How to Reverse a Bad Check with Unapplied Cash

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This article will go through the steps needed to reverse a bad check that has been returned and the original payment received paid an invoice and remaining balance went into Unapplied Cash. These steps cover SedonaOffice Version 6.2.0.x

Overview

The steps will do the following, remove the bad payment off of the invoice it paid, remove the unapplied cash on the account and add it back to the account to be paid.

Steps:

Make a Negative Payment Batch

1. Click on Accounts Receivable – Payment Processing – Click on New Button

2. In the New Batch Information Form: Enter Date – Description – Negative amount that is being reversed – Click Save

3. Double Click on the New Negative Payment Batch entered:

4. Enter the customer number to open all invoices that have been paid

    a. Invoices Tab:

        - Enter the total negative amount to be reversed
        - Payment Method
        - Posting Date
        - Memo if needed
        - Find the invoice that was paid out of the money recevied and enter a Negative amount

- Click on Other Tab

b. In the Other Tab:

- Check Miscellaneous
- Select the GL Account to move the negative Unapplied Cash to (Customer NSF is used here)
- Select Category Code
- the remaining amount should automatically fill in –
- Click on Save Button

5. Now the Negative Payment Batch can be selected and Deposited into the bank so the money will show as being reversed out.

6. Go to the account – the invoice that was reversed is now showing as being due again.

Remove Unapplied Cash Off of Account

1. Apply the Unapplied Cash still showing on the account to the same GL Account that was used in the Other Tab above.
    a. Right click on the Cash
    b. Click on Apply
    c. Click on the Other Tab and fill in the same information that was filled in above
    d. Click on Save

2. Refresh the customer account and will see the Balance Due went up the full amount that was reversed –

3. The invoice is showing back under Open Invoices to be paid –

4. Under Open Credits/Unapplied Cash will no longer show the payment as being available –

5. Last Payment Rec'd will show the negative reversed payment

6. Now, you can rebill the Invoice that was reversed as needed.