

GENERAL LEDGER

How to do book in transactions when we do factoring of Sales Invoices?

Factoring is the process where a company sells their receivables to a financial institution, so that a long term project with long receivable cycle can be funded by advance from the financial institution. For example:

1. On 1st Mar 2020, Company A sold goods to Zebra Construction Pte Ltd and raised Inv 11-22-33 for **\$200,000.00**

The screenshot displays two windows from the A2000 software. The top window is 'Customer Sales Order' and the bottom window is 'Customer Invoice on Order'. A red arrow points from the 'ADD' button in the top window to the 'ADD' button in the bottom window.

Customer Sales Order Details:

- Type: CO, No: 10, Ref No./Doc No.: COR-0000010, Date: 01-Mar-20
- Customer: CZ9001, Zebra Construction Pte Ltd
- Customer PO: PO 55688, Delivery Date: 01-Mar-20
- PDSU: 2-3685, NA, NA, NA
- Currency: SGD, Exchange Rate: 1
- Indicative WH: 1W39PANDA
- Transaction Narration: (empty)

Customer Invoice on Order Details:

- Type: CE, No: 9, Ref No./Doc No.: INV 11-22-33, Date: 05-Mar-20
- Customer: CZ9001, Zebra Construction Pte Ltd
- Doc Date: 14-Feb-20, Our DO: 15-Mar-20
- PDSU: 2-3685, NA, NA, NA
- Currency: SGD, Exchange Rate: 1
- Customer PO: PO 55688, Delivery Date: 01-Mar-20
- Transaction Narration: (empty)

Invoice Detail Table:

SrNo	Product	Product	Warehouse	Quantity	Unit Price	UOM	Value	Balance
1	40 - Sales of Cabin		W39PANDA	4.00	50,000.0000	Uom	200,000.00	0.00
	Description	40 - Sales of Cabin						
			W39PANDA	0.00			0.00	0.00
	Description							

2. Company A factored Sales Invoice 11-22-33 to HLF (financial institution). HLF then pays Company A an initial \$100,000.00 and it was deposited into BEA Bank.

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Cash Bank Book

ADD GC EDIT

Cash / Bank Book

Type GC No 7 Ref No./Doc No. RECEIPT 01 Date 01-Mar-20

Default Customer Supplier Employee Recipient / Payee FACTORING OF INVOICE 11-22-33 (50% OF \$200,000)

Bank BEA-SGD-1 BEA (S\$) Acct 1: (Current) Cheque No UOB 568971

PDSU None NA NA NA

Currency SGD Exchange Rate 1

Narration FACTORING OF INVOICE 11-22-33 (50% OF \$200,000.00)

Detail Attachment Custom

SrNo	Account	Detail	Debit Amt	Credit Amt	Base Amt
1	34200 Factoring S\$ Acct - HLF	S B	0.00	100,000.00	-100,000.00
	GST applicable	Type Supply GST 7% GST	7.00%	0.00	0.00
		S B	0.00	0.00	0.00
		GST	7.00%	0.00	0.00

Cheque UOB 568971 was received from HLF for the factoring of Inv 11-22-33 and it was banked into BEA Bank

3. Reduce the amount owed by Customer to Company A. Note that the receiving bank code is the HLF factoring account.

Accounts Receivable Transaction

ADD RR EDIT CUSTOMER

Accounts Receivable Transaction

Type RR No 5 Ref No./Doc No. RR-0000004 Date 01-Mar-20

Customer CZ9001 Zebra Construction Pte Ltd Bank FA-SGD-HLF

Sales Person Cheque No UOB 568971

Contact Person Narration FACTORING OF Zebra Constructjion INVOICE 11-22-33 (50%)

PDSU None NA NA NA

Currency SGD Exchange Rate 1

Receivable Detail Attachment Custom

SN	Account	Receipt/Debit Amt	Payment/Credit Amt	Debit Amt
1	34200 Factoring S\$ Acct - HLF	100,000.00	0.00	100,000.00
	FACTORING OF Zebra Construction INVOICE 11-22- B	S		
			0.00	0.00
		B	S	
Totals		100,000.00	0.00	100,000.00

Type	Trn No	Doc No	Debit Amt	Credit Amt
CE	9	INV 11-22-33	100,000.00	0.00
Currency		SGD	0.00	0.00
			0.00	0.00
			0.00	0.00
Totals			100,000.00	0.00

Bank In Date

From Bank

Total 100,000.00

Balance Cleared

Exch Gain/Loss 0.00

EXCHANGE RATE BATCH ALLOCATION PREVIEW SAVE EXIT

Take up RR transactions to reduce the debt owed to Company A

4. On 14 Mar 2020, when Customer paid HLF the full \$200,000.00. HLF released 2nd and final payment to Company A \$80,000 which was made of \$100,000.00. Assuming that it is after less "Factoring Charges" of \$20,000.00

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Accounts Receivable Transaction

ADD **RR** **EDIT** **CUSTOMER**

Type **RR** No 6 Ref No./Doc No. RR-0000005 Date 14-Mar-20

Customer CZ9001 Zebra Construction Pte Ltd Bank FA-SGD-HLF

Sales Person Contact Person Cheque No UOB 556692

PDSU None NA NA NA Narration Factoring on INVOICE 11-22-33 (Bal 50%)

Currency SGD Exchange Rate 1

Receivable Detail Attachment Custom

Enter 2 lines in RR transaction to recognise the net amount of \$80,000.00 and Bank Factoring Charges of \$20,000.00

SN	Account	Receipt/Debit Amt	Payment/Credit Amt	Debit Amt
1	34200 Factoring S\$ Acct - HLF	80,000.00	0.00	80,000.00
	Factoring on INVOICE 11-22-33 (Bal 50%) B	S		
2	80150 Bank Factoring Charges	20,000.00	0.00	20,000.00
	Factoring Charges on INVOICE 11-22-33 (Bal 50%) B	S		
		0.00	0.00	
	B	S		
Totals		100,000.00	0.00	100,000.00

Type	Trn No	Doc No	Debit Amt	Credit Amt
CE	9	INV 11-22-33	100,000.00	0.00
Currency	SGD		0.00	0.00
			0.00	0.00
Currency			0.00	0.00
Totals			100,000.00	0.00

Bank In Date From Bank

Total 100,000.00
Balance Cleared
Exch Gain/Loss 0.00

EXCHANGE RATE BATCH ALLOCATION PREVIEW SAVE EXIT

5. Received \$80,000.00 into BEA Bank.

Cash Bank Book

ADD **GC** **EDIT** **RECEIPT** **SAVED**

Type **GC** No 8 Ref No./Doc No. RECEIPT 02 Date 14-Mar-20

Default Customer Supplier Employee Recipient / Payee FACTORING OF INVOICE 11-22-33 (BAL LESS CHG)

Bank FA-SGD-HLF Factoring S\$ - HLF Cheque No UOB 556692

PDSU None NA NA NA

Currency SGD Exchange Rate 1

Narration

Detail Attachment Custom

SrNo	Account	Detail	Debit Amt	Credit Amt	Base Amt
1	00400 BEA (S\$) Acct 1: (Current)	S B	80,000.00	0.00	80,000.00
	GST Applicable	Type Supply GST 7% GST	7.00%	0.00	0.00
		S B	0.00	0.00	0.00
	GST Applicable	Type Supply GST 7% GST	7.00%	0.00	0.00
Debit - Credit			80,000.00		
Totals			80,000.00	0.00	80,000.00
GST Amount			0.00	0.00	Rounding Diff 0.00

\$80,000.00 was banked into BEA Bank

Bank-In Date From Bank

Debit Balance 80,000.00
GST Amount 0.00
Total 80,000.00

Clone PREVIEW SAVE EXIT

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Unique solution ID: #1060

Author: Abigail Lee

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