

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.
-

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**
-

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