



Xero 'How-to' Guide

HOW TO APPLY A CREDIT NOTE TO AN INVOICE?

When a customer has a credit note sat on their account that needs to be allocated to an invoice or marked as being repaid so that you can reconcile it in the bank.

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When a customer has a credit note sat on their account that needs to be allocated to an invoice or marked as being repaid so that you can reconcile it in the bank.

1- Once the credit note has been created

Allocating credit note:

a. Select Credit Note Options- allocate credit

The screenshot shows the 'Awaiting Payment' screen for a credit note. A dropdown menu is open under 'Credit Note Options', with 'Allocate Credit' highlighted. The main table shows one item: 'Unable to supply DVD writer for laptop' with a quantity of 1.00 and a unit price of 225.30. The subtotal is 225.30, and total VAT is 45.06. The total credit is 270.36.

Item Code	Description	Quantity	Unit Price	Account	Tax Rate	Region	Amount GBP
	Unable to supply DVD writer for laptop	1.00	225.30	General Expenses	20% (VAT on Expenses)		225.30
Subtotal							225.30
Total VAT 20%							45.06
Total Credit							270.36

b. Xero will then give you a list of all outstanding invoices for this contact

c. Find the invoice/invoices you want to allocated the credit against and enter the amount

The screenshot shows the 'Allocate balance on Credit Note 720-2' dialog box. It lists an invoice for 3 Dec 2018 with a billed amount of 1,734.24 and an amount due of 270.36. A text box next to 'Amount to Credit' contains the value 270.36. Below the table, it shows 'Outstanding Credit Balance' and 'Total Amount to Credit' both at 270.36, and 'Remaining Credit' at 0.00. There are 'Allocate Credit' and 'Cancel' buttons at the bottom.

Bill	Date	Billed	Amount Due	Amount to Credit
720-2	3 Dec 2018	1,734.24	270.36	270.36

Cash refund

Outstanding Credit Balance	270.36
Total Amount to Credit	270.36
Remaining Credit	0.00

d. Once you have entered the amount – press allocate credit.

e. If you then click into the bill it will show that part or all of it is paid by a credit note

The screenshot shows the 'Paid' screen for a bill. The total amount due is 1,734.24. The bill includes two items: 'Webtrix Club sub' (1,219.90) and 'DVD writer for laptop' (225.30). The subtotal is 1,445.20, and total VAT is 289.04. A credit note for 270.36 (dated 6 Dec 2018) is applied, and a payment of 1,483.88 (dated 13 Dec 2018) is recorded. The final amount due is 0.00.

Item Code	Description	Quantity	Unit Price	Account	Tax Rate	Region	Amount GBP
	Webtrix Club sub	1.00	1,219.90	Subscriptions	20% (VAT on Expenses)		1,219.90
	DVD writer for laptop	1.00	225.30	General Expenses	20% (VAT on Expenses)		225.30
Subtotal							1,445.20
Total VAT 20%							289.04
TOTAL							1,734.24
Less Credit Note 6 Dec 2018							270.36
Less Payment 13 Dec 2018							1,483.88
AMOUNT DUE							0.00

Mark a credit note as a refund

- a. Underneath the credit note should be a light grey box labelled 'Received a cash refund'.

Awaiting Payment Print PDF 📄 Credit Note Options ▾

From	Date	Reference	Total
PC Complete	7 Dec 2018	720-2	270.36
No address Add address			

Amounts are Tax Exclusive

Item Code	Description	Quantity	Unit Price	Account	Tax Rate	Region	Amount GBP
	Unable to supply DVD writer for laptop	1.00	225.30	General Expenses	20% (VAT on Expenses)		225.30
Subtotal							225.30
Total VAT 20%							45.06
Total Credit							270.36

Receive a cash refund

Amount	Date	Paid To	Reference	
270.36	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="button" value="Add Refund"/>

- b. In the amount box you should enter the amount that has been refunded.
c. In the date box enter the date is being refunded
d. The paid box should be the bank account the refund is being paid into/from.
e. The reference is optional – if it has been received/paid by cheque is may be useful to add the cheque or deposit number.
f. Press Add Refund
g. When if the bank you will then able to find and match the credit note.

Need more help? Call us. You don't have to be a client of ours.

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