

How to reverse a phased revenue recognition?

Problem: How to reverse a phased revenue recognition?

Solution: Enter an Invoice and reverse it with a Credit Note, or perform manual adjustments to transactions and create Register Corrections.

This instruction applies to FirstBit ERP Contracting 2.11.35.2 and earlier. In FirstBit ERP Contracting 2.11.36.1 and later, the Phased Revenue Recognition document supports revenue reversal by entering negative values in the current recognition columns.

There are two options:

1. With Credit Note (recommended)

- Enter the Invoice first, and then create a Credit Note to reverse the revenue.
 - In this case, the **Contract Assets** account will be closed by the Invoice, and the **Trade Receivables** account will be closed by the Credit Note.
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2. Manual adjustments to transactions and registers

(Please be very careful and attentive when using this approach.)

As you can see, **Phased Revenue Recognition (PRR)** creates several register entries.

To reverse these entries, you need to create register corrections for all entries except the very first one, which belongs to the **Accounting Register "General Ledger"**.

The General Ledger entry can be corrected through **Transactions (General Ledger)**.

How to make Registers Corrections:

Important: Only users with **Administrator** access rights can use the **Register Correction** tool.

1. Go to **Administration > Administration Documents > Register Correction**

2. Create a new Register Correction document and click **Registers Content Setting**.

3. Select the following registers generated by PRR:

- Accumulation Registers:
 - **Income and Expenses**
 - **Income and Expenses by Project**
 - **Contract Assets**
 - Information Register:
 - **Document Currency Rate**
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4. Click **Add** and enter all required data.

Make sure that all analytics fully match the ones created by PRR. Since you are reversing PRR entries, enter the amounts as **negative values** in order to reduce the balances in the registers.

Note: Any mistakes in Register Correction may affect the database behavior, and such issues can be difficult to identify and troubleshoot later.

Thanks for being a Firstbit Customer!

#PhasedRevenueRecognition #CreditNote #RevenueReversal