AR-AP Adjustmen

Module Guide: AR/AP Adjustment

Module Location

Finance > AR/AP Adjustment

Module Objective

The **AR/AP Adjustment** module is a special accounting tool used to perform a "netting" process. Netting is the process of offsetting an Accounts Receivable (AR) balance with an Accounts Payable (AP) balance for the same entity, which acts as both a customer and a supplier.

1. Main View (Adjustment List)

The main page of this module displays a list of all AR/AP Adjustment documents that have been created.



View Explanation & Filters

This page is for viewing the history of adjustment/netting transactions that have been performed.

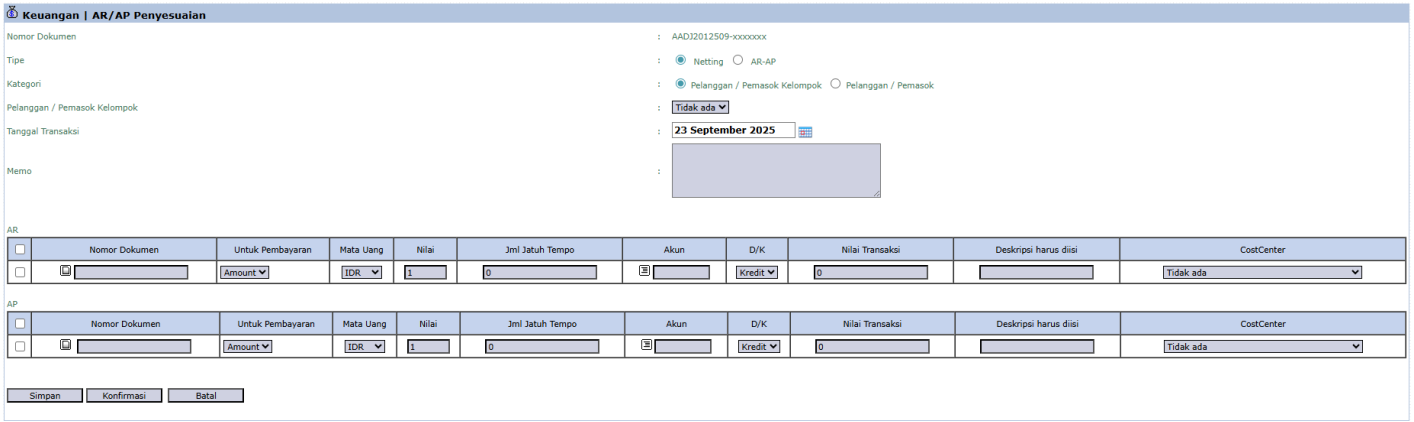
- **Filters**: You can search for a specific document by **Document Number** or a date range (**Start Date / End Date**).

- **Adjustment List**: The table below will display all documents that match the filters, with columns such as **Document Number**, **Document Date**, and **Document Status**.

Button Functions

- **[New]**: The primary button to create a new AR/AP Adjustment document.
- **[Cancel]**: To cancel an adjustment document that has already been created.

2. Steps to Perform an Adjustment (Netting)



Step 1: Create a New Adjustment Document

From the Main View, click the **[New]** button to open the **AR/AP Adjustment** form.

Step 2: Fill in Header Information

- **Type**: Select the type of adjustment, for example, **Netting**.
- **Category**: Select whether you will perform netting for a specific **Customer / Supplier** or a **Group**.

- **Customer / Supplier Group**: Select the entity to be netted.
- **Transaction Date**: Enter the effective date of this adjustment transaction.

Step 3: Select Receivable (AR) Documents

In the **AR** section, select one or more outstanding sales invoices from that customer that you want to use to reduce the payable.

Step 4: Select Payable (AP) Documents

In the **AP** section, select one or more outstanding purchase invoices from that supplier that you want to reduce with the receivable above.

Step 5: Save and Confirm

After selecting all the relevant documents, the system will calculate the totals. Verify the amounts, then click the **[Confirm]** button to process the adjustment. This action will create a journal entry that **debits Accounts Payable (AP)** and **credits Accounts Receivable (AR)**.

Tips & Important Notes

- This is an **advanced accounting tool** and must be used with a proper understanding. Always ensure a valid netting agreement exists with the customer/supplier.
- After confirmation, this transaction will effectively **"settle"** part or all of the selected receivable and payable balances.
- This is an efficient way to settle transactions with business partners who have a **two-way relationship** (as both a buyer

and a seller).

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