

## How to clear Future Disbursements from a Bill

A common problem Millennium users ask us about is the correct method to clear off *disbursements billed and not yet paid* (future disbursements) when the anticipated disbursement was never actually paid out. This is often discovered when the matter is about to be closed, and the Bill has already been paid by the client, but the Bill still has a value showing against the *Disbursements Billed and Not Yet Paid* balance.

Note: See the **Reports** section at the end of this document for methods of finding matters with unpaid future disbursements.

There are two methods you can use to clear off the Future Disbursement from the Bill.

1. Post a Fee Credit for just the Future Disbursement.
2. Post a disbursement against the bill, then cancel the disbursement.

The actual procedure for each of these methods is described below.

### Example:

The following screen shot shows the starting point for this posting example. The ledger card has a single disbursement, and a bill (which includes some time worked and miscellaneous fee charges totalling £730.80 + VAT), and a value of £38.00 for a disbursement which is expected to be paid out soon.

Full payment of the bill has also been received at this point, for which the program gave us a warning (as required by the Law Society rules) that the office account would go into credit, but since we expect a future disbursement to be paid out of office within 7 days we allowed this. Also note the lower case “a” and “p” cash allocation Status markers indicating the disbursement totals have not been fully allocated/paid for the bill.

Date	Type	Details	Our ref	Reference	S	Office	Office balance	Client cur
14/01/2002	OF-PY	prison report		500/000808	B	98.45	98.45	
				B&JG004010				
11/11/2002	FE-PY	Costs		AJG004010	P	730.80	829.25	
		Disbursements billed		136.45	p			
		Disbs. billed & not paid		(38.00)				
		VAT			P	127.88	957.13	
		Bill Total		995.13	p			
11/11/2002	OF-RC	recpt to pay Costs		500/000001	a	(995.13)	(38.00)	
				Clear: 5				

**Bill Detail:**

A useful feature that users may not be aware of is the ability to see very specific details of any type of transaction on the ledger card, either by *double-clicking* the line you want to see the detail for, or by selecting the line then click the **View** button.

So to view the detail for the Bill transaction, highlight the **FE-PY** line, then click **View** to open the first Detail screen, then click the **More Detail** button to show the following full details screen:-

Bill no AJG004010 for matter 000008/0001

Date: 11/11/2002    Transaction type: Payment    Bill type: Bill

Description: Costs

Account period posted: 200201    Completed date:    VAT code: 01

Occurrence type: Interim

Item	Amount	Paid	Cancelled	Outstanding
Fee	675.00	675.00	0.00	0.00
Fee VAT	118.12	118.12	0.00	0.00
Misc fees	55.80	55.80	0.00	0.00
Misc fees VAT	9.76	9.76	0.00	0.00
Disbursements	136.45	98.45	0.00	38.00
<b>Total</b>	<b>995.13</b>	<b>957.13</b>	<b>0.00</b>	<b>38.00</b>
Disbs. billed & not paid	38.00	0.00	0.00	38.00

Fee earner allocation    Miscellaneous fees    Disbursements    **Disbs billed & not paid**

Description	Amount	Amount paid	Amount cancelled	Amount outstanding	VC	VAT
Allow for future disburse	38.00	0.00	0.00	38.00		0.00

Help    Close

The middle section shows that all items of the bill have been paid, except for the **Disbs.billed & not paid** (future disbursements). Click the tab also labelled **Disbs.billed & not paid** in the lower section of the screen to view the description entered for the future disbursement at the time of posting the bill and the status of it – in this case £38.00 is the *Amount outstanding*.

## Method 1 – Fee Credit (of Future Disbursement only)

A fee credit can be posted to contra just the future disbursement value. This can be done either;

- a) before payment of the bill has been received
- b) after payment of the bill has been received (obviously the client has already been billed and paid up, so you will need to give them a refund to the value of the overpaid disbursement).

When cancelling future disbursements on a bill that has not yet been paid for by the client it is important to clear out the contra value to any items that you do not want to cancel, e.g. time worked, miscellaneous fee charges, and disbursements already paid. The following screens demonstrate this.

### Method 1a) Fee Credit (before payment of bill has been received)

Start by entering Bill Posting, enter the matter number and click **Credit Note**.

The screenshot shows the 'Bill Posting' window with the following details:

- Post into financial year:** 2002
- Period:** 1
- Date:** 11/11/2002
- Matter:** 000008/0001 (Kray, Mr Harry: Attempted Escape)
- Operation:**
  - Bill
  - Proforma
  - Credit note
  - Set instalments on existing bill
- Matter balances:**

Client current	0.00
Client deposit	0.00
Office	957.13
Unpaid bill	995.13
Unbilled disb	0.00

Buttons at the bottom: ? Help, Clear, Next >, Close

Click **Next**.

**Post credit note**

Unallocated credit note  
 Correct / cancel an existing bill or proforma (select from below)

Bill: Legal aid contract bill | Proforma | Legal aid contract proforma

Date	Bill no	Detail	Bill total outstanding	Client disbursements
11/11/2002	AJG004011	Costs	995.13	0.00

View

Help < Back Next > Close

Above: Tick the “*Correct/cancel an existing bill or proforma*” bullet, and from the bills shown select the bill containing the future disbursement value, then click **Next**.

**Fee details**

Detail: Reverse future disbursement

Billed time: 4:30 Value: 675.00

Fee (excl. VAT): 0.00

VAT code: Standard

VAT amount: 0.00

Help < Back Next > Close

Above: The detail has defaulted to “*Reverse future disbursement*”, and the Billed Time Value of £675.00 appears in the Fee (excl.VAT) box. **Make sure you zero this value before tabbing out of this field, and the VAT amount will then zero also.** Failure to do so will cancel the main bill value.

Click **Next**.

Code	Description	Amount	VAT amount
MIL	Mileage	55.80	9.76

Above: If any miscellaneous fee charges are on the bill these will show up on this screen. Make sure you click the **-Remove** button for any charges to prevent these charges being cancelled off the bill.

Click **Next**.

Detail	Amount	VAT	Paid	Detach
prison report	98.45	0.00		

Above: This screen shows any Disbursements already paid from the ledger card, that have been included in this bill. Make sure you click each disbursement line and click **Detach** to “un-tick” them, because you do not want them to be “detached” from the bill.

Click **Next**.

Disbursements not yet paid out (future disbursements)

Totals: Non-VAT able  VATable  VAT

Detail 1	Detail 2	Amount	VAT code	VAT	CF
Allow for future disbursements		38.00	Non VAT-able	0.00	

Detail  Amount (inc. VAT)

VAT code

Counsel fees VAT amount

? Help < Back Next > Close

Above: Now we've reached the screen with the future disbursements value. If there is more than one future disbursement then you can leave them showing (they will be cancelled) or click the “**–Remove**” button to remove future disbursements that you do not want cancelling. Basically any future disbursements that remain showing on this screen will be cleared off the Bill. *Notice that you cannot click the +Add button (its greyed out) because we are doing a fee credit.*

Click Next.

Summary

Bill total

Notes

Batch totals

Bills  Proformas  Credit notes

This is the end of the batch so clear these totals after posting

Produce a bill document

? Help < Back Post Close

Above: The summary screen shows the final bill total. The Bill Total showing here should now be just the value of the future disbursements that you want to cancel. If it is not then it suggests that you will contra more than you mean to, so use the **Back** button to review what you entered and correct any items you overlooked or should have removed or zeroed. If all seems well, click **Post**.

The Ledger Card now looks like this, showing the Fee Credit applied before the Bill was paid by the client:-

Matter ledgers for 000008/0001: Kray, Mr Harry - Attempted Escape

Status: Live  Show outstanding Transaction types: All

Overview Accounts Time Miscellaneous charges Matter notes Analysis Options

Office	957.13	Unbilled disb	0.00	Client current	0.00
Unpaid bill	957.13	Int. allowable	0.00	Client deposit	0.00

Date	Type	Details	Our ref	Reference	S	Office	Office balance	Client cur
14/01/2002	OF-PY	prison report		500/000808 BAJG004010	B	98.45	98.45	
11/11/2002	FE-PY	Costs		AJG004010		730.80	829.25	
		Disbursements billed		136.45	c			
		VAT				127.88	957.13	
		Bill Total		995.13	c			
11/11/2002	FE-RC	Reverse Costs		AJG004010	A	0.00	957.13	
		Disbursements billed		(38.00)	C			
		Bill Total		(38.00)	C			

Matter View Preview Help Close

And the **More Detail** screen shows that the future disbursement value (“Disbs. Billed & not paid”) are now zero, and the **Disbs. Billed & not paid** tab shows £38.00 under the **Amount cancelled** column:-

Bill no AJG004010 for matter 000008/0001

Date: 11/11/2002 Transaction type: Payment Bill type: Bill

Description: Costs

Account period posted: 200201 Completed date: VAT code: 01

Occurrence type: Interim

Item	Amount	Paid	Cancelled	Outstanding
Fee	675.00	0.00	0.00	675.00
Fee VAT	118.12	0.00	0.00	118.12
Misc fees	55.80	0.00	0.00	55.80
Misc fees VAT	9.76	0.00	0.00	9.76
Disbursements	136.45	0.00	38.00	98.45
Total	995.13	0.00	38.00	957.13
Disbs. billed & not paid	38.00	0.00	38.00	0.00

Fee earner allocation Miscellaneous fees Disbursements **Disbs billed & not paid**

Description	Amount	Amount paid	Amount cancelled	Amount outstanding	VC	VAT
Allow for future disburse	38.00	0.00	38.00	0.00		0.00

Help Close

**Method 1b) Fee Credit (after payment of bill)**

Start by entering Bill Posting, enter the matter number and click **Credit Note**.

The process is very similar to the Method 1a detailed above, except that since all the other items of the bill have been paid by the client, the fee credit posting screens are much simplified, and only the Future Disbursements screen will show (because it's the only thing outstanding on the bill).

After the fee credit for the future disbursement only is posted the ledger card looks like this (note that the office balance is in credit due to the overcharged bill, and a repayment should be made to the client, either directly from office account, or by transfer to the client current account). Also note the "PC" status against the bill which indicates some disbursements were **Paid** and some **Cancelled**:-

Date	Type	Details	Our ref	Reference	S	Office	Office balance	Client cur
14/01/2002	DF-PY	prison report		500/000808 BAJC004010	B	98.45	98.45	
11/11/2002	FE-PY	Costs		ΔJC004010	P	730.80	829.25	
		Disbursements billed		136.45	PC			
		VAT			P	127.88	957.13	
		Bill Total		995.13	PC			
11/11/2002	DF-RC	recpt for bill		500/000001 Clear: 5	a	(995.13)	(38.00)	
11/11/2002	FE-RC	Reverse Costs		ΔJC004010	A	0.00	(38.00)	
		Disbursements billed		(38.00)	C			
		Bill Total		(38.00)	C			

The **More Detail** screen shows that the future disbursement has been cancelled.

Bill no AJG004010 for matter 000008/0001

Date: 11/11/2002    Transaction type: Payment    Bill type: Bill

Description: Costs

Account period posted: 200201    Completed date: 11/11/2002    VAT code: 01

Occurrence type: Interim

Item	Amount	Paid	Cancelled	Outstanding
Fee	675.00	675.00	0.00	0.00
Fee VAT	118.12	118.12	0.00	0.00
Misc fees	55.80	55.80	0.00	0.00
Misc fees VAT	9.76	9.76	0.00	0.00
Disbursements	136.45	98.45	38.00	0.00
Total	995.13	957.13	38.00	0.00
Disbs. billed & not paid	38.00	0.00	38.00	0.00

Fee earner allocation    Miscellaneous fees    Disbursements    Disbs billed & not paid

Description	Amount	Amount paid	Amount cancelled	Amount outstanding	VC	VAT
Allow for future disburse	38.00	0.00	38.00	0.00		0.00

Help    Close

## Method 2 – Posting a Disbursement to use the Future

The second method involves two steps; first is to post a disbursement (allocated against the Bill) as if it had actually been paid out as expected, secondly this is followed by a correcting receipt to cancel it.

This achieves the desired result because first the *future disbursement* value on the Bill (*Disbs billed & not Paid*) is allocated to the disbursement, then when the cancelling receipt is posted it is the *disbursement* value on the bill that gets corrected because the value has now been converted from a “future” and allocated to an “actual” disbursement, i.e. the *future disbursements* value remains at zero. This becomes clearer when you look at the **More Detail** screen for the bill after the Method 2 transactions have been posted.

Note: You might be tempted to refund the overpayment back to the client by posting a correcting payment (Cash Correction for £38.00) allocated against the receipt of money that paid the bill in the first place. This is incorrect because the *Disbs billed & not Paid* value would be unaffected and would still appear against the Bill.

### Method 2 – Step 1: Posting the disbursement

Start the **Office Account Posting** wizard and select the matter to which this applies. As this is a correctional type posting you may prefer to use a **suspense** office account bank so that the normal office bank is unaffected by the transactions. Select **Payment** as for a normal disbursement:-

**Office Account Posting**

Save into batch

**Main details**

Post into financial year: 2002    Period: 1

Date: 11/11/2002

Posting type: Use office bank

Bank: 997 Office Suspense Account

Matter: 000008/0001 Kray, Mr Harry: Attempted Escape

Transaction type:  Payment     Receipt

Matter balances	
Client current	0.00
Client deposit	0.00
Office	(38.00)
Unpaid bill	38.00
Unbilled disb	0.00

Buttons: Help, Clear, Next >, Close

Click Next.

Office Account Posting - Post a payment on 000008/0001

Payment transaction type

Disbursement | Cash correction

Unbilled disbursement     Billed disbursement (please select a bill)

Bill no	Detail	Bill total	Future disbursements
AJG004010	Costs	995.13	38.00

View

Help    < Back    Next >    Close

Above: Select the **Disbursement** tab and click the **Billed Disbursement** bullet, then select the Bill containing the *Disbursements Billed and Not Yet Paid* value that you want to clear off. The value of the *Future Disbursements* can be seen on the bill line (our example is £38.00). You can also click the **View** button if you wish to see more details for the selected bill. Click **Next**.

Office Account Posting - Post a billed disbursement on 000008/0001

Pay out a future disbursement from the selected bill

Please select a future disbursement from the list below to pay out now

Detail	Amount	VAT code	Vat
Allow for future disbursement	38.00		0.00

Help    < Back    Next >    Close

Above: You will now see the Description and Amount (and any VAT) of the future disbursements expected and entered when the Bill was originally posted. If more than one shows, select the line you wish to cancel. Click the **Next** button.

**Office Account Posting - Post a billed disbursement on 000008/0001**

Bank Office Suspense Account

Transaction method Cheque

Reference / cheque no 000000

Cheque details

Payee Stamford CC

Amount 38.00

How to produce cheque  
 Computer will print it  
 Hand write it yourself

When will the cheque be produced  
 With this posting  
 Do not produce it yet - the next posting will add to the cheque amount

Buttons: Help, < Back, Next >, Close

Above: Enter details for the bank payment method such as “Cash” since this is only a correcting transaction. Click **Next**.

**Office Account Posting - Post a billed disbursement on 000008/0001**

**Payment detail & amount**

Our reference

Detail code

Detail the future disbursement

Amount (inc. VAT) 38.00

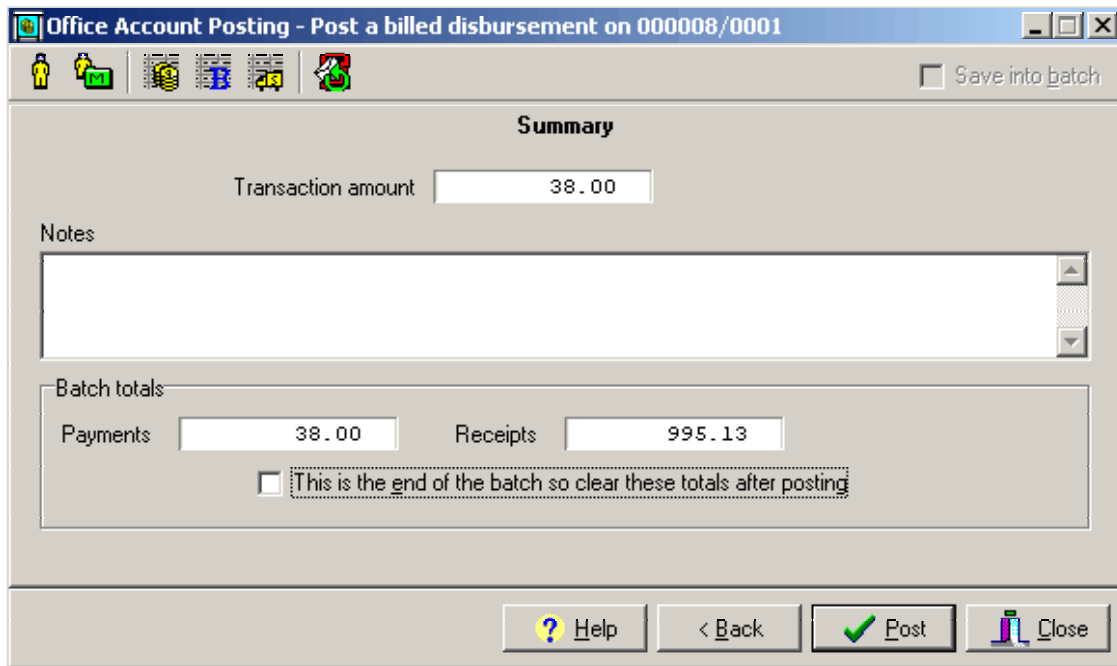
VAT code Non VAT-able

VAT amount 0.00

This disbursement is counsel fees

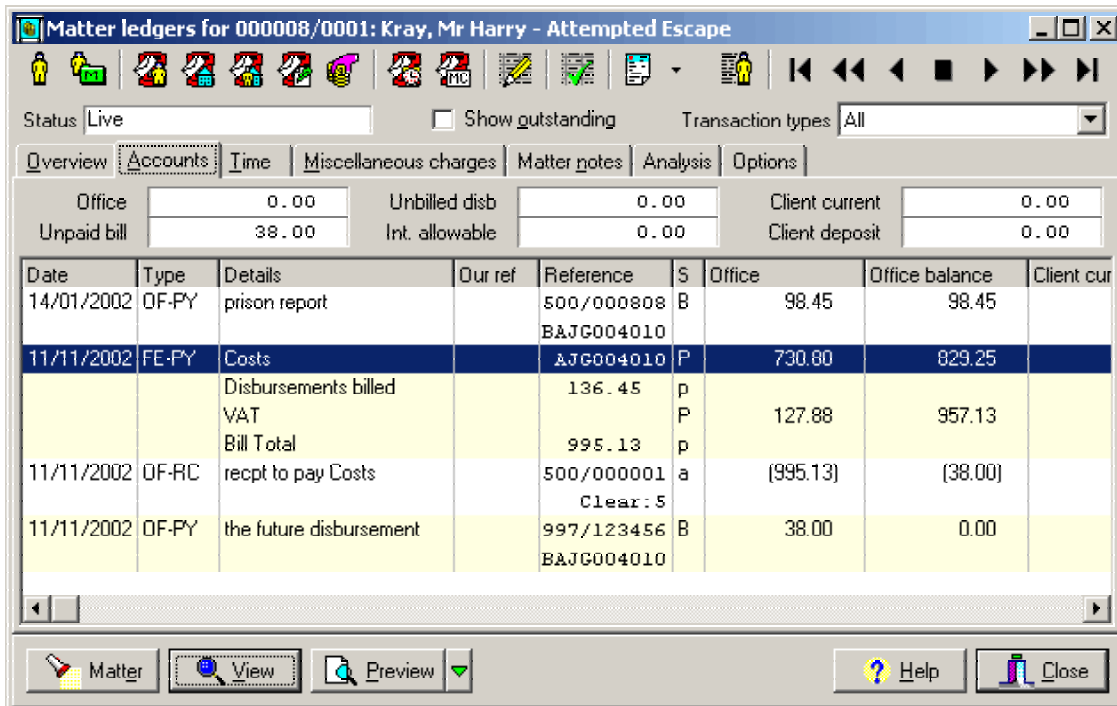
Buttons: Help, < Back, Next >, Close

Above: Enter any additional payment details, description, etc. associated with the posting, e.g. “Cancelling unpaid futures”. Click **Next**



Above: Finally confirm the posting by clicking **Post**.

Now the ledger card appears as shown below. Compare this with the ledger card shown at the very beginning of this document. You will see that the *Disbs. Billed & not Paid* line has now disappeared from the bill, and the dummy payment we have used to cancel the future disbursement is marked as billed status - "B".



Now click the **View** button, then **More Detail** button to see the full detail for the Bill:-

**Bill no AJG004010 for matter 000008/0001**

Date: 11/11/2002    Transaction type: Payment    Bill type: Bill

Description: Costs

Account period posted: 200201    Completed date:    VAT code: 01

Occurrence type: Interim

Item	Amount	Paid	Cancelled	Outstanding
Fee	675.00	675.00	0.00	0.00
Fee VAT	118.12	118.12	0.00	0.00
Misc fees	55.80	55.80	0.00	0.00
Misc fees VAT	9.76	9.76	0.00	0.00
Disbursements	136.45	98.45	0.00	38.00
<b>Total</b>	<b>995.13</b>	<b>957.13</b>	<b>0.00</b>	<b>38.00</b>

Fee earner allocation    Miscellaneous fees    **Disbursements**

Description	Amount	Amount paid	Amount cancelled	Amount outstanding	VC	VAT
prison report	98.45	98.45	0.00	0.00		0.00
the future disbursement	38.00	0.00	0.00	38.00		0.00

View    Help    Close

Above: Compare this with the “More Detail” screen at the very beginning of this document. The row showing *Disbs Billed & not Paid* has gone, and also the ***Disbs billed & not Paid*** tab is no longer available for selection in the bottom section of the screen. Instead the future is now classed as a disbursement and is recorded in the ***Disbursements*** tab with an *Amount Outstanding* of £38.00.

## Method 2 – Step 2: Cancelling the Disbursement

So far we have cleared off the future disbursement value from the bill. But because the disbursement used to do this is not real we now need to cancel the disbursement.

Start the **Office Account Posting** wizard again and select the same matter to which this applies. Use the same **bank account** as you used for the Step 1 posting. Select **Receipt** as the transaction type:-

The screenshot shows the 'Office Account Posting' window with the following details:

- Main details:**
  - Post into financial year: 2002
  - Period: 1
  - Date: 11/11/2002
  - Posting type: Use office bank
  - Bank: 997 Office Suspense Account
  - Matter: 000008/0001 Kray, Mr Harry: Attempted Escape
  - Transaction type:  Payment  Receipt
- Matter balances:**

Client current	0.00
Client deposit	0.00
Office	0.00
Unpaid bill	38.00
Unbilled disb	0.00

Buttons at the bottom: Help, Clear, Next >, Close.

Click **Next**.

The screenshot shows the 'Office Account Posting - Post a receipt on 000008/0001' window with the following details:

- Receipt allocation:**
  - Receipt type:  Unallocated cash  Allocated (select from below)
  - Amount (inc. VAT): 38.00
  - VAT code: Non VAT-able
  - VAT amount: 0.00
- Pay bills:**

Date	Bill no	Detail	Total outstanding	Future & counsel outst.	Pay
11/11/2002	AJG004010	Costs	38.00	0.00	✓
- Buttons:** View, Pay,  Pay for future disbursements, Cash left unallocated: 0.00

Buttons at the bottom: Help, < Back, Next >, Close.

Above: Allocate the receipt against the Bill by entering the amount of the cancellation (e.g. our example is £38.00), then select the required bill and click the **Pay** button.

Note: Do **not** tick the “Pay for future disbursements” tick box. This is only used when making a decision to use a receipt to pay for future disbursements outstanding on the

bill and we know the disbursements will be paid out in the next 7 days, whereas we have just cancelled the future disbursements because we know they have not been and never will be paid out.

Click **Next**.

The screenshot shows a window titled "Office Account Posting - Post receipt to pay bills/disbs on 000008/0001". The window has a toolbar with icons for user, printer, help, and other functions. A "Save into batch" checkbox is present in the top right. The main area is titled "Receipt detail" and contains the following fields:

- "Our reference" with an empty text box.
- "Detail code" with an empty text box and a small icon.
- "Detail" with a dropdown menu showing "cancel the future disbursement" and an empty text box below it.

At the bottom, there are four buttons: "Help" (with a question mark icon), "< Back", "Next >", and "Close" (with a window icon).

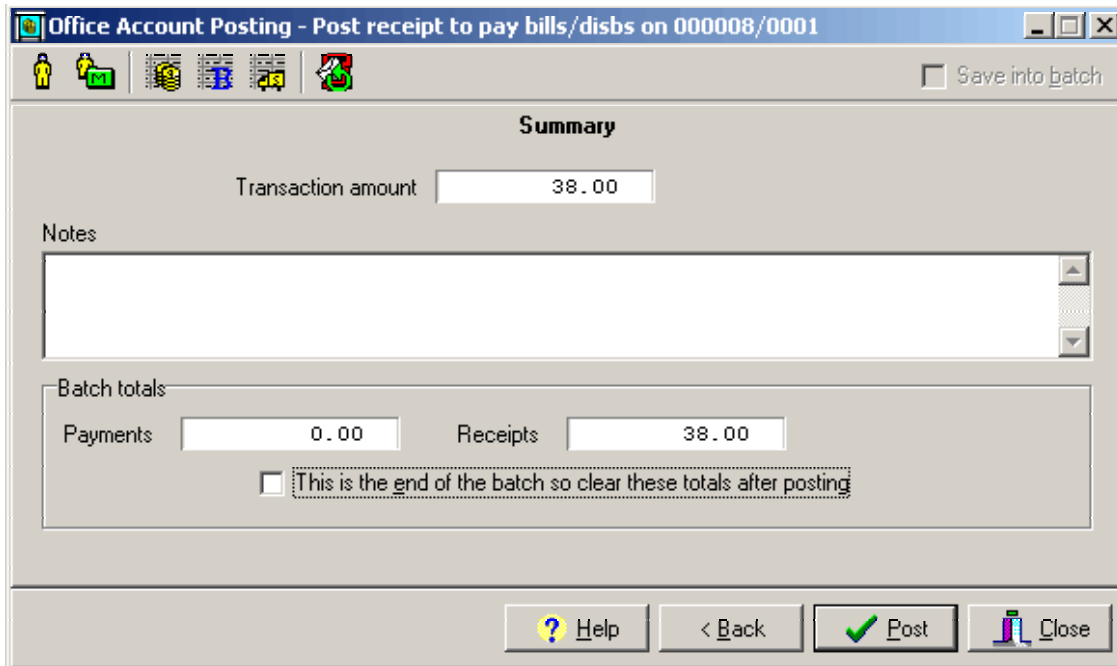
Above: Enter the description for the posting, then click **Next**.

The screenshot shows a window titled "Office Account Posting - Post receipt to pay bills/disbs on 000008/0001". The window has a toolbar with icons for user, printer, help, and other functions. A "Save into batch" checkbox is present in the top right. The main area is titled "Bank receipt method" and contains the following fields:

- "Bank" with the text "Office Suspense Account".
- "Transaction method" with a dropdown menu showing "Cash".
- "Reference / paying in slip no" with a text box containing "000001".
- "Name --> Drawer" with a dropdown menu showing "cancellation".
- "Clearance days" with a spinner box showing "0" and the text "(adjusted for weekends)".

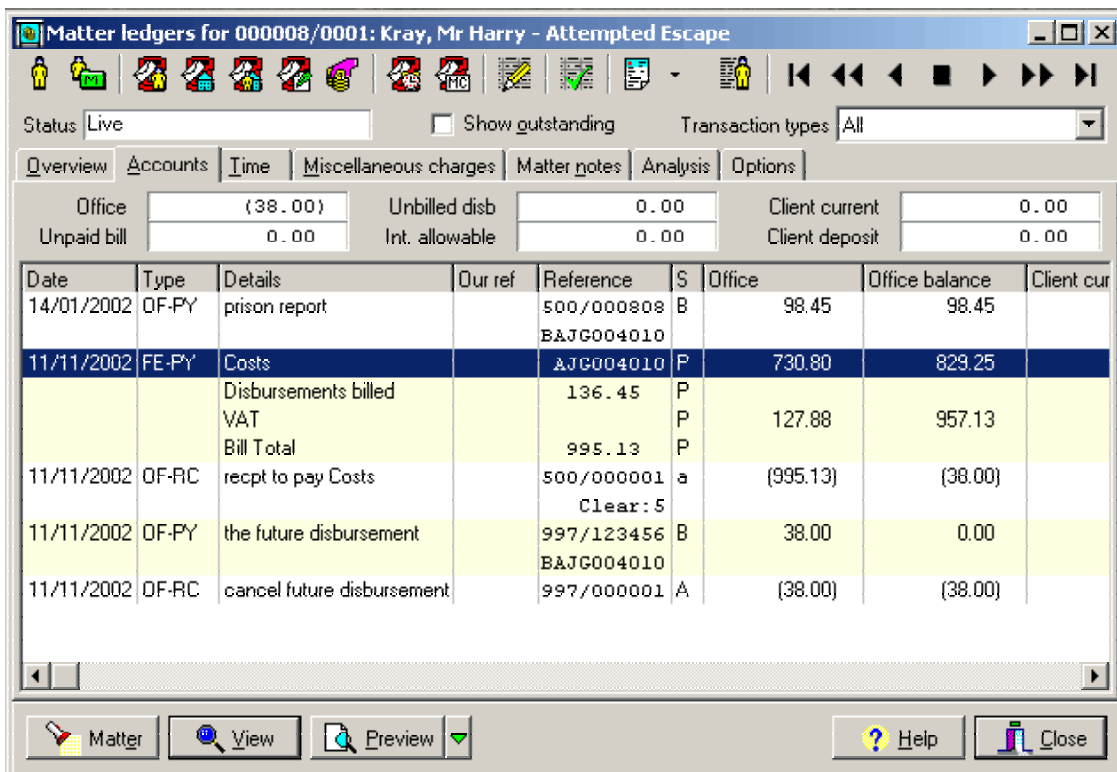
At the bottom, there are four buttons: "Help" (with a question mark icon), "< Back", "Next >", and "Close" (with a window icon).

Above: Choose a suitable posting receipt method, Cash should suffice since this is simply a correction. Click **Next**.



Above: Finally confirm the posting by clicking **Post**. You may get a warning (as per Law Society rules) that the office account will go into credit, this will be alright provided you make a corresponding refund to the client.

After this posting the ledger appears as follows:-



Note that the status of all elements of the Bill now appears as fully paid (capital “P”), and the dummy disbursement and correcting receipt are Billed and Allocated status.

Bill no AJG004010 for matter 000008/0001

Date: 11/11/2002    Transaction type: Payment    Bill type: Bill

Description: Costs

Account period posted: 200201    Completed date: 11/11/2002    VAT code: 01

Occurrence type: Interim

Item	Amount	Paid	Cancelled	Outstanding
Fee	675.00	675.00	0.00	0.00
Fee VAT	118.12	118.12	0.00	0.00
Misc fees	55.80	55.80	0.00	0.00
Misc fees VAT	9.76	9.76	0.00	0.00
Disbursements	136.45	136.45	0.00	0.00
<b>Total</b>	<b>995.13</b>	<b>995.13</b>	<b>0.00</b>	<b>0.00</b>

Fee earner allocation    Miscellaneous fees    **Disbursements**

Description	Amount	Amount paid	Amount cancelled	Amount outstanding	VC	VAT
prison report	98.45	98.45	0.00	0.00		0.00
the future disbursement	38.00	38.00	0.00	0.00		0.00

View    Help    Close

Above: The “More Detail” screen for the bill now confirms that everything is fully paid (the dummy disbursement transaction in the **Disbursements** tab no longer has an *Amount outstanding* – the £38.00 now shows under the *Amount paid* column).

## Finishing Off

All that remains is to decide how you are going to deal with the credit on the matters Office account. This will generally take the form of a payment to the client direct from Office account, or by means of a transfer from Office to Client Current account. This can be allocated against the original receipt that was used to pay the Bill (marked with a part-allocated status, lower case “a”).

## Working preferences

The method you choose to use depends on the way you prefer to work and what you feel is clearer on the ledger card. While a Fee Credit is probably the shorter route, posting the dummy Disbursement and Receipt makes it more obvious (by means of suitable description) what the disbursement was supposed to be, and that it was cancelled.

## Reports

There are two reports that you can use to find matters that have future disbursements:-

### 1. Disbursements Paid by Client but Unpaid by Firm

Access this report from the Matter, General reports menu. This report is the more important of the two because disbursements paid by the client should be paid by the firm within 14 days to comply with the Law Society legal

accounting rules. The report shows disbursements that the client has paid but the firm has not paid out. These are:

- Bills that have future disbursements on them where the bill has been paid including the future part.
- Bills that have disbursements on them that balance against a counsel ledger account where the counsel invoice has not been paid and where the bill has been paid including the counsel disbursement part.
- Unbilled disbursements that balance against a counsel ledger account where the counsel invoice has not been paid and where the disbursement has been directly paid.

## **2. Disbursements Paid by Client but Unpaid by Firm**

Access this report from the Matter, Review reports menu. This report shows the amount of disbursements billed but not yet paid out. These are:

- Bills that have future disbursements on them.
- Bills that have disbursements on them that balance against a counsel ledger account where the counsel invoice has not been paid.