

Credit Note Manual

This manual is designed to help you and your team understand how to process a Credit Note/Write Off.



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Administration Settings

Set up and edit credit note narrations and write-off reason codes in the Administration tab under 'Manage Codes' (see Figure 1 below).

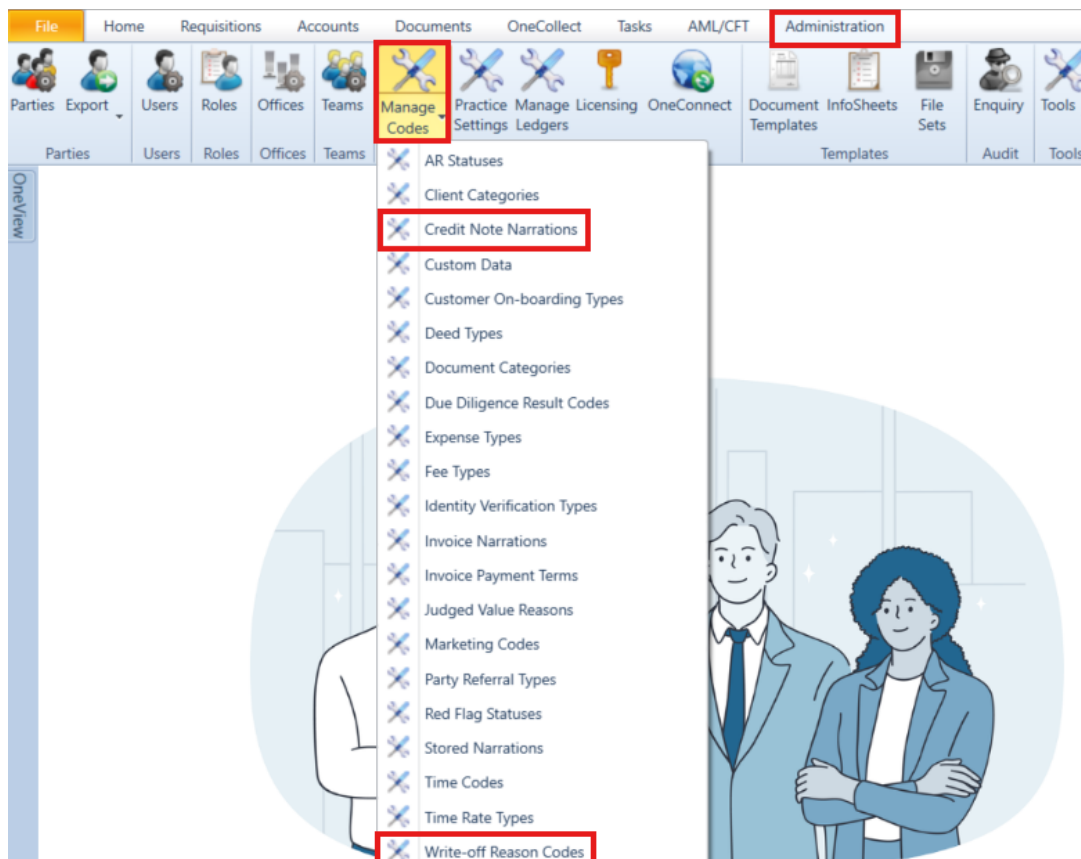


Figure 1.

The credit note narration is linked to the write-off reason code default narration. Click the green plus to add in a credit note narration (see Figure 2 below).

Credit Note Narrations	
Name	Narration
Closing File	W/O remaining WIP to close matter
Discounted	Written off as part of negotiation to get balance of account
Disputed	Written off as a result of a complaint or claim
Insolvency	Client either bankrupt or in receivership etc.
Pro-Bono	Pro-bono work completed by firm
Staff Discount	Staff personal matter, not chargeable
Untraceable	Client is gone no address - unable to locate
W/Off Exp/Disb	Write off Expense/disbursement
W/Off Small Balance	Small balance that is uneconomic to pursue

Figure 2.

Add write-off reason codes by clicking the green plus (see Figure 3 below). Once the code field has been set and saved it cannot be edited. The description field links to the management reports. Default narration (as set in the credit note narration screen) links into the credit note posting screen.



Code	Description	Active	Credit Note
CLOSE	Closing File	Yes	Closing File
DIS	Discount	Yes	Discounted
DISPUTE	Disputed	Yes	Disputed
INSOL	Insolvency	Yes	Insolvency
Pro-Bono	Pro-Bono	Yes	Pro-Bono
SP	Short Paid	Yes	
STAFF	Staff Discount	Yes	Staff Discount
UNTRAC	Untraceable	Yes	Untraceable
W/Off Exp/Disb	Write Off Expense/Disbursement	Yes	W/Off Exp/Disb
W/Off Small Bal	Write off Small Balance	Yes	W/Off Small Balance

Figure 3.

Credit Notes Explained

Credit notes can be used to:

- + Fully write-off a fee and its attached expenses and/or disbursements.
- + To partially or fully write-off a fee value and not the expenses/disbursement items included in the overall bill
- + To write-off only the expenses and/or disbursement amounts in a bill (i.e. leaving the fee value the same)

Credit notes allocate the write-off amount against the author/s in the bill in relation to how the fee was first processed. It is possible to manually override and allocate the write-off in an alternate split. It is also possible to add in a new author in which to allocate the full fee write-off against.

Process a Credit Note/Write-off

Find the invoice that is to be written off by searching for it in the client/matter. Double click to open the bill details screen (see Figure 4 below).

Click 'Write-off.'

Toy Story 1995 (1053.13) - created 21/06/2023

Client: [Hanks, Thomas J Mr](#)
Description: Toy Story 1995
Fee Type: Commercial - Company Formation
Trust Account: Clarke Cooper Law Trust
Default Time Rate:

Financials | Parties | Notes | Billing | Archives | Tasks | InfoShe

Trust | WIP | Third Party Costs | Billing | IBD | A/R

Date	Type	Reference	Ni
4/07/2024	Fee	001657	C
4/07/2024	OA		C

Bill Details

Invoice | **Statement**

Client: 1053 - Hanks, Thomas J Mr - Oakland, Calif... **Bill Creator:** Hadwin, Tracey Elizabeth
Matter: 13 - Toy Story 1995 **Date:** 4/07/2024
Bill To: 1053 - Hanks, Thomas J Mr - Oakland, C... **Bill Reference:** 001657
Payment Terms: Default

Financial Summary
1053.13
 Trust (1,063.75)
 WIP 0.00
 IBD 0.00
 AR 1,063.75
 Estimate 0.00
 TPC 0.00
 Headroom 0.00

Narration:
 Fee
 Narration: Our fee

Author	Premium	WIP Amount	Fee	% of Fee
TEH	\$40.48	\$574.00	\$614.48	72%
PB	\$15.52	\$220.00	\$235.52	28%

Batch Number: 228 **Total:** \$850.00

Expenses & Disbursements

Type	Narration	Written-Off	Amount Excl Tax	Tax	Amount Incl Tax (\$)
OA	Office Administration	False	\$75.00	\$11.25	\$86.25

Reverse **Change Fee** **Write-off** **Print** **Maintain A/R** **Save & Close** **Close**

Figure 4.

This will open the Credit Note posting window.

In the example below (Figure 5) a partial write-off of the fee amount (writing off \$100 worth of fees) is shown.

This write-off will pro rate itself against the author/s using the same percentage at which they were credited with the initial fee. It is possible to manually change the write-off allocation to each author by clicking the edit cog in this screen. See page 6 for these details.

The expense that was attached to this bill has been unticked to avoid writing it off at the same time. Check the bill write-off total to make sure the value being written off is correct.

'Save & Close' will give the option to print the credit note and/or manage it to the matter and the option to apply the credit to the account rendered.

TIP: By putting the invoice number in the narration (for invoice and trust A/C) field this will easily identify the credit note to the invoice it relates to.

Credit Note

Client: Hanks, Thomas J Mr Creator: TEH Tracey Elizabeth Hadv

Matter: Toy Story 1995 Date: 30/10/2024

To: 1053 - Hanks, Thomas J Mr - Oakland, California, USa

Reference: Auto ☒ Use auto incrementing reference

Reason: Discount

Reason Note:

Narration: Written off as part of negotiation to get balance of account

Financial Summary

1053.13

Trust	(1,063.75)
WIP	0.00
IBD	0.00
AR	1,063.75
Estimate	0.00
TPC	0.00
Headroom	0.00

Fee Write-off

Narration (for invoice & trust A/C): Fee Write-off Invoice 001657

GST Rate: Standard (15%)

Fee Write-off (\$)	GST (\$)	Total (\$)
\$100.00	\$15.00	\$115.00

Expenses & Disbursements Write-off

Select items to be written off

Date	Type	Ref	Narration	Qty	GST (\$)	Total (\$)
☐ 04/07/2024	OA		Office Administration	1	\$11.25	\$86.25

Write-off Totals

	NET (\$)	GST (\$)	Total (\$)
Fees	\$100.00	\$15.00	\$115.00
Trust Expenses		\$0.00	\$0.00
Disbursements		\$0.00	\$0.00
Bill Write-off Total:			\$115.00

☐ Add Client Warning Note? ☐ Put client on stop credit?

Save & Close Cancel

Figure 5.

In the example below (Figure 6) the expense transaction is being written off (if there is more than one expense/disbursement, ensure the items that are not being written off are unticked). Follow these steps:

1. Ensure the fee write-off (\$) field is set to 0.00
2. Tick the expense/s or disbursement/s that are to be written off
3. Ensure all the other expenses/disbursements that are not to be written off are unticked
4. Check the bill write-off total is for the total sum to be written off
5. 'Save & Close' will give the option to print the credit note and/or manage it to the matter and then the option to apply the credit to the account rendered

Credit Note

Client: Hanks, Thomas J Mr Creator: TEH Tracey Elizabeth Hadv
Matter: Toy Story 1995 Date: 30/10/2024
To: 1053 - Hanks, Thomas J Mr - Oakland, California, USA

Reference: Auto ☒ Use auto incrementing reference
Reason: Write Off Expense/Disburse

Reason Note:
Narration: Write off Expense/disbursement

Financial Summary
1053.13
Trust (1,063.75)
WIP 0.00
IBD 0.00
AR 1,063.75
Estimate 0.00
TPC 0.00
Headroom 0.00

Fee Write-off
Narration (for invoice & trust A/C) GST Rate Fee Write-off (\$) GST (\$) Total (\$)
Expense Write-off Invoice 001657 Standard (15%) \$0.00 \$0.00 \$0.00

Expenses & Disbursements Write-off
Select items to be written off

Date	Type	Ref	Narration	Qty	GST (\$)	Total (\$)
☒ 04/07/2024	OA		Office Administration	1	\$11.25	\$86.25

Write-off Totals

	NET (\$)	GST (\$)	Total (\$)
Fees	\$0.00	\$0.00	\$0.00
Trust Expenses		\$11.25	\$86.25
Disbursements		\$0.00	\$0.00
Bill Write-off Total:			\$86.25

☐ Add Client Warning Note? ☐ Put client on stop credit?

Figure 6.

To edit the fee split in a credit note, click the edit cog on the credit note posting screen (see Figure 7 below). Manually edit the fee write-off per author (i.e. zero out one author and assign the full write-off against the other author).

Add in a new author by clicking the green plus sign, selecting an author from the drop-down list and manually adjusting the fee write-off fields (i.e. zero out the other author/s and credit the full write-off value against the new author just added).

Delete an author by clicking the red minus sign (see Figure 7 below). To save this screen the 'Out of Balance' amount must be \$0.00. Click 'OK' to save changes to go back the credit note posting screen. 'Save & Close' will give the option to print the credit note and/or manage it to the matter (see Figure 8 below) and then the option to apply the credit to the account rendered (see Figure 9 below).

Credit Note

Client: Hanks, Thomas J Mr
 Matter: Toy Story 1995
 To: 1053 - Hanks, Thomas J Mr - Oakland, California, USA
 Reference: Auto ☒ Use auto incrementing reference
 Reason: Untraceable
 Reason Note:
 Narration: Client is gone no address - unable to locate

Financial Summary
 1053.13
 Trust (1,063.75)
 WIP 0.00
 IBD 0.00
 AR 1,063.75
 Estimate 0.00
 TPC 0.00
 Headroom 0.00

Fee Write-off
 Narration (for invoice & trust A/C): Fee Write-off Invoice 001657
 GST Rate: Standard (15%)
 Fee Write-off (\$): \$850.00
 GST (\$): \$127.50
 Total (\$): \$977.50

Expenses & Disbursements Write-off
 Select items to be written off

Date	Type	Ref	Narration	Qty	GST (\$)	Total (\$)
04/07/2024	OA		Office Administration	1	\$11.25	\$86.25

Write-off Totals

	NET (\$)	GST (\$)	Total (\$)
Fees	\$850.00	\$127.50	\$977.50
Trust Expenses		\$11.25	\$86.25
Disbursements		\$0.00	\$0.00
Bill Write-off Total:			\$1,063.75

☐ Add Client Warning Note? ☐ Put client on stop credit? **Save & Close** **Cancel**

Fee Write-off

Narration: Fee Write-off Invoice 001657
 Fee Write-off(\$): \$850.00 **Pro-Rate Fee Write-off**
 GST(\$): \$127.50

Author Contributions
 Add or remove author apportionments

Author	Fee (\$)	Fee (%)	Fee Write-off (\$)	% of Fee Write-off
TEH	\$614.48	72%	\$614.48	72%
PB	\$235.52	28%	\$235.52	28%

Apportioned Total: \$850.00
 Fee Write-off Total: \$850.00
Out of Balance: \$0.00

OK **Cancel**

Figure 7.

Credit Note

Are you sure you want to write off this bill?

After saving

☒ Print Credit Note?

☒ Manage Credit Note to matter?

☐ Set as default

Post **Cancel**

Figure 8.

Apply Credit To Account Rendered

Credit Transaction Details

Date: 30/10/2024 Reference: 001034 Amount: \$1,063.75

Type: Credit Note Narration: Client is gone no address - una... Available: \$0.00

Accounts Rendered

Date	Bill Reference	Narration	A/R Amount	A/R Balance	Credit to Apply	New Balance
4/07/2024	001657	Our fee for Toy Story 1995	\$1,063.75	\$1,063.75	\$1,063.75	\$1,063.75
Totals:			\$1,063.75	\$1,063.75		

Save & Close Cancel

Figure 9.

Toy Story 1995 (1053.13) - created 21/06/2023

Client: [Hanks, Thomas J Mr](#)

Description: Toy Story 1995

Fee Type: Commercial - Company Formation

Trust Account: Clarke Cooper Law Trust

Default Time Rate:

Team: DB - DB, BK - bob@clarkecooperlaw.co.nz*, CS - CS

Financial Summary: 1053.13

Date	Type	Reference	Narration	Billed	Funds Out(\$)	Funds In(\$)	Balance(\$)
30/10/2024	W/O OA		Write-off of: Office Administration, I	001034	(86.25)		0.00
30/10/2024	W/O Fee	001034	Fee Write-off Invoice 001657	001034	(977.50)		86.25 Dr
4/07/2024	Fee	001657	Our fee	001657	977.50		1,063.75 Dr
4/07/2024	OA		Office Administration	001657	86.25		86.25 Dr

Figure 10 - Client trust ledger after full credit note write-off.

Toy Story 1995 (1053.13) - created 21/06/2023

Client:

Hanks, Thomas J Mr

Description:

Toy Story 1995

Fee Type:

Commercial - Company Formation

Trust Account:

Clarke Cooper Law Trust

Default Time Rate:

Team

DB - DB

BK - bob@clarkecooperlaw.co.nz*

CS - CS

Financial Summary

1053.13

Trust

0.00

WIP

0.00

IBD

0.00

AR

0.00

Estimate

0.00

TPC

0.00

Headroom

0.00

Financials

Parties

Notes

Billing

Archives

Tasks

InfoSheets

Trust

WIP

Third Party Costs

Billing

IBD

A/R

Status	Date	Bill Reference	Narration	Bill Amount (\$)
	30/10/2024	001034	Fee Write-off Invoice 001657	(1,063.75)
	4/07/2024	001657	Our fee	1,063.75

Figure 11 - Client Billing tab after full credit note write-off.

Toy Story 1995 (1053.13) - created 21/06/2023

Client: [Hanks, Thomas J Mr](#)

Description: Toy Story 1995

Fee Type: Commercial - Company Formation

Trust Account: Clarke Cooper Law Trust

Default Time Rate:

Team: DB - DB, BK - bob@clarkecooperlaw.co.nz*, CS - CS

Financial Summary: 1053.13

Date	Bill Reference	Narration	Opening (\$)	Credit (\$)	Balance (\$)	Statement	Status
4/07/2024	001657	Our fee for Toy Story 1995	\$1,063.75	\$1,063.75	\$0.00	Yes	AR Statement

Figure 12 - Client A/R tab after full credit note write-off.