Sage 50 Accounts
Quick Reference Guide

Operating the Online Payment Solution Clearing Account

(1870)

What is the Online Payment Solution Clearing Account?

Where a school is operating an online payment solution system e.g., Easy payment Plus, MIT Education Solutions or Three Ireland (Way2pay), the Online Payment Solution Clearing Account allows you to efficiently record income received.

Instead of having to analyse each individual lodgement to the bank account, receipts for a month can be accumulated and then analysed in bulk.
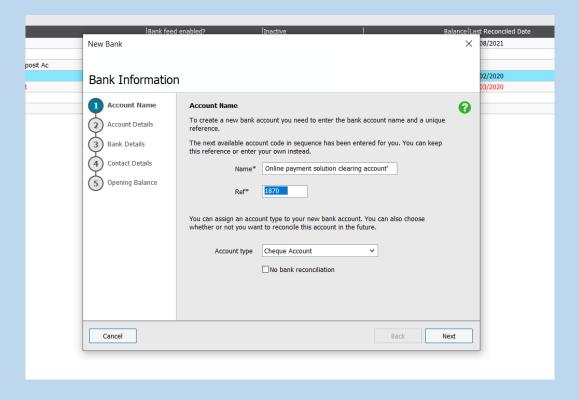
Outlined below are the steps on how to record bank lodgements to the clearing account and then record the analysis of this income

Step 1

Set up a nominal account code 1870 as the Online Payment Solution Clearing Account (if it is not already set up)

Click on 'Bank Accounts' on the menu bar
- ➢ Click on the 'Wizard' icon
- ➢ The 'New Bank' screen appears
    - o In the box 'Name' type in 'Online payment solution clearing account'
    - o In the 'Ref' box type in 1870
    - o In the 'Description' box type in 'Online payment solution clearing account'
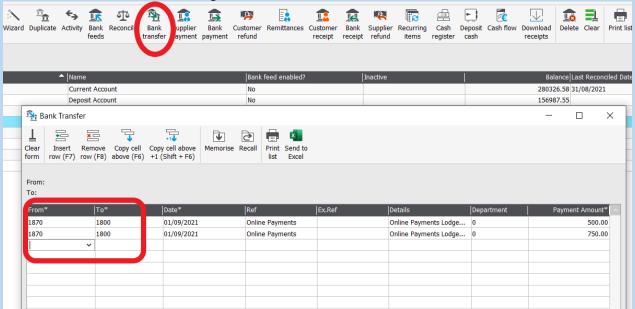   - o Click 'Next' 4 times and then 'Create'

Step 2

Accounting for the lodgements to the bank account

To record the individual receipts from the online solution payment company, on the menu bar, click on 'Bank Accounts'

- ➢ Click on 'Bank Transfer'
- ➢ For each lodgement record a transfer from account <1870> to the current account <1800>
- ➢ Enter the details of the lodgement

Note: Where refunds have been processed through the online payments system and money has been paid out of the current account to the merchant services a bank transfer from current account <1800> to account <1870> should be recorded
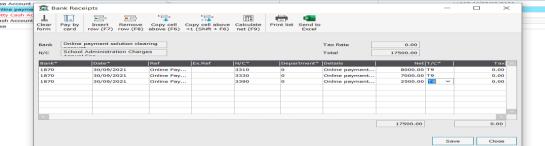
Step 3

Recording the income received from the Online Payments Solution at the end of the month

At the end of the month, run a report from the online payment solution company showing the breakdown of the income received.

To record the breakdown of the income received, on the menu bar go to 'Bank Accounts', select account <1870> and click on 'Bank Receipt'

- ➢ Record the breakdown of the income received per the report to the relevant income nominal codes and click 'Save'

Note:

- • In some set ups the full amount a parent pays is lodged to the bank account by the merchant services, and in others a payment solution or merchant services fee is held back. Where the fee is withheld the gross amount paid by parents should be recorded as income and the fee recorded as payment from the online payment solution clearing account 1870 to bank charges expense.
- • Where there is a net refund in an income category the refund should be recorded as a payment out of <1870> to the relevant income nominal code.

Step 4

Reconciling the Online Payment Solution Clearing Account

Once all the transactions are entered you should be able to agree and/or reconcile the closing balance on the online payment solution clearing account <1870> to your expected closing balance.

- ➢ Ascertain what your expected closing balance is. Were all monies received in the month lodged to the bank account during the month or were any amounts lodged after the month end e.g., the amount of income received on the 30th of September lodged to the current account on the 1st of October would be your closing balance at the 30th of September
- ➢ The balance on nominal code 1870 at the month end should agree to this
- ➢ If the balance is correct on the clearing account, then all is in order.

- ➢ It is optional to perform a bank reconciliation on the Clearing Account
- ➢ On the menu bar go to 'Bank Accounts', select account <1870> and click on 'Reconcile'
- ➢ Enter the date for the end of the month, enter your closing expected balance and select 'Ok'
- ➢ Match all transactions (as agreed to online payment solution report and merchant services statements) and you should be left with a 0 difference.

Practical Example:

Step 2:

A total of €17,000 was lodged to the current account from Online payments, in 22 different lodgements over the month of September.
These were recorded as receipts in the current account <1800> and coded to nominal code <1870>

Step 3:

An income report from the Online Payments system showed total income of €18,000 for September less fees held by merchant services of €500. The total income for €18,000 was recorded as a split receipt to account <1870> at the month end against the relevant income codes e.g., <3310 Transition Year Income> etc. The fees withheld of €500 were recorded as a bank payment from <1870> to the bank charges expense. This left a balance of €500 on the online payments system of €500 (Income of €18,000 less fees of €500 less amounts lodged to the bank of €500)

Step 4:

The Online Payments system showed that €500 lodged the 1st day of the following month, October was received in September. Therefore, our expected closing balance at the 30th of September was €500.
When a bank reconciliation was performed and all transactions were ticked off, the balance per SAGE agreed to the expected balance and the difference was zero.