

Bookkeeping Tips

How to Book Returned and Postdated Checks

To avoid mispostings—and liability for another employee's misdeeds—follow these simple steps:

Returned checks. When the bank notifies you that it is returning a customer's check for NSF (not sufficient funds), debit the customer's account immediately—even if you plan to redeposit the check the same day. For good internal controls, instruct your bank to address all returned checks to someone other than you—possibly the owner or a senior manager. This can protect you if an employee tries to use fictitious checks to cover temporary shortages.

Postdated checks. If a customer gives you postdated checks, treat them as a *note* receivable. In other words, debit it to Notes Receivable, not to Cash. On the date written on the check, deposit it to your firm's account, debiting Cash and crediting Notes Receivable.

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The American Institute of Professional Bookkeepers (AIPB), is the national association for bookkeepers, currently with 30,000 active members

AIPB was founded in 1987 for the following purposes:

- To recognize bookkeepers as accounting professionals
- To make sure that each member has the latest bookkeeping, accounting and tax information
- To answer members' everyday bookkeeping and accounting questions on the telephone at no charge.
- To provide bookkeepers with low-cost continuing professional education.
- To return the membership fees of any bookkeeper who is dissatisfied with the benefits of membership