

Holdback job types are typically used on government or general contractor type jobs where the customer requires you hold back a certain percentage of each invoice and bill after the job is closed; normally this is 30 days after the completion of the job. Sedona Office provides the functionality to accomplish this.

Hold-backs invoices are associated with a particular *invoice item* (Company Maintenance/Accounts Receivable Tables/Invoice Items). This hold-back invoice item is associated with an asset type G/L account instead of the normal revenue type G/L account. You will need to establish a G/L account with an OCA account type code as well as the invoice item to be used for hold-back invoices.

When you create a *job type* (Company Maintenance/Job Management Tables/Job Types) to be used for hold-back situations, you will need to enter the hold-back percentage, an item code for the hold-back amount, and the hold-back G/L account.

Setup

1. The first step is to create a G/L asset account for the hold-back. Make certain that the Account Type is set to OCA (other current asset). (Please see illustration 1.)

Illustration 1.

The screenshot shows a window titled "Chart of Accounts Edit". It has an "Inactive" checkbox which is unchecked. There are three input fields: "Account Code" with the value "1200", "Description" with the value "HoldBacks", and "Account Type" with a dropdown menu showing "OCA". The "OCA" option is circled in red. Below the dropdown menu, the text "Other Current Asset" is visible. At the bottom of the window are three buttons: "OK", "Delete", and "Cancel".

2. The next step is to create an invoice item for the hold-back portion of the invoice. You will use the G/L asset account that was created in the previous step 1. Also make certain the taxable box is unchecked. (Please see illustration 2.)

Illustration 2.

The screenshot shows the 'Invoice Item Edit' window with the following fields and values:

- Item Type: NR (circled in red)
- Item: Holdback
- Description: Hold back
- Account: 1200 (circled in red), HoldBacks
- Category: Install (circled in red), Installation
- Job Costing Type: Other (circled in red), Non-Recurring
- Default Rate: 0.00
- Taxable: (circled in red)
- Inactive:

Buttons: OK, Delete, Cancel

3. The next step is to create your Hold-Back job type. You will enter the appropriate hold-back percentage, the invoice item created in step 2, and the G/L account created in step 1. (Please see illustration 3.)

Make certain when creating the job type codes, they indicate in the name they are of a hold-back type. Otherwise you would have to cancel the job and re-enter all of the information. Once a job is saved, the job type **cannot** be changed. For more information on the ability to change the job type, refer to Reference Document Percentage Invoice Job Types item 2.

Illustration 3.

Job Types Edit Inactive

Job Type Setup

Job Type Code: **COMHB** Hold Back Percentage: **10.00**

Description: **Commercial Hold back** Hold Back Invoice Item: **Holdback**

Category: **Install** Hold Back Account: **1200**
HoldBacks

COGS Account: **5111** COG - Installations

Expense Part When Issued: (Will Not Use WIP) Percentage Invoice

Order	Task	Job Status	Invoice	%	Lock
1	Install Phase 1	In-Progress	Y	0.00	N
2	Progress Bill 1	In-Progress	N	0.00	N
3	Install Phase 2	In-Progress	Y	0.00	N
4	Progress Bill 2	In-Progress	N	0.00	N
5	Complete	In-Progress	N	0.00	N

*The job status will be set to Job Complete when all tasks in the job are approved.

Job Task:

Job Status:

Sequence Locks Job

Invoice:

Example Hold Back Job Billing

In the example provided below, two Install Charge lines have been created in the Installation Charges window. (Please see illustration 4.)

Illustration 4.

The screenshot shows the 'New Job' window with the following details:

Job	Customer 139	Site
Job Number 2030	Bridgport Center	Bridgport Center
Job Type COMHB	5201 W. Kennedy Blvd.	5201 W. Kennedy Blvd.
Job Status In-Progress	Tampa, FL 33609	Tampa, FL 33609
System		
Labor Units 0 (0 Used)		

Item	Description	QTY	Unit Price	Extended Price	Tax	Units
Install	Installation Phase 1	1	500.00	500.00	35.00	0
Install	Installation Phase II	1	500.00	500.00	35.00	0

Total Install Labor Units **Installation Totals** Tax

Item: Qty:
 Description: Unit Price:
 Labor Units:

Buttons: Save, New, Delete, Apply

In Illustration 5, you will see that this job is set up two job tasks to bill this job in two separate steps; Progress Bill 1 and Progress Bill 2.

Illustration 5.

New Job

Job	Customer 139	Site
Job Number 2030	Bridgport Center	Bridgport Center
Job Type COMHB	5201 W. Kennedy Blvd.	5201 W. Kennedy Blvd.
Job Status In-Progress	Tampa, FL 33609	Tampa, FL 33609
System		
Labor Units 0 (0 Used)		

#	Task	Job Status	Invoice	Approved	Approved By	Com...
1	Install Phase 1	In-Progress	Y	N		
2	Progress Bill 1	In-Progress	N	N		
3	Install Phase 2	In-Progress	Y	N		
4	Progress Bill 2	In-Progress	N	N		
5	Complete	In-Progress	N	N		

*The job will be locked and the status will be set to Job Complete when all tasks in the job are approved.

Job Task: [Dropdown]
 Job Status: [Dropdown]
 Invoice

Sequence Locks Job
 Comments: [Text Area]

Save New Remove Apply

Illustration 6.

New Job

Job	Customer 139	Site
Job Number 2030	Bridgport Center	Bridgport Center
Job Type COMHB	5201 W. Kennedy Blvd.	5201 W. Kennedy Blvd.
Job Status In-Progress	Tampa, FL 33609	Tampa, FL 33609
System		
Labor Units 0 (0 Used)		

#	Task	Job Status	Invoice	Approved	Approved By	Com...
1	Install Phase 1	In-Progress	Y	N	9/28/2004 9:09:25 PM	administrator
2	Progress Bill 1	In-Progress	N	N		
3	Install Phase 2	In-Progress	Y	N		
4	Progress Bill 2	In-Progress	N	N		
5	Complete	In-Progress	N	N		

*The job will be locked and the status will be set to Job Complete when all tasks in the job are approved.

Job Task: Job Status: Invoice

Comments: Sequence Locks Job

Buttons: Save, New, Remove, Apply

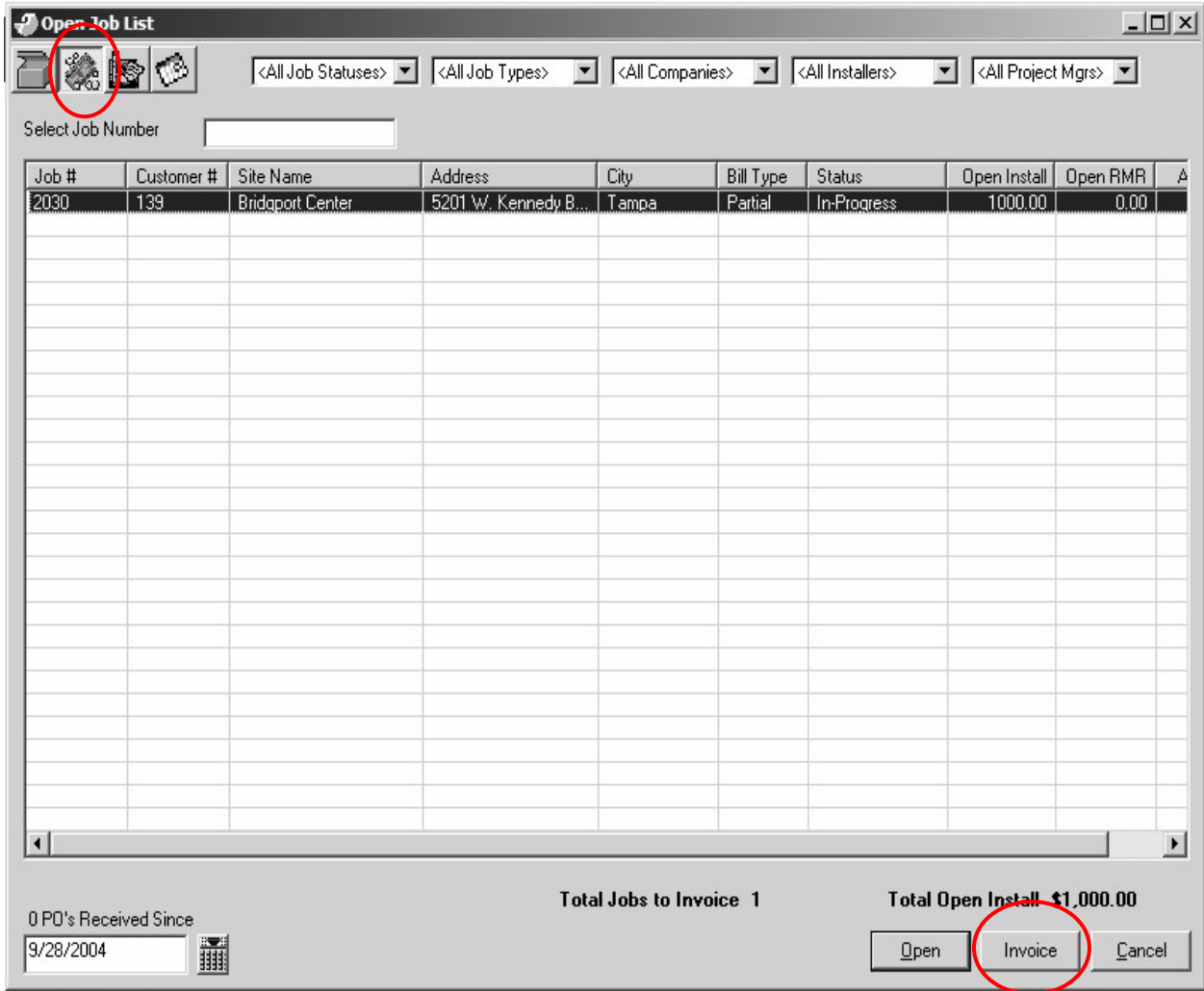
Once the job task Install Phase 1 has been approved, we will be able to invoice the customer. Illustration 6 above indicates that this task has been approved and you may now create an invoice for this job.

Note on the Invoice column on the Task list:

For each job task line, there is a selectable checkbox "Invoice". If this box is checked on for the job task, once this task has been approved, you will have the capability to create an invoice. For progress invoices the task prior to invoicing must have the Invoice box checked. For percentage type invoices, the task that defines the percentage amount to be invoiced must have the Invoice box checked to be able to create an invoice.

Invoicing for Hold-Back type jobs is done the same as any other job invoice. Navigate to the Main Menu Tree to Job Management, and then select the Job Queue. Once the Job Queue window is on your screen, your will click on the dollar bill icon at the top of this window. This will show you a list of all jobs that are ready to be invoiced. Highlight the job line that you want to invoice, then click on the Invoice button on the lower right of the window. (Please see Illustration 7.)

Illustration 7.



When the invoice appears on the screen, you will notice in the top left portion is the job type in bold font “**Job Invoice – Holdback 10%**”. The invoice that is previewed shows both installation lines in the body of the invoice. Since we only want to invoice the first phase of this job, you would highlight the second line and press the delete key to remove line two charges. The next time you are ready to invoice the job, the remaining installation line or lines will appear in the invoice preview window. You may also at this time change the percentage of materials to relieve from the material work in process account. This only applies if your job type is not set up to expense material at the time of issue (see the job type setup window in illustration 3 above). Also notice the memo field has been populated with the comment “Invoice Holdback 10%”; this will print on your customer’s invoice unless you change this text. (Please see Illustration 8.)

Illustration 8.

Job Invoice

Customer Number: 139 Category: Install AR Account: 1101 Tax Group: FL-Hillsborough Sales Tax

Job Invoice - Holdback 10%

Bill To: Bridgport Center, 5201 W. Kennedy Blvd, Tampa, FL 33609
 Site: Bridgport Center, 5201 W. Kennedy Blvd, Tampa, FL 33609

AR Reason: New Job
 Activation Date: 9/28/2004
 End Date:
 Next Cycle Date: 01-Oct-04

Bill RMR: Prorate RMR thru Billing Cycle Range

Items \$1,000.00 Parts \$0.00

Item	Description	Qty	Rate	Amount	Tax
Install	Installation Phase I	1	500	500.00	35.00
Install	Installation Phase II	1	500	500.00	35.00

Description: Bill for Work Completed
 Memo: Invoice Holdback 10%

Material WIP
 Current Balance: 0.00
 Original Balance: 0.00
 % to Allocate: 100
 Allocation: 0.00

Sub Total: 1000.00
 Tax: 70.00
Total: 1070.00

Add to Print Queue

Below in Illustration 9 is a sample of how the invoice will appear using the Standard Invoice form. Notice that the original amount billed is shown, the holdback amount of \$50.00 is labeled as payments/credits, and in the lower description portion is the memo field "Invoice Holdback 10%". So the net due on this invoice after tax and holdback is \$485.00.

Illustration 9.

Tampa Branch		<i>Invoice</i>		
100 Johns Road Tampa, FL 33602 (813) 882-3966		Invoice Number	Date	
		1147	9/28/2004	
		Customer Number	Due Date	
		139	9/28/2004	
To: Bridgport Center 5201 W. Kennedy Blvd. Tampa, FL 33609		Remit To: Tampa Branch 100 Johns Road Tampa, FL 33602		
Amount Enclosed: _____	Net Due: \$485.00		<i>Detach And Return Top Portion With Your Payment</i>	
Customer Name	Customer Number	P.O. Number	Invoice Date	Due Date
Bridgport Center	139		9/28/2004	9/28/2004
Quantity	Description		Rate	Amount
<i>Bridgport Center, 5201 W. Kennedy Blvd., Tampa, FL</i>				
1.00	Installation Phase 1		500.00	500.00
	Sales Tax			\$35.00
	Payments/Credits Applied			\$50.00
Date	Invoice #	Description	Amount	Balance Due
9/28/2004	1147	Bill for Work Completed (2030)	\$535.00	\$485.00
		Invoice Holdback 10%		
Tampa Branch 100 Johns Road Tampa, FL 33602 (813) 882-3966				

What General Ledger Transactions Happened Behind The Scenes?

It is important to understand how Sedona Office handles the General Ledger activity with this type of invoice transaction. Using the invoice just created as an example, this is what is happening to the G/L once the invoice has been posted:

Debit	Accounts Receivable	\$535.00
Credit	Revenue (G/L account associated with the invoice item Install)	-500.00
Credit	Sales Tax Payable	-35.00

This is the normal transaction that occurs for all job invoices.

Now, to handle the hold-back, this is the G/L flow:

Credit	Accounts Receivable	-50.00
Debit	Unapplied Credits	50.00
Debit	Hold-Back Account (G/L associated With the holdback invoice item)	50.00
Credit	Unapplied Credits	-50.00

In essence, this removes the holdback dollars from accounts receivable and posts to the new hold-back asset account. The holdback asset account is relieved when all invoicing is complete and the job is closed. When the job is closed, a window will appear prompting you to enter a date for the invoice that will be system generated for all the holdbacks associated with this job. (Please see Illustration 10.)

Illustration 10.

The screenshot shows a 'Job Close' dialog box with the following sections:

- Job Information:** Includes a 'Job End Date' field with the value '9/28/2004' and a calendar icon.
- System Information:** Includes 'Warranty Start' (9/21/2004) and 'Contract Start' (9/28/2004) fields, each with a calendar icon.
- Holdback:** This section is circled in red. It includes:
 - 'Invoice Date' field (empty) with a calendar icon.
 - 'Aging Date' field (empty) with a calendar icon.
 - 'Term' dropdown menu set to 'On Receipt'.

Buttons for 'OK' and 'Cancel' are located at the bottom right of the dialog.

On the date the job is closed, you will enter the Hold-Back Invoice Date. Once the job has been closed, Sedona Office will automatically create an invoice with the date you specified for any and all holdbacks for the particular job. (Please see Illustration 11.) The description of each holdback line will reference the original invoice for which a holdback was retained. The General Ledger transactions that occurred in my example scenario are as show below:

Credit	Hold-Back Account (G/L associated With the holdback invoice item)	-100.00
Debit	Accounts Receivable	100.00

Illustration 11.

Invoice # 1151

Customer ID: 139 | Category: Install | A/R Account: 1101 | Tax Group: FL-Hillsborough Sales Ta

Invoice Date: 9/27/2004 | Aging Date: 9/27/2004

Bill To: Bridgport Center, 5201 W. Kennedy Blvd, Tampa, FL 33609
 Site: Bridgport Center, 5201 W. Kennedy Blvd, Tampa, FL 33609

Warehouse: | P.O. Number: |
 Salesperson: | Term: On Receipt
 Invoice Type: Hold Back | Job #: 2030

Items \$100.00 | Parts \$0.00

Item	Description	Qty	Rate	Amount	Tax
▶ Holdback	Invoice 1147 9/28/2004	1.00	50.00	50.00	0.00
▶ Holdback	Invoice 1149 9/28/2004	1.00	50.00	50.00	0.00

Description: Bill for Work Completed
 Contact: | Memo: |

Sub Total	100.00
Tax	0.00
Total	100.00
Balance Due	100.00

Add to Print Queue | << Previous | Next >> | OK | Cancel

Related Reference Documents:

- Job Change Orders
- Percentage Invoice Job Types

If you have any questions regarding the content of this document, please contact us by emailing your questions or comments to www.support@sedonaoffice.com , or you may contact the Sedona Office Helpdesk at (734) 414-0760.