



Article # 1120

Technical Note: Understanding the Nonpayment Feature in Accounts Payable

Difficulty Level: Beginner Level AccountMate User

Version(s) Affected: AccountMate 7 for SQL and Express
AccountMate 7 for LAN
AccountMate 6.5 for SQL and MSDE
AccountMate 6.5 for LAN

Module(s) Affected: Accounts Payable

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DESCRIPTION

AccountMate's Accounts Payable module comes with an AP invoice nonpayment feature that allows you to record a portion of an AP invoice to a designated GL Account ID that is different from the Accounts Payable GL Account ID you defined for the vendor. This feature is especially useful when handling payment or partial payment to an AP invoice that will be paid in the form of barter, deduction from an employee's payroll, or conveyance of a non-cash asset.

This Technical Note discusses how to activate and use the AP nonpayment feature, with the objective to help you be familiar with the feature and discover its significance to your day to day operations.

SOLUTION

A. Activating the AP Nonpayment feature

To activate the AP Nonpayment feature, perform the following steps:

1. Access the AP Module Setup function in the Housekeeping menu; then, mark the Enable Nonpayment checkbox in the General (1) tab.
2. In the GL Accounts tab, enter in the Nonpayment field the GL Account ID the system will use in recording AP nonpayment transactions. This GL Account ID will be the default Nonpayment GL Account ID the system will use when posting nonpayment transactions in the AP Invoice Transactions function.
3. Click the OK button.

B. Recording AP Nonpayment transactions for a new AP Invoice

To post a nonpayment transaction, follow these steps:

- a. Access the AP Invoice Transactions function; then, enter in the Vendor # field the Vendor # of the vendor for whom you want to post a Nonpayment transaction.
- b. Enter in the AP Invoice # field the AP Invoice # you want to assign to the AP Invoice transaction.
- c. Enter in the related fields other pertinent details concerning the transaction, such as the terms, dates, invoice amount, discount amount, etc.
- d. Verify that the Hold Payment checkbox is unmarked.

Note: Marking the Hold Payment checkbox will disable the Nonpayment checkbox. The default value of this checkbox comes from your vendor record.

- f. Enter in the Nonpayment field the AP invoice amount that will not be payable to the vendor. The system will exclude from the gross AP invoice balance the amount you enter in this field.
- g. In the GL Distribution tab, accept or amend the default GL Account ID in the Nonpayment field. The default nonpayment GL Account ID comes from AP Module Setup.
- i. Click the Save button in the Transactions toolbar.

C. Posting or Amending AP Invoice Nonpayment Transactions for old AP Invoices

The process of amending or adjusting your AP Invoice nonpayment transactions depends on certain situations. Please see below:

1. The AP Invoice has been closed; the period-end closing has not been performed.

To post or amend AP Invoice nonpayment transaction amount, please perform the following:

- a. Access the AP Invoice Transactions function; then, select the Amend AP Invoice function from the List box found in the upper left corner of the AP Invoice Transactions window.
- b. Enter in the Vendor # field the Vendor # of the vendor for whom you want to post or amend a Nonpayment transaction.
- c. Enter in the AP Invoice # field the AP Invoice # you want to post or amend a nonpayment transaction.
- d. In the Nonpayment field, enter the amount which you want posted as a nonpayment transaction. The amount must not be greater than the invoice balance.
- e. Click the Save button in the Transactions toolbar.

NOTE: If the amount entered in the Nonpayment field equals to the AP invoice balance, the system will mark the AP Invoice transaction as closed.

2. The AP Invoice has not been closed; the period-end closing has been performed.

If the period-end closing has been performed but the AP Invoice remains open, you can still amend your AP Invoice nonpayment transaction using the AP Invoice Transactions function. To amend, follow the steps provided in Section C-1 of this document.

3. The AP Invoice has been closed; the period-end closing has been performed.

You can no longer amend or adjust the balance of your AP Invoice nonpayment transaction using the AP Invoice Transactions function if you have closed the AP Invoice and performed period-end closing. If there is need to amend or adjust the nonpayment transaction amount, you have to create an adjusting entry using the General Ledger module.

Understanding the AP Nonpayment feature provides you with one more idea on how to get the most out of your Accounts Payable module. With this Technical Note, you now have a guide on how to handle payments to an AP Invoice in forms other than the legal tender.

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