



**SedonaOffice**  
**Pre-Paid Accounts**  
**Payable**

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# About This Document

This document is being provided to explain how to handle the situation where your company is required to pre-pay a Vendor prior to the receipt of the goods or services on a purchase order.

This document explains the setup and the process using two methods:

- The Vendor is being pre-paid with a company check
- The Vendor is being pre-paid with a credit card.

# Setup

You will need to setup a G/L Account for the purpose of processing the pre-payment.

## Chart of Accounts

1. Setup a new G/L Account with the account type of OCL. You may use the same description as shown in the example below or use other words that will describe that this account will be used for the purpose of pre-paying a Vendor Bill.

Inactive

Account Code: 14005

Description: Vendor Pre-Pay

Account Type: OCL

*Other Current Liability*

Save Delete Close

# The Process

## Pre-paying the Vendor with a Company Check

Basically, you will write a check to the Vendor using the newly created G/L account on the previous page as the expense account on the check. Next a vendor credit will be created [on the same Vendor] for the same amount of the check using the same newly created G/L account for the expense account.

Once the Purchase Order for the goods or services have been received, you will create a Bill from the receipt, and then apply the Vendor Credit to the Bill using the Pay Bills function.

1. Navigate to the Write Checks option from the Accounts Payable module.
2. Create the check for the Vendor using the newly created G/L Account as the expense account.

Write Checks

Pay From Bank Account: 10010 10010 CA Primary Checking

Customer  Vendor: Bosch Branch: CA  Other

**CJM Security** DATE: 4/26/2011 CHECK #: 30514  In Print Queue

PAY TO THE ORDER OF: Bosch \$ 100.00 Applied Total: 100.00

One Hundred Dollars and Zero Cents..... Balance: 0.00

ADDRESS LABEL: Bosch, 123 Main, Plymouth, MI 48170  Recurring Payment

MEMO: \_\_\_\_\_

Bills \$0.00 | Parts \$0.00 | Expense \$100.00 | Documents | Costing \_\_\_\_\_

GL Account	Description	Amount	Branch	Category
14005	Vendor Pre-Pay	100.00	CA	Installation

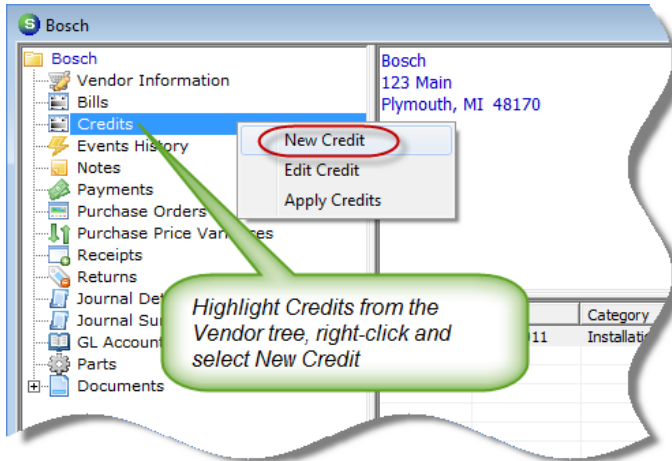
Show Job Cost

Voided Check

Apply Save Print Close

Pre-paying the Vendor with a Company Check (continued)

3. Create a Vendor Credit on the same Vendor for the same amount of the check using the same newly created G/L Account.



Credit

Vendor: Bosch Category: Installation

Vendor Credit

Vendor: Bosch  
Address: 123 Main  
Plymouth, MI 48170

Reference #: Prepay 04-26-2011 Branch: CA

Amount: 100.00

Credit Date: 4/26/2011

Costing: [ ]

Parts \$0.00 Expense \$100.00 Documents [x] Show Branches [ ] Show Job Cost

GL Account	Description	Amount	Branch	Category
14005	Vendor Pre-Pay	100.00	CA	Installation

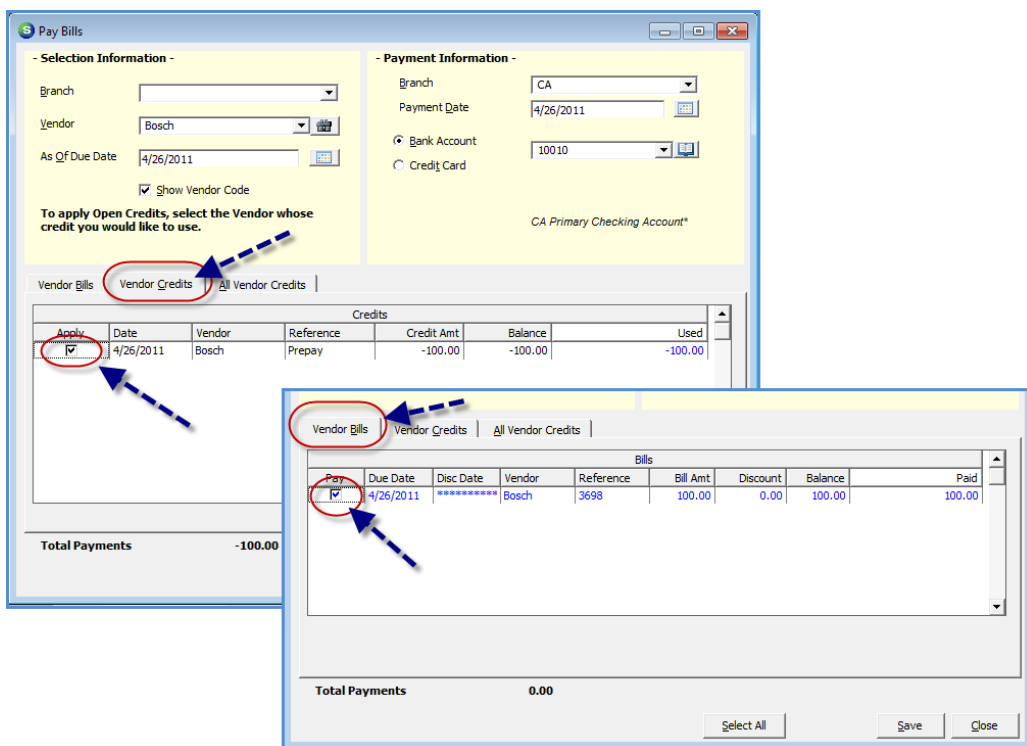
Memo: [ ]

Balance Due Total: \$100.00

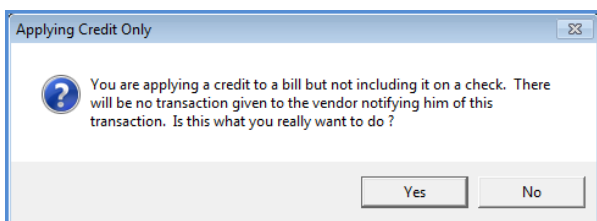
Apply Save Close

### Pre-paying the Vendor with a Company Check (continued)

4. Once the Purchase Order for the goods or services have been received, enter a Bill for the receipt as usual.
5. Pay the Bill entered for the receipt by applying the Vendor Credit using the Pay Bills function.
  - Select the Vendor from the drop-down list.
  - Navigate to the Vendor Credits tab and check the box to the left of the Credit to apply to the Bill. You will be selecting the Vendor Credit created in step 3 above.
  - Navigate to the Vendor Bills tab and check the box to the left of the Bill to which the Credit will be applied. You will be selecting the Bill created in step 4 above.
  - Press the Save button.



A confirmation message will be displayed indicating that no check will be printed; click Yes to confirm.



## Pre-paying the Vendor with a Credit Card

Create a Vendor Credit on the Credit Card Vendor in the amount you are pre-paying for the goods or services using the newly created G/L account [on page 1] as the expense account.

Once the Purchase Order for the goods or services have been received, you will create a Bill from the receipt, and use the Pay Bills function to pay the Bill with the credit card. Lastly you will pay the Bill transferred to the Credit Card Vendor using the Pay Bills function by applying the Vendor Credit to the Bill.

1. Create a Vendor Credit on the Credit Card Vendor for the amount you are pre-paying using the newly created G/L Account [page 5].

**Vendor Credit**

Vendor: **American Express**  
Address: **231 N. Main St  
Plymouth, MI 48170**

Reference #: Bosch Prepay 04-26-2011  
Branch: CA  
Amount: 100.00  
Credit Date: 4/26/2011  
Costing:

Parts \$0.00 Expense \$100.00 Documents  Show Branches  Show Job Cost

GL Account	Description	Amount	Branch	Category
14005	Vendor Pre-Pay	100.00	CA	G & A
*				

Memo

Balance Due Total \$100.00

Apply Save Close



*Pre-paying the Vendor with a Credit Card (continued)*

2. Once the Purchase Order for the goods or services have been received, enter a Bill for the receipt as usual.
3. Using the Pay Bills function from the Accounts Payable module, pay the Bill entered for the receipt with the Credit Card option. This will transfer the bill to the Credit Card Vendor.

The screenshot shows the 'Pay Bills' window with two main sections: 'Selection Information' and 'Payment Information'. In 'Selection Information', the 'Vendor' dropdown is set to 'Bosch' and circled in red. In 'Payment Information', the 'Credit Card' radio button is selected and circled in red, with a blue arrow pointing to it. The 'Bank Account' dropdown is set to '20050'. Below the form is a table of bills with one row for 'Bosch' with a bill amount of 100.00. The 'Pay' checkbox in the first column of this row is checked and circled in red. At the bottom, the 'Total Payments' is 100.00, and the 'Save' button is circled in red.

**- Selection Information -**

Branch: [Dropdown]  
Vendor: **Bosch**  
As of Due Date: 4/26/2011  
 Show Vendor Code

**To apply Open Credits, select the Vendor whose credit you would like to use.**

**- Payment Information -**

Branch: CA  
Payment Date: 4/26/2011  
 Bank Account  
 **Credit Card** → 20050  
AMEX \*\*\*\*6543

Vendor Bills | Vendor Credits | All Vendor Credits

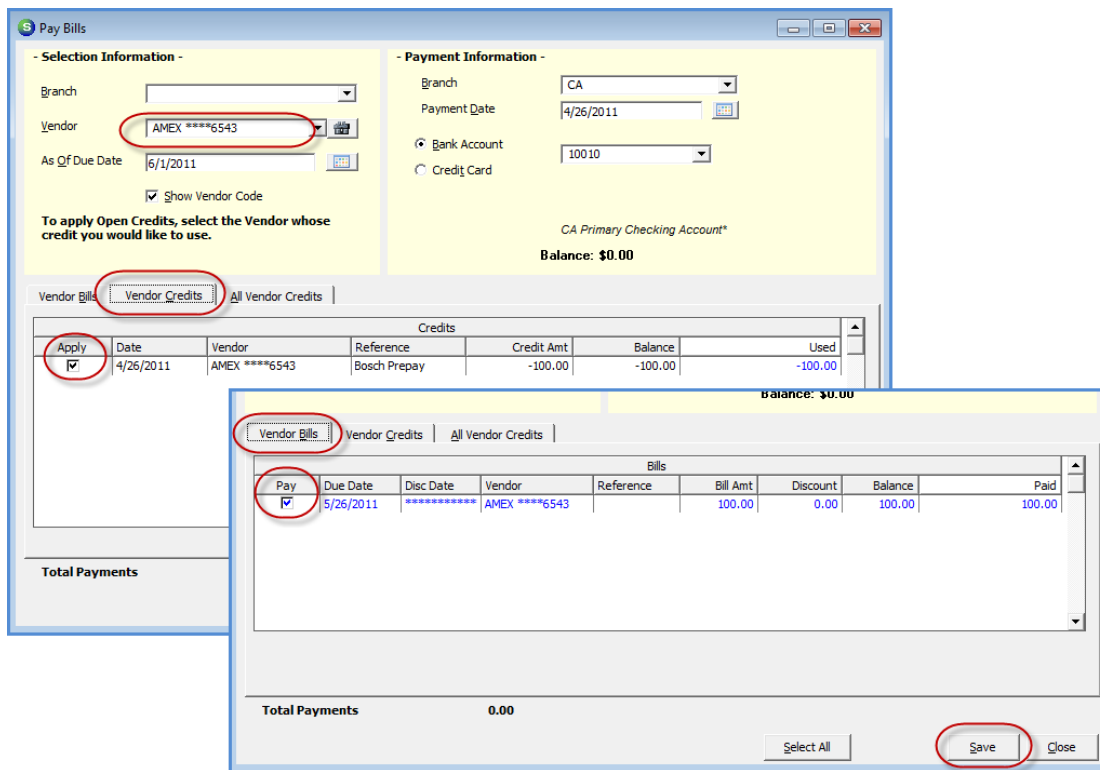
Pay	Due Date	Disc Date	Vendor	Reference	Bill Amt	Discount	Balance	Paid
<input checked="" type="checkbox"/>	4/26/2011	*****	Bosch	4102	100.00	0.00	100.00	100.00

**Total Payments 100.00**

Select All | **Save** | Close

### Pre-paying the Vendor with a Credit Card (continued)

4. Lastly you will pay the Bill transferred to the Credit Card Vendor with the Pay Bills function and apply the outstanding Credit created in step 1.
  - Select the Credit Card Vendor from the drop-down list.
  - Navigate to the Vendor Credits tab and check the box to the left of the Credit to apply to the Bill. You will be selecting the Vendor Credit created in step 1.
  - Navigate to the Vendor Bills tab and check the box to the left of the Bill to which the Credit will be applied. You will be selecting the Bill created by step 3.
  - Press the Save button.



A confirmation message will be displayed indicating that no check will be printed; click Yes to confirm.

