

## Sales Ledger

**In Brief:**

*The Sales Ledger maintains a record of all Customer Account Transactions.*

**In This Document:**

*Terms described in this document include:*

- ❖ Sales Ledger
- ❖ Customer
- ❖ Transaction
- ❖ Transaction Type
- ❖ Revenue Transaction
- ❖ Cash Transaction
- ❖ Customer Account
- ❖ Transaction Amount
- ❖ Customer Account Balance
- ❖ Customer Supply Account

**See Also:**

*Terms in this document that are described in other Fact Sheets include:*

- ❖ Contract
- ❖ Billing
- ❖ Invoice
- ❖ Credit Note
- ❖ Receipt
- ❖ Payment
- ❖ Customer Supply
- ❖ MPAN
- ❖ Ad Hoc Invoice
- ❖ Billing Group
- ❖ BACS Processing
- ❖ FDD Collection Schedule

The **Sales Ledger** maintains a record of the debts accrued by **Customers** in respect of their **Contracts** with the supplier and the payments made by and to them in settlement of these debts.

Each entry on the **Sales Ledger** is referred to as a **Transaction** and is one of two types:

- **Revenue Transaction** represents an accrual of debt, usually created by events such as **Billing**
- **Cash Transaction** represents money received from or paid to a customer

**Transactions** may also be referred to as 'Debit' or 'Credit' **Transactions** such that an appropriate combination of this characteristic and **Transaction Type** can be used to represent each of the common business events reflected on the **Sales Ledger**; such as:

- An **Invoice** is represented by a 'Debit' **Revenue Transaction**
- A **Credit Note** is represented by a 'Credit' **Revenue Transaction**
- A **Receipt** is represented by a 'Credit' **Cash Transaction**
- A **Payment** is represented by a 'Debit' **Cash Transaction**

Each **Revenue Transactions** recorded on the **Sales Ledger** is associated with the **Customer** accruing the debt. Where possible each **Cash Transaction** recorded on the **Sales Ledger** is also associated with the relevant **Customer**. The set of **Transactions** associated with any given **Customer** is referred to as the **Customer Account**. For the exceptional cases where a **Cash Transaction** cannot be attributed to a **Customer** then the **Cash Transaction** is added to the 'Suspense' **Customer Account**.

Once a **Transaction** has been written to the **Sales Ledger** it is never modified or deleted. Therefore any changes are made by adding new **Transactions**. For example, if a **Cash Transaction** is assigned to the wrong **Customer** and/or with the wrong value then another **Cash Transaction** is added for the same **Customer** which has an equal and opposite value and a new **Cash Transaction** created for the correct **Customer** and value.

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On the **Sales Ledger**, positive values are used to denote debits and negative values to denote credits. In other words, the **Transaction Amount** of a *'Debit' Transaction* would be expected to be positive and the **Transaction Amount** of a *'Credit' Transaction* would be expected to be negative. This does not preclude the existence of **Transactions** with the opposite signage but it does mean that such **Transactions** represent the opposite of what would normally be expected. For example, a *'Debit' Revenue Transaction* with a negative value would represent a *'Credit' Invoice* which, in certain circumstances, can be a valid business object.

The signage of **Transaction Amounts** facilitates the simple determination of what is referred to as the **Customer Account Balance** by summation of the **Transaction Amounts** of all **Transactions** associated with the given **Customer Account**. The **Customer Account Balance** is said to be in *'Debit'* if the result is greater than zero and in *'Credit'* if the result is less than zero.

Each **Sales Ledger Transaction** can also be associated with an individual **Customer Supply**. This enables a sub-set of the **Transactions** on any given **Customer Account** to be selected based on the associated **MPAN**. This sub-set is referred to as the **Customer Supply Account**.

Whether a **Transaction** is assigned to a **Customer Supply Account** depends on how the **Transaction** was created:

- **Revenue Transactions** arising from **Ad Hoc Invoices** or **Credit Notes** specified against a **Billing Group** but not a **Supply** are not assigned to a **Customer Supply Account**
- All other **Revenue Transactions** arise from supply related charges and, therefore, are always assigned to a relevant **Customer Supply Account**
- **Cash Transactions** arising from **BACS Processing** and associated with reduction of debt against specific **Revenue Transactions** are assigned to the **Customer Supply Account** of the associated **Revenue Transaction**
- **Cash Transactions** arising from **BACS Processing** and associated with **FDD Collection Schedules** are assigned to the **Customer Supply Account** of the associated **FDD Collection Schedule**
- **Cash Transactions** entered manually are assigned to a **Customer Supply Account** if specified on entry