list of unpaid invoices. Select the invoice document that matches the RO number or VIN number from the Global Service Payment Statement.
Amount = automatically fills in the amount based upon the selection from the **Applies to Document No.** This amount will be entered as a negative amount.
Balance Account Type = defaults to G/L Account
Balance Account No. = leave blank

Once the journal is in balance and all lines from the specific payment statement have been entered a "Test" report needs to be printed and the journal needs to be posted.

The following steps are used to print a "Test" report.

1. Select from the bottom of the form the "Posting" button
2. Select "Test Report"
3. Select "Print" from the buttons on the bottom of the form. There is no need to fill in any fields on the various tabs.

The following steps are used to Post the journal.

1. Select from the bottom of the form the "Posting" button
2. Select "Print and Post"
3. Answer the question "Do you want to post the journal lines and print the posting report?" Choose the "Yes" button if you are ready to post these transactions. Choose "No" if you are not ready to post these transactions.

Questions and Solutions

1. What if the amount of the invoice does not match the payment amount received?
 - **Solution**
 - a. **If the amount received is greater than the invoice, (overpayment).** In this situation an additional journal line must be entered to balance to the total amount paid. The initial journal line would be entered and applied as outlined above. A second line would be entered with the following changes to the various columns.

Posting Date = Cycle Date found on Global Service Payment Statement
Document Type = Leave Blank
Document No. = Cycle Number from Global Service Payment Statement (i.e. 2002-08-4)
Account Type = Select G/L Account or type a "G"
Account Number = General Ledger Account Number as appropriate
Description = auto filled based upon the Account Type and Account No. information
Applies to Document Type = leave blank
Applies to Document No. = leave blank
Amount = Enter the difference between the amount received and the original invoice amount as a negative figure.
Balance Account Type = defaults to G/L Account
Balance Account No. = leave blank

In the example below, the highlighted lines reflect a payment received of \$23.38. The original invoice amount billed as a warranty claim was for \$18.87. The difference of \$4.41, reflecting an overpayment, was posted as a credit to the "Cost of Sales – P&A Warranty Mech. Account. The account credited with the overpayment will vary depending on the claim information.

Posting Date	D. T.	Document No.	External Document No.	A...	Account No.	Description	Applies-to Doc. Type	Applies-to Doc. No.	Amount	Bal. Account Type	Bal. Account No.
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61131PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61139PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61223PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61224PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61206PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61176PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61205PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61175PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61154PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61204PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	60389WR	-150.63	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	60529WR	-53.89	G/L Account	
09/13/02		2002-09-2	2002-09-2	G...	55203	C/J - Warranty Labor Mech			6.29	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	60681WR	-12.58	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	60721-AWR	-159.51	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	60915WR	-860.03	G/L Account	
09/13/02		2002-09-2	2002-09-2	G...	55203	C/J - Warranty Labor Mech			52.08	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	60920-AWR	-421.90	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	60959WR	-37.74	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	60980WR	-135.31	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	61021WR	-12.58	G/L Account	
09/13/02		2002-09-2	2002-09-2	G...	57203	C/J - P&A Warranty Mech			-0.70	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	61044WR	-149.97	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	61054WR	-18.87	G/L Account	
09/13/02		2002-09-2	2002-09-2	G...	57203	C/J - P&A Warranty Mech			-4.41	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	61055WR	-18.87	G/L Account	
09/13/02		2002-09-2	2002-09-2	G...	57203	C/J - P&A Warranty Mech			-4.41	G/L Account	
09/13/02		2002-09-2	2002-09-2	C	G/L Account	Chrysler Warranty Claims	Invoice	61062-AWR	-117.55	G/L Account	

Account Name	Bal. Account Name	Balance	Total Balance
C/J - P&A Warranty Mech		1,840.49	0.00

Line Account Functions Posting Help

Description: C/J - P&A Warranty Mech COMMERCE-CDJRU... 09/28/02

- b. **If the amount received is less than the invoice, (underpayment).** In this situation an additional journal line must be entered to balance to the total amount paid. The initial journal line would be entered and applied as outlined above. A second line would be entered with the following changes to the various columns.

Posting Date = Cycle Date found on Global Service Payment Statement

Document Type = Leave Blank

Document No. = Cycle Number from Global Service Payment Statement (i.e. 2002-08-4)

Account Type = Select G/L Account or type a "G"

Account Number = General Ledger Account Number as appropriate

Description = auto filled based upon the Account Type and Account No. information

Applies to Document Type = leave blank

Applies to Document No. = leave blank

Amount = Enter the difference between the amount received and the original invoice amount as a positive figure.

Balance Account Type = defaults to G/L Account

Balance Account No. = leave blank

In the example below, the highlighted lines reflect a payment received of \$47.60. The original invoice amount billed as a warranty claim was for \$53.89. The difference of \$6.29, reflecting an underpayment, was posted as a debit to the "Cost of Sales –Warranty Labor Mech. Account. The account debited with the underpayment will vary depending on the claim information.

Commerce C-D-J-P, Inc. - Navision Attain - [WARRANTY Warranty Payments - Cash Receipt Journal]

File Edit View Tools Window Help

Batch Name: WARRANTY

Posting Date	D... T...	Document No.	External Document No.	A... T...	Account No.	Description	Applies-to Doc. Type	Applies-to Doc. No.	Amount	Bal. Account Type	Bal. Account No.
09/13/02		2002-09-2	2002-09-2	V...	1033	Daimlerchrysler Motors Corp			4,599.07	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	60972PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61146PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	G...	55303	C/J - Road Ready Labor			-6.29	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61132PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61140PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61131PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61139PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61223PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61224PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61206PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61176PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61205PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61175PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61154PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	PDI	Pre-delivery Inspections	Invoice	61204PD	-56.61	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	60389WR	-150.63	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	60529WR	-53.89	G/L Account	
09/13/02		2002-09-2	2002-09-2	G...	55203	C/J - Warranty Labor Mech			6.29	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	60681WR	-12.58	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	60721-AWR	-159.51	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	60915WR	-860.03	G/L Account	
09/13/02		2002-09-2	2002-09-2	G...	55203	C/J - Warranty Labor Mech			52.08	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	60920-AWR	-421.90	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	60959WR	-37.74	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	60980WR	-135.31	G/L Account	
09/13/02		2002-09-2	2002-09-2	C...	WARRA...	Chrysler Warranty Claims	Invoice	61021WR	-12.58	G/L Account	
09/13/02		2002-09-2	2002-09-2	G...	57203	C/J - P&A Warranty Mech			-0.70	G/L Account	

Account Name: C/J - Warranty Labor Mech Bal. Account Name: Balance: 3,602.01 Total Balance: 0.00

Line Account Functions Posting Help

Description: C/J - Warranty Labor Mech COMMERCE-CDJ(RU... 09/28/02

- c. **If the amount received is less than (underpayment) the amount invoiced by a material amount.** In this situation the claim needs to be reviewed by the Warranty Administrator. An additional claim may need to be filed or after an explanation from the manufacturer the difference may need to be written off. The journal line must be entered to reflect the actual amount paid from the claim statement. The invoice will remain open until a determination is made by the dealership.