Lynx Accounting Guide

Revision 1.0

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1. Overview

This guide is designed to help you with the way Lynx handles financial accounting transactions. It covers the basic accounting concepts that Lynx uses, and provides guidance with handling some of the more tricky situations, such as jobs that are cancelled part-way complete, changes to projects that are underway, credits and refunds.
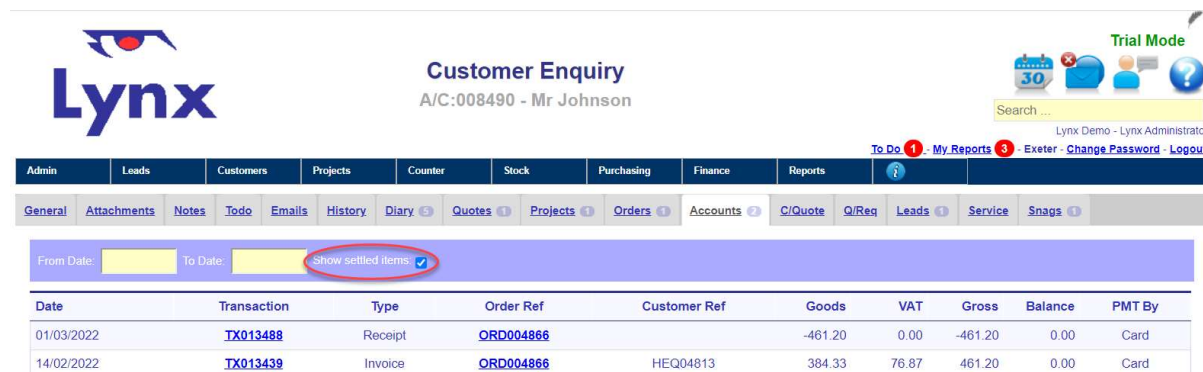
2. Lynx Transactions

Lynx has four types of transaction that are recorded on a customer's account. These are:

Invoice	An invoice is created to record the fact that a customer owes you something, usually as a result of work being carried out or perhaps when a deposit payment falls due. An invoice being created will increase the customers account balance owing to your company. It also increases your sales figure for the period and may mean that the amount you owe HMRC also increases (though Lynx does not specifically record the balance on your VAT account, just the increase).
Credit	A credit is the exact reverse of an invoice. It reduces the customer balance and your sales.
Receipt	A (cash) receipt records a payment from your customer. It decreases their account balance, but has no effect on sales figures or VAT.
Refund	A refund is the exact opposite of a receipt. It indicates a payment made by your company to the customer.

Confusion often arises between Credits and Refunds. If you think of these as the opposite of Invoices and Receipts, it's generally a good way to go. So when you issue a Credit to a customer, you typically end up owing them a refund to balance the books. You can also allocate a credit to an invoice, which effectively does the same thing as a refund because it reduces the balance owed to you by your customer for that invoice (see 'Allocations' below).

When you look at a Customer's account in Lynx (using Customer Enquiry screen) you can see the summary balance on the main tab and a history of all the transactions made in the selected time frame on the 'Accounts' tab. By default, Lynx hides 'settled' transactions on this tab where the balance of the transaction is zero, so you can focus on just the ones where there is an amount owing. Tick the 'Show settled transactions' box to show them.

You can also see the transactions that relate to a specific Project or Sales Order on the associated enquiry screens. In this case, all transactions will be shown regardless of whether they are settled or not.

3. Allocations

When an invoice is created and payments received, it is a good idea to match the payment and invoice together so that you know the invoice is no longer outstanding and that the payment has been "used". This can be a very simple process of matching one invoice to one payment in the same amount, but often things get more complicated, particularly with regular customers who may have several invoices outstanding and settle them with a single payment.

Lynx has a comprehensive mechanism for matching invoiced and payments together, which will also let you work with credits and refunds in a simple way that keeps a complete record of what matches what. Lynx allocations will also handle complex situations where part payments are involved.

Automatic Allocation

Some allocation in Lynx takes place automatically. For example, if you create a Counter Sale transaction and indicate that the payment has been taken by card or cash, Lynx will create an invoice and a matching payment at the same time along with an allocation record that shows that the two are matched. Similarly, if you create a supply and fit invoice, you can tick a check-box to say you have received payment, and the appropriate receipt and allocation records will be created automatically.

Manual Allocation

The typical process of allocation is done when you receive a payment. When you create a Receipt in Lynx (using the Admin->Cash Receipt program), you will be asked for the payment method and amount. The program will then allow you to match the payment to the invoices and other transactions that are outstanding on the account, wither by ticking them to indicate that the fill balance on the transaction is to be allocated, or else by entering an allocation amount (in the case of part payments). When you submit the receipt, an allocation header record will be created along with line detail records showing the amount allocated to each invoice, credit, receipt or refund involved.

You can see what allocations have been made against an invoice or how a payment has been allocated by using the 'Allocations' tab on the Sales Transaction Enquiry. This enquiry program is usually easiest to access using the link to the transaction from the Customer, Order or Project enquiry screens on the 'Accounts' tab. Clicking on link to any individual allocation will show you the line-by-line makeup in the Sales Cash Allocation Enquiry screen.

Undoing Allocations

If you are in the 'Finance' role, you will be able to undo the Allocation provided it has not previously been undone. The effect of undoing an Allocation is to reduce the amount allocated to each

transaction to zero. This will have no effect on the overall Customer balance, but will increase or decrease the transaction balance by the previously allocated amount. The allocation record will remain in place to provide an audit trail, and a note will be attached to the allocation to indicate the changes made.

Allocating Later

You don't have to allocate a receipt when entering it on the system. It is perfectly possible to leave the receipt balance outstanding, in which case it will reduce the customer's account balance shown in the Customer Enquiry but remain available to allocate to invoices at a later date. This subsequent allocation can be done by using the special 'Account' payment method in the Cash Receipt program and entering a receipt amount of zero. You can then select invoices, credits, receipts and refunds to match fully or in part with each other. This will not affect the customer balance overall but will allow you to indicate that individual transactions have been paid or allocated.

Accounts System Export of Allocations

External accounts systems which Lynx exports to do not provide mechanisms to import allocations from Lynx. If you need to allocate payments in your accounting system, this must be done as a separate step. In general, there is no need to do this as Lynx can be used as the 'master' sales ledger, reflecting the detail of how payments have been used.

4. Deleting Transactions

Lynx will allow you to delete sales transactions if:

    i)   You are in the Finance or Finmanager Role
    ii)   The transaction has no allocations

To delete a transaction, you can go to the Sales Transaction Enquiry (usually using a link from the 'Accounts' tab in the Customer, Order or Project Enquiry screen), and clicking the 'Edit' button on the Action Bar. This will bring up a dialog box which includes a 'Delete' button.

Whenever a transaction is deleted, a note is added to the customer record to provide an audit trail.

If there are one or more allocations against a transaction, these must first be undone as described above. If this is not done, the 'Delete' button will not be shown.

5. Supply and Fit Projects – Changes to charges

One area of Lynx that is important to understand for Supply and Fit Project users is the set of facilities that allow you to make changes to the proposed charges once a Quote has been converted to an Order. There are four possible approaches

5.1 If no invoice has been raised – Edit Billing and Unconvert Approaches

If you have yet to raise an invoice against a Project (typically the first one will be your deposit invoice), you have two options:

i) **Edit the Project billing**. There is a button on the Action bar for Projects in this state. You can use this to amend the stage-by stage billing amounts. It can be particularly useful if you want to change the deposit amount because the customer has paid an amount that is different to the deposit quoted, for example rounding the amount up. You would make this change before raising the deposit invoice. You can use this as a general way to change stage billing amounts, but bear in mind this means they will no longer match any quotation payment breakdown you may have provided to the customer.

ii) **Unconvert, Requote and Re-Convert**. This is the best way to reflect any changes that may be more complicated, for example a change to project, timelines or the scope of the work. It has the benefit of allowing you to create a new Quote Cover Letter document reflecting any new payment schedule. Note that this is generally preferred to using a Variation at this stage, a feature which is turned off by default for in-invoiced Projects (you can set the VARIATION_BEFORE_INVOICE flag on the 'Retail' tab of the System Config to 'Y' to make Variations possible before invoicing).

5.2 If One or More Invoices Have Been Raised

This situation is a little more complicated as Lynx will not let you amend the billing for a Project in this state, or unconvert it. You may typically want to follow this approach if you have raised a deposit invoice but the customer has paid a different amount, to keep things straight.

To get the Project back to the state in which you can amend billing or unconvert, you need to delete all the invoices raised against it, as described above in 'Deleting Transactions'.

Once all invoices have been deleted, you will be able to go back into the Project Enquiry screen and edit the billing or unconvert it.

5.3 Variations – Genuine changes to the Project Charging

Variations in Lynx are the mechanism by which changes to the billing for a Project can be recorded, marked as agreed and subsequently reflected in the Project invoices.

For the details of how to use these features, please see 'Contract Variations' in the **Lynx Retail Project Management** user guide.

5.4 Summary of Options / Approaches for Billing Changes

The following flow chart may be helpful in determining how to approach a change to the billing for a Project
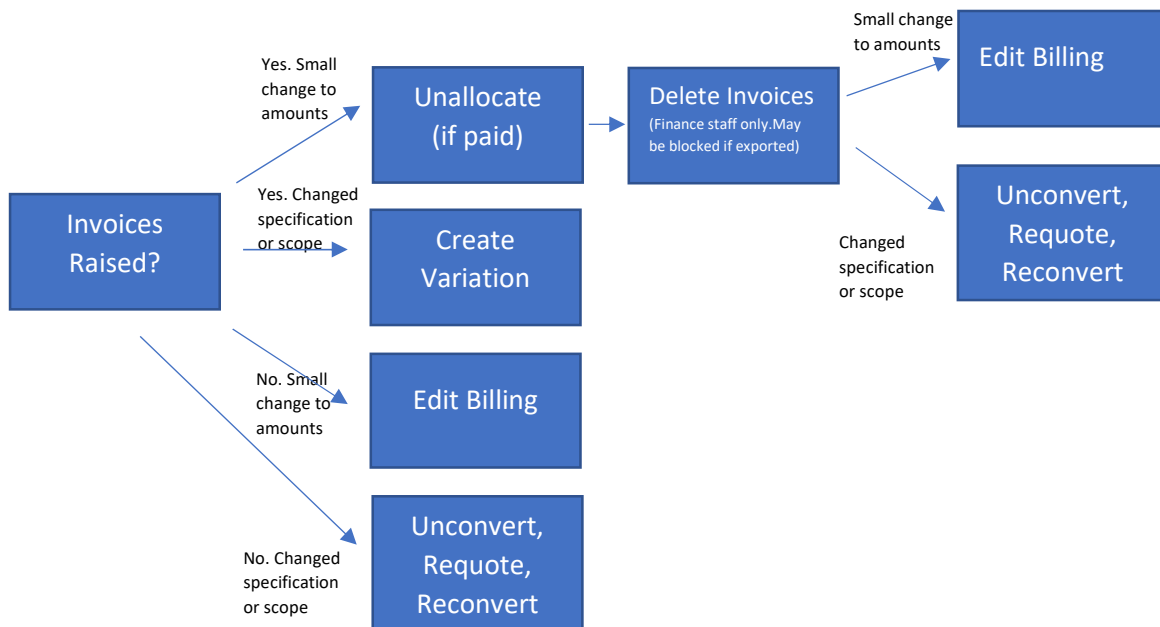
6. Supply and Fit – Project Cancellation

Occasionally, it becomes impossible to complete the work on a Project and the associated billing. This can happen at any stage prior, during or following completion of fitting work. Lynx makes it simple to deal with this situation, and provides all the tools you need to bring the billing into line and remove the Project from the 'pipeline' of work to be carried out.

6.1 Completion of Invoicing

The first action on cancellation of a Project is to raise any invoices that are due. These may well be for lower amounts than envisaged. These invoices are raised as normal from the Project Eqnuiry ('Invoice' button) or Project Billing workflow.

6.2 Mark Billing Complete

On the Project Enquiry screen, there is a 'Fully Billed' checkbox. This is automatically flagged with a 'Yes' text in green when the normal invoicing for a Project has been completed, but you can also tick it manually at any stage.

The effect of manually marking a Project as 'Billing Complete' is that it will no longer appear in the Project Billing workflow program, and the 'Invoice' button will no longer be shown on the Action Bar, replaced by the Self-Certification Scheme and Warranty buttons. A note will also be added to the Project.

Projects marked as fully billed will also no longer appear on the Fitting Order Book and Work In Progress and Cash Flow reports.

The checkbox can be unticked in the Project Enquiry if things change, effectively reversing the action.
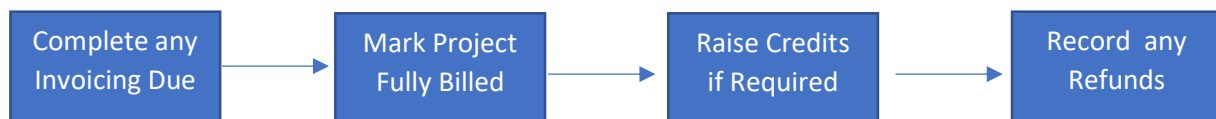
6.3 Credits

The simplest way to credit any amounts invoiced to date which are now in effect over-invoiced is to use the Counter Credit program. Please see the **Lynx Counter Transactions** guide for more details if you are unfamiliar with this function. You can match any Counter Credit raised to the Project by entering the number of any Invoice outstanding on the Project. This can also be done by editing the Credit transaction at a later date via the Sales Transaction Enquiry screen (using the 'Edit' button on the Action Bar).

6.4 Refunding Money

If you have received more in payments than the Project invoices total (minus any Credits raised) you can record the payment of any refund made using the 'Cash Refund' program on the Counter menu.

6.5 Flow of Steps on Project Cancellation

Complete any Invoicing Due	→	Mark Project Fully Billed	→	Raise Credits if Required	→	Record any Refunds

Note that following cancellation, Warranty and Self-Certification information (FENSA etc). may still be entered for a project and snagging and Service Call functions will still operate.

7. Changing Exported Transactions

If you export transactions from Lynx to your accounts system online to Quickbooks, Xero, Kashflow or via spreadsheet to SAGE and others, it is important to check when you make changes in Lynx that they are reflected in your accounting system.

Transactions that have yet to be exported are no problem, but transactions that are amended or deleted may cause issues. It is important, therefore, to consider the effects on previous exports, particularly when making deletions.

Lynx provides a mechanism to prevent the amendment of transactions that have been exported. This is achieved by setting the BLOCK_EDIT_EXPORTED_SALES field in the System Config program ('Finance Tab') to 'Y'. IF, however, you prefer the flexibility to amend transactions after export, you can set this field to 'N' but you will have to adjust your accounting system manually.

8. Credit Reporting and Management

Lynx provides a number of tools to help with managing credit given to customers. These include:

i)   The Customer Enquiry Screen. This shows you the balance due at any point in time by the customer, and you can use the 'Accounts' tab to drill down to the detail.

ii)   The Debtors Report. This report allows you to see the complete picture of who owes what to your companyBest practice is to set this up to run on a regular schedule so that the debtors position is reviewed by appropriate staff. Use the 'Scheduled Reports' program on the Admin menu to enable this.

iii)   Setting Credit Limits. For counter transactions, you can set credit limits for each customer and put in place a policy to prevent orders being placed or despatched for customers that are over their credit limit or have an overdue balance. For more information, see the 'Credit Control' section in the **Lynx Counter Transactions** guide.

In general, it is a good idea to manage credit using Lynx rather than your accounting system as it has a more complete and timely picture of customer activity and is available to staff at the 'sharp end' who are dealing with customers day to day. With supply-only trade accounts, the tools available to restrict ordering and despatch can be particularly useful in keeping on top of who owes what and not extending credit exposure beyond your policies.