

EXCELLENCE IN COACHING



ACCOUNTING TERMS: BALANCE FORWARD VS OPEN ITEM

by Jenny Cooper

Technical Level:

Easy

Intermediate

Advanced



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Accounting Terms: Balance Forward Vs. Open Item

What we will be covering



- Two types of charge accounts: Balance Forward and Open Item
- How to handle payments on both accounts
- The difference between posting payments and applying payments
- How to *post* a payment and how to *apply* a payment
- How statements look for different accounts

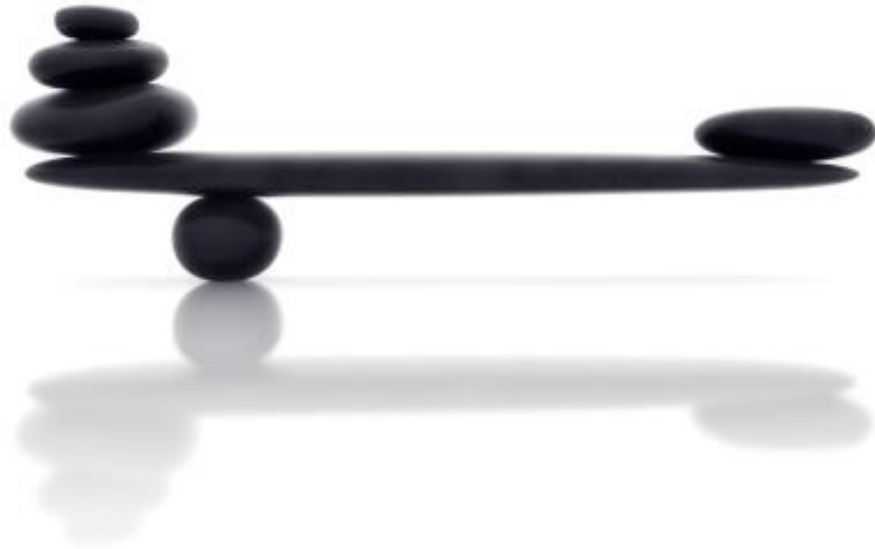


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Balance Forward account



- Balance Forward is the default accounting method in Paladin Point of Sale.
- About 95% of accounts are Balance Forward.
- Account payments are applied to the balance owed and not to an invoice.
- Less time consuming than Open Item accounts.



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Open Item account



- Used for accounts such as schools, government facilities, and churches.
- Account payments are applied to an invoice and not to the balance owed.
- More time consuming than Balance Forward accounts.

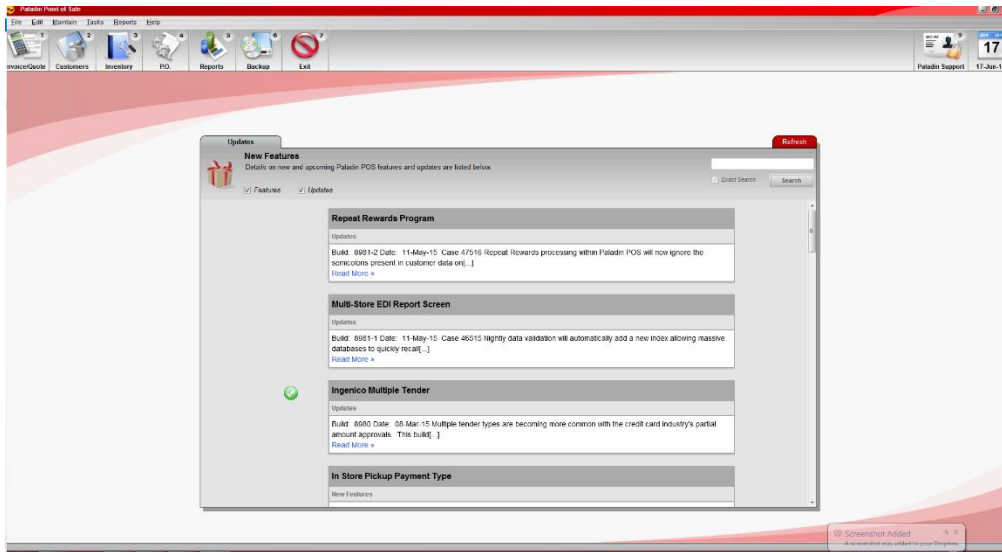


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Balance Forward account payments



- Payments are accepted in two modules:
- **Customer** module
- **Invoice/Quote** module



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Open Item account payments



- Accepting a payment is done in the same way as a Balance Forward account payment.
- Applying the payment is done in the **Payment Management** window in the **Customers** module.

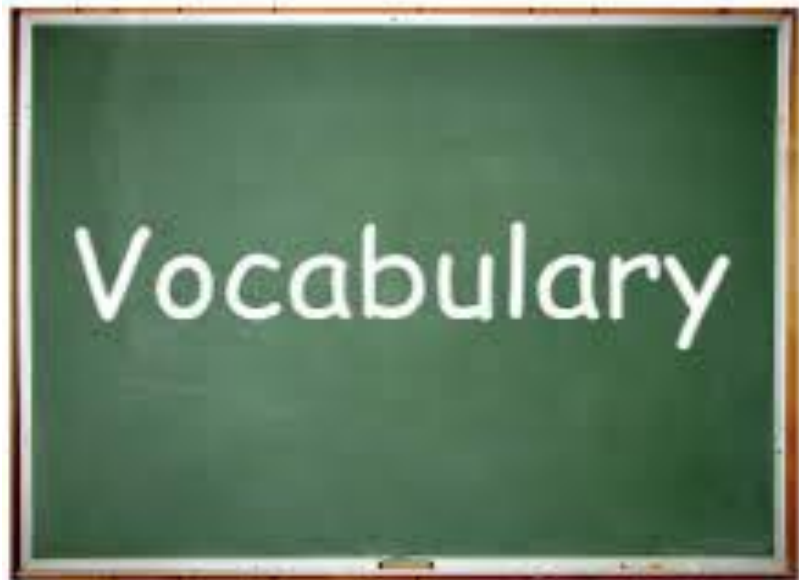


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Payments: Posting vs. applying



- Posting a payment
 - Occurs when you enter a customer payment in Paladin Point of Sale.
 - You can post a payment to a Balance Forward or an Open Item account.
- Applying a payment
 - Occurs after you have posted a payment, when you “apply” the payment to an invoice in an Open Item account.
 - You can apply a payment ONLY to an Open Item account.
 - To apply a payment, on the Customer’s module, select a customer, and then click **Payment Management**.

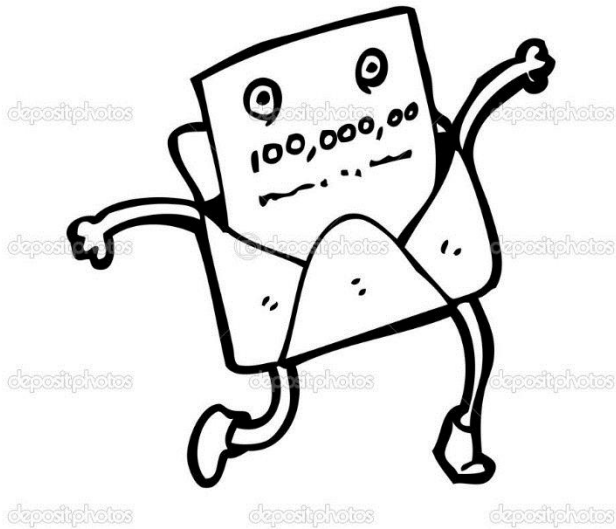


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Statements



- A customer's statement will look different, depending on the account type.
- A Balance Forward statement shows the charges and payments that were made to an account.
- An Open Item statement shows the invoices that have not been paid.



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For more information, see the following knowledge base articles:

- How to post or reverse a payment to a Balance Forward charge account
- How to post, apply, or reverse a payment to an Open Item statement charge account
- How to post a payment to a charge account by check or money order
- How to manage a customer account

Recording available at:

paladinpointofsale.com/webinars

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