

Accounts Payable – Handling Vendor Credits

When a credit is received from a Vendor, there are at least two scenarios that need to be handled:

Credit to be applied to a later invoice:

1. At the time when the credit is received, enter it can be entered as an A/P invoice in AP-1. The amount should be negative. Most likely you should use an expense account – something like “Vendor Credit Received” or “Misc Credits” – whatever you like to use. Like this:

ENTER NEW A/P INVOICES A/P Type: A/P Period: 201212
Bank Acct: ARVEST BANK

Vend: 4 K & K VETERINARY SUPPLY, INC Inv #: 080213 CRDT
P.O. BOX 1090 PO #:
TONTITOWN AR 72770 Date: 08/02/13
Due: 08/02/13 Amt: -100.00
Disc: Amt: 0.00
Total Due: -100.00

why: BAD PRODUCT...

Acct	Description	Receiver	Site	Amount	Balance
753000	MISC CREDITS	n/a	1	-100.00	0.00

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Accept Invoice? Y

2. At any time after this entry, this credit can be used to reduce the amount of a payment to a vendor in AP-2-3. Like this:

PAY A/P INVOICES Period: 201212 Bank Acct: ARVEST BANK

VENDOR: 4 K & K VETERINARY SUPPLY, INC
P.O. BOX 1090 OUTSTANDING: 5,004.00 4
TONTITOWN AR 72770 SELECTED: 4,900.00 2

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#	INVOICE	DATED	DUE	DISCOUNT	GROSS AMOUNT	DISCOUNT	NET INVOICE	DSC	AMOUNT TO PAY	PAY
1	080213 CRDT	08/02/13	08/02/13		-100.00		-100.00		-100.00	Y
2	39393	07/10/13	07/10/13	07/25/13	10.00	1.00	9.00	Y		
3	393939	07/10/13	07/10/13	07/25/13	100.00	5.00	95.00	Y		
4	394949490	08/02/13	08/02/13		5,000.00		5,000.00		5,000.00	Y

VALID: ##, P## (##=Page), D ,E## (Edit Amount to Pay), Up-Arrow, Down-Arrow, ALL (Esc to Finish): _____

Credit for which a check from the vendor is expected:

1. Same as # 1 above.
2. When the check from the vendor is received at a later date, enter it as part of the DP-1 deposit for the day. This will post the amount of the check to the Deposit Clearing Account amount for that day.
3. In AP-1, reverse the credit using the Deposit Clearing Account. Like this:

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ENTER NEW A/P INVOICES      A/P Type: A/P      Period: 201212
                             Bank Acct: ARVEST BANK
Vend: 4      K & K VETERINARY SUPPLY, INC      Inv #: 080213 CRDT
          P.O. BOX 1090      PO #:
          TONTITOWN AR 72770      Date: 08/04/13
                                   Due: 08/04/13      Amt:      100.00
                                   Disc:      Amt:      0.00
why: CHECK #<?????>      Total Due:      100.00
    
```

Acct	Description	Receiver	Site	Amount	Balance
105000	CASH CLEARING	n/a	1	100.00	0.00

Accept Invoice? ('P'=Accept Invoice & Pay Now): Y

(Note: this will “clear” this check’s portion of the DP-1 deposit for the day)

4. In AP-2-3, clear the two credit entries made. Like this:

```

PAY A/P INVOICES (Enter Check #)      Period: 201212      Bank Acct: ARVEST BANK
VENDOR: 4      K & K VETERINARY SUPPLY, INC
          P.O. BOX 1090
          TONTITOWN AR 72770
OUTSTANDING:      5,104.00      5
SELECTED:      0.00      2
    
```

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##	INVOICE	DATED	DUE	DISCOUNT	GROSS AMOUNT	DISCOUNT	NET INVOICE	DSC	AMOUNT TO PAY	PAY
1	080213 CRDT	08/02/13	08/02/13		-100.00		-100.00		-100.00	Y
2	080213 CRDT	08/04/13	08/04/13		100.00		100.00		100.00	Y
3	39393	07/10/13	07/10/13	07/25/13	10.00	1.00	9.00	Y		
4	393939	07/10/13	07/10/13	07/25/13	100.00	5.00	95.00	Y		
5	394949490	08/02/13	08/02/13		5,000.00		5,000.00			

VALID: ##, P## (##=Page), D ,E## (##=Page), Up-Arrow, Down-Arrow, ALL (Esc to Finish): _____