

Earned Income Adjustment Report

Introduction

The CBS Earned Income Adjust Report enables reporting on the following Earned Income issues;

1. Nil Balances (Nil Invoices)

Where there is a Nil invoiced amount due to client but the invoice has income processed against it. These Invoices were not posted as part of the End of Day. (see also On Request Register – run for X on Earned Income).

Action Required: GL Adjusting Journals required – see section on **Nil Balances**

2. Dishonours/Reversals - Outstanding

- Where an Invoice was fully paid at the time of posting the Earned Income to the General Ledger and has subsequently been marked as unpaid or part paid via a dishonoured cheque or reverse reallocated banking. Note: ***The income amounts from invoices may have already been included in income/GST drawings***
- This report will list these items for review. If any unpaid or part paid dishonours or reversals exist at the end of the financial year, we recommend that the invoices are reversed. This will ensure that the Earned Income does not include the original income for the debit. If payment is still expected, a debit endorsement can be raised separately.
- Alternatively, an adjustment can be made to your Income/GST Drawings, which will need to be reversed in the new financial year once the original debit is either paid or reversed

Action Required: Manual reversal of outstanding debits – see section on **End of Financial Year Adjustments**

3. Dishonours/Reversals –Paid

This report can be used to provide a listing of historical dishonoured cheques and reverse banking items processed on the system. – No action required.

NOTE: This report will only select items that have been processed through an End of Day (excluding Nil Invoices)

EMR027/ Earned Income Adjustment

Company/Branch DEM/
Adjustment Period From (mm.yy) 07.18 to 06.19
Client Payment Status (O/P/A) O
Cut-Off Date (dd.mm.yy) 30.06.19
Include Nil Balances (Y/N) Y
Proceed (Y/N) Y
Warning: This should be run after End-Of-Day.

Please advise Report details and hit 'RETURN' or select :
PFK (10) Exit

- **Company/Branch;**
A company code must be entered. The branch can be left blank, however if reconciling by Branch then a branch code should be entered.
- **Adjustment Period;**
The Adjustment Period refers to the period in which the invoice was updated to Earned Income. For end of year analysis to determine the invoices that have Earned Income but are still unpaid the adjustment period will be the full 12 months. e.g. 07.18 to 06.19.
- **Client payment Status;**
This is always the current payment status of the invoice
O = Outstanding
P = Paid
A = All
- **Using the Cut off date**
A cut off date must be entered if using a Client Payment Status of O or P. The cut off date refers to the payment status of the invoice at that time.

For example, if an invoice was raised and paid on 15.09.18 then dishonoured on 10.10.18 using cut off date of 30.09.18, this will show the invoice on the paid report only. If using the cut off date as 31.10.18 it will appear on the Outstanding report.

See further examples in the Dishonours/Reversal section below.

- **Include Nil Balances (Y/N)**

Nil Balances refers to invoices raised with nil due to the client but which have income attached. These will include invoices where for example a small amount has been calculated by the Sunrise Insurer and this has been offset by a Broker Service charge in the same invoice. e.g.

PLY008/s/13/K Inquiry on a Specific Cover				
Coy/Bch DEM SYD Client B4288 Name BARRISTERS Cover 0034089/001				
Eff Date 12.09.07 Renewable N Ren Date 15.07.08 Risk MV MOTOR - PRIVATE				
Premium(s) :	This Premium	F.A.P.	Since Renewal	Inception
Premium	37.03-		37.03-	37.03-
F.S.L.				
Stamp Duty	2.04-		2.04-	2.04-
U/Agency Fee				
Broker Fee	38.88		38.88	38.88
Staff Discount				
Net Due	.19-		.19-	.19-
GST	.19		.19	.19
Total Amount				
Net Income	37.03		37.03	37.03
Hit 'RETURN' to return to option selection or select :				
PFK (2) Payment Details (3) Income Split (4) Insurer Premium (10) Exit				

These invoices were not included in the Earned Income GL movements during the End of Day process. Once identified and any GL corrections made it is optional to include Nil Balances when running this report.

These nil balance invoices with income attached will report on all variations based on the adjustment period only. i.e if reconciling month by month, then nil invoices will appear despite the Client Payment Status and cut off date. (They will also appear on the new Earned Income Register run in detail X via the On Request Register Report).

See instructions on Nil Balances below.

Implementation

1. Nil Balances (Nil Invoices)

The Earned Income End Of Day process reads through the Receipts, Cheques and Journals to collect invoices that have been paid/allocated during the period. As there is no amount due to be paid by the client, the Nil Balance Invoices did not appear on any of these registers and were therefore not collected for Earned Income during the End of Day Process. The On Request Earned Income Register however, does collect these items providing a difference between the On Request and End of Day Registers.

The Earned Income Adjustment Report can be run to identify those invoices which have a Nil balance and would not have been posted at the End of Day to Earned Income.

GL journals will be required to manually update the Earned Income Accounts with these amounts per GL period or optionally as an End of Year adjustment only.

The Nil balance invoices with income attached will report on all variations based on the adjustment period only. i.e if reconciling month by month, then nil invoices will appear despite the Client Payment Status and cut off date. (They will also appear on the new Earned Income Register run in detail X via the On Request Register Report)

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EMR027/a                               Earned Income Adjustment
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Company/Branch                          DEM/
Adjustment Period From (mm.yy) 07.18 to 06.19
Client Payment Status (O/P/A) A
Cut-Off Date (dd.mm.yy) 30.06.19
Include Nil Balances (Y/N) Y
Proceed (Y/N) Y
```

```
Warning: This should be run after End-Of-Day.
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```
Please advise Report details and hit 'RETURN' or select :
PFK (10) Exit
```



VER : EMR027/		EARNED INCOME ADJUSTMENT					PAGE 1	
FOR COMPANY/BRANCH DEM SYD SYDNEY		FROM PERIOD 07/18 TO 06/19						
PAY STATUS: ALL	INV DATE	REFERENCE	TYPE	INCOME	GST	PAYMENT	NARRATIVE	
CLIENT NAME	ADJ DATE	COVER					-----CURRENT-----	
RISK							TYPE P/S PAID-TO-DATE PAY-DATE	
* FOR POSTING PERIOD 07/2018 ****								
E1495	ENGLISHS	31.07.18	I0027324	BSC	100.00		Alteration - BUSINESS PAK	
	BUSINESS PAK		0002556	GSTF		10.00	NIL FP 31.07.18	
			VER 003	* TOT	100.00	10.00		
* MONTH TOTALS - 07/2018				BSC	100.00			
				GSTF		10.00		
				* TOT	100.00	10.00		
* FOR POSTING PERIOD 09/2018 ****								
H1691	HINTERSU	19.09.18	I0032746	BSC	75.00		Alteration - PI	
	PI		0002912	GSTF		7.50	NIL FP 19.09.18	
			VER 003	* TOT	75.00	7.50		
B1126	BCTRENTO	20.09.18	I0032880	BSC	30.00		Alteration - STRATA TITLE	
	STRATA TITLE		0026702	GSTF		3.00	NIL FP 20.09.18	
			VER 001	* TOT	30.00	3.00		
* MONTH TOTALS - 09/2018				BSC	105.00			
				GSTF		10.50		
				* TOT	105.00	10.50		
* FOR POSTING PERIOD 01/2019 ****								
B4288	BARRYT	21.01.19	I0046496	BROK	1.85		Cancellation MOTOR - PRIVATE	
	MOTOR - PRIVATE		0034089	GSTB		.19	NIL FP 21.01.19	
			VER 001	BSC	38.88CR			
				GSTF		3.89CR		
				* TOT	37.03CR	3.70CR		
* MONTH TOTALS - 01/2019				BROK	1.85			
				GSTB		.19		
				BSC	38.88CR			
				GSTF		3.89CR		
				* TOT	37.03CR	3.70CR		

Once differences are identified for an accounting period, G/L Journals will be required to correct the Earned Income movements recorded in the G/L Trial Balance:

Using broking period 01/2018 (January 2018) – ensure you are only using the Month totals and posting to the correct GL period if posting by month;

EMR027 – Nil Balances

* MONTH TOTALS - 01/2019	BROK	1.85	
	GSTB		.19
	BSC	38.88CR	
	GSTF		3.89CR
	* TOT	37.03CR	3.70CR

Processed month is January 2019 – GL period is 07.19 (for a 30.06.2019 EOY)

Trail Balance 07.19		MTD
Liabilities		
GST Collected		12,500.77
Unearned Brokerage Income		78,019.37
Unearned Broker Fee		52,377.50
Earned Income		
Brokerage Income Earned		425,709.56cr
Broker Fee Income Earned		18,211.81cr
Brokers GST Earned		59,800.04cr

General Ledger Journals required (for the example):

Posting Period 07.19 (January 2019 – ensure the posting period is correct)

Below are sample journals only. Where a Client Discount or Sub Agent Commission is involved additional Accounts may be required, these items should appear on the Earned Income Adjustment reported above. If you are unsure of the required Journals (please contact Ebix Support)

Take care in the DR or CR to apply to each account

CR	20 8000	Unearned Brokerage Income	1.85
DR	30 2000	Earned Brokerage Income	1.85
DR	20 8500	Unearned Broker Fee Income	38.88
CR	30 2001	Earned Broker Fee Income	38.88
DR	20 3000	GST Collected	3.70
CR	30 7000	Brokers GST Earned	3.70

Updated Trial Balance after posting differences

Trail Balance 07.19

MTD

Liabilities

GST Collected	12,504.47
Unearned Brokerage Income	78,017.52
Unearned Broker Fee	52,416.38

Earned Income

Brokerage Income Earned	425,707.71cr
Broker Fee Income Earned	18,250.69cr
Brokers GST Earned	59,803.74cr

2. Dishonours/Reversals Outstandings

This report can be used at anytime to determine which invoices have been processed, paid and then reversed/dishonoured and still remain unpaid (after an end of day process)

Example A:

Invoice I0000070 Processed on 31.03.19.

Payment made on 30.04.19.

The invoice has been posted to the GL Earned Income in the period April 2019.

On 10.05.19 the bank advised the clients payment has been dishonoured. A sub ledger journal is then processed using the Dishonoured Cheque option.

No payment has been received since.

Using Example A and assuming we are in June 2019 processing period (an End of Day has been processed on 15.06.2019) we run the report as follows to collect Dishonours/Reversals that have been earned in April and are still outstanding in June;

EMR027/a	Earned Income Adjustment
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Company/Branch                DEM/
Adjustment Period From (mm.yy) 04.19 to 04.19
Client Payment Status (O/P/A)  O
Cut-Off Date (dd.mm.yy)    23.06.19
Include Nil Balances (Y/N)   N
Proceed (Y/N)               Y
Warning: This should be run after End-Of-Day.
    
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Please advise Report details and hit 'RETURN' or select : PFK (10) Exit
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VER : EMR027/

EARNED INCOME ADJUSTMENT

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FOR COMPANY/BRANCH DEM SYD SYDNEY FROM PERIOD 07/18 TO 06/19

PAY STATUS: OUTS-23/06/2019 FOR CURRENCY CODE : AUD DESCRIPTION : Australian Dollars

CLIENT NAME	INV DATE	REFERENCE	TYPE	INCOME	GST	PAYMENT	NARRATIVE	-----CURRENT-----
RISK	ADJ DATE	COVER					TYPE P/S	PAID-TO-DATE PAY-DATE

* FOR POSTING PERIOD 04/2019 ****

B1126	BAKERY SHOP	31.03.19	I0000070	BSC	30.00CR			Alteration - STRATA TITLE
	STRATA TITLE	30.04.19	0026702	GSTF		3.00CR		DISH UP
			VER 001	* TOT	30.00CR	3.00CR		

* MONTH TOTALS - 04/2019				BSC	30.00CR			
				GSTF		3.00CR		
				* TOT	30.00CR	3.00CR		

** BRANCH TOTALS - Australian Dollars				BSC	30.00CR			
				GSTF		3.00CR		
				* TOT	30.00CR	3.00CR		

Summary of Income by Income class :
Class/Description

ALT Alteration 30.00CR

* Total of Income split : 30.00CR

Summary of Income by Servicer :
Servicer/Description

leon Leon D'Apice 30.00CR

3. Dishonours/Reversals Paid

Where an invoice has been paid and reversed/dishonoured in the same period (same End of Day period) the Earned Income is not recognised as the invoice is unpaid at the time of processing the End of Day.

These items will therefore not appear on the Earned Income Adjustment Report as they have no effect on the Earned Income Adjustments to be made.

Example B:

Invoice I0056067 was raised on 20.06.19.

Payment received on 24.06.19.

A reversal (or dishonour) was processed on 25.06.19.

The End of Day is processed on 30.06.19. The Earned Income component is not updated to the GL as the invoice remains unpaid.

The Earned Income Adjustment Report will not list this item as Earned Income is not effected for any adjustment period, payment status of cut off date.

CLI003/U		Client Statement Inquiry			
Statement for Currency : AUD - Australian Dollars , Current Statement Company DEM Branch SYD Client No P0066 Name PLASTICS PTY L Current Statement					
Date	Reference	Cover	Ver	Description	Debit
20.06.19	I0056067	0037654/000		New Policy - BOILER EXPLOS	58
24.06.19	P037421			Payment Received	
25.06.19	A037422			Dishonoured Cheque	58
Total due = 582.00 , Current = 582.00 , Overdue = 0.00					
Hit 'RETURN' to return to client selection:					
PFK (2) Note (3) Quote			(7) Right (8) Print (10)Exit		

On 01.07.19 the Invoice was paid.

The Earned Income movement is made in the GL for July 2019.

The Earned Income Adjustment Report will now report this invoice (once an End of Day has been processed) on the All or Paid Listing only - Adjustment period 06/19 to 06/19 cut off date 31/07/19.

EMR027/ Earned Income Adjustment

Company/Branch DEM/
Adjustment Period From (mm.yy) 06.19 to 06.19
Client Payment Status (O/P/A) P
Cut-Off Date (dd.mm.yy) 31.07.19
Include Nil Balances (Y/N) N
Proceed (Y/N) Y
Warning: This should be run after End-Of-Day.

Please advise Report details and hit 'RETURN' or select :
PFK (10) Exit

See sample report overleaf.

Should the selection be made for Period 07.19 to 07.19 the invoice will not be listed as the original reversal was processed in the June period.

The Earned Income Adjust report shows this as a now Fully Paid Dishonoured item. Note the Pay-Date is 01.07.19 No GL movement is required as it will also appear on the Earned Income Register and would have been included in the July GL posting for Earned Income

VER : EMR027/A EARNED INCOME ADJUSTMENT PAGE 1

FOR COMPANY/BRANCH DEM SYD SYDNEY FROM PERIOD 06/19 TO 06/19

PAY STATUS: PAID

CLIENT NAME	INV DATE	REFERENCE	TYPE	INCOME	GST	PAYMENT	NARRATIVE	-----CURRENT-----
RISK	ADJ DATE	COVER					TYPE P/S	PAID-TO-DATE PAY-DATE

* FOR POSTING PERIOD 06/2019 ****

10927	PLASTICS PTY LTD	20.06.19	I0056036	BROK	37.50CR			
	BOILER EXPLOSION	24.06.19	0037653	GSTB		3.75CR	New Cover - BOILER EXPLOSION	
			VER 000	BSC	50.00CR		DISH FP	692.00- 01.07.19
				GSTF		5.00CR		
				* TOT	87.50CR	8.75CR		
								692.00CR

Careful consideration needs to be taken on these invoices as the Earned Income has been recognised in July and therefore no Earned Income Adjustment to the GL is required. These invoices can be crossed check against the Earned Income Register for July as they will be listed accordingly.

Adjustment Date 24.06.19 this is when the invoice was first paid (Adjustment Period 06/19)

DISH = Dishonoured

FP = Fully Paid (always the current payment status)

3. End of Year Final Adjustments

The Earned Income Adjustment Report (emr027) should be run before the End of Day to identify items that have been dishonoured or reversed and are still unpaid (Outstanding). This gives you the opportunity to create any adjusting entries which might be required e.g canceling a cover to reverse the premiums/income.

The income for these invoices may have already been earned and included in any commission/GST drawings.

If an invoice is still outstanding over the selected period, the Income may have already been drawn down from the trust account and may cause 'over-drawings'.

Example C:

Invoice I0000067 Processed on 23.09.18

Payment made on 30.09.18

The invoice has been posted to the GL Earned Income in the period September 2018.

On 30.04.19 a reverse and reallocate was processed, the invoice is then set to be Unpaid again. (the same applies to Dishonoured Cheques)

No payment has been received since.

To report only those Dishonoured/Reversed which invoices have been earned but are still unpaid at the End of the Financial Year, the selection will be as follows;

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EMR027/a          Earned Income Adjustment
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Company/Branch          DEM/
Adjustment Period From (mm.yy) 07.18 to 06.19
Client Payment Status (O/P/A) 0
Cut-Off Date           (dd.mm.yy) 30.06.19
Include Nil Balances   (Y/N) Y
Proceed                 (Y/N) Y
Warning: This should be run after End-Of-Day.
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This warning does not apply when running this report for End of Year Adjustments only

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Please advise Report details and hit 'RETURN' or select :
PFK                                                    (10) Exit
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If an invoice is still outstanding over the selected period, the Income may have already been drawn down from the trust account and may cause 'over-drawings'.

These invoices should be reversed in this Financial Year so the income is also reversed from the Earned Income Accounts.

Should any invoices be reversed via cancellation or other broking transaction (the cancellation also needs to be allocated against the original invoice) an End of Day will need to be run to post these transactions through to the GL from all registers including the Earned Income Registers so they are posted to the correct current Financial Period.

Using the prior example, Invoice I0000067 still remains unpaid as at 30.06.19

A cancellation or endorsement is processed for the same amount as the original debit, creating invoice I0000201.

Invoice I0000201 is then used in a dr/cr allocation to fully pay I0000067.

An end of day is then run to collect the Invoice details for I0000201, the JNL entry for the dr/cr allocation on both invoices, the Earned Income for I0000201 will be recognised. This will then reverse the original Earned Income (September 2018 for this dishonour/reversal.)

As the Earned Income from I0000067 was recognised in September 2018 it will not be listed on the Earned Income Register again in June 2019.

Please Note: For current month items that have been Dishonoured or Reversed and an End Of Day has not been processed, these are listed on the Journal Requester with manual investigation required via the client statement inquiry establish if these have since been paid.



**Appendix A - Sample report for All Payment Status including NIL invoices as at 30.06.2019
(before cancellation of Example C: 1000067).**

DISH = Dishonoured, NIL = Nil Balance Invoice, REAL = Reversal; FP = Fully Paid, UP = Unpaid, PP = Part Paid

VER	CLIENT NAME	INV DATE	REFERENCE	TYPE	INCOME	GST	PAYMENT	NARRATIVE	-----CURRENT-----
	RISK	ADJ DATE	COVER					TYPE P/S	PAID-TO-DATE PAY-DATE
* FOR POSTING PERIOD 09/2018****									
S0012	SOUTH SEAS	17.09.17	I0000062	BROK	37.50CR			New Cover - MOTOR VEHICLE PRIVAT	
	MOTOR VEHICLE PRIV	30.04.19	0000136	GSTB		3.75CR		REAL FP	345.00- 28.06.19
			VER 000	BSC	50.00CR				
				GSTF		5.00CR			
				* TOT	87.50CR	8.75CR	345.00CR		
S0012	SOUTH SEAS	23.09.18	I0000067	BSC	500.00CR			New Cover - Industrial Special	
	ISR	30.04.19	0002133	GSTF		50.00CR		REAL UP	
			VER 002	SBA	75.00				
				GSTS		7.50			
				* TOT	425.00CR	42.50CR			
B4288	BARRISTERS	21.09.18	I0046496	BROK	1.85			Cancellation MOTOR - PRIVATE	
	MOTOR - PRIVATE	21.09.18	0034089	GSTB	.19			NIL FP	21.09.18
			VER 001	BSC	38.88CR				
				GSTF		3.89CR			
				* TOT	37.03CR	3.70CR			
* MONTH TOTALS - 09/2018									
				BROK	35.65CR				
				GSTB		3.56CR			
				BSC	588.88CR				
				GSTF		58.89CR			
				SBA	75.00				
				GSTS		7.50			
				* TOT	549.53CR	54.95CR	345.00CR		
* FOR POSTING PERIOD 04/2019 ****									
B1126	BAKERY SHOP	31.03.19	I0000070	BSC	30.00CR			Alteration - STRATA TITLE	
	STRATA TITLE	30.04.19	0026702	GSTF		3.00CR		DISH UP	
			VER 001	* TOT	30.00CR	3.00CR			

* MONTH TOTALS - 04/2019	BSC	30.00CR		
	GSTF		3.00CR	
	* TOT	30.00CR	3.00CR	
* FOR POSTING PERIOD 06/2019 ****				
10927 PLASTICS PTY LTD	20.06.19 I0056036 BROK	37.50CR		
BOILER EXPLOSION	24.06.19 0037653 GSTB		3.75CR	New Cover - BOILER EXPLOSION
	VER 000 BSC	50.00CR		DISH FP 692.00- 01.07.19
	GSTF		5.00CR	
	* TOT	87.50CR	8.75CR	692.00CR
* MONTH TOTALS - 06/2019	BROK	37.50CR		
	GSTB		3.75CR	
	BSC	50.00CR		
	GSTF		5.00CR	
	* TOT	87.50CR	8.75CR	
** BRANCH TOTALS - Australian Dollars	BROK	73.15CR		
	GSTB		7.31CR	
	BSC	658.88CR		
	GSTF		66.89CR	
	SBA	75.00		
	GSTS		7.50	
	* TOT	667.03CR	66.70CR	1,037.00CR
Summary of Income by Income class :				
Class/Description		Amount		
NEW New Business		155.00CR		
FEE Fee Income		475.00CR		
CAN Cancellation		37.03CR		
* Total of Income split :		667.03CR		
Summary of Income by Servicer :				
Servicer/Description		Amount		
leon Leon D'Apice		542.50CR		
simon Simon Agar		124.53CR		
* Total of Servicer split :		667.03CR		