Applying a Vendor Credit to a Purchase

Last Modified on 12/30/2021 2:22 pm EST

This guide explains how to pay a vendor using an existing credit memo. It is intended for general users.

If you have a <u>credit memo on file for a vendor (http://aace5.knowledgeowl.com/help/working-with-vendor-returns)</u>, you can apply that credit to other outstanding balances on open purchases.

Apply a Vendor Credit from the Disbursements Module

- 1. Navigate from Main Menu > Accts Payable > Disbursements.
- 2. In the menu bar, click **New > Vendor Payment**.
- In the Company field, specify the vendor with whom you have a credit. The company's open purchases are displayed in the Purchases list, including the available credit showing as a negative amount.
- 4. Remove any unrelated purchases from the Purchases list the list should only show the available credit and the purchase you want to apply that credit to.
- 5. Click the Apply (>>) icon for the Suggested Balance of the credit and the purchase.
- 6. In the Totals section, click the **Refresh** icon (**C**).
- 7. In the General Info section, update the **Amount** to match the Total Allocated (i.e. so the balance zeroes out).

• •	Disburse	ements	
Record: 12 of 12			New 🖶 Edit 🖋 Delete 🗙 Print 🖶 Actions 🛪
Disbursement: 50211	4" resupply using	g credit	12/30/21 PENDING -
Vendor Payment Details			Notices 🤚 Emails 🎽 Docs 🖉
General Info	\frown	Payment Info	
Company >	Amount	Payee	Payment Method
China Brushworks International	۹ 30.00	China Brushworks International	CHECK
Bank Account >			Check # Check Status
1115 Cash Checking (AI)	Q		
Bank Rec Status >	Reconciled		Memo
			4" resupply using credit
I > 50233 Q 12/30/21 498413 1	2/30/21 *	Souggested Balance Amount 50.00 -50.00 -50.00	0.00 -50.00 * ^
1 > 50233 Q 12/30/21 498413 1	2/30/21 *	50.00 -50.00 > -50.00	0.00 -50.00 *
2 > 50236 Q 12/30/21 484613 1	2/30/21 🖈	80.00 80.00 >> 80.00	0.00 80.00 🗙
		Total Allocated 30.00 Out of Balance 0.00	· ·
🕽 🖈 Office 🗚 🔍			Cancel Save

8. Click Save, then Post.

Example

Suppose that aACME Education Solutions has a \$100.00 credit with a vendor from a recent product return. This shows as a negative value on the company record Vendor Details tab:

Company: H	ewlett Pa	ackard (I	HP)						ACTIV	E	
Company Details	Sales & Ma	arketing C	ustomer Det	ails	Vendor Details	Restricted Access		3 Notices	🦻 Emails 🎽 🛛	Docs	
ayee Address ♀ s	ync with Billing 🗙 S	Sync with Office	Vendor S	etup		Approved 📃 📌	Vendor Tax Setup	Use Tax	1099 Box #		
Billing Salutation (Company Name)			A/R Contact >			Deliver PO Via	Tax ID		W-9 Form W-9 Exp Date		
lewlett Packard						Email			0		
Iddress			Email			Last Purchase Date					
						10/16/2019	Shipping Setup				
			Payment T	erms	Check Memo (Acct #)	Default Pmt Method	Courier Service	A	count #		
			Net 30								
ity	State / Prov	Postal Code	(-	A/P Balan	ce Credit Limit	Credit Balance	Shipping Terms	F	DB		
Columbus	Ohio			-100.0	00	0.00					
Country	Postal Format	Currency	Derault Ter	mplate	Free Shipping Type	Free Shipping	Free Shipping Only allow drop shipments		Do not allow drop shipment		
JSA					Value (Dollars)	10,000.00					
Products Purcha	se Orders Pu	urchases Dis	bursements								
Line Item Code		Product Code		GL	. Account	Last Purch	ase Dat	e	Total	×	
> HP200T HP 200 Serie	s Toner Cartridge					> 50060 He	ewlett Packard 10/	16/19	20.00	×	
HP250 HP 250 Printer						> 50046 He	ewlett Packard 08/	/13/19	92.00	×	
> HP250T HP 250 Serie	s Toner Cartridge					> 50060 He	ewlett Packard 10/	16/19	25.00	×	
> HP290 HP 290 Printer						> 50060 H	ewlett Packard 10/	/16/19	100.00	×	
> HP300 HP 300 Printer						> 50060 H	ewlett Packard 10/	/16/19	200.00	×	

They also have an open purchase with that vendor, totaling \$140.00:

Record: 1 of 1 Purchase: 5 Purchase Details Purchase Details Vendor > Hewlett Packard Recur Transaction > Pur Order > Payment 7 50065 Net 30 Vurchase Items Line Item Code	0062 Hewlet	tt Packare	d 10/16/2019 Description Additional Info		New •	Edit A	Delete 🗙 Pr	rint 🚑 Act	N (
Purchase: 5 Purchase Details Vendor > Hewiett Packard Recur Transaction > Aur Order > Par Order > Par Order > Net 30 Yurchase Items Line Item Code	Ack for Samantha if yo Contact > Vendor Inv # 1611996 @ ferms Payment Due 11/15/19	tt Packare	d 10/16/2019 Description Additional Info		Pa	Notic	ces 😧 Ema	OPEI	
Purchase Details Index	Ask for Samantha if you Contact > Vendor Inv # 1611906 @ ferms Payment Due 11/15/19	uu need assistance.	Description Additional Info		Pa	Notic	mments	ails <mark>Y</mark> [Docs
Tendor > Tendor > Televilett Packard Recur Transaction > Tur Order > Payment 1 S00065 Net 30 Unchase Items Line Item Code	Ask for Samantha if you Contact > Vendor Inv # 16119906 @ ferms Payment Due 11/15/19	Inv Date 10/16/19 Pmt Expected 11/15/19	Description Additional Info		Pa	ayment Con	nments		
Vendor > Vendor > Hewlett Packard Recur Transaction > Aur Order > Payment T Net 30 Purchase Items Line Item Code	Contact > Vendor Inv # 1611906 @ Ferms Payment Due 11/15/19	E" X Inv Date 10/16/19 Pmt Expected 11/15/19	Description Additional Info		Pa	ayment Con	mments		
Verdor > Hewlett Packard Recur Transaction > Aur Order > Payment 1 S0065 Net 30 Unchase Items Line Item Code	Contact > Vendor Inv # 1611906 @ Ferms Payment Due 11/15/19	Inv Date 10/16/19 Pmt Expected 11/15/19	Additional Info						
tewlett Packard tecur Transaction > ur Order > Payment 1 00065 Net 30 urchase Items Line Item Code	Vendor Inv # 1611906 @ Ferms Payment Due 11/15/19	Inv Date 10/16/19 Pmt Expected 11/15/19	Additional Info						
Vecur Transaction > Payment 1 S0065 Net 30 Vurchase Items Line Item Code	Vendor Inv # 1611906 @ Terms Payment Due 11/15/19	Inv Date 10/16/19 Pmt Expected 11/15/19	Additional Info						
ur Order > Payment 1 0065 Net 30 urchase Items Line Item Code	1611906 Image: Constraint of the second	10/16/19 Pmt Expected 11/15/19							
urchase Items Line Item Code	11/15/19	11/15/19							
urchase Items Line Item Code	11/15/19	11/15/19							
1 > HP200T	1301 HP 2	200 Series Toner Ca	artridge 🖈 > 50065	AI	7	20.00	140.00	0.00	7
					Subt	otal	140.00	0.00	
Disbursements	Adjustments Refu	inds			Ship	ping Exp	0.00		
Disbursement	Date Memo	•	Payment Ref	Amount	Tax	0%	0.00		
					Tota		140.00		
					Balar	nce LDisc	140.00 1 0.00	.00%	
				~	Use	Тах	0.00		
Dont AT	Assigned T- D	opico Jamos	Tracking Status						

The available credit can be applied to the current purchase from the Disbursements modules, as described above. At the disbursement record, the suggested balances from the open purchase and the available credit are displayed. Because the Amount field in the General Info section has been updated, the Out of Balance is zero — the check for \$40.00 plus the credit for \$100.00 from purchase 50060 offsets the open balance of \$140.00 from purchase 50062:

			Disburs	ements		_			
Record: 1 of 1							New 🖶 Edit 🖋 Delete	🗱 Print 📇 Act	tion
Disbursement: 50)46	PUR50	062 w cre	dit from	PUR500	60	10/16/19	PENDIN	G
Vendor Payment Details							Notices 🔒	Emails 🗹	Doc
General Info			\sim	Payment Info	0				
Company >	Amount	Payee			Payment Method				
lewlett Packard	(40.00)	Hewlett Packard		CHECK					
ank Account >							Check #	Check Status	
115 Cash Checking (AI)			Q,				65988		
ank Rec Status >			Reconciled				Memo		
							PUR50062 w credit from PUR50060		
1 > 50062 Q 10/16/19	1611906	10/16/19	*	140.00	140.00 >>	140.00	0.00	140.00	×
2 > 50060	16103313	10/16/19	* 5	,850.00	-100.00 >>	-100.00	0.00	-100.00	×
Q									
					\sim				
				Total Allocat	red	40.00	3)		

This same process can be used when a vendor has a credit balance that will *entirely* cover another purchase. Suppose our example used a second purchase for \$100.00. The actual disbursement would total \$0.00 because the \$100.00 credit would cover the entire balance. No payment would be sent to the vendor, but the credit would be accounted for in aACE and the purchase would be closed.